

*Evaluation of the European Commission's Cooperation with the Philippines*

Final Report

Volume 2

June 2011

Evaluation for the European Commission







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Framework contract for  
**Multi-country thematic and regional/country-level strategy  
evaluation studies and synthesis in the area of external co-operation**

**LOT 4:**

**Evaluation of EC geographic co-operation strategies for  
countries/regions in Asia, Latin America, the Southern  
Mediterranean and Eastern Europe (the area of the New  
Neighbourhood Policy)**

**Ref.: EuropeAid/122888/C/SER/Multi  
Request for Service: 2009/223108**

**Evaluation of European Commission cooperation with the Philippines**

**FINAL REPORT  
Volume II**

**June 2011**

**This evaluation was carried out by**





The core evaluation team comprised of: Joern Dosch (team leader), Landis MacKellar, Dirk van Esbroeck, Maurice Coenegrachts.

The evaluation is being managed by the DEVCO Evaluation Unit.

The author accepts sole responsibility for this report, drawn up on behalf of the Commission of the European Communities. The report does not necessarily reflect the views of the Commission.



**Evaluation of  
European Commission's Cooperation with the Philippines  
Country Level Evaluation**

**Final Report**

The report consists of two volumes:

**Volume I: FINAL REPORT**

**Volume II: ANNEXES**

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## ANNEX 1: LIST OF DOCUMENTS CONSULTED

Related project (if any)	Document type	Title / description
Access to Justice for the Poor (AJ)	ROM Report	MONITORING REPORT PHILIPPINES – PH – IMPROVING GOVERNANCE TO REDUCE POVERTY: ACCESS TO JUSTICE FOR THE POOR. MR-20340.01 – 31/08/05
AJ and Corruption Prevention	Evaluation	Final Evaluation of Governance Bilateral Project for the Philippines AJ and Corruption Prevention (CP) Projects), Final Report April 2009
APRIS II	Website	ASEAN-EU Programme for Regional Integration Support (APRIS) - Phase II, <a href="http://www.aseansec.org/apris2/index.htm">http://www.aseansec.org/apris2/index.htm</a>
CECAP 2	Project report	CECAP Completion Report, July 2003
CECAP 2	Project report	CECAP Completion Report: extension period, 2003 – 2004
CECAP 2	Project report	CECAP Post Completion Report, September 2005
CECAP 2	Project report	CECAP-2 post-completion mission final report, September, 2005.
CECAP 2	Evaluation	Final evaluation of Central Cordillera Agricultural Programme Phase 2. September 2005.
ECAP II	Evaluation	HTSPE Consortium (UK), Final Evaluation of EC-ASEAN Intellectual Property Rights Co-operation Programme (ECAPII) Contract Number no 2008/157-270, 2 September 2008.
ECAP II	Other	A welcome by Stephane Passeri, ECAP III Director, PMU Manager, <a href="http://www.ecap-project.org/ecap3.html">http://www.ecap-project.org/ecap3.html</a>
ERP-CASCADE	Project report	Pre-completion review mission, 2004
ERP-CASCADE	Project report	Progress Report Q1, 2004
ERP-CASCADE	ROM Report	ROM report 2002
ERP-CASCADE	ROM Report	ROM report 2003
ERP-CASCADE	Project report	Annual Report 2002
ERP-CASCADE	Project report	Annual Report 2003
ERP-CASCADE	Project report	ERP-Caraballo and Southern Cordillera Agricultural Development Programme Pre-Completion Review Mission Report, 25 August, 2004.
ERP-CASCADE	Project report	ERP-CASCADE pre-completion review mission, Revised Report, August 25, 2004.
ERP-CASCADE	Project report	Project Completion Report, 2004
HSPSP	Other	EN AIDCO/ (2009) 189813 Action Fiche N°1– Philippines Health Sector Policy Support Programme – Phase II 2009/021-296
HSPSP	MTR	Mid-term review of the Health Sector Policy Support Programme, Final Report, January 2009
HSPSP	Other	PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City
MDTF	Other	IDENTIFICATION FICHE (PROPOSAL FOR FORMULATION), Multi Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program.
MHSPSP	Project report	MINDANAO HEALTH SECTOR POLICY SUPPORT PROGRAMME (MHSPSP) Project number: 2006 / 018-016
MHSPSP	ROM Report	ROM MHSPSP April 2009
Other	Evaluation	Comparative Evaluation of the Human Rights Projects and Interventions of the European Union in the Philippines and Cambodia, Final Report 18 June 2007.
Other	Monograph	"Philippines Country Report," ASEM in its Tenth Year: Looking Back, Looking Forward; (ed. Tadashi Yamamoto and Yeo Lay Hwee), Tokyo: Japan Center for International Exchange, 2006, pp. 89-117. Available online at <a href="http://www.jcie.org/researchpdfs/ASEM10/philippines.pdf">http://www.jcie.org/researchpdfs/ASEM10/philippines.pdf</a>
Other	Statistics	2006 Poverty Statistics for Basic Indicators. Power Point presentation of Ms. Lina V. Castro, Secretary General of National Statistical Coordination Board, Users' Gorum on the 2006 Poverty Statistics for the Basic Sectors and 2006 Child Dev elopement Index, 25 June, 2009, Dusit Thani Hotel. Downloaded 7 June, 2010 from NSCB website.

Related project (if any)	Document type	Title / description
Other	Statistics	2006 Official Poverty Statistics. Power Point presentation of Dr. Romulo A. Virola, Secretary General, National Statistical Coordination Board, 5 March, 2008. Downloaded 7 June, 2010 from NSCB website.
Other	Other	2008 Philippine Development Forum STATEMENT OF THE EUROPEAN UNION, <a href="http://pdf.ph/downloads/PDF%20EU%20Statement%202008.pdf">http://pdf.ph/downloads/PDF%20EU%20Statement%202008.pdf</a>
Other	Statistics	Actual policy uses of poverty statistics in the Philippines. 23 March, 2009. Available online at <a href="http://www.nscb.gov.ph/poverty/docs/povertyPolicyUses.pdf">http://www.nscb.gov.ph/poverty/docs/povertyPolicyUses.pdf</a>
Other	Other	ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, Anti Corruption Reform under the Action Plan's 3rd Implementation Cycle (2006-2008), Philippines, The National Anti-Corruption Program of Action (NACPA)
Other	Monograph	ALICIA S. PINEDA and OPHELIA TONGCO, The Philippines Food Sector: Market Access Limitations and Barriers in the European Union and Ways for Overcome Them. A Research Project under the WTO component of the EU-RP Trade Related Technical Assistance Programme, 15 June 2006 – 15 February 2007.
Other	Other	Conviction rate in corruption cases rising – Ombudsman, Tetch Torres
Other	Other	Council of the European Union, "Declaration by the Presidency on behalf of the European Union concerning the situation in Mindanao", Brussels, 15 September 2008.
Other	Other	Dean Yang, "Enforcement Backfire? Crime Displacement in the Context of Customs Reform in the Philippines", Review of Economic & Statistics, February 2008/
Other	Other	Economic Trends and Challenges in the European Union, Remarks by Ambassador Alistair MacDonald, European Commission Philippine Association of Food Technologists, 48th Annual Convention, Manila, 21 September 2009, <a href="http://www.delph.ec.europa.eu/docs/PAFT.pdf">http://www.delph.ec.europa.eu/docs/PAFT.pdf</a>
Other	Project report	EuropeAid, Asia Trust Fund For Trade-related Technical Assistance Co-financed by the European Union and ITC. Upgrading the capacity of selected ASEAN member countries to implement the ASEAN Harmonised Cosmetic Regulatory Scheme, <a href="http://ec.europa.eu/europeaid/where/asia/regional-cooperation/documents/2007factfile_asia_trust_fund_asean_final_en.pdf">http://ec.europa.eu/europeaid/where/asia/regional-cooperation/documents/2007factfile_asia_trust_fund_asean_final_en.pdf</a>
Other	Website	Freedom House, Philippines 2010, <a href="http://www.freedomhouse.org/template.cfm?page=363&amp;year=2010&amp;country=7899">http://www.freedomhouse.org/template.cfm?page=363&amp;year=2010&amp;country=7899</a>
Other	Evaluation	Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
Other	Other	INQUIRER, 03/14/2007
Other	Other	J. Edgardo Campos, Jose Luis Syquia, Managing the Politics of Reform, Overhauling the Legal Infrastructure of Public Procurement in the Philippine, World Bank Working Paper No. 70, 2006, <a href="http://www.u4.no/pdf/?file=/document/literature/Campos-Man-Politic-Reform.pdf">http://www.u4.no/pdf/?file=/document/literature/Campos-Man-Politic-Reform.pdf</a>
Other	Other	K. Fukasaku, M. Kawai, M.G. Plummer and A. Trzeciak-Duval, Policy Coherence Towards East Asia: Development Challenges for OECD Countries, OECD 2005.
Other	Other	Lim, Joseph Anthony 2009. Evaluating (chronic) poverty reduction strategies in the Philippines. Working Paper No. 136, Chronic Poverty Research Centre, Ateneo de Manila University ( <a href="http://www.chronicpoverty.org">www.chronicpoverty.org</a> ).
Other	Other	Mahar Mangahas, Social Weather Stations, A presentation for the "Forum on the SWS 2009 Surveys of Enterprises on Corruption and Anti-Corruption Strategies", 19 February 2010, AIM Conference Center, Makati City.
Other	Other	Ministry of Commerce, Canada. Foreign Market Access Report 2010, Philippines, p. 5, <a href="http://gpj.mofcom.gov.cn/accessory/201004/1271301985402.pdf">http://gpj.mofcom.gov.cn/accessory/201004/1271301985402.pdf</a>
Other	Statistics	NSCB Notes on the Official Poverty Statistics in the Philippines. Series 2003-1, July 2003. Available online at <a href="http://www.nscb.gov.ph/technotes/poverty/intro.as">http://www.nscb.gov.ph/technotes/poverty/intro.as</a>
Other	Other	PHILIPPINES OMBUDSMAN GUTIERREZ SAYS GOVERNMENT IS GAINING GROUND ON ITS ANTI-CORRUPTION DRIVE, Philippines News Agency, 14 April 2009.

Related project (if any)	Document type	Title / description
Other	Other	Philippines: critical development constraints. Economics and Research Department, Asian Development Bank, December 2007.
Other	Other	Ramon L.Clarete, Philippines: Adopting the Transaction Basis for Customs Valuation, <a href="http://www.wto.org/english/res_e/booksp_e/casestudies_e/case37_e.htm">http://www.wto.org/english/res_e/booksp_e/casestudies_e/case37_e.htm</a> (Managing the Challenges of WTO Participation: Case Study 37).
Other	Other	Reyes, C. 1998. Institutionalising a poverty monitoring system in the Philippines. MIMAP Research Paper No. 40. Available online at <a href="http://www.idrc.ca/uploads/user-S/10950417481mrp40.pdf">http://www.idrc.ca/uploads/user-S/10950417481mrp40.pdf</a>
Other	Other	Reyes, C. And L. Valencia no data. Poverty Reduction Strategy and Poverty Monitoring: Philippine Case Study. Available online at <a href="http://siteresources.worldbank.org/INTPAME/Resources/Country-studies/philippines_povmonitoring_casestudy.pdf">http://siteresources.worldbank.org/INTPAME/Resources/Country-studies/philippines_povmonitoring_casestudy.pdf</a>
Other	Statistics	Solicitation of bribes down: SWS, Sun Star Cebu, 28 April 2010, <a href="http://www.sunstar.com.ph/cebu/solicitation-bribes-down-sws">http://www.sunstar.com.ph/cebu/solicitation-bribes-down-sws</a>
Other	Other	Statement by the World Bank, 2008 PDF. Mr. James Adams, Vice President, East Asia and Pacific Region
Other	Other	Support to Health Sector Reform and Population Management Program, GTZ Dec 2007
Other	Other	The Philippines: Running in Place in Mindanao. Asia Policy Briefing No. 88. International Crisis Group, February 16, 2009.
Other	Other	Transparent Accountable Governance: The 2009 SWS Surveys on Corruption
Other	Other	UK Trade & Investment, <a href="https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/countries?_nfpb=true&amp;portlet_3_5_actionOverride=%2Fpub%2Fportlet%2FgenericViewer%2FshowContentItem&amp;_windowLabel=portlet_3_5&amp;portlet_3_5_navigationPagelId=%2Fphilippines&amp;portlet_3_5_navigationContentPath=%2FBEA+Repository%2F323%2F226346&amp;_pageLabel=CountryType1">https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/countries?_nfpb=true&amp;portlet_3_5_actionOverride=%2Fpub%2Fportlet%2FgenericViewer%2FshowContentItem&amp;_windowLabel=portlet_3_5&amp;portlet_3_5_navigationPagelId=%2Fphilippines&amp;portlet_3_5_navigationContentPath=%2FBEA+Repository%2F323%2F226346&amp;_pageLabel=CountryType1</a>
Other	Other	United States Delegation Statement, 2008 Philippines Development Forum (PDF) Consultative Group and Other Stakeholders Meeting for the Philippines, March 26-27, 2008 Clark, Pampanga, Philippines, <a href="http://pdf.ph/downloads/2008%20PDF%20USG%20Delegation%20Statement%20final%20for%20distribution%203-18-08.pdf">http://pdf.ph/downloads/2008%20PDF%20USG%20Delegation%20Statement%20final%20for%20distribution%203-18-08.pdf</a>
Other	Other	EC Instruments and Policies on Indigenous Peoples. Project Design and Proposal Writing Workshop for Indigenous Peoples Groups and Partners.
Other	Website	<a href="http://home.doh.gov.ph/ao/ao185-04.pdf">http://home.doh.gov.ph/ao/ao185-04.pdf</a>
Other	Website	<a href="http://pdf.ph/downloads/Statement%20by%20the%20World%20Bank%2025March08%20rev%20Maryse%20Gautier%20Jim%20pm%20fin.pdf">http://pdf.ph/downloads/Statement%20by%20the%20World%20Bank%2025March08%20rev%20Maryse%20Gautier%20Jim%20pm%20fin.pdf</a>
Other	Website	<a href="http://philippines.usaid.gov/">http://philippines.usaid.gov/</a>
Other	Website	<a href="http://www.ambafrance-ph.org/france_philippines/IMG/pdf/AFD_Loan_Agreement_5_.pdf">http://www.ambafrance-ph.org/france_philippines/IMG/pdf/AFD_Loan_Agreement_5_.pdf</a>
Other	Website	<a href="http://www.ambafrance-ph.org/france_philippines/spip.php?article1339">http://www.ambafrance-ph.org/france_philippines/spip.php?article1339</a>
Other	Website	<a href="http://www.usaid.gov.au/country/cbrief.cfm?DCon=1148_8702_9418_7487_8517&amp;CountryID=31">http://www.usaid.gov.au/country/cbrief.cfm?DCon=1148_8702_9418_7487_8517&amp;CountryID=31</a>
Other	Website	<a href="http://www.bworld.com.ph/main/content.php?id=11243">http://www.bworld.com.ph/main/content.php?id=11243</a>
Other	Website	<a href="http://www.delph.ec.europa.eu/docs/ProjDesign_PropWriting_IP_Groups_2009AugP_HL_The%20EU%20Instrument%20and%20Policies%20on%20IP.pdf">http://www.delph.ec.europa.eu/docs/ProjDesign_PropWriting_IP_Groups_2009AugP_HL_The%20EU%20Instrument%20and%20Policies%20on%20IP.pdf</a>
Other	Website	<a href="http://www.delph.ec.europa.eu/index.cfm?pagename=aboutus">http://www.delph.ec.europa.eu/index.cfm?pagename=aboutus</a>
Other	Website	<a href="http://www.delph.ec.europa.eu/index.cfm?pagename=eu-phil">http://www.delph.ec.europa.eu/index.cfm?pagename=eu-phil</a>
Other	Website	<a href="http://www.delph.ec.europa.eu/index.cfm?pagename=programme_humanitarianaid">http://www.delph.ec.europa.eu/index.cfm?pagename=programme_humanitarianaid</a>
Other	Website	<a href="http://www.dlsu.edu.ph/library/webliography/subject/poverty_phil.asp">http://www.dlsu.edu.ph/library/webliography/subject/poverty_phil.asp</a>
Other	Website	<a href="http://www.idrc.ca/en/ev-5347-201-1-DO_TOPIC.html">http://www.idrc.ca/en/ev-5347-201-1-DO_TOPIC.html</a>
Other	Website	<a href="http://www.jica.go.jp/philippine/english/">http://www.jica.go.jp/philippine/english/</a>

Related project (if any)	Document type	Title / description
Other	Website	<a href="http://www.manila.diplo.de/Vertretung/manila/en/05/Wirtschaftliche__Zusammenarbeit/Development__cooperation.html">http://www.manila.diplo.de/Vertretung/manila/en/05/Wirtschaftliche__Zusammenarbeit/Development__cooperation.html</a>
Other	Website	<a href="http://www.ncsb.gov.ph/poverty/2000/44_poorestprov.asp">http://www.ncsb.gov.ph/poverty/2000/44_poorestprov.asp</a>
Other	Website	<a href="http://www.ncsb.gov.ph/factsheet/pdf10/Women_Men_March2010.pdf">http://www.ncsb.gov.ph/factsheet/pdf10/Women_Men_March2010.pdf</a> ; accessed 07.06.10. Every three years a full Statistical Handbook on Men and Women in the Philippines is published (and can be downloaded from the NCSB website).
Other	Website	<a href="http://www.ncsb.gov.ph/gender/FINAL%20-%20presentation%20on%202006%20CDI.pdf">http://www.ncsb.gov.ph/gender/FINAL%20-%20presentation%20on%202006%20CDI.pdf</a> ; accessed 07.10.
Other	Website	<a href="http://www.siaonline.org/?q=events/6th-asia-europe-roundtable-minority-conflicts-towards-an-asem-framework-for-conflict-manageme">http://www.siaonline.org/?q=events/6th-asia-europe-roundtable-minority-conflicts-towards-an-asem-framework-for-conflict-manageme</a>
Other	Website	<a href="http://www.undp.org.ph/?link=k_hub_products&amp;page=0&amp;fa=1">http://www.undp.org.ph/?link=k_hub_products&amp;page=0&amp;fa=1</a>
Other	Website	<a href="http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/05/19/000112742_20090519114325/Rendered/INDEX/479160R200910077130REPLACEMENT0FILE.txt">http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/05/19/000112742_20090519114325/Rendered/INDEX/479160R200910077130REPLACEMENT0FILE.txt</a>
Other	Website	<a href="http://www.ncsb.gov.ph/poverty/2006_05mar08/table_14.asp">http://www.ncsb.gov.ph/poverty/2006_05mar08/table_14.asp</a>
Other	Website	<a href="http://www.internationalbudget.org/files/Procurement_Watch_case.pdf">International Budget Partnership, http://www.internationalbudget.org/files/Procurement_Watch_case.pdf</a>
Other	Website	<a href="http://www.auswaertiges-amt.de/diplo/en/Laenderinformationen/01-Laender/Philippinen.html#t3">http://www.auswaertiges-amt.de/diplo/en/Laenderinformationen/01-Laender/Philippinen.html#t3</a>
Other	Report	<ul style="list-style-type: none"> <li>Orlando F. Balderama, Alberto R. Domingo, Luzviminda Domingo, Agnes M. Ramos, Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nuava Ejica, Terminal Report, 2004</li> </ul>
Other	Portfolio Review	<ul style="list-style-type: none"> <li>PAPs in focus, DAR Official Development Assistance Portfolio Review, 2008</li> </ul>
Other	Other	<ul style="list-style-type: none"> <li>ARC Level of Development Assessment, DAR Region XII, North Cotabato Province, 2010</li> </ul>
Other	Data	<ul style="list-style-type: none"> <li>NSCB Poverty Incidence Data</li> </ul>
Other (multiple)	EAMR	External Assistance Management Reports 2005-2009
Policy/Program ming	Other	Strategic review and pre-programming mission: the Philippines, Final Report, June 30, 2005.
Policy/Program ming	Evaluation	EVALUATION OF E.U. DEVELOPMENT AID TO ALA STATES, Phase III – Synthesis Report, Final Report, March 15, 1999.
Policy/Program ming	Evaluation	Evaluation of EC co-operation with ASEAN, Final Report, Vol. 1, June 2009, p. 15-16, <a href="http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/reports/2009/1262_vol1_en.pdf">http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/reports/2009/1262_vol1_en.pdf</a>
Policy/Program ming	MTR	Mid-Term Review Consultation of the Philippines Country Strategy Paper 2007-2013 with civil society and local development partners on 23/02/2009 (Cebu), 27/02/2009 (Davao) and 9/03/2009 (Manila), Manila, 25 March 2009 NT/CH/EP D(2009)
Policy/Program ming	Evaluation	THEMATIC EVALUATION OF THE EC SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, ANNEXES TO THE FINAL REPORT, Vol 2, Contract Number: EVA/80-208, Service Contract for the Evaluation (sectoral and thematic) of European Commission Programmes and Policies in Third Countries, relating to Social and Human Development issues, June 2006.
Policy/Program ming	Other	AIDCO/ (2009) 189813, Action Fiche N°1– Philippines
Policy/Program ming	Other	Code of Conduct on Complementarity and the Division of Labour in Development Policy: <a href="http://europa.eu/legislation_summaries/development/general_development_framework/r13003_en.htm">http://europa.eu/legislation_summaries/development/general_development_framework/r13003_en.htm</a>
Policy/Program ming	Other	The EC-PHILIPPINES Country Strategy Paper 2002-2006

Related project (if any)	Document type	Title / description
ming		
Policy/Program ming	Other	Multi-Annual Indicative Programme 2007-2010- Philippines
Policy/Program ming	Other	National Indicative Programme (NIP) Philippines 2002-2004
Policy/Program ming	Other	National Indicative Programme (NIP) Philippines 2005-2006
Policy/Program ming	Other	The EC-PHILIPPINES Country Strategy Paper 2007-2013
Policy/Program ming	Other	Asia RSP 2007-2013.
STARCM	Project report	Project Completion Report, July 2008
STARCM	ROM Report	ROM report 2008
STARCM	Project report	Annual Report 2005
STARCM	Project report	Annual Report 2006
STARCM	Project report	Annual Report 2007
STARCM	Project report	Post Completion Mission of Support to Agrarian Reform Communities in Central Mindanao. Final Report, December 2009.
STARCM	MTR	Support to Agrarian Reform Communities in Central Mindanao (STARCM) ALA/PH/99/50 Mid Term Review Final Report 3 January 2005.
STARCM	Survey	<ul style="list-style-type: none"> <li>ARCs Pre-Completion Household Survey, Notre Dame of Marbel University, Koronadal City, South Cotabato, 2007</li> </ul>
TRTA 1	Evaluation	Final Evaluation of the TRTA 1 Programme in the Philippines and Recommendations for Future Assistance, Republic of the Philippines, Final Report, August 2009
TRTA 1	Other	NEDA Reports on TRTA 1 Accomplishments and Impact; TRTA 2 to Start with P420 M Grant from EC), 24 October 2008, <a href="http://ofwjournalism.blogspot.com/2008/10/eda-reports-on-trta-1-accomplishments.html">http://ofwjournalism.blogspot.com/2008/10/eda-reports-on-trta-1-accomplishments.html</a>
TRTA 2	Project report	ECA in Consortium with Quality Institute, AGRICONSULTING and SGS, TRTA 2 Second Progress Report 1 July – 31 December 2009, 29 January 2010.
TRTA 2	Project report	ECA in Consortium with Quality Institute, AGRICONSULTING and SGS, TRTA 2 Second Progress Report, 3 November 2008 – 30 June 2009, 10 July 2009.
TRTA 2	Project report	IMPLEMENTATION REPORT FOR OPERATIONAL PROGRAMME ESTIMATE 1 COVERING THE PERIOD 1 JULY – 30 SEPTEMBER 2009 TRADE RELATED TECHNICAL ASSISTANCE PROJECT 2 (DCI-ASIE/2007/018-950)
TRTA 2	Other	TRTA Project 2 Revised Logical Framework
UDP	Project report	Final Report for the period 1999 – 2007
UDP	Project report	First Quarter Report, 2007
UDP	Project report	Post Completion Mission, final report, 2009
UDP	Project report	Programme Final Report
UDP	ROM Report	ROM report 2003
UDP	ROM Report	ROM report 2004
UDP	ROM Report	ROM report 2005
UDP	Project report	The program implementation: realities, gains and constraints (2005)
UDP	Project report	Annual Report 2005
UDP	Evaluation	Evaluation of the Upland Development Programme in Southern Mindanao: Its impact on households and communities. Executive Summary. No date.
UDP	Evaluation	Evaluation Reports 030, Rural Development Support Program, Philippines summary version of the Evaluation
UDP	Project report	Annual Report 2006

## **ANNEX 2: OVERVIEW OF EVALUATION QUESTIONS**

### **EQ1 Poverty/Vulnerable Groups - To what extent has the EU cooperation programme in the Philippines been designed and implemented with a view to addressing the needs of the poorest/vulnerable groups?**

JC 1.1: The selected sectors of cooperation and related interventions target the poorest/vulnerable groups and are in line with their principal needs

- Indicator 1.1.1 EU support is concentrated on regions most seriously affected by poverty
- Indicator 1.1.2 Programme documents reveal a clear strategy to target the poor / most vulnerable groups through the interventions
- Indicator 1.1.3 Degree to which EU-supported interventions target remote or isolated areas
- Indicator 1.1.4 Needs analyses confirm the importance of selected sectors and interventions
- Indicator 1.1.5 Existence of additional / updated information on the needs of the poorest/vulnerable groups in the second CSP compared with the previous one
- Indicator 1.1.6 Involvement of stakeholders in strategic and programming processes (government, civil society, research institutes, beneficiaries)
- Indicator 1.1.7 Gender issues and particular needs related to vulnerable women are taken into account in cooperation strategies and programming documents
- Indicator 1.1.8 Ethnic minority groups and their particular needs are taken into account in cooperation strategies and programming documents

JC 1.2: The design of the interventions targeting the poorest / vulnerable groups takes into account interrelations between various dimensions of poverty / vulnerability

- Indicator 1.2.1 Programme documents show the links between the major social sectors, as well as other cooperation sectors
- Indicator 1.2.2 Approaches have been selected based on their effectiveness in reaching the poor.
- Indicator 1.2.3 Population growth and associated issues taken into account in programming and policy dialogue



- Indicator 1.2.4 LRRD is taken into account where relevant
- Indicator 1.2.5 Gender issues and particular needs related to vulnerable women are taken into account

JC 1.3 EU strategy and engagement in coordinating groups ensure that the needs of the poorest/vulnerable groups in sectors that are not the focus of EU cooperation, are nevertheless addressed.

- Indicator 1.3.1 EU strategy documents show evidence that the major needs are covered by other donors
- Indicator 1.3.2 Other donors' strategy documents identify the EU interventions that address the needs of the poorest/vulnerable groups
- Indicator 1.3.3 Issues of complementarity related to interventions targeting poorest/vulnerable groups are addressed in donors' coordination meeting

JC 1.4 EU cooperation programmes have aimed at enhancing the capacity of the government to assess the needs of and to identify the poorest/vulnerable groups

- Indicator 1.4.1 Studies on poverty and vulnerability are being carried out by the government
- Indicator 1.4.2 Poverty monitoring mechanisms in place at various level
- Indicator 1.4.3 Actors' capacities at the various levels of the chain of information in sectors closely linked to poverty (e.g., health, education, food security) have been supported

JC 1.5 Extent to which the EU cooperation programme has taken into account the particular challenges faced by the vulnerable groups in the Mindanao region.

- Indicator 1.5.1 Allocation of funds, by sector, to Mindanao (including thematic budget lines) in contrast to other regions or nation-wide programming
- Indicator 1.5.2 EU contribution to policy dialogue regarding the Mindanao Peace Process

- Indicator 1.5.3 Appropriate mix of instruments related to human security, such as humanitarian and food aid, aid to uprooted people, rehabilitation and reconstruction, and disarmament, in Mindanao
- Indicator 1.5.4 Interventions take into account differences between groups in Mindanao in terms of varying vulnerability

**EQ2 Health - To what extent has EU support to the Philippine Health Sector Programme contributed to an improved provision of basic health care services?**

JC 2.1 Extent to which the design and start up of the HSPSP sector support instrument (including the mix and timing of Sector Policy Dialogue, capacity building, TA, etc.) was adapted to the political and institutional context

- Indicator 2.1.1 Favourable entry conditions for budget support operations were in place at the time of design of SBS operations.
- Indicator 2.1.2 EU programming documents as well as programme identification and formulation have taken context factors like political economy within the sector, (e.g.; within PhilHealth) etc sufficiently into account.
- Indicator 2.1.3 Phasing and design of Sector Policy Dialogue, TA, capacity building, resulted in improved conditions when SBS funds were actually transferred.
- Indicator 2.1.4 EU SBD was effective in existing donor landscape and given EU provision of SBS.
- Indicator 2.1.5 Institutional arrangements, reporting mechanisms and objective indicators in place for central authorities to monitor provincial performance with reference to national and international policy commitments.
- Indicator 2.1.6 Strategy in place for combination of SBS with other instruments such as General Budget Support, pooled funding, Trust Fund, project support, regional and global programmes, thematic budget lines.
- Indicator 2.1.7 Implications of decentralisation (1991 Local Governments Act) taken fully into account in designing HPSP.
- Indicator 2.1.8 LGUs and other relevant actors (e.g. PhilHealth) also involved in donor-DOH Sector Policy Dialogue.

JC 2.2 Extent to which the EU strategy including but not limited to SBS resulted in improvements related to selected major systemic issues.

- Indicator 2.2.1 Access to / affordability of pharmaceuticals increased and PhilHealth benefit packages are functional.
- Indicator 2.2.2 Planning and management related to human resources for health improved.
- Indicator 2.2.3 The Annual operational plans of the LGUs reflect Province Wide Investment Plans.
- Indicator 2.2.4 City, municipality, and inter-local health zone (ILHZ) plans reflect provincial priorities.
- Indicator 2.2.5 Problems and issues in identification of the poor, as well as marginal and vulnerable groups, identified and addressed.
- Indicator 2.2.6 Internal audit established.

JC 2.3 The EU-supported Philippine HSPSP contributed to strengthened financial management and procurement functions at provincial level (in target provinces).

- Indicator 2.3.1 The Department of Budget and Management (DBM) built the capacity of PLGUs and their component LGUs in public financial management (PFM), (according MOA signed April 15, 2008 with the DOH); and local level PFM is in line with the central level reforms.
- Indicator 2.3.2 Annual procurement plans produced.
- Indicator 2.3.3 Local pharmaceutical procurement and management follows Good Pharmaceutical Procurement Practices (GPPP) with proper drug selection and quantification, management of the bidding and tendering process, warehousing and promotion of rational drug use.
- Indicator 2.3.4 Proportion of local budgets devoted to health increased.
- Indicator 2.3.5 Increased number of and funding for rural health units (RHUs).

JC 2.4 Extent to which EU support, including SBS, contributed to improved availability of basic health care services of reasonable quality (in target provinces).

- Indicator 2.4.1 Quality of health care issues addressed at local level
- Indicator 2.4.2 Community-based pharmaceutical outlets functioning and continuous support
- Indicator 2.4.3 Basic health care and health outcome monitoring mechanisms improved

- Indicator 2.4.4 Civil society involvement in health at local level increased
- Indicator 2.4.5 EU supported health awareness campaigns

**EQ3 Rural Development - To what extent has EU support in the area of rural development contributed to improved living standards for the poor?**

JC 3.1 EU support contributed to improved production, production base and conditions

- Indicator 3.1.1 Changes in the capacity of POs and LGUs to plan, implement and maintain development projects
- Indicator 3.1.2 Changes in agricultural production and productivity, processing and marketing at the level of farmers and farmer organisations
- Indicator 3.1.3 Changes in the availability of rural infrastructure supporting farming productivity and welfare
- Indicator 3.1.4 Number of irrigation systems built or rehabilitated and functional
- Indicator 3.1.5 Changes in the number of rural people having access to bank and non-bank financial services
- Indicator 3.1.6 Changes of the number of viable micro-enterprises
- Indicator 3.1.7 Changes in the diversification of economic activities

JC 3.2 EU support contributed to improved living standards of the rural poor in targeted areas

- Indicator 3.2.1 Changes in the proportion of the population whose income is increased in a sustainable way
- Indicator 3.2.2 Changes in the access of the population to functional health services
- Indicator 3.2.3 Changes in the access of the population to potable water

Indicator 3.2.4 Changes (or perceived changes) in the social and political integration of rural poor

JC 3.3 The sustainability of the rural development activities supported by EU interventions have been effectively addressed

- Indicator 3.3.1 Existence of a clear phasing out / exit strategy on which the decision to pull out of the rural development sector is based
- Indicator 3.3.2 Evidence of extensive dialogue (related to the sustainability of activities and benefits) initiated with government agencies
- Indicator 3.3.3 Evidence of continuation, expansion or replication of EU supported activities
- Indicator 3.3.4 Improved technical and financial capacities of POs and partners (GoP, local government units, NGOs) to continue interventions financed by the EU, to provide key services to the population and to plan sustainable local development
- Indicator 3.3.5 Improved governance mechanisms at the level of POs, LGUs and other local institutions

**EQ4 Trade - To what extent has EU support contributed to improved trade and economic partnership with the Philippines and the country's further integration into the international trade system?**

JC 4.1 Enhanced conditions for trade

- Indicator 4.1.1 Clearance time of goods channelled through customs shortened
- Indicator 4.1.2 Increases in IPRs and Standards and Quality Assurance administration and enforcement
- Indicator 4.1.3 Philippines government agencies and firms informed and adjusted to EU regulations influential for trade development

JC 4.2 The capacity of selected government agencies and non-state actors in the Philippines has been enhanced to implement deeper integration into the international trading systems

- Indicator 4.2.1 Capacity building for Philippine stakeholders in the process of trade integration strengthened
- Indicator 4.2.2 Competitive, transparent, and efficient movement of traded products within the international and regional trade facilitation systems enhanced
- Indicator 4.2.3 Sanitary, phyto-sanitary and technical standards of Filipino exports enhanced

**EQ5 Governance - To what extent has the EU support promoted and strengthened better governance?**

JC 5.1 Strategic documents and project designs identify and analyse relevant governance issues

- Indicator 5.1.1 Governance issues extensively analysed in EU strategic documents
- Indicator 5.1.2 Transparency, accountability, corruption explicitly taken into account in project / programme design and implementation
- Indicator 5.1.3 Governance-related risks to project and programme success explicitly identified and analysed

JC 5.2 During implementation, EU sector cooperation programmes have integrated major issues of governance

- Indicator 5.2.1 Justified selection of approach and financing modalities taking into account governance issues
- Indicator 5.2.2 Existence of networking and multi-stakeholder coordination mechanisms
- Indicator 5.2.3 Monitoring frameworks allow for the tracking of governance-related indicators and lessons learnt
- Indicator 5.2.4 Management system and tools of EU financed interventions take governance issues into account

JC 5.3 Strengthened capacity of institutions including local government units, decentralised public agencies, the Judiciary and NGOs.

- Indicator 5.3.1 Existence and quality of needs analysis of capacity building activities
- Indicator 5.3.2 Training provided at all levels to all relevant actors
- Indicator 5.3.3 Capacity of Non-state Actors/ LGUs to participate in policy dialogue, programme implementation and advocacy enhanced

JC 5.4 Progress made in the major clusters supported through EU programmes

- Indicator 5.4.1 Dialogue, both with the Philippines authorities and CSO, on issues such as human rights and labour standards strengthened
- Indicator 5.4.2 Governance dialogue increased EU visibility and Philippine awareness of European perspective on governance issues
- Indicator 5.4.3 Number of cases filed against corrupt government officials increased

- Indicator 5.4.4 Improvements in government procurement system
- Indicator 5.4.5 Enhanced attention to governance issues through EU role in PDF

**EQ6 Mix of Instruments - To what extent was the EU's mix of financing instruments and aid modalities appropriate to the national context and EU cooperation objectives?**

JC 6.1 The extent to which approaches were consistent with the needs and capacities of the implementing partners

- Indicator 6.1.1 Alignment with GoP policies and processes / systems
- Indicator 6.1.2 Promotion of GoP ownership and leadership
- Indicator 6.1.3 Appropriateness to existing capacities of implementing partners
- Indicator 6.1.4 Consideration of possible comparative strengths and weaknesses of the various approach(es) to channel aid through different actors
- Indicator 6.1.5 Involvement of non-state actors such as NGOs and CSOs in discussing implementation modalities

JC 6.2 The mix of financing instruments and aid modalities promotes efficiency

- Indicator 6.2.1 Synergies achieved between bilateral, thematic, and regional instruments
- Indicator 6.2.2 Overlap and duplication avoided between EU interventions
- Indicator 6.2.3 Efficiency scorings in the ROM system
- Indicator 6.2.4 Perceived reduction in transaction costs for partners, EU Delegation, and Brussels officials
- Indicator 6.2.5 Practical coordination mechanisms between donors (division of labour under the EU Code of Conduct)

JC 6.3 Extent to which the combination of financing instruments and aid modalities allowed the EU to exploit its particular comparative advantage based on the European Consensus on Development (e.g. Policy Coherence for Development/PCD, best practice, harmonisation, values and participation)

- Indicator 6.3.1 EU is regarded as privileged policy dialogue partner of GoP in specific areas, (e.g. in health, trade related technical assistance, regional integration, environmental policy and civil society);
- Indicator 6.3.2 Variety of aid instruments contributes to better efficiency and effectiveness of EU aid in the above areas
- Indicator 6.3.3 Clear evidence for Philippines benefitting from the PCD approach of building synergies between policies other than development cooperation (e.g. trade, environment and climate change, security, agriculture etc.)



## ANNEX 3: LIST OF CONTACTS

### 3.1. List of contacts for the field phase

Name	Address	Email address	Website	Phone	Fax
<b>Embassies/Country Representations in the Philippines</b>					
Belgian Embassy in Makati	Multinational Bankcorporation Centre, 9th floor, 6805 Ayala Avenue, Makati City	Manila@diplobel.fed.be	<a href="http://www.diplomatie.be/manila">http://www.diplomatie.be/manila</a>	+ (63) (2) 845.18.69	+ (63) (2) 845.20.76
Royal Danish Embassy in Manila, Philippines	Salustiana D. Ty Tower, 6th floor, 104 Paseo de Roxas, Makati City	dkembman@skynet.net		(2) 894 0086	(2) 817-5729
Finish Embassy in Makati City	21st Floor BPI Buendia Center, Senator Gil J. Puyat Avenue, Postal Address: MCPO Box 2447, Metro Manila 1264	sanomat.mni@formin.fi	<a href="http://www.finland.ph">http://www.finland.ph</a>	+63-2-891 5011-5	+63-2-891 4107
French Embassy in Makati	16th floor Pacific Star building, Corner Gil Puyat/Makati Avenue, 1200 Makati City	chancellerie.ambafrance.manille@gmail.com	<a href="http://www.ambafrance-ph.org">http://www.ambafrance-ph.org</a>	[63] (2) 857 69 99	[63] (2) 857 69 45
German Embassy in the Philippines	25/F Tower 2, RCBC Plaza, 6819 Ayala Avenue, Makati City	germanembassymanila@sufshop.net.ph	<a href="http://www.manila.diplo.de">http://www.manila.diplo.de</a>	63 2 892 49 06	63 2 810 47 03
Irish Consulate in Makati	70 Jupiter St, Bel Air 1, Metro Manila	irishcon@info.com.ph		00 63 2 896 4668	00 63 2 897 8534
Italian Embassy in Makati City	6th Floor, Zeta Condominium, 191 Salcedo Street, Legaspi	informazioni.manila@esteri.it, ambitaly@surfshop.net.p	<a href="http://www.ambmanila.esteri.it">http://www.ambmanila.esteri.it</a>	(+63) 2 892 4531 / 2 / 3	6328128943

Name	Address	Email address	Website	Phone	Fax
	Village, Makati City	h			
Royal Netherlands Embassy to the Philippines	26th Floor Equitable PCI Bank Tower, 8751 Paseo de Roxas, Makati City	man-ca@minbuza.nl	<a href="http://www.netherlandsembassy.ph/">http://www.netherlandsembassy.ph/</a>	+63 2 786-6666	+63 2 786-6600
Royal Norwegian Embassy in Manila	21st Floor, Petron Mega Plaza Building, 358 Sen. Gil Puyat Avenue 1209, Makatic City	emb.manila@mfa.no	<a href="http://www.norway.ph">http://www.norway.ph</a>	+63-2-886-3245 to 49	63-2-886-3384
Embassy of Spain in Manila	5th floor, A.C.T. Tower, 135, Sen. Gil J. Puyat Av., 1251 Makati, Metro Manila	con.manila@maec.es	<a href="http://www.maec.es/Subwebs/Consulados/Manila/es/home/Paginas/Home.aspx">http://www.maec.es/Subwebs/Consulados/Manila/es/home/Paginas/Home.aspx</a>	818 35 61, 818 35 81	(+63) 2 810 28 85
Embassy of Sweden in Manila	16th Floor, Equitable-PCI Bank Tower 2, Makati Avenue corner De La Costa St., Makati City	ambassaden.manila@foreign.ministry.se		63-2-811 7900	+63-2-815 3002
Embassy of the United Kingdom in Taguig	120 Upper McKinley Road, McKinley Hill, Taguig City 1634, Manila	ManilaVisaEnquiries@fco.gov.uk	<a href="http://http://ukinthephilippines.fco.gov.uk/en">http://http://ukinthephilippines.fco.gov.uk/en</a>	(+63) (2) 858 2200	(+63) (2) 858 2237
U.S. Embassy in Manila, Philippines	1201 Roxas Boulevard, Manila, Philippines 1000		<a href="http://manila.usembassy.gov/wwwhcont.html">http://manila.usembassy.gov/wwwhcont.html</a>	(632) 301-2000	(632) 301-2017
<b>United Nations (UN) &amp; Multilaterals</b>					

Name	Address	Email address	Website	Phone	Fax
United Nations in the Philippines	Visiting Address: 30th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue corner Sen. Gil Puyat Avenue, 1226 Makati City, Postal Address: P.O. Box 7285 Domestic Airport Post Office Lock Box, 1300 Domestic Road, Pasay City	admin@un.org.ph	<a href="http://ph.one.un.org/">http://ph.one.un.org/</a>	Trunkline: (632) 901.0100, Directline: (632) 901.0401 / 901.0403	(632) 901.0404 / 901.0200
ADB Asian Development Bank	6 ADB Avenue, Mandaluyong City 1550, Metro Manila	phco@adb.org	<a href="http://www.adb.org/">http://www.adb.org/</a> <a href="http://www.adb.org/philippines">http://www.adb.org/philippines</a>	632 632 4444 PHCo + 632 683 1000	632 636 2444 PHCo + 632 683 1030
The World Bank Office in the Philippines		Leonora Gonzales lgonzales@worldbank.org	<a href="http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIA/PACIFICEXT/0,,contentMDK:20253924~pagePK:146736~piPK:146830~theSitePK:226301,00.html">http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIA/PACIFICEXT/0,,contentMDK:20253924~pagePK:146736~piPK:146830~theSitePK:226301,00.html</a>	632 637-5855 ext. 3003, 917-3003	(+632) 917-3050
Unicef in the Philippines	UNITED NATIONS CHILDREN'S FUND, 31st Floor, Yuchengco Tower, Rizal Commercial Banking Corporation (RCBC) Plaza, Ayala Avenue corner Gil Puyat Avenue, Makati City,	manila@unicef.org		(0632) 901-0176 Communication	

Name	Address	Email address	Website	Phone	Fax
UNDP in the Philippines	Visiting Address: 30th Floor Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue cor. Sen. Gil J. Puyat Avenue, Makati City 1226, Postal Address: P.O. Box 7285 Domestic Airport, Post Office Locker Box, 1300 Domestic Road, Pasay City, Philippines	registry.ph@undp.org	<a href="http://www.undp.org.ph/">http://www.undp.org.ph/</a>	(632) 9010100	(632) 9010200, (632) 8897177
FAO in the Philippines	FAO/UN, 29th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City	FAO-PH@fao.org	<a href="http://www.fao.org">www.fao.org</a> , <a href="http://ph.one.un.org/agencies/fao.html">http://ph.one.un.org/agencies/fao.html</a>	(632) 9010-350	(632) 9010-361 / 9010-362
ILO in the Philippines	ILO/UN 29th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City	manila@ilomnl.org.ph	<a href="http://www.ilo.org/manila">http://www.ilo.org/manila</a>	(632) 901-01-00	(632) 901-02-00
UNAIDS in the Philippines	UNAIDS/UN 31th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City	unaids.ph@undp.org	<a href="http://www.unaids.org">www.unaids.org</a>	(632) 901-04-12 (632) 901-04-11	(632) 901-04-15
WHO in the Philippines	United Nations cor. Taft Avenues, Ermita, Manila	postmaster@who.org.ph	<a href="http://www.who.org.ph">www.who.org.ph</a>	528-8001	
<b>CSOs</b>					

Name	Address	Email address	Website	Phone	Fax
Code NGO (Caucus of Development NGO Network)	69 Esteban Abada Street, Loyola Heights 1108, Quezon City, PHILIPPINES		<a href="http://www.code-ngo.org">http://www.code-ngo.org</a>	+632-920.2595, +632-926.8131	+632 435-6616 loc. 103
Friedrich Naumann Stiftung	Units 405-410, 4/F La Fuerza Plaza 2, Don Chino Roces Ave., Makati City	liberal@fnst.org	<a href="http://www.fnf.org.ph/">http://www.fnf.org.ph/</a>	63917 LIBERAL (5423725) temporarily A30	
Hanns Seidel Foundation	Unit 4D Cypress Gardens Buidling 112 V.A. Rufino Street Legaspi Village Makati City, 1229 Metro Manila	philippinen@hss.de; hsfmnl@yahoo.com	<a href="http://www.hsf.org.ph">www.hsf.org.ph</a>	867-4329	893-7731
Commission on Human Rights of the Philippines	SAAC Building, Commonwealth Avenue, UP Complex, Diliman, Quezon City	Hon. Leila M. de Lima (Chairperson) atty_delima@yahoo.com .ph	<a href="http://www.chr.gov.ph/">http://www.chr.gov.ph/</a>	928-5655, 926-6188	929-0102
University of the Philippines - Department of Economics	UP School of Economics University of the Philippines Guerrero St. Diliman, Quezon City		<a href="http://www.econ.upd.edu.ph/">http://www.econ.upd.edu.ph/</a>	(63 2) 927-9686	
University of the Philippines - Department of Anthropology	College of Social Sciences and Philosophy Faculty Center 3055 University of the Philippines Diliman, Quezon City 1101		<a href="http://web.kssp.upd.edu.ph/anthropology/index.html">http://web.kssp.upd.edu.ph/anthropology/index.html</a>	920-5301	
European Chamber of Commerce in the Philippines	19/F Philippine AXA Life Centre Sen, Gil Puyat Ave. Vor Tindalo St	Schumacher@eccp.com	<a href="http://www.eccp.com">www.eccp.com</a>	845-1324	845-1395

Name	Address	Email address	Website	Phone	Fax
	Makati City				
La Liga Policy Institute	No 25-A Marunong St. Brgy. Central Quezon City Philippines 1100	info@laligapilipinas.org	www.laligapilipinas.org	433-7875	
Social Weather Stations	52 Malingap Street Sikatuna Village Diliman, Quezon Coty, 1101 Philippines	Mahar.mangahas@sws.org.ph	www.sws.org.ph	024-4456	920-2181
Asia Society for Social Improvement and Sustainable Transformation (ASSIST)	Level 5, A&V Crystal Tower 105 Esteban St. Legaspi Village 1229, Makati City	sreeni@assistasia.org	www.assistasia.org	403-8668	403-8358
GTZ	Unit 2B PDCP Bank Centre V.A. Rufino corner L.P. Leviste Streets Salecedo Village Makati City	Walter.salzer@gtz.de	www.gtz.de/philippines	892-9051	892-3374
<b>Government bodies</b>					
National Economic Development Authority	12 Saint Josemaria Escriva Drive, Ortigas Center, Pasig City 1605 PHILIPPINES		http://www.neda.gov.ph/	6310945 - 56	
Department of Agriculture	Elliptical Road, Diliman, Quezon City, Philippines 1100	http://www.da.gov.ph/		927-87-41 to 56	

Name	Address	Email address	Website	Phone	Fax
Department of Agrarian Reform	Elliptical Road, Diliman, Quezon City, Philippines	info@dar.gov.ph	<a href="http://www.dar.gov.ph/">http://www.dar.gov.ph/</a>	(632)928-7031 to 39	
PhilHealth	Citystate Centre, 709 Shaw Boulevard, Pasig City 1603, Philippines	info@philhealth.gov.ph	<a href="http://www.philhealth.gov.ph/">http://www.philhealth.gov.ph/</a>	637-9999	
Department of Health	San Lazaro Compound, Tayuman, Sta. Cruz, Manila Philippines 1003		<a href="http://www.doh.gov.ph/about_doh/dohadd">http://www.doh.gov.ph/about_doh/dohadd</a>	(632) 743-8301 to 23	(632) 711-6744
Department of Trade and Industry	385 Industry and Investments Bldg., Sen. Gil Puyat Ave., Makati City, Philippines 1200		<a href="http://www.dti.gov.ph/dti/index.php?p=134">http://www.dti.gov.ph/dti/index.php?p=134</a>	(+632) 751.0384	
Department of Budget and Management	General Solano St. Malacañang, Metro Manila	dbmtis@dbm.gov.ph	<a href="http://www.dbm.gov.ph/index.php?pid=1">http://www.dbm.gov.ph/index.php?pid=1</a>		
Department of Finance	DOF Bldg., BSP Complex, Roxas Blvd., 1004 Metro Manila, Philippines	hotline@dof.gov.ph	<a href="http://www.dof.gov.ph/">http://www.dof.gov.ph/</a>	+ 632 523-6051	+ 632 526-8474

### 3.2. List of people met during the field phase

Name	Position and Organisation	Organisation
Edmund Sana	Undersecretary	Dept. of Agriculture
Dr. William Medrano	Commissioner, Ex- Consultant of Cascade	Dept. of Agriculture
Joel Rudinas	Undersecretary	Dept. of Agriculture
Renato Manantan	Ex- Project Director, Cascade II	Dept. of Agriculture
Adamar Estrada	Special Projects Staff	Dept. of Agriculture
Josefina Venturanza	Special Projects Staff	Dept. of Agriculture
Jing Pacturan	Undersecretary	Dept of Agrarian Reform
Celerina Afable	Director, Special Projects	DAR
Charrie Regalado	Director, Special Projects	DAR
Cielo Catacutan	DAR Staff	DAR
Manuel Gerochi	Undersecretary	DENR
Lucienne Pulgar	Chief, Special Projects	DENR
Merns Agbon	Staff, Special Projects	DENR
Wilfredo De Perio	Chief RD Division	NEDA
Violeta S. Corpus	Assistant Director	NEDA
Tony Obsioma	Involved in USAID Program similar to UDP	
Mer Olivda	Involved in Post Completion Review UDP	
Tila	Senior Staf	Mindanao Rural Development Program
Omi Sindrias	Researcher	University of Mindanao
Marilou Montiflor	Researcher	University of Mindanao, School of Management
Carlos B. Mendoza	DAR	Regional Executive Director
Romulo S. Palcon	DAR	Regional Technical Director
Yvette G. Valderia	Senior Economic Development Specialist	Mindanao Economic Development Council
R.D Lin	Regional Director	NEDA
R.D Lin	Regional Director	NEDA
G.T Yuramadal	Chief EDS, Project M&E Director	NEDA
E.A. Dipaling	Senior EDS, PMED	NEDA
M.C. Natinidad	Surdey EDS, Knowledge Mgt. Div.	NEDA
A.B. Albores	Project Development, Investment programming and budgeting	NEDA
B. Caintic	Former UDP staff, now ACPC staff	ACPC
Lauro G. Tungpalan	Former UDP staff	DA
Lina A. Mondejar	Research Director	Notre Dame of Marbel University, Koronadal
Sheila M. Basuin	Researcher	Notre Dame of Marbel University, Koronadal
Michael G. Favia	Researcher	Notre Dame of Marbel University, Koronadal
Nassr M. Musali	Regional Director	DAR, Cotabato City
Cenon S. Original	PAROI	DAR, Kidapawan City
Salik L. Dianal	CARPO	DAR, Kidapawan City
Miriam M. Caque	DAR	DAR, Kidapawan City



Name	Position and Organisation	Organisation
Ranulfu A. Estavilla	ARPO II	DAR, Cotabato City
Fely D. Singeo	Assistant to the ED	DBFSDI Makilala
Romulo S. Palcon	Assistant Regional Director	DAR Davao
Aaron Arumpac	PARO II	DAR Sultan Kadarat
Jaime H. Mahimpit	Mayor	President Roxas Municipality
James S. Cornero	PENRO	DENR Kidapawan
Ronato B. Rivera	PENRO	DENR Kidapawan
M. Maro	Agricultural Technician, Bargangay Captain	Del Carmen Bargangay
Jaime H. Mahimpit	Mayor	President Roxas Municipality
20 villagers (9 men, 11 women)	Members of the Irrigation Asociation, of the Barangay Water and Sanitation Association, STARCM beneficiaries	Several Barangay POs
Midwife + 6 voluntary health workers	Staff of Health Station	
Roel Caoagdan	Municipal Engineer	Makilala Municipality
Mario Ranes	Municipal Budget Officer	Makilala Municipality
Rosario Padican	Municipal Agriculturalist	Makilala Municipality
Rudy Caoagdan	Mayor	Makilala Municipality
Lydia Morales	Municipal Accountant	Makilala Municipality
Antonio Menoza	Municipal Planning Officer	Makilala Municipality
Herardo Panamugan	Municipal Agricultural Officer	Nabunturan Municipality
Wilmer Turing	Municipal Agricultural Officer	Nabunturan Municipality
18 villagers (7 men, 12 women)	UDP beneficiaries	Members of local POs
Mario Guttieres	Model farmer	
Zinaida Guttieres	Model farmer	
Wilmer Turing	Municipal Agricultural Officer	Nabunturan Municipality
Glynn Baker	Former STARCM Director; team leader UDP post-completion review	
Brenda Sacquing	Ex-Project Co-director	CECAP II
Myrthle Famorca	Monitoring & Eval Staff	CECAP II
Jimmy Lingoya	CECAP Staff	CECAP II
Deogracias Almora	Prov'l Agrarian Reform Officer	DAR-Ifugao
Ignacio Bunolna	Ex-Chief, CASCADE Southern Zone	CECAP II
Albert Magguling	President, Farmers' Assn.	Bongbong, Poitan, Kinakin, Ibayong Farmer's Assn
Betty Polilis	Project Officer	Savings & Loan Group, Multi-purpose Coop., Poblacion Banawe
Maribel Culig	Bookkeeper	id.
Julie Tung-al	Manager	id.
Raymond Bahatan	Provincial Agriculturist	Ifugao Provl LGU
Hilario Gumangabang	Municipal Mayor	Municipality of Hungduan
Adoracion Boclog	General Manager	Piwong Multi-purpose Coop.
Rosa Ayudoc	Analyst	Piwong Multi-purpose Coop.
Derick Balinon	Cashier	Piwong Multi-purpose Coop.
Fidel Lingcog	VP - Operations	Bangko Lagawe

Name	Position and Organisation	Organisation
Palomo Serrano	President	Paragon Coop.
Solano Espinosa	Bank Staff	Bangko Lagawe
Carmelita Buyuccan	Ifugao Provl Prog. & Dev. Officer	Ifugao Provl LGU
Cora Luis	Agric. Technologist (Ex CECAP Staf)	Lagawe Mun. Agric. Offc.
Donato Daw-an	Bgy. Magulon Councilman	Bgy. Council, LGU
Daniel Nahig	Bgy. Magulon Councilman	Bgy. Council, LGU
Lawrence Naballin	Bgy. Magulon Councilman	Bgy. Council, LGU
Milagros Rimando	NEDA Regional II Director	NEDA
Merlinda Calubaquib	Provl Manager	Phil. Rural Reconst. Mvmnt
Dr. Orlando Balderama	Ex- Consultant on Water Proj.	Isabela state University
Dr. Orlando Espiritu	VP for Research	NV State University
Reynald delos Trinos	Director for R & D	NV State University
Benjamin Hilario	CIS President	Manantan CIS
M. Caliores	Beneficiary	Manantan CIS
Rachel Hope Tiongson	Trainer for Entrepreneurship (CASCADE)	NVSU
Maribel Bacena	Ex-LGU of Cayapa, NV	NVSU
Claire Reginalde	NVSU Economist, ex-CASCADE Zone	NVSU
Ivor Rumbawa	Manager for Nueva Vizcaya	NVSU
Delia Baculanta	DENR NV Staff	DENR
Judith Asuncion	Provl Cooperative Admin. Officer	NV Provl LGU
Edwin Algeria	ARPO II	DAR-NV
Rogelio Cacayan	Agriculturist	DAR-NV
Emily Mercado	Programme Officer Rural Development	ECD
Roderick Planta	Director for Project Monitoring	NEDA
Henry Schumacher	Ex Vice President	European Chamber of Commerce in the Philippines
Dr. Mahar Mangahas mahar.mangahas@sws.org.ph	President	NGO: Social Weather Stations (SWS)
July Pacificador	Director/Department of Budget Management	
Montablo	Director/Department of Budget Management	
Renaud Meyer	Resident Representative	United Nations Development Program (UNDP)
Alma Evangelista	Project Officer	United Nations Development Program (UNDP)
Dr. Saltzer		GTZ
Prof. Nandy Aldaba		Ateno University
Bernadette B. Balamban		National Statistical Coordination Board (NSCB): Poverty, labor, Human Development and Gender Statistics Division
Dr. Celia Reyes	PIDS Research Fellow	Philippine Institute of Development Studies (PIDS)
Dr. Joseft Yap	President	Philippine Institute of Development Studies (PIDS)

Name	Position and Organisation	Organisation
Emma Fabian	Household Statistics Department OIC & Income & Employment Division Chief	National Statistics Office (NSO)
Claudia Buentjen	Principal Country Specialist	ADB
Bert Hofman	Country Director	World Bank (WB)
Prof. Arsenio Balisacan	Dean	UP School of Economics (UP-SE)
Romeo Bernardo	President	ADB
Lazaro Bernardo Tiu	Former Undersecretary of Finance and Executive Director	ADB
Aris Portugal	Assistant FAO Representative	Food and Agriculture Organisation of UN (FAO-UN)
Lourdes Lim		NSCB
Yvette		Mindanao Development Authority
Fernando Valdez		Local Government Academy
Johan Rockett	International Expert	MHSPS Project
Anja Bauer		EU Delegation
Camilla Hagstroem		EU Delegation
Virginie Lafleur-Tighe		EU Delegation
Bendikt Madl		EU Delegation
Rita Bustamente		EU Delegation
Margarito Raynera, Jr.		EU Delegation
Anja Bauer		EU Delegation
Rita BUSTAMANTE		EU Delegation
Dr. Herman Joseph Kraft		
Rosette Vergeire		Department of Health
Dr Robert So	Director	Philhealth
LORICA CALUPITAN-RABAGO,CPA	Supervising Health Program Officer	Bureau of International Health Cooperation
Dr Eduardo Banzon	Senior Health specialist	World Bank
Dr Teogenes Baluma	Regional Director	Dept. of Health (DOH)
Dr. Abdullah Dumama	Director	Center for Health Development-Central Mindanao Office
Dr. Eva Rabaya	Provincial Health Officer-North Cotabato	Center for Health Development-Central Mindanao Office
Zen Darlene S. Lucero	Executive Assistant to the Team Leader	Mindanao Health Sector Policy Support Programme (MHSPSP-TA)
Dr. Louella Estember	Provincial Health Team Leader (PHTL)	Province of South Cotabato
Dr. Rogelio Aturdido	PHO of Sultan Kudarat	
Arturo Pinggoy	Governor of Sultan Kudarat	

#### **ANNEX 4: COUNTRY CONTEXT**

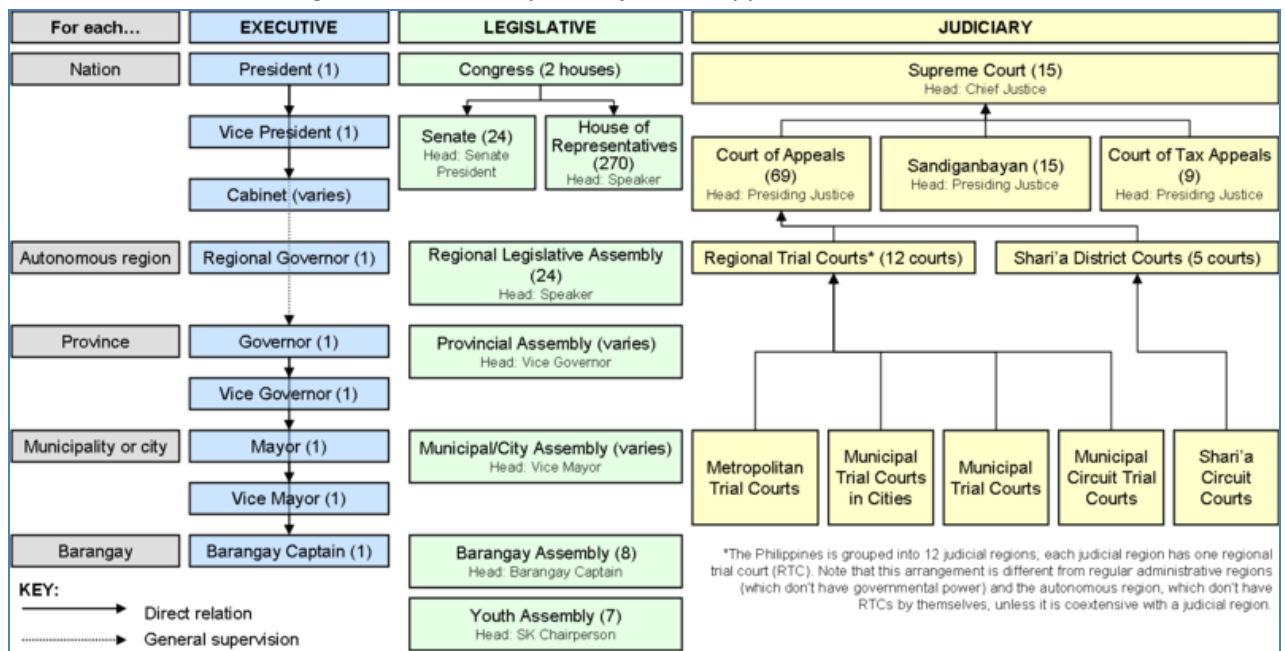
In this section, we describe the general political, economic and socio-economic situation in the Philippines during the assessment period 2002-2009. This is not meant to be a detailed analysis but a brief overview of the main issues affecting the Philippines and its relations with international donors.

Comprising about 7,100 islands, the Philippines is the second largest archipelagic state in the world, after Indonesia. It is estimated to have 110 ethnic groups and 170 spoken languages of which seven are main languages. The country is divided into three island groups: Luzon, Visayas, and Mindanao. Metro Manila, the capital, is the 11th most populous metropolitan area in the world. The Philippines is predominantly a Roman Catholic country, but Muslims constitute about 5% of the population. A per capita GDP of US\$ 1,740 in 2008 ranks the Philippines as a low-middle income country. However, economic activity is highly uneven, and concentrated particularly in the national capital Manila. Together with the two adjacent regions, it produces about 55% of the country's GDP.

The Philippine islands were ruled by Spain from 1565 until 1898, when the US took control. Having been occupied by the Japanese and experienced savage combat during World War II, the country became independent in 1946. The 21-year rule of Ferdinand Marcos (1965-86) was characterised by economic mismanagement and martial law. In the wake of the "People Power Revolution" of 1986 a democratic system was re-established under Corazon Aquino (1986-92), maintained under Fidel Ramos (1992-98) and consolidated with the election of Joseph Estrada as president in 1998. However, the refusal of Estrada's congressional allies to investigate corruption allegations against him led to the second "People Power Revolution" in 2001, which saw Estrada removed from office and placed under house arrest on anti-corruption charges, subsequently pardoned by president Gloria Macapagal Arroyo, who, as his vice-president replaced him in 2001 and went on to win the presidential election in May 2004. The most recent national and local executive and legislature elections took place in May 2010. The incumbent President Arroyo, was barred from seeking re-election pursuant to the constitution. The new President, Benigno 'Noy' Aquino III, who won the elections with 42 % of the vote, took office on 30 June 2010.

The Philippines is a member of ASEAN and the Asia-Pacific Economic Cooperation (APEC) forum.

Figure 1 Political System of the Philippines

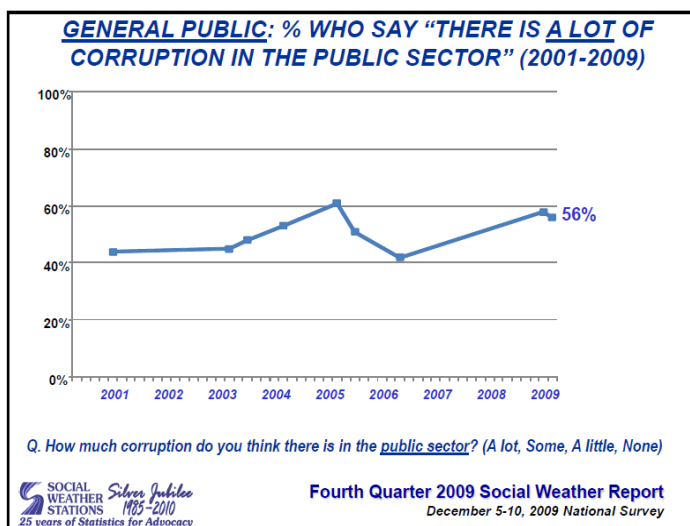
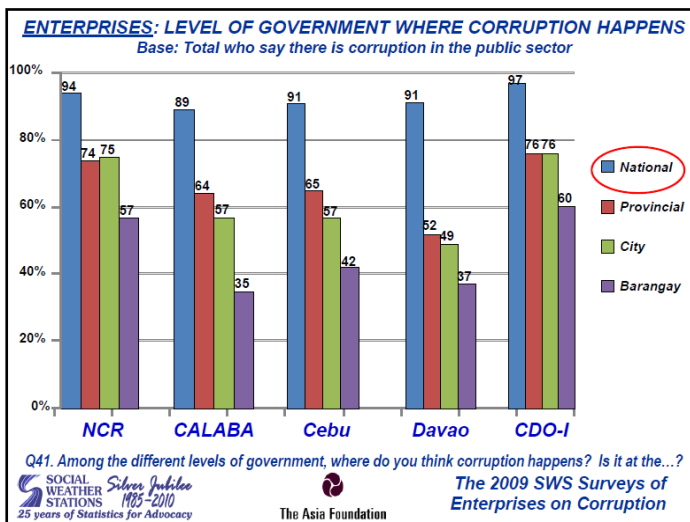
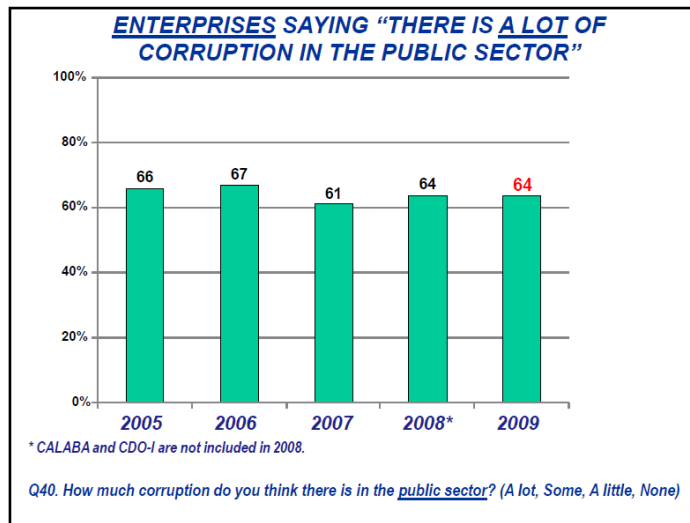


Source: [http://en.wikipedia.org/wiki/File:Philippine\\_government.png](http://en.wikipedia.org/wiki/File:Philippine_government.png)

**Political structure:** The Philippines has a presidential system of government. The president is limited to one six-year term of office. Congress (the legislature) is modelled on the US system and comprises two directly elected bodies – the Senate (the upper house), with a maximum of 24 seats, and the House of Representatives (the lower house), which has up to 250 seats. Political institutions in the Philippines fundamentally perform their functions, although policy-making and -implementation are largely shaped by political considerations between the executive and legislative branches of government. The president has to rely on coalition-building to permanently secure majorities in both chambers and to push a legislative agenda through. In light of what some perceive as the clientelist nature of the party system, the president also depends on local elites for electoral mobilisation. Through Congress, the bastion of local power in the national government, local elites bargain with the president for access to state resources in exchange for legislative and electoral support. The fragmented political structure and politicisation of the government bureaucracy is seen as one of the constraints to promote and implement reforms. In recent years, a number of reforms to strengthen the institutional capacity of the state have been launched, often with strong support from civil society. The work of civil society, both in advocacy and in project implementation and monitoring, has contributed to the successful promotion of specific reforms, especially in the fields of procurement, textbook delivery, budget transparency, community infrastructure, etc.<sup>1</sup>

1 Bertelsmann Transformation Index 2010, Country Report Philippines, <http://www.bertelsmann-transformation-index.de/122.0.html?L=1>;

Figure 2 Corruption Perception in the Philippines



Source: Transparent Accountable Governance: The 2009 SWS Surveys on Corruption, Mahar Mangahas., Social Weather Stations. A presentation for the "Forum on the SWS 2009 Surveys of Enterprises on Corruption and Anti-Corruption Strategies" 19 February 2010, Makati City.

**Decentralisation:** The Philippines is divided into a hierarchy of local government units (LGUs): 81 provinces, 136 cities (of which 24 are considered highly urbanised), 1,495 municipalities, and 41,995 barangays (the smallest political unit). A Philippine province is headed by a Governor. A Provincial Council (Sangguniang Panlalawigan) is composed of a Vice Governor (Presiding Officer) and Provincial Board Members. A Philippine city or municipality is headed by a Mayor. A City Council (Sangguniang Panlungsod) or Municipal Council (Sangguniang Bayan) is composed of a Vice Mayor (Presiding Officer) and City or Municipal Councillors. A barangay is headed by a Barangay Captain, who is also the presiding officer of the barangay council.

The province is the primary unit of local government and is largely modelled on the three branches of central government. The provinces are grouped into 17 regions for administrative purposes at central government level. Two regions have political jurisdiction as recognised autonomous groupings of provinces, namely the Autonomous Region in Muslim Mindanao in the south west (adjacent to Malaysia) and the Cordillera Administrative Region of the indigenous Igorot in the north.

Decentralisation was adopted after the ousting of the authoritarian Marcos regime fuelled demand for legitimate, local representation. The country's 1987 Constitution embraced decentralisation and local autonomy. In 1991, the LGC mandated significant devolution to local governments. This included the transfer to LGUs of a wide range of functions and services, and divided responsibility for their provision among the various local tiers. It also specified a division of responsibility with regard to revenue assignment. The LGC placed LGUs at the forefront of development and poverty alleviation. However, assignments of service delivery responsibilities across different levels of government remain ambiguous for some services and, generally, the full implementation of decentralisation is still lacking.<sup>2</sup>

**Population:** With an estimated population of 96.1 million in 2009, the Philippines is the world's 12th most populous country. The Philippines is the fastest urbanizing country in East Asia: fuelled by internal migration and natural population growth, the urban population has already passed the 50 % mark and is expected to rise to 75 % of the country's population by 2030. The annual population growth rate was 2.04% for 2000–2007, down from 2.36% for 1995–2000. An annual growth rate of 2.04% means that nearly 5,000 babies are born every day. Rapid population growth translates into a high youth dependency ratio and places pressure on the Government to deliver basic social services, such as education and health. Rapid growth of the labour force also places a premium on jobs creation. The Government recognises this in the MTPDP 2004–2010, which lays out the socioeconomic development plan for the country and targets a population growth rate of 1.9% by 2010. Due to the country's strong Catholic heritage, family planning has been a highly contentious political issue, and the Philippines has not experienced spectacular and rapid fertility declines as have a number of other Asian countries. The plan's other broad aims are job creation through agribusiness development, sustainable management of the environment, natural resources, and biodiversity, and decongestion of Metro Manila. Overall, in the

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<sup>2</sup> World Bank, Philippines - Country assistance strategy for the period FY2010-2012, Report No. 47916-PH, Manila, 2 April 2009; Hadiz, Vedi R.(2007) 'The Localization of Power in Southeast Asia', *Democratization*, 14: 5, 873-892; Balisacan, Arsenio M. et al. *Regional Development Dynamics and Decentralisation in the Philippines: Ten Lessons from a 'Fast Starter'*, Asia Pacific Policy Center, Quezon City, Manila 2007. See discussion below on difficulties in decentralisation in the area of health.

MTPDP, the Philippine Government affirms its commitment to policy and institutional changes aimed at pro-poor sustained economic growth based on The MDGs<sup>3</sup>

Indigenous People in the Philippines account for approximately 16% of the population and live primarily in the mountainous areas of northern and central Luzon and in Mindanao. Although no specific laws discriminate against IPs, the remoteness of the areas that many inhabit as well as cultural bias has prevented their full integration into society.

**MDGs:** As a signatory to the Millennium Declaration of 2000, the Philippines is committed to achieving the MDGs by 2015. However, the Philippines Midterm Progress Report on the Millennium Development Goals (released in 2007), reported that there was a low probability of the Philippines achieving universal primary education, improving maternal mortality, and increasing access to reproductive health care by 2015. In early 2010, five years away from the 2015 deadline, the Philippines is still off-track in more than 40 % of the 21 indicators of the MDGs, including poverty, hunger, infant mortality and maternal health, according to a tripartite report by the ESCAP, UNDP and ADB. The report shows that of the 11 countries in Southeast Asia, the Philippines is among those with the highest percentage of missed progress deadlines. For example, poor performance in key areas of human development is particularly acute in regard to women's and children's health and nutrition, reflected in the figure of 28% underweight 0-5 year olds and a maternal mortality rate of 162 per 100 000 live births, which is not on course for attaining MDG 5 by 2015. However, the country is on track in achieving under-5 mortality, reducing HIV prevalence and providing access to sanitation.<sup>4</sup>

For the past six years the Government's development planning has been based on, and guided by, the MTPDP, a roadmap towards achieving poverty reduction through job creation and enterprise linked to the MDGs. The plan covers nine chapters to accelerate growth and job creation, namely 1) Trade and Investment; 2) Agri-business; 3) Environment and Natural Resources; 4) Housing/Construction, 5) Tourism, 6) Infrastructure, 7) Fiscal Strength, 8) The Financial Sector and 9) Labour.<sup>5</sup>

**Human Development and Poverty:** In the 2009 UNDP Human Development Report, the Philippines registered a HDI value of 0.751, placing it 105th out of 182 countries. In terms of the HPI, the country registered a 12.4 value, which ranked it 54th out of 135 developing states. The high incidence of poverty and social exclusion can be attributed to income inequality, dominance by the elite and inadequate government responses, which continue to consist of short-term, visible interventions. Yet, the Philippines compares favourably with other countries in the region in terms of gender equality and women's empowerment.<sup>6</sup> At the same time the Philippines has the highest unequal wealth distribution, with a Gini coefficient of 0.45. This is also reflected geographically with Mindanao's poverty level, at

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3 Asian Development Bank et al. Paradox and Promise in the Philippines. A Joint Country Gender Assessment, Manila 2008; National Economic and Development Agency, Medium-Term Philippine Development Plan (MTPDP), <http://www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/PDF/MTPDP2004-2010.html>; UNDP Philippines, Millennium Development Goals Philippines, <http://www.undp.org.ph/?link=4>

4 Philippines Midterm Progress Report on the Millennium Development Goals, 2007, [http://www.undp.org.ph/midterm\\_mdg\\_report.pdf](http://www.undp.org.ph/midterm_mdg_report.pdf); UNDP, Human Development Report 2009; 'Country specific strategic analysis for reaching the health related MDGs in the Philippines', Unicef, 2008.

5 Medium Term Philippine Development Plan (MTPDP), <http://www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/PDF/MTPDP2004-2010.html>

6 UNDP, Human Development Report 2009, Factsheet Philippines, [http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_PHL.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_PHL.html)



45.5%, considerably higher than the national average, while more than half (55.8%) of all families in the ARMM are considered poor.

While the Philippine economy has markedly improved in recent years (GDP grew only by 0.9% in 2009 but this followed robust growth in previous years: 3.8% in 2008; 7.1% in 2007 - the highest growth in 31 years; 5.3% in 2006)<sup>7</sup>, optimism is tempered by the fact that the growth appears not to have translated into poverty reduction.<sup>8</sup> Poverty remains a central developmental issue in the Philippines. The SWS nationwide survey of subjective poverty shows that that 53% of all families rated themselves as poor in 2008. Self-rated food poverty figures also show that there is a large percentage of families in the country that have experienced involuntary hunger; in 2007, the figure was 38%, while it increased significantly in 2008, to 42%.<sup>9</sup> In the poorest area, conflict-ridden Mindanao, self-rated poverty went up from 59 % in 1983 to 68 % in 2008.<sup>10</sup>

*Table 1 Human Development: The Philippines*

HDI value	Life expectancy at birth (years)	Adult literacy rate (% ages 15 and above)	Combined gross enrolment ratio (%)	GDP per capita (PPP US\$)
1. Norway (0.971)	1. Japan (82.7)	1. Georgia (100.0)	1. Australia (114.2)	1. Liechtenstein (85,382)
103. Gabon (0.755)	89. Jamaica (71.7)	52. Thailand (94.1)	56. Mexico (80.2)	122. Vanuatu (3,666)
104. Algeria (0.754)	90. Georgia (71.6)	53. Occupied Palestinian Territories (93.8)	57. Panama (79.7)	123. Congo (3,511)
<b>105. Philippines (0.751)</b>	<b>91. Philippines (71.6)</b>	<b>54. Philippines (93.4)</b>	<b>58. Philippines (79.6)</b>	<b>124. Philippines (3,406)</b>
106. El Salvador (0.747)	92. Saint Vincent and the Grenadines (71.4)	55. Panama (93.4)	59. Mongolia (79.2)	125. Mongolia (3,236)
107. Syrian Arab Republic (0.742)	93. Samoa (71.4)	56. China (93.3)	60. Romania (79.2)	126. Cape Verde (3,041)
182. Niger (0.340)	176. Afghanistan (43.6)	151. Mali (26.2)	177. Djibouti (25.5)	181. Congo (Democratic Republic of the) (298)

Source: UNDP, *Human Development Report 2009, Philippines*,  
[http://hdrstats.undp.org/en/countries/country\\_fact\\_sheets/cty\\_fs\\_PHL.html](http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_PHL.html)

7 World Bank Philippines, Philippines Quarterly Update, Manila, February 2010, p. 29.

8 World Bank, 'Philippines leads peers with 7.3% GDP growth but slowdown expected for 2008' (news release); Quimpo, Nathan Gilbert, 'The Philippines: predatory regime, growing authoritarian features', *The Pacific Review*, 22: 3 (2009), 335 — 353.

9 Bertelsmann Transformation Index 2010, Country Report Philippines, <http://www.bertelsmann-transformation-index.de/122.0.html?L=1>

10 Lim, Joseph Anthony, Evaluating (chronic) poverty reduction strategies in the Philippines, Chronic Poverty Research Centre, Working Paper, No. 138, March 2009.

**Rural Development:** The legal and policy environments in the Philippines are conducive to people's participation in governance and development processes, including redistributive strategies towards poverty reduction such as agrarian reform. The decentralisation process has offered an opportunity to provide better quality services in areas such as health and rural infrastructure via LGUs. While some LGUs have performed well, they often lack resource management systems and procedures, and the capacity to raise their own revenues and access other resources. In addition, there is a wide gap between the legal and political framework and actual opportunities for participation in everyday life. Possibilities for participation are limited by mostly landowning families who dominate politics and defend their power in the economic systems at national and local level. Another major constraint to participation is the self perception of the poor who do not know their political rights sufficiently and who are subsequently not aware of their potential political power/influence.<sup>11</sup>

**Health:** The WHO cites notable accomplishments in the Philippine public health system, including the approach to the primary health care system and the devolution of health services to the local level. Nonetheless, there are major geographic inequities in access to health facilities and services. Local officials who have the autonomy to allocate their Internal Revenue Allotment from the Government usually do not prioritise health. Despite the National Health Insurance Act of 1995 (Republic Act -RA 7875), users of health services must largely pay expenses out of pocket, a system that further burdens the poor. The exodus of nurses and doctors abroad exacerbates problems in the health sector. More and more trained, skilled and experienced health professionals emigrate each year (70% of nursing graduates work overseas). The Philippines is now the leading global supplier of nurses. Certain big hospitals have been losing an average of 10-12 nurses a month since 2001. These factors consequently affect access to adequate health care. One of the most pressing concerns for women is access to reproductive health care services.

A growing number of vulnerable groups include disadvantaged youths, workers in the informal sector, marginalised ethnic groups and urban settlers. Gender issues in the health sector prevail with the persistence of several health-related concerns such as: high fertility rate; gap between desired and actual number of children; declining nutritional status for young and adult women; increasing health consequences of gender-based violence, among others.

Filipinos are in a better state of health now than they were 50 years ago but health status improvement is slow compared to other Asian neighbours. Serious challenges and threats remain with regard to the MDG targets on maternal health, nutrition, access to sexual and reproductive health care services, universal primary education and environmental sustainability. The Health Sector Reform Agenda (HSRA), which started in 1999, set targets for hospital reform, public health funding, local health system strengthening, and capacity of regulatory agencies, but have largely remained unmet; however good progress has been made in advancing the National Health Insurance Programme (NHIP), which – according to the national health scheme administered by PhilHealth 83% of the population was covered in 2008, while the latest National Demographic and Health Survey (NDHS) speaks about only 43%

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<sup>11</sup> Federal Ministry for Economic Cooperation and Development (Germany), Evaluation Reports, 030 Rural Development Support Program, Philippines summary version of the Evaluation, July 2007; Esguerra, Josefina, 'Rural Growth and Development Revisited. Governance Issues and Reform Imperatives for Rural Growth, WTO 2006.

coverage.<sup>12</sup> Service delivery is lagging due to minimal investment and resources for health, both at national and local levels.<sup>13</sup>

For more than 20 years the country's health sector has undergone essential reforms, the most important being the devolution of health services to Local Government Insurance Act of 1995, and the HSRA 1999. This constitutes a major policy framework and strategy to improve the health care delivery system. But for quite a long time implementation of the reforms was slow and ineffective. Not until 2005, when pilot study results identified serious weaknesses, did Government respond. In that year, the DoH introduced a modified framework for reform branded FOURmula One for Health or FI to facilitate the implementation of HSRA.

FOURmula One for Health consists of four elements intended to be mutually reinforcing:

- *Financing*, which mainly seeks to expand the scope of PhilHealth so that health insurance payments can more effectively supplement direct government budget spending for health service delivery, with the goal of eventually lowering the financial burden of out-of-pocket payments;
- *Regulation* to support standards and reduce technical variation among providers, eventually leading to better quality and more accessible health products;
- *Health service delivery* seeking to improve the management, quality of care, range of services available, and effective outreach to include poor and geographically isolated populations;
- *Governance*, which includes sector-wide mechanisms at national and lower levels to coordinate the reforms and prioritise activities in the most important areas of effectiveness, efficiency and equity.

**Education:** For the country as a whole, the proportion of high school graduates among adults in 2006 was 55%, an improvement of three percentage points and about nine percentage points from its 2003 and 1997 levels, respectively. Metro Manila tops the rankings with about four in every five adults finishing high school. Benguet follows closely with about seven in every nine adults completing secondary education. Provinces contiguous to Manila such as Rizal, Cavite, and Laguna have relatively high ratios as do provinces along the northern Luzon corridor of Bataan, Pampanga, Pangasinan, La Union, and Benguet. Unlike the high school graduate ratio, basic education enrolment rates hardly improved in the overall, staying steady at 91% between 2002 and 2004 and the Philippines is currently regressing in primary enrolment.<sup>14</sup> Government spending on education is in the region of 2.5% of GDP and much lower compared to other middle income countries in Asia and elsewhere.<sup>15</sup> Compared with

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12 Government hospital data also showed that less than 50% of admitted patients in 2007 to the first 3 quarters of 2008 were PhilHealth members, refuting claims of near-universal coverage of the poor in the provinces. insufficient coverage, delays of payment, poor advertising of rights on services, and high out-of-pocket payments have led to widespread dissatisfaction with PhilHealth among provincial governments.

13 WHO, Philippines – Country Cooperation Strategy;

[http://www.who.int/countryfocus/cooperation\\_strategy/ccsbrief\\_phl\\_en.pdf](http://www.who.int/countryfocus/cooperation_strategy/ccsbrief_phl_en.pdf); PhilHealth, <http://www.philhealth.gov.ph/>;

Philippines National Demographic and Health Survey

2008 National Statistics Office Manila, Philippines ICF Macro Calverton, Maryland, USA

December 2009, p. 177

<sup>14</sup> UNDP, 2008/2009 Philippine Human Development Report, Manila 2009; Roa, Ana Mae G., 'Education sector seeks commitment from presidential bets to push', Business World, Manila, 12 February 2010.

<sup>15</sup> Asia Pulse, 16 February 2010, 'World Bank Expects Philippine Economy to expand 3.5% in 2010.'

most developing countries, the Philippines has a high literacy rate, noting its basic literacy rate of 93.4% and its functional literacy of 84.1%.<sup>16</sup>

**Labour migration:** There is a long tradition in the Philippines of migration from rural to urban areas, especially by women, to Indicator remunerative employment. Women often work as caregivers or domestic helpers. Since the 1970s, the Government has actively promoted the migration of Filipino women and men to work overseas. Men, mainly working as seafarers and in construction, account for a larger proportion of all overseas Filipino workers, but women constitute an increasing percentage of the migration flow. If sea-based migration is excluded, women dominate in the international migration streams. Large shares of the women who go abroad do so to work as nurses or domestic helpers. About one in 10 Filipinos can be found overseas either as a permanent migrant, temporary worker, or irregular worker. As of December 2007, around 8.7 million Filipinos, about 10% of the total population, were permanent residents or temporary residents/workers overseas, with annual remittances reaching US\$14.4 billion, or more than 10% of the country's GDP.<sup>17</sup> Remittances reached a record high in 2009 US\$ 1.5 billion in June (up 3.3% from a year earlier) and aggregating to US\$ 8.5 billion in the first half of 2009. Despite fears that the global financial crisis would lead to a flood of returning migrants, the Philippine Overseas Employment Administration estimated that from October 2008 to June 2009 less than 1% of the 8.7 million Filipino workers abroad lost their jobs in the wake of the global economic crisis.<sup>18</sup> This is a tribute to the high degree of integration of Filipinos abroad into local economies and their high status in the global labour market. However, labour export cannot be relied upon as a policy for reducing poverty, redressing income inequality, and fostering the country's long-run development. The flip side of migration is the brain-drain in certain key sectors (health) and the social costs of family members left behind.<sup>19</sup>

**Environment:** Environmental issues with cumulative impact include loss of watershed integrity, inappropriate and unsustainable land use and agricultural practices in upland areas, degradation of forestland, and extensive road building; rapid population increase and rapid industrialisation, causing increased congestion and pollution particularly in urban areas; environmental degradation of near-shore coastal areas due to sedimentation from upstream sources; and overexploitation of fisheries and permanent loss of coastal ecosystems from changes in land use due to urbanisation and industrialisation, including mining and aquaculture.<sup>20</sup> Like all island countries, the Philippines is highly vulnerable to the environmental consequences of climate change.

**Peace Building:** The Philippines is affected by two main insurgencies, one communist-inspired (National Democratic Front), widespread in most rural areas, the other inspired by Muslim fundamentalists (MILF) who have been seeking independence, although more recently they are pursuing a path towards a high degree of autonomy. The issue of restoring peace in Mindanao continues to be a key challenge. The

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16 UNESCO, THE PHILIPPINES – UNESCO COUNTRY PROGRAMMING DOCUMENT 2009-2011, <http://unesdoc.unesco.org/images/0018/001852/185237e.pdf>

17 Asian Development Bank et al. Paradox and Promise in the Philippines. A Joint Country Gender Assessment, Manila 2008.

18 Asian Development Bank, Asian Development Outlook 2009 Update, Philippines, p. 154, <http://www.adb.org/Documents/Books/ADO/2009/update/PHI.pdf>; Songco Margarita R. (2009), Deputy Director-General, National Economic and Development Authority, 'International labor migration and remittances in the Philippines', <http://www.adb.org/documents/events/2009/Poverty-Social-Development/WG1C-remittances-decline-phi-Songco-paper.pdf>

19 Brush, Barbara L. 'International Nurse Migration. Lessons From the Philippines, in Policy, Politics, & Nursing Practice, Vol. 8, No. 1, 37-46 (2007)

20 Asian Development Bank, Country Environmental Analysis 2008—Philippines. Mandaluyong City 2008.

Philippine Government asked the World Bank in 2003 to consider establishing a MTF for Mindanao to which the World Bank agreed. The EU concluded that it would provide support to Mindanao under the MTF, which it did under its MIP for 2005-2006, even in the absence of a peace agreement.

The MILF has been fighting for self-rule in Mindanao for the past three decades. It has been negotiating with the government since 1997. Peace talks between the Government and the MILF are continuing despite several clashes between MILF splinter groups and the Armed Forces, while peace negotiations with the communist-led National Democratic Front have been suspended since August 2004.<sup>21</sup> From 2006 until mid-2008 a new pattern of accommodation had emerged between the Philippine government and the MILF, with informal understandings accompanied by formal diplomatic negotiations, leading to an aborted Memorandum of Agreement on Ancestral Domain (MoA-AD) in 2008. But the proposed accord was declared unconstitutional by the Philippine Supreme Court following oppositions led by many Christian interests in Mindanao. Tensions increased, and both sides began to re-arm and re-mobilise their forces. By mid-2008, armed skirmishes were reported in mixed Muslim/Christian areas of central Mindanao, with MILF attacks on villages provoking a large-scale Armed Forces of the Philippines (AFP) military campaign that has continued, on and off, well into 2009. Peace talks between the Government and the MILF restarted in December 2009 and are ongoing, though both sides have conceded that a comprehensive peace agreement will not be reached within the term of the current government.<sup>22</sup>

Furthermore, in the first substantial deployment of American troops in the Philippines since the closure of the U.S. military bases in 1991, some 600 military personnel have been deployed in Mindanao since 2002 to assist the Philippine Armed Forces in their struggle to eradicate the Abu Sayyaf group, best described as militant bandits with a radical Islamist agenda. Jemaah Islamiah is also believed to have a presence in the Southern Philippines.<sup>23</sup> Kidnappings by the Abu Sayyaf in Basilan and Sulu sparked renewed counter operations by Philippine government forces in the Sulu Archipelago. In both central Mindanao and the Sulu Archipelago, the resurgence of armed conflict has led to the displacement of hundreds of thousands of residents, only a minority of whom have found refuge in the government's evacuation centres. There is a pattern of recurring forced dislocation in parts of Mindanao and the Sulu Archipelago over the past decade.<sup>24</sup>

**Economy and Trade:** Though the Philippine economy has grown at broadly the same pace as its East Asian neighbours over the last six years, this followed several decades of very modest growth compared with the rest of the region. Historically, the Philippines acquired a regrettable reputation as the exception to the "Southeast Asian Economic Miracle." As a result of years of stagnation, GDP per capita (measured on a market exchange rate basis) in 2008 was only US\$ 1,848 compared with US\$ 4,062 in Thailand and US\$ 8,221 in Malaysia, a much wider percentage disparity than in 1970 when GDP per capita was 46% of Malaysia's. The legacy of slow growth and sometimes weak control over government finances has also left the country much more indebted than its regional peers, with much of it having to be borrowed from overseas; indeed, the Philippines is the second largest issuer of debt in international

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21 CSP 2007-2013, p. 10; MIP 2007-2010, p. 6

22 Government readying second draft for interim agreement, *Business World* (Manila), 19 March 2010.

23 Oxford Analytica Country Profiles, Philippines, Oxford. 7 December 2009.

24 Hedman, Eva-Lotta E., *The Philippines: Conflict and Internal Displacement in Mindanao and the Sulu Archipelago*, report commissioned by United Nations High Commissioner for Refugees, Emergency and Technical Support Service, March 2009, <http://www.unhcr.org/refworld/pdfid/4a9794482.pdf>; CSP 2007-2013, p. 10; MIP 2007-2010, p. 6;

capital markets in East Asia after Japan. As a result, government external debt exceeded 40% of GDP in all but two years between 1985 and 2006. Since 2007, however, external debt has been on the decline and stood at 32.3% of GDP in 2009. Economic growth has been robust during the past half decade with the recovery in private consumption and robust public spending being the key growth drivers.<sup>25</sup> The domestic consumption component grew more than 5% in both 2006 and 2007, helped in part by the high and rising levels of remittances from Filipinos working overseas.<sup>26</sup> While GDP grew by only 0.9 % in 2009, it is now projected to reach 3.5% in 2010 and 3.8% in 2011<sup>27</sup>. According to the World Bank, recovery is likely to stabilise at a lower equilibrium growth rate unless long-standing growth bottle-necks are addressed.<sup>28</sup>

The main policy challenge for the Philippine Government is to bring the public finances back into balance, while also raising expenditure in areas such as infrastructure, education and health care. Poor tax administration, a limited tax base and the losses incurred by a number of public-sector companies have been at the root of persistent fiscal deficits. Tax cuts in 2009 to support the economy during the global financial crisis have compounded these problems.

Trade reforms in the Philippines over the last two decades have led to reductions in average nominal applied tariff rates from over 40% to around 8%. This series of reforms resulted in significant changes in the structure of the economy, which became more open and integrated with the world economy. Since the early 1990s the share of manufactured goods in total exports has increased from 25% to 90% (with electronics and semi-conductors accounting for nearly 60% of exports), a significant shift from the Philippines' traditional role as a heavily commodity-based economy. This was accompanied by an improvement in indicators of the competitiveness of manufacturing industry, especially export-oriented industries. Nevertheless, effective protection rates in agriculture and manufacturing remain quite high, at around 14–15%.<sup>29</sup> The merchandise trade deficit (balance-of-payments basis) stood at US\$12.6bn in 2008. Exports totalled US\$48.2bn in that year, while imports reached US\$60.8bn. The current account, which includes migrant remittances, recorded a surplus of US\$4.2bn, equivalent to 2.5% of GDP, in 2008.<sup>30</sup>

The EU is a major trade and investment partner of the Philippines. The EU was the Philippines' second largest export market in 2008 after China, accounting for US\$8.487 billion or 17.3% of total export sales. For historical reasons, economic relations between the Philippines and the United States have traditionally been strong. However, European companies have also been significant investors in the Philippines over the long-term, whether in the banking, industrial or service sectors. After a modest downturn in 2001-2003, EU foreign direct investments in the Philippines have increased since 2004, at broadly the same pace as in other ASEAN partners.<sup>31</sup> In 2008 the EU was the largest investor in the country – ahead of the US, Canada and Japan). Combined foreign direct investment (FDI) from EU member states accounted for US\$ 475 million or 38.5% of total FDI inflows (with the United Kingdom

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25 World Bank Philippines, Philippines Quarterly Update, Manila, February 2010.

26 Oxford Economic Country Briefings, Philippines, Oxford, 7 December 2009.

27 Source: WB Philippines quarterly update February 2010.

28 World Bank Philippines, Philippines Quarterly Update, Manila, February 2010.

29 MIP 2007-2010, 23

30 Philippines: Country fact sheet, EIU ViewsWire, New York, 3 February 2010.

31 Delegation of the European Union to the Philippines, EU-Philippines Relations: An Overview, <http://www.euphil.org/index.cfm?pagename=eu-phil>

(UK) and the Netherlands providing the bulk of US\$ 298.17 million and US\$ 170.74 million respectively).<sup>32</sup>

**Natural Disasters:** The Philippines is frequently affected by natural disasters, yet the recent disasters were significant in the overall magnitude of their effects. In 2009 tropical storms Ondoy and Pepeng resulted in large numbers of affected persons and casualties. As of November 2009, the official death toll from the two natural disasters combined was 956 persons, with 84 persons still missing and 736 injured. The scale of the disasters was magnified by the impacts of the disasters in highly populated economic centres where two thirds of domestic value added is created. The damage and losses incurred during the disaster is estimated to be equivalent to about 2.7 % of GDP.<sup>33</sup>

**ODA:**

*Box 1 ODA Act of 1996*

RA 8182 otherwise known as the "ODA Act of 1996" was enacted on 11 June 1996 with the aim of facilitating absorption and utilisation of ODA resources. Its Implementing Rules and Regulations (IRR) were subsequently issued on 23 July 1996. Among other pertinent provisions of the Act and its IRR are as follows:

- Section 4 of the Act and IRR Rule 4 – NEDA shall endeavour to obtain ODA funds from donor countries, approximately 5% of total ODA loan for project identification, feasibility studies, master planning at local and regional levels, and monitoring and evaluation.
- Section 6 of the Act – The President, upon NEDA recommendation, shall formulate the mechanism for the equitable utilisation of ODA funds to all provinces.
- IRR Rule 7.4 – Implementing agencies shall report provincial breakdown of physical accomplishments and financial utilisation to NEDA.
- Section 8a of the Act and IRR Rule 5.4 – NEDA to report on projects with cost overruns to the International Criminal Court (ICC) (quarterly) and to Congress (annual).
- Section 9 of the Act and IRR Rule 7.1 – All implementing and oversight agencies shall submit to NEDA reports as may be required by it to assess the performance of ODA-assisted projects.

*Source: National Economic and Development Authority (NEDA) 1 2009 ODA Portfolio Review, p. 1*

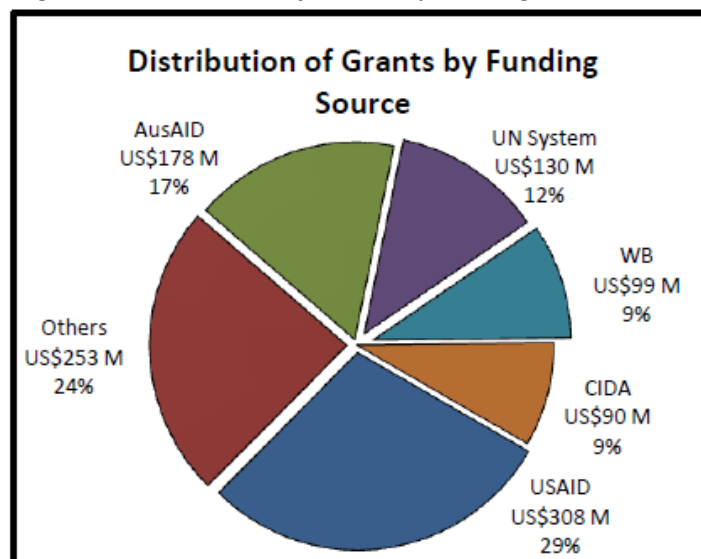
**Grants:** In 2009, USAID accounted for the biggest share of the grants portfolio at 29 % or US\$ 308 million (49 projects). AusAID came in second with 17 % amounting to US\$ 178 million (6 projects) while the United Nations System, which includes UNDP, UNICEF, UNFPA and UNIDO, accounted for the third largest share at 12 % or US\$ 130 million (35 projects). The WB and CIDA provided US\$ 99 million (42 projects) and US\$ 90 million (16 projects), respectively in grants assistance. The Other Sources category (EU, GTZ, Czech Republic, Spain/AECID, ADB, Korea International Cooperation Agency (KOICA), KfW and NZAID, MCA) contributed 24 % share to the portfolio or US\$ 253 million (125 projects). The grant amount for the 144 JICA-assisted projects will be determined upon project completion.<sup>34</sup>

32 Central Bank of the Philippines, [http://www.bsp.gov.ph/statistics/spei\\_new/tab22.htm](http://www.bsp.gov.ph/statistics/spei_new/tab22.htm)

33 PDNA. Philippines. Typhoons Ondoy and Pepeng. Post-Disaster Needs Assessment. Executive Summary, November 2009, <http://pdf.ph/downloads/PDNA/Materials/PDNA%20Executive%20Summary.pdf>

34 National Economic and Development Authority (NEDA), 2009 ODA Portfolio Review, Manila 2010.

Figure 3 Distribution of Grants by Funding



Source: National Economic and Development Authority (NEDA) 5 2009 ODA Portfolio Review, p. 9

**Loans:** The trend in the last five years indicates that loan portfolio size is around US\$ 10 billion. The share of program loans to total net commitment is generally increasing. Total net commitment in CY 2009 amounted to US\$ 9.637 million (for 100 projects supported by 106 loans), supplemented by GoP counterpart amounting to PhP 125.748 billion. Around 24 % of infrastructure budgets of all NGAs are implemented under foreign-assisted projects. The GoJ was the biggest source of ODA loans in 2009 accounting for 36 % of the ODA loans or an aggregate amount of US\$ 3.465 billion. In the past 10 years, the GoJ accounted for an average of 53 % of ODA loans.<sup>35</sup>

Table 2 ODA Loans 2009

Funding Source	CY 2009		Average Last 10 Years	
	US\$ Billion	Share (%)	US\$ Billion	Share (%)
ADB	1.735	18	1.86	17
China	1.049	11	0.48	5
GOJ-JICA	3.465	36	5.72	53
WB	1.574	16	1.62	15
Other Sources*	1.813	19	1.09	10
<b>Total</b>	<b>9.637</b>	<b>100</b>	<b>10.77</b>	<b>100</b>

\*Other funding sources include: Austria, Finland, France, Germany, IFAD, Korea, Netherlands, NDF, OPEC, Saudi Arabia, SIDA, Spain and UK.

Source: National Economic and Development Authority (NEDA) 5 2009 ODA Portfolio Review, p. 5.

**Donor coordination:** With an ODA amount of US\$ 7 per capita, the Philippines is among the least aid dependent countries in Asia.<sup>36</sup> The PDF is the primary mechanism of the Government for facilitating substantive policy dialogue among stakeholders on the country's development agenda. It also serves as a process for developing consensus and generating commitments among different stakeholders toward critical actionable items of the Government's reform agenda. The PDF has evolved from the traditional Government-Donors Consultative Group (CG) process, which was expanded into a multi-stakeholder forum that facilitates substantive policy dialogue on the country's development agenda among

35 National Economic and Development Authority (NEDA), 2009 ODA Portfolio Review, Manila 2010.

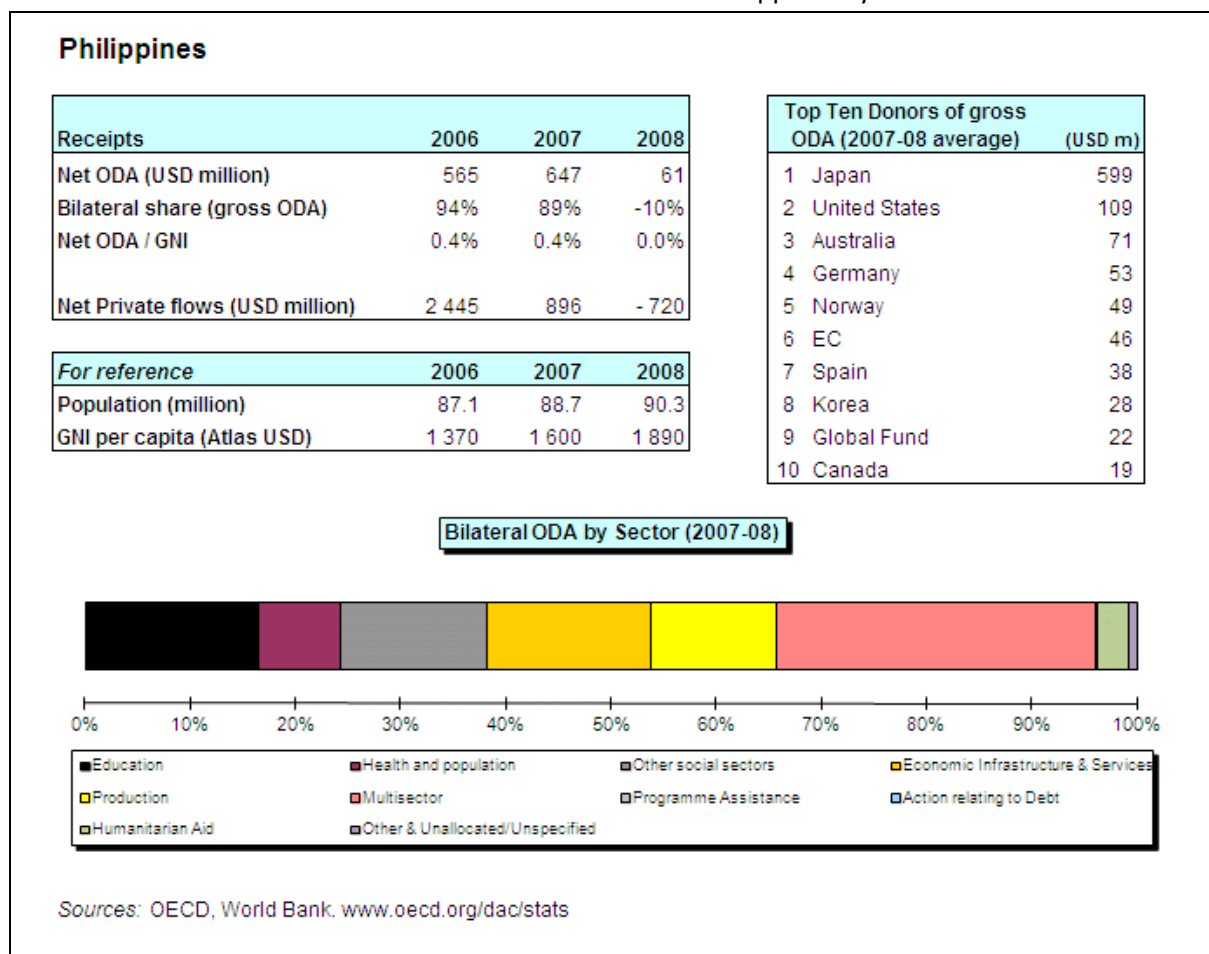
36 <http://hdrstats.undp.org/en/indicators/54.html>



participants from national and local government units, civil society, academia, private sector, and the international development partners. The PDF evolved from the Consultative Group Meetings, which were co-chaired by the Philippine Government, represented by the Department of Finance, and the World Bank, and which were convened every 18 months or so among the Government and members of the international development partners community.

The PDF process involves continuous dialogue on thematic areas through working groups, which are expected to hold meetings in between the formal PDF meetings to follow-up on the issues and agreements at the last meeting. Currently, the PDF has eight working groups, each focused on one of the following themes: MDGs and social progress; growth and investment climate; economic and fiscal reforms; governance and anti-corruption; and decentralisation and local government; sustainable rural development; Mindanao; and infrastructure. The working groups facilitate wide consultations across a broad range of stakeholders on these specific themes; each is led by a Government agency as lead convener (represented by the head of that agency) with a development partner as co-lead convener.<sup>37</sup> The EU is currently co-lead convener of the sub-group on health in the working group on MDGs and Social Progress, where the EU has focused on enhancing the policy-dialogue.<sup>38</sup> The EU has also played a pro-active role in almost all the PDF working groups except in the infrastructure group.

Table 3 Overview of ODA to the Philippines by donor



Source: OECD, World Bank: [www.oecd.org/dac/stats](http://www.oecd.org/dac/stats). Accessed, April 2010.

37 Philippines Development Forum (PDF), <http://pdf.ph/about.htm>

38 <http://pdf.ph/downloads/PDF%20WG%20Contact%20Information%20updated%20May%202009.pdf>

## ANNEX 5: EU STRATEGIC OBJECTIVES AND PRIORITIES IN THE PHILIPPINES

### 5.1. Global EU development policy strategic objectives and priorities

Article 177 of the Amsterdam Treaty (entry into force 1st of May 1999) defines the EU development policy priorities, as follows:

- Sustainable economic and social development in favour of developing countries;
- with a particular emphasis on the most disadvantaged countries. Progressive and harmonious integration of developing countries in the world economy; and
- Fighting poverty in developing countries.

The European Consensus on Development signed 20<sup>th</sup> December 2005 intended to guide both Community and Member State development cooperation and sets out common objectives and principles for development cooperation. It reaffirms EU commitment to poverty eradication, ownership, partnership, delivering more and better aid and promoting policy coherence for development. The primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the MDGs.<sup>39</sup>

Table 4 Common Principles and Objectives of European Consensus on Development

Common Objectives	Common Principles
<ul style="list-style-type: none"> <li>•Poverty Eradication</li> <li>•Achieving other (seven) MDG objectives</li> <li>•Sustainable Development (incl. good governance, human rights and political , economic, social and environment aspects)</li> <li>•Promotion of policy coherence for development</li> <li>•Assist development objectives agreed at the UN major conferences and summitsIn the discourse of European Consensus on Development "development is a central goal by itself"</li> </ul>	<ul style="list-style-type: none"> <li>•Ownership, partnership</li> <li>•An in-depth political dialogue</li> <li>•Participation of Civil Society</li> <li>•Gender Equality</li> <li>•Addressing State Fragility</li> </ul>

Recognising that poverty results from many factors, the Community and Member States are called upon to support poverty reduction strategies which integrate these many dimensions and are based on the analysis of constraints and opportunities in individual developing countries.

As well as more aid, the Consensus commits the EU to providing better aid. Transaction costs of aid will be reduced and the global impact will improve. Development assistance can be provided through complementary modalities (project aid, sector programme support, sector and general budget support, humanitarian aid and assistance in crisis prevention, support to and via civil society, approximation of norms, standards and legislation, etc.). The EU has adopted a timetable for Member States to achieve

<sup>39</sup> The European Consensus on Development, 20 December 2005, p. 4

the internationally agreed target of aid equal to or exceeding 0,7% of Gross National Income (GNI) by 2015, with an intermediate collective target of 0,56% by 2010 and calls on partners outside the EU to follow this lead. These commitments will see annual EU aid double to over € 66 billion in 2010.<sup>40</sup>

### **5.2. ALA regulations (1996-2006)**

The main legal basis for cooperation with the Philippines over the evaluation period was EU Regulation 92/432, the "Asia-Latin America" or ALA regulation.<sup>41</sup> This covered financial and technical assistance and economic cooperation. ALA included partnerships with states, regions (e.g., Asia regional programmes), decentralised authorities, regional organisations (e.g., ASEAN), public agencies, local or traditional communities, private institutes and operators, including cooperatives and non-governmental organisations. Whereas reducing poverty did not become official EU development policy until 2000, the ALA regulation highlighted that aid should target primarily the poorest sections of the population and the poorest countries in the two regions. The Regulation specified a long list of priority sectors, from drugs to the environment to rural development to democracy and human rights. The main interventions specified are economic cooperation and technical and financial assistance, both take the form of grants. The Regulation specified that economic cooperation should be in the mutual interest of the EU and the partner country or organisation. No similar requirement was stated for financial and technical assistance.

### **5.3. DCI regulations (2007-2013)**

The regulation establishing the DCI was adopted on 18 December 2006. The geographic part of it replaces the ALA regulation for developing countries in Asia. The instrument is valid for the period from 2007 to 2013.

The overall goal of the instrument is the eradication of poverty in partner countries and regions in the context of sustainable development, including pursuit of the MDGs, as well as the promotion of democracy, good governance and respect for human rights and for the rule of law.

Co-operation is intended to:

- consolidate and support democracy, the rule of law, human rights and fundamental freedoms, good governance, gender equality and related instruments of international law;
- foster the sustainable development - including political, economic, social and environmental aspects - of partner countries and regions, and more particularly the most disadvantaged among them;
- encourage their smooth and gradual integration into the world economy;
- help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development including climate change and biodiversity;
- and strengthen the relationship between the Community and partner countries and regions.

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<sup>40</sup> The European Consensus on Development, 20 December 2005

<sup>41</sup> <http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=CELEX:31992R0443:EN:HTML>

In Asia, priorities stated by DCI are: pursuing MDGs in the field of health, including HIV/AIDS, and education; as well as addressing governance issues to help build an active and organised civil society, and to enhance the protection of human rights, including the rights of the child.

Priorities are country-specific. Funds are allocated following country strategy papers which include multi-annual indicative programmes specifying the priority objectives and the indicative multi-annual financial allocations.

Further, the European Commission prepares annual action programmes which specify the objectives pursued the fields of intervention, the expected results, the management procedures and total amount of financing planned. They contain a description of the operations to be financed, an indication of the amounts allocated for each operation and an indicative implementation timetable.

The DCIs define a non exhaustive list of 26 different types of actions over ten major areas of co-operation. The regulation establishing the DCI allows a broad range of actors to access the DCI funds and particularly non-state actors.

#### **5.4. Regional strategic objectives and priorities**

There are three types of multi-country programmes in Asia<sup>42</sup>:

- Asia-wide horizontal programmes;
- Regional programmes for ASEAN and SAARC; and
- ASEM.

In this evaluation, we consider all except the SAARC programme, which is not relevant to the Philippines. According to the CSP 2007-2013, horizontal budget lines and regional programmes have been supporting many projects in the Philippines over the years. There are 8 thematic and horizontal budget lines, 4 Asia wide programmes and 4 ASEAN programmes that were operational alongside the CSP 2002-2006 and NIP 2005-2006. In terms of thematic budget lines, there have been 40 projects (since 2000) with total EU contributions amounting to about €46 million. Furthermore, there are 19 Asia-wide and 3 ASEAN projects with a combined budgetary commitment of over €15 million.<sup>43</sup>

#### **5.5. EU Strategic Objectives and Priorities in the Philippines: Overview**

Development co-operation with the Philippines began in 1976. For the first time, funds were committed to co-finance NGO grassroots development actions in the country. In 1984 the EU-Philippines Framework Agreement was signed, outlining the general conditions for providing EU technical assistance and co-operation. A few bilateral projects were financed in the early 1980s, but a more substantial and structured development co-operation began only in 1986, with the Aquino administration's commitment to democratic development. Since 1976 The EU's total cooperation funding for the Philippines has been just over € 1 billion, or some PHP 65 billion in total. Of this, € 625 million (60%) has been in grant funding, and €413 million (40%) in loans from the European Investment Bank.

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<sup>42</sup> Countries eligible for assistance under the ALA regulation are Afghanistan Bangladesh, Bhutan, Burma / Myanmar, Cambodia, China, East Timor, India, Indonesia, Laos, Malaysia, Maldives, Mongolia, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Thailand, Vietnam

<sup>43</sup> CSP 2007-2013, p. 22.

EU development co-operation with the Philippines has focused from the outset on combating poverty and raising standards of living of the poorest groups in the country. This has included support for rural development and for agrarian reform; for the health sector (including women's health); for decentralisation, local governance and governance as a cross-cutting issue; for the promotion of human rights, democracy and the rule of law; and a contribution to peace-building.

Since 2005, the EU co-operation programme has primarily supported equitable access to social services, with particular attention to quality health services through a sector-wide approach and budget support mechanism. It has also aimed to foster sustainable development, which meets the needs of current generations without compromising the ability of future generations to meet their needs. In this context, environment and natural resources are capital that must be maintained in order to bolster economic activity. The EU approach of treating environment, human rights and indigenous people as cross-cutting concerns emphasises its place as an integral part of operations rather than as a sector with isolated projects that could fade away once funding priorities shift. Gender equity is another important cross-cutting issue. Gender mainstreaming is practiced throughout the programming cycle to ensure that EU operations benefit women and men equally.<sup>44</sup>

Since 1 December 2009 development cooperation with the Philippine has to be conducted within new legal framework of the Treaty of Lisbon, which states that the reduction and the eradication of poverty is the primary objective of the EU's development cooperation policy. This goal must be respected whenever policies likely to affect developing countries are implemented. This implies also that development policy is a policy in its own right, and not an accessory of common foreign and security policy. In case of urgent financial aid, the Council will act by qualified majority upon a proposal from the Commission. This should mean quicker financial aid in the future. Furthermore, the Treaty of Lisbon introduces for the first time a specific legal basis for humanitarian aid. This provision stresses the specificity of the policy and the application of the principles of international humanitarian law, in particular impartiality and non-discrimination. The Treaty of Lisbon classifies development cooperation and humanitarian aid as "shared parallel competences": this means that the Union conducts an autonomous policy, which neither prevents the Member States from exercising their competences nor makes the EU's policy merely "complementary" to those of the Member States.<sup>45</sup>

### **5.6. The First Country Strategy Paper, 2002-2006**

In the context of an EU-Philippines SOM it was agreed that the EU would undertake a global review of its past and present development cooperation with the Philippines. The global review preparatory mission found that EU-supported projects had a positive impact on development of the targeted areas. It cited as particular strengths of the EU programmes the assistance to capacity-building for partner Local Government Units, and the empowerment of grassroots-level organisations that are inherent in the participatory, community-based approach espoused by the projects.

Based on the lessons learnt of the pre-2002 cooperation programme, the overarching objective of EU co-operation under the EU-Philippines CSP 2002-2006 was to support the sustainable - economic, social and environmental - development of the Philippines. The main areas of concentration for the co-operation

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<sup>44</sup> Delegation of the European Union to the Philippines, EU-Philippines Relations: An Overview, <http://www.euphil.org/index.cfm?pagename=eu-phil>

<sup>45</sup> [http://europa.eu/lisbon\\_treaty/index\\_en.htm](http://europa.eu/lisbon_treaty/index_en.htm)

programme were assistance to the poorest sectors of society and to facilitate the integration of the Philippines into international trade. Other, non-focal, areas for co-operation included support to human development and rights, as well as to stability and security in the Philippines, which was identified as a precondition for sustainable development.<sup>46</sup> Cross-cutting issues included capacity-building, human resource development, civil society as well as gender and conflict prevention. The sectors and crosscutting issues corresponded closely to the Government's overall development agenda and were in line with EU priorities.

The CSP identified dialogue as an essential element of EU co-operation. A strengthened dialogue on political, as well as on sectoral policy matters would be pursued, centred on the *EU-Philippines SOM*. The second SOM, held in Brussels in November 1999, laid down pragmatic orientations for co-operation that took into account possibilities and constraints for both partners. While recognising the still-important poverty alleviation needs, the SOM concluded that the Philippines could no longer be considered a priority country for EU development aid in the region. In this connection, an indicative budgetary allocation of € 63 million of EU technical co-operation, including development and economic, was foreseen for the period 2002-2006.

In particular, regarding development co-operation the following principles agreed in the second SOM, applied to the 2002-2006 CSP:

- **Poverty reduction remained a priority:** EU co-operation maintained its focus on poverty reduction through development projects in the country's poorest regions.
- **Geographical focus was to be narrowed down:** In terms of geographical focus, projects were limited to a number of selected regions. In this regard, *Mindanao* was still to be a priority, given the less favourable social and economic conditions in the region and the need to consolidate the peace process;
- **Consolidation of achievements of existing projects:** Particular components of rural development programmes where implementation experience had been built up by past projects, were considered for further consolidation and extension; and
- **Exploration of sectoral approach:** In the longer-term a shift to the programme approach was to be explored under which government sectoral policies would be supported in collaboration with international donors.<sup>47</sup>

The first NIP established within the framework of the CSP identified in general terms actions to be launched in the period 2002-2006. The NIP 2002 – 2004 focused on the following actions:

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<sup>46</sup> [http://europa.eu.int/comm/external\\_relations/philippines/csp/02\\_06\\_en.pdf](http://europa.eu.int/comm/external_relations/philippines/csp/02_06_en.pdf).

<sup>47</sup> CSP 2002-2006, p. 18-19; NIP 2005-2006

Box 2 NIP 2002-2004: Focal Areas

**Focal Area 1: Assistance to Poorest Sectors of Society:**

Consolidation and Expansion of the Philippines-EC Rural Development Programme (CEPERD). The overall objective was to consolidate and expand the achievements of EU-supported rural development projects, especially in Mindanao and the CAR, in order to improve their sustainability. The programme was ultimately cancelled due to low performance and the lack of agreement with the government.

Health Sector Support Programme. The overall objective was to contribute to the implementation of the government's HSRA by supporting interventions consistent with poverty alleviation strategies of the CSP and GoP

**Focal Area 2: Assistance to Trade and Investment**

*Small Project Facility:* The overall objective was to support small and innovative projects in the area of corporate governance, advocacy for economic policy reform, the improvement of the business climate, and dialogue between business and civil society.

*Trade Related Technical Assistance:* This project aimed to strengthen the capacity of the relevant government agencies responsible for the areas of product standards, sanitary and phyto-sanitary standards, customs and WTO's issues.

**Cross cutting themes**, such as Good Governance and Institutional reform. The overall objective was to improve the governance framework in the Philippines as a means for achieving sustainable development in the country.

The MTR for the Philippines cooperation programme was carried out during the first quarter of 2003 and included an assessment of the social, political and economic changes in the Philippines. It confirmed the continued validity of the priorities outlined, but concluded that amendments to the NIP 2002-2004 were needed in view of new and evolving circumstances, in particular concerning peace-building in Mindanao. The MTR also concluded that environmental policy (already covered as a component of most programmes at the time), natural resources, human rights matters (in complement to the actual actions in place related to death penalty and indigenous peoples' rights) could, if necessary, be taken into account in the NIP 2005-2006, or in specific thematic budget lines. Based on the MTR, the following revised MIP 2002-2004 was agreed. An internal strategic review of the EU cooperation in the Philippines in 2005 concluded that the right priorities were chosen. The review also concluded that the EU should remain active in rural development since it "is the most important sector of the Philippines' economy providing the livelihood for the vast majority of the population."<sup>48</sup> However, the Delegation received instructions from RELEX to shift its focus to the social sector.

<sup>48</sup> Guillaume, Serge et al., Strategic Review and Pre-programming Mission to the Philippines, Study carried out for the EC, Final Report, June 2005, p. 6-7

Table 5 Modifications to the 2002-2004 NIP

Area of Co-operation	Initial NIP version	Mid-Term Review	Current version
<b>1. Assistance to the poorest sectors of society</b>	<b>€42 M</b>	<b>€36 M</b>	<b>€0</b>
Action 1: Consolidation of rural development	€20 M	€7 M	
Action 2 : Health sector	€22 M	€29 M	
<b>2. Assistance to trade and Investment</b>	<b>€5 M</b>	<b>€5 M</b>	<b>€6 -7 M</b>
Action 1: Business climate enhancement - Global economy (TRTA)	€2 M €1 M	€2 M	€3 -4 M
Action 2 : European Studies	€2 M	€3 M	€3 M
Action 3 : Improve corporate governance (Small Projects Facility)			
<b>3. Cross cutting issue: Good Governance</b>	<b>€4 M</b>	<b>€10 M</b>	<b>€11-12 M</b>
Actions aiming to support focal point 1:			
• Support decentralization institutional strengthening at local level	€2 M	€2 M	€3 M
• Support fight against corruption	€2 M	€2 M	€3 M
• Promote enhancement of the judicial system		€6 M	€5-6 M
• Fight against terrorism			
<b>Total Allocations 2002-2004</b>	<b>€51 M</b>	<b>€51 M</b>	<b>€18M</b>

Source: NIP 2005-2006, p. 28

Based on the CSP, the MTR findings, the renewed focus on Mindanao and the dialogue with stakeholders and other donors, it was decided that the NIP 2005-2006 would concentrate on focal area 1 of the Country Strategy Paper – *Assistance to poorest sectors of society* through two actions: Support to the Health Sector Support Programme, and Support to MTF-RDP. Focal area 2 (Assistance to Trade and Investment) was already taken in the previous NIP, and actions were prepared for the SPF and TRTA. The overall objective of the NIP 2005-2006 was to reduce poverty by improving the health status of the population through more effective, efficient and equitable health care and risk pooling and to contribute to the reconstruction and development of conflict-affected areas in Mindanao.<sup>49</sup>

49 NIP 2005-2006.



Table 6 Budgetary Allocations 2005-2006 NIP

Area of Co-operation	Scenario 1	Fall-back scenario
<b>1. Assistance to the poorest sectors of society</b>	<b>€45 M</b>	<b>€45 M</b>
Action 1 : Health sector	€32-34 M	€45 M
Action 2 : Mindanao Donors Trust Fund or support to Health sector if MDTF action cannot be materialised	€11-13 M	
<b>Total Allocations 2005-2006</b>	<b>€45 M</b>	<b>€45 M</b>

Source: NIP 2005-2006, p. 18.

### 5.7. The Second Country Strategy Paper 2007-2013

Under the DCI an indicative allocation of € 130 million was earmarked for the Philippines for the period 2007-2013. These resources may be supplemented by projects and programmes financed under the regional programmes for Asia and under various thematic programmes. EU cooperation for the period 2007-2013 is directed to:

- **Focal sector:** Helping the Philippines meet its MDGs by supporting a more equitable access to quality basic social services through budget support and sector-wide approaches (with a focus on health under the first NIP 2007-2010);
- **Non Focal Sector:** Other actions and themes helping the Philippines in its economic, social and political reform processes, by providing support to boost trade and investment flows, while paying due attention to the social dimension of globalisation, to restore peace, especially in Mindanao, and to deepen dialogue on governance with and among all sectors of society.

Given the envisaged concentration of assistance, cross-cutting issues such as improvement of governance, human rights issues, gender, children and indigenous peoples' rights, the social dimension of globalisation, cultural issues, environmental protection and conflict prevention will be systematically mainstreamed in all development endeavours covered by this CSP. Activities carried out in the field of higher education are financed within the context of the regional programming for Asia. The CSP is in line with the priorities outlined in the current MTPDP and the '10 Point Agenda'. EU assistance is mainly provided through sector policy support, so as to ensure effective policy dialogue, enhance Government ownership and co-ordination with other donors while keeping transaction costs low. The outcome of the Peace Process in Mindanao will have an influence on the overall strategy towards the country and may entail further fine tuning of the priorities laid down in the CSP.

Based on discussions with the Reference Group, it may be noted, that there appear to have been clear instructions from Relex to limit the number of focal sectors to only one in this programming cycle. The evaluation will take a look at the decisions taken in light of the needs (see Volume 2, Annex 4, EQ1 for details), EU added value (also based on past cooperation) and complementarity (sectors covered by other donors).

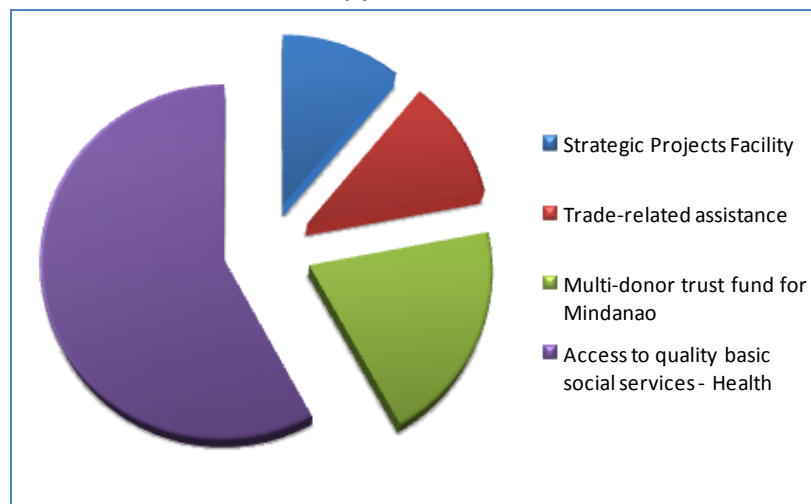
The MIP 2007-2010 represents 46% of the total envelope for the Philippines (approximately € 61 million. The MIP 2011-2013 will represent 54% of the total envelope for the Philippines (approximately € 69 million)<sup>50</sup>

For the MIP 2007-2010 The indicative funding breakdown into focal sector and non-focal themes is as follows:

Focal sector: access to quality basic social services – health €36 million

- Other actions and themes :
  - Trade related assistance € 6.5 million
  - Strategic Projects Facility € 6.5 million
  - Multi-donor Trust Fund €12 million<sup>51</sup>

Figure 4 Multi-Annual Indicative Programme 2007-2010, allocation by focal sector



Recreated from source: Delegation of the European Union to the Philippines, [http://www.euphil.org/index.cfm?pagename=programme\\_bilateral](http://www.euphil.org/index.cfm?pagename=programme_bilateral)

## 5.8. Regional programmes in the Philippines

The Philippines have long benefitted not only from bilateral EU cooperation, but also regional programming. In the period between 1986 and 1999, such aid amounted to approximately € 25 million.

Most regional programmes are demand-driven, and up until the CSP 2002-2006, the Philippines has participated in programmes covering energy, environment, transport, education and communication technology. Furthermore, the Philippines was associated with EU-Asia horizontal cooperation programmes such as Asia-URBS, Asia-Invest and JEM, the training programme for Junior Managers.<sup>52</sup>

During the 2002-2006 programming cycle, the Philippines continued to engage in multiple regional programmes. The CSP 2007-2013 states that there are 4 Asia-wide programmes and 4 ASEAN

50 CSP, 2007-2013, pp. 7-8.

51 MIP 2007-2010, p. 3.

52 CSP 2002-2006, Annex 5.

programmes that were operational alongside the CSP/NIPs. In terms of projects, there were 19 Asia-wide and 3 ASEAN projects amounting to approximately € 15 million in total funds.<sup>53</sup>

Currently, the Philippines is involved in the ACB and APRIS II.

### **5.9. Thematic / horizontal funding in the Philippines**

Apart from geographical programming, the Philippines benefitted from a substantial amount of EU thematic and horizontal funding and programmes. The CSP 2007-2013 mentions support to the Philippines through 8 thematic and horizontal budget lines, with a total number of 40 projects funded through thematic budget lines since 2000, totalling about € 46 million.

#### **5.9.1. Thematic programmes**

Under the ALA regulation, thematic programmes that the Philippines participated in, have included NGO Co-financing, Decentralised cooperation, Promoting gender equality in development cooperation, Aid for policies and actions on reproductive and sexual health and connected rights, and Aid to fight poverty related diseases.

Under the DCI, projects in four out of the five thematic areas have been launched in the Philippines. Funding has been made available through the 'Investing in People' programme, the Thematic programme for environment and sustainable management of natural resources including energy (ENRTP), the Non-state actors and local authorities programme, and the Migration and Asylum programme. Conflict prevention for internally displaced peoples was addressed through the regional Aid to Uprooted People budget line and the European Commission Humanitarian Aid and Civil Protection (ECHO) projects in the conflict-affected areas of Mindanao.<sup>54</sup>

In December 2008, the European Parliament and the Council adopted a Regulation establishing the € 1 billion 'Food Facility' to assist 50 targeted countries, including the Philippines. The Food Facility constitutes the main EU response to the worsening global food security situation. As part of the Food Facility, the EU has earmarked a total of € 31.9 million for actions to be implemented in the Philippines (the third biggest allocation world-wide). Under this allocation, the EU will implement a set of projects through international organisations.

#### **5.9.2. Horizontal programmes**

In terms of horizontal programmes, the Philippines is a recipient of support through the European Instrument for Democracy and Human Rights (EIDHR); the Instrument for Stability (IFS); and Humanitarian Aid through ECHO. After the recent natural disasters, the Government of the Philippines, through the Department of Finance, requested the World Bank to take the lead in coordinating the implementation of a Post-Disaster Needs Assessment (PDNA) in close cooperation with government agencies and other development partners. The PDNA work was initiated through a technical meeting in October 2009 at the World Bank, attended by over 100 representatives from government and development stakeholders. The EU provided a grant of €245,000 to help cover part of the costs of the PDNA. In addition, in 2009 the EU provided a total of €9.0 million in relief and rehabilitation assistance.

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<sup>53</sup> CSP 2007-2013, p. 22

<sup>54</sup> CSP 2007-2013, p. 22.

EU member states contributed almost €10.0 million in humanitarian assistance— taking the total EU contribution to some €18.92 million (PhP 1.34 billion).<sup>55</sup> Furthermore, the EU has been providing a substantial amount through ECHO for the victims of armed conflict. In 2008, EU humanitarian assistance for the Philippines amounted to € 6.5 million.<sup>56</sup> Likewise, the EU funded a number of projects (€12.4 million between 1997 and 2004) under the regional program: Aid to Uprooted People where internally displaced peoples of Mindanao were assisted. The funded activities focused primarily on restarting agricultural production and fishing activities, rehabilitating water supply systems, improving access to basic health care and medicine, rehabilitating the schools used as evacuation centres, and rebuilding houses. Given the ethnic and linguistic nature of the conflict, the EU also gave support to community-based peace-building initiatives.<sup>57</sup>

The table below provides a simplified overview of the thematic and horizontal programmes:

*Table 7 Thematic programmes under ALA and DCI respectively*

ALA	DCI	Horizontal Programmes
<ul style="list-style-type: none"> <li>• NGO Co-financing,</li> <li>• Decentralised cooperation,</li> <li>• Promoting gender</li> <li>• Aid for policies and actions on RSH</li> <li>• Aid to fight poverty related diseases</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in People</li> <li>• ENRTP</li> <li>• Non-state actors and local authorities programme</li> <li>• Migration and Asylum programme</li> </ul>	<ul style="list-style-type: none"> <li>• EIDHR</li> <li>• Instrument for Stability</li> <li>• Humanitarian Aid (ECHO)</li> </ul>

### 2010 Partnership Cooperation Agreement

In June 2010, the EU and the Philippines initiated the text of a new PCA. The Philippines is the second ASEAN country, after Indonesia, to complete negotiations on a PCA with the EU. The agreement provides the legal basis for both parties to cooperate in a wide range of areas, serving effectively as the foundation for EU-Philippine relations in the years ahead. Its scope encompasses dialogue and cooperation:

- on political matters, including on peace process and conflict prevention, on human rights, and on regional and global security issues, such as non-proliferation;

55 Remarks by Ambassador Alistair MacDonald, European Union, Ondoy / Pepeng Reconstruction Donors' Conference Manila, 2 December 2009,

<http://pdf.ph/downloads/PDNA/Materials/091202%20European%20Union%20Statement.pdf?sec=news&id=219>

56 EC, Annual report on humanitarian aid 2008, Brussels 2009,

[http://ec.europa.eu/echo/files/media/publications/annual\\_report/annual\\_report\\_2008\\_en.pdf](http://ec.europa.eu/echo/files/media/publications/annual_report/annual_report_2008_en.pdf)

57 [http://ec.europa.eu/external\\_relations/uprooted\\_people/index\\_en.htm#philippines](http://ec.europa.eu/external_relations/uprooted_people/index_en.htm#philippines)

- on trade and investment, including investment, SPS, TBT, customs and trade facilitation, as well as IPR;
- on justice and security, including the fight against drugs, money-laundering, organised crime and corruption;
- on migration, including protection, admission, readmission, migration and development, and the fight against trafficking and on maritime labour, education and training;
- and on a wide range of economic, development and sectoral issues, including employment and social affairs, development cooperation, disaster risk management, energy, environment, agriculture, regional development, transport, science, Information and Communication Technologies (ICT), tourism, health, education.

The PCA is not a free-trade agreement. While it enhances cooperation in various trade matters it does not include specific trade concessions by either party. However, should the EU and Philippines decide to negotiate an FTA, the PCA would facilitate its conclusion<sup>58</sup>.

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<sup>58</sup> Press Release, EU and Philippines initial Partnership and Cooperation Agreement, 25 June 2010.

## ANNEX 6: INFORMATION MATRIX

### **EQ1 Poverty/Vulnerable Groups - To what extent has the EU cooperation programme in the Philippines been designed and implemented with a view to addressing the needs of the poorest/vulnerable groups?**

#### **Answer:**

The "Southeast Asian economic miracle," as well as poverty reduction miracles in China and India, bypassed the Philippines -- an extraordinary opportunity missed. Poverty assessments reveal that household poverty levels in the Philippines increased between 2003 and 2006, back to the roughly one-third estimated on 2000. Data released in recent weeks reveal continued high levels of poverty in 2006, and the proportion of households who self-assess themselves as poor rose to above 50 percent. Estimates for 2009, due to be released in the first quarter of 2011, are expected to show the level of poverty stagnating. There has been reduction since the early 1990s, but that is cold comfort in comparison to the achievements elsewhere and the fact that initial conditions in the Philippines were favourable.

The persistence of poverty in the Philippines is multidimensional:

- Growth has been meagre and insufficiently jobs-intensive. The international macro-economy (the Asian financial crisis of the late 1990s and the current global financial crisis) have been setbacks;
- The ethnic and political landscapes are complex and contested. Social exclusion is widespread;
- Poor regions are torn by conflicts, domestic in origin but exacerbated by the post- 9/11 realignment of strategic driving forces at all levels; local, regional, national, and global. The re-militarisation of the Mindanao conflict and the failure to find a mutually acceptable solution have stood in the way of poverty reduction;
- As illustrated by the recent "super-typhoon," the Philippines is adversely affected by natural disasters, mostly weather-related.
- In the spatial dimension lie remoteness, isolation, absence of economies of scale and agglomeration, and rising marginal costs of interventions;
- The Philippines is characterised by an almost feudal clientalist system that solidifies traditional social relations even when they are inimical to economic development and entrench, rather than make inroads against, poverty. The ensuing corruption is endemic and massive in both scale and impact;
- The issue of population growth and development, where a strong body of research, albeit not universally accepted, suggests that the Philippines's failure to participate in the Southeast Asian economic miracle may be in large part due to the fact that it has not experienced rapid fertility decline.

In the Philippines, the empirical record is that the rich stay rich and the poor stay poor. How has the EU cooperation been designed and implemented to address this impasse?

We have approached this EQ on the basis of five Judgment Criteria, each in turn assessed on the basis of Indicators. JC 1.1 asks whether sectors of cooperation (as well as the geographical distribution of support) corresponded to needs. As to geography, we must remain somewhat agnostic because of the issue of scale. Most EU assistance over the evaluation period was directed to Mindanao and the Cordillera Autonomous Region, the poorest in the country. At the provincial level, by contrast, statistical evidence has not found strong evidence that the very poorest provinces were targeted. There may be valid reasons for this. For example, well-off provinces may nonetheless contain pockets of extreme poverty (for example, IDPs attracted because the area is a generally prosperous one). At the project level, some evaluations found that interventions were sometimes in relatively well-off areas, but again, there may be sound reasons. Remoteness and isolation may raise the marginal cost of intervening to the extent that efficiency and, ultimately, impact and sustainability are seriously impaired. Prospects for replication and rollout may not be good in the most deprived areas.

Data and studies identified during the field phase allowed a deeper look at the joint distribution of EU projects and poverty within Mindanao. It is clear that the EU is active, both through the Mindanao Trust Fund and the Mindanao Health Sector Support Programme, in extremely poor provinces of Mindanao. Data availability did not permit the downscaling of this analysis to the Municipality level.

The field visit to Mindanao and participant observation in an EU-funded training deepened the view that poverty is inextricably linked to the clientelist political culture, which subjugates rational resource allocation to political considerations.

One point, not really covered below, is worth making. Poverty in the Philippines is, and always has been largely a rural phenomenon. Without meaning to criticize the EU's concentration on rural poverty, it would, however, be good to begin to take into account that the Philippines is one of most rapidly urbanizing countries in the world. The fight against poverty will inevitably assume a stronger urban dimension.

At the strategic level, the CSPs 2002-2006 and 2007-2013 both expressed a clear vision on poverty reduction. The major shift, post 9/11, was to strengthen the focus on Mindanao, a sound move from a poverty point of view. EU Delegation and other field interviews strongly suggested that the strategic decision to phase out of rural development and to concentrate support to the social sector on health, as opposed to on health and education as urged by the strategic programming mission) were essentially pragmatic and based to some extent on donor coordination and the division of labour.

While CSPs identified vulnerable groups, e.g., women and ethnic minorities, their special vulnerabilities were not a major theme. However, we do not seek to promote a checklist approach, for example, the Philippines scores rather well on gender issues. Loose terminology stood in the way of a clear strategic vision on ethnic minorities and indigenous groups, although these have been recent improvements. At project level, both in rural development and health, reviews and assessments have found that special needs of women and ethnic minorities could have been dealt with better.

The indiscriminate confusion, in Philippines donor documents consulted, of loaded terms such as "ethnic minority," "indigenous populations" and "tribal" made it difficult to articulate a clear strategic vision. However, it should be recognised, that many of the areas covered by EU support are inhabited largely by indigenous peoples, who may be said to have disproportionately benefited *ipso facto*. Moreover, in the last three years the EU Delegation has substantially improved its ability to deal effectively with indigenous peoples, largely through the development of its Human Rights Strategy. As suggested by a

focus group discussion in Manila, the sense of NGOs involved with IPs is that definitional issues can become a diversion from effective work in the area.

Poverty in the Philippines is multidimensional in nature and requires a multidimensional response (JC 1.2). While the overall quality of discussions of poverty in the CSPs is good, there is not much explicit treatment of linkages and tradeoffs between different sectors of intervention.

The mid-term review of the Health Sector Policy Support Programme drew attention to serious deficiencies in the areas of maternal and child health, sexual and reproductive health (especially of adolescents) and family planning. Increased attention would have not only increased the relevance of the EU's support to women and vulnerable groups (e.g. adolescents; commercial sex workers), but might have had positive long-term impacts on economic growth and poverty reduction. However, field interviews established that the EU, and the donor community in general, has engaged in strong policy dialogue on these sensitive issues. It is less clear that overall issues of population and development were tackled.

In the Philippines, as elsewhere, the EU has moved from a project approach to sector –based support and participation in multi-donor initiatives including trust funds, in line with its Paris Declaration commitments. A rich mix of approaches and instruments has been used. We draw a distinction between the near term and the long term. In the near term, moving away from the project modality may reduce effectiveness. In the longer term, though, the strengthened policy dialogue made possible and reduction in transaction costs may make for greater effectiveness. We express some concern that the large representation of thematic and regional programmes tends to favour those groups who have good access to information and the capacity to act upon it. However, the Philippines has also benefited from a large number of interventions dealing specifically with persons affected by combat, a particularly vulnerable group. LRRD was well integrated into the EU programme.

JC 1.3 suffers from convoluted wording. The EU made some effort to examine and present other donors' actions so as to help achieve coverage and complementarity across the donor landscape. It is reported by the Reference Group that there was an explicit division of labour with Germany and Spain in Mindanao, and the EU's decision to concentrate on health was in part informed by the fact that AusAid is a major player in the field..

JC 1.4 on capacity building provided to government in the area of identifying the poor and assessing their needs is, in some ways, misstated, as it is targeting that is the greater challenge, not identifying. The field visit unfortunately tempered our earlier judgment that GoP capacity to gather poverty statistics and use them in policy-relevant research, including local-area programming and targeting, is world-class. The level of analysis is high, but raw data themselves cannot necessarily stand up to it. The annual poverty survey is regarded as unreliable; the full national household survey takes place only every three years and comes out with a substantial time lag.

Project-level analyses do not present the EU's work in capacity building in an entirely favourable light. Training in at least some rural development projects was duplicative and unfocused. In the Health Sector Policy Support Programme, the EU has very properly attacked both demand for health services (health seeking behaviours, health care finance) and health care supply (service delivery). However, the mid-term review urgently called for capacity building at all levels to address problems being experienced in targeting the poor and ensuring that they are brought under the national health insurance umbrella. In



Mindanao, local health officials participating in a high-quality EU-financed training admitted that they had little influence over the politically-motivated decisions of municipality mayors.

JC 1.5 asks whether the EU programme has correctly focused on the special problems of Mindanao, to which our answer is an almost unqualified "Yes." A third of EU support over the evaluation period was directed to Mindanao, a proportion that will increase sharply as the Mindanao Health Sector Policy Support Programme and the MTF come on stream. Given that absorptive capacity on the island is a challenge, the one-third statistic is reasonable. There were some institutional frictions in the MTF as a working relationship between the EU and World Bank was established, but these have eased and the intervention appears to be on a good path.

Boiling down a rich evidence base to a simple answer is always a challenge. We have subjectively and preliminarily assigned each JC a score of poor, average, or good. We have two "goods" (JCs 1.1.1 and 1.1.5) and three "averages." In our view, based on evidence examined to date, the EU cooperation programme in the Philippines has been adequately designed and implemented with a view to addressing the needs of the poorest and vulnerable groups.

**JC 1.1: The selected sectors of cooperation and related interventions target the poorest/vulnerable groups and are in line with their principal needs**

**JC assessment:**

This is a rich JC and required a large set of Indicators to reach a preliminary Desk Phase assessment, which itself was bolstered by Field Phase evidence. Indicator 1.1.1 concerns the geographical distribution of EU support; the spatial dimension is, to use the word for once correctly, complex; and the devil is in the scale. Most EU support went to Mindanao and the Cordillera Autonomous region, both very poor. In dealing with Indicator 1.5.1 below, we reached favourable conclusions regarding support, both bilateral and thematic budget line, to Mindanao. Yet, at the project level (e.g., STARCM), assessments found that some areas benefiting were among the best-off in the Philippines. Yet, they contained significant pockets of poverty. Different scales, different answers. Spatial analysis, to put it in a nutshell, is a smoky torch, yet an indispensable one. Add to this the near-impossibility of geographically allocating thematic budget line, regional, and global programmes, and the smoke thickens.

- We chose to address Indicator 1.1.1 at medium resolution, namely the provincial level. The methodological issues are discussed below in some detail; the assumptions required are restrictive and we have, in brief, done the best we could and tried to stress transparency. Subject to all the cautions described below, we reach several basic conclusions: At the macro scale, there is no question that the geographical distribution of EU support corresponded with the geographical distribution of poverty;
- At the medium-scale, i.e. the province, there is no evidence that the distribution of EU support corresponded with the distribution of extreme poverty (note the wording of the JC; we used the poorest ten provinces as our qualifier). Nonetheless, at the medium-scale, the distribution of EU assistance over provinces assuredly favoured the poorest half; i.e. there is no sign of absolute perversity;
- Sophisticated hierarchical cluster analysis carried out by the Mindanao Development Authority, identified the poorest of the poor provinces. The EU was active in all;

- At the micro-scale, a number of project evaluations suggested that significant amounts of EU support went to relatively well-off areas; nonetheless these contained pockets of poverty and the question becomes not so much one of geographical targeting but household-level targeting.
- Data limitations prevented application of the MDA's municipality-level hierarchical cluster analysis of poverty in Mindanao.

There is no question that the major EU strategic documents (CSP 2002-2006 and 2007-2013, as well as NIPs/MIPs) properly focus on poverty reduction and target support to achieve maximum impact (Indicator 1.1.2). Post-field visit, we are now in a position to say that the tradeoffs between support to health, education, and rural development were not analysed in any serious way and that important decisions were reached on the basis of pragmatism. No criticism is implied, for example, the decision to concentrate on health rather than cover education as well was based on sound division of labour considerations. The decision to focus on Mindanao post-9/11 was sound from a poverty point of view.

On the issue of whether EU support targeted remote or isolated regions (Indicator 1.1.3), we must again confront the devil of scale, in addition to the second devil of ambiguity in international scholarship as to whether geography really matters. Casual empiricism in the Philippines, and Southeast Asia more generally, strongly suggests that remoteness and isolation *do* cause poverty, and there is plenty of theory to suggest that it *should*.

In line with standard economic practice, and while recognising the limitations, we identify as "remote or isolated" areas of the Philippines those provinces that are either landlocked or islands. In part because of the concentration on Mindanao, a respectable share of EU support went to such provinces. However, we recognise that poverty is tied to topography and provincial-level analysis is insufficient to answer whether EU assistance reached the poorest. We have no real evidence as to how effectively EU support at the project level was directed at remote areas. Yet, we recognize that tradeoffs must be considered: targeting extremely remote or isolated spatial units could well reduce the poverty reduction "bang for the Euro" In the Philippines, as well as in Southeast Asia generally, more attention needs to be given to the fact that poverty reduction and improvement in social conditions, (e.g., access to health care and education) is increasingly a problem of dealing with the steeply rising marginal costs of remote and isolated regions in which, frankly, it is a nightmare to achieve results.

All bilateral projects adopted an integrated-needs approach which suggests that assessments were adequate (though progress is unbalanced; e.g. STARCM and the Health Sector Policy Support Programme).

CSPs contained an adequate description of the poorest / most vulnerable groups (Indicator 1.1.5), however the special needs of vulnerable groups were not explicitly placed in the foreground. We do not wish, however, to promote a checklist approach, and the overall focus on poverty reduction is not to be faulted.

Overall, consultation with stakeholders (Indicator 1.1.6) appears on evidence to date to have been adequate, with the significant exception of the Mindanao Health Sector Policy Support Programme, where decentralised stakeholders were informed of, rather than consulted on programme design.

Indicators 1.1.7 and 1.1.8 deal with gender and ethnic minority issues, respectively.

Neither high-level strategic documents nor projects appear to have strongly thematised the needs of women as opposed to those of men. This is not entirely to be criticised; the Philippines scores well in standard assessments of sexual equality. The inadequate attention to maternal and child and sexual and reproductive health has been noted in a number of places. Increased attention would significantly improve the relevance of the EU programme, not only to women, but to promoting economic growth and reducing poverty in general. That said, the EU and other donors have repeatedly raised these issues in high-level policy dialogue. This investment may pay off under the new Government, which appears significantly more progressive in this area than its predecessor.

On the issue of appropriate attention to ethnic minorities, we must remain agnostic. In looking at this issue, we have, first, tried to sort out definitional issues by adopting a broad perspective. Who is indigenous? A contested issue. What about a poor, isolated, and traditionally-living group that is nonetheless in the ethnic majority in the area where they live? Project-level evaluations gave mediocre marks on proper attention to indigenous and minority populations. However, the statistical fact is that large sums of EU support were devoted to areas dominated by groups fulfilling the holistic criteria offered below. The concentration on Mindanao, *ipso facto*, disproportionately benefited vulnerable ethnic groups (as well as women, particularly vulnerable to the conflicts that best that troubled island). Moreover, we recognise that the EU Delegation has made progress in the last three years, through its Human Rights Strategy, in adhering to international conventions in the area. Focus group discussions including representatives of IP NGOs suggested that over-concentration on definitional issues is a diversion.

As said, this is a multidimensional JC on which a single decision is difficult. We subjectively and preliminarily assess performance on the JC to have been good.

#### **Indicator 1.1.1: EU support is concentrated on regions most seriously affected by poverty**

##### **Indicator estimate:**

The subject of this analysis is the joint distribution of EU projects and poverty. Several issues are encountered from the outset:

- The level at which the analysis should be done needs to be determined. We have chosen the provincial level. Although while in the field we hoped to gain some insights at municipal and local levels in selected areas, progress was limited. Regional level is too high-scale to be meaningful; local area information is available from the poverty point of view (see Indicators on poverty data below) but not from the project point of view. We note, however, that a number of projects (notably STARCM) experienced difficulty with poverty targeting in cases where a local area contained pockets of poverty, but was overall well to do.
- There are different ways of measuring poverty; Analytical work in the Philippines is excellent in the area of poverty, with particular importance having been attached to transparent methodology. The problem is that raw data, especially population statistics, are biased. The reason is simple: the budget allocation formula under the decentralisation regime encourages local authorities to systematically over-estimate the population in remote and isolated barangays. The tri-annual household survey is regarded with respect, however, it appears only every three years and with a significant lag. The annual survey is not highly regarded.

- Another ambiguity is that a large province with a relatively low poverty rate can have more poor people (or households) than a small one with a higher poverty rate. We have chosen to use the household poverty incidence rate (poor households as a proportion of all households) as an indicator of provincial poverty, not absolute numbers (poor households or poor people). We wish, in particular, to sidestep the conundrum that children are poorer than adults because poor households have more children (a pronounced regularity in the Philippines). We refrain, in this analysis from embroiling ourselves in the loaded issue of whether children or the elderly are more susceptible to poverty, apart from noting that elderly poverty, bucking the overall trend, has declined consistently over the evaluation period.
- Programmes at the central level (say support to the Ombudsman on corruption under the anti-corruption project, or support to the central Ministry of Health) can disproportionately benefit poor people without being specifically targeted at provincial level. Trade-related technical assistance and investment development also confer benefits on the poor (as well as the better off). We take no account of these province-level impacts of national programmes. Yet, we appreciate that some types of global or national interventions will benefit some provinces more than others.
- Global thematic programmes (e.g. EIDHR, Migration and Asylum, Non-state Actors and Local Authorities), as well as interventions like the Small Projects Facility (now the Strategic Projects Facility) generally consist of a bundle of small demand-driven interventions. While these may be significant taken as a whole, they are small on a project-by-project level. If anything, they are less likely to reach poor areas because of limited opportunities of the local NGOs closest to the poor to identify and act upon opportunities (internet access and proposal-writing capacity are central).

In Annex 8, a provincial spreadsheet analysis is presented for selected sectors and selected projects.

Criteria for selection were:

- We selected sectors that, by their nature, are designed to achieve local impacts. These included social development, environment, rural development and agriculture, and post-conflict and peace building. Governance was excluded as a result of the fact that the cut-off we imposed was Euro 1 million per project, and most governance projects were under this sum.
- We look essentially at bilateral cooperation, although in examining Indicator 1.5.1 below we analyse thematic budget line projects in Mindanao in some detail. ASEAN and Asia regional projects are typically either central or nationwide; thematic programme projects are usually under the Euro 1 million cut-off that we here employ. The same applies to SPF projects. We exclude ECHO because ECHO assistance follows humanitarian disasters (which, admittedly, may occur disproportionately in poor areas).
- We selected only projects that were implemented in 2000-2009. In cases where the project was started earlier or ended (or will end) later, we pro-rated the EU contribution accordingly to estimate expenditure in 2000-2009.

We identified, for each project, the provinces in which it was active. This resulted in a sample of 21 large projects totalling Euro 101.6 million. In a number of cases our primary source, the project descriptions given on the EU Delegation website, did not contain provincial information, as a result of which we consulted websites referenced in Annex 1.

The Indicator specifies “most seriously affected), therefore we want to look at the extreme of the geographical distribution of poverty. Therefore, we have identified, for these 22 projects:

- Those provinces which were among the poorest ten (household poverty incidence) in 2000 ([http://www.ncsb.gov.ph/poverty/2006\\_05mar08/table\\_14.asp](http://www.ncsb.gov.ph/poverty/2006_05mar08/table_14.asp)) as a proportion of all provinces covered by the project.
- Those provinces which were among the poorest ten in 2006, latest year of data availability, roughly mid-way through the evaluation period (*ibid.*) as a proportion of all provinces covered by the project.
- Those provinces which were among the poorest 44 (roughly, the bottom half) in 2000 ([http://www.ncsb.gov.ph/poverty/2000/44\\_poorestprov.asp](http://www.ncsb.gov.ph/poverty/2000/44_poorestprov.asp)) as a proportion of all provinces covered by the project. This is clearly a much less stringent criterion of geographical poverty focus than the two above, but gives useful information nonetheless. It could be interpreted as checking that the geographical distribution of EU target provinces has at least not been perverse from a poverty-reduction point of view.

A number of restrictive assumptions make these indices of concentration of only limited utility. First, we have implicitly assumed that project expenditure was uniformly distributed over the implementation period. Second, we have applied no population weighting. Consider Project A, one of whose two target provinces, containing 10,000 poor households, met one of the criteria above. Say that in the case of Project B, again, one of the two target provinces met the selected criteria, but this province contained 50,000 poor people. The two projects would receive the same score, 50 percent.

Finally, we have made no attempt so far to control for the amount expended. Say Project A expended Euro 5 million during 2000-2009 while Project B expended 0.5 million (perhaps it was a Euro 1 million project, but only half of its implementation period fell in 2000-2009). Again, so far, Projects A and B would receive the same score, 50 percent. In other words, the indices described so far are purely geographical.

To add a monetary dimension, we make the further assumption that expenditure is uniformly distributed across covered provinces. This is an admittedly a very restrictive assumption, and we do not place much reliance on the resulting index, namely the proportion of expenditure taking place in provinces meeting one or more of the poverty criteria given above.

#### **Our results are**

- At the macro-regional level, it would be impossible to fault the EU's allocation of resources: Mindanao and central Luzon have benefited disproportionately.
- At the chosen provincial level, the situation is not so clear. 10.7 percent of EU expenditure in the sectors selected and projects identified was aimed at the ten poorest provinces as of 2000; this figure was unchanged for 2006, albeit the provinces differed as did the projects meeting the criteria. This is not particularly strong evidence of geographical targeting for extreme poverty. Ten provinces amount to about one in eight of the 79 provinces, that is, roughly 12 percent. In fact, our evidence on these two criteria would be consistent with a situation in which each province, rich, moderately rich, moderately poor, or extremely poor; had an equal chance of being covered by an EU project. There is certainly no indication here that EU assistance was strongly skewed towards regions experiencing extreme poverty. We have, of course, found

plenty of evidence elsewhere that the EU programme is strongly geared towards poverty reduction, and have noted the limitations of the statistical approach employed here.

- Over two-thirds (68.4 percent, to be exact) of projects identified targeted provinces belonging to the 44 poorest (essentially, the bottom half). There is no support whatsoever, from this strictly geographical perspective, that EU projects were perversely targeted; in fact, there is sound evidence that it was sensibly allocated across provinces from the point of view of poverty reduction.
- Adding the monetary dimension together with the restrictive assumption of uniform expenditure across target provinces does not change the picture. About 11 percent of expenditure on the identified projects met the geographical criterion for targeting extreme poverty, and 67.7 percent met the weaker criterion of being aimed at the poorest half of provinces.
- Looking at the project level (where the denominator is not all provinces, but all provinces covered by the project, a more micro-level indicator of appropriate targeting), the Health Sector Support Programme (Euro 22 million expended over the evaluation reference period) and the Mindanao Health Sector Programme (only 2 million expended during 2000-2009 but another Euro 10 million forthcoming) score respectably on the two criteria related to extreme poverty. We recognize, though, that a significant share of the first project's funds will be expended at the central Ministry of Health level. Most rural development and agriculture programmes score rather poorly. Based on this geographical evidence, the move from rural development to health was sound from the viewpoint of targeting the very poorest provinces.

We will admit that the provincial analysis here is good only as far as it goes. Poverty in the Philippines is closely related to remoteness, meaning that remote areas even of well to do provinces can contain pockets of poverty and easily-accessible areas of very poor provinces can be relatively prosperous. To quote a member of the Reference Group, "Poverty in the Philippines is related to topography. An example of this is a remote barangay that is three hours up along a rough dirt road from a provincial capital that is sometimes impassable during the year."

To summarise, this indicator, and the statistical approach we have employed to estimate it, does not strongly suggest that EU assistance was targeted at the poorest provinces as identified by the national statistical establishment. It does, however, strongly suggest that EU assistance was targeted at the poorest half of provinces. This evidence is not in any way to be confused with evidence that the sectoral distribution of EU assistance was appropriate to the strategic goal of poverty reduction. Nor is to be construed as showing that EU assistance was not appropriately targeted at the macro-regional scale; most went to the two poorest areas of the country, Mindanao and the Cordillera Autonomous Region. We have noted the limitations of the provincial-level approach and noted that poverty is most closely associated with topographical remoteness.

The Mindanao Development Authority has applied hierarchical cluster analysis, essentially a linear multivariate analysis, to identify the poorest of the poor provinces and municipalities in Mindanao. In a nutshell, a comparison of these provinces with those in which either the MTF or MHSPS programme area active, reveals a good fit. Collecting project-level data by municipality would require enormous effort, so this insight must remain at the provincial scale, albeit at the regional level.

**Indicator 1.1.2: Programme documents reveal a clear strategy to target the poor / most vulnerable groups through the interventions**

**Indicator estimate:**

Poverty in the Philippines has a strong geographical dimension, being concentrated in Mindanao and the Cordillera Administrative Region in the mountainous area of Luzon. Poverty in the Philippines is driven by social exclusion (including issues related to remoteness, indigenous populations, and conflict) and income inequality. It is also important to note that many of the poorest groups in the Philippines live essentially outside the cash economy.

EU cooperation in the Philippines has, since its beginning in the 1970s, concentrated on poverty reduction and reaching the poorest and most vulnerable groups in society; this is made quite explicit in the two CSPs. In the earlier years, the programme concentrated on rural development, but since 2005, that emphasis has shifted to improving access to and the quality of social services such as basic health care. Other concerns have been governance, including strengthening the decentralised governance structure, and the environment.

In the Senior Officials Meeting held in Brussels in November 1999, it was decided that, in the first CSP 2002-2006, projects would be targeted more narrowly in the country's poorest regions, with a priority on Mindanao (1). In the NIP 2002-2004, it was noted (2) that, while EU rural development projects had achieved some impacts in target areas; nonetheless, they had been capital-intensive and the number of beneficiaries had been low. The strategic response was to allocate a Euro 20 million grant to a four-year programme to carry out a consolidation of rural development projects, focusing entirely on Mindanao and the CAR, apart from some consolidating activities in other areas that had benefitted from EU cooperation. The main themes were decentralisation and empowerment, to be achieved by capacity building at local level and greater emphasis on local ownership. The priority on Mindanao was justified on two grounds: first, the great concentration of poverty in the region, and second, the synergies between poverty reduction, improved governance, and the peace-building process. In recognition of the fact that the political will of LGUs is an important risk factor, the EU allocated Euro 4 million from the cross-cutting good governance theme to complement the consolidation exercise.

NIP 2002-2004 planned activities in the health sector, amounting to Euro 22 million over 3 years, were expected to disproportionately benefit the poor.

A MTR of the Philippines cooperation programme in early 2003 resulted in important amendments to the NIP 2002-2004. Speaking broadly, the events of September 11, 2001 and the worsening security situation in Mindanao not only brought the relationship between poverty and terrorism into the broad strategic picture, but also imposed a requirement to adapt interventions to the security situation. Specifically, in the revised NIP 2002-2004, the budget allocation to consolidating rural development projects was brutally reduced, from Euro 20 million to Euro 7 million. The allocation to health sector support was substantially increased, from Euro 22 million to Euro 29 million (3). Euro 11-12 million in funds for enhancement of governance (specifically decentralised institution strengthening, the fight against corruption, and enhancement of the judicial system) and the fight against terrorism (specifically, border management and anti-money laundering activities) were allocated. Assistance to trade and investment (trade-related technical assistance, European Studies, and a Small Projects Facility to improve corporate governance) was modestly increased, from Euro 5 to Euro 6-7 million.

Further significant changes were made in the NIP 2005-2006. The rural consolidation programme was scrapped altogether, citing “low performance and the lack of agreement with the Government” (4). The health SWAP was increased to Euro 32-34 million.

Still on the drafting table at the time of the NIP was the request of the GoP to the World Bank to set up a MTF for Mindanao, contingent on reaching a peace agreement. The MTF has as its purpose the reconstruction and development of conflict- affected areas of Mindanao. The EU proposed to put Euro 11-13 million into this trust fund, re-allocating these funds to health in the event the MTF was not established (5), making for a fallback health allocation of up to Euro 45 million.. While the MTF was officially established by the World Bank in 2005 and despite progress made, the conditions for the start of activities had not been met by the time of the NIP 2005-2006. .

To summarise, the CSP 2002-2006 was held to still be valid, but priorities within the NIP were drastically shifted. Focus Area 1, assistance to the poorest sectors of society, now consisted entirely of support to health sector reform and support to the MTF. Two driving forces can be identified. One was reinforced emphasis on the security-poverty nexus. The second, and perhaps decisive is that fact that, according to officials interviewed, Directorate General (DG) Relex encouraged focus on one sector only. Due to long experience in the area, the EU Delegation attempted to maintain a foothold in rural development, but this was unsuccessful. The GoP was also amenable to a focus on health. Contributing was a calculated decision that the most effective use of funds for poverty reduction was supporting health sector reform, as opposed to supporting both the health and education sectors as recommended by the strategic review and pre-programming mission (6). .Donor coordination was also an issue: the education sector was well-covered by others. In essence, resource allocation decisions appear to have been essentially pragmatic.

The CSP 2007-2010 has as its goal the promotion of sustainable development by improving the delivery of basic social services (i.e., health) and support for the Mindanao peace process through the MTF. The start-up of the Euro 33 million, 3.5 year programme of support for the HSRA was judged to have been successful. Yet, the MTF remained hypothetical because of the lack of substantial progress.

The MIP 2007-2010 allocated Euro 36 million to health and Euro 12 million to the MDTF. Signs of progress permitted a small disbursement to the MTF. The remained of the commitment was allocated to a new, independent intervention, the Mindanao Health Sector Policy Support Programme.

To summarise, programme strategic documents clearly focus on poverty reduction throughout the evaluation period. The major shift was a stronger focus on Mindanao and a decision to concentrate on health as the one sector in which the EU could best support poverty reduction.

**Related facts, figures, references:**

1. CSP 2002-2006, p. 3.
2. NIP 2002-2004, Annex A, p. 63
3. NIP 2005-2006, Annex 5.2, p. 28. Note the slight inconsistency with the body of the report, where the total originally allocated to health is given (p. 12) as Euro 20 million.
4. Ibid., p. 6.
5. Ibid, p. 18.



6. Strategic review and pre-programming mission: the Philippines, Final Report, June 30, 2005, p. 10.
7. MIP 2007-2010, p. 3.

**Indicator 1.1.3 Degree to which EU-supported interventions target remote or isolated areas**

**Indicator estimate:**

The CSPs and associated NIPs/MIPs do not explicitly thematise remoteness or isolation. Researchers in New Economic Geography School (e.g. Jeffrey Sachs and T.N Srinivasen) have concluded that geography may (Sachs, whose work was on landlocked countries) or may not (Srinivasen, who worked on small island states) pose a significant constraint to economic development. That remoteness and isolation *should* impede development is clear (increased transport costs, inability to exploit scale and agglomeration economies in the case of small areas and dispersed populations, lack of access to social services, high marginal cost of interventions). Whether it *does* or not is a trickier question. In the Philippines and Southeast Asia generally, though, the issue seems to be settled, at least so far as casual empiricism goes: remote upland regions and far-flung small islands tend to be poor. The World Bank's World Development Report 2009 "Re-shaping Economic Geography" analysed the entire web of economies of scale, agglomeration economies, urbanisation economies, and network economies that tie geography to development.

We have commented, above that remoteness in the Philippines is a matter of topography. A standard economic analysis in which the question is the extent to which EU assistance has been concentrated in landlocked or island provinces, yields the following results. We admit that, in view of the complex geography of the Philippines, these results will appear naive, but they are, on the other hand, consistent with economic good practice.

As listed by Wikipedia, there are 16 landlocked provinces in the Philippines:

- All provinces of CAR: Apayao, Abra, Kalinga, Mt. Province, Ifugao and Benguet
- Two provinces of Cagayan Valley (Region II): Nueva Vizcaya and Quirino
- Two provinces of Central Luzon (Region III): Nueva Ecija and Tarlac
- Four provinces of Mindanao: Bukidnon of Northern Mindanao (Region X), Cotabato Province of Soccsksargen (Region XII), Agusan del Sur of Caraga (Region XIII), and Maguindanao of ARMM.
- Laguna and Rizal Province of Calabarzon (Region IV-A), whose coastlines on Laguna de Bay do not allow access to seaborne trade.

There are 15 island provinces in the Philippines:

- One province of Cagayan Valley (Region II): Batanes
- Three provinces of MIMAROPA (Region IV-B): Marinduque, Romblon, and Palawan
- Two provinces of Bicol (Region V): Catanduanes and Masbate
- One province of Western Visayas (Region VI): Guimaras
- Three provinces of Central Visayas (Region VII): Cebu, Bohol and Siquijor
- One province of Eastern Visayas (Region VIII): Biliran
- One province of Northern Mindanao (Region X): Camiguin
- Three provinces of ARMM: Basilan, Sulu and Tawi-Tawi

A glance at the geography of projects and poverty in Annex 8 will confirm that landlocked provinces and, to a lesser extent island provinces, are heavily represented among provinces in which EU (mostly bilateral) projects were active. The targeting of Mindanao in both CSP 2002-2006 and 2007-2013 has itself assured that a good share of EU activities are taking place in landlocked or island provinces. As mentioned at several points above, provincial-level analysis of interventions in Mindanao confirms that the EU worked in the poorest area.

The devil, as always, is in the scale. Not all areas of a landlocked or island province will necessarily be remote or isolated. The Department of Health has proposed a multidimensional concept of Geographically Isolated and Disadvantaged Areas (GIDAs) in which poverty and lack of access also figure, in addition to landlocked or island status and upland areas (1).. This measure is sub-provincial in scale, but we did not obtain data while in the field, and not all statistical agencies interviewed were familiar with the concept.

While EU projects assuredly were targeted at provinces likely to be geographically disadvantaged, the question is harder to answer at the sub-provincial level. The CASCADE pre-completion review mission (2) found that the project never really decided the extent to which it should target geographically disadvantaged upland regions. In Annex 8 we see that none of the three provinces in which the project operated were among the most disadvantaged. The STARCM project included some of the best-off areas of Cotabato (landlocked) and Sultan Kudarat, Lanao del Norte and Lanao del Sur (none either landlocked or island, but for the sake of argument, geographically disadvantaged in the broad sense of the DoH measure). Despite the availability of sophisticated data on the municipality level in Mindanao, it was not possible to generate the project-level data that would have been necessary for a statistical analysis.

To conclude, at the provincial level, the EU programme has assuredly favoured regions that are remote or isolated to the extent that these can be mapped into and onto landlocked and island provinces.

The problem is that it is not nearly so evident that, at the sub-provincial level, the EU has targeted the most disadvantaged areas. There is a bias, in the sense that relatively well-to-do areas may contain substantial numbers of poor people, e.g. IDPs. To complicate matters, it is not even clear that concentrating on isolated areas would have been the best course to take, at least from the impact and sustainability points of view. Geographically disadvantaged areas are by definition challenging to work in; isolation and remoteness take a toll on capacity building and infrastructure development. The hard fact is that impact per Euro may be higher in accessible, moderately poor areas than in inaccessible, extremely poor ones where, e.g., activities related to livelihoods may have to be adapted to a population that is outside the cash economy.

Document review does not reveal that this important issue was considered or discussed. Yet, we do not question the overall poverty relevance of the EU's programme over the evaluation period.

**Related facts, figures, references:**

1. <http://home.doh.gov.ph/ao/ao185-04.pdf>
2. ERP-CASCADE pre-completion mission report, 25 August, 2004, p. ii; p. 25.

**Indicator 1.1.4 Needs analyses confirm the importance of selected sectors and interventions**

**Indicator estimate:**

In the area of health, it was recognised that EU support cannot cover all needs. The response was to align with the GoP's Formula1 reform initiative, covering financing, service delivery, regulatory matters and governance (1). This is a broad programme and captures well the fact that needs in health are synergistic, especially the need to simultaneously address service delivery and financing issues. In the area of financing, the project mid-term review found a need for more TA and capacity building at all levels (2). In the service delivery area, a broad reading of the MTR leaves the impression that insufficient anticipation was given to the need to strengthen primary health care facilities in order to relieve the strain on secondary and tertiary facilities (3). Project design might have better assessed the challenges of strengthening maternal health and sexual and reproductive health services, the latter in particular for adolescents (4). In general, health-seeking behaviour was insufficiently addressed, leading in particular to difficulties in addressing the needs of indigenous populations (5).

In the ROM of the Mindanao Health Sector Policy Support project (6), the baseline indicators assembled for target areas were praised, but a number of criticisms were levelled at the project development process, including failure to adequately consult with local stakeholders. Participant observation in a training event suggested that capacity building would have been strengthened had more attention been devoted to local governance issues.

In rural development, projects adopted an integrated needs-based approach. For example, the CECAP-2 project covered agriculture, natural resource management, infrastructure, marketing and enterprise development, rural finance, and institutional development (7). The STARCM project, based on a needs assessment mission undertaken in 1999, identified rural infrastructure, agricultural production and enterprise development, institutional strengthening, and rural finance as priority areas requiring intervention (8). In fact, the project was harshly criticised for imbalanced progress across the sectors. One of the criticisms of the post-completion mission was that resource allocations were not closely enough related to poverty status, suggesting the need for a more sharply defined and finer-grained approach to needs (9). The CASCADE project contained components addressing agricultural production systems, micro-enterprises, social development, and rural finance systems (10). The first component earned high marks for taking into account training needs, absorptive capacities, and agro-ecological environments. Micro-enterprises were identified as a need because local capacity to generate non- or off-farm income was poor. Conditions underlying the need for improved access to finance were analysed prior to intervening.

Thematic programmes, such as EIDHR, suffer from the fact that project portfolios are largely demand driven, with the EU Delegation lacking both the capacity and the institutional ability to more closely assess actual needs (11). However, an example of an extremely well focused intervention corresponding to needs was the anti-death penalty initiative in the Philippines.

Of special interest is the issue of how well radical sector shifts (Indicator 1.1.3) were analysed:

- the shift from rural development to the social sectors and,
- subsequently, the decision to provide sector support only in health, rather than in both health and education, as advised by the strategic review and pre-programming mission (12).

That mission concluded that the CSP 2002-2006 sectoral mix (including cross-cutting issues) corresponded well with country needs. The mid-term review proposed significant revisions in the NIP as a result of emerging security issues (13). The EU Delegation tried to maintain a presence in rural

development, but this was ultimately unsuccessful. While there was discussion of education, it appears that division of labour favoured concentrating on health. The choice was largely a pragmatic one taking into account the priorities of the GoP. What can be unambiguously supported from a poverty reduction standpoint, however is the decision made to initiate a Euro 11-13 million grant to the Mindanao Trust Fund, a major attempt to address the worsening situation in that troubled island.

**Related facts, figures, references:**

1. Mid-term review of the Health Sector Policy Support Programme, Final Report, January 2009, p. 15.
2. Ibid. p. 19.
3. Ibid. p. 25.
4. Ibid, pp.25, 31.
5. Ibid, p. 31
6. MR -118122.01, April 3, 2009.
7. CECAP-2 post-completion mission final report, September, 2005.
8. Post-completion mission of Support to Agrarian Reform Communities in Central Mindanao, Final Report, December, 2009, p. 17.
9. Ibid, p. 19.
10. ERP-CASCADE pre-completion review mission, Revised Report, August 25, 2004, pp. 25-28.
11. Comparative evaluation of the human rights projects and interventions of the European Union in the Philippines and Cambodia. Final Report, 18 June, 2007.
12. Strategic review and pre-programming mission: the Philippines. Final Report, June 30, 2005, p. 10
13. Ibid., p. 16-19

**Indicator 1.1.5 Existence of additional / updated information on the needs of the poorest/vulnerable groups in the second CSP compared with the previous one**

**Indicator estimate:**

Both CSPs contain a section devoted to social developments and highlighting the persistence of poverty (1,2). As a simple comparison of text length makes clear, the CSP 2007-2013 contains a significantly richer and more detailed assessment of the poorest and most vulnerable groups than did the first CSP. In Annex 1 of the 2002-2006 CSP are reported a range of development indicators in the late 1990s. Much the same information is presented in Annex XIV of the 2007-2013 CSP, with the slight annoyance that the year referred to by each indicator is not specified. Implicitly, one may assume "Most Recent Estimate."

The 2007-2013 CSP adds a new annex, Annex VII "Poverty" in which trends through 2003 are presented (the estimates for 2006 were not available at time of writing).

Neither report provides disaggregated data or information on particularly vulnerable groups – indigenous peoples, ethnic minorities, women, victims of trafficking, etc. In many cases, this may be due to lack of data availability (this author, for example, searched in vain for statistical information on ethnic minorities).

**Related facts, figures, references:**

1. CSP 2002-2006, p. 9.
2. CSP 2007-2013, pp. 14-17.

**Indicator 1.1.6 Involvement of stakeholders in strategic and programming processes  
(government, civil society, research institutes, beneficiaries)**

**Indicator estimate:**

We start our review of this indicator with (1). This report concluded (p.9 for the summary):

- Dialogue with GoP was good at national, sector, and project levels;
- Member States' (admittedly not stipulated in the Indicator) involvement was reinforced during the first half of the evaluation reference period, although MSs expressed some reservations;
- Operational dialogue was maintained with multilateral institutions, although programming dialogue remained to be established.

On pp. 20-24 of the report, further evidence is given of good consultations with GoP during the CSP preparation process. The demise of the CEPERD was not seen as a blow to amicable relations. Evidence backing up the satisfactory nature of consultations with MSs is on pp. 25-28.

Less favourably, the Review concluded that there had been no meaningful consultations with Civil Society and Non-State Actors in the preparation of the CSP 2002-2006 and the NIP 2002-2004 (p. 29). This state of affairs was improved, however, in the preparation of the CSP 2007-2013 and the NIP-2005-2006 (2). 24 Civil Society / Non-State Actor organisations were invited for consultations and 17 participated. By and large, the quality of the consultations was satisfactory.

Subsequently, the Strategic Projects Facility, the follow-on to the Small Projects Facility, contributed to dialogue on governance between state and non-state actors.

The evaluation of human rights projects in Philippines (and Cambodia) raised many trenchant issues, but improving the quantity or quality of stakeholder dialogue was not one of them. Similarly the Mindanao Upland Development Project evaluation did not raise any issue about the quantity or quality of consultations with stakeholders (3). The CECAP project worked closely with beneficiaries to determine project priorities and strategy (4).

Less encouraging, the ROM of the Mindanao Health Sector Policy support Programme harshly criticised the failure to adequately consult local stakeholder during the project design phase (5).

**Related facts, figures, references:**

1. Strategic review and pre-programming mission: the Philippines. Final report, June 30, 2005.
2. CSP 2007-2013, pp. 36-37).
3. Evaluation of the Upland Development Programme in Southern Mindanao: its impact on households and communities. Executive Summary, no date.
4. Post-completion mission final report, Central Cordillera Agricultural Programme Phase 2, November, 2005.
5. MR -118122.01, April 3, 2009.

**Indicator 1.1.7 Gender issues and particular needs related to vulnerable women are taken into account in cooperation strategies and programming documents**

**Indicator estimate:**

A review of two recent poverty assessments in the Philippines does not leave the impression that poverty has a large gender dimension (1,2). However, women are disproportionately affected by poor access to mother and child health care and family planning services. They are at risk of being trafficked abroad, either as commercial sex workers or domestic servants. Female-headed households and women living alone are, as everywhere, at elevated risk of poverty. The latter includes, in particular, very aged women whose spouses have died and whose children have moved away.

In the EU's country strategy 2002-2006, poverty reduction and the provision of assistance to the poorest segment of the population were identified as priority issues (3). The needs of women were not explicitly identified, although the Development Indicators table contains two gender-specific indices. Given the wealth of statistical data available on the status of women in the Philippines, this seems rather meagre. Much the same can be said of the CSP 2007-2013: while poverty and the needs of the most vulnerable groups are everywhere stressed, gender is not a significant theme. A mid-2005 strategic review mission noted that, while gender issues were briefly discussed in the NIP 2005-2006 (on page 21), the treatment was rather perfunctory (4). Notably, though the same review concluded that a checklist approach to articulate all cross-cutting issues was not needed.

At the project level, a review of selected evaluations confirms the impression that gender was not a major theme. The STARCM project in Central Mindanao generated benefits for women, but the evaluators saw little reason to believe that the project had made good on its commitment to redress gender imbalances (5). The UDP programme in Southern Mindanao also, to judge from the evaluation report (6) did not make gender a core concern. Evaluators of CECAP expressed some disappointment with the limited participation of women in project governance (7). The CASCADE Programme provided gender training and participated in the launching of a gender network (8). It also commissioned a study (in 1999) on poor female-headed households, but did not employ the data to better inform its resource allocation decisions. In general, the evaluators felt that, even though the project had not explicitly addressed gender issues, it had contributed to empowerment nonetheless (*ibid.*, p vii).

Projects in the area of health disproportionately benefit women. The Health Sector Policy Support Programme contributed to raising the proportion of births occurring in facilities; however the Mid-term Review also noted gaps in services to indigenous populations (9). The MIP 2007-2010 noted that reducing maternal and child mortality was a major GoP concern and made a commitment to mainstream gender in health sector support (10). The EU provided major support to women in the Women's Health and Safe Motherhood Project during the first half of the evaluation period (2000-2004). Yet, the mid-term review of the Health Sector Policy Support Programme noted severe deficiencies in the availability of maternal and child health services and sexual and reproductive health services. The distribution of skilled human resources, specifically midwives, and trained birth attendants is deeply influenced by local politics.

Several NGO projects were prima facie of benefit to vulnerable women. These include "Accelerating community-based responses to reproductive and sexual health, HIV/AIDS and Sexually Transmitted Infections (STI) concerns of Filipino youth," and "Capacity building programme for civil society organisations and local government units to prevent child and woman trafficking for commercial sex

exploitation in the Visayas and Mindanao regions of the Philippines" (11). A small Asia-Urbs project, "Improving health services offered to marginalised mothers and young children," was active in 2002-2005.

**Related facts, figures, references:**

1. Lim, Joseph Anthony 2009. Evaluating (chronic) poverty reduction strategies in the Philippines. Working Paper No. 136, Chronic Poverty Research Centre, Ateneo de Manila University ([www.chronicpoverty.org](http://www.chronicpoverty.org)).
2. Philippines: critical development constraints. Economics and Research Department, Asian Development Bank, December 2007.
3. CSP 2002-2006, p. 18
4. Strategic review and pre-programming mission: the Philippines. Final Report, June 30, 2005.
5. Post Completion Mission of Support to Agrarian Reform Communities in Central Mindanao. Final Report, December 2009.
6. Evaluation of the Upland Development Programme in Southern Mindanao: Its impact on households and communities. Executive Summary. No date.
7. Final evaluation of Central Cordillera Agricultural Programme Phase 2. September 2005.
8. ERP-Caraballo and Southern Cordillera Agricultural Development Programme Pre-Completion Review Mission Report, 25 August, 2004.
9. Mid-term review of the Health Sector Policy Support Programme. Final Report, January 2009.
10. MIP 2007-2010, p. 5.
11. Comparative evaluation of the human rights projects and interventions of the European Union in the Philippines and Cambodia. Final Report, 18 June, 2007.

**Indicator 1.1.8 Ethnic minority groups and their particular needs are taken into account in cooperation strategies and programming documents**

**Indicator estimate:**

The rights of indigenous peoples are the subject of multiple EU policy statements (1).

The issue of ethnic minorities and development in the Philippines is of extreme complexity. It interweaves the themes of remote and isolated regions, governance and corruption, human rights, the rule of law, and cultural constructions of land ownership. To say that the issues lie in ideologically contested terrain would be an understatement.

Terminology is crucial, and as a general comment, the terminology encountered in document review – EU, other donors', GoP, NGOs – is not always clear. "Indigenous" appears to be used almost interchangeably with "ethnic minority," although, depending on spatial scale, in some areas indigenous peoples predominate. "Indigenous" is often used as meaning what would, in current usage, be called "autochthonous," yet clearly depends on the time frame specified (which it rarely is). This is a contentious issue in Mindanao, where the Lumad (see below) do not recognise the Moro (see below) as indigenous to Mindanao, although they were *in situ* when converted to Islam. Negotiations on the MoA-AD became hostage to this issue before the MoA-AD was finally abandoned. *De facto*, "indigenous" appears often to be used mostly in the sense of "pre-Colonial," although there are in fact instances of "indigenous" peoples being displaced by pre-Colonial population incursions.

The EU Delegation has pointed out, however, that there has been substantial progress in better defining and targeting indigenous peoples in recent years. Starting in 2007, the Delegation has elaborated a Human Rights Strategy based on definitions from the UN, EU and GoP (Landmark Indigenous Peoples' Rights Act (IPRA); see below). Issues have been systematically identified and interventions to support indigenous peoples have been developed.

Moreover, IP NGOs who participated in a Manila focus group discussion had little patience for definitional issues, regarding them as an a diversion from concrete policies.

In this vein, moving away from precise legal definitions, an imprecise, but holistic, definition of "ethnic minorities," the term specified in the Indicator, might be

- Autochthonous populations;
- Living in traditional fashion, often in remote or isolated areas, having only limited intercourse, if any, with the market economy, as well as limited cross-over into mainstream society;
- Threatened by encroachment on their lands, livelihoods, and value systems;
- Statistically in the minority at the relevant spatial scale.

Groups meeting the criteria above are typically impoverished and vulnerable.

The National Commission on Indigenous Peoples (NCIP was designated by the IPRA of 1997 to be the arm of government to give force to indigenous peoples' rights. The NCIP has proven, however, to be an institutional orphan (its website is still "under construction"), being transferred repeatedly before landing in the Office of the President. It has been viewed as broadly more attuned to applications by resource development concerns than applications for protection by indigenous peoples. To complicate the situation further, the representativeness of indigenous peoples' leaders and elders is itself disputed.

To address this indicator, it is first necessary to admit that we cannot cope with the galaxy of ethnic sub-groups, many linguistically identified, that comprise the indigenous peoples of the Philippines. One attempt to reduce the complexity has been to divide indigenous peoples into two principal groups, "tribal" and "non-tribal" indigenous groups. "Tribal" groups are characterised mainly by adherence to traditional religions, often animistic, and livelihoods. However, the dichotomy is best ignored in favour of the more nuanced definition given above.

We concentrate on a few major ethnic groupings (recently constructed) that consolidate multiple ethnic sub-groups (often linguistically defined):

- *Igorat*, located primarily in Abra, Apayao, Benguet, Ifugao, Kalinga, and Mountain Province of Central Cordillera Autonomous Region in Luzon. The Igorat live a largely traditional lifestyle, but some have significant contact with the market economy. Population: unknown.
- *Mangyan*, a group of 8 ethnic sub-groups located in Occidental Mindoro and Oriental Mindoro in Visayas. The Mangyan are mostly subsistence farmers living in remote areas. Population: ca. 100,000.
- *Lumad*, a collection of approximately 15-20 non-Muslim groups in Mindanao, where they comprise a minority population. The term that came into use when representatives of these groups coalesced in resistance to the policies of the Marcos regime during the 1980s. Main groups are the T'boli, concentrated in South Cotabato, Sultan Kudarat, and Agusan del Norte; and the B'laan, concentrated in South Cotabato, Sarangani, Davao, and Cotabato. Many of the



Lumad ethnic groups live in traditional fashion, and are considered vulnerable. Population: unknown.

Finally, the ethnically dominant group in Mindanao

- *Moro*, the Muslim indigenous population of Mindanao (not recognised as indigenous by the Lumad). At least ten ethnic groups are represented, scattered across a wide swath of Mindanao: Basilan, Cotabato, Davao del Sur, Lanao del Norte, Lanao del Sur, Maguindanao, Palawan, Sarangani, South Cotabato, Sultan Kudarat, Sulu, Tawi-Tawi, Zamboanga del Sur, Zamboanga del Norte, Zamboanga Sibugay. Total population: ca. 5 million.

In addressing Indicator 1.5.4 below, we deal with the issue of how effectively the EU has taken into account the ethnically splintered landscape of Mindanao. In this Indicator, we deal mostly with the Igorat and Mangyan. Apart from the issue of who is indigenous to Mindanao, much EU assistance went to provinces where both Lumad and Moro are represented (giving rise to the issue of double-counting). Effectively, as the problems of Mindanao are so deeply related to the ethnic landscape, virtually all assistance targeted to Mindanao can be regarded as addressing ethnic minority issues.

A review of EU strategic programming documents does not indicate that indigenous peoples were explicitly thematised, although the improvement in recent years noted above is to be taken into account. There is no doubt that, in concentrating resources on Mindanao and, earlier, on upland parts of Cordillera Autonomous Region, the EU has implicitly favoured indigenous peoples. Among the projects listed in the Annexes, three accounting for Euro 17.0 million were targeted at provinces inhabited by the Igorot and three accounting for Euro 2.9 million were targeted at Occidental and Oriental Mindoro, inhabited by Mangyan. The Health Sector Policy Support Programme covers provinces with both Igorat and Mangyan populations. One small project in Occidental Mindoro explicitly targeted the Mangyan people.

These data may be biased. Many interventions targeted at indigenous peoples are small. For example, the EU Delegation sponsored, under the Non-State Actors and Local Authorities thematic programme, project design workshops. One can also cite the recently-signed EIDHR project In "Defense of Land and Life: Addressing Human Rights concerns of Indigenous Peoples in Resource Conflict Areas" (Euro 200,000), which operated in both Luzon and Mindanao. However, a web-search of thematic programme titles in the Philippines does not reveal other projects explicitly aimed at indigenous peoples. Again to nuance, though, projects dealing with governance, post-conflict, and human rights are bound to confer benefits on members of ethnic minorities and vulnerable populations. A survey of project documents would shed more light on this.

**Related facts, figures, references:**

1. EU Instruments and Policies on Indigenous Peoples. Project Design and Proposal Writing Workshop for Indigenous Peoples Groups and Partners.  
[http://www.delphi.ec.europa.eu/docs/ProjDesign\\_PropWriting\\_IP\\_Groups\\_2009AugPHL\\_The%20EU%20Instrument%20and%20Policies%20on%20IP.pdf](http://www.delphi.ec.europa.eu/docs/ProjDesign_PropWriting_IP_Groups_2009AugPHL_The%20EU%20Instrument%20and%20Policies%20on%20IP.pdf)

*Table 8 EU cooperation projects in regions identified as inhabited by indigenous peoples*

Region / Group		Projects	EU contribution, pro-rated, 2000-2009, Euro mill
<b>Luzon</b>		<b>Total =&gt;</b>	<b>17,0</b>
Igorot	<i>Abra, Apayao, Benguet, Ifugao, Kalinga, and Mountain Province</i>	CECAP 2: Central Cordillera Agricultural Programme, Phase II	12,2
		NIPAP: National Integrated Protected Areas Programme	0,7
		Philippine Health Sector Policy Support Programme	4,1
<b>Visayas</b>		<b>Total =&gt;</b>	<b>2,9</b>
Mangyan	<i>Occidental Mindoro, Oriental Mindoro</i>	Philippine Health Sector Policy Support Programme	1,4
		NIPAP: National Integrated Protected Areas Programme	1,3
		Local Institution Participation towards Livelihood Empowerment of the Mangyan Indigenous Peoples of Occidental Mindoro	0,2
<b>Mindanao</b>			
Lumad	<i>South Cotabato, Sultan Kudarat, Agusan del Norte, Sarangani, Davao del Sur, Davao Oriental, Cotabato</i>	Philippine Health Sector Policy Support Programme	2,8
		UDP: Upland Development Project in Southern Mindanao	11,9

Region / Group		Projects	EU contribution, pro-rated, 2000-2009, Euro mill
		Mindanao Health Sector Policy Support	0,5
		Support to conflict-affected populations in Mindanao: expansion of food for assets activities and establishment of vulnerability assessment mapping capacity	0,7
		STARCM: Support to Agrarian Reform Communities in Central Mindanao	8,9
		Rapid Reaction Mechanism (RRM) confidence building Mindanao	0,2
		Mindanao Trust Fund -Reconstruction & Development Program (I)	0,2
		Strengthening Response to Internal Displacement in Mindanao (STRIDE-Mindanao)	0,4
		Supporting and Rehabilitating IDPs and Communities in Southern Philippines	1,1
		Special Zone for Peace and Development (SZOPAD) Rehabilitation Project	0,7
		<b>Total =&gt;</b>	<b>27,3</b>
Moro	Basilan, Cotabato, Davao del Sur, Lanao del Norte, Lanao del Sur, Maguindanao, Palawan, Sarangani, South Cotabato, Sultan Kudarat, Sulu, Tawi-Tawi, Zamboanga del Sur, Zamboanga del Norte, Zamboanga Sibugay	Philippines Health Sector Support Project	2,8
		Mindanao Health Sector Policy	1,7

Region / Group		Projects	EU contribution, pro-rated, 2000-2009, Euro mill
		Support Programme	
		NIPAP: National Integrated Protected Areas Programme	0,7
		PTFPP: Palawan Tropical Forest Protection Programme	6,2
		Support to conflict-affected populations in Mindanao: expansion of food for assets activities and establishment of vulnerability assessment mapping capacity	1,4
		Rapid food production enhancement programme	0,2
		UDP: Upland Development Project in Southern Mindanao	8,9
		STARCM: Support to Agrarian Reform Communities in Central Mindanao	17,8
		RRM Confidence Building Mindanao	0,4
		Mindanao Trust Fund -Reconstruction & Development Program (I)	0,5
		Strengthening Response to Internal Displacement in Mindanao (STRIDE-Mindanao)	2,7
		Consolidation of the socio-economic integration process of marginal internally displaced farmers in Lanao del Norte, Mindanao	1,1
		Supporting and Rehabilitating IDPs and Communities in Southern Philippines	3
		<b>Total =&gt;</b>	<b>47,2</b>

### **JC 1.2: The design of the interventions targeting the poorest / vulnerable groups takes into account interrelations between various dimensions of poverty / vulnerability**

#### **JC assessment:**

As we point out in dealing with JC 1.4 below, the Philippines has excellent capacity in assessing and analysing policy options for dealing with multi-dimensional poverty; the problem is that basic data are often weak and out of date.

The quality of the discussion of poverty in the two CSPs is of high quality and avoids reductionism (Indicator 1.2.1). Nonetheless, there is no real discussion of interlinkages in the sense of the JC, for example, synergies between education, women's empowerment, and health. The major strategic shifts over the evaluation period; from rural development to delivery of basic social services; from a suggested programme of support for both health and education to one concentrating on education alone; and from less geographically focused interventions to interventions favouring Mindanao in particular, were largely pragmatic. At the sector and project level, programme design has been multi-dimensional, although progress has been uneven across intervention areas in both rural development and health. The Health Sector Support Programme, in particular, is to be noted for the equal priority placed on its four intervention areas (following, however, the GoP's lead) and, in particular the equal weight assigned to improving service delivery and achieving universal coverage through health care finance reform – a classic case of addressing supply and demand at the same time. Far more progress, as the mid-term review noted, needs to be made on the latter. This includes raising capacity for targeting the poor. Yet, political considerations weakened the relevance of capacity building delivered.

On the issue of choice of modalities for effectiveness in reaching the poor (Indicator 1.2.2), which, in passing, appears irrelevant to this JC but is of considerable importance nonetheless, an important distinction needs to be made between the near term and the long term. The major shift in the Philippines, as elsewhere over the evaluation period, was away from project-based approaches to sector approaches consisting of budget support and participation in multi-donor trust funds. In the near term, this shift has probably affected effectiveness adversely, as illustrated by the case of the health SWAP. In the longer term, however, the shift may well enhance effectiveness by improving policy dialogue, working through national systems, and bolstering sustainability.

An especially tangled knot of interrelations concerns population growth, maternal and child health, sexual and reproductive health, macroeconomic growth, and poverty (Indicator 1.2.3). MCH and SRH services are seriously inadequate in the Philippines, especially for adolescents, and there is a clear statistical correlation between family size and poverty status. The adamant opposition to contraception of the Catholic Church in the Philippines is legendary in population policy circles, a sense of drama having been imparted by the forceful personalities of the two leading protagonists involved in the debate: Professor Mercedes Concepcion and Archbishop Jaime Sin. It is now broadly, albeit not universally, acknowledged that the "Southeast Asian economic miracle" was due in significant degree to rapid fertility decline, which the Philippines have not experienced, and the ensuing "demographic window of opportunity." While the EU has supported a number of projects dealing with MCH and there is reference to these issues in the CSPs, the entire nexus appears to have received insufficient attention. EU Delegation and donor agency inter views indicate that the donor community has strongly advocated for reform in policy dialogue. With a more progressive government in place, these efforts may yet bear fruit.

LRRD issues have been well taken into account, as part and parcel of the increased concern with security and, conflict (Indicator 1.2.4).

Indicator 1.2.5, on gender, proved redundant in view of Indicator 1.1.7 above. There have, of course, been projects aimed at women, including projects on human trafficking. In general, though, both high level strategic documents and project evaluations leave the impression that gender has not been very effectively thematised. In defence of the EU, the Philippines scores rather well on gender equality indices; women are well-represented in public life, participate on reasonably equitable terms in the economy, and enjoy a reasonable degree of empowerment at all levels. The single intervention which would directly improve women's situation would be in the areas of maternal and child health and sexual and reproductive health.

On a scale of poor, average, good; we subjectively and preliminarily assess this JC as average.

**Indicator 1.2.1 Programme documents show the links between the major social sectors, as well as other cooperation sectors**

**Indicator estimate:**

We will take "major social sectors" as (1)

- Health and nutrition;
- Education and training;
- Housing and social welfare; and
- Social safety net programmes.

The challenge of dealing with the social sector is that there are multiple causal links which affect poverty, itself a multi-dimensional concept. Social safety nets prevent the absolute deprivation that causes families to take their children out of school (girls in particular), improve health and nutrition, and so on. A frequently-encountered problem is that advocates for the various social sectors too often compete for resources rather than work together. The important contextual fact is that, having risen from 8 to 9.5 percent of GDP, expenditure on the social sectors combined declined to 7 percent in 2006 (2). This marked a regression from the expenditure share observed in the early 1990s.

The EU's cooperation programme identified the need to improve access to basic social services as an important medium-term challenge for the Philippines (3). In the 2002-2006 document, the EU pledged to explore a sector programme on health or education (p.19). In the 2007-2013 document, while both sectors were still referred to as candidates, for support, it was made clear that the first MIP (2007-2010) would be devoted entirely to health, with a decision on the 2011-2013 MIP to be taken following a mid-term review of sector support to health. The strategic review and pre-programming mission had recommended supporting both the education and health sectors, largely as a means of diversifying against risk (4).

On the whole, the discussion of the social sectors in the CSPs is of good quality. However, there is no evident discussion of links between the major social sectors in the sense of the Indicator. As an example, the discussion of social developments on pp. 14-16 of the CSP 2007-2013 is competent, but consists of a brief sector-by-sector review. The strategic programming documents consulted would have been perhaps more effective had they explicitly recognised the tradeoffs implicit in allocating resources to one sector rather than another.

At the sector level, the picture is better. The Health Sector Support Programme carefully integrated decentralisation and governance into its design, and recognised the need to address social safety net (in this case, health care finance) issues as well as service delivery. Rural development projects addressed multiple issues – income, food and nutrition, water, access, etc. -- in an integrated fashion, although progress was sometimes uneven. Evaluations of rural development projects are scattered with criticism of failure to take extreme poverty, gender, and indigenous people sufficiently into account.

**Related facts, figures, references:**

1. CSP 2002-2006, p. 5.
2. Lim, Joseph Anthony 2009. Evaluating (chronic) poverty reduction strategies in the Philippines. Working Paper No. 136, Chronic Poverty Research Centre, Ateneo de Manila University ([www.chronicpoverty.org](http://www.chronicpoverty.org)), Figure 6.
3. CSP 2002-2006, p. 13; CSP 2007-2013, p. 7.
4. Strategic review and pre-programming mission Final Report. June 30, 2005. p. 18.

**Indicator 1.2.2 Approaches have been selected based on their effectiveness in reaching the poor.**

**Indicator estimate:**

The entire EU strategy, as we have found throughout, has been focused on the poor. The issue is then whether the approaches adopted have been appropriate from the standpoint of effectiveness. No issue is more trenchant than whether the EU can effectively design and implement interventions on its own, rather than entering in with other implementing and financing donors. The strategic review and pre-programming mission (1) was critical as the effectiveness of the health SWAP up to 2005, as was the mid-term review of early 2009. At the start of the project, the EU had to overcome resistance on the part of the WB and ADB as to the appropriateness of a sector-wide approach. As the approach was adopted, and the New Financial Regulations were adopted, considerable innovation was required to ensure that the WB and EU could work together (1), and ultimately the WB was unable to continue to participate. All in all, the effectiveness of EU funds in achieving strategic goals was delayed by the SWAP (and MTF) approaches adopted. This is a delay; in the long term, effectiveness may be increased. Moreover, the switch from projects to SWAPS is fully in line with the EU's Paris Declaration commitments.

There were institutional frictions, in the early days of the MTF, during the process of constructing a good working relationship between the World Bank and the EU. These appear to have been in significant degree resolved.

There is also an issue with the relative size of regional and thematic budget lines as compared to bilateral programmes. The former, less explicitly devoted to poverty reduction than the latter, and often demand-driven, are as large, and larger, than bilateral programmes which are explicitly directed at poverty reduction.

A related issue is the issue of working through LGUs. The health SWAP was seriously questioned because of the issue of working through local administrations. In the event, the SWAP is taking off, yet it is acknowledged that when started, there were significant time delays in effectiveness due to the

difficulties of working in the decentralised environment. The politicisation of resource allocation decisions at local level has already been mentioned as an impediment to poverty reduction.

#### **Related facts, figures, references**

1. Strategic Review and pre-Programming Mission: the Philippines, Final Report, June 30, 2005.
2. Ibid., p. 37

#### **Indicator 1.2.3 Population growth and associated issues taken into account in programming and policy dialogue**

##### **Indicator estimate:**

The CSPs 2002-2006 and 2007-2013 both make passing references the challenge of rapid population growth, e.g., citing “excessive population growth” as an overarching cause of poverty (1) and defining “population management” as a result expected from the Health Sector Programme (2). In looking at Indicator 1.1.7 above, we identified a number of projects dealing with maternal and child health and family planning. The term “population management” is, in passing, not regarded as reflecting good practice by the international population policy establishment, although it is a marked improvement on the discredited term “population control” (and is in fact current in the Philippines).

In general, access to family planning is low in the Philippines, the opposition of the Catholic Church is vigorous, and as a result, the Philippines have not experienced the sharp drop in fertility that has occurred in other Southeast Asian countries. At the macro-level, research, notably the World Bank's landmark 1993 study *The Southeast Asian Economic Miracle* suggests that fertility decline opens a “window of demographic opportunity” as families with few children are able to save and invest more, not least in the education of those children. At the micro-level, Lim (3) presents evidence establishing a clear relationship between family size and poverty incidence and states that access to family planning is a requirement for poverty reduction. The Philippines is blessed with a population policy research community ranking among the best in the world, yet the views of this community are nowhere reflected in EU documents. The mid-term review of the Health Sector Policy Support Programme identified serious gaps in maternal and child health services and sexual and reproductive health services.

Delegation and donor agency interviews indicated that the donor community has taken every opportunity in policy dialogue to raise population as a concern.

#### **Related facts, figures, references**

1. CSP 2007-2013, p. 50.
2. CSP 2002-2006, p. 48.
3. Lim, Joseph Anthony 2009. Evaluating (chronic) poverty reduction strategies in the Philippines. Working Paper No. 136, Chronic Poverty Research Centre, Ateneo de Manila University ([www.chronicpoverty.org](http://www.chronicpoverty.org)), Table 14.

#### **Indicator 1.2.4 LRRD is taken into account where relevant**

##### **Indicator estimate:**

According the EU Delegation website (1), ECHO has provided grants totalling Euro 12.6 million for humanitarian operations in Mindanao over the period 1997-2008 – mainly to help civilians displaced by



armed conflict (Euro 11.6 million). LRRD was integrated in supporting, where appropriate, resettlement of conflict-displaced persons by rehabilitating wells, supporting basic health services, and providing basic means of income generation.

The Mindanao Trust Fund (Euro 2 million to date; further Euro 11 million foreseen for 2007-2011) provides grants to conflict-affected communities to an aim to resettling displaced persons and strengthening existing communities. It is currently active in 57 conflict-affected barangays; out of the 3,833 identified by the 2005 Joint Needs Assessment mission.

Aid to Uprooted People bridges the gap between emergency humanitarian aid and the need to achieve longer-term development (2). The EU has supported 17 projects totalling Euro 21 million in the Philippines.

Some bilateral projects also integrated LRRD where appropriate. An example is SZOPAD Rehabilitation Project, which helped to integrate former combatants to civilian life, rehabilitated basic health and sanitation services, and promoted productive activities Cotabato and Maguindanao. In general, though, a review of project documentation does not reveal much explicit thematisation of links between sectors (rural development, health, governance, etc.) and LRRD. It is more likely to be an LRRD project, say under Aid to Uprooted People, that thematises sectors, such as health, sanitation, or rural income generation.

The need for reconstruction and rehabilitation is acknowledged in both CSPs (e.g., p. 22 of the 2002-2006 strategy) but is receives only passing reference in the 2007-2013 document (e.g., p. 27). However, we do not wish to promote a checklist approach to various themes, and the EU's large contribution to the MTF is good evidence that LRRD was regarded as a serious issue.

**Related facts, figures, references:**

1. [http://www.delph.ec.europa.eu/index.cfm?pagename=programme\\_humanitarianaid](http://www.delph.ec.europa.eu/index.cfm?pagename=programme_humanitarianaid)
2. Asia RSP 2007-2013, p. 14.

**Indicator 1.2.5 Gender issues and particular needs related to vulnerable women are taken into account**

**Indicator estimates: See Indicator 1.1.7 above.**

**JC 1.3 EU strategy and engagement in coordinating groups ensure that the needs of the poorest/vulnerable groups in sectors that are not the focus of EU cooperation, are nevertheless addressed.**

**JC assessment:**

With hindsight, the rather tricky wording of this JC does not serve well. Nonetheless, a few points can be made. Both CSPs paid attention to work being done by other donors, including Member States (Indicator 1.3.1). However, the table provided in the CSP 2007-2013 is not fully informative, since it gives only commitments in a single year. In some areas where the EU made large commitments in other years, therefore, the table leaves the erroneous impression that the EU was not active, and the same applies to other donors. The statistical treatment of development cooperation (and more generally, aid) is everywhere weak, and we have no evidence that it is better or worse in the Philippines than it is overall.

The JC specifies the role of coordination (Indicator 1.3.2). There is clearly a great deal of constructive information sharing, but whether the partners, together with the GoP, actively allocate resources in order to maximise coverage and complementarity is so far unclear. A member of the Reference Group has stated that there was explicit division of labour with Germany and Spain in Mindanao. The decision to concentrate on health rather than also taking on education was reportedly based in part on the fact that other donors were active in the latter area.

A quick survey of selected large donors' web pages does not reveal any consistent effort to identify other agencies' work (Indicator 1.3.3). In fact, many important bilateral agencies (e.g., Spain) do not post any strategic documents at all on the web in the World Bank's current Country Strategy Paper, the EU's contribution to interventions such as the MTF is mentioned, but there is no real inventory of other donors' activities. In fact, limited though it is, the EU's discussion of other donors' interventions and areas of interest in the CSPs appears to be well above average.

On a scale of poor, average, good; we subjectively and preliminarily assess this JC as average.

**Indicator 1.3.1 EU strategy documents show evidence that the major needs are covered by other donors**

**Indicator estimate:**

The section of the CSP 2002-2006 describing other donors' activities (p. 16) is rather aggregated, but there is a detailed Annex (p. 68) describing other donors' activities in the area of governance. The CSP 2007-2013 presents, far more effectively, the areas covered by other donors (p. 44). This refers to commitments for one year only (2004), however. In the table below, we extract a few sectors especially closely related to poverty and vulnerable groups. To the extent one can judge from that one year's EU commitments, there is faint evidence of attention to achieving complementarity with those of MSs and other donors including multilateral institutions. In agriculture, where other donors committed very large amounts, the EU committed none – it had committed large sums previously, but at least in marginal terms, there was no over-saturation of the sector. In education, Australia took the lead, a sensible outcome given the Southeast Asia regional strategy of AusAid. The EU dominated in emergency assistance.

We recognize that commitments in a single year; the marginal contribution, not the amount actually spent, is a very weak point of evidence on which to measure this Indicator. The strategic review and pre-programming mission adds some light at this stage. The authors pointed to excellent relations with the handful of MSs with substantial development programmes, but also to generalised MS complaints about the consultative process for the CSP 2007-2013 (rebutted by the EU Delegation). There is plenty of hard evidence on constructive information sharing, but none to speak of on the development partners actually dividing the cooperation pie in order to maximize complementarity, coverage, and ultimately, national impact on poverty and vulnerable groups. An exception may be the reported explicit division of labour with Germany and Spain in Mindanao.

**Related facts, figures, references:**

*Table 9 Donor matrix, commitments, 2004 (CSP 2007-2013, p. 44).*

	Education	Health	Water / Sanitation	Agriculture	Emergency action
Multilateral	0.0	0.2	0.0	47.6	0.0
EU	3.7	3.4	1.2	29.0	4.5
Of which: EU	1.7	0.0	0.0	0.0	3.5
Of which MS	2.0	3.4	1.2	29.0	1.0
Non-MS bilateral	14.1	0.0	0.8	40.8	0.0
Total	17.8	3.6	1.9	117.4	4.5

**Indicator 1.3.2 Other donors' strategy documents identify the EU interventions that address the needs of the poorest/vulnerable groups**

**Indicator estimate:**

Most of the EU's work in the Philippines has shifted from a project to a sector or trust fund basis, always posing an issue for visibility. The World Bank Country Assistance Strategy 2010-2012 (1) gives credit to the EU at a number of points, but provides no in-depth presentation of other donors' activities and interventions. A quick review of the UNDP Human Development Report 2008-2009 (2) reveals no particular reference to the EU; A survey of major donor's web pages on country activities in the Philippines. AusAid (3), JICA (4), and USAID (5) do not mention the EU (or any other partner organisation, for that matter).

**Related facts, figures, references:**

1. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/05/19/000112742\\_20090519114325/Rendered/INDEX/479160R200910077130REPLACEMENTOFFILE.txt](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/05/19/000112742_20090519114325/Rendered/INDEX/479160R200910077130REPLACEMENTOFFILE.txt)
2. [http://www.undp.org.ph/?link=k\\_hub\\_products&page=0&fa=1](http://www.undp.org.ph/?link=k_hub_products&page=0&fa=1)
3. [http://www.usaid.gov/country/cbrief.cfm?DCon=1148\\_8702\\_9418\\_7487\\_8517&CountryID=31](http://www.usaid.gov/country/cbrief.cfm?DCon=1148_8702_9418_7487_8517&CountryID=31)
4. <http://www.jica.go.jp/philippine/english/>
5. <http://philippines.usaid.gov/>

**Indicator 1.3.3 Issues of complementarity related to interventions targeting poorest/vulnerable groups are addressed in donors' coordination meeting**

**Indicator estimate:**

This indicator cannot be addressed prior to interview with major donor representatives in Manila.

**Related facts, figures, references:**

n/a

**JC 1.4 The EU cooperation programmes have aimed at enhancing the capacity of the government to assess the needs of and to identify the poorest/vulnerable groups**

**JC assessment:**

We assess this JC on the basis of three Indicators. With hindsight, the Indicators do not cover all the information needed, as most of them have to do with whether the GoP does such work, (Indicator 1.4.1) rather than with whether the EU has built capacity. The need for capacity building in poverty analysis must be nuanced. Statistical analysis of data in the Philippines is far advanced. However, the quality of data entering into the analyses is surprisingly weak and poverty data are very slow in appearing.. Major national poverty surveys (the Family Income and Expenditure Survey) are done every three years with minute attention to methodology, in addition to which, local area poverty statistics are produced for the poorest regions (Indicator 1.4.2). However, these data appear with a considerable lag, and the quality of the annual poverty surveys is questioned by donors. The work of the national statistical agency on social statistics, including statistics disaggregated by sex, is impressive, and the quality of national academic research on poverty in the Philippines is excellent. However, disturbingly, even basic data such as population estimates are biased by political considerations. Interviews revealed that it is well-known that population statistics in the most remote and isolated barangays are systematically inflated.

At the project level, as usual, capacity building was undertaken at all levels (Indicator 1.4.3). Some warning signs were encountered, however. The training efforts of the CASCADE project were criticised. The mid-term review of the Health Sector Policy Support Programme found serious deficiencies in the capacity of LGUs and Provincial Local Government Units (PLGUs) in the area of management and found that all along the chain, from local level to the central level, capacity was lacking to target the poor and to put in place the procedures and processes needed to ensure universal coverage.

On a scale of poor, average, good; we subjectively and preliminarily assess this JC as average.

**Indicator 1.4.1 Studies on poverty and vulnerability are being carried out by the government**

**Indicator estimate:**

The national incidence of household poverty declined slightly in 2000-2003, then rose again in 2003-2006 (1); recently estimated statistics show no significant improvement. The proportion of the population living in poor households followed the same path, declining from 33.0 percent in 2000 to 30.0 percent in 2003, then rising to 32.9 percent in 2006 (2.). Sectors of the population experiencing poverty are, in descending order, fishermen, farmers, children, women, youth, the elderly, migrant and formal sector workers, and urban poor (3). Not surprising in view of the occupational mix, poverty is significantly higher in rural areas than urban ones. The causes of poverty in the Philippines are broadly believed to be relatively low economic growth, blamed by some (controversially) on rapid population growth; social exclusion, and poor governance. Remoteness and isolation are major risk factors. Poverty is a major political issue, as over half of households now self-assess themselves as poor.

The National Statistical Coordination Board ([www.nscb.gov.ph](http://www.nscb.gov.ph)) is responsible for disseminating data related to poverty. In addition to providing a basis for official statistics, the data are used in policy formulation and targeting by a wide range of government institutions, from central ministries to provincial governments to Local Government Units (4). NCSB provides sex-disaggregated information,

conveniently summarised in the Fact Sheet on Women and Men in the Philippines (5) covering not only traditional variables like life expectancy, labour force participation, and income but also a wide range of social development statistics. These include detailed data on education, nutrition, and health status; participation in public life, violence against women, child abuse, violations of human rights, and basic international comparisons with other ASEAN countries. The NSCB also regularly calculates a child development index (6). Most data are published down to the regional level; at least basic indicators are available at the provincial data. Finally, since 2003, the NSCB has calculated local-level estimates of poverty in the poorest provinces. NSCB is extremely short of staff and reluctant to take on duties which involve direct data collection, analysis, and dissemination, as opposed to coordination of other data agencies.

**Related facts, figures, references:**

1. 2006 Official Poverty Statistics. Power Point presentation of Dr. Romulo A. Virola, Secretary General, National Statistical Coordination Board, 5 March, 2008. Downloaded 7 June, 2010 from NSCB website.
2. Ibid. Population poverty incidence (proportion of the population residing in poor households) is usually higher than household poverty incidence because poor households tend to be larger than more well-to-do ones.
3. 2006 Poverty Statistics for Basic Indicators. Power Point presentation of Ms. Lina V. Castro, Secretary General of National Statistical Coordination Board, Users' Forum on the 2006 Poverty Statistics for the Basic Sectors and 2006 Child Development Index, 25 June, 2009, Dusit Thani Hotel. Downloaded 7 June, 2010 from NSCB website.
4. Actual policy uses of poverty statistics in the Philippines.  
<http://www.nscb.gov.ph/poverty/docs/povertyPolicyUses.pdf>; accessed 07.06.10
5. [http://www.nscb.gov.ph/factsheet/pdf10/Women\\_Men\\_March2010.pdf](http://www.nscb.gov.ph/factsheet/pdf10/Women_Men_March2010.pdf); accessed 07.06.10.  
Every three years a full Statistical Handbook on Men and Women in the Philippines is published (and can be downloaded from the NSCB website).
6. <http://www.nscb.gov.ph/gender/FINAL%20-%20presentation%20on%202006%20CDI.pdf>; accessed 07.10.

**Indicator 1.4.2 Poverty monitoring mechanisms in place at various level**

**Indicator estimate:**

Poverty monitoring and analysis are extremely well-developed in the Philippines, with both national Indicator international organisations and experts playing a role (1)., Since 1996, official poverty statistics consist of the food and poverty thresholds, the subsistence and poverty incidence, the income gap, the poverty gap, and the severity of poverty index (2). Subsistence and poverty incidence are expressed in both household and population terms. The basic data source for all of these estimates is the triennial FIES. The annual poverty survey, by contrast, is not regarded as accurate.

Philippine authorities affirm the multidimensional nature of poverty, as a result of which many types of data are relevant. At the beginning of the evaluation period, the national surveys measuring different dimensions of poverty were as follows (3):

Table 10 National Survey Data

Available Sources of Data		Implementing Agency	Frequency of Collection/ Latest Data	Data Obtained
1	Family Income and Expenditures Survey	NSO	every 3 years/2000	Family income and living expenditures and related information affecting income and expenditure levels.
2	Annual Poverty Indicators Survey	NSO	every period wherein FIES is not conducted/2002	Socio-economic profile of families and other information relating to their living conditions.
3	National Nutrition	FNRI	every 5 years/1998	Food situation and nutritional
4	Census of Population and Housing	NSO	every 10 years/2000	Size, composition and distribution of population
5	Functional Literacy, Education and Mass Media Survey	NSO	every 5 years/1998	Number of functionally literate population and their socioeconomic characteristics
6	National Demographic and Health Survey	NSO	every 5 years/1998	Demographic and maternal and child health issues
7	Labour Force Survey	NSO	every quarter of the year/July 2003	Levels and trends of employment, unemployment and underemployment

A problem with all these data sources is that they are highly aggregated. Prior to 2003, NSO / NSCB data were available only down to the provincial level. This is too aggregated to adequately reflect the elaborate mosaic of poverty in the Philippines. In addition, the NSCB began in 2003 to estimate local-level poverty statistics in the poorest provinces, down to the barangay and municipal level. Estimates have been released for 2003; to be updated for 2006. These data have been used for targeting of programmes and projects and policy formulation, including setting local MDG targets for 2006 (4).

In addition, various approaches to community-based poverty monitoring were devised and applied as from the end of the 1990s. Dr. Celia Reyes, study director of the [Micro Impacts of Macroeconomic](#)

[Adjustment Policies \(MIMAP\)](#) project and fellow at the Philippines Institute of Development Studies devised a community-level approach to measuring household poverty that is still in use (5,6). The Community Based Monitoring System is participatory at the community level and has been very successful at the pilot stage in a number of provinces. However, it is also extremely expensive to operate, which may interfere with rollout to the national level..

**Related facts, figures, references:**

1. [http://www.dlsu.edu.ph/library/webliography/subject/poverty\\_phil.asp](http://www.dlsu.edu.ph/library/webliography/subject/poverty_phil.asp)
2. NSCB Notes on the Official Poverty Statistics in the Philippines. Series 2003-1, July 2003. Available online at <http://www.nscb.gov.ph/technotes/poverty/intro.as>
3. [http://www.idrc.ca/en/ev-5347-201-1-DO\\_TOPIC.html](http://www.idrc.ca/en/ev-5347-201-1-DO_TOPIC.html)
4. Actual policy uses of poverty statistics in the Philippines. 23 March, 2009. Available online at <http://www.nscb.gov.ph/poverty/docs/povertyPolicyUses.pdf>
5. Reyes, C. And L. Valencia no data. Poverty Reduction Strategy and Poverty Monitoring: Philippine Case Study. Available online at [http://siteresources.worldbank.org/INTPAME/Resources/Country-studies/philippines\\_povmonitoring\\_casestudy.pdf](http://siteresources.worldbank.org/INTPAME/Resources/Country-studies/philippines_povmonitoring_casestudy.pdf)
6. Reyes, C. 1998. Institutionalising a poverty monitoring system in the Philippines. MIMAP Research Paper No. 40. Available online at <http://www.idrc.ca/uploads/user-S/10950417481mrp40.pdf>

**Indicator 1.4.3 Actors' capacities at the various levels of the chain of information in sectors closely linked to poverty (e.g., health, education, food security) have been supported**

**Indicator estimate:**

All major EU interventions in rural development and health have carefully assessed capacity at national, provincial and local level. How effectively capacity building needs have actually been addressed is a different issue.

The CASCADE project provided a wealth of training, but with a mixed bag of methods, inefficiency in the form of duplication, and insufficient monitoring and evaluation (1). The STARCM project provided training to farmers that improved sustainability (2), but failed to provide LGUs with training in basic managerial skills, relying instead on national consultants (3). While the project provided capacity building in credit and rural finance, the needs were overwhelming (4).

In the health sector, the need for capacity building at the decentralised level was a major concern during project formulation. Yet, the mid-term review found serious deficiencies in the capacity of PLGUs, and LGUs, as well as the Central Department of Health, to implement PFM reforms (5). The review called for increased attention to capacity building and, closely related, TA, at all levels and across a broad front. This included, in particular, the need to improve the capacity of the Department of Health and PhilHealth to implement reforms in health care financing in order to expand coverage and reduce out-of-pocket expenditures (6).

**Related facts, figures, references:**

1. ERP-CASCADE pre-completion review mission, Revised Report, August 25, 2004, P. viii.

2. Post-completion mission of STARCM, Final report, December, 2009, p. 9.
3. Ibid. p. 23.
4. Ibid., p. 26.
5. Mid-term review of the Health Sector Policy Support Programme, Final report, January, 2009, p. 7-9.
6. Ibid., pp. 19-22.

**JC 1.5 The extent to which the EU cooperation programme has taken into account the particular challenges faced by the vulnerable groups in the Mindanao region.**

**JC assessment:**

We assess this JC on the basis of four Indicators. About 40 percent of EU bilateral cooperation spending was directed to Mindanao over the evaluation period, as well as 25 percent of thematic budget line expenditure (Indicator 1.5.1). Since the latter is demand driven and local NGOs' capacity to recognize and act upon funding opportunities is limited in many parts of Mindanao, the lower percentage for the latter comes as no surprise. Taken together, roughly a third of EU cooperation over the period was directed to Mindanao. In view of the fact that absorptive capacity is limited, and given the fact that the Mindanao Health Sector Policy Support Programme and Mindanao Trust Fund are only now coming on stream, we regard this as a significant achievement and a sign of effective poverty targeting.

The EU has participated in policy dialogue regarding the Mindanao conflict, including issuing one statement from the European Council and offering to participate in the International Monitoring Team (Indicator 1.5.2).

Based on Indicator 1.5.1 as well as 1.2.1 above, we judge that the mix of intervention sectors and instruments has been appropriate (Indicator 1.5.3). Bilateral rural development cooperation, thematic budget line support for uprooted and displaced persons the trust fund approach to rehabilitation and reconstruction through the MTF, and budget support through the Mindanao Health Sector Policy Support Programme have all been deployed.

We are not prepared to offer a detailed assessment of how well the varying needs of different vulnerable groups were incorporated into Mindanao programme design and implementation (Indicator 1.5.4). In general, project evaluations leave the impression that the special needs of women and ethnic minorities were not sufficiently foregrounded in project design; The Mindanao Health Policy Support Programme was criticized for insufficient consultations with decentralised stakeholders at the design stage. The fact that the EU supported interventions in some of the poorest provinces in Mindanao, including areas largely inhabited by ethnic minorities, suggests, *ipso facto*, that needs of the most vulnerable were addressed, as does the significant number of interventions aimed at internally displaced persons.

The latter conclusion was bolstered at the provincial level by statistical analyses done by the Mindanao Development Authority.

On a scale of poor, average, good; we subjectively and preliminarily assess this JC as good.



**Indicator 1.5.1 Allocation of funds, by sector, to Mindanao (including thematic budget lines) in contrast to other regions or nation-wide programming**

**Indicator estimate:**

In Annex 8, we identify the following projects which operated exclusively in Mindanao:

- Mindanao Health Sector Policy Support Programme, estimated to have spent Euro 2.0 million, during the evaluation period, with more coming on stream.
- Support to conflict-affected populations in Mindanao; estimated to have spent Euro 1.4 million during the evaluation period.
- Upland Development Project, Euro 14.9 million.
- Support to Agrarian Reform Communities in Central Mindanao, Euro 17.8 million.
- RRM confidence building Mindanao, Euro 0.4 million.
- Mindanao Trust Fund, 0.5 million.
- Strengthening response to internal displacement in Mindanao, Euro 1.6 million.
- SZOPAD rehabilitation project, Euro 0.7 million

The projects above, total Euro 39.3 million, about 40 percent of the estimated total of Euro 97.6 (Euro 101.6 in the Annex adjusted down to eliminate thematic budget line projects).

Based on (1), we identify the following thematic budget line projects operating exclusively in Mindanao:

- Consolidation of the socio-economic integration process of marginal internally displaced farmers in Lanao del Norte, Mindanao, Euro 1.1 million.
- Supporting and rehabilitating internally displaced persons and communities in southern Philippines, largely although not entirely in Mindanao, Euro 3.0 million
- Assistance to displaced people in Maguindinao Province, Euro 1.2 million.
- Assistance to improve the living condition for war-affected families in Lana del Sur and Maguindinao Provinces, Mindanao, Euro 0.8 million
- Assistance to refugees in West Mindanao, Euro 0.9 million
- PEACE-Mindanao: peace-enabling actions for community empowerment in North Central Mindanao, Euro 0.7 million
- Rehabilitation support to returnees and host families, Central Mindanao, Euro 1.1 million
- Support for the consolidation of the local capacities of the population in conflict-affected areas of Lanao del Sur and Maguindinau, Euro 0.6 million.
- Support to the socio-economic integration process of internally displaced people in the Municipalities of Piago, Kapai, Marantao, Marawi, in Lanao del Sur Province, Euro 1.0 million.

These projects total Euro 10.4 million, roughly 25 percent of the Euro 48.5 million estimated for all thematic budget line projects combined.

We have not done a sectoral breakdown, but a few things are obvious. Virtually all peace building and post-conflict activities were carried out in Mindanao. The Euro 2.0 million spent on the Mindanao Health Sector Policy Support Programme is small compared to the Euro 22 million spent by the Philippine Health Sector Policy Support Programme (which nonetheless covered several provinces in Mindanao), however, the balance e will shift as the MHSPSP picks up steam. The Euro 32.7 million spent on UDP and

STARCM combined account for well more than half of all expenditure on rural development projects (the only large projects outside Mindanao were ERO-CASCADE (Euro 7.9 million) and CECAP 2 (Euro 12.2 million), both in the Cordillera Autonomous Region.

Hierarchical cluster analysis of the poorest provinces in Mindanao, carried out by the Mindanao Development Authority, confirms that EU assistance through the MTF and the MHSPS project worked in the poorest provinces.

**Related facts, figures, references:**

1. MIP 2007-2010, pp. 15-17.

**Indicator 1.5.2 EU contribution to policy dialogue regarding the Mindanao Peace Process**

**Indicator estimate:**

EU-Philippines political and policy dialogue has been strong, both bilaterally and in the context of ASEAN and ASEM. The European Council issued an expression of concern encouraging both parties to exercise restraint and return to the negotiating table (1). Europe has added value based on its experience in progress on the situation in Northern Ireland (2). For example, the 6<sup>th</sup> Asia-Europe Roundtable, held in Ulster in June 2009, was devoted to "frozen" ethnic minority conflicts (3).

It should be noted, however, that an independent assessment of ASEM's impact on the Philippines (4) concluded that the essential contribution of the EU to resolution of the Mindanao conflict has been in the area of development cooperation. A broad reading of the EU Delegation website confirms this impression (5). One reason may simply be that there is broad agreement between Europe and the parties to the conflict on the way forward. The complexity lies in finding face-saving arrangements (2).

As a sign of the EU's deep involvement in advancing dialogue, the EU has agreed to join the Malaysia-headed International Monitoring Team in Mindanao, a move that was welcomed on all sides (6).

**Related facts, figures, references:**

1. Council of the European Union, "Declaration by the Presidency on behalf of the European Union concerning the situation in Mindanao", Brussels, 15 September 2008.
2. The Philippines: Running in Place in Mindanao. Asia Policy Briefing No. 88. International Crisis Group, February 16, 2009.
3. <http://www.siaaonline.org/?q=events/6th-asia-europe-roundtable-minority-conflicts-towards-an-asem-framework-for-conflict-manageme>
4. "Philippines Country Report," ASEM in its Tenth Year: Looking Back, Looking Forward; (ed. Tadashi Yamamoto and Yeo Lay Hwee), Tokyo: Japan Center for International Exchange, 2006, pp. 89-117. Available online at <http://www.jcie.org/researchpdfs/ASEM10/philippines.pdf>
5. <http://www.delph.ec.europa.eu/index.cfm?pagename=eu-phil>
6. <http://www.bworld.com.ph/main/content.php?id=11243>

**Indicator 1.5.3 Appropriate mix of instruments related to human security, such as humanitarian and food aid, aid to uprooted people, rehabilitation and reconstruction, and disarmament, in Mindanao**

**Indicator estimate:**

We would rely on the information provided in Indicators 1.2.1 and 1.5.1 above to state that there has been a balanced approach to instruments in Mindanao. As the International Crisis Group has pointed out, the main problem in Mindanao is not generating additional resources, but in ensuring the best allocation across sectors and space (1).

**Related facts, figures, references:**

1. The Philippines: Running in Place in Mindanao. Asia Policy Briefing No. 88. International Crisis Group, February 16, 2009.

**Indicator 1.5.4 Interventions take into account differences between groups in Mindanao in terms of varying vulnerability**

**Indicator estimate:**

In looking at Indicators 1.1.7 (gender), we concluded that the special needs of women were not explicitly thematised in strategic documents. In looking at Indicator 1.1.8 (ethnic minorities) we looked essentially at the distribution of EU projects across provinces with large ethnic minority populations.

We were unable to consult the Mindanao Trust Fund Joint Needs Assessment Report, which would be a good source of information on the adequacy of how well differential vulnerability was taken into account. We know that the JNA (fieldwork in 2004) was a substantial exercise, involving 25 international and national consultants covering four major sectors and extensive discussions with local populations (1) Extensive peer-review was undertaken in 2005 and the report was released by the World Bank in 2005.

The UDP began with comprehensive baseline surveys (2). The evaluation of the project raised no issues regarding consultations with stakeholders, but was essentially looking at impacts on the basis of an end-line survey. It is not known whether the baseline survey results were used to strengthen the relevance of the project to the needs of the most vulnerable groups. STARCM also began with a baseline survey. The project won high praise for its involvement of LGUs and close consultations with local communities and, in conflict areas, with rebels and the military (3). However, the project was not effectively targeted at the most vulnerable, as some of the Agricultural Reform Communities (ARCs) covered are actually quite well to do. The project evaluation was critical of the approach taken to women and ethnic minorities.

A ROM report on the Mindanao Health Sector Policy Support Programme (5) gives poor marks on the project design process. Consultations were mostly at the central level, but not in the targeted area, with the result that the latter were not informed of the project until the inception phase. The intervention was described as "spread too thin," suggesting a failure to properly take into account the most vulnerable groups living in the more remote areas of the vast target area. No account was taken of structural differences between the ARMM provinces (where poverty and vulnerability are greatest) and non-ARMM provinces.

**Related facts, figures, references:**

1. MIP 2007-2010, p. 26.
2. Evaluation of the Upland Development Programme in Southern Mindanao: its impact on households and communities. Executive Summary, no date, pp. 5-6.
3. Post Completion Mission of Support to Agrarian Reform Communities in Central Mindanao. Final Report, December 2009, p. 11
4. Ibid., p. 17.

**EQ2 Health - To what extent has EU support to the Philippine Health Sector Programme contributed to an improved provision of basic health care services?**

Support to the health sector was a key component of the EU cooperation strategy throughout the evaluation period. Public funding for health in the Philippines has declined over time and health financing is characterised by large gaps, resulting in substantial out-of-pocket payments. The result, together with issues associated with decentralisation of health services and budgeting, has been continued and, some would judge worsening problems of access to health care services of reasonable quality. The poor and vulnerable groups are especially affected, and the lack of adequate health services for women and adolescents is of particular concern. But there is widespread dissatisfaction with PhilHealth, the national health insurance scheme. PhilHealth had inadequate staff and managerial absorptive capacity to implement programme and policy recommendations generated by the technical assistance. Weak benefit delivery is a major issue for Philippine Health Insurance Corporation (PHIC, also named PhilHealth) to confront. The HSPSP is fully consistent with the Poverty reduction EU development policy and is in accordance with the EU's commitment to the Millennium Development Goals. The HSPSP is implemented within the sector approach, pursued by GoP under its SDAH<sup>59</sup> strategy and is emphasising coordination and complementarity with donor partners as well as harmonisation of aid.

Programme fund releases and utilisation were low in 2007 and 2008. DOH and JAC considered that some provincial plans do not meet the quality requirements. Some provinces attributed the lack of LGU support for F1 and HSPSP to complicated administrative requirements.

Decentralisation in the Philippines resulted in the fragmentation of the policy development process. The EU-TA support to the provinces re-established communication lines between DoH, DBM, and the provinces to conduct the PFM reforms, and assured the commitment of local government structures. The EU-TA supported the DoH-DBM MoA for DBM to monitor the PFM plan implementation of the 16 provinces.

The Health Service Delivery component of the program has made a clear link of available quality health services at the primary and referral levels of care and increased enrolment of the poor. But increase of enrolment did not match with appropriate enrolment of the truly poor. The OOP share of total Health spending has increased while the public share is decreasing. Local governments accounts for a little 12.87% of total Health Care Expenditure. PhilHealth's delayed accreditation of LGU health facilities jeopardizes the Sponsored Program. Moreover accreditation is not harmonised. Where initially provincial AOPs and PFM received little support from the national level, EU-TA facilitated the introduction of the

DBM tool to monitor the PFM plan implementation with as result a larger implication of central support level. There is yet no proof for increased health spending and effective rational use of resources in the published Health Accounts<sup>60</sup>. We can only confirm that on average in the provinces visited in Mindanao, the provinces' dedicated budget to Health for 2010 are on an increase, examples of 18 and 25% for 2010. Municipal budgets are on increase to 10 and 13% (target for LGU scorecard is 12-15%).

In Mindanao the budget dedicated for health as expected in instable environment is more critical, but also Donor Support more intensive.

The EU-TA has given strong implementation support for AOP implementation, including the rationalisation plan, LGU scorecard, PFM plan implementation and support to CHDs. For Human Resources, TA supported preparation of HR components in the rationalisation plans, according objectives of the Service Pillar. The problem is the limitation assigned by DBM on personal services expenditure. The EU-TA also supports broadening ILHZ functions including monitoring and supervision; facilitates the accreditation of health facilities; to manage the use of common resources and facilitates the application of the PHIC bench book as a tool to improve the quality of services in health facilities.

Village and municipal drug outlets (Botika ng Barangay, Botika ng Bayan) increase rapidly but their regional distribution leaves much to be desired and re-supply is still difficult. Monitoring, supervision, and support systems, essential to assure follow up are lacking. Harmonizing licenses, accreditation and certification by BFAD and recognition by PhilHealth show little progress and jeopardize OPB.

What is more worrisome is that accreditation of health services and services within (DOT, MCP,OPB) move slowly and challenge the efficiency of the social insurance, notwithstanding EU-TA support. Equally alarming is the situation of the drug procurement and elevated drug prices (see PIDS and WB study).

EU subscribed to the four elements of F1, and equally invested in all, with a reserve for the delayed support to the Health service delivery pillar. But this supposed that the direction taken by the DoH was the right one, that health could be improved focusing on Financing, Regulation, Governance, and Health service delivery. For health service delivery, the DOH is implementing minimum service standards and using LGU scorecards to track progress, and they should translate targets.

To conclude, the EU-TA has invested huge capacity and succeeded in several provinces. The task has been taken up to different extent in each of the provinces, and on different thematic of the four pillars of FOURmula One for Health. This ascertains the capacity of the Provincial Health Teams to reach quality with support of CHD, LRIC (Local Reform Implementation Coordinators are national TAs) but leaves the opportunity not always used to replication where it did not work that well. The score is varying according to the developed theme and type of CB and varying in each province and LGUs, from excellent to non-existing.

In Mindanao the TA is based on the same principles and TA cooperated with HSPSP. Consultation of the base could have been better, to assure sustainability.

DOH is implementing minimum service standards and using LGU scorecards to track progress, and they should translate targets.

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<sup>60</sup> www.nscb.gov.ph, in April updated latest HA 2005-2007

**JC 2.1 Extent to which the design and start up of the HSPSP sector support instrument (including the mix and timing of Sector Policy Dialogue, capacity building, TA, etc.) was adapted to the political and institutional context**

**JC assessment:**

The HSPSP is fully consistent with the Poverty reduction EU development policy and is in accordance with the EU's commitment to the Millennium Development Goals. The HSPSP is implemented within the sector approach, pursued by GoP under its SDAH<sup>61</sup> strategy and is emphasising coordination and complementarity with donor partners as well as harmonisation of aid.

The programme was designed in the decentralised context, including the choice of mixing two financing modalities to provinces, BS with TF, based on the results of the EU- and WB-financed diagnostics: the sector analysis undertaken by the EU with a start up TA, concluded that significant progress was achieved in the areas of sectoral policy and strategy and donor coordination (strong donors-Department of Health cooperation on SWAp), and that PFM systems were strengthened along the lines of an overall PFM reform encompassing the improvement of medium term financial planning, public finance management and procurement.

All 16 provinces are at about the same level of programme implementation and suffer from the same conflicting policies and messages issued by the DOH and/or DBM at different times (MTR).

Programme fund releases and utilisation were low in 2007 and 2008. DOH and JAC considered that some provincial plans do not meet the quality requirements. Some provinces attributed the lack of LGU support for F1 and HSPSP to complicated administrative requirements.

Consolidation of DoH and PhilHealth' management capacity had to happen during the inception of HSPSP. DOH's stewardship of the PHIC was weak and not strengthened through the monitoring of PHIC performance against established indicators. PhilHealth had inadequate staff and managerial absorptive capacity to implement programme and policy recommendations generated by the technical assistance. At the time of the MTR and with the fee-for-service payment system in place, PhilHealth did not actively negotiate more reasonable prices with providers based on patient volumes. Still PhilHealth has not made the move to become a strategic purchaser of services and to come up with national fees for services.

Decentralisation in the Philippines resulted in the fragmentation of the policy development process with the central level being responsible for development of national policies and standards while local governments are held responsible for policy implementation. Support to HSPSP needs to take into account potential conflicting thrusts of the health SWAp and the ongoing capacity development for decentralisation. The GTZ has been working through decentralised structures including the newly created ILHZ with their boards and technical management committees to favour participatory decision-making processes at the local levels.

To address fragmentation in the delivery of services, DOH launched initiatives (the Health Sector Reform Agenda in 1999 and the F 1 in 2005) to increase LGU accountability for health sector results. It is implementing minimum service standards and using LGU scorecards to track progress. Through its regional level representation (CHDs) it supported LGUs to develop province-wide investment plans,

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<sup>61</sup> This is the GoP variant for SWAp

encouraging provinces and the municipalities within their boundaries to coordinate health planning and service delivery. In the context of increased national government budget allocation to DOH, the DOH is implementing public health grants to LGUs using performance-based approaches.

EU-TA support to the provinces became essential to re-establish communication lines between DoH, DBM, and the provinces in the context of the PFM reforms, and assuring the commitment of local government structures. The EU-TA supported the DoH-DBM MoA for DBM to monitor the PFM plan implementation of the 16 sites. Clarifications of reporting responsibilities between DOH and provincial governments have been included in the F1 Operations Manual for Convergence Provinces. Discussions with the World Bank and DOH about changes required for grant releases to the Trust Fund provinces and the associated financial reporting requirements delay finalisation of the Program Operations Manual (POM).

At the time of the MTR there was no sufficient sector policy dialogue involving local stakeholders. Many local health officials felt that the planning framework used by the DOH in the preparation of the PIPH and AOP was too narrow and highly focused on national health priorities. The first PIPH were somehow imposed in some of the provinces, probably to move on and to avoid blue sky rocketing.

Demand-based TA was provided to the LGUs. The EU-TA LGU PFM team designed coordinating arrangements between the LGUs and the DBM RO and supported reinforcement of the DBM role of PFM plan verification and oversight of the implementation of the planned activities. The formulation of a provincial FMIS was finalised in 2009 in close cooperation with the provincial PFM team.

Resource mobilisation: there was a general increase in participating PLGUs' annual budgets for health between 2007 and 2008, from 3% to 7%. These increases were on top of the HSPSP budget support to the provinces. LCEs appeared encouraged to step up local investments on health as a result of the programme.

For the MHSPSP there was a Start -up TA, in the six months Inception Period. The MTF is considered by the donor community the most significant and prominent donor coordination mechanism in relation to Mindanao's specificity. In non-ARMM areas grants were allocated to a Provincial Trust Fund, but still not provided. The TA works with municipal and community level service providers. In ARMM areas, a project approach is applied.

Regarding Donor coordination in Health: The JAPI, is a forum of partners in health, meeting twice a year to assess the progress of reform implementation and to advice on the planning for the succeeding year. The JAC, with donors EU, WB, ADB, GTZ, KfW, serves as an advisory body to DoH and the F1 provinces.

Although the start was slow and it took time to match sector budget support with the context of decentralisation, the TA has invested capacity and succeeded in several provinces. The task has been taken up differently and to different extent in each of the provinces, and on different issues. This ascertains the capacity of the Provincial Health Teams to reach quality with support of CHD, LRIC (national TAs) but leaves the opportunity not always used to replication where it did not work that well. The score is varying according to the developed theme and CB and to each province, from excellent to non-existing.

For the MHSPSP there was a Start -up TA, in the six months Inception Period. The MTF is considered by the donor community the most significant and prominent donor coordination mechanism in relation to

Mindanao's specificity. In non-ARMM areas grants are allocated to a Provincial Trust Fund, but the TA works with municipal and community level service providers. In ARMM areas, a project approach is applied. There are only complaints as in which degree the basis (stakeholder representing community) has been consulted.

**Indicator 2.1.1 Favourable entry conditions for budget support operations were in place at the time of design of SBS operations, in the actual decentralised context. (Specific aspects include reasonable health sector planning and management capacity and policy vision; e.g. ability to manage within budget constraints, ability to prioritize in line with MDGs and poverty-reduction agenda; ability to identify value for money in health care interventions).**

**Indicator estimate:**

The EU prepared the HSPSP initiative with PFM diagnostics in the health sector both at the central and PLGU levels in 2004. Results of the PFM' Diagnostic Study commissioned by the EU (for DOH, DBM and 8 PLGUs) and WB (for 9 PLGUs) led to the Identification of SBS provinces.

- 10 out of 16 provinces of HSPSP and DBM receive budget support
- All other provinces including MHSPSP receive financial support through Trust Fund

At the national level, HSPSP through its TA supported the GoP's efforts to improve public expenditure and PFM reforms to promote fiscal sustainability, effective and efficient resource allocation and government operations to ensure fiscal consolidation for sustainable good governance. Those reforms include a number of (pre)conditions for a functional SBS: a) Medium Term Expenditure Framework (MTEF), b) Effectiveness and Efficiency Review, c) Organisational Performance Indicator Framework (OPIF), d) New Government Accounting System (NGAS) and New Procurement Law; and e) the requirements of SDAH. In addition to the DBM, participation of other national oversight agencies like the National Economic and Development Authority (NEDA) and Department of Interior and Local Government (DILG) were enjoined in the programme<sup>62</sup>.

The budget of development partners is reflected in the annual health plans submitted to the Planning Office. Each Office applies the Expenditure tracking system. The health sector expenditure framework gives the forecast for needs in the different programmes.

The Health Care Financing Strategy paper as the official document to guide policy that applies to both central as well as local health financing programmes and activities was developed only by the programme and was essential in the SBS to the formulation of a multi-year health expenditure framework.

The CSP emphasised geographic disparities in poverty distribution and this seems still the case (see WB Health Sector review). For an effective SBS and in order to attain significant impact on the country's MDGs and National Health Objectives, the effective coordination at the national level and with the

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<sup>62</sup> A condition for SBS is the willingness of the partner country to use performance criteria and indicators for disbursements, and to take the lead on donor coordination.



provinces was not sufficiently in place and the funding release mechanisms to the LGUs with both WB and PFM procedures appeared too complicated<sup>63</sup>.

On the other hand it can be questioned if the existing uncertainties about new Financing Regulation and its implications, specifically about condition and methodology on how to ascertain capacity for applications of decentralised management were truly resolved<sup>64</sup>.

**Related facts, figures, references:**

1. The EC-PHILIPPINES Country Strategy Paper 2007-2013
2. ROM MHSPSP April 2009
3. EC, HSPSP Mid Term Review, December 2008.
4. Guidelines on the Programming, Design & Management of General Budget Support AIDCO DEV RELEX [http://ec.europa.eu/europeaid/what/economic-support/documents/guidelines\\_budget\\_support\\_en.pdf](http://ec.europa.eu/europeaid/what/economic-support/documents/guidelines_budget_support_en.pdf)
5. EAMR 2008\_1
6. EAMR 1\_2005
7. EC-TA Interim report 6, Feb-July 2010

**Indicator 2.1.2 EU programming documents as well as programme identification and formulation have taken context factors like political economy within the sector, (e.g.; within PhilHealth) etc sufficiently into account.**

**Indicator estimate:**

The HSPSP is fully consistent with the Poverty reduction objective of EU development policy and is in accordance with the EU's commitment to the Millennium Development Goals. The objective of the EU-Philippines CSP 2002-2006 is "to support the sustainable - economic, social and environmental-development of the Philippines". The CSP foresees that "EU support to a sectoral programme on basic social services, health or education shall be explored so as to contribute to the alleviation of basic needs of the poorest and increase co-ordination and complementarity with other donors".

The NIP 2005-06 emphasises "Support to the Health Sector to support the HSRA" and foresees that the EU support "could consist of sector budgetary support or other means of funding such as pool funding, use of EU procedures and in addition, international and local technical assistance in the health sector for up to 32-34 million at central and LGU levels" The proposed support responds to the reform objectives of the DOH and the government's commitment to poverty reduction and improved social services. There was a formal request from DOH to the EU to be its initial partner in negotiating more responsive and responsible health governance through a Sector Approach and (ii) the formal adoption of SWAp by the DOH, which aims at harmonising investments in health from donors, LGUs and the national government.

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<sup>63</sup> With need of **Harmonisation** of the Code of Conduct, constraints EAMR 2008\_1

<sup>64</sup> EAMR 1\_2005

Also the MHSPS Programme responds to the reform objectives of the DOH and to government's commitment to reduce poverty and improve social services.

The programme was designed in the decentralised context, including the choice of mixing two financing modalities to provinces, BS with TF.

The effective preparation of health sector budget support supposed:

- Good performance of public finance diagnostic, identified during a mission with co-operation from the Philippine Commission on Audit.
- Enhanced stakeholder coordination mechanism with strong donors-Department of Health cooperation on sector-wide approach.

The decision on the classification of PLGUs into BS or TF provinces was based on the results of the EU- and WB-financed diagnostics. The studies identified the current strength and weaknesses in the public finance systems, the reforms undertaken by the GOP, the PLGUs and related sub-national entities. Those found with relatively weak PFM were classified under the TF mode. The existing political situations at the LGU levels affecting the ease or difficulty of budget processes – planning, approval, execution and accountability reporting were also considered. The EU diagnostics 13 covered the DOH, DBM and 8 provinces while the WB study covered 9 provinces.

Budget support to provinces is released by DBM through (1) fixed tranches upon clearance of operational plans and (2) variable tranches based on performance. Performance criteria will be defined in the inception phase; they will be related to individual provincial plans and will focus on results in essential reform areas such as the share of resources dedicated to health, progress with facility rationalisation, the levels of PhilHealth enrolment, progress with PFM and procurement, the accreditation of RHUs, the availability of medicines and reproductive health supplies and the utilisation of RHUs. The EU will release consolidated tranches to DBM based on approved provincial plans and achieved performance.

Resources from the Trust Fund are released in accordance with World Bank procedures, using a reimbursement-type disbursement method until PFM systems in the concerned provinces improve.

Consolidation of DoH and PhilHealth had to happen during the inception of HSPSP. DOH's stewardship of the PHIC is weak and not strengthened through the monitoring of PHIC performance against established indicators. For example the management of the Sponsored Program is a key indicator.

To start with, PhilHealth had inadequate staff and managerial absorptive capacity to implement programme and policy recommendations generated by the technical assistance with the speed and precision required. Top management remained reluctant to take calculated risks or learn from relevant regional experiences in raising benefits or changing the provider payment mechanisms due to limited exposure and perspective. This situation slowed the pace of implementing the needed reforms in health care financing. The management support is too little, to push for consideration of recommendations from past and on-going studies to develop alternative benefit payment mechanisms, e.g., case-based reimbursement (case-based groups or CBG) with fixed cost deductible, contracting of providers for capitation-based services, bonus payments for rational health behaviour etc.

In spite of continuous TA support to PhilHealth, Philhealth is not sufficiently enforcing the policy of proper identification and enrolment of the real poor in the provinces. It relies on LGU governance with no incentives or control.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. EAMR 1\_2005
3. Financial Proposals HSPSP & MHSPSP

**Indicator 2.1.3 Phasing and design of Sector Policy Dialogue, TA, capacity building, resulted in improved conditions when SBS funds were actually transferred. (Specific areas of concern include strategic and operational planning and budgeting; start-up TA; revenue / resource mobilisation and collection; funds management; drugs procurement, inventory and warehousing systems; internal audit and reporting systems).**

**Indicator estimate:**

The HSPSP is consistent with the EU/Philippines CSP 2002-2006 which foresees that "EC support to a sectoral programme on basic social services, health or education shall be explored so as to contribute to the alleviation of basic needs of the poorest and increase co-ordination and complementarity with other donors". The programme also responds to the reform objectives of the DOH under its HSRA, and to the government's commitment to poverty reduction and improved social services.

The HSPSP is implemented in accordance with the sector approach which is pursued by GoP under its SDAH<sup>65</sup> strategy and is emphasising coordination and complementarity with donor partners as well as harmonisation of aid.

**Technical assistance:**

The sector analysis undertaken by the EU<sup>66</sup> concluded that significant progress was achieved in the areas of sectoral policy and strategy and donor coordination, and that PFM systems were strengthened along the lines of an overall PFM reform encompassing the improvement of medium term financial planning, public finance management and procurement.

Based on this information the EU provided started up technical assistance for planning and PFM,

At the local level, PFM activities were determined in consideration of the PLGUs' different levels of development, resource availability, absorptive capacity and competence. Specific interventions are defined in line with the devolution concept and the SDAH and spelled out in a MOA and SLA between the Department of Health and the concerned PLGU. To ensure that PFM improvements at the local level were in line with national/central level reforms, the DBM was expected to play a crucial role particularly in capacity building of PLGUs and their component LGUs in PFM. Its specific undertakings, in line with its oversight functions were spelled out in the April 15, 2008 MOA it signed with the DOH. Important factors for implementation were and are the DOH organisation and personnel rationalisation plan (still pending

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<sup>65</sup> This is the GoP variant for SWAp

<sup>66</sup> EC -funded Public Finance Management Diagnostic Mission, and programme Formulation Mission.

approval/implementation with the DBM). The then newly created Management Services Division under the Finance Service, still not operational in 2008; and the DOH PFM work and procurement plans was continuously delayed for approval after several revisions.

For the MHSPSP there was a Start -up TA, in the six months Inception Period from 28 January to 27 July 2008.

In 2009 the ROM identified following problems to be solved:

- To increase timeframe and budget to respond to the time lost.
- Clarification of use of EU funds for infrastructure community health infrastructure facilities under the EU grant contribution
- To DOH: Circulating application process to cover eligible project-related expenses. Facilitate smooth application procedures to avoid further implementation bottlenecks.
- To TAT & WB: resource flow schedule illustrating the interdependencies between TA supported activities and the grant contribution as well as the specific timelines within which funds should be made available.
- To TAT: Assessment of provincial municipal linkages for grant money flow to front line staff/PHC

**Funds release:**

Budgetary support and resources from the Trust Fund are released in accordance with plans to be developed by the provinces and appraised according to pre-determined criteria, by a multi-donor Joint Appraisal Committee advised by DOH and Local Government representatives.

Delays in initial fund releases in the HSPSP were experienced due to the following: a) lengthy processes involved in complying with the requirements for programme fund disbursements; and b) an observed lack of levelling of understanding of the programme implementation operational procedures. In addition, insufficient attention was given to tap and develop the potentials of the CHDs and DOH Reps in programme coordination and monitoring. As a result, the desired PFM and PFM-related intermediate results were not realised within the time frame specified in the Financing Agreement. The dampened enthusiasm and support of LCEs and other programme stakeholders was likewise observed in the MTR.

As a result Programme fund releases and utilisation was very low in 2007 and 2008. Of the PHP 1,042 million allocated for the programme in 2 years, only PHP 216 million (21%) was released to PLGUs as of October 31, 2008. Total funds disbursements/utilisation was reported at PHP 44 million, equivalent to only one fifth of the total funds received or 4% of total allocations for 2 years. In terms of the overall programme, funds received and utilisation by the PLGUs were equivalent to a low 12% and 2.5% of total programme allocation, respectively. Fund expenditures had been limited to the use of DOH counterpart funds due to imposed restrictions on the disbursement of EU funds, i.e., although funds had been released, disbursement was put on hold pending clearance from DOH CO or WB which were still not received at the time of the MTR team's provincial visits. At that time there was no reported utilisation of EU grants released in all the 16 F1 provinces.

According to senior development officials, systemic impediments of fluent disbursement from DBM to DoH were at the base of many of the transfer problems and delays, including in the designated DoH component from EU of 1 Million, now 20 months inactive.

The Mindanao TF is already the 3rd experience with grants, but remains a problem. But fewer problems could be expected when moving to BS. For a good functioning BS, some existing (and blocking) policies need to be analysed and solved.

Some provinces attributed the lack of LGU support for F1 and HSPSP to complicated administrative requirements. DOH and JAC consider that some provincial plans do not meet the quality requirements. The TA has stepped up assistance to the provinces in the preparation of the different plans (AOPs, Training plans, Procurement plans, Rationalisation plans) and advocating for closer communication between DOH – LGUs. The TA has provided an AOP Appraisal tool for DOH/JAC/EU to help make the process more objective and efficient. If such scheduled approval was achieved, funds would have been available for the AOP 2009 by mid-2009 (to check).

The monitoring of SLA 2007 and JAC Conditions for fund release became the focus of LRIC work. Often LRICs had to move the process forward through the different actors in the LGU and the CHDs providing support to the provinces. The MTR suggested JAC authorisation of multi-year budget be based on PIPHS and non-involvement in annual budget reviews and approvals

### **Recapitulation**

Strengthening of the DOH PFM was seemingly at a standstill for reasons which include the following: a) non-approval to date of the DOH personnel rationalisation plan; b) delays in the approval of the DOH PFM work and procurement plans; c) DBM's positive role and participation had not been well defined and felt at the levels of the DOH CO and even more so at the CHD level; and, d) the concentration of TA on "assistance to transactions" at the DOH CO rather than on the improvement of PFM systems.

The TA has incorporated into its workplan the MTR recommendations and in November 2008, the TA presented and got approval for a reallocation of TA resources to enable the TA team to increase its responsiveness to Program demands, following changes in internal reorganisation by which the directors of the bureaus of International Health Cooperation, Health Policy Development and Planning and Local Health Development.

### **Internal audit**

Resource constraints of the LGU internal audit unit prevented LGUs from legally setting-up the office with the desired personnel being complemented, and attendant the operational budget support. The provinces indicated that the establishment of IA is of high priority and a pilot of 3 provinces was underway at the time of the MTR.

The TA prepared and delivered a training module for DOH personnel to strengthen DOH Internal Audit Service; workshops have been held in January 2009 with the objective of the DOH to be able to identify the key environmental, organisational, empowerment and financial risks. Attended by over 250 managers from the Central Office, CHDs and DOH hospitals, the DOH has become the first government agency to establish a comprehensive risk matrix in order to be able to identify and mitigate these risks.

The active participation/involvement of the COA in the improvement of the audit functions within the DOH and the LGUs helps building internal audit capacities at the central and LGU levels. COA participated in this programme component.

DBM has significantly moved to address the LGU PFM issues through developing capacity in regional DBM offices, and to cover internal controls, and audit, M&E monitoring and supporting the LGU PFM processes.

Note: In the TF provinces, WB has its own set of rules and regulations to ensure fiduciary accountabilities of grant recipients. This includes the requirement for independent audit of grant financed transactions. But it is this same regulation that impedes smooth payment because apparently fiduciary capacity is weak.

### **Monitoring**

At national level the EU-TA is supporting the BIHC in developing the SDAH architecture, including an Information System for Donor mapping, the Donor scorecard (with the addition of the Central office scorecard in the Transitional phase, which tool and results are to be presented by the HPDPB in the ME3 conference on September alongside other scorecards).

### **Resource mobilisation:**

There was an **observed general increase (from a low of 3% to a high of about 7%) in participating PLGUs' annual budgets** for health from 2007 to 2008. These increases were on top of the HSPSP budget support to the provinces. LCEs appeared encouraged to step up local investments on health as a result of the programme.

In the visited Provinces the dedicated budget to Health for 2010 is on an increase, examples were seen of 18 and 25% for 2010. Municipal budgets seen during the exercise in Mindanao are on increase to 10 and 13% (the target for LGU scorecard is 12-15%).

The LGU's need for focused assistance in developing their capabilities for revenue generation to support increased investments is given by TA in Capiz and Oriental Mindoro.

It is also expected that with the EU-HSPSP support, quality services lead to increased incomes for facilities that can be improved even further if incomes are retained by the facilities, eventually trickling down to health providers.

### **Related facts, figures, references:**

1. ROM MHSPSP April 2009
2. EC, HSPSP Mid Term Review, December 2008.
3. MHSPSP INCEPTION REPORT FINAL 160209
4. FA PRJ163032 Health Sector Policy Programme
5. InterimRep3 Final Submitted to EU 7Apr09
6. EC-TA Interim report 6, Feb-July 2010

**Indicator 2.1.4 EU SB development was effective in existing donor landscape and given EU provision of SBS.**

**Indicator estimate:**

Several mechanisms are in place to ensure proper coordination within the SDAH, among others, the Health Partners Forum, providing a venue for monthly dialogue with government and development partners on new policies, research and emerging health outcomes; the JAPI<sup>67</sup>, a forum of partners in health, meeting twice a year to assess/review the progress of reform implementation and to advise on the planning for the succeeding year; and the JAC, with active participation of key donors such as the EU, WB, ADB, GTZ, KfW, intended for the review of health investment plans in the 16 provinces selected by the government for advanced implementation of health sector reform; the JAC serves as an advisory body to DoH and the F1 provinces with regard to plan preparation (e.g. PIPHS/AOPs), approval, revision and donor commitment.

EU has an active role in the Health Sector coordination; government-donors' joint review of the HSPSP health sector programme (JAPI); co-chairing of the Health Working Group of the PDF<sup>68</sup>; membership in the Country Coordinating Mechanism of the Global Fund; participation in the civil society's network on Avian Influenza; participation in the 8th Health Research for Action National Forum; reactor at the Annual DOH Staff Meeting.

In line with the adoption of the sector-wide approach, the DOH has assumed full leadership of donor coordination. As a result, most donors (JICA, UN agencies, USAID), apart from the EU, WB, GTZ, ADB, have begun aligning their support with government's reform objectives.

Nevertheless the SWAp is not fully implemented through budget support by most of the partners, who are still working within the procedural constraints, earmarked budgets and programmatic priorities of their reciprocal governments. The Spanish Cooperation has been the first to clearly join the SBS with the EU. The SWAp is mainly apparent in enhanced TA coordination with most partners focussing their priority for the MCH. It is high priority for JICA/AusAid and the technical agencies UN and USAID. According to DoH, the budget of the development partners is reflected in the Plans (AOP) for use in the Planning Office.

As an additional measure to support the SDAH, and as a specific request from DOH, the EU-TA submitted in January 2009 a draft for a Donor's scorecard to assess donor's contributions to the sector wide approach that the DOH intends to put into use in the first semester of 2009.

The TA contributed to the enhancement of the Philippines National Health Accounts (PNHA). It has provided inputs for the update, referring to 2006, but despite DOH and TA contributions, the PNHA 2006 have not yet been officially released at the end of September 2008.

In Mindanao alignment was enforced with the TA mapping exercise for MHSPSP, supported by the EU through its Start Up TA. Coordination in Mindanao is further served by the Mindanao Working Group

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67 The initiation of joint donor-government assessment and planning exercise took place in October-November 2005 with the formal establishment of a Joint Appraisal Committee (JAC)

68 At the inter-sectoral level, donor coordination is also facilitated by the Philippine Development Forum (PDF), who's MDG and Social Progress Working Group (co-chaired by the EC) is particularly active.

(comprised of major donors including the EU and some EU MS supporting the region or planning to do so, representatives from relevant government agencies at central and local levels and NGOs). The MTF (Trust Fund) is considered by the donor community the most significant and prominent donor coordination mechanism in relation to Mindanao's specificity. The EU will play a key role among donors in the policy dialogue and strategic orientation of the SDAH under the overall leadership of DOH.

Although the EU is one of the manifolds of partners contributing TA, it is the most comprehensive one within the DOH Technical Assistance Coordinating Team (TACT).

Thus the EU-TA support has been complex, being a support to the large range of systems in the health sector and systems and sector-wide in a coordination of TA support and other development partners. The TA team comprises a large range of advisors on PFM and Health financing, governance, health services delivery (started with delay), health regulation, drugs and quality initiatives.

The TACT has been created to assure coordination amongst technical assistance of development partners and align their programmes to DOH. But the TACT is not a policy instrument. The EU-TA team was recommended by the MTR to rethink their present and future role in health policy, together with identified implementing partners.

The TA TACT in a meeting on 1st August 2008 moved to a more effective reporting system and agreed on discontinuing monthly activity reports by long term experts, considered to have been too much activity based, and switched to a more efficient system in the format of a quarterly report in a one-day meeting of the TACT and the TA team. The reporting system in place is as follows:

- 6-monthly interim report to TACT and ECD with Impact chain and progress towards indicators (this report)
- Quarterly report to TACT with a discussion of progress at mid period and necessary adjustments
- Ad-hoc reports from STE as required

**Indicator 2.1.5 Institutional arrangements, reporting mechanisms and objective indicators in place for central authorities to monitor provincial performance with reference to national and international policy commitments.**

**Indicator estimate:**

A lot of progress has been made in the sector policy dialogue. But there was still a need for debating with developing partners about DOH's role as main technical safeguard and steward of public health, and to monitor provincial performance with reference to national and international policy commitments.

The SDAH sets the framework for coordinated action toward health reform implementation and prescribes DOH's leadership over the policy framework, within which donors are asked to operate, including the establishment of a joint M&E framework and the use of the Health Sector Expenditure Framework (HSEF) as a basis for the financial planning of government and donor activities. According to DoH the HSEF is used to forecast for needs in different programs, and to integrate funds in line with the health sector.



The EU-TA has the Terms of Reference of the Policy, Planning and Budget Development Committee with a view to reactivating and further strengthening its role in resource allocation and monitoring financial performance for the department, including CHDs and hospitals. The draft has been considered by the Finance Service and the Health Policy Development and Planning Bureau.

The EU-TA supported the DoH-DBM MoA in order for DBM to monitor the PFM plan implementation of the 16 sites.

The change within DOH counterpart for fund processing resulted in amendments in fund management from National Systems Strengthening Health Reform Program (NSSHRP). The NSSHRP Manual has been revised in respect of reimbursing DOH counterpart funds and submitted to the WB for their concurrence.

Therefore changes were drafted by the TA for the financial management chapter of the POM to make the POM more user-friendly and to ensure proper dissemination.

Also clarifications of reporting responsibilities between DOH and provincial governments have been included in the F1 Operations Manual for Convergence Provinces.

The arrangements for the fund release process for civil works to budget support provinces have been included in the draft revision of F1 Operations Manual. However it has not been possible to complete the chapter since discussions between the World Bank and DOH were continuing in relation to changes required for grant releases to the Trust Fund provinces and the associated financial reporting requirements. Discussions are focused on whether there is a need to change the grant agreement prior to process finalisation.

To address the extreme fragmentation in the delivery of services, DOH has launched initiatives (the Health Sector Reform Agenda in 1999 and the F 1 in 2005) to increase LGU accountability for health sector results. It is implementing minimum service standards and using LGU scorecards to track progress. Through its regional level representation (CHDs) it has supported LGUs to develop province-wide investment plans, encouraging provinces and the municipalities within their boundaries to coordinate health planning and service delivery. Finally, in recent years, and in the context of increased national government budget allocation to DOH, the DOH is implementing public health grants to LGUs using performance-based approaches.

The LGU scorecard, along with other F1 scorecards, was the subject of support by the EU-TA under clear DOH direction. The MTR proposed to revise the HSPSP log frame indicators in relation to the ME3 and LGU scorecard indicators to be able to better assess HSPSP achievement of results and to expand data collection for M&E beyond the LGU Scorecard and to develop a set of progressive LGU-specific performance targets forming the basis for SLAs and that clearly lead to the program objectives using the ME3 69 Framework and LGU scorecard to determine the variable tranche (source DoH).

Insufficient attention was given previously to the potential role of the CHDs and DOH Representatives (DOH Reps) in programme implementation and monitoring. The CHDs and DOH Reps need proper trainings before they could do a better job at screening the AOPs and supporting documents prior to their endorsements to DOH CO and the JAC.

Ownership of the LGU scorecard by provinces and CHDs has increased, both using the scorecard in program reviews for annual planning. The LRICs within the EU-TA have been instrumental to reach this, and continue to be in the EU roll-out provinces, as seen in Compostella Valley.

DoH monitoring and communication with the F1 implementation in the provinces was rather weak; EU has posted LRIC for this purpose. In addition, insufficient attention was given to tap and develop the potentials of the CHDs and DOH Reps in programme coordination and monitoring. As a result, the desired PFM and PFM-related intermediate results were not realised within the time frame specified in the Financing Agreement. The MTR suggested they could play important roles in monitoring performance for triggering financial flows to the provinces.

The TA has reacted to the proposal and as a result the LGU scorecard, PFM plan implementation and support to CHDs receives greater emphasis from the reform implementation officer and coordinators.

In the area of support to the Sector Development Approach to Health, the TA had produced a draft for a Donor's scorecard to be part of the ME3 monitoring system. The preparation of a planned Local authorities' survey on the progress of the health reform has been postponed at the request of BLHD.

Regarding PhilHealth, the EU-TA has contributed to the preparation of the implementation phase, designing the contract, targets, monitoring schemes and capitation fund for the pilot phase, concluded in November 2008, to the reform of the outpatient packages. The pilot is conducted in four sites: Dagupan City (Pangasinan), two municipalities in Mountain Province (Sagada and Besao), the entire Biliran province and one DO Plaza ILHZ in Agusan del Sur. It would start in April 2009 and run for a year before is evaluated and eventually roll out. Permanent staff of PhilHealth headquarters is developing the software that will monitor the implementation, following the guidelines of the technical work supported by the program.

The MHSPSP-Ta feels that only improved information systems can lead to framework for HIS M&E I relation to rationalisation processes. The MSPSP has no budget for support to CHD for a sector-wide monitoring and performance measure, only for municipal level.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.
3. MHSPSP INCEPTION REPORT FINAL 160209
4. Interim Report3 EU TA-HSPSP, 7Apr09
5. MSPSP 4th six month plan and report July 2009-Jan 2010

**Indicator 2.1.6 Conditions in place for combination of SBS with other instruments such as General Budget Support, pooled funding, Trust Fund, project support, regional and global programmes, thematic budget lines.**

Distinction of BS and TF was based on PFM diagnostics leading to the WB using government procedures with some modifications/extras.

According to the MTR there was no obvious difference in financial performance between BS and TF provinces. There has been a lack of logic or arbitrary choice of BS/TF province as apparently the highest ranked became a TF province.

And “there is not much differentiation between budget support and trust fund provinces in terms of programme implementation. All 16 provinces are almost all on the same level of programme implementation and suffer from the same conflicting policies and messages issued by the DOH and/or DBM at different times as the whole process has been evolving.

Budget Support, BS provinces and WB TF provinces face the same degree of delays. PIPH approval faces delays when CHD not totally aware of all F1 implication revise the PIPH plans. In MHSMP still no EU budget through the WB TF has been released (equipment delayed for services).

Regardless of the financing mode, HSPSP provided a combination of TA and financial support to both local and central governments in undertaking preparatory programme activities. These included the development of PIPHs and the programme operations manual, among others. Budget support (BS) to 10 provinces amounting to € 12.5 million and managed by the DOH and DBM and an amount of € 1 million for oversight PFM reforms led by DBM; and TF arrangement administered by the WB to support 6 PLGUs and reforms in the DOH amounting to € 5.5 million and € 1 million, respectively. The problem is for example (source: development partners and EU-TA) is that expenditure of the Million Euro grant to the Department of Health has not yet occurred. Although the internal audit service is ready to conduct training activities it cannot proceed because the SARO (Savings Allotment Release Obligation) has not yet been re-issued. Likewise, some procurement packages cannot be awarded due to same issue. As a conclusion funds are not being used effectively or efficiently.

The WB policies and procedures are straight forward and as such, easier to understand, continued in future transactions, and allow for higher procurement threshold and flexibility. The WB required independent of grant-financed transactions ensures fiduciary accountability of TF provinces and likewise addresses financial discipline concerns.”

The MHSPSP is well inserted within the mid-term policy priorities of the EU and the DoH.

In the MHSPSP the ROM commented that TA & WB need to draw up a resource flow schedule illustrating the interdependencies between TA supported activities and the grant contribution as well as the specific timelines within which funds should be made available. And TA to prioritize an assessment of the provincial-municipal linkages required for the grant money to flow towards the health delivery front line staff and, if weaknesses or disparities exist, design TA activities to strengthen such linkages.

In Mindanao the linkage between MTF and MHSPSP, and even ARMM provinces' programmes are happening through experience exchange with the EU-TA facilitation, and exchange of local staff, eg LRICs original from neighbouring provinces leading to cross-fertilisation. This includes the work done on GIDA and indigents.

**Related facts, figures, references:**

1. ROM MHSPSP April 2009
2. EC, HSPSP Mid Term Review, December 2008.
3. MHSPSP INCEPTION REPORT FINAL 160209

4. Interim Report3 EU TA-HSPSP, 7Apr09
5. 5. DoH FIMO, PIPH Nationwide roll-out, Moving Forward 2009, F1 implementation full speed ahead 2010

**Indicator 2.1.7 Implications of decentralisation (1991 Local Governments Act) taken fully into account in designing HPSP. (Implications of special concern cover those for strategic and operational planning and budgeting; revenue / resource mobilisation and collection, funds management, and procurement).**

**Indicator estimate:**

The health sector reforms are consistent with global trends towards universal health insurance coverage, decentralisation of service delivery, and strengthening the stewardship capacity of Ministries of Health (DOH in the case of the Philippines).

Decentralisation in the Philippines has resulted in the fragmentation of the policy development process with the central level being responsible for development of national policies and standards while local governments are held responsible for policy implementation.

DOH looked to improving its policy development process since policy and standards development is a primary function of the Department. To this end, DOH is supporting five initiatives towards improving its policy development system, namely: a) improving activities in each steps of the policy cycle (i.e., agenda setting, policy formulation, policy implementation and policy monitoring and evaluation); b) institution of knowledge management strategies; c) integrating health information including monitoring and evaluation or ME3; d) strengthening policy networks; and e) conduct of health research.

Support to HSPSP should take into account potentially conflicting thrusts of the health SWAp and the ongoing capacity development for decentralisation. The GTZ has been working through decentralised structures including the newly created ILHZ with their boards and technical management committees to favour participatory decision-making processes at the local levels.

Decentralised structures cannot function properly without the awareness and commitment of local government structures. The establishment of functioning decentralised structures and services is a long-lasting process needing much time. The most important core stakeholders are the LGUs who need more advocacy and technical assistance in the longer run. The MTR comments that because of a highly centralized approach to the review and approval of the plans and delays in the releases of the programme funds, the provinces were not able to show much progress in terms of programme implementation.

Also regarding the PIPH, with DOH intervening in the PIPH, the priorities reflected in some provinces are no longer theirs, but those of DOH.

It is important to note that Health Services' Quality improvement has a strengthening impact on the decentralisation process.

Reform initiatives start to address some of the deeper structural problems in health services financing and delivery, namely: the continuing low levels, fragmented nature, and inequity, and inefficiency in terms of outcomes and financial protection of health spending. Improve PFM particularly needs strengthening fiscal discipline, allocative efficiency, and operational efficiency. A major output for this

component is the institutionalisation of the PFM Reform Strategy through the issuance of a Department Order in October 2009 based on the recommendations contained in a strategic review of the public finance management reforms in the DOH, CHDs and hospitals, and the installation of a Program Planning and Budget Development Committee. Many of the recommendations relate to budget preparation and the incremental move towards the GOP's wider reform strategies of a multi-year budget framework and results-oriented budgeting.

But the implementation of major reform initiatives within the timelines stated in the DOH PFM Reform Strategy will be significantly influenced by the timing for implementation of recommendations in the DOH rationalisation plan.

Support to the CHDs will need to be planned and resourced to ensure the PFM reforms initiated at the central DOH level are rolled out to all DOH bureaus as well as the retained hospitals.

The Health Sector Expenditure Framework has been developed without an overarching MTEF from the DBM. This is still a task for PFM reform.

The LGU PFM team has been interfacing with the DDBM RO network. The EU-TA LGU PFM team designed coordinating arrangements between the LGUs and the DBM RO and supported reinforcement of the DBM role of PFM plan verification and oversight of the implementation of the planned activities. This was done on demand-base to TA provision to the LGUs. These range from requests for support for the conversion of individual provincial hospitals to economic enterprises to universal support to all provinces supporting the establishment of internal audit services and establishment of M&E functions. TA requirements are in accordance with the PFM work plans.

PFM plan implementation monitoring: The formulation of a provincial FMIS was finalised in first quarter of 2009 in close cooperation with the provincial PFM team reporting frequently to a provincial steering committee on issues and progress. The PFMA Assessment tool is accepted as a model by DBM, and validated at LGU base line. Further refinement is ongoing.

As a conclusion it can be said that HSPSP has laid strong basis for system improvement in the 4 pillars in the F16 provinces. Demand based TA led to developments of different levels of advance in the different provinces. Advance provinces could trigger replication initiatives, but this exchange and communication needs interregional DoH facilitation and cooperation, especially for F15 and F44 roll out.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
3. Support to Health Sector Reform and Population Management Program, GTZ Dec 2007
4. Interim Report3 EU TA-HSPSP, 7Apr09
5. EC-TA Interim report 6, Feb-July 2010

**Indicator 2.1.8 LGUs and other relevant actors (e.g. PhilHealth) also involved in donor-DOH Sector Policy Dialogue.**

**Indicator estimate:**

Regardless of the financing mode, HSPSP provided a combination of TA and financial support to both local and central governments in undertaking preparatory programme activities. These included the development of PIPHs and the programme operations manual, among others.

Ownership of programmes assures their sustainability. The first PIPH were somehow imposed in some of the provinces, probably to move on and to avoid blue sky rocketing. In the extension provinces the process seems to be run better.

Many local health officials felt that the planning framework used by the DOH in the preparation of the PIPH and AOP was too narrow and highly focused on national health priorities.

With TA support the development of the Health Care Financing (HCF) strategy was concluded and updated with contributions from external partners and then submitted to DOH and PhilHealth officials for final comments.

At the time of the MTR there was no sufficient sector policy dialogue involving local stakeholders. Even with the fee-for-service payment system in place, PhilHealth does not actively negotiate more reasonable prices with providers based on patient volumes. Still PhilHealth has not made the move to become a strategic purchaser of services and to come up with national fees for services.

EU-TA and WHO have been working together with PhilHealth on case-based payments, tested and introduced in selected hospitals, but this reform will take years beyond the current HSPSP. Currently a test is done with facilities using less than 30 case rates as reimbursement tool.

The TA supported health financing related policy-making and implementation through promoting further reforms on DOH spending and on PhilHealth provider payment mechanisms. And the TA enhanced technical capacity at provincial level though supporting health financing related initiatives included on PIPHs. A STE was jointly mobilised with GTZ, to prepare a route map for introduction of case-based payment.

In 2008 the DOH underwent an internal reorganisation by which the directors of the bureaus of International Health Cooperation, Health Policy Development and Planning and Local Health Development - three bureaus directly involved in Program implementation - were replaced, needing extra input from the TA.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.
3. Interim Report3 EU TA-HSPSP, 7Apr09

**JC 2.2 Extent to which the EU strategy including but not limited to SBS resulted in improvements related to selected major systemic issues.**

**JC assessment:**

The EU-TA supports broadening ILHZ functions including monitoring and supervision; facilitates the accreditation of health facilities; to manage the use of common resources and facilitates the application of the PHIC bench book as a tool to improve the quality of services in health facilities.

Different provinces have different degree of ILHZ implementation of different quality and depth (none has yet legal entity). The same accounts for bulk drug purchasing with transparent tender mechanisms (this can be province wide and/or ILHZ wide) and for the LGU's capacity of developing the rationalisation plan. Much is related to LGU's management capacities (eg Provinces can choose between the alternatives of closing a hospital or make it working by better management). As a result the choice within the provincial plans is not always straightforward.

Drugs account for 67% of costs, staff for 19%, investment 5%. It would be useful to reduce consumption but there is no demand management, and there is huge variation in drug prices.

The availability of essential and generic medicines in the public sector is low and procurement prices in most LGUs are too high (WB). GPPP at the local level supported by the EU-TA could improve efficiency and performance of pharmaceutical supply management systems starting from more focused selection of essential medicines through transparent and cost efficient procurement to effective, rational use.

The central Government implements two programmes for cheap drugs, namely the BnB and P100 (in hospitals). The P100 scheme has a limited a list of medicines and is limited to few outlets (public hospitals) to have a significant impact. The scheme, like BnB, faces problems with re-supply from PITC Pharma. Some LGU hospitals are buying branded generics at 13-40 times of the international reference prices and originator brands at 60-70 times the reference prices.

The PhilHealth OPB reform is supposed to lead to greater access to cost-effective primary care. The EU-TA has designed an OPB package, identified pilot sites and a route map for Case based payment in 2008 in partnership with GTZ health project with a plan for the introduction of DRGs. According to DoH, the OPB is far from comprehensive. The patient needs more in the Universal Health Care Package. The pilots for OPB are not yet approved. In 2008, 63 percent of PHIC (PhilHealth) users reported claiming the already limited package of ill-known benefits, and only 44.4 percent of PHIC members needing care actually availed of PhilHealth benefits. Weak benefit delivery is a major issue for PHIC to confront.

The EU-TA supported in the last year, the preparation of a PHIC Board resolution increasing premiums and benefits, the development of a pro-poor budgeting scheme for drugs for retained hospitals, and the support to the preparation of the legislative agenda that will accommodate the new policy frame.

Improved financial protection through PHIC inpatient package should lead to decreased % of OOP as a source total hospital income in the 10 pilot hospitals. Some progress has been made as PhilHealth is reimbursing the P100 drugs in provincial hospitals and only if the patient is admitted, but with the knowledge that stock-outs and very slow-moving (low consumption of P100 drugs) are identified.

This major step towards the reform to a provider payment mechanism implementing the CBG is still not introduced to date. At the end of the HSPSP, it is expected to have a roll out plan preparing the full implementation of the CBG system for the first batch of hospitals. It is important to note that such reform will take several years before it is widely implemented.<sup>70</sup>

Enrolment has slightly increased during the period. This increase has not been matched with appropriate enrolment of the truly poor. The roll out of the NHHTS has now reached 10% of the country, according to DoH. PhilHealth inadequate policy and time-consuming tools prevent it. EU-TA has invested a lot into PhilHealth. But it seems that CB is not enough, a political will and clear decision lines seem missing. PhilHealth appears self-engrossed.

According to DoH, consumer awareness had to be a logic follow up of a responsiveness survey done with WHO in 2000. But the Administrative Order of 2007 on feedback mechanisms and client participation policy has not been enforced. It needs BLHD to submit to the CHDs.

The MHSPSP is mapping LGUs undertaking formal poverty mapping to assist the MLGUs to identify true indigent families and enrol them in PhilHealth. MHSPSP seems on track re-focusing more than design indicated, on community, poor, IPs in GIDA. MHSPSP is working in sustainable way on establishing the baseline for future Rat-plan and health information services (base also for scorecard, AOP and PIPH, and OOP).

For Human Resources, TA supported preparation of HR components in the rationalisation plans. After a HRH summit, three legislative bills were presented: the institutionalisation of the HRH network, a bill on residency training, and a wages bill. All have been filed in the House of Representatives. Also as a consequence of the summit, the Professional Regulations Commission has adopted a resolution to have competency based licensure exams for all 11 health professions.

LRICs continued to provide support for the "Support to Human Resource Management in Local Health Systems" through the implementation of rationalisation plans which had been incorporated into the 2010 AOPs; these include support for HRH unit activities at the provincial level. The rationalisation plan implementation guidelines include the local response to the impact of the rationalisation plan on local health human resources, with the identification of an HRH unit in the priority provinces with consistent support from the provincial, city and municipal human resource units. But numerous requirements like procurement of equipment and other goods and commodities, influence programme implementation to build the capacity of HR to fulfil quality of Reproductive Health.

The challenge is the DBM' limitations on the personal services expenditure, by which not all facilities are able to have the recommended number of health professionals as well as the recommended level of health care services, thereby failing on health care service provision. It is a requirement of the

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<sup>70</sup> 19 pilot hospitals have been trained. PHIC is intending to start paying hospitals based on case mix in 2012



Government of the Philippines that the LGUs establish IA function. EU-TA provided STEs both in the area of M&E and IAS .

Most provinces have identified M&E as an area where improvement is needed. Externally funded activities (projects/programs) have an M&E function inbuilt, but the provinces did not have an M&E function for their entire portfolio of development activities. The outcome of this exercise could be used in other provinces. DBM has developed its own strategy for strengthening its involvement in the capacitating of the LGUs' PFM. This involves an expansion in coverage of the technical involvement of Regional Offices' DBMs, where today they are only monitoring the budgeting process, towards a more active involvement in Monitoring and Evaluation and IAS. The active participation/involvement of the COA in the improvement of the audit functions within the DOH and the LGUs helps building internal audit capacities at the central and LGU levels. Accountability within DBM was improved with the involvement of the COA. The audit functions in the DOH and the LGUs improved at the central and LGU levels.

The EU-TA prepared and delivered a training module for internal audit personnel on the theory and practice of this approach and in liaison with the Internal Audit Service designed an orientation and awareness program for DOH managers in the DOH Central Office, CHDs and DOH hospitals , with developed tools and mechanisms to implement a risk-based approach to internal audit with a Risk-based Training module and a DOH Internal Audit Manual for risk-based audit developed (completed by TA June 2009, still not by DoH). It could be done if DBM issued a Notice of Organisation, Staffing, and Compensation Action (NOSCA) for concerned DOH Division, but DBM did not issue the NOSCA. As a result, the internal audit manual is still in process of being completed by DOH for utilisation by Internal Audit Staff.

The MHSPSP developed plans to assist CHDs and ARMM to strengthen health human resources management and develop HR plans, with attention for retention strategies and focusing on BEmONC and CEmONC.

The AOPs have become effective and realistic working documents and contribute effectively to PIPs. The EU-TA developed a tracker of progress in the preparation and approval of AOPs and supplementary plans, a tracker of performance relative to indicators of the different provinces in the Service Level Agreements, and a tracker of progress in preparation and approval of provincial rationalisation plans. The F16 provinces had their 2010 AOPs approved in December 2009, and they included implementation plans for health facilities rationalisation. They also benefited from additional DOH funding for health facility enhancement and BEMOC improvements in RHUs and BHSs.

But development partners claim that in spite of all external interventions not much has changed. The same structural problems within DBM and DoH impeding smooth execution and transfer of funds.

In Mindanao (MHSPSP) municipal focal persons are appointed as part of the project's task force. They are enrolled health staff who are fully involved in the direct implementation of activities. This assures good levels of ownership and puts planning and implementation in line with the LGU priorities. On the other hand still in Mindanao, the EU project was identified without consulting the DoH-ARMM and FIMO (Field Implementation Management Office) which could harm sustainability. In Mindanao two organisational systems coexist: a centralised system in ARMM under the Regional Secretary of Health, and a devolved systemic non-ARMM, where Health Management in the LGUs is with the Mayor as Chief Executive Officer of Health and mayor support to the governor for the provincial plans. DoH is

responsible for advocacy and lobbying and limited regulation (compulsory disease reporting), CHD gives technical support and advocates on implementing government policies and providing reports (through PHDO, Provincial Health Team Leader - PHTL and DOREPs).

Following ROM advice, MHSPSP adapted the design and as strategy has applied a more baseline approach, adapted to demand. Without baseline information there is nothing such as a MTEF, not to speak about Rat-plans. LHAs cannot be supported by the limited MHSPSP. Although according to design (and budget) CHD cannot be involved actively, CHD is operationally and where possible part of the (capacity) building up.

The MHSPSP-TA meets and plans regularly with local authorities and development partners, tribal leaders, the NCIP, Central and Regional, the Office of Islamic Affairs, the MEDco, and USAID Shield and HealthGov and EU-HSPSP. Close work is done with FIMO, DoH-ARMM and CHDs to find responses e.g. to pharmaceutical supply issues.

**Indicator 2.2.1 Access to / affordability of pharmaceuticals increased and PhilHealth benefit packages are functional.**

**Indicator estimate:**

See also Indicator 2.3.3 "Local pharmaceutical procurement and management follows GPPP with proper drug selection and quantification, management of the bidding and tendering process, warehousing and promotion of rational drug use"

The PhilHealth OPB reform is supposed to lead to greater access to cost-effective primary care. To contribute to the development and introduction of an enhanced new OPB package, including a new payment mechanism, the EU-TA has designed the OPB package, identified pilot sites and prepared a pilot protocol, including the contractual arrangements and the monitoring scheme. PhilHealth's Execom approved it in December 2008 and the Corporation Board approval was expected. A route map for Case based payment was prepared in September 2008 in partnership with the GTZ health project. As a result, a plan for the introduction of DRGs was prepared in November and a health facilities costing study was done in 2009, with PhilHealth's benefit department engagement.

According to DoH, the OPB is far from comprehensive. The patient needs more in the Universal Health Care Package. A drug package (not only the P100 for hospitals) need to be linked with the benefit package. Pilots for OPB are not yet approved.

Drugs account for 67% of costs, staff for 19%, investment 5%. It would be useful to reduce consumption but there is no demand management, and there is huge variation in drug prices (ref.3)

The WB report confirms that the availability of essential medicines in the Public sector is low and procurement prices in most LGUs are too high (WB).

Pharmaceutical procurement and management at the local level is inefficient. There is an increasing market share of generic drugs, though it is not possible to attribute this to Government action, and prices remain high. Where the TA package was introduced, the MTR Team observed inadequacies in design and implementation of the GPPP: i) over-reliance on the General Services Office (GSO) of the province to manage the procurement process; ii) minimal involvement of the provincial public finance team in the provision of oversight to the procurement process; iii) absence of a reliable local price

monitoring system; and iv) no follow-through by the EU-TA Team or by the CHD after the GPPP training to provide continuing guidance to local staff, especially in critical stages of the procurement process.

Reduced drug prices is as programme indicators a bit vague, having no reference or do not reflect baseline and end-of-project target, including increased drug availability, increased outpatient consultations per capita.

The Cheaper Medicines Act (RA 9502) has passed and Executive Order No. 821 signed, prescribing Maximum Retail Price of five active drug ingredients and the voluntary price reduction of 16 others in 2009 and a further 97 others in 2010. The impact needs to be evaluated. Private and public system need to submit their prices to DoH, and generic drugs are promoted.

TA support to Drug Management Systems at the local level is meant to improve efficiency and performance of pharmaceutical supply management systems at LGU level starting from more focused selection of essential medicines through transparent and cost efficient procurement to effective, rational use through training in GPPP.

In the processes to achieve Good Practices the TA developed a comprehensive set of indicators. Although the procurement agents (provincial BAC, GSO and PHO) reported applying some degree of good practices the results of their procurement is still below par in terms of price obtained, reliability of suppliers, etc

The BFAD is a critical regulatory agency is mandated to ensure quality, efficacy and safety of pharmaceutical products, processed foods and certain medical devices in the market. Though BFAD does not directly influence prices of essential medicines, its regulatory performance (e.g. timely registration of generic medicines) has an indirect impact on availability and associated price competition of pharmaceutical alternatives in the market, which can result in lower prices, better affordability and improved access.

In September 2008, the TA started contributing with the reform of the provider payment mechanism to hospitals. Depending on costs involved, PhilHealth would evaluate the interest to implement this methodology in 15 tertiary and well managed hospitals in 2009 and 2010.

There are two programs of the central Government for cheap drugs, namely the BnB and P100.

In hospitals: Under F1, the "Php 100 Treatment Pack" project of DOH also uses generic drugs to make treatment more affordable. Initiated in 2008 as a pilot in 100 public hospitals, the project sells commonly prescribed drugs in affordable packages of Php 100. The project promotes rational drug use by requiring that: (a) for antibiotics, the drug package is dispensed for a complete treatment regimen, and (b) for chronic treatment, a maximum of 1.5 months' supply is dispensed. However, the P100 scheme has too limited a list of medicines and is limited to too few outlets (public hospitals) to have a significant impact. The scheme, like BnB, faces problems with re-supply from PITC Pharma. Many of its chronic disease medicines are not affordable for the poorest households. Despite much headway in this area, generic drug use remains problematic among segments of the private sector where "generic" is sometimes equated with "inferior treatment." No impact evaluation has yet been done.

As already pointed out for BnB outlet pharmacies during the MTR, Some LGU hospitals are buying branded generics at 13-40 times of the international reference prices and originator brands at 60-70 times the reference prices. The MTR included a proposal for the establishment of a locally adapted

functional drug price monitoring system level been applied with assistance to the LGU in setting up functional local drug price monitoring system. But based on the information available at this stage of the evaluation, it is not yet clear if this has been taken on board'.

Enhancements for M&E for the BnB system for the TA would be:

- Linkage to pilot testing of the PhilHealth Out Patient Benefit Package. One of the assumptions in the pilot testing of the new OPB of PHIC is the accessibility to the drugs contained in the package. The monitoring system of the BnB could feed the pilot testing of the OPB from the supply side.
- A linkage to P100. An assessment of the feasibility to distribute P100 packages through BnB would be made.

The fact that governance and management of the PHIC are weak is evidenced by various problems in fund management. PHIC has not been able to fully capitalize on the benefits of a single-purchaser with substantial day-to-day management autonomy. PhilHealth members experience difficulties in accessing health insurance benefits due to administrative complexities and the lack of streamlined procedures. The completion of PHIC paperwork to access benefits is complicated for poor households and those living in rural areas. Beneficiaries are not able to utilize the benefits once they arrive in a health facility because of incomplete documentation. It is perhaps due to these reasons that **63 percent of PHIC (PhilHealth) users report claiming the benefit.**

The benefits under PHIC are quite restricted. Drugs for chronic diseases (except for P100 in some hospitals recently), dental care, and vision care are not yet covered. Costs of outpatient care (except under specified treatment like TB DOTS<sup>71</sup>) and physician visits are not reimbursable either. In recent years, benefits have been added including outpatient TB DOTS in government health facilities, MCP in accredited centres, permanent methods of contraception, and capitated OPB for indigents going to the RHU under the Sponsorship Program. All these, however, have tended to fragment the benefit package, and there has not been an across-the-board robust improvement in the package over the years. More seriously, since PHIC benefits are for the most part only for inpatient hospitalisation, the tendency is to get patients confined, even if more cost-effective outpatient management of care is available.

The utilisation of PhilHealth benefits by members and dependents needing care is low. The national utilisation rate shows that **only 44.4 percent of PHIC members needing care actually availed of** PhilHealth benefits. Weak benefit delivery is a major issue for PHIC to confront.

EU-TA supported in the last year, the preparation of a PHIC Board resolution increasing premiums and benefits, the development of a pro-poor budgeting scheme for drugs for retained hospitals, and the support to the preparation of the legislative agenda that will accommodate the new policy frame. Improved financial protection through PHIC inpatient package should lead to decreased % of Out-of-pocket as a source total hospital income in the 10 pilot hospitals.

#### **Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010

2. Interim Report3 EU TA-HSPSP, 7Apr09
3. EC-ST-TA, EHP costing and funding feasibility, preliminary report, August 2010.

**Indicator 2.2.2 Planning and management related to human resources for health improved.**

**Indicator estimate:**

The TA support for the preparation of the HR component of rationalisation plans of 15 provinces has also been an opportunity for DOH to provide assistance to the provinces on staffing patterns of key facilities as well as providing a database on HR that will be useful in the coming months of AOP implementation. The component also worked with the Health Human Resources Development Bureau (HHRDB) to develop a TA package to support its national HR policy meeting in December, 2008.

Health human resource development is given recognition in F1 provincial plans, with training as the main strategy for capacity development and national guidance for local health service delivery. HRH measures are included as part of rationalisation plan implementation in the draft 2009 AOPs. Also the instalment of HRH unit is included as an activity in the 2009 AOP. LRICs continued to provide support for the "Support to Human Resource Management in Local Health Systems" through the implementation of rationalisation plans which had been incorporated into the 2010 AOPs; these include support for HRH unit activities at the provincial level. The rationalisation plan implementation guidelines include the local response to the impact of the rationalisation plan on local health human resources, with the identification of an HRH unit in the priority provinces with consistent support from the provincial, city and municipal human resource units.

The DOH's HRH Master Plan has to be translated into local actions at the LGU level to improve health human resources availability at the local level, covering the spectrum from production to deployment of capable health personnel.

After the HRH summit, three legislative bills have been presented related: one on the institutionalisation of the HRH network, a bill on residency training, and a wages bill. All of them have been filed in the House of Representatives and scheduled to be processed in 2009. In the area of organisational policy, and also as a consequence of the summit, the Professional Regulations Commission has adopted a resolution to have competency based licensure exams for all 11 health professions.

In the area of organisational policy, and also as a consequence of the summit, the Professional Regulations Commission has adopted a resolution to have competency based licensure exams for all 11 health professions.

HSPSP provided valuable support to conducting training courses to strengthen the skills of service providers.

According to 'Assessing LGUs' health service delivery performance' by PIDS Dec 2009, due to restrictions such as the DBM' limitations on the personal services expenditure, not all facilities are able to have the recommended number of health professionals as well as the recommended level of health care services, thereby failing their constituents on health care service provision.

Factors that influence programme implementation to build the capacity of HR, are the limited capacity of nationally accredited institutions to conduct training, for example in the domain of Reproductive

Health, BEmOnC and CEmOnC and numerous requirements to fulfil in the procurement of equipment and other goods and commodities (this referring to 2.3.2).

The MHSPSP plans to assist CHDs and ARMM to strengthen health human resources management and develop HR plans, with attention for retention strategies and focus on BEmONC and CEmONC.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. Interim Report3 EU TA-HSPSP, 7Apr09
3. R F. Lavado I M T. Pantig 2009, Assessing LGUs' health service delivery performance: the cases of Agusan del Sur & Dumaguete City, , Philippine Institute for Development Studies, (December)
4. MSPSP 4th six month plan and report July 2009-Jan 2010
5. PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City

**Indicator 2.2.3 The Annual operational plans of the LGUs reflect Province Wide Investment Plans.**

**Indicator estimate:**

Bases for funding PFM reforms at the local level are the PIPH and the AOP prepared and submitted by the PLGU and approved by the JAC. The PIPH is the medium-term plan for the health sector development of the province while the AOP translates the former into yearly investment activities. The PPMP and the Training Plan support the AOP. All these documents go through approval processes within the DOH and by the JAC (see indicator 2.1.5)(for AOP 2.1.3 and for PFM 2.1.7).

The AOP are key to efficient planning and budgeting of local health. According to DoH, the budget of the development partners is reflected in the Plans (AOP) for use in the Planning Office. The implementation of rationalisation plans has been incorporated into the 2010 AOPs, where possible and capable. The EU-TA organised a workshop to Review and Streamlining of DOH Procedures to Implement PIPH and AOP Commitments to LGUs, with high participation, a number of DOH Directors, and some UPEcon-HPDP and PRISM staff.

In the MTR it was stated that at the local level, delays in the review and approval of PIPHS and AOPs have slowed down programme implementation. The HSPSP programme has adapted to communication gaps and planning issues by posting of LRICs in the provinces.

Although delays in the approval and implementation of provincial AOPs are present since the start of the program, they are being reduced. In the second half of 2008 the 2008 AOPs have been approved and their SLAs signed and the 2009 AOPs prepared for all 16 provinces, with TA support. By January the 2009 AOPs have been produced by the LGUs and sent to the CHDs for review; most of them are getting the final inputs to be presented to final review by the JAC. In 2007 the full process of reviewing AOPs took 8 months and afterwards the approved 2007 AOPs were still modified following conditions and comments made by the JAC, related in particular to training plans and procurement plans for goods and rehabilitation works. The 2008 (same as those for 2007) AOPs were reviewed by a DOH Technical Review Committee before being submitted to the Joint Appraisal Committee - only in July 2008. Some provincial

authorities still complain that the process is complicated and conditions for the release of funds too stringent.

The F16 provinces had their 2010 AOPs approved in December 2009, and they included implementation plans for health facilities rationalisation. They also benefited from additional DOH funding for health facility enhancement and BEMOC improvements in RHUs and BHSs;

The EU-TA has developed a tracker of progress in the preparation and approval of AOPs and supplementary plans, a tracker of performance relative to indicators of the different provinces in the Service Level Agreements, and a tracker of progress in preparation and approval of provincial rationalisation plans. But development partners claim that in fact not much has changed, the same structural problems impeding smooth execution of transfer of funds.

In Mindanao two organisational systems coexist: a centralised system in ARMM under the Regional Secretary of Health, and a devolved system in non-ARMM, where Health Management in the LGUs is with the Mayor as Chief Executive Officer of Health and mayor support to the governor for the provincial plans. DoH is responsible for advocacy and lobbying and limited regulation (compulsory disease reporting), CHD gives technical support and advocates on implementing government policies and providing reports (through PHDO, PHTL and DOREPs).

As strategy MHSPSP has applied a more baseline approach, adapted to demand. According to EU-TA there is nothing such as a MTEF, not to speak about Rat-plans without baseline information, and LHA cannot be supported by the limited MHSPSP. CHD cannot be involved actively but is part of the (capacity) building up.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. Interim Report3 EU TA-HSPSP, 7Apr09
3. EC-TA Interim report 6, Feb-July 2010

**Indicator 2.2.4 City, municipality, and inter-local health zone (ILHZ) plans reflect provincial priorities.**

**Indicator estimate:**

Regarding cooperation and coordination of LGUs and ILHZ, see remark on drug purchase in 2.2.1. and AOP in 2.2.3.

The DOH through its regional level representation (CHDs) supports LGUs to develop province-wide investment plans, encouraging provinces and the municipalities within their boundaries to coordinate health planning and service delivery.

The roll out of F1 to 21 provinces started in 3rd quarter of 2008 with signing of MoA between DOH and Provinces. The nationwide rolling out is planned for 2009; it will probably constitute race against time and there may be limited attention spent on ownership issues.

Delays in the implementation of plans to rationalize hospital and public health facilities might have discouraged the participants and jeopardised the consulting process. LGU officials had been waiting for

more than a year for the funds to arrive and to begin the upgrading of health facilities in their province. With programme support, all the 16 F1 LGUs were able to prepare their PIPH and AOPs. One of the important contributions of the programme to this process is the technical assistance provided to the provinces in the preparation of rationalisation plans for the provincial network of health facilities. The programme also supported the conduct of courses designed to improve the skills of LGU health care providers for selected health programmes.

The EU-TA supports broadening ILHZ functions including monitoring and supervision; facilitates the accreditation of health facilities; to manage the use of common resources and facilitates the application of the PHIC bench book as a tool to improve the quality of services in health facilities.

Different provinces have different degree of ILHZ implementation of different quality and depth (none has yet legal entity). The same accounts for bulk drug purchasing with transparent tender mechanisms (this can be province wide and/or ILHZ wide). Same also for the capacity of developing the rationalisation plan. This is also closely related to management capacities (eg Provinces can choose between the alternatives of closing a hospital or make it working by better management). As a result the choice within the provincial plans is not always straightforward.

In Mindanao (MHSPSP) municipal focal persons are appointed as part of the project's task force. They are enrolled health staff who are fully involved in the direct implementation of activities. This assures good levels of ownership and puts planning and implementation in line with the LGU priorities. On the other hand still in Mindanao, the EU project was identified without consulting the DoH-ARMM and FIMO.

This resulted in internal stumbling blocks during the project start-up as key stakeholders were not briefed on the project until inception.

The MHSPSP-TA meets and plans regularly with local authorities and development partners, tribal leaders, the NCIP, Central and Regional, the Office of Islamic Affairs, the MEDco, and USAID Shield and HealthGov and EU\_HSPSP. Close work is done with FIMO, DoH-ARMM and CHDs to find responses to pharmaceutical supply.

**Related facts, figures, references:**

1. ROM MHSPSP April 2009
2. EC, HSPSP Mid Term Review, December 2008. Interim Report<sup>3</sup> EU TA-HSPSP, 7Apr09
3. MSPSP 4th six month plan and report July 2009-Jan 2010

**Indicator 2.2.5 Problems and issues in identification of the poor, as well as marginal and vulnerable groups, identified and addressed.**

**Indicator estimate:**

PhilHealth is not pro-active in its effort to achieve universal coverage among IP, nomads, migrant workers, and unmarried mothers to ensure that no one is excluded in the provision of social health insurance benefits. Indigenous people who lack official documentation (i.e., birth certificates, marriage contracts) and their dependents need equal access to PhilHealth benefits. Nomads and migrant workers who are indigent, but lack permanent residency status in a particular LGU also need to be given special



attention to allow them to enrol under the sponsored programme, probably via full national subsidy or by prioritizing them for enrolment by provincial governments if their nomadic life revolves only around the province. Finally, the practice of prioritizing fathers for enrolment may be an instrument of social injustice among some population groups with informal social arrangement. Unmarried mothers and women who are not legally married to their conjugal partners should be prioritised for separate enrolment in PhilHealth to ensure that their children are rightfully covered as dependents. UNDP has implemented a programme with the IP that integrates education, sexual and reproductive health and family planning, but those are isolated initiatives.

The EU-TA advocates for the implementation of appropriated identification tools consistent with PhilHealth policy (Community Base Monitoring System-CBMS, -Living Standard Index- LSI, and Proxy Means Testing -PMT). Moreover, the TA will support the design and monitoring of related indicators included in the SLA.

The Mid-Term Review TA support to HPDPB to be more research oriented and visionary, especially when it comes to coverage of the poor, the gender sensitive (women and adolescents), and the indigenous and GIDA. EU-TA contributes to the development and introduction of an enhanced new outpatient benefit package, including a new payment mechanism. And intends greater access to cost-effective primary care through PhilHealth OPB reform

With PhilHealth local staff, EU-TA has supported the preparation of means testing exercises in Romblon, Biliran and Agusan del Sur. Considering that Capiz had already used an adequate means testing and Pangasinan did it in seventeen of their municipalities, at the beginning of 2009, five provinces are capable to enrol the real poor.

Notwithstanding, despite having identified the poor, the three new provinces with means testing concluded have not enrolled them. The reasons are not straightforward. Advocacy seems not be working and delays on procedures are common. Unfortunately, the program has limited leverage to reverse the situation, aside from the financial incentive attached to the variable tranche. These provinces are in general reacting positively to this incentive and even request further TA to support them. However, while PhilHealth is continuing accepting enrolees based on a questionnaire that only collect income-related data (Family Data Survey Form), which in turn is also vulnerable to manipulation, there are no incentives for Local Chief Executives to shift from an approach that can serve better their interests towards an objective and transparent one.

The number of Sponsored Program members since December 2004 till August 2008. Consistent with national trends, enrolment in F1 sites during 2004 and 2006 saw a huge increase, mainly linked with two Presidential initiatives. In 2005 and 2007, enrolment was reduced dramatically. When considering December 2006 as baseline of the program, enrolment has decreased. However, when discounted the effect of the 2.5 Million Presidential program and thus looking exclusively to LGU led support, enrolment has slightly increased during the period. Nevertheless, this increase has not been matched with appropriate enrolment, understanding 'appropriate' as the truly poor being enrolled. PhilHealth inadequate policy and time-consuming tools prevent it. The roll out of the NHHTS has now reached 10% of the country, according DoH.

The OPB package has been designed, pilot sites identified and pilot protocol prepared, including the contractual arrangements and the monitoring scheme. PhilHealth's Execom approved it at the end of December 2008 and Corporation Board approval is pending but expected in the next meeting. A route

map for CBG (CBG, a DRG inspired approach, as the main provider payment mechanism of PHIC) was prepared in September (in partnership with the GTZ health project). As a result, a plan for the introduction of DRGs was prepared in November and a health facilities costing study presumably finished in 2009, with PhilHealth's benefit department engagement. This major step towards reform of to the provider payment mechanism, to implement the CBG, is still not introduced to date. At the end of the HSPSP, it is expected to have a roll out plan preparing the full implementation of the CBG system for the first batch of hospitals. It is important to note that such reform will take several years before it is widely implemented.<sup>72</sup>

Some progress has been made as PhilHealth is reimbursing the P100 drugs in provincial hospitals (only) and if admitted, but with the knowledge that stock-outs and very slow-moving (not consuming) P100 drugs were already identified.

Consumer awareness according to DoH was to be a logic follow up of a responsiveness survey done with WHO in 2000. But the Administrative Order of 2007 on feedback mechanisms and client participation policy was not enforced (need first to be submitted to CHD, by the BLHD).

Government hospital data also showed that less than 50% of admitted patients in 2007 to the first 3 quarters of 2008 were PhilHealth members, refuting claims of near universal coverage of the poor in the province. It should be noted that PhilHealth currently defines universal coverage as enrolment of 85% of the target population, hence even at the so-called universal coverage, without focused targeting of indigents, it is still possible for a sizeable segment of indigent population to be excluded.

Through its indigent program (SP), PHIC has greatly advanced the topic of UC and access to health services within the political agenda at the national and LGU levels. This has helped secure more funding for health insurance coverage for poor families.

The MHSPSP is mapping MLGUs undertaking formal poverty mapping to assist the MLGUs to identify true indigent families and enrol them in PhilHealth. MHSPSP seems on track re-focusing more than design indicated, on community, poor, IPs in GIDA and establishing baseline for future Rat-plan and health information services (base also for scorecard, AOP and PIPH), OOP out of pocket payment.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.
3. Interim Report3 EU TA-HSPSP, 7Apr09
4. EC-TA Interim report 6, Feb-July 2010
5. MSPSP 4th six month plan and report July 2009-Jan 2010

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<sup>72</sup> 19 pilot hospitals have been trained. PHIC is intending to start paying hospitals based on case mix in 2012

### **Indicator 2.2.6 Internal audit established.**

#### **Indicator estimate:**

At the time of MTR, creating an LGU internal audit unit was considered neither financially nor operationally feasible, given resource and institutional constraints, which restrict most LGUs from legally setting-up a new office with the desired personnel complement and attendant operational budget support, when they have already reached or exceeded the mandated ratio of personal services budget to total budget. The active participation/involvement of the COA in the improvement of the audit functions within the DOH and the LGUs was requested by the MTR.

As it is a requirement of the Government of the Philippines that the LGUs establish IA function and none of the 16 provinces in the HSPSP had such an entity, the TA has drafted ToR for piloting the establishment of IA with STEs both in the area of M&E and IAS .

Most provinces have identified M&E as an area where improvement is needed. Most externally funded activities (projects/programs) have an M&E function inbuilt, but the provinces do not have an M&E function for their entire portfolio of development activities. The ToR were submitted to the DBM for validation. After validation the TA can be identified and start on the assignment. In the ToR for the assignment it is a requirement that the outcome can be used in other provinces.

DBM is now developing its own strategy for strengthening its involvement in the capacitating of the LGUs' PFM. This will involve an expansion in coverage of the technical involvement of Regional Offices' DBMs, where today they are only monitoring the budgeting process, towards a more active involvement in Monitoring and Evaluation and IAS. The active participation/involvement of the Commission of Audit (COA) in the improvement of the audit functions within the DOH and the LGUs helps building internal audit capacities at the central and LGU levels.

Three provinces have been recommended for piloting; the ToR is with the DBM for validation, and the assignment is to be later replicated in other provinces. Two provinces (Romblon & Agusan del Sur) have formulated so far an action plan for implementation of the work plan; the action plans was developed during a workshop where all sections of PFM were represented. The work plans cover all aspects/needs of PFM and are thus not limited to areas where EU support can be expected; in this way the work plans will serve as a PFM development road map beyond the life span of the Program.

Accountability within DBM was improved with the involvement of the COA. The audit functions in the DOH and the LGUs improved at the central and LGU levels.

The EU-TA prepared and delivered a training module for internal audit personnel on the theory and practice of this approach and in liaison with the Internal Audit Service designed an orientation and awareness program for DOH managers in the DOH Central Office, CHDs and DOH hospitals, with developed tools and mechanisms to implement a risk-based approach to internal audit with a Risk-based Training module and a DOH Internal Audit Manual for risk-based audit developed (completed by TA June 2009, still not by DoH). It could be done if DBM issued a NOSCA for concerned DOH Division, but DBM did not issue the NOSCA. As a result, the internal audit manual is still in process of being completed by DOH for utilisation by Internal Audit Staff.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. Interim Report3 EU TA-HSPSP, 7Apr09
3. EC-TA Interim report 6, Feb-July 2010

**JC 2.3 The EU-supported Philippine HSPSP contributed to strengthened financial management and procurement functions at provincial level (in target provinces).**

**JC assessment:**

With the EU-TA support for AOP implementation, including the rationalisation plan, LGU scorecard, PFM plan implementation and support to CHDs were given greater emphasis by the reform implementation officer and coordinators. The DBM are developing an additional tool for PFM plan implementation monitoring. The DBM built the capacity of PLGUs and their component LGUs in PFM, (according MOA signed April 15, 2008 with the DOH). The EU-TA prepared the Local Health Accounts manual. The preparation of the manual responded to a need to estimate their health spending, using local available capacity, rather than relying on expensive and limited available national level TA.

The TA has also stepped up assistance to the provinces in the preparation of the different plans (AOPs, Training plans, Procurement plans, Rationalisation plans) and advocating for closer communication between DOH – LGUs. The DOH rationalisation plan should have been able to address the procurement-related concerns on accountabilities and capabilities at the CHD and hospital levels. The LRICs supported finalisation of PPMP, inserting technical specifications into the provincial procurement plans, to comply with the DBM requirements.

Where initially provincial AOPs and PFM received little support from the national level, the DBM tool to monitor PFM plan implementation reveals a larger implication of central support level. There is not much proof for increased health spending and effective rational use of resources. In Mindanao the budget dedicated for health is more critical as can be expected in an unstable environment, but also the donor support is more intensive here.

Although the rollout of F1 to the F15 and the F44 provinces has gone according to schedule, the quality and completeness of PIPHS and AOPs and the actual reform measures introduced by the provinces has not increased. A number of provinces have not yet produced health facilities rationalisation plans and in cases the AOPs do not have supplemental PPMPs. Other provinces face a heavy workload of unimplemented portions of their AOPs, particularly procurement and training activities. The PPMP is a vital tool to resource allocation and in achieving economy and efficiency in project operation.

Those processes need to be revived.

The MHSPSP coordinates a project procurement management plan for goods and services needs of the provinces with the BLHD, and gives TA in the development of the LGU annual procurement plan.

According to the PIDS review in 2009, there were inefficiencies in the procurement of important drugs and supplies at the LGU level. Procurement of drugs at the LGU level seems to be inefficient since none of the LGUs surveyed cooperate with their ILHZ for bulk drug purchases. Most would buy from pharmaceutical representatives which is more expensive.

Separate GPPP Training Workshops were given. But up to date no province or CHD has implemented any GPPP additional training course.

In LGUs pharmaceutical procurement planners and therapeutic committees are aware of the factors underlying inefficient procurement of medicines. The importance has become clear of good distribution practices for pharmaceuticals including inventory management and storage conditions have become clear and suppliers' performance monitoring will be addressed. The EU-TA delivered to the provinces management tools like the Inventory Management Assessment Tool, ABC analysis of annual procurement and forecasting needs tools.

As shows the evolution 1995 till 2007 by WB Health Sector Review , the public share of total Health spending is decreasing, while the OOP share has increased . Only 20% of the poorest quintile is covered by PHIC. Private OOP bears 48.41% of burden of payment for health care. Social Health insurance accounts for 10.65% of the total HCE. National governments accounts for 15.85% of HCE. Local governments accounts for a little 12.87% of HCE. In Mindanao, households contribute more than half of the total spending for health. While some progress has been seen from 2008 onwards in terms of income retention (hence securing some extra budgetary resources), PHIC coverage and substantial Government (central level) allocation increases, no progress in reducing OOP expenditures and in the provision of financial protection and/or access can be claimed.

Data obtained in 2008 show LGU spending on health ranging from 8 to 10%. Some provinces spent from 10% (S. Leyte) to 30% (Biliran). Recent data from the visit to Mindanao, show that on average the provinces' dedicated budget to Health for 2010 is on an increase, examples of 18 and 25% for 2010. Samples of municipal budgets revealed 10 to 13% (target for LGU scorecard is 12-15%). But the Health Accounts of the GoP, give no proof for increased health spending and effective rational use of resources in the published Health Accounts (latest records date from 2007)<sup>73</sup>.

Data indicate an even higher burden on household out-of-pocket spending at the provincial level, which, at 63% of total health expenditure, is over three times the targeted 20% under health sector reform for health financing. Public health expenditure accounted for 14% of total spending, while 49% was spent on curative care, and 32% was spent on medical goods, with social health insurance providing little financial protection for personal health care, and government not spending enough for essential public health services. According to DoH, PhilHealth cares about treatment and rehabilitation, less about (health and cost-saving) prevention. There is little investment in vaccination.

Although 40% of National Budget (source DoH) goes to LGUs, the proportion of the IRA going to health is not nearly enough to fund the cost of devolved health functions, and of the 30 Billion Ps allocated by DoH, 60% goes to hospitals, and 40% to PHC.

EU-TA proposed to support harmonizing licensing, accreditation and to support certification processes to reduce procedures and steps in obtaining accreditation and certification of health facilities, such as accreditation of pharmacy providers for PHIC, using the BFAD Quality Seal system to dispense quality, low cost medicines to beneficiaries of PHIC outpatient benefit package. But no progress is reported here.

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<sup>73</sup> www.nscb.gov.ph, in April updated latest HA 2005-2007

Accreditation of health services is not harmonized and the annual renewal of accreditation is deemed too frequent, which explains the very high expiry rate of accredited LGU providers. For a long time CHDs continued to accredit RHU services for the Outpatient Benefit package of PHIC through existing Sentrong Sigla standards (subject of revision by PHIC). Distinction is made for different packages of RHU accreditation: OPB, MCP and/or TB DOTS. Only 48.9 percent of the 2,226 RHUs in the country are accredited by PhilHealth (WB).

Important for the funding of RHU and other facilities is PhilHealth's non-accreditation or delayed accreditation of LGU health facilities, which can jeopardizes the Sponsored Program as it leaves local members with no access to care.

As a conclusion, what is most worrisome is that accreditation of health services and services within (DOT, MCP,OPB) move slowly and challenge the efficiency of the social insurance, notwithstanding EU-TA support. Equally alarming is the situation of the drug procurement and elevated drug prices (see PIDS and WB study, and latest EHP-Essential Health Package report).

In Mindanao, PhilHealth coverage was only 38%, in 2008, and is gradually increasing in the visited provinces. Poor municipalities seem to enrol on Emergency PhilHealth , where 300 of the 600Ps go back to LGU to increase enrolment of poor (clarification is still needed as of legality of this). In order to increase enrolment of vulnerable people, there are several uncoordinated initiatives updating birth certificates for GIDA and IPs (challenged by cost-distance- bureaucracy.)

The MSPSP is working in the next plan to increase the number of accredited RHU for OPD, EmOC and TB DOTS. The development of birthing centres, even if not accredited, has drastically increased facility based delivery. Mortality will not reduce in the local registers as far as registration of complicated case improves. In Sultan Kudarat for example, of 12 RHUs three are not TB DOTS accredited, 3 for MCP (4 in application stage) and 9 are OPB accredited. Considering that SK is a poor province (IRA class 1), with a yearly budget of 700Million Ps, where 60% goes to salaries and only 20% is for development, with these limited resources a lot of benefit is gained from the organisation of ILHZs (3 in this province). There are certainly regional differences according to the dedication and stakes of the local officials.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. EC-ST-TA, EHP costing and funding feasibility, preliminary report, August 2010.
3. EC-TA Interim report 6, Feb-July 2010
4. PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City

**Indicator 2.3.1 The Department of Budget and Management (DBM) built the capacity of PLGUs and their component LGUs in public finance management (PFM), (according MOA signed April 15, 2008 with the DOH); and local level PFM is in line with the central level reforms.**

**Indicator estimate:**

At the time of the MTR 2008, improvements in the medium term strategic planning, annual planning and sectoral financial planning were not evident in the TF and BS provinces of EU (16 in total). At the national level, the revision of the HSEF reportedly failed to take into account LGU budgets.

With the EU-TA support for AOP implementation, including the rationalisation plan, LGU scorecard, PFM plan implementation and support to CHDs were given greater emphasis by the reform implementation officer and coordinators. The DBM are developing an additional tool for PFM plan implementation monitoring.

With the support of a STE, the EU-TA prepared the Local Health Accounts manual. The manual was a priority requested by HPDPB and some provinces, which included the preparation of LHA in their PIPHS. The preparation of the manual responded to a need to give a tool to provinces, in order to estimate their health spending, using local available capacity, rather than relying on expensive and limited available national level TA. The manual was disseminated in two workshops, held in October 2008, aiming to capacitate CHDs and provinces interested to conduct LHAs. Training took place on Local Health Accounts, which was conducted in two groups in collaboration with HPDPB, for the CHDs of CAR, Ilocos Region, Cagayan Valley, Central Luzon, MIMAROPA, Metro Manila and Western Visayas, and representative from the LGUs.

Moreover, a tool, supported in Excel, was also prepared and distributed to interested participants. LHA of Negros Oriental prepared and presented and two sessions of trainings took place in Dumaguete and Manila in October 2008.

An agreement was made between the DOH and DBM for DBM to monitor the PFM plan implementation of the 16 sites.

F1 made major inroads in this area in recent years. The 2007 GAA provided for Php 150 million in grants to DOH for allocation to LGUs to be used for local family planning and health programs. Guidelines for grant allocation were made; eventually, 122 LGUs received the grants. This was followed in 2008 by an even larger Php 2 billion GAA grant to LGUs to support their maternal, neonatal, and child health and nutrition (MNCHN) services. In effect, these "conditional grants" are becoming a regular feature of health financing in the Philippines in addition to the "unconditional grants" provided to LGUs directly through the IRA. As a result, the annual budgetary appropriations to the DOH have ballooned in recent years (Figure 9). This is an important development for it re-makes the DOH and the regional CHDs as a key player in local health financing, an influence DOH lost with devolution.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.

3. Interim Report3 EU TA-HSPSP, 7Apr09
4. EC-TA Interim report 6, Feb-July 2010

### **Indicator 2.3.2 Annual procurement plans produced.**

#### **Indicator estimate:**

Improvements in DOH procurement policies, procedures and practices had been limited to the DOH CO (Central Office) system. Poor drug procurement practices and utilisation patterns result in excessive costs and chronic drug shortage in the public health service. In 2003, Republic Act No. 9184 (the Procurement Reform Act) mandates transparency in procurement; competitiveness and equal opportunity to qualified bidders; streamlined and uniform procurement process; a system of accountability for those involved in procurement; and public monitoring. The specific objectives of the new legislation are: to integrate and simplify the procedures for all types of procurement in all sectors of government; to incorporate electronic procurement into the system; to professionalize membership in the bids and awards committees; to establish a central procurement oversight body; to prescribe milestones for the completion of the bidding process; to set up a protest mechanism and system of settlement of procurement disputes; and to penalise acts committed to defeat or circumvent public bidding. The act had been implemented in all government agencies and the provinces. Nevertheless the level of understanding by PLGUs of the new procurement law needs strengthening, including LGU warehousing and inventory systems. Progress in these areas had been minimal at the LGU level.

According to the WB report, asset management remains a major problem area for the health sector. Annual audit reports of the Commission on Audit document the millions worth of defective and unutilised medical equipment in various DOH retained hospitals and CHDs nationwide including waste water treatment, ventilators, foetal heart monitor and cardiac monitor, unused anaesthesia machines, neonatal ICU and paediatric ICU machines, and air-conditioning units. Hospital management and appropriate resource needs to be given greater attention. The institutional and incentive structure of health facilities, including income retention and autonomy, has not been fixed.

Besides the financial management the EU-TA looked into strengthening procurement functions in LGUs. Still the full process of reviewing AOPs took 8 months and afterwards the approved 2007 AOPs were still modified following conditions and comments made by the JAC, related in particular to training plans and procurement plans for goods and rehabilitation works. The decision of central programme managers to review the technical specifications of equipment and materials to be procured and to subject the proposed infrastructure to strict scrutiny is counterproductive (MTR).

The DOH rationalisation plan should have been able to address the procurement-related concerns on accountabilities and capabilities at the CHD and hospital levels. The TA has stepped up assistance to the provinces in the preparation of the different plans (AOPs, Training plans, Procurement plans, Rationalisation plans) and advocating for closer communication between DOH – LGUs.

Besides, the EU-TA looked into the logistics and supply chain management to improve both central and local level procurement, logistics and warehousing to guarantee the availability and assured quality of essential health products along the supply chain.

But according to the EU-TA, even if the rollout of F1 to the F15 and the F44 provinces has gone according to schedule, the quality and completeness of PIPs and AOPs and the actual reform measures



introduced by the provinces has not increased. A number of provinces have not yet produced health facilities rationalisation plans and in cases the AOPs do not have supplemental PPMPs. Other provinces face a heavy workload of unimplemented portions of their AOPs, particularly procurement and training activities. The PPMP is a vital tool to resource allocation and in achieving economy and efficiency in project operation.

Those processes need to be revived.

The MHSPSP coordinates a project procurement management plan for goods and services needs of the provinces with the BLHD,, and gives TA in the development of the LGU annual procurement plan.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010.
3. Interim Report3 EU TA-HSPSP, 7Apr09
4. EC-TA Interim report 6, Feb-July 2010
5. MHSPSP, Financing Proposal, n° ASIE/2006/018-016

**Indicator 2.3.3 Local pharmaceutical procurement and management follows Good Pharmaceutical Procurement Practices (GPPP) with proper drug selection and quantification, management of the bidding and tendering process, warehousing and promotion of rational drug use.**

**Indicator estimate:**

See also see remark on drug purchase in 2.2.1.

At least 5 of the 8 visited provinces in the MTR had serious problems in the procurement of drugs and medicines. This included poor quantification, overpriced procurement, lack of price monitoring systems, brand loyalty or non-involvement of end-users, delayed deliveries by suppliers, and poor inventory management. One main issue is the assumption that the General Services Office can't be assumed to be fully capable of managing the tendering process for drugs and medicines. In provinces where successful procurement systems are in place, there is a local champion on drug management, taking the leadership (PHO in Capiz and the Provincial Attorney in Mindoro Oriental).

At the PLGU level, there was awareness of the new procurement law<sup>74</sup> (RA 9184). However, it was also observed in at least two of the provinces visited by the MTR team that the level of understanding of the law needs to be enhanced. There were reports of drugs procured by the province (using the guidelines under RA 9184) costing 2 to 4 times the price of exactly the same items in retail drug stores in the municipalities. Related to procurement is the need to strengthen the warehousing and inventory systems. Progress in these areas has been minimal.

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<sup>74</sup> Discussion on general procurement, not only HSPSP procurement

The MTR Team observed problems in design and implementation of the GPPP: i) over-reliance on the GSO of the province to manage the procurement process; ii) minimal involvement of the provincial public finance team in the provision of oversight to the procurement process; iii) absence of a reliable local price monitoring system; and iv) no follow-through by the EU-TA Team or by the CHD after the GPPP training to provide continuing guidance to local staff, especially in critical stages of the procurement process.

EU-TA supports at local level by helping local governments adopt GPPP and by promoting the establishment of community-based pharmaceutical outlets. Drug Management Systems are enhanced at the local level to improve efficiency and performance of pharmaceutical supply management systems at LGU level starting from more focused selection of essential medicines through transparent and cost efficient procurement to effective, rational use through training in GPPP.

Still there were inefficiencies in the procurement of important drugs and supplies at the LGU level (ref. PIDS Dec 2009). Procurement of drugs at the LGU level seems to be inefficient since none of the LGUs surveyed cooperate with their ILHZ for bulk drug purchases. Most would buy from pharmaceutical representatives which is more expensive.

The training in GPPP was completed for the 16 F1 provinces and correspondent CHDs, including the provision of tools to ensure good practices in the procurement of drugs; all 16 provinces designed an improvement plan of their processes to achieve good practices.

Separate GPPP training workshops were given for Oriental Mindoro and Pangasinan, in collaboration with PMU 50, was attended by members of the Provincial Government BAC, Therapeutics Committee, personnel from the General Services Office involved in the procurement of drugs and medicines, and the PHTLs. Eastern Samar received customised services including manuals and training materials for Revolving Drug Fund and Price Monitoring. But up to date no province or CHD has implemented any GPPP additional training course.

A Pharmaceutical Management Assessment Tool was used in Negros Oriental, Biliran and Southern Leyte including an in situ analysis of the whole management cycle at provincial level. Eastern Samar received customised services including manuals and training materials for Revolving Drug Fund and Price Monitoring. The actual situation is that LGUs pharmaceutical procurement planners are now aware about their challenges and how to analyze their annual procurements. Therapeutic Committees are aware about the factors underlying inefficient procurement of medicines. The importance has become clear of good distribution practices for pharmaceuticals including inventory management and storage conditions, and the importance of suppliers' performance monitoring addressed. Emphasis was put on concepts as "generics" and "essential drugs" during discussions. Provinces were furnished and trained with some management tools like the Inventory Management Assessment Tool, ABC analysis of annual procurement and forecasting needs tools.

EU support to HSSP at national level EU contributes to the capacity of the BFAD and the DOH to perform their licensing, accreditation and certification functions. But besides this, the PHIC adopts another accreditation and licensing not in line with the BFAD.

EU-TA will also be available if PhilHealth decides to use the BFAD Quality Seal Program as part of accreditation process for medicines outlets supplying pharmaceuticals under the proposed Out-patient benefit package.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.
3. Interim Report3 EU TA-HSPSP, 7Apr09
4. Botika ng Barangay, Survey results, cost description and monitoring system. Manila, Amsterdam, 25th September 2009
5. R F. Lavado I M T. Pantig 2009, Assessing LGUs' health service delivery performance: the cases of Agusan del Sur & Dumaguete City, , Philippine Institute for Development Studies, (December)
6. EC-TA Interim report 6, Feb-July 2010
7. PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City

**Indicator 2.3.4 Proportion of local budgets devoted to health increased.**

**Indicator estimate:**

The OOP share of total Health spending has increased while the public share is decreasing, as shows the evolution 1995 till 2007 by WB Health Sector Review. Only 20% of the poorest quintile is covered by PHIC. At the same time OOP has increased for all income groups. Anyway the proportion of local budgets for health is limited as the main source of LGU financing are IRA (internal revenue allotment) transfers from national government.

Private OOP bears 48.41% of burden of payment for health care. Social Health insurance accounts for 10.65% of Total HCE. National governments accounts for 15.85% of HCE. Local governments accounts for 12.87% of HCE.

The MTR in 2008 came to a similar conclusion: HCE is less than 5% of GDP. Personal health care accounts for 78.42% of HCE. Public Health accounts for 11.56 % of HCE.

An estimate of provincial health accounts for Negros Oriental undertaken under the EU-TA for 2006, showed total local health care spending amounting to PHP 1.8 billion, or about PHP 1,434 per capita, which approximates the regional average (Table 3a). Household out of pocket spending was the largest source of payment, accounting for 63% of total health care expenditure in Negros Oriental in 2006. Provincial government accounted for 16%, while municipal government accounted for 10% and national government 1%, bringing the total government spending for health care in Negros Oriental to 27% in 2006. PhilHealth, on the other hand covered 10% of total health care spending in the province in 2006. The data indicates an even higher burden on household out-of-pocket spending at the provincial level, which, at 63% of total health expenditure, is over three times the targeted 20% under health sector reform for health financing. Public health expenditure accounted for 14% of total spending, while 49% was spent on curative care, and 32% was spent on medical goods. Overall, the provincial health accounts of Negros Oriental reflects the same picture as the national health accounts in that a huge burden of payment was placed on household out-of-pocket, with social health insurance providing little financial protection for personal health care, and government not spending enough for essential public health services.

According to DoH, PhilHealth cares about treatment and rehabilitation, less about (health and cost-saving) prevention. There is little investment in vaccination.

Data obtained from the field visits showed that some municipal LGUs spent as little as 8% on health (S. Leyte) in half of the visited areas. Provinces spent from 10% (S. Leyte) to 30% (Biliran). Recent data from the visit to Mindanao, shows that on average the provinces' dedicated budget to Health for 2010 is on an increase, examples of 18 and 25% for 2010. Samples of municipal budgets increased to 10 and 13% (target for LGU scorecard is 12-15%). But the Health Accounts of GoP, gives no proof for increased health spending and effective rational use of resources in the published Health Accounts (latest date 200-2007)<sup>75</sup>.

Social health insurance covered only a little over 10% of health care spending, while household out of pocket payments accounted for almost half (48.4%) of total health care spending. Most apparent are the deficiencies in government spending for public health (at less than three-fourths, or 72.5% of target) and the inadequacy of social health insurance cover for personal health care (at less than half, or 36.7% of target) would most probably account for the huge burden (at 245% of target) on household out of pocket spending for health care in 2005<sup>76</sup>.

The EU-TA prepared the Local Health Accounts manual. The manual was a priority requested by HPDPB and some provinces, which included the preparation of LHA in their PIPs. The preparation of the manual responded to a need to give a tool to provinces, in order to estimate their **health spending**, using local available capacity, rather than relying on expensive and limited available national level TA. The manual was disseminated in two workshops, held in October 2008, aiming to capacitate CHDs and provinces interested to conduct LHAs. Moreover, a tool, supported in Excel, was also prepared and distributed to interested participants.

In Mindanao, households contribute more than half of the total spending for health, but get little value for money, especially due to insufficiently regulated and highly priced drugs.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.
3. Interim Report3 EU TA-HSPSP, 7Apr09
4. MHSPSP, Financing Proposal, n° ASIE/2006/018-016
5. [www.nscb.gov.ph](http://www.nscb.gov.ph)

Indicator 2.3.5 Increased number of and funding for rural health units (RHUs).

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<sup>75</sup> [www.nscb.gov.ph](http://www.nscb.gov.ph), in April updated latest HA 2005-2007

<sup>76</sup> The health sector reform agenda targeted the distribution of the burden of payment for health care among the various financing agents as follows: 40% from government sources, 30% from social health insurance, 20% from household out-of-pocket, and 10% from other private sources. Actual distribution in 2005 was 29% from government, 11% from social health insurance, 49% from household out-of-pocket, and 11% from private sources.

**Indicator estimate:**

Although 40% of National Budget (source DoH) goes to LGUs, the proportion of the IRA going to health is not nearly enough to fund the cost of devolved health functions, a situation that has left many health facilities in a poor state of repair. In the absence of earmarking, funding for health has been left to the interest of the LGU executives, mainly because of the shortcomings of the Local Health Boards which are supposed to advocate for health issues (WB).

Of the 30 Billion Ps allocated by DoH, 60% goes to hospitals, and 40% to PHC.

A major achievement in decentralisation was that licensing function was delegated to DOH to the regional CHDs. Since licensing of health facilities was decentralised to the provincial level this data are not available in aggregate format at the national level.

Important for the funding of RHU and other facilities is PhilHealth's non-accreditation or delayed accreditation of LGU health facilities can jeopardize the Sponsored Program as it leaves local members with no access to care. **Only 48.9 percent of the 2,226 RHUs in the country are accredited by PhilHealth (WB).** Indeed, this problem disincentives many LGU executives from proceeding with, or continuing, the premium subsidy. Even for RHUs already accredited, the annual renewal of accreditation is deemed too frequent, which explains the very high expiry rate of accredited LGU providers. For accredited LGU facilities, the keeper and user of PHIC reimbursements becomes a paramount issue, as many RHUs and hospitals cannot retain income and their revenues have to revert to the local treasury.

The MTR advised to ensure continued accreditation of MCP providers for PHIC reimbursement. Distinction is made for different packages of RHU accreditation: OPB, MCP and/or TB DOTS.

EU-TA proposed to support harmonizing licensing, accreditation and to support certification processes to reduce procedures and steps in obtaining accreditation and certification of health facilities, such as accreditation of pharmacy providers for PHIC, using the BFAD Quality Seal system to dispense quality, low cost medicines to beneficiaries of PHIC outpatient benefit package. But no progress is reported here. EU-TA will be available if PhilHealth decides to use the BFAD Quality Seal Program as part of accreditation process for medicines outlets supplying pharmaceuticals under the proposed Out-patient benefit package. Currently the activity of harmonizing licensing, accreditation and certification processes has been cancelled and the allocated TA days and effort has been reassigned to other EU-TA areas on request of DOH. EU-TA will be available if PhilHealth decides to prioritize the BFAD Quality Seal Program as part of accreditation process for medicines outlets supplying pharmaceuticals under the proposed Out Patient Benefit Package.

The approval of the Outpatient Benchbook will be the basis for the crafting of technical support packages to capacitate CHDs to deliver technical assistance to LGU health facilities seeking accreditation of their facilities and services.

For a long time CHDs continued to accredit RHU services for the Outpatient Benefit package of PHIC through existing Sentrong Sigla standards (subject of revision by PHIC). By incorporating Sentrong Sigla, the BenchBook of PHIC for health facilities compiles the necessary standards for quality health service delivery in all health facilities seeking accreditation by the PHIC. Compliance with an improved BenchBook by all health facilities within an existing ILHZ will be a great stride to achieving functional ILHZs.

More worrisome is that accreditation of health services and services within (DOT, MCP, OPB) move slowly and challenge the efficiency of the social insurance, notwithstanding EU-TA support. Equally alarming is the situation of the drug procurement and elevated drug prices (see PIDS and WB study, and latest EHP-Essential Health Package report).

But in the visited provinces in Mindanao, where in 2008 PhilHealth coverage was only 38%, PhilHealth accreditation is gradually increasing in the visited provinces. And health spending is on the increase in the visited area. Poor municipalities seem to enrol on Emergency PhilHealth, where 300 of the 600Ps go back to LGU to increase enrolment of poor (Clarification is still needed as of legality of this). There are several initiatives but not coordinated to updating birth certificates for GIDA and IPs (challenged by cost-distance- bureaucracy.)

The MSPSP is working in the next plan to increase the number of accredited RHU for OPD, EmOC and TB DOTs. So far progress was slow due to weak coordination with DoH, and waiting for endorsement for STE ToR by TACT. In Compostella Valley, all 11 RHO are OPB and TB-DOTS accredited and the 4 hospitals and one RHU BEmONC, have MCP accreditation. In South Cotabato, all 11 RHU are OPB and TB DOTS accredited, 3 hospitals are MCP accredited, but 11 BEmONC and 1 CEmONC are not accredited. Fact is that the development of birthing centres has drastically increased facility based delivery. In Sultan Kudarat (SK), of 12 RHUs three are not TB DOTS accredited, 3 for MCP (4 in application stage) and 9 are OPB accredited.

Considering that SK is a poor province (IRA class 1), with a yearly budget of 700 Million Ps, where 60% goes to salaries and only 20% is for development, with these limited resources a lot of benefit is gained from the organisation of ILHZs (3 in this province).

There are certainly regional differences according to the dedication and stakes of the local officials.

#### **Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. EC, HSPSP Mid Term Review, December 2008.
3. HSPSP, Financing Proposal n° ASIE/2005/017-638
4. Interim Report3 EU TA-HSPSP, 7Apr09
5. MSPSP 4th six month plan and report July 2009-Jan 2010
6. PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City

#### **JC 2.4 Extent to which EU support, including SBS, contributed to improved availability of basic health care services of reasonable quality (in target provinces).**

#### **JC assessment:**

The Health Service Delivery component of the program has made a clear link of available quality health services at the primary and referral levels of care and increased enrolment of the poor in social health insurance such as the NHIP. PhilHealth programme unfortunately has not acknowledged the importance of offering attractive benefits to its members and has yet to give equal attention to developing the

benefits side of social health insurance, while continuing its drive for enrolment, especially of the informally and sporadically employed.

The availability of quality health services in LGU health facilities is a way of arresting the decline of frontline health services as confirmed in the latest National Objectives for Health, issued by DOH. Late recruitment of TA on service delivery initially led to failure to monitor and track changes in service delivery at the local level.

While growth of village and municipal drug outlets (Botika ng Barangay, Botika ng Bayan) has been very rapid by number, their regional distribution leaves much to be desired. Historically deprived regions continue to be ill-served, re-supply is still difficult, record-keeping is poor and pharmacy supervision is infrequent in most BnBs. The EU-TA intends to address the perceived inefficiencies in performance at PITC through a process map analysis including organisation management, sales and marketing, financial management, human resources and strategic management.

But overall the Philippines, according to DoH (see section 1.1.3.5) of the 30 Billion Ps allocated by DoH, 60% goes to hospitals, and 40% to PHC. A five-year development plan for patient safety is currently in the process of being developed with DOH-retained hospitals and other stakeholders.

DOH-retained hospitals have established a mechanism for adverse events. The STE is in process to develop the guidelines for handling patient complaints and reporting and feed backing of adverse events.

The MHSPSP is working at two levels, strengthening the catchment (including BeMONC and CeMONC), and patient flow analysis in support of health services rationalisation and meeting patients needs, ; also to test and document innovative approaches to HS provision, and focusing beliefs and traditions especially to reduce maternal and neonatal mortality.

For supply management, two issues stand out, (i) difficulties in preparing the inventory reports and difficulties doing an inventory with as a result that it is hard to know what and how much to order and (ii) the absence of a regular supply which is directly linked to an absence of regular ordering. The financial matter reported to supplies in the survey on BnBs was a lack of capital to finance the re-supply. The problem of the stock-outs according to DoH, is that only 25% stock is permitted under Local Governance Procurement Order. Another problem is that many LGUs have no capacity for cold chain management and DoH is looking for a solution with BIOREF (a bio fridge).

The EU-TA has delivered tools to DoH and LGUs to improve quality of Health Services, but the record remains insufficient in many municipalities, BnBs cannot assure continuing quality and supplies by lack of follow up, and essential basic services as FP (and MCP) are not provided. The existing potential is not used.

A comprehensive monitoring system for the Botika ng Barangay (BnB) drug distribution net has being implemented by the EU-TA. This will provide a cross-sectional evaluation of the system and will establish the basis for a monitoring system of the BnB operations. This action is carried out in collaboration with the Mindanao HSPSP with pooled TA. A single monitoring system will be produced with contributions from both TA teams.

The P100 face the same issues as BnB outlets: stock-outs and very slow-moving (not consuming) P100 drugs, and as it is happening with BnB outlets, stock replenishment and monitoring are major challenges.

The answer given by the DOH to the latter has been to initiate a decentralised P100 management system. Some responsibilities were transferred to three retained tertiary hospitals. They will act as mid distribution point for P100 packages. PPI have no longer the monopoly for P100 procurement and other private sector actors are now invited to be involved in the program.

The BnB and P100 programs are a limited answer to the problem of access to medicines as generally drugs in these programs are still paid out of pocket. The programs try to improve replenishment mechanisms by decentralizing procurement and allowing some retained hospitals and local drug manufacturers to participate as wholesalers in addition to PPI.

Better is the development of lying-in facilities at high pace, with equipment provided by EU-funds and UNFPA, with increasing BEmONC recognition. Accreditation on MCP is too slow, mainly due to deficient staffing up to the norms. The quality of services relates direct to increased deliveries and decreased Maternal Mortality. Many municipalities struggle with health workforce numbers (not enough MW for shifts). Other paths are not enough explored/exploited: eg. Women's health teams, facilitated (ambulance) or subsidised transport, delivery-waiting hostels, radio communication for GIDA, satellite-birthing homes for GIDA barangay clusters.

Organised ILHZs continue to meet regularly to address the delivery of health services and some ILHZs have enhanced their plans with CHD support. Some ILHZs conduct regular program implementation reviews and planning and have mutual support arrangements for disease surveillance and disaster management. The private sector involvement, including NGOs is not automatically guaranteed. Civil society involvement in promotion of public health needs to be stronger to make up for the misinterpretation of BHS and RHU as centres for personal health care for which they are not designed, staffed or equipped as to assure optimal quality of health services and cope with staffing quantity and capacity.

Improved governance in the health sector and better participation of civil society and private sector involvement can be attained through more efficient local health systems based on Inter-Local Health Zones and partnerships with the private sector.

DOH is implementing minimum service standards and using LGU scorecards to track progress. The EU-TA supports LGUs and CHDs in M&E including financial reporting and the use of the LGU scorecard for reporting through the institutional channels, along with other F1 scorecards leading to the annual planning exercises.

The FHSIS provides good and reliable information on clients who come to the health facilities for services but other systems of data collection are needed to help local health managers make evidence-based decisions. The EU-TA continues to work with central DOH on the development of information systems at the primary level of care and at the ILHZ level. Those systems are to be rolled out in the provinces as part of technical support packages LGUs can avail of through the CHDs.

The MHSPSP-TA integrates in coordination with NCIP the civil society, including IP in the planning process to address better their health needs. TA is given to assist in the revision of AOP and assess the participation and engagement of civil society in addressing the needs of the poor and minorities and women. This is done through the revision of the Ancestral Domain Investment Planning for Health and harmonizes with the PIPH, heading for increased LGU investment to IP.



The ICVP (Information Communication and Visibility Plan, contracted with another TA) intervenes where LGUs and municipalities do not consider health a priority, due to lack of awareness or lack of interest. It is then the HSPSP implementation.

#### **Indicator 2.4.1 Quality of health care issues addressed at local level**

##### **Indicator estimate:**

The HSRA aimed at strengthening health systems and rationalizing health services; improving its quality and lowering its cost!

Communication between DOH and PhilHealth regarding quality of health care and *accreditation of health facilities* could be improved at all levels, but most critically at sub-national level. CHD and DOH Rep (Department of Health representative in the province) could play a role in facilitating communication and solving problems, particularly those related to quality of services, which remains deficient, and limited access, as specialists tend to refer and shortcut patients to their private practice. The health facilities rationalisation plan should not just focus on eliminating redundancies in lower level facilities, but should also cover quality improvements needed to raise tertiary care capacity in provinces where no facility meets the tertiary care standards. Instead of immediately downgrading provincial hospitals, DOH and PhilHealth should collaborate in mobilising technical and financial assistance to prioritise upgrading of provincial hospitals to the level that will pass accreditation requirements, so as not to deprive the provincial PhilHealth members of access to quality tertiary care. USAID is facilitating this dialogue in ARMM.

Late recruitment of TA on service delivery led to failure to monitor and track changes in service delivery at the local level, leaving gaps (ex. no programme for devolved hospitals and no programme of assistance for applied epidemiology training at the provincial level) in the existing programme of assistance to LGUs.

The focus of EU-TA work in this area has been to achieve LGU consensus on ILHZs in their provinces. The rationalisation planning exercise has brought clarity in LGU thinking in this area, leading to some reorganisation of ILHZs. DOH also continues to work on the multiple tiers of service delivery in several areas including maternal health and newborn care; once the policy is clarified, the work in this area can proceed with increased certainty in the basic and essential packages at the frontline facilities.

The MTR suggested broadening ILHZ functions including monitoring and supervision; facilitating the accreditation of health facilities; managing the use of common resources and application of the PHIC bench book as a tool to improve the quality of services in health facilities. The work on the PHIC BenchBook would also inform the content of TA for ILHZs aiming for functionality. In the meantime, LRICs have been providing technical support for ILHZ meetings and other related activities such as visits to exemplary ILHZs.

Improved health service delivery organisations at the local level could be centred on functional Inter-Local Health Zones which deliver quality health services efficiently and effectively; and through health financing measures and promotion, the services will be used by the poor.

**Organised** ILHZs continue to meet regularly to address the delivery of health services and some ILHZs have enhanced their plans with CHD support. There is a very active and participatory local SDAH in

Mountain Province. In Eastern Samar, the ILHZs conduct regular program implementation reviews and planning and have mutual support arrangements for disease surveillance and disaster management

The Health Service Delivery component of the program has made a clear link of available quality health services at the primary and referral levels of care and increased enrolment of the poor in social health insurance such as the NHIP. Rationalisation of Health service facilities according to health needs has been seen as a necessary step to organizing basic and essential packages. Some provinces have designed their **rationalised** set-up to maximize the delivery of an identified set of services for its population. The availability of quality health services in LGU health facilities is a way of arresting the decline of frontline health services as confirmed in the latest National Objectives for Health, issued by DOH. EU-TA has given emphasis on the **harmonisation** of Sentrong Sigla standards with the standards already identified by the Philippine Health Insurance Corporation in its existing BenchBook for health facilities.

The PhilHealth programme unfortunately has not acknowledged the importance of offering attractive benefits to its members and has yet to give equal attention to developing the benefits side of social health insurance, while continuing its drive for enrolment, especially of the informally and sporadically employed.

For its income and its relatively low health spending levels the system performs relatively well on infant mortality and life expectancy grounds but less well for maternal mortality. Thus in terms of value for money in terms of health outcomes the picture is rather mixed (MTR). The scarce resources and staffing and the poor supply chain make not up for the planned improvement in health and nutrition services.

The country's public health focus on Communicable diseases, the donor strengthening on MDG goals (infant, maternal and 3 diseases, but especially family planning) seems to have diluted attention on health system strengthening.

Lying-in facilities are constructed at high pace, equipment provided by EU-funds and UNFPA, with increasing BEmONC recognition. Quality of services relates direct to increased deliveries and decreased Maternal Mortality. Many municipalities struggle with health workforce numbers (not enough MW for shifts). Other paths are not enough explored/exploited: eg. Women's health teams, facilitated (ambulance) or subsidized transport, delivery-waiting hostels, radio communication for GIDA, satellite-birthing homes for GIDA barangay clusters.

The HSPSP programme supported the conduct of training courses designed to upgrade the technical and clinical skills of health care providers for selected health programmes. Health providers need to be supported to continue delivering improved, quality services. Initially quality improvement measures are seen to be an incentive for health workers to stay in local communities. In the longer term, quality services are expected to lead to increased incomes for facilities that can be improved even further if incomes are retained by the facilities, eventually trickling down to health providers. Incentive schemes for the Barangay Health workers have not sufficiently been developed with the LGUs to provide quality of basic health care (reinforcement of RA 7883).

EU-TA **organised** pilot training on PhilHealth Benchbook Standards for Outpatient Facilities in 2 regions, to build the capacity of the CHDs in providing technical support to LGUs in guiding the RHU/HC staff in preparing and sustaining its quality assurance efforts. The Certificate-of-Need in hospitals is probably ill-advised given large health-facility backlog, and unresolved issues in licensing regime that allow very small facilities with inadequate capacity, to be licensed as hospitals.

Degree of hospital autonomy and pro-business thrust of reforms still has to yield new private and LGU investments in health.

The NCHFD is currently preparing a five-year development plan for patient safety taking DOH-retained hospitals in the National Capital Region as the first step. And according to EU-TA, the NCHFD spearheads the establishment of patient safety program among health care facilities. Starting off with the DOH-retained hospitals at the National Capital Region, NCHFD provided orientation-workshops. A five-year development plan for patient safety is currently in the process of being developed with DOH-retained hospitals and other stakeholders.

DOH-retained hospitals have established a mechanism for adverse events. The NCHFD pilots a mechanism for adverse events in a DOH-retained hospital. The STE is in process to develop the guidelines for handling patient complaints and reporting and feed backing of adverse events.

The MHSPSP is working at two levels, strengthening the catchment (including BeMONC and CeMONC), and patient flow analysis in support of health services rationalisation and meeting patients needs, ; also to test and document innovative approaches to HS provision, and focusing beliefs and traditions especially to reduce maternal and neonatal mortality.

**Related facts, figures, references:**

1. Human Development Sector Unit East Asia and Pacific Region, WB Philippines' Health Sector Review, Draft May 2010
2. ROM MHSPSP April 2009
3. PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City
4. HSPSP Mid Term Review, December 2008.
5. Interim Report3 EU TA-HSPSP, 7Apr09
6. EC-TA Interim report 6, Feb-July 2010
7. MSPSP 4th six month plan and report July 2009-Jan 2010

**Indicator 2.4.2 Community-based pharmaceutical outlets functioning and continuous support**

**Indicator estimate:**

Village and municipal drug outlets (Botika ng Barangay, Botika ng Bayan) have been revived and grow rapid by number (see WB), but ill-served regions need more outlets; turnover is low, re-supply is still difficult, record-keeping is poor and pharmacy supervision is infrequent in most BnBs. Historically deprived regions continue to be ill-served, such as ARMM with only 1 BnB per 14,900 population; Bicol with only 1 BnB per 14,000 population; and SOCCSKSARGEN with only 1 BnB per 10,700 population.

For supply management: two issues stand out, (i) difficulties in preparing the inventory reports and difficulties doing an inventory with as a result that it is hard to know what and how much to order and (ii) the absence of a regular supply which is directly linked to an absence of regular ordering. The financial matter reported to supplies in the survey on BnBs was a lack of capital to finance the re-supply.

The problem of the stock-outs according to DoH, is that only 25% stock is permitted under Local Governance Procurement Order (Act 2002). Another problem is that many LGUs have no capacity for cold chain management and DoH is looking for a solution with BIOREF (a bio fridge).

A comprehensive monitoring system for the Botika ng Barangay drug distribution net has being implemented by the EU-TA. This will provide a cross-sectional evaluation of the system and will establish the basis for a monitoring system of the BnB operations. This action is carried out in collaboration with the Mindanao HSPSP with pooled TA. A single monitoring system will be produced with contributions from both TA teams.

The PITC<sup>77</sup> is supposed to assume the task of re-provision of the outlets but this assumes that PITC has a distribution network in all the provinces and that it has a strong interest to assume responsibility for this important role. PITC does not appear to have this or to hold much promise in this regard. Meanwhile some provinces have on their own initiative, developed and established replenishment systems with considerable success. The evolution of this situation has to be assessed in the field.

The EU-TA intends to address the perceived inefficiencies in performance at PITC Pharma Inc. through a process map analysis including organisation management, sales and marketing, financial management, human resources and strategic management. Some IT solutions for the short term will be provided in order to give a faster answer to key functions at PITC Pharma Inc. ToRs to provide this double-fold TA has been already agreed with PITC Pharma Inc. and PMU50 and approved by DOH. A comprehensive monitoring system for the BnB drug distribution net is being implemented. Latest regulations on Procurement Practices (PP) include: Regulation – Upgrading, harmonizing and streamlining licensing, accreditation and certification; developing quality seals; improving the capacity of regulatory agencies; and improving the availability of affordable quality medicines through the Botika ng Barangay, Pharma 50 (providing a list of 50 commonly used medicines at half price through BnBs and franchise outlets) and P100 (distribution through public sector outlets of packages of a full course of treatment medicines or monthly supply of chronic disease medicines, mostly costing less than 100 peso's) programs.

The P100 face the same issues as BNB outlets: stock-outs and very slow-moving (not consuming) P100 drugs, and as it is happening with BnB outlets, stock replenishment and monitoring are major challenges. The answer given by the DOH to the latter has been to initiate a decentralised P100 management system. Some responsibilities were transferred to 3 retained tertiary hospitals. They will act as mid distribution point for P100 packages. PPI have no longer the monopoly for P100 procurement and other private sector actors are now invited to be involved in the program.

The BnB and P100 programs, are a limited answer to the problem of access to medicines as drugs in these programs are paid out of pocket. The programs try to improve replenishment mechanisms by decentralizing procurement and allowing some retained hospitals and local drug manufacturers to participate as wholesalers in addition to PPI. OPB packages by PHIC are promoted and implemented in parallel with improving the efficiency of medicines supply systems. Such health care financing strategies

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<sup>77</sup> In 2004, DOH with the Philippine International Trading Corp. (PITC) launched the program to set up a network of BnB (one for every three adjacent barangays, targeting those without existing pharmacies) and the larger Botika ng Bayan or BNB (at least one for each town). These outlets are privately owned and operated pharmacies that sell low-priced generics or drugs acquired through PITC parallel importation or local procurement. Each BnB sells a selection from a list of around 35 OTC medicines and household remedies, and 7 prescription drugs. By June 2009, a total of 13,498 BnBs were established nationwide, including those of two NGOs (892 of the Kabalikat ng Botika Binhi and 462 of the National Pharmaceutical Foundation).

as well as budgeting at LGU level for procurement of essential medicines should specifically aim at reducing the out-of-pocket expenditures for medicines and underutilisation of public facilities due to lack of access to medicines.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. HSPSP Interim Report 3 Aug 2008 –Jan 2009
3. Botika ng Barangay, Survey results, cost description and monitoring system; Manila, Amsterdam, Sept 2009
4. EC-TA WorkPlan V.5 Final 10March09
5. EC-TA Interim report 6, Feb-July 2010

**Indicator 2.4.3 Basic health care and health outcome monitoring mechanisms improved**

**Indicator estimate:**

DOH is implementing minimum service standards and using LGU scorecards to track progress.

The MTR advised to revise the HSPSP log frame indicators in relation to the ME3 and LGU scorecard indicators to be able to assess HSPSP achievement of results; and to develop a set of progressive LGU-specific performance targets forming the basis for SLAs and that clearly lead to the program objectives using the ME3 Framework and LGU scorecard.

The EU-TA supports LGUs and CHDs in M&E including financial reporting and the use of the LGU scorecard, with both provinces and CHD using the scorecard in program reviews which lead to annual planning exercises.

The FHSIS provides good and reliable information on clients who come to the health facilities for services but other systems of data collection are needed to help local health managers make evidence-based decisions. EU-TA continues to work with central DOH on the development of information systems at the primary level of care and at the ILHZ level; these systems will eventually be rolled out to the provinces as part of technical support packages LGUs can avail of through the CHDs.

It is a facility-based information system and other than providing the numbers of users of health services it has rather limited applications. Since it does not collect information on clients who do not come to the health facilities, it cannot provide reliable estimates of service delivery gaps and potential demand for services.

Examples of need for monitoring are given by the MTR and the LGU Health Service assessment: Many of the main health centres and rural health units visited (Mindoro Oriental, Pangasinan, Capiz, Misamis Occidental) are accredited by PHIC for the OPB and TB-DOTS Program. While there are few health centres that are currently accredited for MCP and newborn screening a good number of those visited are already on the process of carrying out the necessary physical improvements. Health workers when asked admitted that they were not actively providing counselling and FP services to the clients. Most of them were not even aware that PHIC provides reimbursement for the provision of sterilisation and IUD services.

Some provinces (Capiz, Pangasinan, Misamis Occidental) use household surveys to identify poor households for the PHIC sponsored program. These surveys provide household level information and can be used to collect individual and household level data (identify clients with unmet need; track health service utilisation by income levels) that can complement health facility information generated by FHSIS. One province (Capiz) also utilizes rapid coverage assessments (cluster surveys) to more accurately estimate program coverage for selected indicators. Some donors (UNICEF) encourage local health managers to use multi-indicator cluster surveys (MICS) to more accurately estimate program coverage when more precise estimates are necessary. According to DoH, the law on PhilHealth is amended to use the NHHTS, and is presently used in only 10% of the country.

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. PIDS Dec 2009. Assessing LGUs' health service delivery performance: the cases of Agusan del Sur and Dumaguete City
3. HSPSP Interim Report 3 Aug 2008 –Jan 2009
4. Health situation & Vital Health Statistics for MIPH, South Cotabato, 2009

**Indicator 2.4.4 Civil society involvement in health at local level increased**

**Indicator estimate:**

Civil society involvement in promotion of public health needs to be stronger to make up for the misinterpretation of BHS and RHU as centres for personal health care for which they are not designed, staffed or equipped. Public health care should be emphasised with the households in the communities.

Initial discussions and exchanges with the newly appointed Secretary of Health point to health care financing, hospital management and sector approach with the involvement of the private sector as the main priority lines. This involvement is already discussed in Indicator 2.4.2 regarding P100. Private retailers can also play an essential role besides the BnB in the drug distribution network.

Improved governance in the health sector can be attained through more efficient local health systems based on Inter-Local Health Zones and partnerships with the private sector. But the ILHZ can only be fully developed if a charter ensures that the ILHZ as a legal entity can manage public funds. In the MHSPSP, the project emphasises that participatory planning and inputs from relevant stakeholders be incorporated into the work plans. This ensures the appropriateness of the deliverables and offers good prospects for their future use. In October last year, it was decided to appoint municipal focal persons as part of the project's task force. They are front line remunerated health staff (not paid by the project) who are fully involved in the direct implementation of activities. This not only increases the project's efficiency but is also very conducive to good levels of ownership. Due to budgetary constraints, the project does not hire local consultants to team up with STE. This represents a lost opportunity as it could contribute, at a very reasonable cost, to creating a local human resource base consolidating the project's know-how.

Private health providers are also important sources of services all over ARMM. Providers located and operating outside ARMM, such as those in the cities of Cotabato, Iligan, Zamboanga and Isabela (in Basilan) are routinely accessed and utilised by clients and patients from ARMM.

On the other aspect of civil society participation is in process: client satisfaction survey in RHUs and hospitals and guiding the staff in improving service delivery.

The MHSPSP-TA integrates in coordination with NCIP the civil society, including IP in the planning process to address better their health needs. TA is given to assist in the revision of AOP and assess the participation and engagement of civil society in addressing the needs of the poor and minorities and women. This is done through the revision of the Ancestral Domain Investment Planning for Health and harmonizes with the PIPH, heading for increased LGU investment to IP.

**Related facts, figures, references:**

1. ROM MHSPSP April 2009
2. MSPSP 4th six month plan and report July 2009-Jan 2010

**Indicator 2.4.5 EU supported health awareness campaigns**

**Indicator estimate:**

The ICVP is contracted with a different TA than the HSPSP implementation.

LGUs demonstrate varying commitment to health with a significant proportion of municipalities not considering health a priority, due to lack of awareness or lack of interest. The proposed programme addresses these issues in concert with the MTF and other programmes, through advocacy and community organising activities, with a view to enhance the policy dialogue.

ICVP Extension Activities are primarily directed to (school) youth and mothers: Health Quiz Roadshow; Super Nanay (activity for mothers); Media Efforts as Television Plugs, Television Guestings, and PR Campaign

**Related facts, figures, references:**

1. EC, HSPSP Mid Term Review, December 2008.
2. Information Communication and Visibility Plan (ICVP) of Health Sector Support
3. fin proposal DEC134260, MHSPSP
4. EC-TA Interim report 6, Feb-July 2010
5. EC-ST-TA, EHP costing and funding feasibility, preliminary report, August 2010.

**EQ3 Rural Development - To what extent has EU support in the area of rural development contributed to improved living standards for the poor?**

Overall, EU support in the area of rural development has contributed to improved living standards for the poor. The four projects analysed – all having disposed of considerable resources over quite a long period – show different records in terms of effectiveness and benefits sustainability. In addition, the type of activity determines to a large extent the level of sustainability generated. Activities that produce highly valued benefits are more sustainable as the communities but also their leaders attach more importance to their continuity.

There is strong evidence of the projects contributing, with varying degrees of effectiveness and sustainability, to production improvement and a more solid production base and conditions. A first key achievement in this regard has been the creation and/or strengthening of numerous POs, either acting as local development actors with a broad developmental mandate, either being focused on particular issues (irrigation, drinking water, savings and credit, ...). The activities of these groups were in most projects adequately supplemented by those of LGUs that equally were strengthened in different ways (more and better trained personnel, better local planning and implementation mechanisms, improved financial mechanisms in view of maintaining key services and benefit sustainability, etc.). Post project completion missions and the field visits provided evidence that the momentum, both at PO and LGU level, could be maintained in an important number of cases. The close working relationship established between the project teams and LGU staff has allowed substantial strengthening of their capacities, which they continue to use in the post-project period.

All projects document extensive changes in production/productivity, processing and marketing, that all have been achieved via substantial training and extension efforts. The four projects seem to have been successful in either designing and transferring well adapted technological innovations to farmers (mainly UDP) or in selecting the most potential crops (the three other projects), thereby often using highly interactive methods of learning. Processing and marketing of agricultural produce has received, rather surprisingly, limited attention in most projects and where efforts have been undertaken, the results – in particular on the longer term – seem not convincing. As such, much of the potential gains obtained by increased production have not (yet) been optimised; more seriously in three of the project areas, cases of market saturation have been reported.

All projects have made of improved rural infrastructure a major project component. The construction, rehabilitation and maintenance of roads, foot trails and bridges have been the major actions in this domain. Projects have been keen to attach much importance to ensuring proper maintenance but failed in ensuring an adequate level of maintenance because of the high level of expenses involved. While many post completion reports express concern with regard to the longer-term sustainability of these roads, they have been found in a relatively good condition during the field mission. LGUs ensure at least the minimum level of maintenance so that even not adequately maintained roads continue to assure highly valued services to the people.

Only CECAP showed a convincing achievement in developing rural finance institutions. An impressive number of SLG has been formed and successful efforts undertaken for consolidation and up-linking these groups with formal rural finance institutions. Two other projects (STARCM and UDP) recognised the crucial importance of rural finance, but serious design flaws prevented them for a considerable time to address this challenge adequately. Relevant changes of the project approach (establishing linkages with existing finance institutions) have not led to really convincing results. ERP-CASCADE only very late in the implementation period started promoting rural finance activities. None of the three last mentioned projects succeeded in setting up viable and sustainable rural finance institutions (notwithstanding a very few successful exceptions that can be attributed to atypical local conditions).. With the exception of CECAP, the projects undertook efforts to create and/or strengthen local enterprises thereby providing a package of varied services and support. The results of these efforts have remained relatively small in scale and not that convincing.

All projects have at least indirectly contributed to the diversification of economic activities, mainly by broadening the number and types of crops and livestock being produced by the farmers. As mentioned



above, little diversification has taken place in terms of the development of other economic activities (processing, marketing).

The projects' contributions to poverty reduction and income increase (in both cash and non-cash communities) are, for obvious reasons (attribution problems), not easy to determine let alone to quantify. For two of the projects (UDP and CECAP) no solid externally obtained data have been found related to poverty reduction and income increase. The STARCM completion report mentions decreasing poverty levels in its working area, but admits that it is difficult to distinguish its effects from that of other factors. It also has reported, during project implementation, important income increases in various areas but the levels of these increases have substantially dropped after project closure. The project's claim that it would produce longer-term effects via its fruit tree program was to a major extent confirmed during the field visit. An external impact study found that the project has succeeded in substantially decreasing poverty levels and increasing the beneficiaries ownership of assets; these findings were confirmed by the results of DAR's own assessment that recorded a substantial progress in the level of development in the STARCM supported communities, which continued to improve in the post project period. The UDP Final Report states that there are strong indications that farmers exposed to the extension services have increased their income. In addition, many farmers involved in the programme are expected to gain significant economic benefits (P100,000/ha/year) once their fruit trees come into production; these claims were largely confirmed during the field visit. The ERP-CASCADE pre-completion Mission refers to an impact study being conducted during its project visit that estimates that the income of project beneficiaries would have increased by 27%; the Mission arrived however only at a 5.7% increase, thereby stating that income increases are notoriously difficult to estimate by lack of reliable data. An independent impact study related to 16 irrigation schemes built or rehabilitated via STARCM found however substantial production and corresponding income increases. CECAP has been able to provide convincing evidence through its effectiveness assessment study that found that an important number of project beneficiaries considered to have made progress and increased their income because of the project's intervention. Improvement of roads is in many instances mentioned as an important factor in reducing poverty levels and increasing income. All projects failed however to focus adequately on post production issues, which implies that in many cases the potential of increased production is not optimally tapped and that even problems like market saturation could not be addressed. Finally, SNCB data show a better than average performance related to poverty reduction in the three provinces where rural development projects have been most prominently active, but it is impossible to determine to which extent this change can be attributed to the projects.

STARCM is the only project to have invested substantially in improving health services. Improved access to qualified health services during the project period is convincingly documented and all health centres appeared to function adequately during the field visit. With the exception of UDP, all projects improved access to potable water via the construction of an important number of water supply schemes that were in general fairly maintained, also in the post-project period. Important outcomes of the improvement of the health and water services are claimed but it is not sure to which extent they can be attributed to the project.

Three projects worked in often isolated areas with a low economic and social development level, where important numbers of Indigenous People are living. By adopting inclusive approaches and focussing much on the strengthening and empowerment of POs and liaising them with LGUs, an important contribution has been provided to the beneficiaries' social and political integration, which has also been triggered by the economic progress achieved.

All projects have routinely built in sustainability issues via adopting various methods and approaches including participation and ownership by beneficiaries, raising policy support via liaising with key LGU actors, promoting appropriate technology, showing sensitivity for socio-cultural and gender issues and promoting environmental protection, etc. As such, three of the four projects, did not define a clear phasing out strategy. However, this shouldn't be considered as a major weakness in as far as projects really succeeded in consistently mainstreaming sustainability in the project strategy and approaches. In particular the environmental and institutional dimensions of sustainability seem to be well addressed, Economic viability has however not been that systematically addressed, with the exception of UDP.

All projects from the start have been implemented in close cooperation with the LGUs and using regular and intensive dialogue mechanisms (on project planning and implementation, on the involvement of LGUs, e.g. financially, in project activities) with these LGUs, which formed intrinsically part of the project approach. However, as all projects opted to set up own (big) project implementation units (and/or to source out some key activities to NGOs), technical agencies such as DA and DAR, though being the formal project partners, have not been closely associated to project implementation and, hence, neither to the preparation of the projects' closure. Ownership of project results and commitment to take care of the momentum created by the projects is, understandably, substantially less at the level of these institutions compared to the municipal and barangay LGUs.

Post project completion missions have understandably produced well documented evidence on the continuation and replication of EU supported actions. The continuity of key infrastructure (irrigation schemes, water supply, roads) is well assured, in particular because these schemes play an important role in the people's daily life; beneficiaries and LGUs hence often join resources to ensure adequate maintenance and repair. Although the quality of roads cannot be entirely assured, road maintenance is a key consideration for all municipalities and these roads continue to provide highly valued services. Evidence with regard to sustained adoption and extension of improved agricultural and livestock production techniques is mixed: convincingly positive for some types of actions (rice and vegetable production, fruit trees growing), less for other actions (e.g. husbandry). All projects have made substantial efforts to improve the technical and, to a minor extent, also the financial capacities of POs and government partners to continue interventions in the post project period. Post project completion missions and the field visit provided evidence that much of the momentum, both at PO and LGU level, could be maintained after project closure, in particular in those domains/areas where tangible benefits were realised and (in the case of STARCM) where local NGOs remained active. Municipality officers contacted expressed high levels of satisfaction about the support received from the projects to strengthen their capacities and stated they continued to apply the approach promoted. In many cases however the same level of support cannot be provided to the communities because of lack of resources (and also because municipal officers often have to devote their attention to new projects), but this is not always needed as many agricultural practices have been well embedded during the project implementation period. Activities in the area of rural finance are however an important exception in this regard; only in the case of CECAP is there a substantial level of continuity.

It is not entirely clear to which extent the huge capacity building efforts (in all projects) that have been both of a functional and broader developmental nature, have also contributed to improved governance mechanisms. It is assumed that some positive effects should have been achieved considering the highly interactive, flexible and participatory approaches used, but this could not be fully substantiated. It was stated that the nature of political leadership plays a key role in this regard.

### **JC 3.1 EU support contributed to improved production, production base and conditions**

#### **JC assessment:**

All projects analysed contributed with varying degrees of effectiveness and sustainability to an improved production base and conditions.

Capacity development strategies of the projects all focused on both POs and LGUs as they considered both types of institutions – at least implicitly – as necessary to ensure improved production and underlying conditions. The projects' capacity development approaches have been quite similar, but some of them (e.g. STARCM) had mainly a functional focus (narrowly related to the sub-projects being implemented), whereas others (e.g. UDP) more explicitly framed their capacity strengthening efforts in a broader developmental perspective, which can also be attributed to the specific conditions of the areas the projects were working in (STARCM was working with well delineated ARC in socially and economically well integrated areas; UDP was working in the often isolated and ecologically fragile uplands where a broad integrated approach was imperative to achieve sustainable results). There is strong evidence that, at least at the moment of project completion, all projects had succeeded in creating and/or strengthening POs in such a way that they disposed of the necessary technical and managerial skills to plan, implement and maintain development actions at their level. In some areas (e.g. those covered by CECAP), very few POs existed prior to the project intervention, which as such laid down a basis for the development of civil society organisations. The level of success and sustainability seems to vary with the capacity of the projects to find institutionally and culturally adapted methods, the initial level of capacities in the communities and, above all, with the importance of the benefits as perceived by local communities, which explains, among others, the good results of irrigation associations and local drinking water institutions that are key in providing highly valued outputs to the people.

With the exception of STARCM (that was focused on ARCs that had a rather autonomous position within the local government system), the projects made of strengthening of LGUs a major strategic consideration; but also in the case of STARCM LGUs at municipal level were closely associated. As such, an impressive series of actions have been undertaken to strengthen LGU capacities to plan, implement and maintain development actions, to capacitate LGU staff in various ways, to install mechanisms in the yearly budgeting cycle to ensure continuity of services and key operation and maintenance activities, etc. In particular UDP and CECAP seem to have succeeded in establishing a good interplay and balanced relations between LGUs and grassroots organisations. Though all projects set up parallel structures and disposed of big project implementation teams, they closely cooperated with LGU level institutions and were able mobilise counterpart funding for its sub-projects from LGUs, enhancing LGU ownership and longer-term commitment with regard to project initiated activities. Such relations were however not or only marginally established with the technical departments at provincial (DA, DENR, DAR) and to a certain extent also at municipal (DENR, DAR) level.

All projects documented changes in production/productivity, processing and marketing, which have all been achieved via substantial training and extension efforts. In terms of improved production and productivity, UDP and CECAP seem to have been most successful in designing and transferring to farmers well adapted technological innovations, often using highly interactive methods of learning. There is strong evidence that in these two projects adoption has been sustained and spread to other farmers. The reports of two other projects provided strong indications of important number of farmers abandoning some of the new technologies proposed. The field visit found this only partially true;

adoption and continuity have been substantial with regard rice production and fruit trees, less in as far as husbandry is concerned

With the exception of STARCM, little attention has been given to the processing of agricultural products and others by the provision of farm and processing equipment. It is not clear to which extent this has led to sustainable changes. Marketing has equally received relatively limited attention and little is documented on the effects of the efforts undertaken, either because changes in this area have not been followed up by the projects, either because this area was not considered a key consideration. During the field visit, only in one case (a former STARCM vegetable producing group) a spontaneous reference has been made to successful marketing. It has appeared that farmers and their organisations have not always been able to cope with marketing challenges (which often were clearly present), e.g. in STARCM, CECAP and UDP areas where cases of market saturation have been reported. It is however sure that improved rural infrastructure in particular (see below) and better access to credit (only in CECAP) played a positive role in this regard.

All projects have made of improved rural infrastructure a major component. Road rehabilitation and maintenance has been the major action in this regard, but much attention was also given to the construction of foot trails, roads and footbridges. Road maintenance has in all projects received due attention and included both technical (training, provision of equipment) and institutional (set up of maintenance mechanism, inclusion of road maintenance in LGU budgets, ...) aspects. Despite these efforts, post completion missions all concluded that roads conditions had deteriorated but, always, these roads continued to provide highly valued services to the people (less expensive, easier and quicker transportation, improved access to markets and health centres, etc.). Two projects (STARCM and ERP-CASCADE) also provided substantial amounts of post harvest facilities that, not surprisingly, produced important short-term effects; during the field visit a few of the groups managing these facilities were visited and it was found that they were still functioning adequately.

The rehabilitation and construction of small irrigation systems has been another important rural infrastructure component that has been highly valued by the beneficiaries and produced immediate tangible effects in terms of increased production and productivity. All projects have engaged in this activity, thereby taking care of the required development or strengthening of irrigation associations.

The development of the rural finance component has been seriously hampered by design flaws in 2 projects (STARCM and UDP), which could only partially be corrected later on when these projects liaised with formal rural finance institutions. All in all, the effects and outreach of these components have remained rather limited in both projects. ERP-CASCADE started very late in the project implementation period with organising SLGs and Rural Finance Centres; as will be described later (see 3.3.3 below) they have not been able to continue quality operations in the post project period. The achievement of CECAP in developing rural finance institutions is however positive. An impressive number of SLGs have been formed and successful efforts undertaken for consolidation and up-linking these SLGs with formal rural finance institutions, thereby taking the existing legal framework into account. Most of the institutions set up by the project still continue to function today.

With the exception of CECAP, the projects undertook efforts to create and/or strengthen local enterprises thereby providing a package of varied services and support. With one exception (CASCADE's contribution to the set up of an agricultural terminal) the results of business development efforts remained relatively small in scale and have not been that convincing, in particular when the situation of

these enterprises in the post-project period is looked at. CECAP followed another strategy by focusing more on creating a favourable environment and the provision of marketing facilitating infrastructure. Also in this case, results have not been convincing.

All projects have at least indirectly contributed to the diversification of economic activities, mainly by broadening the number and types of crops and livestock being produced by the farmers. As mentioned above, little diversification has taken place in terms of other economic activities (processing, marketing). A notable exception in this regard has been CECAP's successful efforts to introduce forest activities.

### **Indicator 3.1.1 Changes in the capacity of POs and LGUs to plan, implement and maintain development projects**

#### **Indicator estimate:**

**Strengthening of PO capacities.** STARCM supported more than 150 barangay level POs for the planning, implementation and maintenance of development projects (both infrastructure and agriculture production and enterprise development projects). 32 supported POs achieved a high level of organisational maturity (an increase of 18 POs in 4 years time). By mid 2008, 59 POs (mainly cooperatives) managing income-generating projects had achieved an operating surplus for two years or more. The nine Irrigation Associations (IA) were by that time all made responsible for the operation and maintenance of the completed schemes. The same applied for 46 BASAWA's (Barangay Water and Sanitation Associations) that also were in charge of collection fees to cover the operation and maintenance costs. 63 POs have women in decision-making and leadership positions.

The capacities of POs to plan, implement and maintain projects seems however to vary heavily from one Agrarian Reform Community (ARC) to another. Determining factors include the existence of local organisations prior to STARCM intervention, quality of social preparation, the presence of good leadership, the quality of local teamwork and of the relationships between the NGOs hired by STARCM, the ARCs and the LGUs. NGOs that were doing earlier works in communities where they were eventually assigned, proved to perform significantly better and often were observed to continue working after the cessation of the STARCM operations. During the field visit, it was stated that many actors are still working in the area and that many of the STARCM supported POs continue to function.

UDP's intensive capability building efforts of farmers and members of the Upland Barangay Associations (UBA) have led to substantial increases in the communities' capacity to plan, implement and maintain development initiatives. Overall, 141 UBA have been organised and/or strengthened during the project implementation period. They have been capacitated to take up an active role in most schemes promoted by the project. A series of functional local organisations have also been strengthened, such as 148 community based extension teams and farmer training groups

ERP-CASCADE also provided various form of training to capacitate local POs in the field of agriculture, enterprise development, drinking water and health. Training has been, for instance, provided to 50 Irrigation Associations and producer groups; the training was implemented late in the project cycle so that no significant impacts have been produced during the project implementation period. However, the impact study on 16 irrigation schemes (conducted towards the end of the project) found clear evidence of increased capacity of irrigation associations to cope with maintenance problems, of enhanced cooperation and cohesiveness.

CECAP 2 emphasised institutional and organisational strengthening in all its programme components that were implemented in close dialogue and cooperation with local structures, including social preparation and 'social validation' of each project to ensure full community support. As such, the project capacitated 83 barangay-based groups of typically 15-25 farmers with a common interest in protecting their agricultural lands. For these groups eight technical packages were developed that were adapted to traditional knowledge and practice. These groups have then been assisted in the planning and implementation of Community Based Land Use Plans. Furthermore, 121 resident associations were set up to take care of the water supply systems (6,250 households); 78 farmers irrigation associations (5,700 households) were formed to maintain the completed community irrigation systems. CECAP achieved also a remarkable performance in setting up 1,139 Saving and Loan groups with 7,715 members, and linking many of these with established Micro Finance Institutions (MFIs, see 3.1.5 for more details). During the field visit, the significant contribution of CECAP in creating and strengthening POs has been recognised; prior to CECAP only very few POs existed in the area.

**Strengthening of LGU capacities.** 43 municipal, city and barangay LGUs included counterpart funding for STARCM assisted sub-projects in their annual budgets (investment and maintenance costs) so as to support STARCM initiatives and to ensure the maintenance of (among others) barangay roads, social infrastructure, etc. However, the fact that STARCM set up its own parallel structures to government institutions rather than strengthening the latter, has affected local LGU ownership and, hence, their willingness to ensure ongoing support for STARCM projects. Most of the capacity strengthening has been highly functional, i.e. allowing the LGUs to adequately plan, implement and maintain projects. However, as LGUs and also POs were provided the opportunity to manage the funds themselves, they were substantially empowered in a broader way and learned also to account for the proper use of funds.

The UDP project has succeeded in strengthening the Barangay and Municipal LGUs capacities to plan, support and manage sustainable upland development through the implementation of the so-called LUB-BDP (Land Used Based Barangay Development Planning) scheme, a community-based approach to development planning and natural resources management. By the time of project completion 175 LUB-BDP have been prepared. The replicability of the scheme is illustrated by the fact that 16 out of 18 municipalities assessed by the post completion mission had gone to replicate the scheme in other barangays after the UDP ended; by August 2009, 285 barangays have adopted the scheme. It appeared during the field visit that there were different views on the barangay's capacity to maintain the same level of planning and implementation practices. According to the resource person/institution contacted, it was stated that between one third and three quarters of the barangays were able to do so. UDP also used an approach similar to STARCM to allow LGUs and POs to manage the funds of the micro-projects, which enhanced local capacities substantially.

ERP-CASCADE has trained cadres of 143 barangays in Barangay Development Planning and these barangays have been coached by municipal LGU and undertaken various training efforts of municipal and provincial LGU staff, such as: training of 172 provincial LGU staff in various themes such as municipal agricultural and fishery development planning and gender mainstreaming, and monitoring and evaluation. Similar training has been provided to 381 municipal LGU staff. In addition, 182 barangay, 19 municipal and 2 provincial development councils have been trained on their roles, functions and investment planning, and the barangays have been coached by the municipalities through at least one yearly complete planning cycle. Technical and financial support has also been provided for the development of municipal agricultural extension plans; these efforts were well received by both LGUs and farmers and replicated by the DA in other provinces and municipalities of Region II. The actual

effects of these capacity building efforts are not entirely clear, but there are some indications of, at least, some effects, such as the preparation of new municipal agricultural and fishery development plans by 18 municipalities, the development of 16 municipal agricultural extension work plans (that were all successfully implemented) and the implementation of 18 projects by municipal LGUs and natural resource management groups. Furthermore, 2 PDCs, 14 MDCs and 139 BDC have been ranked as 'fully operational' as per Local Government Code by year 2003. In addition, two provinces developed a unified BDP Planning and Updating methodology and 42 projects were implemented by municipal LGUs/Natural Resources Management groups. Finally, 39 critical environmental sites have been effectively protected via LGU action at municipal level. .

While CECAP initially only focused on strengthening POs, later on it recognised the need for strengthening LGUs as the 'second leg' for sustaining the programme and its benefits. As such, it has engaged in a very important number of efforts to increase LGU capacities. LGU agricultural extension workers were closely associated to the promotion of improved agricultural and livestock technologies. It has also trained LGUs and farmer groups to develop and maintain well managed nurseries for the production of high quality and locally available seedlings for agro-forestry, fruit tree production and watershed production. As a result, 18 municipalities had, by the end of the project, started to establish nurseries with financing shared by CECAP and the LGUs. The project also helped LGUs to set up marketing facilities such as market centres and collection posts. These facilities were expected to lead to an improved marketing process. CECAP set also up a joint LGU-CECAP road maintenance program including staff training, the development of training documents, road maintenance awareness promotion and training, the provision of tools and equipment and actual implementation of road maintenance activities which were to be integrated in the LGUs annual activity programme in the post CECAP period. Other activities included barangay planning in Lalinga province (152 barangays), the preparation of Ancestral Domain Sustainable Development and Protection Plans in Abra province (5 municipalities). The project also trained and equipped 23 municipal livestock technicians and 60 veterinary aides, and did the same for 60 municipal agricultural officers. Last but not least, 29 municipalities adopted legislative and executive acts to institutionalise the allocation of budget and personnel to continue agricultural services and road maintenance. Further are 23 municipalities implementing sustainability action plans and 20 municipalities implementing joint municipal strengthening programmes.

**Related facts**, figures, references:

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2006 and 2007
4. Mid-term Review, January 2005
5. ROM report 2008
6. STARCM – ARCs Pre-Completion Household Survey, 2007

UDP:

7. Final Report for the period 1999 – 2007
8. Programme Final Report
9. Post Completion Mission, final report, 2009

10. Annual Reports 2005, and 2006

11. First Quarter Report, 2007

12. ROM reports 2005

ERP-CASCADE:

13. Annual Reports 2002 and 2003

14. Progress Report Q1, 2004

15. Pre-completion review mission, 2004

16. Project completion report, July 2004

17. Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nuava Ejica

CECAP 2:

18. CECAP Completion Report, July 2003

19. CECAP Completion Report: extension period, 2003 – 2004

20. CECAP Post Completion Report, September 2005

**Indicator 3.1.2 Changes in agricultural production and productivity, processing and marketing at the level of farmers and farmer organisations**

**Indicator estimate:**

The STARCM reports provide only indirect indications on the capacities of farmers and farmer organisations related to agricultural production, processing and marketing. Some characteristics of the STARCM approach let however suppose that the capacities of farmers and their organisations have been increased to a certain extent. These characteristics include the participatory definition of agricultural development plans and the farmers' inclusion in the formulation of the projects, which remained however mainly in the hands of LGU technicians (initially) and NGO staff (later on) and had a strong functional (proposal writing) focus. Local POs and NGOs seem however to have increasingly been involved in the implementation of agricultural projects. All sub-projects included technical training at the outset, often combined with site visits to other sub-projects; both ordinary beneficiaries and local lead farmers or para-technicians have been trained. When serious problems were encountered (e.g. with the care and maintenance of perennial crops), re-training was organised for lead farmers and other beneficiaries. The STARCM pre-completion household survey indicated increased levels of production and the number of crops produced.

The STARCM constructed and rehabilitated irrigation schemes, which led (in 2006 and 2007) to dry season yield increases of 45 to 80 sacks of palay per ha (equating an additional income of P10,000-20,000 per ha per season). During the field visit, it was confirmed that the construction and rehabilitation of irrigation schemes led to increased productivity, but the increases reported were less dramatic.

In its Agricultural Production and Enterprise Development component, STARCM provided funds for productive investments to farmers and POs, which they otherwise would not be able to afford. Many of these investments were innovative and included improved crop cultivation (and processing) technologies. In total 189 barangays were covered by these projects; those related to crop cultivation and husbandry have reached an estimated 17,000 households.



The technical, managerial and financial capacities of ARC cooperatives were strengthened via different schemes of provision of farm and processing equipment; training efforts in these areas had varied results. 17 rural enterprises also benefited from different types of training.

The UDP project has developed a vast and intensive community based extension network that seems to have been highly effective and valued by both the farmers and LGUs. By the end of the project, community based extension teams were functioning in 38 municipalities; 175 barangays had functioning extension workers; in total 1,068 locally based extension workers were working with farmer training groups. The approaches used by the extension workers such as learning sites, model farms and farmer-to-farmer transfer of knowledge seem to have been highly instrumental in increasing the farmers' capacity and them adopting the upland diversified farming system. The value of the approach is further evidenced by the fact that barangay extension workers have been maintained in 19 out of 21 of the barangays visited by the post-completion mission and that in many cases the municipal/provincial LGUs have appointed barangay extension workers in areas originally not covered by UDP. The UDP reports further provide indirect but strong indications on increased agricultural productivity via their key schemes related to sustainable upland farming and diversification of agricultural production. During the field visit, several resource persons state that at municipality level the extension system has been largely maintained and is still working along the principles promoted by UDP. By early 2004, the ERP-CASCADE project has trained more than 8,000 farmers on commodity specific technologies of which 7,000 have applied/replicated, in part of in full, the technologies promoted.. Further, about 850 farmers were assisted in developing their farm plans, while about 50 irrigation associations and producer groups have completed a group strengthening training cycle. An impact study showed both increases in productivity and cropping intensity in the communal irrigation systems constructed or rehabilitated, leading to average yield increases from 45% to 62% per hectare.

*The effects of small irrigation on agricultural production and productivity in Manamtam barangay (Bambang, Nueva Vizcaya province)*

The construction of our irrigation scheme took more than one year (including the construction of a hanging bridge and a tire path). The CASCADE staff did a lot of efforts to organise our community and we contributed to the construction of the scheme. Before the irrigation scheme existed, I already tried many times to grow two crops yearly, but often the second crop was a failure. Since the scheme was completed in 2001, I never experienced a failure anymore. I now reach a productivity of about 120 cavans/ha. Sometimes, when we are late with minor repairs of the irrigation scheme, productivity decreases till 100 cavans/ha. Most of the operation and maintenance costs are covered via the irrigation service fee; in case of major repair works, the barangay and municipality LGUs assist us. All farmers are selling there produce individually (member of the irrigation association).

CECAP-2 has made substantial efforts in training of farmers, including training around 70 farmers as extension workers to promote agriculture and livestock production. It appeared that successful farmers have been the most effective sources to persuade their neighbours to adopt improved practices.

In particular in its second and extension phases, CECAP succeeded in convincing farmers to adopt improved technologies related to four core commodities: rice, coffee, vegetables and fruit. These results were achieved using a combination of training and extension efforts involving farmers, CECAP staff, LGU staff and often also cooperatives. The project promoted a 'divisible' approach to technical interventions

so that farmers could adopt part or all new technology depending on their resources. The project roughly met its targets: 1,883 households adopted improved coffee production technologies and improved technologies for highland rice, lowland rice, fruit production and integrated pest management/organic vegetable production were adopted by 1,667, 1,125, 1,912 and 2,106 households respectively (in total an estimated 8,693 households). Furthermore, 5,767 livestock raisers in 23 municipalities were reached by devolved veterinary services to improve their production methods. The effectiveness assessment study conducted at the end of the project found that 82% of the participants in CECAP agricultural projects were still using the recommended technologies, which have increased the yield of highland rice (19%), lowland rice (130%) and vegetable production (150%). During the field visit, it appeared that many farmers still benefit from the activities promoted by CECAP. Depending on the area visited, coffee, vegetables or fruit trees have been indicated as the major source of additional production.

The CECAP-2 project has done much to protect the producers' land, their main productive asset, and in that way contributing to increased agricultural productivity. As such, 734 upland farms were stabilised and 937 water sources protected through watershed protection. CECAP also has successfully introduced a simple land tiller, adapted to highland conditions that can be locally assembled and is increasingly used in the area.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2006 and 2007
4. Mid-term Review, January 2005
5. ROM reports 2007 and 2008
6. STARCM – ARCs Pre-Completion Household Survey, 2007

UDP:

7. Final Report the period 1999 – 2007
8. Programme Final Report
9. Post Completion Mission, final report, 2009
10. ROM report 2005

ERP-CASCADE:

11. Annual Reports 2002 and 2003
12. Progress Report Q1, 2004
13. Pre-completion review mission, 2004
14. Project completion report, July 2004
15. Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nuava Ejica, 2004

CECAP 2:

16. CECAP Completion Report, July 2003
17. CECAP Completion Report: extension period, 2003 – 2004
18. CECAP Post Completion Report, September 2005

19. CECAP, ROM report, July 2002

### **Indicator 3.1.3 Changes in the availability of rural infrastructure supporting farming productivity and welfare**

#### **Indicator estimate:**

**Road rehabilitation and maintenance.** The completion of STARCM's road rehabilitation sub-projects provided year-around vehicular access to more than 25,000 ha of agricultural land and benefited over 20,000 households. While many of the roads rehabilitated immediately deteriorated due to maintenance problems, they continued to serve their intended purposes and improve access within ARC areas. The roads constructed or rehabilitated by STARCM were still functional during the field visit.

The UDP project rehabilitated 20 road sections (44 km) with own funds and 54 road sections (201 km) with funds of the Department of Agriculture. Through the Labour-Based Routine Road Maintenance Scheme, 365 km of roads were upgraded and maintained by 70 communities; the same happened with 30 km of trails. In addition, 70 barangays had permanent maintenance and repair crews that have been well institutionalised, trained and provided with tools. However, the post-completion mission found out that only 2 out of 20 barangays visited had continued with the labour-based road maintenance scheme, leading to a significant deterioration of the roads that have become frequently impassable in the rainy season. Half of the barangays had resorted to other systems ensuring minimal road maintenance. While the labour-based schemes were not sustained, many barangay LGUs undertook more frequent road maintenance with the support of the municipal LGUs; their commitment to road maintenance was also evident through the regular allocation of a road maintenance budget from the internal revenue allotment, which was rarely the case before the UDP intervention. The Pre-Completion household survey recorded that the access to farm-to-market roads have improved the households' situation in terms of decreased travel time and increased number of trips per day, but that it also has increased travel costs per person; however in correlation with other effects, the roads have been very substantial in increasing farm income.

The ERP-CASCADE project has constructed or rehabilitated 132 km of roads and foot-trails, 1.7 km of footbridges, and improved or constructed 183 m of bridges. According to the 2003 annual report, only 54% of the infrastructure projects were maintained in accordance with maintenance and operation plans, which confirmed earlier reports of a too low technical standard. The Pre-Completion mission stated however that most roads are well maintained, which might be attributed to the change in the focus of the project to capacitate the LGU engineering offices in a technical and managerial way and to provide them with road equipment for maintenance purposes. During the field mission, it was confirmed that most roads were well maintained.

The CECAP-2 project had an important infrastructure component that catered for the rehabilitation of 136 km of roads (26 projects), the upgrading of 47 km of foot trails, the construction of 29 pedestrian bridges and of 32 combined footpaths and pedestrian bridges. However, according to the internal project monitoring system, only 38% of the road rehabilitation projects were rated as good or excellent. In total 23 municipal engineers have been trained and made responsible for the preparation of maintenance plans and the supervision of road maintenance works. The end-of-project effectiveness assessment study indicated that 87% of the population stated the improved roads made them 'better off' in some way (quicker and cheaper access to towns, health facilities and markets). The post

completion mission found out that an important number of roads were in poor condition but were likely to survive; the mission remarked that CECAP should have done better in completing the road works to a higher standard. Paths and bridges were found to be in a good condition and are most likely to survive. During the field visit, it was found that most roads have been reasonably maintained. It appears that road maintenance is a key consideration for mayors (and a prerequisite to their eventual re-election). When municipalities lack the necessary funds to ensure road maintenance, they often succeed in attracting external funding.

**Post harvest facilities.** 13,000 (STARCM) households (and 9,000 agrarian reform beneficiaries) benefited from 30 multipurpose buildings and 41 solar driers. Between October 2006 and March 2008 over 120,000 sacks of produce were dried, allowing transportation cost reduction of 10-20% and price increase from P1.30 to P2.00 per kg, compared to selling immediately after shelling or threshing. STARCM also provided machinery and rice threshers to 42 cooperatives and farmer associations contributed significantly to improvements in timeliness and efficiency of cultivation and reduced post-harvest losses (savings of rental rates of P5,000/ha for land cultivation, reduction of losses of palay due to timely processing, etc.). 18 stationary rice and corn mills and, in particular, 3 mobile rice mills contributed significantly to savings in time, transportation and incidental expenses. Cooperatives were able to generate substantial operational profits from the equipment granted by the project, strengthening in that way their capital base.

The ERP-CASCADE project has built 70 post harvest facilities.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Report 2007
4. Mid-term Review, January 2005
5. ROM reports 2006, 2007 and 2008
6. STARCM – ARCs Pre-Completion Household Survey, 2007

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004

CECAP 2:

1. CECAP Completion Report: extension period, 2003 – 2004
2. CECAP Post Completion Report, September 2005
3. CECAP, ROM report, July 2002

### Indicator 3.1.4 Number of irrigation systems built or rehabilitated and functional

#### Indicator estimate:

The STARCM constructed and rehabilitated irrigation schemes serve 1.837 families; the newly constructed schemes increased the irrigated area in the ARC by 1,105 ha. About 600 additional households have now access to irrigated land. Most of these schemes have been well maintained in the post project period.

#### *Communal irrigation scheme in Del Carmen barangay (President Roxas municipality, North Cotabato)*

The STARCM project contributed substantially to the rehabilitation and expansion of the local irrigation scheme from 208 ha to 516 ha; initially about 350 households were benefiting from the scheme, after the STARCM intervention their number increased till 404 households, of which about 50 were not belonging to the ARC. The entire area now can engage in two crops yearly and productivity has increased by about 20%. Most of the paddy is however sold immediately after the harvest, when prices are relatively low, as funds are needed to prepare the next production cycle. The maintenance of the scheme is ensured via in kind contributions (palay) after harvest and collective efforts (one day monthly). The irrigation association is now in the process of converting itself into a cooperative.

The ERP-CASCADE project has constructed or rehabilitated slightly more than 1,250 hectares of communal irrigation systems<sup>78</sup>. The maintenance of these systems seems to be well ensured. The impact study conducted by the Isabela University found acceptable levels of irrigation efficiency; during the field mission, it was confirmed that most irrigation schemes are still functional and have a substantial impact on raising production and productivity. CECAP rehabilitated or built a total of 95 community irrigation systems, serving a total area of 2,028 hectares; these projects were completed by the set up or strengthening of irrigation associations (80 formed, 78 effective) that are supposed to ensure maintenance of the schemes. The Post Project Completion Report found that most systems continued to operate, but that some of these are vulnerable to flood damage. This conclusion was confirmed during the field mission; all systems were found operational, except where major damage has occurred. It was however found that in many cases irrigation association had an opportunistic attitude: when damage occurred, they were tempted to lobby first for municipal or barangay support (and often were successful to get it); only when they failed to obtain support, would they generate the required resources themselves...

#### Related facts, figures, references:

##### STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
- 3.

##### ERP-CASCADE:

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<sup>78</sup> This figure should however be dealt with with precaution. A study by researchers of Isabela State University on ERP-CASCADE irrigation systems showed that communities are tempted to overestimate the area covered by the irrigation facilities. This overestimation amounted to 40.9% of the acreage for the 17 community irrigation systems studied.

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004
5. Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nueva Ejica

CECAP 2:

1. CECAP Completion Report: extension period, 2003 – 2004
2. CECAP Post Completion Report, September 2005
3. CECAP, ROM report, July 2002

**Indicator 3.1.5 Changes in the number of rural people having access to bank and non-bank financial services**

**Indicator estimate:**

Initially € 1.0 million was included as a credit fund to ARC cooperatives in the design of STARCM. Considering the experiences of the past and the institutional environment in the Philippines, this was a serious design flaw that only could be corrected from half of 2002 onwards. From that moment, a combined strategy was followed of (1) cooperative strengthening in partnership with the Land Bank of the Philippines and (2) the provision of institutional credit to microfinance institutions through the Peoples Credit and Finance Corporation (PCFC). The first strategy had only limited success and was phased out following the 2004 mid-term review. The second strategy was implemented on the basis of a Memorandum of Agreement with PCFC, that accredited 9 MFIs, operating in the project areas, that benefited from 21 institutional loans from PCFC. Initially the funds made available by the project were relatively well utilised, but this changed from 2005 onwards, as other lenders could provide the MFIs loans at better conditions. With no indication that the MFIs would resume borrowing from the PCFC, the programme was ended by 2007 and the funds returned to the STARCM at an 85% discount rate.

Notwithstanding the underutilisation of the STARCM funds, the participating MFIs increased their outreach to 5,864 borrowers in thirty ARC by the end of 2006. The Pre-Completion household survey noted also an increase in credit delivery (number and amount of loans), despite a decrease in credit awareness in the project area. The Post Completion Mission noted however that, for various reasons, the project has not been significantly effective in improving the beneficiaries' access to formal sources of credit; some MFI's have however been institutionally strengthened, but without any guarantee that the ARC beneficiaries would have improved access to credit.

Serious design flaws and a changing legal environment to which the project failed to react quickly have implied that the rural financial services of UDP have generated limited effects. The transfer of project funds (P55 Mio) to the Upland Development Trust Fund (UDTF) under the Land Bank was implemented according to plan, but farmers failed to use the facility for various reasons. Nevertheless, 4,977 farmers accessed to UDTF funds via 5 MFIs. Performance of these MFIs was better than that of the farmer service centres because of their professional experience. During the field visit it appeared that a memorandum of understanding has been concluded with the Landbank of the Philippines to manage the trust fund (P101 million) via two different components, targeting cooperatives that used to be

supported by UDP and five MFIs that would issue loans to individuals in former UDP areas. So far, actual disbursement of the funds is still very limited.

ERP-CASCADE has launched in 2003 (i.e. one year prior to its closure!) 19 Savings and Loan Groups and 66 Rural Finance Centres that have been intensively trained and accompanied. All Rural Financed Centres had prepared themselves business plans and the same has been done by 7 credit cooperatives. However, by the end of the second quarter of 2004, none of these centres had been accredited. No figures have been provided on actual savings generation, loan disbursement, quality of loan portfolio, etc. Despite the late start-up of the activity, about 18,800 households had access to financial services by the end of the project. The SLGs promoted showed however high levels of delinquency and management weaknesses, though towards the end of the project some effective efforts have been undertaken to substantially improve the situation (reduction by 55% of delinquency rates). By that time however, the 66 Rural Finance Centres (RFC) established did not fulfil the stringent accreditation criteria established at the start of the project, even though they produced a tangible impact for the population.

CECAP-2 has been more successful than the other projects in promoting access to rural finance for its beneficiaries. In total 1,139 SLG have been established, totalling 7,715 members, of which 77% are women. CECAP also engaged in consolidating and linking efforts for these small grassroots organisations; some of them joined this programme, while others preferred to continue as independent SLGs. In total 254 SLGs have been grouped in 80 Alternative Savings and Loan Assemblies (ASLA); 254 SLGs are linked to established registered MFI institutions, while 277 SLGs have been linked with Savings and Loan associations (SaLA). In total 9 SLAs have been registered with the Security Exchange Commission. All SLGs and ASLAs have reached their (95%) savings target. The loan repayment rate (by the end of the project) is however reason for concern (only 85%), with a portfolio at risk of 6%. The post completion mission is however optimistic about longer-term sustainability of the institutions at grassroots and higher levels. This finding has been confirmed during the field mission: many SLG and SaLA continue to function even without any external support and provide in that way invaluable services to their members who have important credit needs. The CECAP revolving fund has been handed over to the Land Bank via ACPC (Agricultural Credit and Policy Council), but the cooperatives and SLGs formerly supported by CECAP have not necessarily access to these funds. In addition, the often inadequate distribution of the CECAP funds to local SaLAs towards its closure sometimes caused problems as borrowers considered these funds as grants and have not been ready to reimburse them. As the ACPC requests now the reimbursement of these funds, some of the SaLAs are in serious difficulties.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2006 and 2007
4. Mid-term Review, January 2005
5. STARCM – ARCs Pre-Completion Household Survey, 2007

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004
5. Rural finance centre profile (year ending December 31, 2009)

CECAP 2:

1. CECAP Completion Report: extension period, 2003 – 2004
2. CECAP Post Completion Report, September 2005
3. CECAP, ROM report, July 2002

**Indicator 3.1.6 Changes of the number of viable micro-enterprises**

**Indicator estimate:**

STARCM supported the establishment or expansion of 17 rural enterprises. The range of enterprises supported and the often quite complex technical requirements for success made these sub-projects the most difficult to implement. Most of them faced technical and/or organisational problems that the project was often unable to solve. Hence, only a few enterprises could develop towards a potentially self-sustaining business enterprise.

UDP, through its marketing and enterprise development approach, established 34 upland village enterprises that have taken the form of either an association or a cooperative. These enterprises engaged in various activities mostly related to agricultural production, processing and trading. At the time of the Post Completion Mission, only 7 of the 16 enterprises visited were still operating and only two could be rated as strong with a potential to grow. The lack of adequate provision of continuing support for the enterprises was identified as a major factor for this failure.

ERP-CASCADE provided skills training to 1,124 micro-entrepreneurs and 253 micro-entrepreneurs acquired business management skills, while 324 entrepreneurs acquired new knowledge and skills on product development. 34 micro-entrepreneurs were supported in improving their products' designs and packages. The actual effect of these capacity building efforts on the viability of the micro-enterprises has not been documented; the 2003 annual report states however that 64 micro-entrepreneurs actually implement their new business plan and that 21 contracts have been established between buyers and producer groups. There are further inconclusive data on the additional jobs created (estimated at 49 or 109 jobs). Two business development service centres covering the processed food and handicraft sectors have been established in Nueva Vizcaya and in Benguet and have been providing business development services to 22 micro-enterprise development groups. During the field mission, various resource persons stated that the enterprise promotion component has been started too late; the programme in itself was well designed but had to be implemented too rapidly, so that the beneficiaries could not really practice the new skills and develop their enterprises in a sustainable way.

In Nueva Vizcaya, the project also participated in the set up of an Agricultural Terminal, which was visited during the field visit and has grown out to a very important venue for linking local products with markets in other areas (Manila and Baguio). Finally the project assisted in establishing 34 contracts between producers and buyers.



As marketing infrastructure and institutions were very weak in the areas, CECAP-2 focused most on creating better conditions and capacities at the level of local organisations for selling farm products. By the end of the project, 34 marketing structures (market centres, collection points, drying pavements and multi-purpose buildings) had been completed and made operational.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005
4. CECAP, ROM report, July 2002

**Indicator 3.1.7 Changes in the diversification of economic activities**

**Indicator estimate:**

STARCM promoted many activities in the agricultural and livestock sectors (production and processing) that contributed to a diversification of economic activities. The planting of fruit trees, banana, coconut and rubber constituted the most significant attempt in this regard (6,467 households). Other venues of diversification included swine and goat raising (951 households), poultry and duck raising (498 households); vegetable and fish production and capture (respectively 708 and 474 households); 1249 families benefited via the provision of draft and pack animals. The Pre-Completion Household Survey indicated a substantial increase in the number of beneficiaries cultivating other (than traditional) major crops, mainly by planting perennial crops such as mango, coffee, rubber and coconut (besides sugarcane and banana). However, only very small numbers of beneficiaries reported income from non-farm activities.

The introduction of agricultural equipment contributed also to economic diversification (4,194 families), as did enterprise development (840 families).

UDP aimed, among others, to improve implementation and adoption of resource management and sustainable agriculture via diversified market-led production and sustainable water conservation. By the

project end, 12,481 farms have adopted diversified farming systems, covering an area of 10,751 ha. Fruit trees seem to have been the most popular choice for diversification; other important crops include banana and vegetables. Both provincial and municipal LGUs have continued to promote diversified production in the post-project period, though not always entirely replicating the UDP model. During the field visit, it appeared that substantial spontaneous adoption of the UDP model is taking place in the upland areas that have been covered by the project.

ERP-CASCADE has not recorded the effects of its activities related to agricultural production and micro-enterprise development. Much of the project's efforts related however to technological innovation, the introduction of new varieties or crops, and the set up of new business ventures (mainly related to non-farm products). So that it can be safely assumed that the project contributed to economic diversification.

As part of its Natural Resource Management programme, CECAP has worked with farmers to reforest unproductive land (2,446 farmers participating), to enrich their woodlots (1,334 farmers) and adopt agro-forestry production methods (751 farmers). A total of nearly 2.9 million trees have been planted with an estimated survival rate of 81% (measured the first summer after planting), covering an area of approximately 2,000 hectares.

CECAP efforts have focused more on the most important crops of the area (coffee, rice, vegetables, fruit), but its success in promoting well adapted packages will certainly have led to farmers diversifying their production. Some of the resources persons contacted during the field mission deplored the lack of innovation of CECAP and its failure to link up with research institutions in this regard.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2005, 2006 and 2007
4. STARCM – ARCs Pre-Completion Household Survey, 2007

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009
4. Annual Reports 2004, 2005, 2006

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004

### **JC 3.2 EU support contributed to improved living standards of the rural poor in targeted areas**

#### **JC assessment:**

The projects' contributions to poverty reduction and income increase (in both cash and non-cash communities) are, for obvious reasons (attribution problems) not easy to determine let alone to quantify. For two of the projects (UDP and CECAP) no externally collected data have been found related to poverty reduction. The STARCM completion report mentions decreasing poverty levels in its working area, but admits it is difficult to distinguish its effects from that of other factors. It also has reported, during project implementation, important income increases in various areas but the levels of income increase have substantially dropped after project closure. The project's claim that it would produce longer-term effects via its fruit tree program should be considered as premature as the post completion mission has found low levels of maintenance of the fruit trees; during the field mission it appeared however that many of these trees have started to produce in the meanwhile. An impact study found that STARCM succeeded in decreasing poverty levels and increased ownership of assets; these findings were confirmed by the results of DAR's own monitoring system that recorded a substantial progress in development level in the STARCM supported ARCs, which continued to improve in the post project period. The UDP Final Report states that there are strong indications that farmers exposed to the extension services have increased their income. In addition, many farmers involved in the programme are expected to gain significant economic benefits (P100,000/ha/year) once their fruit trees come into production; these claims were largely confirmed during the field visit. The ERP-CASCADE Pre-Completion mission refers to an impact study being conducted during their project visit that estimates that the income of project beneficiaries would have increased by 27%. The Mission arrived however only at a 5,7% increase, thereby stating that income increases are notoriously difficult to estimate by lack of reliable data. An impact study at the level of barangays benefiting from a newly constructed or rehabilitated irrigation scheme indicated however substantial production increases. CECAP has been able to provide convincing evidence through its effectiveness assessment study that found that an important number of project beneficiaries considered to have made progress and increased their income because of the project's intervention. Improvement of roads is in many instances mentioned as an important factor in reducing poverty levels and increasing income. All projects failed however to focus adequately on post production issues, which implies that in many cases the potential benefits of their efforts were far from optimally used.

Finally, NSCB data show a better than average performance related to poverty reduction in the three provinces where the rural development projects have been most prominently present. It is however impossible to determine to which extent this change can be attributed to the projects.

STARCM is the only project to have invested substantially in improving health services. Improved access to qualified health services during the project period is convincingly documented and all health centres are said to function adequately in the post project period. With the exception of UDP, all projects improved access to potable water via the construction of an important number of water supply schemes that were in general fairly maintained, also in the post-project period. Important outcomes of the improvement of the health and water services are claimed but it is not sure to which extent they can be attributed to the project.

Three projects (UDP, ERP-CASCADE and CECAP) worked in often isolated areas with a low economic and social development level, where important numbers of Indigenous People are living; STARCM worked

with agrarian reform communities that needed additional support to ensure sustainable benefits for the beneficiaries of the national agrarian reform program. By adopting inclusive approaches and focussing much on the strengthening and empowerment of POs and liaising them with LGUs, an important contribution has been provided to the beneficiaries' social and political integration. This process has often been difficult, but overall quite successful as also economic progress has acted as an important trigger for further social and political integration.

### **Indicator 3.2.1 Changes in the proportion of the population whose income is increased in a sustainable way**

#### **Indicator estimate:**

**Poverty Reduction.** The STARCM completion report signals reductions in the number of households living below the poverty threshold in the four provinces covered by the project (varying from 13.9 to 2.2%). While it is impossible to quantify the project's contribution to this improvement and to disaggregate the effects of STARCM from other factors, these data (reported by the National Statistics Coordination Board) are also confirmed by the (independently conducted) pre-completion household survey conducted in barangays where sub-projects have been implemented. This study found also that an increase of 63.2% of the number of families living above the poverty line has been achieved (as compared to 34.2% initially targeted). In all provinces, the incidence of poverty has been reduced by at least with 40%, which implies also project effects on non-agrarian reform beneficiaries who have not been directly targeted by the project. The survey further found clear signs of increased savings and expenditure patterns among the beneficiary population and an increase by 30% of the annual gross income from major crops whereas this increase was even 81% among the not directly targeted population (people not belonging to an agrarian reform community). Other indicators that at least indirectly point to increased income are increased ownership of household appliances, furniture and water-sealed toilets. These findings are largely confirmed by DAR's own monitoring efforts, using the ARC Level of Development Assessment (ALDA) tool as an indicator of overall development progress (see box). The STARCM Post Completion Mission states however that the APED (Agricultural Production and Enterprise Development) component of the project has achieved only modest progress towards alleviating poverty and economic disparities.

#### *Evolution in the level of development in Agrarian Reform Communities (ARC)*

The DAR has a strong tradition in monitoring progress in the ARC that receive support. The ALDA rating is a key instrument for this purpose. Recognizing the different dimensions of rural development, the ALDA looks at six key result areas as major areas of intervention to increase productivity, improve the ARB household income, and empower ARB organisations: land tenure improvement, organisational maturity, economic and physical infrastructure support services, farm productivity and income, basic social services, gender and development. The ALDA contains more than 200 weighted key result areas that are combined to classify each ARC on a scale from 1 to 5 (respectively low and high level of development). The 2007 STARCM project completion report states that the number of ARC communities reaching levels 4 or 5 has increased to 34 (from 5 in 2002). Data obtained for North Cotabato (main province of intervention of STARCM) for 2009 show that of the 24 ARC's supported by the project till 2007, by 2009 12 were able to maintain their level of development (9 of them

already having reached level 5 in 2007), while 11 had made further progress and one showed a decrease.

The fact that the UDP covered a limited number of upland municipalities in six provinces and did not engage in measuring income increase, implies that no numerical data exist on the effects of the project on the income of the beneficiaries and their overall welfare. Discussions during field visits revealed however that the project's strategy to focus on perennial crops started to pay off and that many former project beneficiaries manage to increase their income substantially. A few cases have however been mentioned of market saturation for particular commodities leading to considerable drops in net income.

*Changes in San Isidro barangay (Nabunturan municipality, covered by UDP)*

A group discussion with farmers (7 men, 12 women) revealed that most farmers in the barangay adopted the innovations promoted by UDP. The most important innovations are considered to be: the planting of important numbers of trees (rubber, lansones, durian, mangustan, rambutan) that already start to bear fruits, the adoption of contour building and the use of organic fertiliser. These measures have led to an income increase, which is however conditioned by periodic drops in market prices. The diversified cropping system protects diminishes however the risks. So far, farmers are not considering collective marketing.

The increased income is mainly used to pay for the education of the children, to increase expenditure for domestic needs (rice, soap, ...) and for housing improvements.

The ERP-CASCADE reports provide no direct indications on decreased poverty that would have resulted from project activities as the external study supposed to independently evaluate its impact did not provide reliable data in this regard. There are however 'strong indications' (ERP-CASCADE completion report) that the farmers' income has substantially increased in the area covered by the project compared to neighbouring areas. This is confirmed by the impact study on the communal irrigation systems, which came at a computed net income per hectare of P52,356 for the 16 irrigation schemes studied. In addition, over 200 new jobs have been created via the enterprise development program.

An effectiveness assessment study conducted at the end of the project found out that 44.3% of the population that has been covered by CECAP (in total 89% of the population of the project area, i.e. more than 40,000 people, predominantly classified as poor) believed their socio-economic situation had improved, whereas 20.0% believed they were worse off (against 30.8% in the group of non-beneficiaries). As such, an estimated 15,000 people believe their living conditions have improved.

**Income increase and expenditure decrease.** Initially, about 4,700 households have earned additional income from STARCM sub-projects related to agricultural production and rural enterprises (vegetable production, small livestock, poultry, fish production and capture, draft animals). However, after several production cycles, the number of households with additional income significantly dropped to about 62%. Of the 33 projects visited by the Post Completion Mission, only 18 were still operational and providing income. The project claims that an additional 5,600 farmers will enjoy sustainable income from fruit, coconut and rubber trees when these trees will come into bearing, but the Post Completion Mission considers this doubtful considering the lack of proper care of the trees and the plots.

In addition, about 12,700 households have reported financial benefits such as a reduction in the cost of hauling products along rehabilitated roads, improved storage facilities and drying pavements, etc. 1,837

households are expected to enjoy benefits from the newly constructed or rehabilitated irrigation schemes but, obviously, the achievement of this potential additional income is depending on many other factors.

The 2005 impact study found that by that time no strong indications existed of increased income at the level of the UDP assisted barangays, whereas there was already strong evidence of diversified food security and availability. While the project did not generate end-of-project data related to the project effects in terms of income (a 60% income increase at the level of 10,000 households compared to farms without programme assistance was aimed at), the Final Report states that there are strong indications that farmers exposed to the extension services have increased their income. The post-completion mission provided however some indications in this regard. The introduction of diversified farming systems in the UDP project has contributed to additional earnings between P 20,000 and 50,000 for farmers adopting intercropping with banana and vegetables. Many of the more than 12,400 farmers involved in the programme are expected to gain significant economic benefits (P100,000/ha/year) once their fruit trees come into production. The improved maintenance of the road network has a very positive impact on the local economy through increases in the volume and value of products marketed outside the barangay.

The ERP-CASCADE reports provide no direct indications on increases of income that would have resulted from project activities. However the Pre-Completion Report refers to an impact study being conducted during their project visit that estimates that the income of project beneficiaries would have increased by 27%. The Pre-Completion Mission arrived however only at a 5,7% increase, thereby stating that income increases are notoriously difficult to estimate by lack of reliable data. In addition, overall economic growth in the region (including areas not covered by the project) was virtually equal to the Mission's figure. Moreover, the Mission estimated the number of beneficiaries as being considerably lower than stated in the impact report; the Mission estimates the number of farmers reached at 3,200 and certainly not more than 8,000 (including farmers reached indirectly, e.g. via the project's infrastructure component).

A study conducted by Isabela State University on 16 community irrigation schemes constructed or rehabilitated with ERP-CASCADE support revealed that the average payback period of the project cost was only 2.2 years (and even less than one year in the case of a rice-rice or rice-vegetable production pattern). These figures let suppose a substantial income increase for farmers from year 1 onwards (beneficiaries contributed on average 22% of the total project cost in the form of labour and food).

In the CECAP effectiveness assessment study referred to above, 23.2% of beneficiaries said their income from crops, livestock and non-farming activities had increased, while 20.2% stated they had less income. Of those having increased their income, 95% stated CECAP was responsible for it either for a large or small part. During the field visit, similar information was obtained, with resource persons indicating various sources of income increase that related to the CECAP project.

To finish this point, we present herewith a few figures drawn from the poverty statistics issued by the NSCB. They relate to three provinces that have been intensively covered by one of the rural development projects. These are the provinces where project impact can be expected to be most tangible, though it is not possible to isolate the project impact from other factors, given the relatively small amount of people reached directly and the many external interventions taking place in the projects' areas.

*Table 11 Poverty incidence (%) in selected provinces (\*)*

Province	Covered by ... (implem. period)	2000	2003	2006	2009
North Cotabato	STARCM (5/2001 – 7/2008)	41.6	26.1	27.7	
Nueva Vizcaya	CASCADE (7/1997 – 7/2004)	16.5	9.2	12.7	
Ifugao	CECAP 2 ( (7/1996 – 7/2004)	55.7	28.1	30.9	
<i>Philippines</i>		27.5	24.4	26.9	

(\*) The UDP project targeted upland municipalities in six different provinces, with different characteristics compared to other municipalities in those provinces; as such, it is not meaningful to include (one of) these provinces in the table.

The data presented above show that in the three provinces covered intensively by three of the rural development projects, over the period 2000 - 2006 poverty incidence dropped sharper than at the national level (in particular in North Cotabato and Ifugao), but that none of the provinces could avoid an increase of poverty in the 2003 – 2006 period.

#### **Related facts, figures, references:**

##### **Poverty statistics of the NSCB**

##### **STARCM:**

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2005, 2006 and 2007
4. Mid-term Review, January 2005, 2006, 2007 and 2008
5. STARCM – ARCs Pre-Completion Household Survey, 2007
6. FAPS in focus, DAR Official Development Assistance Portfolio Review, 2008
7. ARC Level of Development Assessment, DAR Region XII, North Cotabato province

##### **UDP:**

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009
4. The program implementation: realities, gains and constraints (2005)
5. ROM reports 2003, 2004, 2005

##### **ERP-CASCADE:**

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004
5. Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nueva Ecija, 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005

**Indicator 3.2.2 Changes in the access of the population to functional health services**

**Indicator estimate:**

The women of more than 10,000 households (STARCM) enjoyed easier access to health services, more frequent visits of doctors and nurses and the proximity of day care centres. More than 12,000 households enjoyed the services of 34 constructed or upgraded barangay health centres and 2,500 households are served by day care centres. Services provided by the health stations included pre-natal and childcare, birthing, vaccination, diagnosis and treatment of tuberculosis, and treatment of minor injuries.

The ERP-CASCADE project has trained 361 health workers and 300 barangay nutrition scholars and created 19 Integrated Solid Waste Management boards. The 2003 progress report records a 30% decrease of infant mortality and a 42% reduction of moderate and severe malnutrition among pre-school children, but it is not clear to which extent these changes can be attributed to the project's action. Accordingly, there has been an increase of maternal mortality later on, which the project completion report attributed to the abandon of some donors of their programs in the area.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2005, 2006 and 2007

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004

**Indicator 3.2.3 Changes in the access of the population to potable water**

**Indicator estimate:**

18,000 households (STARCM) enjoyed more reliable access to clean water for domestic purposes. In most cases, water for domestic and drinking water purposes is available 24 hours a day. There is strong evidence that this improved access to quality water has contributed to a reduction of water borne diseases and a decrease in the time women and children spend for fetching water. Improved personal hygiene and sanitation are other important effects, while a negative but unavoidable effect is the increase in household expenditure for water.



Not all systems continue however to function as local associations, including its leadership, sometimes are too weak to ensure adequate collection of water fees.

The ERP CASCADE project has installed about 80 potable water supply systems, with a daily capacity of 60 l/day/head servicing around the same number of barangays (approximately 4,416 households. Field visits allowed to conclude that these schemes were highly valued by the local population and often produced positive side effects (e.g. pig raising).

CECAP completed a total of 122 water supply systems, thereby according much attention to the development of resident's associations (123 formed, 121 functioning) to take care of the systems. According to the project's own rating system, 72% of these associations have been classified as good or excellent. According to the resource persons interviewed during the field mission, most of the water supply systems are still functioning well.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2005, 2006 and 2007

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. Project completion report, July 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005

**Indicator 3.2.4 Changes (or perceived changes) in the social and political integration of rural poor**

**Indicator estimate:**

STARCM has focused mainly but not exclusively on Agrarian Reform Communities. Data related to key indicators present disaggregated information with regard to these ARC, which seem to have substantially benefited in various ways. While the project has focused mostly on economic development, it can be supposed that economic progress has also enhanced social and political integration.

The UDP, in its participatory processes used to prepare LUB-BDP, has successfully ensured that IP were able to actively participate and contribute to the formulation of development plans for the areas populated by IP. Guidelines of the National Commission for IP were followed to ensure that Free and Prior Informed Consent was obtained for all projects implemented in ancestral domains. This seems however not have been sufficient to always ensure adequate involvement of IPs as their traditional systems for planning and management are not always compatible by those adopted at barangay and

municipality level. Overall, the preparation of the IP communities has been not thorough enough to ensure sustained integration in the post-project period.

85% of the beneficiaries of the CASCADE project area are indigenous people, staying most in the relatively isolated areas of Nueva Vizcaya province. CASCADE has supported the conversion of two CADC (Certificate of Ancestral Domain Claim) areas into Certificate of Ancestral Domain Titles, which allows the indigenous communities to enjoy full ownership over these areas.

CECAP empowered Indigenous People specifically by assisting LGUs to develop their comprehensive land use plans, and ancestral domain sustainable development and protection plans (see also 3.1.1). CECAP recruited an important number of project staff in the IP areas. Many of them have enjoyed considerable training and acquired substantial expertise during the often many years of work for the project and have, after project closure, become NGO or LGU cadres; some of them engaged also successfully in a political career. As such, a substantial number key positions in the provinces covered by CECAP, is now occupied by IPs.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2005, 2006 and 2007
4. Mid-term Review, January 2005

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009
4. Annual Reports 2004, 2005, 2006
5. First Quarter Report, 2007
5. The program implementation: realities, gains and constraints (2005)

ERP-CASCADE:

1. Annual Report 2003
2. CECAP 2:
3. CECAP Post Completion Report, September 2005
4. Project completion report, July 2004

**JC 3.3 The sustainability of the rural development activities supported by EU interventions have been effectively addressed**

**JC assessment:**

All projects have routinely built in sustainability issues via adopting various methods and approaches including participation and ownership by beneficiaries, raising policy support via liaising with key LGU actors, promoting appropriate technology, showing sensitivity for socio-cultural and gender issues and promoting environmental protection. As such, three of the four projects did not define a clear phasing out strategy but this shouldn't be considered as a major weakness in as far as the projects really

succeeded in consistently mainstreaming sustainability in their strategy and approaches. In particular the environmental and institutional dimensions of sustainability seem to have been well addressed, among others by consistent efforts to strengthen the capacities of human resources at various levels over often the entire (and quite long) project implementation periods. Economic viability has not been that systematically addressed however, with the exception of UDP. Notwithstanding these findings, it is actually striking to see how the latest project implementation and planning reports of the two projects that have been the least effective in addressing sustainability considerations (STARCM and ERP-CASCADE) continue to report activities that are 'more of the same' instead of putting sustainability considerations at the centre of action and attention, and that even in the last period of project implementation rather new activities and approaches have been implemented. Only for the lately initiated activities in the rural finance sector has ERP-CASCADE defined an exit strategy. Different from the other projects, CECAP has used its extension period in a way that has been highly instrumental to ensuring better sustainability prospects of project benefits.

All projects from the start have been implemented in close cooperation with the LGUs and using regular and intensive dialogue mechanisms (on project planning and implementation, on the involvement of LGUs, e.g. financially, in project activities,). However, as all projects opted to set up own (big) project implementation units (and/or to source out some key activities to NGOs), technical agencies, though being the formal project partners, have not been closely associated to project implementation and, hence, neither to the preparation of the projects' closure. Ownership of project results and commitment to take care of the momentum created by the projects is, understandably, substantially less at the level of these institutions compared to the municipal and barangay LGUs.

Post project completion missions have produced well documented evidence on the continuation and replication of EU supported actions. As already mentioned earlier, the continuity of key infrastructure (irrigation schemes, water supply, roads) is well assured, in particular because these schemes play an important role in the people's daily life; LGUs and beneficiaries often join resources to ensure adequate maintenance. Only in a few cases (e.g. major floods) have the infrastructures not been repaired (yet). Although the quality of road maintenance cannot be entirely ensured, road maintenance is a key consideration for all municipalities and these roads continue to provide highly valued services; in the case of food trails, sustainability is understandably better. Evidence with regard to sustained adoption and dissemination of improved agricultural and livestock production techniques is mixed: convincingly positive for some type of actions (rice and vegetable production, fruit trees growing), doubtful to negative for others (animal husbandry). UDP in particular has been successful in promoting LGU development planning and implementation schemes that were not only maintained but also replicated on a substantial scale, even on a national level. The other projects also invested substantially in raising the capacities of LGUs in these areas; it could not be assessed to which extent LGUs continue to use the tools and approaches being promoted; in all project areas this is however still the case to a certain extent.

All projects have made substantial efforts to improve the technical and, to a minor extent also the financial capacities of POs and government partners to continue interventions in the post project period. Post project completion missions and the field visit provided evidence that much of the momentum, both at PO and LGU level, could be maintained after project closure, in particular in those domains/areas where tangible benefits were realised and (in the case of STARCM) where local NGOs remained active. Municipality officers contacted expressed high levels of satisfaction about the support received from the projects to strengthen their capacities and stated they continued to apply the approach promoted. In

many cases however the same level of support cannot be provided to the communities because of lack of resources (and also because municipal officers often have to devote their attention to new projects), but this is not always needed as many agricultural practices have been well embedded during the project implementation period. Activities in the area of rural finance are however an important exception in this regard; only in the case of CECAP is there a substantial level of continuity.

It is not entirely clear to which extent the huge capacity building efforts (in all projects) that have been both of a functional and broader developmental nature, have also contributed to improved governance mechanisms. It is assumed that some positive effects should have been achieved considering the highly interactive, flexible and participatory approaches used, but this could not be fully substantiated. It was stated that the nature of political leadership plays a key role in this regard.

**Indicator 3.3.1 Existence of a clear phasing out / exit strategy on which the decision to pull out of the rural development sector is based**

**Indicator estimate:**

Sustainability issues have been routinely addressed in the yearly STARCM implementation reports and focus on participation and ownership by beneficiaries, policy support, appropriate technology, socio-cultural issues, environmental protection and gender issues as key considerations that are likely to affect benefit sustainability. The project built in specific measures at all these levels to better ensure benefit sustainability, thereby using the experience of other similar projects. A comparison of the 'sustainability issues' section in the subsequent annual reports and the project completion report reveals however that no clear and comprehensive phasing out/exit strategy has been designed. The Completion Report does mention some specific activities undertaken in 2008 (i.e. just before the project closing) so as to ensure continuing support to POs and barangay LGUs, such as sustainability planning workshops, training of the DAR development facilitators who are supposed to take over the job of project staff, etc. These activities seem however limited in scope and time and, clearly, are undertaken very late in the implementation phase.

The Post Completion Mission states that sustainability is clearly the major weakness of the STARCM, and, as such, confirms the findings of the latest ROM reports. A major failure in this regard is the fact that STARCM has set up its own parallel structures to Government rather than investing in strengthening existing government institutions, which will inevitably lead to major problems on the medium and longer term.

Sustainability issues have been routinely addressed in the yearly UDP implementation reports which illustrate a genuine concern for benefit sustainability in the post project period. No evidence has been found of a clear phasing out strategy but this shouldn't be considered as a major weakness as sustainability has been consistently mainstreamed in the overall project strategy and approaches. In particular the environmental and institutional dimensions of sustainability have been well addressed, among others by consistent efforts to strengthen the capacities of human resources at various levels over an eight years long period. Key elements of the UDP approach such as the LUB-BDP scheme are integrated by the barangay and municipal LGUs that, as the post completion mission has found out, replicate these schemes in areas that have not been covered by UDP. The economic viability of the DFS approach implies that upland farmers and their households derive income to enhance their livelihoods and improve the fulfilment of their basic social needs. Institutions set up at barangay and municipal level

(maintenance and repair crews, community based extension teams, municipal planning and development teams, etc.) are key in creating a solid institutional base for sustainability in addition to the LGUs that have been capacitated in many ways to ensure planning and implementation of sustainable (social, economic, ecological and cultural) development. Last but not least advocacy efforts have resulted in pursuing a national policy on sustainable upland development. CASCADE routinely used a participatory approach that involves all relevant stakeholders in all phases of activity preparation and implementation. Local partners were also supposed to contribute to the realisation of activities. The project also coordinated its activities with the national line agencies and integrated its activities in local development plans. Consistent investment in local capacity building, coupled with the integration strategy, implied that the project was convinced that its phase out was well prepared. The systems that are in place are supposed to continue to function after the end of the project. As such, no specific phase out strategy has been defined. Furthermore, it is actually striking to see how the latest project implementation and planning reports continue to present activities that are 'more of the same' and that even in the last period of project implementation rather new activities and approaches have been implemented at the expense of putting a major effort for sustainability issues.

In particular for the rural finance institutions however, it was recognised that the young Rural Finance Centres and the six credit cooperatives established needed further supervision and coaching. An exit strategy was therefore defined to set up a trust fund that could be mobilised to contract service providers to provide the necessary support services.

CECAP has been granted an extension period which has been highly instrumental in ensuring better sustainability prospects of project benefits. Unlike a few of the other projects analysed, and while many sustainability considerations were already built in the design and implementation of the project (e.g. a conscious choice for appropriate technology with limited dependence on external inputs), CECAP has consciously used the extension period not that much to reach its targets, but rather to set the stage for a continuing self-sustaining development process. Numerous activities were undertaken to further strengthen the linkages between LGUs and other institutions, to further strengthen capacities at various levels, to better ensure maintenance procedures and capacities related to rural infrastructure and to ensure compliance with the existing policy and legal frameworks (e.g. in rural finance). Notwithstanding this excellent policy, some stated during the field mission that the period to prepare the project phase out has been too short. In addition, the fact that CECAP (as did the other rural development projects) recruited its own staff, implied that its expertise has only very partially been handed over to technical agencies, DA and DENR in first instance.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. ROM reports 2007 and 2008

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009
4. Annual Reports 2005, 2006

5. ROM reports 2004 and 2005

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. ROM reports 2002 and 2003
5. Project completion report, July 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005
4. ROM report 2002

**Indicator 3.3.2 Evidence of extensive dialogue (related to the sustainability of activities and benefits) initiated with government agencies**

**Indicator estimate:**

STARCM engaged in extensive dialogue with government agencies related to the sustainability of project benefits, e.g. to ensure continued support for the POs after withdrawal of the project community development facilitators. This dialogue was however quite late initiated and compromised - at the level of the technical agencies (DAR in particular) - by the parallel structures set up by the project. On the other hand, at the level of the ARCs the project has been able to ensure high levels of ownership and synergy with municipality and barangay LGUs from the early stages onwards, as is illustrated by the financial participation of LGUs in STARCM's sub-projects throughout the project implementation period. As such, activities were to a major extent continued at those levels, without much support from the technical agencies however.

**The cooperation between Makilala municipality (North Cotabato) and STARCM**

Makilala municipal officers and its mayor expressed their satisfaction over the cooperation with STARCM. Most of the activities introduced by the project are considered highly relevant and have been included in the municipality's own programme. In some cases however, production increase has led to market saturation. The municipal staff felt adequately associated in the project. For instance have municipal engineers been in charge of the design of the irrigation schemes together with the STARCM engineers; they also supervised the construction works. Because of the project, the municipality could use its budget for other relevant projects.

The different schemes developed under the Sustainable Upland Model of UDP (such as the Land Use Based Barangay Development Plan, the Upland Agriculture Extension Delivery Scheme, the Barangay Forest Protection and Management Scheme, etc.) are all implemented in close cooperation with the LGUs and using an intensive capacity building efforts of both people at the grassroots and department heads and officials of LGUs, that related both to technical and institutional (e.g. development planning) skills. The project's relationships with the technical agencies (DA and DENR) were however less harmonious as their involvement in project implementation has been limited. As such, they benefited less than local (municipal and barangay) LGUs from the project, were not really associated to the

preparation of the post project period and were not prepared nor capable to ensure the same level of support to local communities after project closure.

The ERP-CASCADE project at each level has engaged, to a limited extent, in establishing dialogue and cooperation with the relevant line agencies (in agriculture, health, rural finance, ...) and LGUs at barangay, municipality and provincial level. In particular LGUs and beneficiary groups seem to have shown high levels of ownership (ROM reports). However, the relationship with the line agencies at provincial level has been far from optimal, as was found out during the field visit. The CASCADE management was strongly technically and target oriented and failed to establish regular communication mechanisms with DA and DENR in particular.

Dialogue with government agencies is structurally built in by CECAP as its design and implementation are supervised by a Technical Consultative Committee that is chaired by the Department of Agriculture. The project also meets at least twice yearly its four provincial committees to discuss work plans and progress; furthermore, regular meetings are held with the mayors and other senior officials of the 25 municipalities covered by the programme. All CECAP micro-projects required written agreements with the LGUs and some counterpart funding. During the extension period, the preparation of the project closure became the most important project activity. In particular at municipal and barangay level, substantial efforts (a.o. via a specific manual) were undertaken to ensure a proper transfer of responsibilities.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2006 and 2007

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009
4. Annual Report 2006
5. The program implementation: realities, gains and constraints (2005)

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. ROM reports 2002 and 2003
5. Project completion report, July 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005

### Indicator 3.3.3 Evidence of continuation, expansion or replication of EU supported activities

#### Indicator estimate:

'Conducting participatory Barangay Development Planning is easy when resources are available, but it becomes far more difficult when there is no external support'. (a former CECAP staff turned into municipality officer).

The Post Completion Report of STARCM states that:

- The sustainability of POs depends on several factors such as the effectiveness of social preparation, LGU technical and financial capacities, the conflict situation and technical issues. Where institutions are sustainable, there are usually specific factors of influence, such as well developed local organisations (prior to STARCM), charismatic leadership and good local relationships between key actors.
- Institutions related to the management and maintenance of potable water and irrigation schemes seem to perform better than others and, hence, are key to sustained benefits in these domains. The sustainability of other infrastructure sub-projects (e.g. roads and buildings) is however at stake as there is no guarantee that the operation and maintenance costs of these sub-projects will be adequately met. LGUs at municipal and barangay level contribute funds for the functioning of the health centres, but these might often be insufficient to ensure a continuation of the activities at the same level.
- Large numbers of farmers have acquired technical and management skills and, as such, should be able to continue their activities related to agricultural production and enterprise development. However, evidence suggests that this is the case in less than half the activities for reasons related to the inactivity of the POs, lack of market planning, etc.
- The rural finance component might have strengthened the selected MFIs, but support might have been too meagre to contribute to their overall sustainability.

During the field mission, it was stated at various meetings that most STARCM activities were continued at the local level. The health and day care centres were still operational, often enjoying support from local LGUs (funding, medicines, ...). Most irrigation schemes were still operating well, but two were not completed and one that has been heavily damaged by a flood has not been rehabilitated. Most roads are still in a relatively good condition. Some of the 'special interest projects' (goat and karabao dispersal, ...) have however collapsed; groups managing agricultural equipment are however doing well, some of them even capable to substantially develop their equipment.

The UDP Post Completion mission found out that:

- The LUB-UDP scheme has been replicated, which is illustrated by the fact that 16 out of the 18 municipalities assessed by the mission had gone to replicate the scheme in other barangays after the UDP ended. In the six provinces covered by UDP, the number of LUB-BDP increased from 175 to 285 in the post-project period.



- Both provincial and municipal LGUs have continued to fund projects based on the UDP promoted Diversified Farming Systems model; local political leaders in LGU showed clear political support for the model.
- Barangay extension workers have been maintained in 19 out of 22 barangays visited by the team; in many cases the municipal and provincial LGUs have appointed such extension workers in barangays not originally covered by UDP (including in lowland barangays).
- On the contrary, only 2 out of 20 barangays visited by the mission had continued with the labour-based road maintenance scheme promoted by UDP. But while this scheme has not been sustained, most barangays have undertaken other efforts to ensure road maintenance, e.g. with the support of the municipal LGU. Allocations for road maintenance were also included in local budgets.

During the field mission, it was found that many activities are continued at the barangay and municipality level. Municipality officers contacted expressed high levels of satisfaction about the support received from UDP to strengthen their capacities and stated they continued to apply the approach promoted. Several other resource persons stated that at municipality level the extension system has been largely maintained and is still working along the principles promoted by UDP. Due to limited resources, the same level of support can however not be provided to the communities, but this is not always needed as many agricultural practices have been well embedded during the project implementation period. Local political leadership proves to be key to ensure continuity: newly elected leaders can, or cannot, continue the practices promoted by UDP. As these are successful in many areas, newly political leaders often prefer to continue the support needed for their continuity. However, many municipalities lack the funds to effectively ensure implementation of the plans and regulations issued.

In Nabunturan municipality (Compostela Valley province), the municipality has earmarked P1,7 million for 2011 to be used to continue UDP activities in the 4 former UDP barangays in the areas of diversified farming, land use based barangay development, forest protection and labour based road maintenance.

High level resource persons of DA and DENR in Manila stated that UDP has changed the way of thinking about upland development and IP inclusion in mainstream development, though institutional integration of the project in government structures would have optimised its effects. This is evidenced by the fact that DENR, through its order 5/2005 mainstreamed the UDP model for barangay level agro-forestry development at the national level.

The 18 municipalities covered by the ERP-CASCADE programme all adopted Municipal Agricultural Extension Plans: this program was well received by both LGUs and farmers and has later been replicated by DA to other provinces and municipalities of Region II. The Pre-Completion mission also found out that some government instances recommended the use of some of the CASCADE approaches (related to local development planning, agricultural modernisation) in other areas. However, the Pre-Completion Review mission found that many farmers reached by the project were often not that enthusiastic about the technological packages offered by the project, nor convinced that they would bring sustained benefits. Many of them discontinued the use of these packages, also because essential inputs (such as credit for agricultural input) were often not available.

The exit strategy for the RFC consisted of setting up a trust fund that could be mobilised to contract service providers to provide the necessary support services. The DA conducted an assessment of the RFCs in 2006 only (two years after project closure). By that time, only half of the RFCs have survived. Only by 2007 the Provincial Cooperative office was contacted to provide the technical support needed. By that time the funds of the trust fund have been depleted, so that the Provincial Cooperative Office used its own funds to assist 16 remaining RFCs. Of these, only a few (5-6) can be considered to be still really viable.

The CECAP Post Completion mission found that:

- much of the adoption of improved agricultural practices has been sustained and that more farmers will adopt measures over time, thereby benefiting from LGU support;
- most roads constructed are likely to survive, though their maintenance is poor, but LGUs are expected to at least ensure maintenance of roads of strategic importance. Paths and bridges were found in good condition and likely to survive for a long time;
- around 90% of the drinking water supply systems remained in operation;
- there are few problems with the operation and maintenance of the irrigation systems, though they remain vulnerable to flood damage;
- the marketing structures were well built and will survive, though not all were adequately used;
- in the rural finance domain, sustainability issues have been addressed by ensuring compliance with the legal framework; rural finance organisations are expected to grow as the potential for economic development in the area continues to exist.

The findings above have been largely confirmed during the field visit. In addition, it should be remembered that the handover of project tools and expertise has been very limited at the level of provincial LGUs and technical agencies.

*Continuity of CECAP activities and benefits in Hungduan municipality (interview with the mayor)*

I was the mayor of Hungduan in the period 2001-2004 when CECAP was very active and supported us in various ways: rehabilitation of irrigation facilities, drinking water provision, livelihood development and the set-up of a nursery at municipality level. We agreed via a memorandum of agreement that the municipality would take care of the maintenance of the newly constructed facilities. We have been able to expand the nursery and set up demonstration projects on high value crops, fish and pig breeding with the income of the nursery. Another major factor for progress have been the SLG that were able to increase their working capital, transformed into SaLA and will soon become a cooperative.

The irrigation systems were well maintained when I was in office as a mayor, but this did not continue when I was defeated in the elections. I have recently been re-elected and have already made an inventory of the existing problems. It is clear that the beneficiaries alone cannot ensure the maintenance of the infrastructures. Even the resources of the municipality

are insufficient. I am however confident to find the necessary external support for that purpose..

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008

UDP:

1. Post Completion Mission, final report, 2009

ERP-CASCADE:

1. Pre-completion review mission, 2004
2. Project completion report, July 2004

CECAP 2:

1. CECAP Post Completion Report, September 2005

**Indicator 3.3.4 Improved technical and financial capacities of POs and partners (GoP, local government units, NGOs) to continue interventions financed by the EU, to provide key services to the population and to plan sustainable local development**

See also 3.1.1

**Indicator estimate:**

STARCM has contributed to the increase of the capacities of POs and their partners to plan, implement and maintain development projects (see indicator 3.1.1 above).

UDP's intensive capability building efforts of farmers and members of the UBA have led to substantial increases in the communities' capacity to plan, implement and maintain development initiatives. Overall, 141 UBAs have been organised and/or strengthened during the project implementation period.

CASCADE's partners at the local level have been intensively involved in project implementation and well trained and motivated to continue the project activities. This achievement has been realised mainly since the project granted the LGUs co-management and devolved decision making to the local level. It is however not clear to which extent local financial capacities are sufficient to ensure continuity of activities. However, the LGU strengthening program has been able to substantially increase LGU resources from non-IRA source at municipality level; these resources have increase by 5.1 yearly between 2002 and 2003. At barangay level, this increase was 130% during the same period, which can mainly be attributed to the barangay's capacity to obtain project funding via upper LGU structures or external financiers.

The Isabela State University study referred to earlier found an increase organisational control and increased new leadership at the level of the community irrigation systems, which implied that maintenance and operation had become easier. Overall, cooperation and cohesiveness among farmers have been enhanced.

As described extensively under 3.1.1, the CECAP project made substantial efforts to improving the technical and, to a minor extent also the financial capacities of POs and government partners to continue interventions. As illustrated under the previous point, these have to an important degree been successful in as they ensured to ensure benefit sustainability. In some cases, in particular road maintenance, local financial capacities are however not sufficient to ensure an appropriate level of maintenance. The fact that many former CECAP staff have in the meanwhile joined LGUs is another, unexpected, effect of the project efforts.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2006 and 2007

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009

ERP-CASCADE:

4. Annual Report 2003
1. Progress Report Q1, 2004
2. Pre-completion review mission, 2004
3. Project completion report, July 2004
4. Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nueva Ejica, 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005

**Indicator 3.3.5 Improved governance mechanisms at the level op POs, LGUs and other local institutions**

**Indicator estimate:**

The STARCM documents did not provide any direct information related to this issue, but it can be safely assumed that the many trainings, workshops, interactive meetings, ... will have contributed to improved governance mechanisms at both PO and LGU levels.

The implementation of the LUB-BDP scheme (UDP) not only improved the technical capacities of the LGUs to undertake land-use planning, but also led to an improvement in the development planning processes of municipal LGUs and greater awareness of environmental governance (175 barangays at the end of the project; spontaneous replication to an additional 90 barangays in the two following years).

Capacity building efforts of the ERP-CASCADE project seem to have merely focused on functional issues (managerial and technical aspects); the financial management of the micro-projects remained entirely in the project's hands. Few clear indications have been found on governance related issues, but the overall approach of the project, particularly in its later stages, makes us to assume some positive impacts might have been achieved. However, in many barangays political interference impacted negatively on local decision making processes. The impact study of 16 irrigation schemes notices however considerable achievements in the area of leadership, with new leaders who have come up and increased participation of members in the repair and maintenance of the systems and improved organisational discipline.

The CECAP documents describe in detail various capacity building efforts at both PO and LGU level. Considering the consistent and flexible approach adopted by the project over time, it can be safely assumed that these efforts will have contributed to improved governance mechanisms at both PO and LGU levels, although improvements in this regard have not been explicitly documented. During the field visit, it has become clear that many LGUs still practice the 'transparent project accounting' approach introduced by CECAP. However the capacities to conduct Barangay and Municipal Development Planning are not that embedded that they spread to barangays or municipalities that have not been covered by the project. It is also feared that these practices might disappear on the long run if no efforts are undertaken to revive them.

**Related facts, figures, references:**

STARCM:

1. Project Completion Report, July 2008
2. Post Completion Mission, November – December 2009
3. Annual Reports 2006 and 2007
4. Mid-term Review, January 2005
5. ROM report 2008

UDP:

1. Final Report the period 1999 – 2007
2. Programme Final Report
3. Post Completion Mission, final report, 2009
4. Annual Reports 2005, and 2006
5. First Quarter Report, 2007
6. ROM report 2005

ERP-CASCADE:

1. Annual Reports 2002 and 2003
2. Progress Report Q1, 2004
3. Pre-completion review mission, 2004
4. ROM reports 2002 and 2003
5. Project Completion Report, July 2004
6. Impact assessment of communal irrigation systems in the provinces of Nueva Vizcaya, Benguet and Nuava Ejica, 2004

CECAP 2:

1. CECAP Completion Report, July 2003
2. CECAP Completion Report: extension period, 2003 – 2004
3. CECAP Post Completion Report, September 2005

**EQ4 Trade - To what extent has EU support contributed to improved trade and economic partnership with the Philippines and the country's further integration into the international trade system?**

**Answer:**

In order to support the sustainable development of the Philippines, the CSP 2002-2006 outlined the facilitation of trade and investment as one of two main areas of concentration for EU-Philippines co-operation (alongside assistance to the poorest sectors of society). Support to trade is one of the priorities for the EU development policy. The 2005 European Consensus on Development in general and PCD in particular highlight trade as a crucial element of the broader development policies pursuing the Millennium Development Goals. In October 2007 the EU adopted a joint Aid for Trade Strategy to help developing countries to better integrate into the rules-based world trading system and to more effectively use trade in promoting the overarching objective of poverty reduction. In line with this priority, the CSP 2007-2013 identifies support to boost trade and investment flows, as one of three non-focal sectors. The strategy focuses on a number of the country's constraints in the areas of international trade while paying close attention to the social dimension of globalisation.

The aim of the question is to assess to which extent the EU has contributed to trade facilitation in general and improved Philippines-EU trade and investment relations in particular and improved the Government's capacity to formulate trade policy, particularly with regards to WTO issues. The EQ covers both bilateral EU-Philippines and regional EU-ASEAN programmes, such as APRIS, ECAP, and Standards, Quality, and Conformity Assessment. JC4.1 focuses on the quantitative and qualitative improvements in EU-Philippines trade and economic relations which have been targeted by EU interventions (results/outcome level). JC4.2 looks at the capacity of government agencies and non-state actors to implement deeper integration into the international trading systems (mainly ASEAN, WTO). The EQ answer is based on assessments of project evaluations, documents and statistics of the Philippine Government and the EU, media reports and stakeholders interviews with Philippine government official, the EU and other donors and civil society organisation and a group discussion with representatives of EU Member States Embassies and the Australian Embassy in Manila.

As discussed under JC4.1, the cooperation programme has been particularly effective in enhanced the conditions for Philippine trade, particularly – but not limited to – in relations with the EU. Evidence for effectiveness is most robust with regard to customs procedures. As a result of TRTA 1 the customs process improved markedly: cargoes or shipments targeted for yellow or red-lane (medium and high risk products) inspection have declined from 80 percent to 20 percent over the duration of the project. Moreover, clearance time has been reduced to less than 8 hours for “green lane” (low risk) entries. Increases in IPRs, Standards and Quality Assurance administration and enforcement have been primarily visible with regards to IPR as the result of the Philippines participation in ECAP II. Improvements could be achieved in the three areas of IPR Administration, IPR Enforcement and IPR Awareness.

Evidence for effectiveness was also found in relation to the way Philippine government agencies and firms were informed about, and adjusted to, EC regulations influential for trade development. According to NEDA among the accomplishments of TRTA 1 were the upgrading of the TBT and SPS regulatory framework, improved awareness of safety in the fishery and coconut food and feed chains, and improved knowledge of EU market access for exporting electrical and electronic goods. With the accomplishments on TBT and SPS as well as on the increased EU market access, exports of fishery

products grew by 31.5 percent in 2007 from 19.8 percent in 2006. The number of companies accredited for export of fishery products to EU also increased by 18 percent in 2007. Relevant Administrative Orders (AOs) prepared are also now in line with international and EU standards.

The Philippines also benefitted from the *EU-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment (1998-2005)* which focused on further economic cooperation by adoption of internationally compatible technical regulations and standards; conformity assessment procedures, quality structures and practices within ASEAN. In 2006-2007 the related project on *Upgrading the capacity of selected ASEAN member countries to implement the ASEAN Harmonized Cosmetic Regulatory Scheme* tried to build a bridge between the EC-ASEAN Standards Programme that ended in September 2005, and the APRIS II that started in December 2006, in an effort to keep continuity in the provision of specific training activities.

Important results/outcomes were achieved with regards to the capacity of selected government agencies and non-state actors in the Philippines to implement deeper integration into the international trading systems (JC 4.2). The focus here is on ASEAN, WTO, and the proposed EU-ASEAN FTA. Negotiations for the latter, however, have stalled and are unlikely to be resumed. The capacity needs of key Philippine government stakeholders, mainly the DTI, on trade in services statistics, integrated trade database, trade impact assessment methodologies, multi-stakeholder consultation techniques, trade negotiations skills and other areas had been effectively addressed by TRTA 1 and continue to be focused on under TRTA 2.

Given that the cooperation programme pays particular attention to helping Philippine exporters meet EU technical and regulatory standards, including a strong focus on SPS measures, one would expect to see an increase in Philippines exports to the EU market in the food sector where SPS are a trade hurdle, e.g. fishery products and fruits/vegetables. Indeed, Philippine food exports to the EU have increased markedly between 2003 and 2008, with an average annual increase of almost 15%, reaching around €265 million in 2008 (PhP 18.5 billion, or about 5% of total RP exports to the EU). This can be seen as evidence for effectiveness in the enhancement of standards in Philippine exports.

However, against the backdrop of TRTA 1's specific purpose ('Assist the Philippine Authorities to enhance conditions for international trade and investment and improve access of Philippine exporters to the expanded EU market by increasing their compliance with TBT and SPS requirements'), the achievements were uneven: exports for fishery products increased but exports of coconut products declined. The upgrading of the legislative and regulatory framework through TRTA1 was highly relevant to the needs of the fishery sector, but of minimal relevance to the coconut sector. Furthermore, despite TRTA's significant input into increasing the quality of coconut products – and thereby improving compliance with SPS requirements and helping farmers to achieve higher prices for their products – this objective was not achieved. There is evidence that the lessons of the coconut sector were learned and similar problems are being avoided under TRTA 2 (JC 4.2).

The two regional EU-ASEAN programmes ECAP (II and III) and APRIS (I and II) have also made a contribution to further integrate ASEAN countries, including the Philippines which prominently participated in all regional programmes, into the global economy and world trading system. At the same time there is a clear overlap among the three intervention's objectives, outputs and expected results. However, aspects of coordination among these interventions and potential synergies (or potential conflicts) are not addressed in the project documentations. While information-sharing and meetings



among programme officers of the regional projects and TRTA take place and the EU Delegation is informed about activities under the regional programmes in the Philippines, coordination happens ad hoc and is neither formalised nor institutionalised.

Overall, there can be little doubt that trade-related projects or components of broader defined interventions at both the bilateral level (TRTA, SPF) and within the regional context (ECAP, APRIS, EC-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment etc.) have achieved their objectives to a great extent. Today the Philippines is in a better and stronger position to participate in international trade (not at least with the EU) and deal with the challenges of regional and global integration than at the beginning of the evaluation period in 2002. Attribution gaps always exist when it comes to an assessment of the effectiveness of interventions in the trade-sector as changes to the latter are always the result of a myriad of domestic and external factors. However, the existing data is sufficiently robust to demonstrate an instrumental role of the EU. Improvements to customs procedures are among the best documented examples in this regard. Problems and challenges do not primarily exist in project implementation (at least not to a significant extent) but potentially in terms of, first, unrealistic expectations as to ASEAN capacity to achieve a high level of economic integration and, second, a lack of formal coordination between national and regional projects. A shortcoming of TRTA 1 was its lacking environmental focus. While TBT and SPS components dealt with standards, sanitary and phytosanitary issues (and were thus linked with environmental issues) the TRTA1 Financing Agreement did not specify environment as a cross-cutting issue. This seems rather unusual for a recent project directed at trade facilitation and given the EU's leading global role on in the field sustainable development and environmental protection. Despite the recommendation of the the TRTA1 final evaluation to consider environmental issues more explicitly this has not happened under TRTA2.

#### **JC 4.1 Enhanced conditions for trade**

##### **JC assessment:**

In assessing the quantitative and qualitative improvements in EU-Philippines trade and economic relations which have been targeted by EU interventions, evidence for effectiveness is most robust with regard to customs procedures (indicator 4.1.1). Under the Automated Customs Processing System, which was introduced in 2000, the Philippine Customs adopts a risk classification management system of imported goods, and all the importers must submit the customs declaration form through the Automated Customs Operating System, which determines the risk level of imported goods. The low risk shipment goes through the "green lane" and is generally subject to "post-audit review" instead of a spot check; the moderate risk shipment goes through the "yellow lane" and is subject to documentary review only. A high-risk shipment channels through the "red lane" and is subject to both documentary review and physical inspection prior to its release. The Philippine Customs also provided a "super green lane" (SGL) for importers of extremely low risk goods to improve customs clearance efficiency. Customs was a main target of TRTA 1 (2005-2008). As a result of TRTA the customs process improved markedly: cargoes or shipments targeted for yellow or red-lane inspection have declined from 80 percent to 20 percent over the duration of the project. Moreover, clearance time has been reduced to less than 8 hours for "green lane" entries. The World Bank confirmed, "the Philippines upgraded the risk management and electronic data interchange system for customs reducing the time to import by a day."

The EU and JICA are currently the only donor supporting the Bureau of Customs (BOC). Unlike in the case of the EU, the Japanese TA includes the secondment of two Japanese customs officials to BOC. The

evaluation did not find any contradictions between EU and JICA TA. The interventions seem to be complementary (Indicator 4.1.1).

Increases in IPRs, Standards and Quality Assurance administration and enforcement (indicator 4.1.2) have been particularly visible with regards to IPR as the result of the Philippines participation in ECAP II:

- IPR Administration: Backlog in IP drastically reduced; Processing times reduced; Trademark pendency times reduced from 48 to 28 months; Philippine IP office became autonomous on 1 January 2006.
- IPR Enforcement: Sustained campaign against counterfeiting and piracy; judges were trained by ECAP II in technically difficult patent litigation. Customs officials were trained in new prosecution methods.
- IPR Awareness: In numerous workshops and seminars domestic stakeholders, in particular Small and Medium Enterprises (SMEs), participants learn about the necessity of branding and filing trademark applications. Several GI-related activities present this fairly new tool of protection; IP became part of university education.

As for standards, TRTA 1 successfully implemented and achieved the expected results to a certain extent. Working structures, procedures and working groups to review and upgrade existing technical regulations, standards and conformity assessment procedures in the Philippines were established and the transposition of the relevant requirements of the EU Low Voltage Directive (EU LVD) and EMC Directives into Philippine DAO regulations was initiated.

The Philippines also benefitted from the EU-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment (1998-2005) which focused on further economic cooperation by adoption of internationally compatible technical regulations and standards; conformity assessment procedures, quality structures and practices within ASEAN. In 2006-2007 the related project on *Upgrading the capacity of selected ASEAN member countries to implement the ASEAN Harmonized Cosmetic Regulatory Scheme* tried to build a bridge between the EC-ASEAN Standards Programme that ended in September 2005, and the APRIS II that started in December 2006, in an effort to keep continuity in the provision of specific training activities. However, synergies between and among projects are difficult to prove. The claim that these synergies exist is regularly made by EU stakeholders but neither project documents nor project evaluation reports normally elaborate on these synergies in any empirically sound and robust way.

Evidence for effectiveness was also found in relation to the way Philippine government agencies and firms were informed about, and adjusted to, EU regulations influential for trade development. According to NEDA among the accomplishments of TRTA 1 were the upgrading of the TBT and SPS regulatory framework, improved awareness of safety in the fishery and coconut food and feed chains, and improved knowledge of EU market access for exporting electrical and electronic goods. "With the accomplishments on TBT and SPS as well as on the increased EU market access, exports of fishery products grew by 31.5 percent in 2007 from 19.8 percent in 2006. The number of companies accredited for export of fishery products to EU also increased by 18 percent in 2007. Relevant Administrative Orders (AOs) prepared are also now in line with international and EU standards." (indicator 4.1.3)

A shortcoming of TRTA 1 was its lacking environmental focus. On the one hand TBT and SPS components dealt with standards, sanitary and phytosanitary issues and they were thus linked with environmental issues. On the other hand, however, the original Financing Agreement did not specify environment as a cross-cutting issue. This seems rather unusual for a recent project directed at trade facilitation and given the EU's leading global role on in the field sustainable development and environmental protection.

Despite the recommendation of the TRTA1 final evaluation to consider a study on the trade potential of environmental goods and services for the Philippines, and the organisation of a training workshop on trade and environment under the WTO component, neither the TRTA2 log frame nor implementation reports feature any explicit mentioning of environmental issues (Indicator 4.1.3).

#### **Indicator 4.1.1 Clearance time of goods channelled through customs shortened**

##### **Indicator estimate:**

Since 1 April 2000, imports into the Philippines have no longer been subject to Pre-Shipment Inspection (PSI). All imports are now processed by the Bureau of Customs (BOC) in accordance with the Automated Customs Processing System. Under the PSI program, foreign inspectors verified the tariff classification and value of individual incoming shipments before they left their origin countries. In nearly all cases, however, the responsibility for collecting customs duties remained in the hands of the importing country's customs officials, who often chose to ignore PSI reports on specific shipments (1, 2).

Under the new regime the Philippine Customs adopts a risk classification management system of imported goods, and all the importers must submit the customs declaration form through the Automated Customs Operating System, which determines the risk level of imported goods. The low risk shipment goes through the "green lane" and is generally subject to "post-audit review" instead of a spot check; the moderate risk shipment goes through the "yellow lane" and is subject to documentary review only. A high-risk shipment channels through the "red lane" and is subject to both documentary review and physical inspection prior to its release. The Philippine Customs also provided a SGL for importers of extremely low risk goods to improve customs clearance efficiency. SGL), allows for "ship to truck" release in which case physical inspection and documentary checks are no longer applied. Shipments are pre-processed and cleared before the shipments arrive in the Philippines (2, 3).

It was estimated that before the customs reform – which was a requirement under WTO rules - when the bureau required pre-shipment inspection the total clearance time for imported cargoes ranged from 6.43 to 11.43 days. This period dropped to an average of 5.43 days when the customs valuation reform was implemented, indicating a saving of from one to five days (4).

Customs was a main target of TRTA 1 (2005-2008). Component 3 of TRTA 1 generally focused on Trade Facilitation and Customs Reform with a comparatively large budget of €1,254,960. One general expected result was defined in the Financing Agreement of TRTA 1: A fair and efficient environment for Philippine international trade, improved day-to-day management of Customs procedures and sustainable development in the BoC via:

- Measures taken towards reducing average clearance times for inward and outward cargoes;
- Measures taken towards improving revenue collection performance; and

- Enhanced technical and management capacity of BoC personnel by the provision of basic building blocks for a BoC academy with personnel trained in relevant rules and regulations within an in-house structure that provides sustainability (4).

As a result of TRTA the customs process improved markedly: cargoes or shipments targeted for yellow or red-lane inspection have declined from 80 percent to 20 percent, according to NEDA (5).

The TRTA 1 evaluation concluded that expected results had been achieved to a rather high extent in regards to improved day-to-day management of Customs procedures and sustainable development in the BoC. BoC has improved its day-to-day management, enhanced several processes and procedures and is working on suitable tools for continuity and sustainability. TRTA 1 initiated and supported the reorganisation and, as Deputy Commissioner Alexander M. Arevalo (BoC-MIST) stated: "TRTA has given BoC a WAKE UP CALL that something can be changed inside!" Manifest uploads have been reduced to less than 24 hours for ports using the Electronic Manifest System (Ports of Manila, Cebu and Manila International Container Port) and clearance time has been reduced to less than 8 hours for "green lane" entries. Customs revenue has increased by 34 % from PHP156.2 billion in 2005 to PHP209.4 billion in 2007. With the support of TRTA 1, BoC has begun to develop a modern HRD system equipped with training needs assessment tools, training planning, training of trainer evaluation and training modules. The additional activity (added in 2008 on request of BoC) on the preparation of the BoC Corporate Strategic Plan should lead to a coherent and consistent development of all functions of BoC including the properly planned development of the required human resources to fulfil the designated tasks. The efforts of BoC have attracted the attention of the World Bank and in the WB Doing Business 2009 Report it is stated: "The Philippines upgraded the risk management and electronic data interchange system for customs reducing the time to import by a day." (6)

TRTA 2 (August 2008 – August 2012) has continued the customs focus of the predecessor project and been directed at

- Enhanced trade facilitation by the integration into the National Single Window (NSW) of government agencies concerned with the customs clearance process;
- Enhanced institutional capacity of the BoC to accelerate participation in regional and international customs cooperation, including modernisation of customs procedures (7)

However, there is no evidence available yet as to whether activities under TRTA 2 have further shortened clearance times.

Apart from the EU, JICA is the only donor that supports BOC, while USAID discontinued its TA. However, unlike TRTA2, the Japanese TA includes the secondment of two Japanese customs officials to BOC. The evaluation did not find any contradictions between EU and JICA TA. The interventions seem to be complementary.

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3. Ministry of Commerce, Canada. Foreign Market Access Report 2010, Philippines, p. 5, <http://gpj.mofcom.gov.cn/accessory/201004/1271301985402.pdf>
4. Ramon L. Clarete, Philippines: Adopting the Transaction Basis for Customs Valuation, [http://www.wto.org/english/res\\_e/booksp\\_e/casestudies\\_e/case37\\_e.htm](http://www.wto.org/english/res_e/booksp_e/casestudies_e/case37_e.htm) (Managing the Challenges of WTO Participation: Case Study 37).
5. NEDA Reports on TRTA 1 Accomplishments and Impact; TRTA 2 to Start with P420 M Grant from EC, 24 October 2008, <http://ofwjournalism.blogspot.com/2008/10/eda-reports-on-trta-1-accomplishments.html>
6. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance: Republic of the Philippines: Final Report (August 2009)
7. ECA in Consortium with Quality Institute, AGRICONSULTING and SGS. TRTA 2, Second Progress Report, 1 July – 31 December 2009, 29 January 2010.

#### **Indicator 4.1.2 Increases in IPRs and Standards and Quality Assurance administration and enforcement**

##### **Indicator estimate:**

IPR: The Philippines has participated in the ECAP (ECAP I, 1993-2000, ECAP II 2002-2007 and ECAP III since 1 January 2010) which has aimed at enhancing investment and trade by contributing to upgrade the ASEAN IPR systems in line with international standards and practices. The Philippines belong to the group of more advanced countries in IPR legislation and enforcement together with Malaysia, Brunei and Singapore. The legal framework is according to international standards. However, the Philippines is also among those ASEAN countries that are invaded by counterfeited goods. Factors impeding a successful fight against IPR infringements lie in a lack of motivation of officials, corruption, change of government and officials and long procedures. ECAP II achieved the following results:

- IPR Administration: Backlog in IP drastically reduced; Processing times reduced; Trademark pendency times reduced from 48 to 28 months; Philippine IP office became autonomous on 1 January 2006.
- IPR Enforcement: Sustained campaign against counterfeiting and piracy; judges were trained by ECAP II in technically difficult patent litigation. Customs officials were trained in new prosecution methods.
- IPR Awareness: In numerous workshops and seminars domestic stakeholders, in particular SMEs, participants learn about the necessity of branding and filing trademark applications. Several GI-related activities present this fairly new tool of protection; IP became part of university education. (1)

Standards: TRTA contributed to the launching (in October 2007) of the new Standards & Conformance Portal ([www.bps.dti.gov.ph](http://www.bps.dti.gov.ph)) providing online access to a wide range of information on standards, regulations and conformity assessment activities in the Philippines and other WTO member countries which also serves as the WTO TBT Enquiry Point Export Alert System. (2)

One of the activities in this respect related to establishing a “Technical assistance to review and upgrade existing technical regulations, standards and conformity assessment procedures in the Philippines and transpose the relevant requirements of the EU LVD and EMC Directives into Philippine DAO regulations”, and which was implemented in three steps:

- Establishment of the working structure with its technical working groups and procedures;
- Preparation for the transposition of the EU EPS and EMC regulations by means of training on these EU regulations and drafting two regulations (DAO) on safety of electrical equipment and on electro magnetic compatibility in line with LV and EMC EU Directives;
- Transposition of Philippine Standards on electrical safety and EMC selected due to the first result of the “EC-ASEAN Economic Cooperation Program standards, quality and conformity assessment” (2).

According to the TRTA 1 evaluation, this activity was successfully implemented and achieved the expected results to a certain extent. Working structures, procedures and working groups to review and upgrade existing technical regulations, standards and conformity assessment procedures in the Philippines were established and the transposition of the relevant requirements of the EU LVD and EMC Directives into Philippine DAO regulations was initiated. Draft DAO regulations on safety of electrical equipment and on electro-magnetic compatibility aligned with LV and EMC EU Directives have been prepared and the DAO 3/2008 on LV was signed in February 2008. However, due to the huge amount of technical regulations and the nature of the complex and time consuming process of drafting, reviewing and revising the standards and regulations in several rounds involving local as well as international stakeholders, it will take a considerable amount of time to achieve the goal of having harmonised technical regulations adopted and applied in the Philippines (1, p.7).

The Philippines also benefitted from the EU-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment (1998-2005) which focused on further economic cooperation by adoption of internationally compatible technical regulations and standards; conformity assessment procedures, quality structures and practices within ASEAN. The following sub-sectors were targeted: Cosmetics, Food Pharmaceuticals, Electricity-Electronic-Telecom, Tourism and Finance. The project mainly consisted of outreach and training activities; some workshops took place in the Philippines.

In 2006-2007 the related project on *Upgrading the capacity of selected ASEAN member countries to implement the ASEAN Harmonized Cosmetic Regulatory Scheme* tried to build a bridge between the EC-ASEAN Standards Programme that ended in September 2005, and the APRIS II that started in December 2006, in an effort to keep continuity in the provision of specific training Activities (3). While a Europe Aid document claimed, that “the project created synergies with and complemented the ongoing activities of the existing programmes on Standards, Quality and Conformity Assessment both at regional and national levels, and with previous activities sponsored by other donors” (ibid), it failed to present any empirical evidence for this claim. This is a common problem with the assessment of synergies between

and among different projects. The claim that these synergies exist is regularly made by EU stakeholders but neither project documents nor project evaluation reports normally elaborate on these synergies in any empirically sound and robust way.

**Related facts, figures, references:**

1. HTSPE Consortium (UK), Final Evaluation of EC-ASEAN Intellectual Property Rights Co-operation Programme (ECAPII) Contract Number no 2008/157-270, 2 September 2008.
2. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance: Republic of the Philippines: Final Report (August 2009)
3. Europe Aid, Asia Trust Fund For Trade-related Technical Assistance Co-financed by the European Union and ITC. Upgrading the capacity of selected ASEAN member countries to implement the ASEAN Harmonized Cosmetic Regulatory Scheme, [http://ec.europa.eu/europeaid/where/asia/regional-cooperation/documents/2007factfile\\_asia\\_trust\\_fund\\_asean\\_final\\_en.pdf](http://ec.europa.eu/europeaid/where/asia/regional-cooperation/documents/2007factfile_asia_trust_fund_asean_final_en.pdf)

**Indicator 4.1.3 Philippines government agencies and firms informed and adjusted to EU regulations influential for trade development**

**Indicator estimate:**

EU market access requirements can be classified into two types, namely, legislative and non-legislative. The first type involves EU legislative requirements which are in the form of regulations and directives. Regulations are mandatory to all EU countries. They must be implemented in their enacted forms by member states which are not allowed flexibility in interpretations. Directives, on the other hand, can either be adopted in *toto*, or laws that approximate them may be passed by member states which in this case are allowed flexibility in interpretations. The non-legislative type refers to EU importers' requirements from suppliers, such as labels, codes and management systems. EU market access requirements can be classified into the following categories: 1) consumer health and safety, 2) environmental, 3) social, and 4) quality. EU trading partners increasingly need guarantees from suppliers that products are healthy and safe, production methods and packaging materials are environment-friendly, and working conditions (labour, occupational health and safety) are fair, in addition to business requirements on quality. (1)

A research study on challenges of EU market access for Philippine exporters identified the industry limitations relative to the market access barriers as follows: 1) lack of awareness and updated information on EU legislation; 2) lack of local testing facilities for GM and irradiation treatment; 3) high cost and stringent parameters of certifications for management systems; 4) constraints in answering the EU questionnaire, in terms of time, manpower and budget resources, to start off the country accreditation process for meat products. On tariff barriers, it is claimed that Philippine companies have difficulties in competing with former colonies of EU which enjoy 0% tariff on canned tuna and sardines. (1, p. 8)

These challenges have been addressed by TRTA and also individual projects under the SPF. A special focus of the EU's cooperation programme with the Philippines during the evaluation periods has been the fishery and coconut sectors given the particular relevance for poverty alleviation through trade in

these sectors. Special attention has been paid to helping Philippine exporters of these products meet EU technical and regulatory standards. For example, as a result of these efforts the Bureau of Agricultural and Fisheries Product Standards of Department of Agriculture published the *Draft of Philippine National Standards (DPNS) on Coconut Chaff Rank and Classification* in September 2009. The notification covers coconut chaff (product extracted from the coconut shell fibres) used as cultivation medium of different ranks and product for gardening and agricultural purposes, establishes a coconut chaff grading and classification system. The notification is intended to provide a general understanding of the criteria scope for acceptance check of batch products, product descriptions, minimum requirements, grading, packing, sampling and labelling requirements (2).

Generally, in relation to SPS, TRTA's main beneficiaries were the Department of BFAR and the Philippine Coconut Authority (PCA). The project improved the knowledge of official food and feed control in the Philippines in order to comply with the corresponding EU Regulations, as well as laboratory testing and inspection procedures. (3)

In relation to TBT and Project Standards, training on EU regulations on LVD, EMC, WEEE and Restriction of the Use of Certain Hazardous Substances (ROHS) was highly efficient with more than 200 personnel trained and was most likely very effective with the high scores on satisfaction achieved, both in regards of the quality of the training and the degree of knowledge gained. (3)

According to NEDA Trade, Industry and Utilities Staff (TIUS) Director Brenda R. Mendoza among the accomplishments of TRTA 1 were the upgrading of the TBT and SPS regulatory framework, improved awareness of safety in the fishery and coconut food and feed chains, and improved knowledge of EU market access for exporting electrical and electronic goods.

"With the accomplishments on TBT and SPS as well as on the increased EU market access, exports of fishery products grew by 31.5 percent in 2007 from 19.8 percent in 2006. The number of companies accredited for export of fishery products to EU also increased by 18 percent in 2007. Relevant Administrative Orders (AOs) prepared are also now in line with international and EU standards" (quoted in 4).

NEDA Deputy Director-General Margarita R. Songco confirmed that knowledge and skills gained by government agencies and the private sector from the experts or consultants, as well as numerous trainings, seminars and workshops conducted in the course of the TRTA 1 program had been applied (ibid).

However, TRTA1 did not have any explicit focus on the link between trade and environment. The original Financing Agreement did not specify environment as a cross-cutting issue. This seems rather unusual for a recent project directed at trade facilitation and given the EU's leading global role on in the field sustainable development and environmental protection. Yes, since TBT and SPS components dealt with standards, sanitary and phytosanitary issues, they were linked with environmental issues. Some product standards are related to environmental standards. For example, if the standards for electrical and electronic products are raised, it might reduce the industrial wastes in the sector and would eventually contribute to the environmental protection in the country. Since the SPS component directly dealt with the fishery and coconut farmers, it was directly relevant to environmental protection and poverty reduction issues in the fishery and coconut sectors. The WTO and Customs components had no direct focus on environmental issues. However, the training workshops and research studies under the WTO



Component slightly touched upon the environmental implications of the increased trade and investment for the Philippines (3, p. 34).

The TRTA1 final evaluation suggested that “the Programme Team could consider a study on the trade potential of environmental goods and services for the Philippines, and a training workshop on trade and environment (or trade agreements and environmental agreements) could also be organised under the WTO component. The Customs component focused on the risk management and training academy which did not address the environmental linkage. In fact, the Customs officials should also be trained to deal with the cross-border environmental issues such as cross-boundary waste management, and the Customs administration of environmental goods in the future” (3, p. 34-35).

Despite the recommendations of the TRTA1 evaluation, neither the TRTA2 log frame nor the first implementation report (1 July – 30 September 2009) feature any explicit mentioning of environmental issues (5)

**Related facts, figures, references:**

1. ALICIA S. PINEDA and OPHELIA TONGCO, The Philippines Food Sector: Market Access Limitations and Barriers in the European Union and Ways for Overcome Them. A Research Project under the WTO component of the EU-RP Trade Related Technical Assistance Programme, 15 June 2006 – 15 February 2007.
2. Ministry of Commerce, Canada. Foreign Market Access Report 2010, Philippines, p. 5, <http://gpj.mofcom.gov.cn/accessory/201004/1271301985402.pdf>
3. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance: Republic of the Philippines: Final Report (August 2009)
4. NEDA Reports on TRTA 1 Accomplishments and Impact; TRTA 2 to Start with P420 M Grant from EC), 24 October 2008, <http://ofwjournalism.blogspot.com/2008/10/eda-reports-on-trta-1-accomplishments.html>
5. IMPLEMENTATION REPORT FOR OPERATIONAL PROGRAMME ESTIMATE 1 COVERING THE PERIOD 1 JULY – 30 SEPTEMBER 2009 TRADE RELATED TECHNICAL ASSISTANCE PROJECT 2 DCI-ASIE/2007/018-950

**JC 4.2 The capacity of selected government agencies and non-state actors in the Philippines has been enhanced to implement deeper integration into the international trading systems**

**JC assessment:**

In assessing the capacity of government agencies and non-state actors to implement deeper integration into the international trading systems (ASEAN, WTO, proposed EU-ASEAN FTA) we found that capacity needs of key Philippine government stakeholders, mainly the DTI on trade in services statistics, integrated trade database, trade impact assessment methodologies, multi-stakeholder consultation techniques, trade negotiations skills and other areas had been effectively addressed by TRTA 1 and continue to be focused on under TRTA 2 (indicator 4.2.1). The specific advantage of the latter over the former is TRTA2's greater flexibility in responding to the changing and emerging needs of Philippine

stakeholders. TRTA2 includes a rapid response facility as the project's fourth component with the budget of € 700,000 (of a total € 5 million) (Indicator 4.2.1).

In addition, the two regional EU-ASEAN programmes ECAP (II and III) and APRIS (I and II) have also made a contribution to further integrate ASEAN countries into the global economy and world trading system. Specific focal points of APRIS II, for example, have been the support for the realisation of the ASEAN Economic Community (AEC) and the strengthening of EU-ASEAN relations as a whole, including the Trans Regional EU-ASEAN Trade Initiative (TREATI) and Regional EU-ASEAN Dialogue Instrument (READI). The Philippines has prominently participated in both ECAP and APRIS. There is a clear overlap among the three intervention's objectives, outputs and expected results. However, aspects of coordination among these interventions and potential synergies (or potential conflicts) are not addressed in the project documentations. Information sharing and consultation between TRTA and regional projects do take place, mainly in an ad hoc manner. The EU Delegation in Manila is regularly briefed by project officers and experts who are associated with regional EU-ASEAN projects. Overall, however, coordination is not formalised or institutionalised (Indicator 4.2.1).

The competitive, transparent, and efficient movement of traded products within the international and regional trade facilitation systems enhanced (indicator 4.2.2) is particularly addressed by TRTA 2, which started in August 2008. While the progress reports provide ample evidence for the timely delivery of outputs according to the log frame in most cases, it is too early to assess the effectiveness of the project. However, a key assumption of the approved logical framework seems problematic: "Formation of ASEAN economic community by 2015 remains on track". The Evaluation of EU co-operation with ASEAN has shown that this target cannot be taken for granted. "One of the striking characteristics of the regional integration process in Southeast Asia is the gap between the ambitious political vision for economic integration as prominently spelled out in the ASEAN Economic Community Blueprint and the ASEAN Charter and the pace at which goals are actually being achieved."

Given that the cooperation programme pays particular attention to helping Philippine exporters meet EU technical and regulatory standards, including a strong focus on SPS measures, one would expect to see an increase in Philippines exports to the EU market in the food sector where SPS are a trade hurdle, e.g. fishery products and fruits/vegetables (indicator 4.2.3). Indeed, Philippine food exports to the EU have increased markedly between 2003 and 2008, with an average annual increase of almost 15%, reaching around €265 million in 2008 (PhP 18.5 billion, or about 5% of total RP exports to the EU). Within this total, almost 60% is fishery products and 37% being fruit and vegetables. This can be seen as evidence for effectiveness in the enhancement of standards in Philippine exports.

Yet, against the backdrop of TRTA 1's specific purpose ('Assist the Philippine Authorities to enhance conditions for international trade and investment and improve access of Philippine exporters to the expanded EU market by increasing their compliance with TBT and SPS requirements'), the achievements were uneven: exports for fishery products increased but exports of coconut products declined. The upgrading of the legislative and regulatory framework through TRTA1 was highly relevant to the needs of the fishery sector, but of minimal relevance to the coconut sector. Furthermore, despite TRTA's significant input into increasing the quality of coconut products – and thereby improving compliance with SPS requirements and helping farmers to achieve higher prices for their products – this objective was not achieved. There is evidence that the lessons of the coconut sector were learned and similar problems are being avoided under TRTA 2 (Indicator 4.2.3).

#### **Indicator 4.2.1 Capacity building for Philippine stakeholders in the process of trade integration strengthened**

##### **Indicator estimate:**

The WTO component was the smallest component of TRTA 1 with a total budget allocation of €171,720. The original objective of the component was to improve the skills and knowledge of government officials, private sector representatives, civil society and academic participants on TBT, SPS, trade in services, and the Singapore issues (i.e. investment, competition policy, trade facilitation and government procurement) and the public awareness of those trade issues involved. However, instead of focusing on the TBT, SPS and Singapore issues, the component – following the request of the Philippine beneficiaries, particularly DTI - switched to the fundamental building blocks of the trade capacity needs of DTI and other government agencies such as trade in services statistics, integrated trade database, trade impact assessment methodologies, multi-stakeholder consultation techniques, and trade negotiations skills. Capacity building in these areas was judged to be effective (1).

According to the final evaluation report, the WTO component built a good base to sustain the efforts in the WTO-related capacity building in the Philippines. However, the needs for long-term trade-related capacity building in the country are still substantial. Since other donors are also assisting the Philippines in building the WTO capacities, the EU assistance created value-added in this area. The original design of the WTO component attempted to complement the issues addressed under the three other components (TBT, SPS, and Customs) of the programme. Other donors such as USAID and JICA were also assisting the Philippines in the WTO-related capacity building. The modified component activities showed that the EU assistance attempted to address the foundation of the trade capacity building through the training and research activities. The selection of the training topics and research studies also demonstrated the careful thinking in the coherence of the planned activities by the key beneficiaries (DTI) and the local component coordinator. For example, one of the training workshops was linked with the GTZ program in order to leverage the expertise of the EU experts. The WTO component was also coordinated with the USAID project activities in the area. Senior Undersecretary Thomas Aquino's direct involvement in the component redesign and planning also ensured the ownership by and coherence of the component with the government (1).

TRTA 2 specifically tries to “to enhance the capacity of selected government agencies and non-state actors in the Philippines to implement deeper integration into the international trading systems in particular through the support to the ongoing EU-ASEAN FTA negotiations.” According to the first implementation report “there are indications that some positive results from the project's implementation may be achieved based on the responses or feedback received from some participants of trainings, seminars and workshops conducted during the reporting period. There are also indications of a need to rethink activities (TBT subcomponent) and reallocate expert services (Trade Facilitation component) to achieve certain expected results of the project.” (2)

A specific improvement of TRTA2 over TRTA1 is the greater flexibility of the former to respond to the changing and emerging needs of Philippine stakeholders. TRTA2 includes a rapid response facility as the project's fourth component with the budget of € 700,000 (of a total € 5 million).

The Second Progress Report states that the agreement to remove tariff on imports among ASEAN 6 (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) member countries (except for goods listed in the sensitive and exclusion lists) took effect on 1 January 2010, along with the ASEAN-China FTA.

These paved the way towards economic integration among Asian countries with a combined population of almost 2 billion. In the overall context of the report this statement somehow seems to suggest that TRTA 2 played some role towards this achievement (3). This, however, is unlikely given that both the Free Trade Area among ASEAN 6 and the ASEAN-China FTA were negotiated and agreed on long before the start of TRTA 2. At the same time the original purpose of TRTA 2 to support the EU-ASEAN FTA negotiations has become obsolete as the trade talks have stalled and are unlikely to resume. The focus has now shifted to the negotiation of a bilateral trade agreement between the EU and the Philippines although such official talks have not begun yet and neither side perceives an immediate urgency of starting the process (4).

In addition to TRTA 2, the two regional EU-ASEAN programmes ECAP III and APRIS II also make a contribution to “further integrate ASEAN countries into the global economy and world trading system to promote economic growth and reduce poverty in the region” (ECAP III) (5) and “to further the process of ASEAN integration, with specific focus on supporting the realisation of the ASEAN Economic Community (AEC), and strengthen EU-ASEAN relations as a whole, including through and the TREATI and READI” (APRIS II) (6). The Philippines prominently participate in both projects. As in the earlier case of TRTA 1, ECAP II and APRIS I there is a clear overlap among the three intervention's objectives, outputs and expected results. However, aspects of coordination among these interventions and potential synergies (or potential conflicts) are not addressed in the project documentations. According to interviews, information sharing and consultation between TRTA and regional projects take place on a regular basis. The EU Delegation in Manila is regularly briefed by project officers and experts who are associated with regional EU-ASEAN projects (7). Overall, however, coordination takes place on an ad hoc basis and is not formalised or institutionalised.

**Related facts, figures, references:**

1. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance: Republic of the Philippines: Final Report (August 2009)
2. IMPLEMENTATION REPORT FOR OPERATIONAL PROGRAMME ESTIMATE 1 COVERING THE PERIOD 1 JULY – 30 SEPTEMBER 2009 TRADE RELATED TECHNICAL ASSISTANCE PROJECT 2 (DCI-ASIE/2007/018-950)
3. ECA in Consortium with Quality Institute, AGRICONSULTING and SGS, TRTA 2 Second Progress Report 1 July – 31 December 2009, 29 January 2010.
4. Interviews at the EU Delegation, Manila, April 2010.
5. A welcome by Stephane Passeri, ECAP III Director, PMU Manager, <http://www.ecap-project.org/ecap3.html>
6. ASEAN-EU Programme for Regional Integration Support (APRIS) - Phase II, <http://www.aseansec.org/apris2/index.htm>
7. Interviews, EU Delegation Manila

### **Indicator 4.2.2 Competitive, transparent, and efficient movement of traded products within the international and regional trade facilitation systems enhanced**

#### **Indicator estimate:**

While data provided on the previous indicators show that progress has been made, particularly with regard to customs and adjustment/adherence to standards, this area is explicitly being addressed under TRTA 2. According to the Overall Work Plan the objective of the relevant component (i.e. Trade Facilitation) is to enhance the competitiveness, transparent, and efficient movement of traded products within the international and regional trade facilitation systems. In order to achieve this goal, a complex and demanding overall work plan was designed to focus on the following the implementation of the RMS, providing support for the NSW, to support the establishment of the Authorized Economic Operator (AEO) and Supply Chain Security, to provide support for the Certificate of Origin and the Customs Clearance Process, to support the implementation of an Integrity Action Plan, the Transshipment/Transit System and the Competency Development, Capacity Building Program and Work Measurement Study (1).

While the project progress reports provide ample evidence for the timely delivery of outputs according to the log frame in most cases (2,3), it is too early to assess the effectiveness of the TRTA 2. However, a key assumption of the approved logical framework seems problematic: "Formation of ASEAN economic community by 2015 remains on track" (3). The Evaluation of the EU co-operation with ASEAN has shown that this target cannot be taken for granted. "One of the striking characteristics of the regional integration process in Southeast Asia is the gap between the ambitious political vision for economic integration as prominently spelled out in the ASEAN Economic Community Blueprint and the ASEAN Charter and the pace at which goals are actually being achieved. Regional integration and harmonisation in the field of tariffs, standards, IP, foreign investment regimes etc. has been advancing slowly. The basic conditions for creating common regimes or even for harmonizing national legislative frameworks and enforcement practices among ASEAN countries are not yet in place, the result of disparities in technical and institutional capacities, levels of economic development, and political priorities. As openly discussed not only at ASEC, but within the governments of ASEAN Member States themselves, sluggish implementation in the member states, not insufficient ASEC capacity, is the main constraint to more rapid progress in regional economic integration" (4).

#### **Related facts, figures, references:**

1. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance: Republic of the Philippines: Final Report (August 2009)
2. ECA in Consortium with Quality Institute, AGRICONSULTING and SGS, TRTA 2 Second Progress Report, 3 November 2008 – 30 June 2009, 10 July 2009.
3. ECA in Consortium with Quality Institute, AGRICONSULTING and SGS, TRTA 2 Second Progress Report, 1 July – 31 December 2009, 29 January 2010.
4. Evaluation of the co-operation with ASEAN, Final Report, Vol. 1, June 2009, p. 15-16, [http://ec.europa.eu/europeaid/how/evaluation/evaluation\\_reports/reports/2009/1262\\_vol1\\_en.pdf](http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/reports/2009/1262_vol1_en.pdf)

### **Indicator 4.2.3 Sanitary, phyto-sanitary and technical standards of Filipino exports enhanced**

#### **Indicator estimate:**

Given that the cooperation programme pays particular attention to helping Philippine exporters meet EU technical and regulatory standards, including a strong focus on SPS measures as outlined under indicator 4.1.3, one would expect to see an increase in Philippines exports to the EU market in the food sector where SPS are a trade hurdle, e.g. fishery products and fruits/vegetables. Indeed, Philippine food exports to the EU have increased markedly between 2003 and 2008, with an average annual increase of almost 15%, reaching around €265 million in 2008 (PhP 18.5 billion, or about 5% of total RP exports to the EU). Within this total, almost 60% is fishery products and 37% being fruit and vegetables (1). This can be seen as evidence for effectiveness in the enhancement of standards in Philippine exports. However, this data will have to be triangulated during the field phase (mainly by means of stakeholder interviews) to determine whether such a causal link exists.

The TRTA 1 evaluation concluded that results on SPS measures (aiming to enhance conditions for international trade and investment and the confidence of the EU in the quality and safety of Philippine exports) were mixed. The component was designed to assist the Philippines in the development of a national food safety policy and control plan for food and feed, in accordance with the requirements of the new EU regulation on official food and feed control and to enhance the capacities of the competent authorities and actors involved. This component was implemented through the beneficiary agencies the BFAR and the PCA. "BFAR achieved almost all of the expected results by the end of the implementation period. PCA, on the other hand, fell short in achieving them. Except for the purchase of laboratory equipment for both BFAR and PCA, all of the specific actions identified under the 8 major activities by agency were carried out." (2)

Against the backdrop of TRTA 1's specific purpose ('Assist the Philippine Authorities to enhance conditions for international trade and investment and improve access of Philippine exporters to the expanded EU market by increasing their compliance with TBT and SPS requirements'), the achievements were uneven: exports for fishery products increased by 31.5% from 2006 to 2007. Exports of coconut products, however, declined by 7.4% in the same period. (2, p. 12). The upgrading of the legislative and regulatory framework through TRTA1 was highly relevant to the needs of the fishery sector, but of minimal relevance to the coconut sector. The programme aimed to target as much of the actors in the supply chain, from the farm level to the coconut exporters, and in so doing lost focus, and became too dispersed. In the case of the coconut sector, the various gap assessments conducted along the course of TRTA 1 point to the glaring fact that major factors impinge on initiating food safety control along the coconut supply chain that make it difficult for the PCA to carry out fully its regulatory functions (2, p. 17). Furthermore, despite TRTA's significant input into increasing the quality of coconut products – and thereby improving compliance with SPS requirements and helping farmers to achieve higher prices for their products – this objective was not achieved (3).

There is evidence that the lessons of the coconut sector were learned and similar problems are being avoided under TRTA 2. The SPS conformity component under TRTA 2, inter alia, aims to harmonize and upgrade the inspection services, streamline activities and support the establishment of procedures for an effective monitoring and control plan for poultry products. The ultimate objective is to achieve Systems and Procedures Design (SPD) compliance for Philippine poultry and enable poultry exports to the EU. There are currently no Philippine poultry products on the EU market. Support for National Meat

Inspection Service (NMSI) at the Department of Agriculture is well-targeted to the specific needs in the process of achieving SPS compliance and logically sequenced, covering several steps from improvements to the national legislative and regulative frameworks (poultry inspection manual) to the upgrading and ISO accreditation of laboratories. According to senior officials at the NMSI it is very likely that TRTA2 will result in the achievement of objectives and eventually open the EU market to Philippine poultry. As one senior official put it, "the opportunity of accessing the huge EU market would certainly have a strong impact on poverty reduction in the Philippines" (4). This seems to be justification in this scenario given the importance of poultry production for the country's agricultural sector. The Philippine poultry sector is valued at about 144 billion pesos (US \$3.20 billion) and expanded by 10 per cent in 2009 year-on year. It represents about 14% of total agricultural production in the country. Chicken production, valued at PHP98 billion (US \$2.17 billion) and the primary source of growth in this sector, went up by 10 per cent in 2009 (5).

**Related facts, figures, references:**

1. Economic Trends and Challenges in the European Union, Remarks by Ambassador Alistair MacDonald, European Commission Philippine Association of Food Technologists, 48th Annual Convention, Manila, 21 September 2009, <http://www.delphi.ec.europa.eu/docs/PAFT.pdf>
2. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance: Republic of the Philippines: Final Report (August 2009).
3. Interviews, EU Delegation Manila
4. Interviews, National Meat Inspection Service, Department of Agriculture
5. The Poultry Site, Philippines Takes Stock of Chicken Production, 17 September 2010, <http://www.thepoultrysite.com/poultrynews/20915/philippines-takes-stock-of-chicken-production>

## **EQ5 Governance - To what extent has the EU support promoted and strengthened better governance?**

### **EQ answer:**

In line with the Philippine Government's Medium Term Development Plan (MTDP), 1999 – 2004 in which reforming governance was a priority area The CSP 2002-2006 addressed governance with a focus on achieving a more equitable sharing of responsibilities and resources with local governments units, reinforcing the partnership with NSAs and private sector and addressing criminality and corruption. In the CSP 2007-2013, support to governance is a non-focal sector with a focus on supporting the Dialogue on Governance, and on enhancing the participation and capacities of non-state actors in such reforms. The EU handbook on promoting good governance recognizes six major governance clusters: Support for democratization; promotion and protection of human rights; reinforcement of the rule of law and the administration of justice; enhancement of the role of civil society and its capacity building; public administration reform, management of public finances and civil service reform; Decentralisation and local government reform / capacity building. In the Philippines the EU has supported governance through bilateral projects in a number of key areas within these clusters: access to justice for the poor, fight against corruption, border management, fight against money laundering, support to decentralisation policies and promotion of good local governance. Regional projects have focused on illegal migration, fight against human trafficking, and urban management and governance.

The aim of this question is to assess to which extent the EU has contributed to improved governance both at national and local levels through specific interventions. As governance is covering a broad panel of issues, the analysis focuses on issues in which the EU has engaged most.

JC 5.1 focuses on EU contribution towards improved governance at the programming / formulation phases while JC 5.2 focuses on the implementation and evaluation phases. JC 5.3 concentrates on capacity building activities and JC 5.4 assesses main effects on the certain relevant clusters of governance addressed by the cooperation programme (e.g. anti-corruption measures; dialogues with Government; empowerment of civil society etc.).

The CSP 2002-2006 introduced governance as a cross-cutting issue and discusses governance in detail throughout the strategy as does the CSP 2007-2013. The assessment of JC 5.1 found that generally, project/programme designs and the actual implementation of projects give evidence for direct EU support to the promotion and strengthening of better governance in the Philippines with a particular focus on transparency, accountability and corruption in a number of key areas: access to justice for the poor, fight against corruption, border management and fight against money laundering. Regional and global projects have focused on illegal migration, fight against human trafficking, and urban management and governance. The specific focus on governance as a cross-cutting theme was first prominently spelled out in the NIP 2002-2004. Since then governance issues have explicitly been addressed and/or taken into account in both project design and implementation of the following interventions:

- HSPSP;
- MHSPSP TRTA 1 and 2;
- AJ; Corruption Prevention Project (CPP);



- Central Cordillera Agricultural Programme (CECAP);
- PBMP
- Anti-Money Laundering Project
- Mindanao Trust Fund (MTF) and the
- MTF-RDP.

However, while governance-related risks to implementation are now routinely identified in project and programme documents, they tend to be formulated in a rather sketchy way confined mainly to elite capture of benefits and corruption. For example in the case of the Corruption Prevention Project (CPP), the project design phase did not anticipate significant risks which began to manifest themselves in the project implementation phase. There is generally insufficient reflection on the extensive patronage networks and clientelism in Philippine politics that potentially hamper outcomes/results and impact of projects in all sectors. An exception are poverty-related projects in Mindanao where the fact that the political will of LGUs is an important risk factor, has been prominently taken into account in the design and implementation of interventions (see Indicator 1.1.2, vol 2).

JC 5.2 shows that governance has been taken into account as a cross-cutting issue in all sector programmes, particularly health and trade and to a lesser extent rural development.

Evidence could be found for the existence of networking and multi-stakeholder coordination mechanisms. The promotion of coordinated cooperation occurs at the Governance and Anti-corruption Working Group of the PDF, at specific platforms such as the Supreme Court-led donors' group or the Anti-Money Laundering donors group, organised by the AML Council. The EU has also sought coordination with other major stakeholders where there is no Government-led group (e.g. Philippine Border Management Project, where EU has convened coordination meetings with AusAID and USAID). However, monitoring and evaluation reports reveal little about donor coordination and networking. For example it is unclear if and to what extent project activities as part of the two governance-focused projects AJ and CPP were coordinated with the pro-governance efforts of other donors. The degree of informal networking among donors is equally unclear. There is no documented information available as to whether and to what extent CPP was coordinated with the ABD- and OECD-funded NACPA (2006-2008). Both CPP and NACPA were implemented by the OMB.

A general problem for the monitoring and tracking of governance-related results is the largely diffuse and uncoordinated nature of anti-corruption efforts in the Philippines. Lack of coordination leads to gaps and overlaps in anti-corruption policy development, enforcement and system improvement. This also means that there is only very limited performance tracking to determine how far the country has come in achieving its anti-corruption goals and objectives. At the same time EU projects have tried to introduce and establish their own approaches to the monitoring of governance-related lessons learned indicators, including but not limited to such approaches in projects under the umbrellas of SPF, CPP, HSPSP and MTF-RDP.

As discussed under JC 5.3, needs analyses for the capacity building of local government units, decentralised public agencies, the Judiciary and NGOs have evidently taken place in the case of the

governance-related capacity building projects CPP and AJ and also with regard to HSPEP, BoC within TRTA 1, the Anti-Money Laundering Project and the Philippine Border Management Project.

There can be little doubt about the fact that all governance-related interventions have performed exceptionally well at the output level. Training has indeed been provided at different levels both with regard to government agencies and civil society organisations. Government stakeholders include the Supreme Court and Municipal Courts, the Philippine National Police and the Philippine National Police Academy, the DILG, DSWD and the DoJ.

The assessment gets more difficult when it moves beyond the output-level towards the effectiveness of capacity building. Generally, outcomes/results of interventions that are targeted directly at improving governance usually are hugely dependent on the commitment of national counterparts. For example, support for good governance in NEDA is fragmented. And cooperation with the Office of the Ombudsman has risen and fallen with the quality of the actual Ombudsman/woman in charge. All donors with a good governance agenda face a similar problem in identifying the most suitable partner(s) for such interventions. There is no clear answer to the question as to whether projects in direct support of good governance should mainly involve government stakeholders or CSO.

As demonstrated under JC 5.4, a combination of horizontal and thematic instruments has been used to engage with civil society in the Philippines in a variety of governance processes, including monitoring of the decentralisation process, human rights and labour standards. These programmes have made an important contribution to the empowerment of civil society organisations and improvements to their operational capacity. Results (in terms of targeted actions resulting from dialogue with NSA and LGUs) in the field of human rights are particularly noteworthy. The pro-active role of EU in human rights issues, especially on the issue of extra-judicial killings and enforced disappearances and the abolition of the death penalty stands out as an area where significant progress could be achieved.

The governance dialogue has also increased EU visibility and Philippine awareness of European perspective on governance issues. The Corruption Prevention Project (CPP) was the first comprehensive anti-corruption public education programme in the Philippines and resulted in an important increase in EU visibility with regard to the anti-corruption agenda. The SPF also proved to be an appropriate tool to support small, innovative and visible projects in areas of strategic importance for the Philippines and the EU, and has generated considerable interest on part of both State and non-State actors. The EU has been able to gain strong visibility on human rights, particularly on the abolition of the death penalty. In the case of the Anti-Money Laundering project there have been positive developments in terms of increased activity in anti-money laundering (investigations, prosecutions, etc). National anti-corruption efforts have gained momentum at least partly due to EU intervention although it is impossible at this stage to quantify the EU contribution. Improvements can also be found with regard to government procurement. EU funding contributed to these advances mainly through the ASEM Trust Fund and the CPP.

Governance issues clearly received enhanced attention as the results of the EU's role in the PDF. The PDF, as an institution, has evolved from the Consultative Group Meetings of Development Partners. The PDF is **organised** into seven sub-working groups representing key thematic policy issues, including governance and anti-corruption, central to the reform efforts of GoP. The EU is the only PDF member that participates in all working groups and plays a highly visible role in the forum. The EU has played a key role in anti-corruption coordination, particularly in the area of anti-corruption and need for more rule of law for the poor, and is described as a very vocal (and well heard) donor in the Governance

Working Group. The EU has also been the most outspoken of the PDF stakeholders on limiting factors to good governance, including corruption. In their written statements to the 2008 PDF only the World Bank, USAID and the EU addressed corruption, with the EU being the most critical.

In conclusion, both the designs of interventions and the actual implementation of projects provide ample evidence for direct EU support to the promotion and strengthening of better governance in the Philippines with a particular focus on transparency, accountability and corruption in a number of key areas: access to justice for the poor, fight against corruption, human rights, border management and fight against money laundering. Regional and global projects have focused on illegal migration, fight against human trafficking, and urban management and governance. Overall, EU support for the promotion and strengthening of better governance have both been the result of projects which directly focussed on improving governance through capacity-building and other means and through the mainstreaming of governance in all other programmes. Governance has been addressed as a cross-cutting issue in all sector programmes, particularly health and trade and to a lesser extent rural development. The customs component of TRTA can be considered a success story as it resulted in, inter alia, streamlined and more transparent procedures (clearance of good) which in turn have reduced the opportunity for, and scope of, corruption.

All focal areas were well identified and selected in line with the Philippines' development needs and there is no evidence of any gross misjudgements in terms of assessing relevance or even failure of projects or major projects components. It is important to note that the EU managed to establish high visibility (both vis-à-vis GoP and other donors) in some key areas of governance, particularly human rights and the anti-corruption agenda, and emerged as the key stakeholder in the Philippine Development Forum (PDF). However, there are currently two shortcomings of the PDF process. First, there has not been a general PDF meeting since 2008. While some PDF sub-working groups (for example on sustainable rural development) live a life on their own and seem to be working efficiently but others (on governance and PFM) suffer from a lack of interest/steer from the government. Second, there is no focus on local government PFM in PDF constituting a clear gap in addressing governance issues.

### **JC 5.1 Strategic documents and project designs identify and analyse relevant governance issues**

#### **JC assessment:**

The CSP 2002-2006 introduced governance as a cross-cutting issue and discusses governance in detail throughout the strategy. The EC-Philippines Strategic Paper 2007-2013 elaborates extensively on issues of governance. Examples include: overall enhancement of good governance; deepening dialogue on governance between different sectors of society; poor governance of state enterprises and its improvement; weak governance of the Philippines' public sector; lack of good governance, in particular due to bribery and corruption; effective enhancement of the main features of good governance (transparency, accountability, participation and predictability); good governance linked to trade (EU Action Plan on Governance and Trade/Forest Law Enforcement, Governance and Trade (FLEGT)); good governance linked to human development and human rights; stability and security, corporate governance, environmental governance, governance linked to the promotion of democracy, human rights and support for institutional reform; dialogue on governance with non-state actors and the government (through the Strategic Project Facility), educational governance (Indicator 5.1.1).

Generally, project/programme designs and the actual implementation of projects give evidence for direct EU support of better governance in the Philippines with a particular focus on transparency, accountability and corruption in a number of key areas: access to justice for the poor, fight against corruption, border management and fight against money laundering. Regional and global projects have focused on illegal migration, fight against human trafficking, and urban management and governance. The specific focus on governance as a cross-cutting theme was first prominently spelled out in the NIP 2002-2004 which initiated governance-relevant projects in the following areas: Assistance to the poorest sector of the society; Assistance to Trade and Investment and particularly Good Governance (mediating the effects of decentralisation through institutional strengthening at local level, support to fight against corruption, promote enhancement of the judicial and improve corporate governance). Since then governance issues have explicitly been taken into account in both project design and implementation of the following interventions: HSPSP, MHSPSP TRTA 1 and 2; AJ; Corruption Prevention Project (CPP); CECAP; PBMP; Anti-Money Laundering Project; MTF and the MTF-RDP(Indicator 5.1.2).

AJ and the Corruption Prevention Project (CPP) deserve particular attention as they promoted governance issues in a direct way. The 'Final Evaluation of Governance Bilateral Project for the Philippines' [sic] concluded that the CPP had noticeable success. Among these were the social marketing activities of Component 3, which aimed to raise awareness of corruption in the Philippines. However, this evaluation did not find any clear evidence for impact of these two projects. Outcomes/results of interventions that are targeted directly at improving governance usually are hugely dependent on the commitment of national counterparts. For example, support for good governance in NEDA is fragmented. And cooperation with the Office of the Ombudsman has risen and fallen with the quality of the actual Ombudsman/woman in charge. All donors with a good governance agenda face a similar problem in identifying the most suitable partner(s) for such interventions. There is no clear answer to the question as to whether projects in direct support of good governance should mainly involve government stakeholders or CSO.

The EU did not opt for governance projects in the 2007-2010 NIP other than the SPF II and mainstreaming governance in all other programmes, since the large governance projects of the 2006-2006 CSP had only been coming on stream at that time.

Risks are now routinely identified in project and programme documents but, in a more specific sense, there is a definite lack of analysis of governance-related risks. For example in the case of the Corruption Prevention Project (CPP), the project design phase did not anticipate significant risks which began to manifest themselves in the project implementation phase. Generally, governance-related risk tends to be formulated in a rather sketchy way confined mainly to elite capture of benefits and corruption and in the special case of Mindanao, a break down in the peace talks that could result in a significant escalation of violence. There is generally insufficient reflection on the extensive patronage networks and clientelism in Philippine politics that potentially hamper outcomes/results and impact of projects in all sectors (Indicator 5.1.3).

#### **Indicator 5.1.1 Governance issues extensively analysed in EU strategic documents**

##### **Indicator estimate:**

The CSP 2002-2006 discusses governance in detail throughout the strategy. Positive features mentioned are the free press, a vibrant civil society, a pluralistic party system and a functioning electoral process

(while not ignoring that “criticisms are made in regards to alleged vote buying.” The challenges highlighted are patronage politics, insufficient enforcement of the rule of law, lack of bureaucratic and judiciary effectiveness and deficits in accountability. The CSP also states that “The human rights situation in the Philippines continues to be a matter of concern” (1, p. 7). Governance is also stressed in the context of FDI where the erosion of investors’ confidence is linked to the need to, inter alia, speed up [and] improve governance and the urgency to achieve political stability, particularly in the south of the Philippines (ibid, p. 8). The strategy identifies the following areas which are seen as crucial:

- judicial reform to improve the overall governance framework and especially ensuring the delivery of effective justice (ibid, p, 12);
- the high level of corruption (ibid, p. 13);
- the need for a more substantial and focused human rights approach (14);
- the need to support local democracy and people empowerment through community-based development projects (p. 14-15).

The NIP 2002-2004 institutionalised the mainstreaming of good governance into the two Focal points (Assistance to the poorest sectors of society and Assistance to trade and investment). Specific co-operation on Good Governance comprised support to mediate the effects of decentralisation through institutional strengthening at local level, support to fight against corruption, the promotion and enhancement of the judicial system and improvement corporate governance (2).

The CSP 2007-2013 echoes its predecessor by making the point that the “lack of good governance, in particular bribery and corruption, threaten sustained growth and are breeding vicious circles of poverty and underdevelopment” (3, p. 20). Environmental governance is added as a new agenda. “Widespread lack of good governance” is frequently mentioned, but the CSP 2007-2013 is less specific in defining specific areas of concern than the CSP 2002-2006 was. Both the CSP 2002-2006 and the CSP 2007-2013 presents good governance as a cross cutting theme. This approach was introduced by the CSP 2002-2006 and further strengthened by the CSP 2007-2013 which stresses the need to “systematically mainstream” governance “in all development endeavours covered by this CSP” (p. 28).

**Related facts, figures, references:**

1. CSP 2002-2006
2. NIP Philippines 2002-2004
3. CSP 2007-2013

**Indicator 5.1.2 Transparency, accountability, corruption explicitly taken into account in project / programme design and implementation**

**Indicator estimate:**

Generally, the EU has directly supported governance issues in the Philippines through bilateral projects which developed government capacity in a number of key areas: access to justice for the poor, fight against corruption, border management and fight against money laundering. Regional and global projects have focused on illegal migration, fight against human trafficking, and urban management and

governance. The specific focus on governance as a cross-cutting theme was first prominently spelled out in the NIP 2002-2004 which initiated governance-relevant projects in the following areas: Assistance to the poorest sector of the society; Assistance to Trade and Investment and particularly Good Governance (mediation of the effects of decentralisation through institutional strengthening at local level, support to fight against corruption, promote enhancement of the judicial and improve corporate governance (2)

Since then governance issues have explicitly been taken into account in the following manner in both project design and implementation:

**Health: Good governance** was not only mainstreamed in the HSPSP but integral part of the programme design (1). HSPSP utilised a sector-wide approach that supported the health service delivery, health care financing, regulatory and governance pillars of the Department of Health's (DOH) FOURmula for Health Initiative. At the national level, HSPSP supported the GoP's efforts to improve public expenditure and PFM reforms to promote fiscal sustainability, effective and efficient resource allocation and government operations to ensure fiscal consolidation for sustainable good governance. These reforms include: a) MTEF, b) Effectiveness and Efficiency Review, c) OPIF, d) NGAS and New Procurement Law; and e) the requirements of SDAH. In addition to the DBM, participation of other national oversight agencies like the NEDA and DILG were enjoined in the programme.

Based on the HSPSP Logical Framework Matrix, the Governance Pillar supported the delivery of health services through:

- Local health systems reform;
- Public finance management;
- Health sector planning and expenditure management within the framework of the Sector Development Approach for Health;
- Health sector management of information systems, monitoring and evaluation (3)

**MHSPSP Project:** The overall objective was "to contribute to the overall improvement of the health status of the population especially the poor, the women and other vulnerable groups and to the achievement of the health-related Millennium Development Goals in the Mindanao's Conflict Affected Areas and the ARMM". The project purpose was "increased utilisation of improved health facilities, through a pre-Sector Development Approach for Health accession programme implementing selected, doable elements of the government's health sector reform".

In order to achieve this, the intervention worked on four areas that coincide with the four pillars government's FOURmula One for Health reform strategy known as: First, Good Governance: improve performance of the health system; second, Health Financing: secure higher, better and sustained financing for health; third, Health Regulation: assure the quality and affordability of health goods and services and; fourth, Health Service Delivery: ensure access and availability of essential and basic health packages. The Logical Framework Matrix sets forth a series of results falling under each one of these four pillars e.g. "Strengthened stakeholder involvement in and oversight of health services management" and "Sector-wide, participative planning established, including health facility rationalisation" for the Governance pillar; "Improved access to enhanced sustainable drugs supply" for the Regulation pillar, etc. (4)

**Trade:** While TRTA 1 did not explicitly focus on governance issues in detail, the overall objective of the project was to assist the Philippines in building an enabling economic environment and to improve economic governance. The TRTA 1 evaluation acknowledged that the implementation of TRTA 1 activities had contributed to the improvement of governance in the Philippines in general. "Many training and networking events and visibility activities gave rise to much better public awareness of the importance of governance and anti-corruption in the country. In particular, the customs reforms supported by the TRTA aimed at improving the efficiency and good governance in the area of Customs administration and reduce the opportunities for illegal activities and corruption". The customs component of TRTA can be considered a success story as it resulted in, inter alia, streamlined and more transparent procedures (clearance of good) which in turn have reduced the opportunity for, and scope of, corruption. As one stakeholder put it, "it is very unlikely that the BoC will ever be free of corruption but the EU's support has been a very important step in the right direction" (5). However, the evaluation also noted that "future TRTA initiatives and related activities need to provide explicit recognition and action plans for cross-cutting issues related to gender equality, the environment and governance" (6). The TRTA Project 2 Revised Logical Framework does not make any explicit references to governance indicators (7) but it can be assumed that due to the very nature of the project its implementation is likely to further strengthen governance in a similar way as TRTA 1 did.

**Improving Governance to Reduce Poverty:** the two projects AJ and the Corruption Prevention Project (CPP) promoted governance issues in a direct way. The overall objective of the AJ was to increase the access to justice for poor and vulnerable groups of the society and was conceived together with the parallel anti-corruption project. Its project purpose was to enhance the ability of poor and vulnerable groups (esp. poor women and children) to pursue justice through increased knowledge about their basic rights and the Justice System, as well as to strengthen the Justice System to make it more accessible to poor and vulnerable groups. The 'Final Evaluation of Governance Bilateral Project for the Philippines' [sic] concluded that the CPP had noticeable success. Among these were the social marketing activities of Component 3, which aimed to raise awareness of corruption in the Philippines. "Ironically this may have contributed to the dismal rating that the country received in the 2008 Transparency International Corruption Perception Index. By increasing the public's sensitivity to corruption the public may then have begun to see corrupt activities taking place more frequently, particularly with the popular media taking such an active interest in this topic." (8) However, this evaluation did not find any clear evidence for impact of these two projects. Outcomes/results of interventions that are targeted directly at improving governance usually are hugely dependent on the commitment of national counterparts. For example, support for good governance in NEDA is fragmented. And cooperation with the Office of the Ombudsman has risen and fallen with the quality of the actual Ombudsman/woman in charge. All donors with a good governance agenda face a similar problem in identifying the most suitable partner(s) for such interventions. There is no clear answer to the question as to whether projects in direct support of good governance should mainly involve government stakeholders or CSO (9).

**Border Management:** The PBMP (since 2004) has contributed to the efforts of GoP to more professionally manage national migration in accord with international norms and protocols through strengthened and enhanced border security and management. In terms of good governance and human rights the projects has contributed to the strengthening of the host border management and legal processing for both persons and goods to combat human trafficking and other organised crime activities related to borders (specially affecting to women and children) (10)

**Anti-Money Laundering:** The Anti-Money Laundering Project (2005-2008) aimed at contributing to the efforts of GoP to prevent and reduce money laundering by strengthening the institutional capacity of the Philippines' Financial Intelligence Unit (Anti-Money Laundering Council/AMLC). It also focused on enhancing the co-operation of the Supervising Authorities, Covered Institutions (financial sector), Judicial and Law Enforcement Agencies with the AMLC in the fulfilment of their obligations within the Philippine anti-money laundering system (11)

**Rural Development:** There was no explicit focus on governance indicators in the **Rural Development Support Program**. The programme evaluation notes that focusing on participatory mechanisms such as local development planning may be the starting point for democratic participation, but it does not ensure good governance and the internalisation of democratic principles (10). However, CECAP did include a project activity on Participatory Governance & development Planning (12). According to EQ 3 it is not clear to which extent the substantial capacity building efforts (in all projects) that have been both of a functional and broader developmental nature, have also contributed to improved governance mechanisms. It is assumed that some positive effects should have been achieved considering the highly interactive, flexible and participatory approaches used, but this could not be fully substantiated. It was also stated that the nature of political leadership plays a key role in this regard.

**Mindanao Trust Fund (MTF):** the overall objective of the multi donor MTF is to contribute to peace and development in the Philippines. The programme purpose is the reconstruction and development of conflict-affected areas in Mindanao. Under this umbrella one of the sector priority areas has been governance and institutions, e.g. establishment or reinforcement of public administration and training of local government personnel, justice and the rule of law, community recovery, role of civil society. Related, the objectives of the MTF-RDP are to assist in the economic and social recovery of the conflict affected areas in Mindanao and to promote inclusive and effective governance processes. More specifically

- inclusive governance processes are promoted through involvement of key Mindanao stakeholders both at the level of programme management through the Programme Steering Committee and at the level of the barangays and municipalities engaged in participatory planning and management of local development activities;
- effective governance is promoted through the learning process of inclusive multi stakeholder consultation and decision-making at the level of the Steering Committee, municipalities and barangays, supplemented by capacity-building targeting the BDA, implementation service providers, municipalities and barangays/communities to enhance an inclusive, transparent and effective planning process regarding the use of grant funding implemented supplemented by local contributions whether from the Program or from other funding sources. (12, 13)

**Related facts, figures, references:**

1. EN AIDCO/ (2009) 189813 Action Fiche N°1– Philippines Health Sector Policy Support Programme – Phase II 2009/021-296
2. National Indicative Programme 2002-2004
3. Mid Term Review of the Health Sector Policy Support Programme (ASIE/2005/0171038) in the Philippines



4. MINDANAO HEALTH SECTOR POLICY SUPPORT PROGRAMME (MHSPSP) Project number: 2006 / 018-016
5. Interview with a senior government official.
6. Final Evaluation of the TRTA 1 Programme in the Philippines and Recommendations for Future Assistance, Republic of the Philippines, Final Report, August 2009
7. TRTA Project 2 Revised Logical Framework
8. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and CP Projects), Final Report April 2009, p. 7.
9. Interviews with EU officials, other donors and Philippine government officials.
10. Philippine Border management Project, Project Summary, updated 29/06/2009
11. Anti-money laundering project – AMLP, Logical Framework, 2006.
12. Evaluation Reports 030, Rural Development Support Program, Philippines summary version of the Evaluation
13. Central Cordillera Agricultural Programme (CECAP), PROJECT ALA/95/28, Completion Report: Extension Period, 2003 – 2004, July 2004.
14. IDENTIFICATION FICHE (PROPOSAL FOR FORMULATION), Multi Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program.
15. AIDCO/ (2009) 189813, Action Fiche N°1– Philippines.

**Indicator 5.1.3 Governance-related risks to project and programme success explicitly identified and analysed**

**Indicator estimate:**

For the pre-CSP phase in the cooperation programme with the Philippines, the evaluation of EU development aid to ALA states concluded that inadequate project preparation and appraisal had thrown “a heavy burden on the implementation stage of the project cycle, where unforeseen difficulties can disrupt planned arrangements and challenge the project manager’s capacity to implement the project on schedule and with the original costs” (1).

Risks are now routinely identified in project and programme documents but, in a more specific sense, there is a definite lack of analysis of governance-related risks. For example in the case of the Corruption Prevention Project (CPP), “the project design phase did not anticipate significant risks which began to manifest themselves in the project implementation phase.” Insufficient risk assessment in turn contributed to a low completion rate of 75%. The Logical Framework which is part of The Financing Agreement signed in 2004 indicated that a total of 26 activities were to be undertaken. This was revised to make a new number of project activities which a total of 42 as indicated in the Revised Log Frame of January 2006. The number of Project activities that were actually implemented was 31 (2).

Generally, governance-related risk tends to be formulated in a rather sketchy way confined mainly to elite capture of benefits and corruption and in the special case of Mindanao, a break down in the peace talks that could result in a significant escalation of violence (3). There is generally insufficient reflection on the extensive patronage networks and clientelism in Philippine politics that potentially hamper outcomes/results and impact of projects in all sectors.

**Related facts, figures, references:**

1. EVALUATION OF E.U. DEVELOPMENT AID TO ALA STATES, Phase III – Synthesis Report, Final Report, March 15, 1999, p. 9.
2. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report, 20 April 2009, p.17.
3. AIDCO/ (2009) 189813, Action Fiche N°1– Philippines.

**JC 5.2 During implementation, EU sector cooperation programmes have integrated major issues of governance**

**JC assessment:**

Governance has been taken into account as a cross-cutting issue in all sector programmes, particularly health and trade and to a lesser extent rural development. However, the effectiveness of governance-related project activities is difficult to assess due to the absence of clear monitoring indicators at the macro (state) level. Most monitoring and evaluation reports present anecdotal evidence to prove effectiveness of governance mainstreaming. Hard data is difficult to find (Indicator 5.2.1). The lack of appropriate monitoring of governance indicators and/or lack of coordination on governance monitoring is a general problem that was stressed in interviews by all stakeholder groups (GoP, EU, CSO, other donors). NEDA considers the vastly different approaches to monitoring among donors as a major challenge. At the same time, leading NGOs with a track record of monitoring governance, such as the SWS, point out the fact that neither GoP nor donors sufficiently take reputable NGO studies and surveys on governance into account. On a few occasions NGOs have participated in the monitoring of governance indicators at the local level in the context of EU-funded projects – for example the SWS in the Province La Union – but this is far from being a regular and systematic approach (Indicator 5.2.3).

Some evidence could be found for the existence of networking and multi-stakeholder coordination mechanisms (Indicator 5.2.2). According to detailed information provided by the EU in the EAMRs the promotion of coordinated cooperation occurs at the Governance and Anti-corruption Working Group of the PDF, at specific platforms such as the Supreme Court-led donors' group or the Anti-Money Laundering donors group, organised by the AML Council. The EU has also sought coordination with other major stakeholders where there is no Government-led group (e.g. Philippine Border Management Project, where EU has convened coordination meetings with AusAID and USAID). However, project activities as part of the two governance-focused projects AJ and CPP were not well coordinated with the pro-governance efforts of other donors. Informal networking works well in relations between the EUD and UNDP. but is not always well developed with other donors. For example, there is no evidence that CPP was coordinated with the ABD- and OECD-funded NACPA (2006-2008). Both CPP and NACPA were implemented by the OMB.

A general problem for the monitoring and tracking of governance-related results is the largely diffuse and uncoordinated nature of anti-corruption efforts in the Philippines. Lack of coordination leads to gaps and overlaps in anti-corruption policy development, enforcement and system improvement. This also means that there is only very limited performance tracking to determine how far the country has come in achieving its anti-corruption goals and objectives. At the same time EU projects have tried to introduce and establish their own approaches to the monitoring of governance-related lessons learned indicators, including but not limited to such approaches in projects under the umbrellas of SPF, CPP, HSPSP and MTF-RDP (Indicator 5.2.3).

EU financed interventions take governance issues into account (Indicator 5.2.4). EU projects have followed strict procurement rules to guarantee transparency and accountability and minimize the risk of graft and corruption. The MTF has been exemplary in linking good governance criteria with project management: economic and social recovery is assisted by the provision of grants to barangays/communities and municipalities for sub-projects, where access to funding is contingent on compliance with defined sub-project appraisal criteria requiring socially inclusive planning, equitable access to benefits, contributions towards capital and operation/maintenance costs and observance of technical and safeguard policy standards. Among both government and CSO stakeholders EU rules and procedures are seen as very rigorous, even 'tedious', and time-consuming to deal with when it comes to grant applicants, project administration/management and reporting. However, these high EU standards (on procurement etc.) set a good example for good governance as they increase transparency and accountability and reduce the risk of corruption.

#### **Indicator 5.2.1 Justified selection of approach and financing modalities taking into account governance issues**

##### **Indicator estimate:**

As outlined under Indicator 5.1.2 governance has been taken into account as a cross-cutting issue in all sector programmes, particularly health and trade and to a lesser extent rural development. The effectiveness of governance-related project activities is difficult to assess due to the absence of clear monitoring indicators at the macro (state) level. Most monitoring and evaluation reports present anecdotal evidence to prove effectiveness of governance mainstreaming. Hard data is difficult to find. A good example in this context is TRTA 1. According to the final evaluation, the implementation of TRTA 1 activities has contributed to the improvement of governance in the Philippines in general. Many training and networking events and visibility activities gave rise to much better public awareness of the importance of governance and anti-corruption in the country. In particular, the customs reforms supported by the TRTA aimed at improving the efficiency and good governance in the area of Customs administration and reduce the opportunities for illegal activities and corruption. Generally speaking, the TRTA 1 implementation complied with the EU rules and regulations which would contribute to a better understanding by the local project team of the transparency and accountability requirements of the EU projects (1). However, while there is no reason to doubt the evaluators' assessment, there no reference to data is made to support the finding.

##### **Related facts, figures, references:**

1. Final Evaluation of the TRTA 1 Programme in the Philippines and Recommendations for Future Assistance, Republic of the Philippines, Final Report, August 2009

### **Indicator 5.2.2 Existence of networking and multi-stakeholder coordination mechanisms**

#### **Indicator estimate:**

Clear evidence for multi-stakeholder coordination could be found in the case of the multi-donor MTF-RDP, which was established at the request of GoP and aims to build peace through community owned projects that focus on inclusion, good governance and sustainability. The final report of the ROM mission undertaken in March 2009 produced very positive findings: the decision to contribute into a wider donor trust fund is in line with the Paris Declaration principles of improved aid effectiveness; the log frame in place since the start of the program and updated in May 2008 clearly sets out expected outcomes; and cross-cutting issues such as human rights, governance and gender as key elements of a community-driven development approach are well integrated into program design, while environmental impact assessments are being carried out before the small-scale sub-projects are approved. (1)

According to detailed information provided by the EU in the EAMRs the promotion of coordinated cooperation occurs at the Governance and Anti-corruption Working Group of the PDF, at specific platforms such as the Supreme Court-led donors' group or the Anti-Money Laundering donors group, organised by the AML Council. The EU has also sought coordination with other major stakeholders where there is no Government-led group (e.g. Philippine Border Management Project, where EU has convened coordination meetings with AusAID and USAID). Networking, exchange of ideas, coordination of approaches and general cooperation is well developed in relations between the EU and UNDP, the two most important and most visible stakeholders with a good governance agenda in the Philippines. However, donor coordination and networking cannot be taken for granted. For example the activities as part of the two governance-focused projects AJ and CPP were not formally coordinated with the pro-governance efforts of other donors; and there is no documented information available as to whether and to what extent CPP was coordinated with the ABD- and OECD-funded NACPA (2006-2008). Both CPP and NACPA were implemented by the OMB. The NACPA project description simply states (2).

"The specific projects and reform initiatives identified and defined in the Plan will complement the crafting of NACPA's program of action, which will be formally launched through a National Integrity Conference in February 2007 with technical assistance from USAID/The Asia Foundation and the Development Academy of the Philippines, and funding support from the European Union through the EU-OMB Corruption Prevention Project." (3)

#### **Related facts, figures, references:**

1. AIDCO/ (2009) 189813, Action Fiche N°1– Philippines
2. Interviews with EU officials and other donors.
3. Final Evaluation of Governance Bilateral Projects for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report, 20 April 2009. The report does not elaborate on donor coordination.
4. ADB/OECD Anti-Corruption Initiative for Asia and the Pacific, Anti Corruption Reform under the Action Plan's 3rd Implementation Cycle (2006-2008), Philippines, The NACPA

### **Indicator 5.2.3 Monitoring frameworks allow for the tracking of governance-related indicators and lessons learnt**

#### **Indicator estimate:**

A general problem for the monitoring and tracking of governance-related results is the largely diffuse and uncoordinated nature of anti-corruption efforts in the Philippines. Lack of coordination leads to gaps and overlaps in anti-corruption policy development, enforcement and system improvement. This is also means – and this is the important point related to Indicator 5.2.3 - there is also no performance tracking / accounting system to determine how far the country has come in achieving its anti-corruption goals and objectives. The lack of appropriate monitoring of governance indicators and/or lack of coordination on governance monitoring is a general problem that was stressed in interviews by all stakeholder groups (GoP, EU, CSO, other donors). NEDA considers the vastly different approaches to monitoring among donors as a major challenge. At the same time, leading NGOs with a track record of monitoring governance, such as the SWS, stress the fact that neither GoP nor donors do sufficiently take reputable NGO studies and surveys on governance into account. On a few occasions NGOs have participated in the monitoring of governance indicators at the local level in the context of EU-funded projects – for example the SWS in the Province La Union – but this is far from being a regular and systematic approach.

Generally EU projects have tried to introduce and establish their own approaches to the monitoring of governance-related lessons learned indicators, including but not limited to

- Monitoring and evaluation of SPF projects explicitly considered crosscutting issues of governance, gender and equal opportunities, environmental protection and human rights and labour standards. In addition, rights of indigenous peoples and conflict prevention were addressed – and results were systematically monitored - in SPF projects dealing with populations concerned by these issues. (2)
- CPP: While there was high quality of DSWD staff work in monitoring, there was poor collection of data to assess objectively verifiable indicators at the result level. (3)
- HSPSP: the Department of Health (DOH) introduced a LGU Scorecard system wherein LGU performance is measured using a set of indicators patterned after the four pillars of F1 for Health. Initial feedback from the LGU health managers had been very positive as the system enabled them to identify programme areas where they are weak and also allowed health managers to pinpoint areas that need more assistance. Scorecards have proven to be a useful information and management tool accepted for implementation down to Barangay level. Information of the Scorecard is for service levels based on the FHSIS. It provides good and reliable information on clients who come to the health facilities for services but other systems of data collection are needed to help local health managers make evidence-based decisions. (4)
- MTF-RDP: to facilitate an internal learning process where monitoring data and implementation experiences are utilized to review the adequacy of the approach and address implementation problems, periodic meetings have been convened by the PMO/Trust Fund Recipient, which include Implementation Service Provider staff, and staff from involved government agencies. (5)

**Related facts, figures, references:**

1. EVALUATION OF E.U. DEVELOPMENT AID TO ALA STATES, Phase III – Synthesis Report, Final Report, March 15, 1999, p. 12
2. Multi-Annual Indicative Programme 2007-2010- Philippines
3. Final Evaluation of Governance Bilateral Projects for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report, 20 April 2009.
4. Mid Term Review of the Health Sector Policy Support Programme (ASIE/2005/0171038) in the Philippines
5. IDENTIFICATION FICHE (PROPOSAL FOR FORMULATION), Multi Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program.

**Indicator 5.2.4 Management system and tools of EU financed interventions take governance issues into account**

**Indicator estimate:**

EU projects have followed strict procurement rules to guarantee transparency and accountability and minimize the risk of graft and corruption. For example, itemised procurement is a general condition. The evaluation of the Central Cordillera Agricultural Programme found that procurement had been conducted using the approved Manuals for Finance and Administration introduced for all EU Projects in the Philippines. Procurement within the country has generally not caused any great difficulties (1).

The MTF has been exemplary in linking good governance criteria with project management: economic and social recovery is assisted by the provision of grants to Barangays/ communities and municipalities for sub-projects, where access to funding is contingent on compliance with defined sub-project appraisal criteria requiring socially inclusive planning, equitable access to benefits, contributions towards capital and operation/maintenance costs and observance of technical and safeguard policy standards. (2)

Among both government and CSO stakeholders EU rules and procedures are seen as very rigorous, even 'tedious', and extremely time-consuming to deal with when it comes to grant applicants, project administration/management and reporting. However, this should not be seen as a negative feature. On the contrary, high EU standards (on procurement etc.) set a good example for good governance as they increase transparency and accountability and reduce the risk of corruption (3). One interviewee told the story that he/she once decided to decline funding for a SFP project in the field of local governance that had already been awarded due to the inability of finding a local government counterpart who was not insisting on a 'private share' of about 30% of project funds in return for their involvement in the project. The interviewee outlined that while he/she was categorically opposed to this kind of demands, personal enrichment was impossible in EU-funded projects anyway due to the strict procurement rules.

**Related facts, figures, references:**

1. Central Cordillera Agricultural Programme (CECAP), PROJECT ALA/95/28, Completion Report: Extension Period, 2003 – 2004, July 2004, p. 70

2. IDENTIFICATION FICHE (PROPOSAL FOR FORMULATION), Multi Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program.
3. Focus Group with CSO and interviews with government stakeholders.

**JC 5.3 Strengthened capacity of institutions including local government units, decentralised public agencies, the Judiciary and NGOs.**

**JC assessment:**

Needs analyses for the capacity building of local government units, decentralised public agencies, the Judiciary and NGOs have evidently taken place in the case of the governance-related capacity building projects CPP and AJ and also with regard to HSPEP, BoC within TRTA 1, and the Philippine Border Management Project. However, while there is ample evidence for the existence of needs analysis, information on the quality of such analysis is lacking (Indicator 5.3.1).

There can be little doubt about the fact that all governance-related interventions have performed exceptionally well at the output level ('x number of officials trained' etc.). Training has indeed been provided at different levels both with regard to government agencies and civil society organisations. Government stakeholders include the Supreme Court and Municipal Courts, the Philippine National Police and the Philippine National Police Academy, the DILG, DSWD and the DoJ. However, in many cases capacity-building seems to be seen as an end in itself. This is also the view of national stakeholders and counterparts, including NEDA. Or as one government official put it "We are drowning in training (Indicator 5.3.2).

The assessment gets more difficult when it moves beyond the output-level towards the effectiveness of capacity building. Has the capacity of Non-state Actors/ LGUs to participate in policy dialogue, programme implementation and advocacy been enhanced? This has evidently been achieved in the case of CPP and CECAP. Apart from these two projects, evidence is sketchy though (Indicator 5.3.3).

**Indicator 5.3.1 Existence and quality of needs analysis of capacity building activities**

**Indicator estimate:**

For the governance-focused projects training modules were developed and tailored to each institution's needs based on Institutional Assessments and Training Needs Analysis, with common content on laws related to violence against women, child abuse, trafficking, child labour, children in conflict with the law, and the Barangay Justice System. Information, education, and communication (IEC) materials produced under the project were effective in getting core messages across in a cost-efficient manner. For example, the mediation video was warmly received by Lupong Tagapamayapa participants.

Needs analyses have evidently also taken place for governance-related capacity building project activities as with regard to HSPEP, Bureau of Customs (BoC) within TRTA 1, and the Philippine Border Management Project. (2)

**Related facts, figures, references:**

1. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report, 20 April 2009, p. 44.
2. see respective project documentation and evaluation reports, including Report to the Delegation of the European Commission in the Philippines, Contract N° 2006/132479, Technical Assistance to the Health Sector Policy Support Programme, Inception Report; TRADE RELATED TECHNICAL ASSISTANCE PROGRAMME, EuropeAid/121182/C/SV/PH, 1ST INTERIM PROGRESS REPORT, 1 December 2006; MONITORING REPORT PHILIPPINES – PH – PHILIPPINE BORDER MANAGEMENT PROJECT. MR-20565.01 – 10/04/07.

**Indicator 5.3.2 Training provided at all levels to all relevant actors**

**Indicator estimate:**

There can be little doubt about the fact that all governance-related interventions have performed exceptionally well at the output level. Training has indeed been provided at different levels both with regard to government agencies and civil society organisations. Government stakeholders include the Supreme Court and Municipal Courts, the Philippine National Police and the Philippine National Police Academy, the DILG, DSWD and the DoJ. The Corruption Prevention Project (CPP) is used as an example here but similar quantitative outputs in capacity building were achieved by all other governance-relevant projects.

- Component 1 (Collaboration with Civil Society Organisations): 249 CSO personnel and 109 GoP officers involved in procurement training of various types. There were 193 trainers trained in procurement. "This number of trained trainers in procurement could have a huge cascade effect if put to work properly on training courses for procurement. Of course it is all very well having people trained up in the skills of monitoring and observing procurement processes, but unless they are actually given the chance to monitor and observe procurement in an impartial way it is no use at all"
- Component 2 (Collaborating with the Public): Training was concerned with information dissemination rather skills transfer. Out of the three workshops shown here a total of 690 people were involved ranging from CSO personnel, GoP officers, students, academic and the Filipino-Chinese community.
- Component 3 (Co-operation with Other Government Agencies to Prevent Corruption): 1,345 people trained mainly people from the 17 GoP agencies involved in the CPP. (2)
- Overall there are insufficient attempts at monitoring and assessing outcomes/result. In many cases capacity-building seems to be seen as an end in itself. This is also the view of national stakeholders and counterparts, including NEDA, as confirmed in several group discussions and interviews with government officials and donors.

**Related facts, figures, references:**

1. Improving governance to reduce poverty programme: Project n° PHI/AIDCO/2003/4980: Access to justice for the poor and Project n° PHI/AIDCO/2003/5572: Corruption prevention



2. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report April 2009, p. 29-30.

**Indicator 5.3.3 Capacity of Non-state Actors/ LGUs to participate in policy dialogue, programme implementation and advocacy enhanced**

**Indicator estimate:**

“Although the Philippines would be considered an effective partner using the EU categorization, it is a weak governance case, where the Government makes efforts and is committed, but capacity is weak and outcomes are limited.” (1) Against this backdrop the CPP aimed, *inter alia*, to support and build the capacity of CSOs/ NGOs that are collaborating with the OMB to prevent corruption. The support of these organisations was indispensable particularly in assisting the government in the conduct of lifestyle checks of high-ranking government officials and other employees, and in monitoring the observance and compliance of the safeguards and requirements imposed by the Government Procurement Reform Law. (2)

As for LGUs, there is some evidence that CECAP resulted in advances on governance indicators. According to Completion Report, there was a clear improvement in the overall assessments. The numbers of LGUs who considered they had achieved an ‘excellent’ rating increased from two to eight. Eight LGUs improved their performance by at least one level, with the biggest improvements in Natonin, Sadanga and Kiangon. The main improvements were in the executive and legislative agenda, the development agenda, participative governance and financial management (3). There are also some examples for EU-funded collaboration between CSOs and LGUs to improve local governance, for instance the SPF project “MDG Pathways. Connecting Pathways to Financing the MDGs” (since 2008) which aims to contribute to improved governance towards achieving MDGs targets in six municipalities. In a nutshell, two NGOs as grant holders, La Liga Policy Institute and Social Watch Philippines, help LGUs with the incorporation of MGD-related programmes in their development plans and mobilise resources to finance these (4).

The EU Delegation in Manila held a series of MTR consultations with civil society and local government representatives in February and March 2009. All participants agreed that the EU should continue to support the capacity building and strengthening of local government (LGUs), with particular attention to the following aspects: strengthening of LGU competitiveness; transparency and accountability (CSOs should serve as watchdogs); and capacity building of vulnerable sectors (e.g. IPs) to become paralegals to work on the protection of human rights. Most participants agreed that engagement with the LGU is necessary but that their capacity for effective implementation is weak and that often there is too much politicisation and corruption. In line with the profile of participants, the Delegation was repeatedly asked for more funding for Non-state actors operating at the local level. NSA representatives asked the EU to engage CSOs, LGUs, academe and the media more in the implementation of its projects (3).

**Related facts, figures, references:**

1. THEMATIC EVALUATION OF THE EC SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, ANNEXES TO THE FINAL REPORT, Vol 2, Contract Number: EVA/80-208, Service Contract for the Evaluation (sectoral and thematic) of European Commission Programmes and Policies in Third Countries, relating to Social and Human Development issues, June 2006, p. 28.

2. Mid-Term Review Consultation of the Philippines Country Strategy Paper 2007-2013 with civil society and local development partners on 23/02/2009 (Cebu), 27/02/2009 (Davao) and 9/03/2009 (Manila), Manila, 25 March 2009 NT/CH/EP D(2009)
3. Central Cordillera Agricultural Programme (CECAP), PROJECT ALA/95/28, Completion Report: Extension Period, 2003 – 2004, July 2004, p. 53. In order to gain preliminary insights into whether change is actually occurring, and if so how quickly and in what respects, the Programme devised a simple self-assessment procedure for the staff of the LGUs. There were a total of 37 indicators and LGUs could score a minimum of one and a maximum of four points on each of them, so total scores for each LGU could range from 37 to 148. The LGUs were asked to assess themselves on two occasions, in October-November 2003, and again in June 2004. In practice scores were obtained for 21 municipalities in 2003 and for 26 in 2004, excluding Malibcong for which no data are available but including Tabuk and Rizal in Kalinga, which were included in the Programme for certain purposes (p. 53).
4. Interviews with the grant holders.

#### **JC 5.4 Progress made in the major clusters supported through EU programmes**

##### **JC assessment:**

A combination of horizontal and thematic instruments has been used to engage with civil society in the Philippines in a variety of governance processes, including monitoring of the decentralisation process, human rights and labour standards. These programmes have made an important contribution to the empowerment of civil society organisations and improvements to their operational capacity. Results (in terms of targeted actions resulting from dialogue with NSA and LGUs) in the field of human rights are particularly noteworthy. The pro-active role of EU in human rights issues, especially on the issue of extra-judicial killings and enforced disappearances and the abolition of the death penalty stands out as an area where significant progress could be achieved (Indicator 5.4.1).

The governance dialogue has also increased EU visibility and Philippine awareness of European perspective on governance issues (Indicator 5.4.2). The Corruption Prevention Project (CPP) was the first comprehensive anti-corruption public education programme in the Philippines and resulted in an important increase in EU visibility with regard to the anti-corruption agenda. The SPF also proved to be an appropriate tool to support small, innovative and visible projects in areas of strategic importance for the Philippines and the EU, and has generated considerable interest on part of both State and non-State actors. The EU has been able to gain strong visibility on human rights, particularly on the abolition of the death penalty. This is due to a) high-profile and well-coordinated EU political statements and initiatives (for example in PDF) and b) mainstreaming of governance and direct project support in the cooperation programme

In the case of the Anti-Money Laundering project there have been positive developments in terms of increased activity in anti-money laundering (investigations, prosecutions, etc).

National anti-corruption efforts have gained momentum at least partly due to EU intervention although it is impossible to exactly quantify the EU contribution. Successes could also be the result of other donor projects including the ABD/OECD funded NACPA since both CPP and NACPA were implemented by the OMB (see also JC 5.2). In 2007, the Sandiganbayan (anti-graft court) convicted 103 public officials, more

than doubling the cumulative convictions of corrupt government officials since 2005. At the same time there have been annual increases in the conviction rate in corruption cases of government officials. For example, the conviction rate rose to 40 percent in 2007 from 33 percent in 2005, according to then-Ombudsman Merceditas Gutierrez. In 2008 she cited a “73.42 percent conviction rate obtained by the Office of the Ombudsman at the Sandiganbayan”. However, a culture of impunity, stemming in part from a case backlog in the judicial system, hampers the fight against corruption. More high-profile cases have been filed in recent years, and several civic organisations have emerged to combat corruption, but cases take an average of six to seven years to be resolved in the Sandiganbayan anticorruption court (Indicator 5.4.3).

Improvements can also be found with regard to government procurement. EU funding contributed to these advances mainly through the ASEM Trust Fund and the CPP (Indicator 5.4.4). The World Bank through its ASEM Trust Fund grant facility provided the seed money to establish Procurement Watch. In 2001, a group of individuals determined to fight corruption in government procurement in the Philippines established PWI as an NGO to advocate for a new procurement law and to monitor enforcement of the law after it was enacted. In 2003, PWI's advocacy efforts assisted passage by the national legislature of a new procurement law – perhaps the first time in the country's history that a civil society group successfully advocated for a law on a subject that required a high degree of technical expertise. The CPP was instrumental in the training of procurement monitors and observers and successfully put in place a cadre of people competent to work on corruption prevention in a critical area.

According to the 2009 SWS Surveys on Corruption (the most authoritative and respected survey on this topic in the Philippines) the proportion of surveyed enterprises saying that “most/almost companies in my line of business give bribes to win public sector contracts” declined from 54% in 2005 to 48% in 2009.

Governance issues clearly received enhanced attention as the results of the EU's role in the PDF. The PDF, as an institution, has evolved from the Consultative Group Meetings of Development Partners. The PDF is organised into seven sub-working groups representing key thematic policy issues, including governance and anti-corruption, central to the reform efforts of GoP.

The EU is the only PDF member that participates in all working groups and plays a “highly visible role” in the PDF, according to documentary evidence (EAMRs) and interviews. The EU has played a key role in anti-corruption coordination, particularly in the area of anti-corruption and need for more rule of law for the poor, and is described as a very vocal (and well heard) donor in the Governance Working Group. The CPP technical adviser Tony Kwok even became Presidential a-C Adviser ad personam of then President Gloria Arroyo. The EU has worked very closely with other donors, in particular the US and ADB; Overall, the EU has been the most outspoken of the PDF stakeholders on limiting factors to good governance, including corruption. In their written statements to the 2008 PDF only the World Bank, USAID and the EU addressed corruption, with the EU being the most critical. (Indicator 5.4.5).

#### **Indicator 5.4.1 Dialogue, both with the Philippines authorities and CSO, on issues such as human rights and labour standards strengthened**

##### **Indicator estimate:**

A combination of horizontal and thematic instruments has been used to engage with both the Government and civil society in the Philippines in a variety of governance processes, including monitoring of the decentralisation process, human rights and labour standards. These programmes have

made an important contribution to the empowerment of civil society organisations and improvements to their operational capacity (1). Generally, the EU is seen as having been particularly successful in linking “human rights and corruption”. Due to the ECs and also UNDP’s efforts there is now political high level commitment to this agenda (2).

Results in the field of human rights are particularly noteworthy. Many interviewees commended the pro-active role of EU in human rights issues, especially on the issue of extra-judicial killings and enforced disappearances and the abolition of the death penalty (2). It was not by coincidence that three NGOs working on abolition of the death penalty were funded at the same time in the Philippines (the EU also supported the work on abolition of the Philippines Human Rights Commission). The EU Delegation was proactive and made a significant political contribution to the process. Annual death row visits were organised by EU embassies (together with Australia and Canada). The embassies were criticized by the Philippines authorities for these visits but they were an important and effective way of highlighting the continuing risk of execution. It is also worth noting that NGOs funded by the EU in the Philippines were instrumental in taking cases to the UN’s Human Rights Committee under the 1st Optional Protocol of the ICCPR related to the death penalty. Three decisions against the Philippine Government were made which were also helpful in putting pressure on the authorities to abolish. (3)

Related actions included

- The EU supported projects under EIDHR including promoting the forensic analysis of evidence in death penalty cases and the work of the NGO Free Legal Assistance Group (FLAG), which seems to have played a major role in the recent abolition of the death penalty in the country;
- The EU made a public declaration in which it warmly welcomed the abolition of the death penalty in the Philippines since 26 June 2006. However, the EU expressed concerns when a state of emergency was declared on 24 February 2006, and also on “the unsatisfactory implementation of most human rights conventions, covenants and treaties, especially over the extra-judicial killings”;
- Demarches seeking support for human rights have been made in the Philippines during the period of 2005-06. For instance, demarches to promote the universality and integrity of the Rome Statute during the period under review i.e. July 2005 to June 2006;
- The Philippines are one of the countries targeted by EU campaigns on Freedom of Expression and on Women’s Human Rights Defenders;
- Other country-based/led EU interventions include the co-sponsoring of legislators and civil society forums on the death penalty, ICC as well as the organisation of a series of forums on media and governance (3, p.13).

**Related facts, figures, references:**

1. THEMATIC EVALUATION OF THE EC SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, Volume 1, Synthesis Report, Contract Number: EVA/80-208, Service Contract for the Evaluation (sectoral and thematic) of European Commission Programmes and Policies in Third Countries, relating to Social and Human Development issues, June 2006

2. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report April 2009, p. 16.
3. Comparative Evaluation of the Human Rights Projects and Interventions of the European Union in the Philippines and Cambodia, Final Report 18 June 2007, p. 22.

**Indicator 5.4.2 Governance dialogue increased EU visibility and Philippine awareness of European perspective on governance issues**

**Indicator estimate:**

The Corruption Prevention Project (CPP) was the first comprehensive anti-corruption public education programme in the Philippines and resulted in an important increase in EU visibility with regard to the anti-corruption agenda. Many of the activities in the project were innovative, some of which were the TV Integrity Night Shows, the Integrity Theme Song Contest, the Inter-University Debates on corruption issues, and TV and radio commercials on anti-corruption messages. The British Council sponsored the prize for the winner of the song competition which was a trip to London. (1)

The SPF also proved to be an appropriate tool to support small, innovative and visible projects in areas of strategic importance for the Philippines and the EU, and has generated considerable interest on part of both State and non-State actors. It filled a gap in EU cooperation by providing a high visibility demand-driven but nevertheless strategically targeted funding instrument: both non-state actors as well as government were given support in priority areas selected according to their relevance in the Filipino and EU contexts. Drawing on past experience, support was given to the Dialogue on Governance between State and non-State actors. The SPF complemented appropriately other EU funding mechanisms: first and foremost it provided non-state perspectives on issues addressed through budgetary support programmes. (2)

In the case of the Anti-Money Laundering project “there have been positive developments in terms of increased activity in anti-money laundering (investigations, prosecutions, etc). The project may not be the cause of these results, but these developments may suggest that a more favourable climate to anti-money laundering may be moving in, which will allow the project's impact to be felt. A continuous increase in investigations and prosecutions will indicate the impact of the project (3).

The EU has been able to gain strong visibility on human rights, particularly on the abolition of the death penalty. “The success of European involvement in abolition attempts can be summarized as coordinated action with a clear and unambiguous objective, which was shared by all European Union Member States. The EU Delegation in Manila funded a group of projects with the aim of achieving this objective, which helped create and sustain a momentum, which has led to abolition” (4)

**Related facts, figures, references:**

1. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report April 2009, p. 16.
2. THEMATIC EVALUATION OF THE EU SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, Volume 1, Synthesis Report, Contract Number: EVA/80-208, Service Contract for the Evaluation (sectoral and thematic) of European Commission Programmes and Policies in Third Countries, relating to Social and Human Development issues, June 2006

3. Technical Assistance for the project "Anti-Money Laundering Project", Explanatory Note, p. 2.
4. Comparative Evaluation of the Human Rights Projects and Interventions of the European Union in the Philippines and Cambodia, Final Report 18 June 2007, p. 35.

#### **Indicator 5.4.3 Number of cases filed against corrupt government officials increased**

##### **Indicator estimate:**

The Philippines has a long tradition of broadly participatory democracy, but is vulnerable to political uncertainty, recurring attempts to use extra-Constitutional means to affect changes in leadership, human rights abuses, and low credibility of electoral institutions and systems. While challenges remain, some progress has been achieved in efforts to combat corruption. The Office of the Ombudsman budget has more than doubled between 2002 and 2008. In 2007, the Sandiganbayan (anti-graft court) convicted 103 public officials, more than doubling the cumulative convictions of corrupt government officials since 2005. The adoption of continuous trial for pilot cases at the Sandiganbayan also made possible the success of these convictions and paved the way for the use of continuous trial for all new cases in 2008. In 2007, the Office of the Ombudsman administratively dismissed 169 officials and suspended, fined, or reprimanded another 459. (1)

At the same time, there have been annual increases in the conviction rate in corruption cases of government officials. For example, the conviction rate rose to 40 percent in 2007 from 33 percent in 2005, according to then-Ombudsman Merceditas Gutierrez (2). In 2008 she cited a "73.42 percent conviction rate obtained by the Office of the Ombudsman at the Sandiganbayan" (3)

However, a culture of impunity, stemming in part from a case backlog in the judicial system, hampers the fight against corruption. More high-profile cases have been filed in recent years, and several civic organisations have emerged to combat corruption, but cases take an average of six to seven years to be resolved in the Sandiganbayan anticorruption court. The country's official anticorruption agencies, the Office of the Ombudsman and the Presidential Anti-Graft Commission (PAGC), have mixed records. Many maintain that the former has been compromised under the current administration, as convictions have declined, while the PAGC lacks enforcement capabilities. The president's 2008 withdrawal of Executive Order 464, which since 2005 had prevented government and security officials from attending congressional inquiries without presidential permission, was a positive development, but administration allies have continued to avoid testifying by invoking executive privilege. The Philippines was ranked 139 out of 180 countries surveyed in Transparency International's 2009 Corruption Perceptions Index (4).

An EU official also questioned the effectiveness of the national anti-corruption agenda, and donor efforts to support GoP, in view of the relative small number of high ranking officials being trialed for corruption: "One can only do so much to increase awareness and training. If there are no cases against the big fishes, it does not really work" (5)

##### **Related facts, figures, references:**

1. United States Delegation Statement, 2008 Philippines Development Forum (PDF) Consultative Group and Other Stakeholders Meeting for the Philippines, March 26-27, 2008 Clark, Pampanga, Philippines,

<http://pdf.ph/downloads/2008%20PDF%20USG%20Delegation%20Statement%20final%20for%20distribution%203-18-08.pdf>

2. Conviction rate in corruption cases rising – Ombudsman, Tetch Torres INQUIRER, 03/14/2007
3. PHILIPPINES OMBUDSMAN GUTIERREZ SAYS GOVERNMENT IS GAINING GROUND ON ITS ANTI-CORRUPTION DRIVE, Philippines News Agency, 14 April 2009.
4. Freedom House, Philippines 2010, <http://www.freedomhouse.org/template.cfm?page=363&year=2010&country=7899>
5. Interview in Manila, April 2010.

#### **Indicator 5.4.4 Improvements in government procurement system**

##### **Indicator estimate:**

According to a World Bank report of 2006, the process of awarding government contracts for infrastructure and other such projects has been an important source of extra income for politicians and government officials. Selling contracts has also been a source for financial funding for political parties, because companies have either directly bribed politicians or donated cash to parties and campaigns in order to secure good relations and thus be given priority for government contracts. In general, public procurement lacks transparency in the bidding process, leading to overpricing of projects and substandard work. (1) According to Pulse Asia 2009 and the SWS Surveys of Enterprises on Corruption 2006-2007, the departments of Public Works, Health, Education and National Defence are all engaged in public procurement, but these departments are all known for being very corrupt.

EU funding contributed to improvements in the government procurement system through the ASEM Trust Fund and the CPP.

The World Bank through its ASEM Trust Fund grant facility provided the seed money to establish Procurement Watch; and the Asia Foundation provided small grants for specific activities to Procurement Watch and other members of the Transparency and Accountability Network. In 2001, a group of individuals determined to fight corruption in government procurement in the Philippines established PWI as a non-governmental organisation to advocate for a new procurement law and to monitor enforcement of the law after it was enacted. Procurement Watch has been active in procurement monitoring, budget monitoring and/or access to information advocacy, also in cooperation with other NGOs in other Asian countries. In 2003, PWI's advocacy efforts assisted passage by the national legislature of a new procurement law – perhaps the first time in the country's history that a civil society group successfully advocated for a law on a subject that required a high degree of technical expertise. (2)

The CPP was instrumental in the training of procurement monitors and observers and successfully put in place a cadre of people competent to work on corruption prevention in a critical area. (3)

According to the 2009 SWS Surveys on Corruption (the most authoritative and respected survey on this topic in the Philippines) the proportion of surveyed enterprises saying that “most/almost companies in

my line of business give bribes to win public sector contracts” declined from 54% in 2005 to 48% in 2009. (4)

The incidence of bribery declined for all key business transactions, which include getting local government permits and licenses, national government permits and licenses, government incentives, supplying government with goods/ services, assessment and/or payment of income taxes, complying with import regulations including payment of import duties, and collecting receivables from government. The incidence of bribery in at least one of the seven transactions tested was highest in Metro Manila at 70 percent followed by Metro Cebu at 62 percent, Cagayan de Oro-Iligan City (CDO-I) at 59 percent, Cavite-Laguna-Batangas (Calaba) at 49 percent and Metro Davao at 47 percent. As of 2009, Metro Manila had the highest incidence of bribery solicitations in assessment and/or payment of income taxes at 50 percent. It was also highest in incidence of bribery in complying with import regulations, including payment of import duties. Reported solicitations in getting local government permits and licenses are likewise prevalent in the areas of Metro Cebu and Metro Manila at 42 percent and 39 percent, respectively. (5)

**Related facts, figures, references:**

1. J. Edgardo Campos, Jose Luis Syquia, Managing the Politics of Reform, Overhauling the Legal Infrastructure of Public Procurement in the Philippine, World Bank Working Paper No. 70, 2006, <http://www.u4.no/pdf/?file=/document/literature/Campos-Man-Politic-Reform.pdf>
2. International Budget Partnership, [http://www.internationalbudget.org/files/Procurement\\_Watch\\_case.pdf](http://www.internationalbudget.org/files/Procurement_Watch_case.pdf)
3. Final Evaluation of Governance Bilateral Projects for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report April 2009, p. 7.
4. Transparent Accountable Governance: The 2009 SWS Surveys on Corruption
5. Mahar Mangahas, Social Weather Stations, A presentation for the
6. “Forum on the SWS 2009 Surveys of Enterprises on Corruption and Anti-Corruption Strategies”, 19 February 2010, AIM Conference Center, Makati City.
7. Solicitation of bribes down: SWS, Sun Star Cebu, 28 April 2010, <http://www.sunstar.com.ph/cebu/solicitation-bribes-down-sws>

**Indicator 5.4.5 Enhanced attention to governance issues through EU role in PDF**

**Indicator estimate:**

The PDF, as an institution, has evolved from the Consultative Group Meetings of Development Partners. The PDF is organised into sub-working groups representing key thematic policy issues central to the reform efforts of the Government. The thematic working groups are: (1) MDGs and Social Progress; (2) Growth and Investment Climate; (3) Economic and Fiscal Reforms; (4) Governance and Anti-Corruption; (5) Decentralisation and Local Government; (6) Sustainable Rural Development; and (7) Development of Mindanao. The principles of the Paris Declaration provide the framework for the organisation, action planning, and engagement of the PDF working groups.



The EU is the only PDF member that participates in all working groups and plays a “highly visible role” in the PDF (1). “The EU had a particularly high profile during the [2007] PDF, since in the absence of the German Presidency at Ambassador level, the EU Head of Delegation spoke on behalf of the EU (joint statement.) It should be noted that in the closing lunch of President Arroyo with heads of participating donor delegations, the EU was among the few sharing the top table (2). The EU has played a key role in anti-corruption coordination, particularly in the area of anti-corruption and need for more rule of law for the poor, and is described as a “very vocal (and well heard) donor in the Governance Working Group”. The CPP technical adviser Tony Kwok even became Presidential a-C Adviser ad personam of then President Gloria Arroyo. The EU has worked very closely with other donors, in particular the US and ADB; in addition, the played a major role in the specific anti-corruption sub-group with the OMB (at least in the days of Simeon Marcelo, who resigned as Ombudsman when he received death threats) as well as an anti-money laundering sub-group (with mainly US and Australia) (3)

Overall, the EU has been the most outspoken of the PDF stakeholders on limiting factors to good governance, including corruption. In their written statements to the 2008 PDF only the World Bank, USAID and the EU addressed corruption, with the EU being the most critical. “Considering that political stability and the eradication of corruption are prerequisites for sustainable development, the European Union finds the persistent allegations of widespread graft in public procurement most disturbing and urges the Government and other relevant State institutions to step up efforts to combat it” (4). The World Bank second this concern by outlining “corruption cases have their origin in public procurement, and consistent application of the law to all government procurement remains highly desirable”. (5)

However, there are currently two shortcomings of the PDF process. First, there has not been a general PDF meeting since 2008. While some PDF sub-working groups (for example on sustainable rural development) live a life on their own and seem to be working efficiently but others (on governance and PFM) suffer from a lack of interest/steer from the government. Second, there is no focus on local government PFM in PDF constituting a clear gap in addressing governance issues.

**Related facts, figures, references:**

1. EAMR, 2/2007: 1; see also EAMR January 2009: 4)
2. Ibid.
3. E-mail conversation with a former PDF participant; Interviews at the EU Delegation, April 2010
4. 2008 Philippine Development Forum STATEMENT OF THE EUROPEAN UNION,  
<http://pdf.ph/downloads/PDF%20EU%20Statement%202008.pdf>

Statement by the World Bank, 2008 PDF. Mr. James Adams, Vice President, East Asia and Pacific Region,  
<http://pdf.ph/downloads/Statement%20by%20the%20World%20Bank%2025March08%20rev%20Maryse%20Gautier%20Jim%20pm%20fin.pdf>

**EQ6 Mix of Instruments - To what extent was the EU's mix of financing instruments and aid modalities appropriate to the national context and EU cooperation objectives?**

**Answer**

The mix of financing instruments and aid modalities chosen for the cooperation programme may have significant influence on the relevance and efficiency of the programme's implementation. The choice is a strategic one, and should take into account the national context, programme priorities and potential avenues to achieve them, as well as a careful consideration of actors' capacity and the advantages / disadvantages of employing single instruments and aid modalities, or of even combining them.

The focus of the evaluation question is on the mix of instruments and aid modalities chosen during the evaluation period in terms of relevance, coherence, efficiency and EU added value. JC 6.1 investigates the extent to which approaches were consistent with the needs and capacities of implementing partners; JC 6.2 tackles the mix of instruments in light of the various stakeholders engaged; JC 6.3 examines the extent to which the mix promotes efficiency; and JC 6.4 looks at the extent to which the mix allows for potential EU added value.

JC 6.1 shows that the EU cooperation programme during the assessment period has been closely aligned with GoP policies with regard to poverty, health, rural development, governance and trade. We have not found any striking contradictions between EU priorities and strategies and GoP policy-making. The assessment gets more difficult when it comes to the cooperation programme's alignment with GoP processes and systems. It could be argued that some GoP processes and systems were not conducive for efficient and effective project implementation and therefore slowed down implementation.

Overall, dialogue with GoP has been described as good at national, sector, and project levels. Evidence of good consultations with GoP during the CSP preparation process is also present. Promotion of GoP ownership/leadership is highest in fields where the cooperation agenda as such is uncontroversial, e.g. where GoP and EU do not differ on objectives, project designs and implementation modalities and, equally important, all relevant national stakeholders involved do agree on the 'direction of travel'. Here, the prime example is trade. Under the umbrella of TRTA the DTI took the ownership to redesign the WTO training activities to address the fundamental needs of trade negotiators.

We also found clear evidence for the promotion of LGU's ownership in project implementation. With the exception of STARCM, all projects from the start have been implemented in close cooperation with the LGUs and using regular and intensive dialogue mechanisms (on project planning and implementation, on the involvement of LGUs, e.g. financially, in project activities,) as these LGUs that formed intrinsically part of the project approach.

At the same time Monitoring Reports, mid-term reviews and final programme/project evaluations provide clear evidence that existing capacities (at at least at the start of a project) are insufficient to facilitate smooth implementation and regularly single out LGUs in this regard. In the case of the governance projects serious concerns have been voiced about the capacities of some GoP partners to implement projects in line with EU rules and procedures.

Weak partner capacities have led to a situation that projects need to provide appropriate – and often high - funding to strengthen implementing capacities. Overall, however, one cannot generalise. The capacity level of partners does not follow a strict pattern. In the case of STARCM, for example, the

capacities of POs to plan, implement and maintain projects varied heavily from one Agrarian Reform Community (ARC) to another.

In a broader sense of assessing NGOs and CSO as partner organisations we find that a combination of horizontal and thematic instruments has been conducive to engage with civil society in the Philippines in a variety of governance processes, including monitoring of the decentralisation process, human rights and labour standards. This, in turn, has formed an important contribution to project implementation as monitoring of key indicators is a significant part of pro-governance interventions.

As a starting point for JC 6.2 we look at the comparative assessment of different instruments according to monitoring and evaluation reports and find that the mix of instruments has been conducive for the cooperation programme. For example a combination of horizontal and thematic instruments has been used to engage with civil society in a variety of governance processes, thereby empowering and improving the operational capacity of civil society organisations.

Based on our assessments under EQ1, 2, and 3 we conclude that the EU can legitimately claim to have been working towards achieved synergies between EU support to health and support to the delivery of other social services, including education, as well as to extension of social protection coverage where possible, as prescribed in the MIP 2007-2010. Significant overlap or duplication among EU interventions seems to have largely been avoided, with the exception of some bilateral and regional projects in the trade sector, as outlined under EQ 4.

The efficiency scorings in the ROM system paint a positive picture overall. 31 Monitoring Reports have been consulted. In the overwhelming majority of cases (21) a B score (good) was awarded; in 3 cases the efficiency score was A (very good), in 5 cases C (problems) and in 2 cases D (serious deficiencies). Those that achieved A scores were CASCADE in 2000 and 2002 respectively and the UDP in 2002. Most C scores and the two D scores were confined to the governance projects.

As for coordination mechanisms between donors (division of labour under the EU Code of Conduct), there can be little doubt that information sharing among donors, e.g. between EU and MS; EU Delegation and MS Embassies; between EU and non-European donors, takes place. The EAMRs provide ample evidence for – in many cases EU-initiated – coordination in all cooperation sectors as described in great detail under Indicator 6.2.5 in Vol. 2. However, no real effort is made by neither the EU nor MS to *publicly* present any existing attempts at coordination and achieving complementarity of the respective cooperation programmes. Neither the website of the EU Delegation in Manila nor the website of the main MS Embassies present any information on potential cooperation or synergies between the EU and respective MS in the Philippines. None of the websites features links to information on the cooperation programme or projects of other EU stakeholders. It should also be kept in mind that the specific dynamics of MS's national interests towards the Philippines, the financial volume of bilateral programmes that often change significantly from year to year as well as changing priorities in development cooperation in general at the level of MS limit long- or even mid-term strategic planning and division of labour under the EU Code of Conduct.

As for the assessment of JC 6.3, there is not much evidence available at this stage that would allow us to conclude that the EU is a privileged dialogue partner relative to other partners such as EU MS, the US, Australia, Japan etc. There is not much evidence available that would allow us to conclude that the EU is a privileged dialogue partner relative to other partners such as EU MS, the US, Australia, Japan etc. No consistent picture emerged during the field phase. While most government stakeholders claimed that

the EU was a preferred partner, it was easy to sense that interviewees were careful not to make any negative comments about the EU particularly in situations when EU Delegation officials were present at individual or group interviews.

The key role that the EU plays in the PDF points in the direction of a privileged position and this was confirmed by other donors and PDF participants. There is indication that GoP strongly values the EU as a dialog partner in the field of governance. The Corruption Prevention Project (CPP) was the first comprehensive anti-corruption public education programme in the Philippines and resulted in an important increase in EU visibility and donor status with regard to the national anti-corruption agenda. The SPF also proved to be an appropriate tool to support small, innovative and visible projects in areas of strategic importance for the Philippines and the EU, and has generated considerable interest on part of both State and non-State actors. The EU has been able to gain strong visibility and the respect of many state and non-state actors on human rights, particularly on the abolition of the death penalty.

Most of the EU's work in the Philippines has shifted from a project to a sector or trust fund basis. Looking at the efficiency and effectiveness scores of the ROM system there does not seem to be any correlation between a specific aid instruments and the efficiency and effectiveness of implementation. Rather, both the degree of efficiency and effectiveness is primarily related to the capabilities of partner organisations (in addition to PMUs).

The PCD approach looks straightforward on paper. PCD requires integration of sectoral policies; ensuring policy integration across levels of Government; and ensuring consistency in choices made by various stakeholders. The current five EU PCD priority areas are climate change, food security, migration, intellectual property rights and security and peace-building. While not explicitly referring to PCD by name, the CSP 2007-2013 outlines a detailed agenda of policy coherence. According to press statements, media reports, official reports and other sources, EU-Philippines deliberations on most, if not all, of the issue addressed in the CSP have been taken place.

Overall, the simple and straightforward answer to this EQ is that, by and large, the EU's mix of financing instruments and aid modalities has been appropriate to the national context and EU cooperation objectives.

### **JC 6.1 The extent to which approaches were consistent with the needs and capacities of the implementing partners**

#### **JC assessment:**

EQs 1-5 show that the EU cooperation programme during the assessment period has been closely aligned with GoP policies with regard to poverty, health, rural development, governance and trade. We have not found any striking contradictions between EU priorities and strategies and GoP policy-making. The assessment gets more difficult when it comes to the cooperation programme's alignment with GoP processes and systems. It could be argued that some GoP processes and systems were not conducive for efficient and effective project implementation and therefore slowed down implementation. For example, in the case of TRTA II procurement is not under EU procurement rules due to an incompatibility of the EU's and GoP's respective systems (Indicator 6.1.1).

Overall, dialogue with GoP has been described as good at national, sector, and project levels. Evidence of good consultations with GoP during the CSP preparation process is also present. EU interventions

clearly promote GoP ownership and leadership at LGU level but this is often hampered by a fragmentation of activities and a lack of coordination or even communication among different government agencies. Promotion of GoP ownership/leadership is highest in fields where the cooperation agenda as such is uncontroversial, e.g. where GoP and EU do not differ on objectives, project designs and implementation modalities and, equally important, all relevant national stakeholders involved do agree on the 'direction of travel'. Here, the prime example is trade. Under the umbrella of TRTA the DTI took the ownership to redesign the WTO training activities to address the fundamental needs of trade negotiators. Furthermore, then-Senior Undersecretary Thomas Aquino's direct involvement in the WTO component redesign and planning ensured the ownership by and coherence of the component with the government (Indicator 6.1.2).

We also found clear evidence for the promotion of LGU's ownership in project implementation. With the exception of STARCM, all projects from the start have been implemented in close cooperation with the LGUs and using regular and intensive dialogue mechanisms (on project planning and implementation, on the involvement of LGUs, e.g. financially, in project activities,) as these LGUs that formed intrinsically part of the project approach. However, LGU capacities and capabilities are more often than not directly related to the personal role of the chief executive and other key stakeholders. Often, local development planning (barangay development plans) is not to the required standard and often resembles more a "wish lists" than sound planning. Not enough attention is given to the sustainability of interventions at LGU level (for example improvement to institutionalised participatory, transparent and efficient local decision-making processes aimed at the achievement of localised MDGs). Monitoring Reports, mid-term reviews and final programme/project evaluations provide clear evidence that existing capacities (at least at the start of a project) are insufficient to facilitate smooth implementation and regularly single out LGUs in this regard. In the case of the governance projects serious concerns have been voiced about the capacities of some GoP partners to implement projects in line with EU rules and procedures. Weak partner capacities have led to a situation that projects need to provide appropriate – and often high - funding to strengthen implementing capacities.

Overall, however, one cannot generalise. The capacity level of partners does not follow a strict pattern. In the case of STARCM, for example, the capacities of POs to plan, implement and maintain projects varied heavily from one Agrarian Reform Community (ARC) to another. Determining factors include the existence of local organisations prior to STARCM intervention, quality of social preparation, the presence of good leadership, the quality of local teamwork and of the relationships between the NGOs hired by STARCM, the ARCs and the LGUs. NGOs that were doing earlier works in communities where they were eventually assigned, proved to perform significantly better and often were observed to continue working after the cessation of the STARCM operations (Indicator 6.1.3).

While all monitoring and evaluation reports elaborate on the strength and weaknesses of partner organisations in the implementation process, neither EU project documents nor project monitoring/evaluation feature discussions on the comparative advantages and disadvantages of involving specific actors and employing a range of approaches for this purpose (Indicator 6.1.4).

In a broader sense of assessing NGOs and CSO as partner organisations we find that a combination of horizontal and thematic instruments has been used to engage with civil society in the Philippines in a variety of governance processes, including monitoring of the decentralisation process, human rights and labour standards. This, in turn, has formed an important contribution to project implementation as monitoring of key indicators is a significant part of pro-governance interventions (Indicator 6.1.5).

### **Indicator 6.1.1 Alignment with GoP policies and processes / systems**

#### **Indicator estimate:**

EQs 1-5 show that the EU cooperation programme during the assessment period has been closely aligned with GoP policies with regard to poverty, health, rural development, governance and trade. We have not found any cross contradictions between EU priorities and strategies and GoP policy-making. The indicator is more difficult to assess when it comes to the question of an alignment with GoP processes and systems. It could be argued that some GoP processes and systems were not conducive for efficient and effective project implementation and therefore slowed down implementation. TRTA II is a case in point. Procurement is not under EU procurement rules due to an incompatibility of the EU's and GoP's respective systems. Another example is the HSPSP sector support instrument. Sector budget support aimed at boosting the sector wide health reform in accordance with the national F1 agenda, as an outcome of good PFM. However communication lines between the DoH and the provinces, and DBM and the provinces have been weak with poor support to PFM reforms (1).

#### **Related facts, figures, references:**

1. ERP-CASCADE, Annual Report 2003; Progress Report Q1, 2003; Pre-completion review mission, 2004

### **Indicator 6.1.2 Promotion of GoP ownership and leadership**

#### **Indicator estimate:**

Dialogue with GoP has been described as good at national, sector, and project levels. Evidence is also given of good consultations with GoP during the CSP preparation process. (1). Overall, the promotion of GoP ownership/leadership is somehow impeded by GoP's reluctance to take the initiative on the big and pressing development issues. For example, GoP has shown only relative leadership/ownership in committing to prepare a set of progress indicators as required by the Paris Declaration building upon the window of opportunity offered by the MTPDP 2004-2010 (2). In the governance area, for example, GoP ownership/leadership is reduced by the largely diffuse and uncoordinated nature of national anti-corruption efforts. Lack of coordination leads to gaps and overlaps in anti-corruption policy development, enforcement and system improvement – all indications of weak leadership (see JC 5.2).

Promotion of GoP ownership/leadership is highest in fields where the cooperation agenda as such is uncontroversial, e.g. where GoP and EU do not differ on objectives, project designs and implementation modalities and, equally important, all relevant national stakeholders involved do agree on the 'direction of travel'. Here, the prime example is trade. Under the umbrella of TRTA the DTI took the ownership to redesign the WTO training activities to address the fundamental needs of trade negotiators. Furthermore, then-Senior Undersecretary Thomas Aquino's direct involvement in the WTO component redesign and planning ensured the ownership by and coherence of the component with the government (3).

We found clear evidence for the promotion of LGU's ownership in project implementation. With the exception of STARCM, all rural development projects from the start have been implemented in close cooperation with the LGUs and using regular and intensive dialogue mechanisms (on project planning and implementation, on the involvement of LGUs, e.g. financially, in project activities,) as these LGUs

that formed intrinsically part of the project approach (see EQ 3). In particular, in the case of CASCADE, partners at the local level have been intensively involved in project implementation and were well trained and motivated to continue the project activities. This achievement has been realised mainly since the project granted the LGUs co-management and devolved decision making to the local level (see Indicator 3.3.4).

#### **Related facts, figures, references**

1. Strategic review and pre-programming mission: the Philippines. Final report, June 30, 2005.
2. CSP 2007-2013, p. 24.
3. Final Evaluation of the TRTA 1 Programme in the Philippines, and Recommendations for Future Assistance, Final Report, August 2009, p. 27.

#### **Indicator 6.1.3 Appropriateness to existing capacities of implementing partners**

##### **Indicator estimate:**

Monitoring Reports, mid-term reviews and final programme/project evaluations provide clear evidence that existing capacities (at at least at the start of a project) are insufficient to facilitate smooth implementation. LGUs are regularly singled out in this regards. For example, the mid-term review of the Health Sector Policy Support Programme found serious deficiencies in the capacity of LGUs and PLGUs in the area of management and found that all along the chain, from local level to the central level, capacity was lacking to identify and target the poor and to put in place the procedures and processes needed to ensure universal coverage (1). Implementation of the UDP was equally hampered “by the low implementing capacity of most local government units.”(2) Even in the case of CASCADE - probably the project which has achieved the highest scores overall of all EU interventions during the assessment period according to the ROM system – limited capabilities of LGUs/community in planning/implementing due to their different level of “absorption capacity” and mobilisation were highlighted (3).

In the case of the governance projects the evaluators voiced serious concerns about the capacities of GoP partners to implement projects in line with EU rules and procedures. For instance, according to the Monitoring Report of the Access for Poor to Justice project, the DSWD had no experience in implementing EU projects (4). The same applied to the health sector. As described under indicator 2.2.1, PhilHealth lacks staff and managerial capacity at all levels for development and management of responsive and sustainable health insurance benefit packages. It also lacks a broad programme of support that includes exposure to, and hands-on theoretical and practical training on, alternative social health insurance management practices in the region. Overall, as JC 2.1 concludes, appropriate management structures were neither present in PhilHealth nor the DoH.

Weak partner capacities have led to a situation that projects need to provide appropriate – and often high - funding to strengthen implementing capacities. For example, in the case of STARCM (according to the 2005 monitoring report), “The situation ... indicates that Organisation and Management accounts for 42% of costs incurred to date as against the budgeted amount of 38% over the life of the Project. Both figures are high for a Project and reflect the considerable amounts spent on capacity building and institutional strengthening as against direct investments in the Project areas.” (5)

However, perceptions vary and as far as NGOs are concerned, some unease has been expressed based on the perception that the EU put too much emphasis on the implementing capacities of partner organisations resulting in a priority for government partners rather than NGOs. The Mid-Term Review Consultation of the Philippines Country Strategy Paper 2007-2013 with civil society and local development partners in 2009 revealed a perception that more funding for national government results in less funding for LGUs and, in turn, more funding for LGUs also leaves less funding for NGOs, especially grassroots NGOs. Grassroots NGOs claimed not to be benefiting sufficiently. There was also a perception that there is a bias in favour of international NGOs that are better positioned to comply with EU requirements. Smaller NGOs doing very good work in the communities are, however, not able to access EU funding since “they lack the capacity to comply with the complicated paperwork required by the EU”. (6)

The perception of a GoP/LGU and NGO dichotomy, however, is not necessarily in line with experiences of completed projects. The capacity level of partners does not follow a strict pattern. As Indicator 3.1.1 found, for example with regard to STARCM the capacities of POs to plan, implement and maintain projects varied heavily from one Agrarian Reform Community (ARC) to another. Determining factors include the existence of local organisations prior to STARCM intervention, quality of social preparation, the presence of good leadership, the quality of local teamwork and of the relationships between the NGOs hired by STARCM, the ARCs and the LGUs. NGOs that were doing earlier works in communities where they were eventually assigned, proved to perform significantly better and often were observed to continue working after the cessation of the STARCM operations.

**Related facts, figures, references:**

1. Mid-term review of the Health Sector Policy Support Programme, Final report, January, 2009, p. 7-9.
2. Monitoring Report Philippines – PhI – Uplands Development Programme in Southern Mindanao (Udp). Mr-20046.03 – 10/09/04)
3. Monitoring Report Philippines – PhI – Economic Self-Reliance Programme - Caraballo and Southern Cordillera Agricultural Development (Erp-Cascade). Mr-20045.02 – 16/09/03).
4. Monitoring Report Philippines – Ph – Improving Governance to Reduce Poverty: Access to Justice For The Poor. Mr-20340.01 – 31/08/05
5. Support to Agrarian Reform Communities in Central Mindanao (STARCM) ALA/PH/99/50 Mid Term Review Final Report 3 January 2005, p. 3.
6. Mid-Term Review Consultation of the Philippines Country Strategy Paper 2007-2013 with civil society and local development partners on 23/02/2009 (Cebu), 27/02/2009 (Davao) and 9/03/2009 (Manila), Manila, 25 March 2009 NT/CH/EP D(2009).



#### **Indicator 6.1.4 Consideration of possible comparative strengths and weaknesses of the various approach(es) to channel aid through different actors**

##### **Indicator estimate:**

While all monitoring and evaluation reports elaborate on the strength and weaknesses of partner organisations in the implementation process, neither EU project documents nor project monitoring/evaluation feature discussions on the comparative advantages and disadvantages of involving specific actors and employing a range of approaches for this purpose. One rare exception, as discussed under EQ2, was the decision on the classification of PLGUs into BS and TF provinces based on the results of the EU- and WB-financed diagnostics. The studies identified the current strength and weaknesses in the public finance systems, the reforms undertaken by GoP, the PLGUs and related sub-national entities. Those found with relatively weak PFM were classified under the TF mode.

However, there were not many differences between BS and TF provinces in terms of programme implementation. All 16 provinces are almost on the same level of programme implementation and suffered from the same shortcomings and bottlenecks (see Indicator 2.1.6 for a more detailed discussion).

Based on the experience with some SPF projects, the promotion and fostering of collaboration between experienced CSOs and LGUs (see for example the project "MDG Pathways. Connecting Pathways to Financing the MDGs" as discussed under Indicator 5.3.3)

##### **Related facts, figures, references:**

n/a

#### **Indicator 6.1.5 Involvement of non-state actors such as NGOs and CSOs in discussing implementation modalities**

##### **Indicator estimate:**

Available documents elaborate primarily on the involvement of NGOs and CSOs in the discussion of project designs but not much information is given as to whether such dialogues also covered aspects of implementation modalities. According to the EAMRs

- Continuous dialogue with civil society representatives directly or indirectly involved in EU-funded projects in various fora has taken place with particular emphasis on their assessment of the Mindanao conflict situation;
- dialogue with key civil society leaders on human rights, reproductive health, access to justice and political and economic outlook in the presence of RELEX representatives were initiated;
- intensified ties with energy and environmental sectors organisations and research institutions were established through bilateral meetings with NGOs, project visits and participation in seminars and other forums;
- particular emphasis was given to dialogue with NGOs on community-based forest management (1).

However, the 2005 strategic review and pre-programming mission concluded that there had been no meaningful consultations with Civil Society and Non-State Actors in the preparation of the CSP 2002-2006 and the NIP 2002-2004 (2, p. 29). This deficiency was improved in the preparation of the CSP 2007-2013 and the NIP-2005-2006 (3). 24 Civil Society / Non-State Actor organisations were invited for consultations and 17 participated. Consultations with CSOs/NGOs also took place in 2009 the context of the Mid Term Review. The quality of the consultations was very good according to the CSO Focus Group Meeting. Most of the focus group attendants had participated in the MTR consultations.

Furthermore, the Strategic Projects Facility, the follow-on to the Small Projects Facility, contributed to dialogue on governance between state and non-state actors. Likewise the CECAP project worked closely with beneficiaries to determine project priorities and strategy (4).

Less encouraging, the ROM of the Mindanao Health Sector Policy support Programme criticized the failure to adequately consult local stakeholder during the project design phase (5). In a similar vein, and going even further, the evaluation of the of the Human Rights Projects and Interventions of the European Union in the Philippines and Cambodia reports of instances where implementing NGOs had not been involved in project design or needs assessment as well as log frame and indicator formulation and had little or no sense of ownership of the overall project and these essential tools (6).

In a broader sense of assessing CSO as partner organisations we find that a combination of horizontal and thematic instruments has been used to engage with civil society in the Philippines in a variety of governance processes, including monitoring of the decentralisation process, human rights and labour standards. This, in turn, has formed an important contribution to project implementation as monitoring of key indicators is a significant part of pro-governance interventions (7). However, as already outlined under indicator 5.2.3, more could be done to involve reputable NGOs in the monitoring of governance indicators.

**Related facts, figures, references:**

1. EAMR, several issues.
2. Strategic review and pre-programming mission: the Philippines. Final report, June 30, 2005.
3. CSP 2007-2013, pp. 36-37.
4. Post-completion mission final report, Central Cordillera Agricultural Programme Phase 2, November, 2005.
5. MR -118122.01, April 3, 2009.
6. Comparative Evaluation of the Human Rights Projects and Interventions of the European Union in the Philippines and Cambodia, Final Report 18 June 2007.
7. THEMATIC EVALUATION OF THE EC SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, Volume 1, Synthesis Report, Contract Number: EVA/80-208, Service Contract for the Evaluation (sectoral and thematic) of European Commission Programmes and Policies in Third Countries, relating to Social and Human Development issues, June 2006.

## **JC 6.2 The mix of financing instruments and aid modalities promotes efficiency**

JC assessment:

We look at the comparative assessment of different instruments according to monitoring and evaluation reports as well as stakeholder interviews and find that the mix of instruments has been conducive for the cooperation programme. For example a combination of horizontal and thematic instruments has been used to engage with civil society in a variety of governance processes, thereby empowering and improving the operational capacity of civil society organisations (Indicator 6.2.1).

Based on our assessments under EQ1, 2, and 3 we conclude that the EU can legitimately claim to have been working towards achieved synergies between EU support to health and support to the delivery of other social services, including education, as well as to extension of social protection coverage where possible, as prescribed in the MIP 2007-2010 (Indicator 6.2.2).

Significant overlap or duplication among EU interventions seems to have largely been avoided, with one important exception though. The two regional EU-ASEAN programmes ECAP (II and III) and APRIS (I and II) have made a contribution to further integrate ASEAN countries, including the Philippines which prominently participated in all regional programmes, into the global economy and world trading system. However, there is a clear overlap among the three intervention's objectives, outputs and expected results. Aspects of coordination among these interventions and potential synergies (or potential conflicts) are not addressed in the project documentations (Indicator 6.2.3).

The efficiency scorings in the ROM system paints a positive picture overall. 31 Monitoring Reports have been consulted. In the overwhelming majority of cases (21) a B score (good) was awarded; in 3 cases the efficiency score was A (very good), in 5 cases C (problems) and in 2 cases D (serious deficiencies). Those that achieved A scores were CASCADE in 2000 and 2002 respectively and the UDP in 2002. Most C scores and the two D scores were confined to the governance projects. The most frequently factors that led of downgrading on efficiency were

- difficulties drafting tendering documentation living up to EU requirements and extensive tendering procedures;
- inputs are not provided and available on time to implement activities;
- difficulties of forming sub-projects, contracting, implementing through local partners/participants, meeting EU regulations, closing contracts;
- GoP procurement regulations;
- Weak implementing capabilities of LGU;
- problems with the project management (Indicator 6.2.4)

As for coordination mechanisms between donors (division of labour under the EU Code of Conduct), there can be little doubt that information sharing and coordination among donors, e.g. between EU and MS; EU Delegation and MS Embassies; between EU and non-European donors, takes place. This was confirmed in stakeholder interviews with EU MS Embassies, non-EU embassies such as Australia as well as UNDP, WB, ADB, GTZ and other donor/implementing organisations. The EAMRs provide ample evidence for – in many cases EU-initiated – coordination in all cooperation sectors as described in great

detail under Indicator 6.2.5. However, no real effort is made by neither the EU nor MS to *publicly* present any existing attempts at coordination and achieving complementarity of the respective cooperation programmes. Neither the website of the EU Delegation in Manila nor the website of the main MS Embassies present any information on potential cooperation or synergies between the EU and respective MS in the Philippines. None of the websites features links to information on the cooperation programme or projects of other EU stakeholders (Indicator 6.2.5).

We should not blind ourselves to the fact that the specific dynamics of MS's national interests towards the Philippines, the financial volume of bilateral programmes that often change significantly from year to year, different instruments of aid delivery as well as changing priorities in development cooperation in general at the level of MS limit long- or even mid-term strategic planning and division of labour under the EU Code of Conduct.

### **Indicator 6.2.1 Synergies achieved between bilateral, thematic, and regional instruments**

#### **Indicator estimate:**

As a starting point we look at the comparative assessment of different instruments according to monitoring and evaluation reports and find that the mix of instruments has been conducive for the cooperation programme. For example a combination of horizontal and thematic instruments has been used to engage with civil society in a variety of governance processes, thereby empowering and improving the operational capacity of civil society organisations. (1)

At the time of the drafting of the CSP 2006-213 there were 8 thematic and horizontal budget lines, 4 Asia wide programmes and 4 ASEAN programmes operational alongside the CSP/NIP. In terms of thematic BL, there were 40 projects (since 2000), 19 Asia-wide and 3 ASEAN projects. The CSP admits "since these are demand-driven, ensuring overall coherence of these programmes is a challenge". The same applies to achieving synergies. Based on our assessments under EQ1, 2, and 3 we conclude that the EU can legitimately claim to have been working towards achieved synergies between EU support to health and support to the delivery of other social services, including education, as well as to extension of social protection coverage where possible, as prescribed in the MIP 2007-2010. (3)

Overall, achieving synergies among the manifold components of the EU-Philippine bilateral programme is less of a challenge than the quest for synergies between bilateral and regional instruments. Trade provides a good example in this regard. The claim that TRTA as a bilateral programme and trade-related regional programmes such as APRIS, ECAP or the EC-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment have created synergies is regularly made by EU stakeholders but neither project documents nor project evaluation reports normally elaborate on these synergies in any empirically sound and robust way.

We can conclude (also based on findings under EQ 1) that in the Philippines, as elsewhere, the EU has moved from a project approach to sector –based support and participation in multi-donor initiatives including trust funds, in line with its Paris Declaration commitments. A rich mix of approaches and instruments has been used. In the longer term the strengthened policy dialogue made possible and reductions in transaction costs may make for greater effectiveness. We express some concern that the large representation of thematic and regional programmes tends to favour those groups who have good access to information and the capacity to act upon it. However, the Philippines has also benefited from a

large number of interventions dealing specifically with persons affected by conflict, a particularly vulnerable group. LRRD was well integrated into the EU programme in Mindanao

The challenge that emerges is that, in a budget support environment, donor agencies (however tight the policy matrix) subordinate themselves, not only to mundane operating procedures, but to the political culture itself of resource allocation. It has repeatedly emerged that decentralised resource allocation decisions are dominated by the clientelist political culture of the Philippines.

**Related facts, figures, references:**

1. THEMATIC EVALUATION OF THE EC SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, Volume 1, Synthesis Report, Contract Number: EVA/80-208, June 2006, p. 74.
2. CSP 2007-2013, p. 22.
3. MIP 2007-2010

**Indicator 6.2.2 Overlap and duplication avoided between EU interventions**

**Indicator estimate:**

The two regional EU-ASEAN programmes ECAP (II and III) and APRIS (I and II) have made a contribution to further integrate ASEAN countries, including the Philippines which prominently participated in all regional programmes, into the global economy and world trading system. There is a clear overlap among the three intervention's objectives, outputs and expected results. However, aspects of coordination among these interventions and potential synergies (or potential conflicts) are not addressed in the project documentations (see EQ 2 for details)

Yet, apart from this example we have not come across any instances of significant overlap or duplication within the EU-Philippines cooperation programme.

**Related facts, figures, references:**

n/a

**Indicator 6.2.3 Efficiency scorings in the ROM system**

**Indicator estimate:**

31 Monitoring Reports have been consulted in the course of this evaluation so far. In the overwhelming majority of cases (21) a B score (good) was awarded; in 3 cases the efficiency score was A (very good), in 5 cases C (problems) and in 2 cases D (serious deficiencies). Those that achieved A scores were CASCADE in 2000 and 2002 respectively and the UDP in 2002. Most C scores and the two D scores were confined to the governance projects. The Monitoring Report (2005) on Improving governance to Reduce Poverty: Corruption Prevention, noted: "The PMU has been unable to comply with reporting requirements of the EU and for some months failed to produce an acceptable Overall Work Plan. In July 2005, 80% of the first year's budget was disbursed, but again, when they tendered for workshop venues the project failed to comply with EU requirements." Similarly, the MR (2005) on Access to Justice for the Poor states, "The project design is clearly overambitious. The PMU will most likely be overburdened with administrative tasks, including the preparation of tenders, reporting, drafting of TORs, etc. The DSWD has no

experience with EU funded projects. Further delays can be expected from the need to harmonize activities in a group of 5 implementing agencies which could not differ more in their organisational culture.”

Overall, the most frequently factors that led of downgrading on efficiency were

- difficulties drafting tendering documentation living up to EU requirements and extensive tendering procedures;
- inputs are not provided and available on time to implement activities;
- difficulties of forming sub-projects, contracting, implementing through local partners/participants, meeting EU regulations, closing contracts;
- GoP procurement regulations;
- Weak implementing capabilities of LGU;
- problems with the project management.

**Related facts, figures, references:**

1. Monitoring Report Philippines – Ph – Improving Governance To Reduce Poverty: Corruption Prevention. Mr-20341.01 – 31/08/05
2. Monitoring Report Philippines – Ph – Improving Governance To Reduce Poverty: Access To Justice For The Poor. Mr-20340.01 – 31/08/05

**Indicator 6.2.4 Perceived reduction in transaction costs for partners, EU Delegation, and Brussels officials**

**Indicator estimate:**

No empirically sound assessment is possible on this indicator. Documents do not elaborate on this point and interviewed stakeholders (EU officials and partners) did not express any views either.

**Related facts, figures, references:**

n/a

**Indicator 6.2.5 Practical coordination mechanisms between donors (division of labour under the EU Code of Conduct)**

**Indicator estimate:**

EU coordination meetings between MS and the EU take place on a monthly basis at Heads of Mission, Development and Commercial Counsellors meetings (1) Meetings of the EU (MS+European Commission) Development Counsellors offer a general platform for enhanced coordinated technical cooperation with MS: opportunities for collaboration and cooperation are discussed at monthly DC meetings. In the Philippines, EC+MS developed a EU donor matrix in 2006 that is being regularly updated and is a basic information tool to discuss a possible division of labour.

The EAMRs provide ample evidence for the existence of formal and informal coordination mechanism with regards to both coordination between EC and MS and EC and non-European donors. Coordination between EC and MS included for example:

- EC input Inputs provided to MS strategies and policies, including governance, health, education and environment (Italy); Mindanao; eco-industrial development (Germany); waste management (UK).
- Explicit division of labour with Germany and Spain in Mindanao, and that the decision not to fund sector support in education was based on the fact that other donors were active in the area. Generally, the education sector has been well-covered by other donors.
- Intensive coordination with MS has been particularly active in the environmental sector (Germany, Sweden, The Netherlands)
- Exploratory talks on coordination with AECl (Spanish Cooperation Agency) programmes (particularly environmental projects)
- Coordination of human rights policies
- EC support to evaluation process of MS projects (GTZ etc.)
- EC input to Spain's Philippines strategy
- EC briefings/debriefings to MS on regional programmes (ECHO/DIP ECHO etc,)
- The formulation of the ACB draft financing proposal involved extensive co-ordination with the EU MS' Development Counsellors.
- Cooperation with the Belgian Technical Cooperation (CTB) and German GTZ on health the sector support programme preparation,; the latter provided a social insurance specialist to the formulation mission,
- Cooperation with Germany, the Netherlands, Spain and the United Kingdom regarding funding opportunities. (1, 2, 3)

Donor coordination with prominent EC involvement can be clustered as follows (3, 4, 5, 6):

**Harmonisation/Aid Effectiveness:** Active participation in ADB/GoP organised sessions on Aid Effectiveness. For the first time, at the insistence of the EC, in 2007 there was a PDF session on harmonisation where GoP presented its progress on financial public management and plans to implement the Paris Agenda.

**Health Sector coordination:** active overall EC role; successful government-donors joint review of the HSPSP health sector programme (JAPI); co-chairing of the Health Working Group of the PDF; membership in the Country Coordinating Mechanism of the Global Fund; participation in the civil society's network on Avian Influenza; participation in the 8th Health Research for Action National Forum; reactor at the Annual DOH Staff Meeting. Health sector coordination at the global level is facilitated by the Health Partners' Working Group of the PDF which is actively co-chaired by the EC. There is also a joint government-donors review of the HSPSP health sector programme mechanism in place, the Joint

Assessment and Planning Initiative or JAPI. Intensive coordination takes place with direct HSPSP co-funding partners such as the WB, ADB and Germany (Spain joined as a co-funder in 2008) as well as with other donors active in health sector reform such as USAID. The EC is also a member in the Country Coordinating Mechanism of the Global Fund and participates in the civil society's network on Avian Influenza and in the 8<sup>th</sup> Research for Action National Forum.

**Coordination meetings conducted with a variety of other bilateral and multilateral donors/NGOs:** ADB (Governing Board Members and VP; strategies at national/PH and regional level); Australia (education SWAp); USAID (political finance; energy in Mindanao); IOM/International Labour Organisation (ILO)/Sweden (human trafficking); IOM (legal migration ref. AENEAS); UN agencies (environment; IDPs); Amnesty International (HR; EjKs); Indigenous Peoples Links, UK/NGO (IPs and mining); Non-violent Peace Force, (int. NGO (Mindanao); Japan/JICA (Mindanao); WB (MTF Steering Committee; Mindanao Working Group meetings; MTF implementation; renewed commitment for partnership, sharing of analysis and experience, need to advocate procedures at respective Head Quarters (HQs)). (EAMR 2/2007: 3-4).

**The Small Grants Donors Group** organises periodical meetings for enhanced coordination and sharing of information. At the initiative of the EC (Small Project Facility), a Statement of Partnership of Aid Effectiveness was prepared and signed.

**Mindanao Trust Fund:** EU Delegation participated in the World Bank-led multi donor Joint Needs Assessment conducted in 2004-2005 prior to the establishment of the MTF. The EC MTF contribution also covers technical cooperation, mainly capacity building of the implementing Bangsamoro Development Agency. The EC actively participates in the overall coordination mechanism, the PDF Working Group on Mindanao as well as the Technical Working Group on Mindanao under the overall guidance of the Mindanao Economic Development Council.

**Agricultural and rural development projects'** technical cooperation is coordinated through the PDF Working Group on Sustainable Rural Development co-chaired by GTZ and the Department of Agriculture (relevant for EC STARCM and UDP).

**Governance projects:** the promotion of coordinated cooperation occurs at the Governance and Anti-corruption Working Group of the PDF (relevant for the EC Corruption Prevention project) or at specific platforms like the Supreme Court-led donors' group (relevant for EC Access to Justice for the Poor Project) or the Anti-Money Laundering donors group, organised by the AML Council (EC AML project). The EC has sought coordination with other major stakeholders where there is no Government-led group (e.g. Philippine Border Management Project, where EC has convened coordination meetings with AusAID and USAID).

**Environment Sector coordination:** An EC partners' informal dialogue on community forestry has been established by the Delegation. Del has participated in consultation workshops for the WB Country Environmental Profile, ADB Country Environmental Analysis and IFAD Country Strategy Programme mand in a wide range of for a. Partners from a variety of national institutions participated in the Environmental Mainstreaming Training organised by the Delegation in December, following which NEDA has decided to include environmental mainstreaming in the Philippine Development Plan.

**Trade Related Assistance:** The Delegation launched a trade donor coordination initiative and hosted a roundtable discussion in May 2008 with a particular focus on Customs reform. It was agreed to



'institutionalise' this on a regular basis (every two/three months). Subsequently several more rounds have taken place.

**PFM:** In late 2008, the Delegation initiated an informal coordination group on PFM with the main donors in this sector as a basis for the budget support operation. This initiative followed a less than satisfactory PEFA assessment (2007) and a growing realisation that donor inputs were not coordinated by the DBM. The other donors (AusAid, ADB, WB) reacted positively to this initiative.

**On other policies/sectors (human rights, migration),** EC holds or participates in various coordination meetings conducted with a variety of other bilateral and multilateral donors/NGOs.

**EU-led initiatives on Aid effectiveness:** in 2007 the Manila Delegation undertook 2 framework-contract missions to further advance the implementation of the Paris Agenda. One of them was focusing on finding ways to enhance the harmonisation and alignment agenda of EUMS in Laos, Philippines and Indonesia, and the other FWC aimed at supporting the Governments of Laos and the Philippines in implementing the Paris Agenda requirement. Both missions have been completed, with mixed results depending on the country targeted. Among South East Asian (SEA) countries, the Philippines is perceived as lagging behind Vietnam in its efforts to implement the Paris Agenda but far more advanced than Indonesia, where the Government formally opposes a Philippine Development Forum-style coordination mechanism (5, p. 5). However, generally the available documents do not provide explicit and extensive evidence of the existence of coordination mechanisms for the benefit of maximizing complementarity (as outlined by the Code of Conduct) (2) and increasing aid effectiveness. "Most donors align their development strategies to the Philippines Medium Term Development Plan 2004-2010 but there remain a problems with the differing timing of donors' and partners' programmes. In coordination meetings with other donors, EU and other multilateral donors stressed the need for enhanced donors' alignment with country systems programmatic cycles; however instructions need to come from respective Headquarters. Donors' headquarters -at least at EU and EU level- should explore the possibility of improving synchronization of their programmes with those of their partners" (5, p. 5)).

The EAMR of January 2005 reported of ongoing negotiations between EU and ADB regarding a MoU. The purpose of the MoU is to foster EU-ADB cooperation by inter alia decreasing the need for case by case negotiations of individual contracts, and making provisions for joint harmonised ways of co-financing in order to increase the efficiency of aid, in particular in the context of sector or programme approaches. The main contention between EU and ADB on the wording of the MoU pertains to the eligibility of nationals of all EU Member States as required by the EU. EU accepts that nationals of all ADB member states, even when they are not an EU Member State or developing country, will be eligible and expects from ADB the same flexibility. (1, p. 6).

While the EAMR provided detailed evidence of coordination mechanisms, as outlined above, no real effort is made by neither the EC nor MS to *publicly* present any existing attempts at coordination and achieving complementarity of the respective cooperation programmes. Neither the website of the EU Delegation in Manila (7) nor the website of the main MS Embassies present any information on potential cooperation or synergies between the EC and respective MS in the Philippines. None of the websites features links to information on the cooperation programme or projects of other EU stakeholders. If coordination mechanisms exist, the public is left in the dark. Two striking examples illustrate this point.

Development cooperation between the Philippines and Germany began in 1961 and has generated € 876 million (Php 54 billion) in total assistance to date. In 2008 and 2009 alone fresh commitments

reached € 33.2 million (Php 2 billion). This amount is equivalent to more than 50% of the MIP 2007-2010 (€ 61 million). The priority areas of German-Philippine development cooperation have been promoting sustainable economic development, sustainable environment and resource management including the promotion of renewable energy, support of health-sector reform and the Population Management Programme and, as a cross-sectoral task, decentralisation, poverty reduction and conflict transformation in Mindanao. Since 2008, bilateral cooperation has gradually shifted its focus to poverty reduction and conflict transformation in Mindanao. Since 2008, the German Federal Government has also provided substantial funding to combat climate change (8, 9). However, the publicly available information about Germany's cooperation programme does not mention as to how projects interlink with the programmes of the EC and other MS, which operate in the same or very similar areas to a large extent.

The same applies to France. A loan agreement with a value of € 150 million (around 9.36 billion pesos) was between the French agency Agence Française de Développement (AFD) and the Philippine government in February 2010. This loan is a co-financing with the Asian Development Bank (which will give an equal amount) for local government financing and budget reform. (10) More specifically, the programme is designed to deepen "Government's efforts in enabling the LGUs to avail of enhanced capacities to plan and budget for the general welfare of their constituent communities in a transparent and accountable way. The Program focuses on the areas of intergovernmental fiscal relations; fiscal management;; planning and public expenditure management; performance measurements and service delivery in credit financing; and local own-source revenues" (11). Again, there is no indication whatsoever as to whether or not this programme is coordinated with the EC and other MS.

However, recently the joining activities between SPF2 and the GTZ decentralisation programme have been publicised.

In conclusion, we find that Institutionalised (formal) and informal coordination mechanisms exist in virtually all cooperation sectors and in relations between both the EC and EU Member States and the EC and non-European donors. Simply put: the EU Delegation and MS Embassies/donor implementing agencies do their best to achieve aid delivery in a collaborative effort. However, the specific dynamics of MS's national interests towards the Philippines, the financial volume of bilateral programmes that often change significantly from year to year, different instruments of aid delivery as well as changing priorities in development cooperation in general at the level of MS limit long- or even mid-term strategic planning and division of labour under the EU Code of Conduct.

**Related facts, figures, references:**

1. EAMR, 1/2005: 4-5
2. EAMR, 1st Semester 2006: 3
3. EAMR, 2/2007: 4
4. EAMR, January 2008, Annex C of EAMR: Questions on the EU Aid Effectiveness target
5. EAMR. 2/2009
6. EAMR 1/2009
7. <http://www.delphi.ec.europa.eu>

8. <http://www.auswaertiges-amt.de/diplo/en/Laenderinformationen/01-Laender/Philippinen.html#t3>
9. [http://www.manila.diplo.de/Vertretung/manila/en/05/Wirtschaftliche\\_\\_Zusammenarbeit/Development\\_\\_cooperation.html](http://www.manila.diplo.de/Vertretung/manila/en/05/Wirtschaftliche__Zusammenarbeit/Development__cooperation.html)
10. [http://www.ambafrance-ph.org/france\\_philippines/spip.php?article1339](http://www.ambafrance-ph.org/france_philippines/spip.php?article1339)
11. [http://www.ambafrance-ph.org/france\\_philippines/IMG/pdf/AFD\\_Loan\\_Agreement\\_5\\_.pdf](http://www.ambafrance-ph.org/france_philippines/IMG/pdf/AFD_Loan_Agreement_5_.pdf)

**JC 6.3 Extent to which the combination of financing instruments and aid modalities allowed the EU to exploit its particular comparative advantage based on the European Consensus on Development (e.g. Policy Coherence for Development/PCD, best practice, harmonisation, values and participation)**

**JC assessment:**

There is not much evidence available that would allow us to conclude that the EU is a privileged dialogue partner relative to other partners such as EU MS, the US, Australia, Japan etc. No consistent picture emerged during the field phase. While most government stakeholders claimed that the EU was a preferred partner, it was easy to sense that interviewees were careful not to make any negative comments about the EU particularly in situations when EU Delegation officials were present at individual or group interviews.

The key role that the EU plays in the PDF points in the direction of a privileged position and this was confirmed by other donors and PDF participants. There is also strong indication that GoP values the EU as a dialog partner in the field of governance. The Corruption Prevention Project (CPP) was the first comprehensive anti-corruption public education programme in the Philippines and resulted in an important increase in EU visibility and donor status with regard to the national anti-corruption agenda. The SPF also proved to be an appropriate tool to support small, innovative and visible projects in areas of strategic importance for the Philippines and the EU, and has generated considerable interest on part of both State and non-State actors. The EU has been able to gain strong visibility and the respect of many state and non-state actors on human rights, particularly on the abolition of the death penalty. This was due to both a high-profile and well-coordinated EU political statements and initiatives (between MS and EU and within PDF) and the mainstreaming of governance and direct project support in the cooperation programme. (Indicator 6.3.1).

Most of the EU's work in the Philippines has shifted from a project to a sector or trust fund basis. Looking at the efficiency and effectiveness scores of the ROM system there does not seem to be any correlation between a specific aid instruments and the efficiency and effectiveness of implementation. Rather, both the degree of efficiency and effectiveness is primarily related to the capabilities of partner organisations (in addition to PMUs) (Indicator 6.3.2).

The PCD approach looks straightforward on paper. PCD requires integration of sectoral policies; ensuring policy integration across levels of Government; and ensuring consistency in choices made by various stakeholders. The current five EU PCD priority areas are five priority issues are climate change, food security, migration, intellectual property rights and security and peace-building. While not explicitly referring to PCD by name, the CSP 2007-2013 outlines a detailed agenda of policy coherence. According to press statements, media reports, official reports and other sources, EU-Philippines deliberations on

most, if not all, of the issue addressed in the CSP have been taken place. Somewhat surprisingly, climate change ranks rather low on the agenda and no bilateral project during the evaluation period had a direct focus on climate change. Overall, there is no "clear evidence" for Philippine benefits from the PCD approach.

**Indicator 6.3.1 EU is regarded as privileged policy dialogue partner of GoP in specific areas, (e.g. in health, trade related technical assistance, regional integration, environmental policy and civil society);**

**Indicator estimate:**

As a matter of course this Indicator can only be assessed based on GoP stakeholder interviews. There is not much written evidence that would allow us to conclude that the EU is a privileged dialogue partner relative to other partners such as EU MS, the US, Australia, Japan etc. However, there is some indication that GoP strongly values the EU as a dialog partner in the field of governance. The Corruption Prevention Project (CPP) was the first comprehensive anti-corruption public education programme in the Philippines and resulted in an important increase in EU visibility and donor status with regard to the national anti-corruption agenda. The SPF also proved to be an appropriate tool to support small, innovative and visible projects in areas of strategic importance for the Philippines and the EU, and has generated considerable interest on part of both State and non-State actors. The EU has been able to gain strong visibility and the respect of many state and non-state actors on human rights, particularly on the abolition of the death penalty (1, 2, 3)

**Related facts, figures, references:**

1. THEMATIC EVALUATION OF THE EU SUPPORT TO GOOD GOVERNANCE, FINAL REPORT, Volume 1, Synthesis Report, Contract Number: EVA/80-208, Service Contract for the Evaluation (sectoral and thematic) of European Commission Programmes and Policies in Third Countries, relating to Social and Human Development issues, June 2006
2. Final Evaluation of Governance Bilateral Project for the Philippines (Access to Justice for the Poor (AJ) and Corruption Prevention (CP) Projects), Final Report April 2009, p. 16.
3. Comparative Evaluation of the Human Rights Projects and Interventions of the European Union in the Philippines and Cambodia, Final Report 18 June 2007, p. 22.

**Indicator 6.3.2 Variety of aid instruments contributes to better efficiency and effectiveness of EU aid in the above areas**

**Indicator estimate:**

Most of the EU's work in the Philippines has shifted from a project to a sector or trust fund basis. Looking at the efficiency and effectiveness scores of the ROM system there does not seem to be any correlation between a specific aid instruments and the efficiency and effectiveness of implementation. Rather, both the degree of efficiency and effectiveness is primarily related to the capabilities of partner organisations (in addition to PMUs). However, this does not answer the questions which is directed at the link between the variety of instruments and the level of efficiency/effectiveness. In other words is a multi-instrument approach better and more successful than a single-instrument one? The answer is yes

as a larger number of, and particularly choice among, aid instruments increases flexibility and allows for more targeted interventions.

**Related facts, figures, references:**

n/a

**Indicator 6.3.3 Clear evidence for Philippines benefitting from the PCD approach of building synergies between policies other than development cooperation (e.g. trade, environment and climate change, security, agriculture etc.)**

**Indicator estimate:**

The PCD approach looks straightforward on paper. The term “policy coherence” encompasses policy interactions at several levels. Internationally, coherence is needed among policies applied by different institutions as well as in the positions that countries take in them. At the national level, coherence refers to the consistency between objectives and instruments applied by individual OECD countries in a given policy area, such as development co-operation, as well as between objectives in different areas, such as aid and trade, in light of their combined effects on developing countries. Thus, the problem of policy incoherence for development arises when the objective of policy undertaken in a particular field — such as aid policy or transitional preferential arrangements — gets undermined or obstructed by actions of government in other policy fields — such as trade protection and agricultural subsidies. The OECD’s programme focuses on identifying such mismatches in specific policy contexts and suggesting action to ensure that OECD countries’ policies help promote or at least do not harm the economic interests of developing countries (1).

PCD requires integration of sectoral policies; ensuring policy integration across levels of Government; and ensuring consistency in choices made by various stakeholders. The current five EU PCD priority areas are five priority issues are climate change, food security, migration, intellectual property rights and security and peace-building. While not explicitly referring to PCD by name, the CSP 2007-2013 outlines a detailed agenda of policy coherence (2), e.g.

- The EC-ASEAN Co-operation Agreement and EC Philippines SOM meetings set the framework for EU-Philippines cooperation while ensuring coherence of all Community policies.
- Particular attention will be paid to developments in other EU policy areas such as trade, investment, social dimension of globalisation, employment and decent work, education and culture, R&D, environment, justice and home affairs in order to ensure coherence.
- EU co-operation with the Philippines is in line with the priorities agreed at the Johannesburg Summit on Sustainable Development and with the 2005 UN World Summit conclusions.
- The cross-cutting nature of sustainable resource management is a key concern in the context of rural development and the alleviation of the social consequences of reform.
- Against the background of the trade-related assistance provided for in this CSP, developments in trade policy will be closely monitored, in particular those concerning WTO negotiations, the TREATI regulatory dialogue process, and implementation of the recommendations made by the high-level "EU-ASEAN Vision Group" regarding an EUASEAN FTA.

- Bilateral trade issues are being addressed through the ongoing TRTA
- The EU will also ensure that EU support for the Philippines is coherent with action taken at regional level in the context of the 1980 EU-ASEAN Co-operation Agreement and the 2003 Communication on a “New Partnership with South East Asia”.
- With regard to Justice and Home Affairs (JAI) issues, some of these are dealt with through regional EU co-operation of ASEAN and ASEM (e.g. migration and combating terrorism).
- As the Philippines is an important country of origin of legal migration, related aspects such as information programmes on the rights and duties of migrants and the promotion of the best use of remittances will also have to be addressed.
- Within the DCI area of cooperation on governance, democracy, human rights and support for institutional reform, in particular related to co-operation and policy reform in the fields of security and justice, the Community will carry out measures which shall fully respect OECD-DAC guidelines, taking also into consideration relevant European Council Conclusions.
- Regarding Governance and Human Rights, several projects (Institution Building Support, EIDHR, Strategy Projects Facility) are underpinning the EU-Philippines dialogue in this area.
- The Commission presented the EU Action Plan for FLEGT at the ASEAN partners meeting of 2005, when both sides agreed that further dialogue on FLEGT within the framework of the Forest Sector Support Partnership. FLEGT is now an integral part of the EU's support for the forest sector.
- Aviation and maritime transport are concrete elements of the Community's external relations with a specific focus on security and safety issues. The Philippines plays a major role in supplying labour to European ships. The EU is negotiating air services agreements with all third countries and has been providing assistance in civil aviation security to the Philippines in a framework of a regional programme.

According to press statements, media reports, official reports and interviews, EU-Philippines deliberations on most, if not all, of these issues have been taken place with climate change probably ranking lowest. However, no “clear evidence” has emerged for Philippine benefits from the PCD.

**Related facts, figures, references:**

1. K. Fukasaku, M. Kawai, M.G. Plummer and A. Trzeciak-Duval, Policy Coherence Towards East Asia: Development Challenges for OECD Countries, OECD 2005.
2. CSP 2007-2013, p. 25-26.

## ANNEX 7: GEOGRAPHY OF THE EUROPEAN COMMISSION'S INTERVENTIONS IN THE PHILIPPINES

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 (in bold); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
<b>Human and social development</b>											
Philippine Health Sector Policy Support Programme	33,0	2006-2011	66,7%	22,0	<i>Ifugao</i> , <i>Mountain Province</i> , Ilocos Norte, Nueva Vizcaya, Pangasinan, <i>Oriental Mindoro</i> , <i>Romblon</i> , <i>Agusan del Sur</i> , <i>Cotabato</i> , <i>South Cotabato</i> , <b><i>Misamis Occidental</i></b> , <i>Biliran</i> , <i>Capiz</i> , <i>Eastern Samar</i> , Southern Leyte, <i>Negros Oriental</i>	18,8%	6,3%	68,8%	4,1	1,4	15,1
Mindanao Health Sector Policy Support Programme (MHSPSP)	12,0	2008-2012	16,7%	2,0	Basilan, <b><i>Tawi Tawi</i></b> , Sulu, <b><i>Lanao del Sur</i></b> , <b><i>Maguindanao</i></b> , <i>Zamboanga del Sur</i> , <b><i>Zamboanga del Norte</i></b> , <i>Zamboanga Sibugay</i> , <i>Lanao del Norte</i> , <i>Davao Oriental</i> ,	16,7%	33,3%	75,0%	0,3	0,7	1,5

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
					<i>Sarangani, Sultan Kudarat</i>						
<b>Environment</b>											
NIPAP: National Integrated Protected Areas Programme	10,6	1995-2003	44,4%	4,7	<i>Benguet, Camarines Sur, Occidental Mindoro, Oriental Mindoro, <u>Romblon</u>, Palawan, <b>Misamis Occidental</b></i>	14,3%	14,3%	71,4%	0,7	0,7	3,4
PTFPP: Palawan Tropical Forest Protection Programme	15,4	1994-2004	40,0%	6,2	Palawan	0,0%	0,0%	0,0%	0,0	0,0	0,0
<b>Rural development and agriculture</b>											



Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
Increasing rice yield and productivity through promotion of on farm water management and small-scale irrigation in rain-fed areas	4,2	Oct 2009 - June 2010	33,3%	1,4	Pangasinan, Tarlac, Pampanga, Bulacan, Nueva Ecija	0,0%	0,0%	0,0%	0,0	0,0	0,0
Enhancement of Food Security in the Visayas	2,6	2009-2100	33,3%	0,9	<i>Aklan, Antique, Capiz, Guimaras, Iloilo, Negros Occidental, Bohol, Cebu, Negros Oriental, Siquijor, Biliran, Leyte, Southern Leyte, Eastern Samar, Northern Samar, Samar</i>	0,0%	0,0%	62,5%	0,0	0,0	0,5

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
Support to conflict-affected populations in Mindanao: expansion of food for assets activities and establishment of vulnerability assessment mapping capacity	6,4	May 2009-2011	21,9%	1,4	<i>Lanao del Norte</i> , <b><u>Lanao del Sur</u></b> , <i>Sultan Kudarat</i> and <i>Cotabato</i>	25,0%	0,0%	100,0 %	0,4	0,0	1,4
Rapid food production enhancement programme	10,0	April 2009-2011	27,3%	2,7	<i>Camarines Norte</i> , <i>Camarines Sul</i> , <i>Catanduanes</i> , <i>Masabate</i> , <i>Aklan</i> , <i>Antique</i> , <i>Guimaras</i> , <i>Iloilo</i> , <i>Negros Occidental</i> , <i>Bilran</i> , <i>Eastern Samar</i> , <i>Leyte</i> , <i>Northern Samar</i> , <i>Samar</i> , <i>Southern Leyte</i> , <i>Bukidnon</i> , <b><u>Camiguin</u></b> , <i>Lanao del Norte</i> , <i>Misamis Oriental</i>	5,3%	0,0%	52,6%	0,1	0,0	1,4

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
UDP: Upland Development Project in Southern Mindanao	16,6	1999-2008	90,0%	14,9	No provincial data provided by EC; assume Compostela Valley, Davao del Sur, <i>Davao Oriental</i> , <i>Sarangani</i> , <i>South Cotabato</i> based on <a href="http://www.da.gov.ph/programs">http://www.da.gov.ph/programs</a>	0,0%	0,0%	60,0%	0,0	0,0	9,0
ERP-CASCADE: Economic self-Reliance Programme, Caraballo and Southern Cordillera Agricultural Development	12,6	1997-2004	62,5%	7,9	No provincial data provided by EC; assume Nueva Vizcaya, Nueva Ecija, Benguet based on based on <a href="http://www.da.gov.ph/programs">http://www.da.gov.ph/programs</a>	0,0%	0,0%	0,0%	0,0	0,0	0,0
CECAP 2: Central Cordillera Agricultural Programme, Phase II	21,9	1996-2004	55,6%	12,2	No provincial data provided by EC, assume <b><i>Abra</i></b> , <i>Ifugao</i> , <i>Mountain Province</i> based on <a href="http://www.da.gov.ph/programs">http://www.da.gov.ph/programs</a>	0,0%	33,3%	100,0%	0,0	4,1	12,2

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
STARCM: Support to Agrarian Reform Communities in Central Mindanao	17,8	2002-2008	100,0 %	17,8	<i>Sultan Kudarat, Ctoabato, Lanao del Norte, and <u>Lanao del Sur</u></i>	25,0%	25,0%	100,0 %	4,5	4,5	17,8
ARSP: Agrarian Reform Support Project	18,5	1995-2001	28,6%	5,3	<i>Camarines Sur, Sorsogon, Negros Occidental, <u>Agusan del Sur</u>, Surigao del Norte , Surigao del Sur</i>	16,7%	0,0%	83,3%	0,9	0,0	4,4
WESAMAR: Western Samar Agricultural Resource Development Programme	14,4	1994-2000	8,3%	1,2	<i>Samar</i>	0,0%	0,0%	100,0 %	0,0	0,0	1,2

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
Local Institution Participation towards Livelihood Empowerment of the Mangyan Indigenous Peoples of Occidental Mindoro	1,0	Mar 2009-Feb 2014	15,3%	0,2	<i>Occidental Mindoro</i>	0,0%	0,0%	100,0 %	0,0	0,0	0,2
<b>Post-conflict and peace building</b>											
RRM Confidence Building Mindanao	1,0	Feb 2008-June 2010	37,9%	0,4	Basilan, <b>Zamboanga del Norte</b> , <b>Zamboanga del Sur</b> , Zamboanga Sibugay, <i>Lanao del Norte</i> , <i>Davao Oriental</i> , <i>Cotabato</i> , <i>Sarangani</i> , <i>South Cotabato</i> , <i>Sultan Kudarat</i>	0,0%	9,1%	72,7%	0,0	0,0	0,3

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
Mindanao Trust Fund -Reconstruction & Development Program (I)	1,0	Dec 2007-2013	51,0%	0,5	Basilan, <b>Zamboanga del Norte</b> , <b>Zamboanga del Sur</b> , Zamboanga Sibugay, <b>Lanao del Norte</b> , <u>Lanao del Sur</u> , <b>Davao Oriental</b> , <b>Cotabato</b> , <b>Sarangani</b> , <b>South Cotabato</b>	10,0%	10,0%	80,0%	0,1	0,1	0,4
Strengthening Response to Internal Displacement in Mindanao (STRIDE-Mindanao)	3,0	Dec 2008-Nov 2010	54,2%	1,6	Zamboanga Sibugay, Basilan, <b>Sulu</b> , <b>Zamboanga del Norte</b> , <b>Maguindanao</b> , <b>Cotabato</b> , <b>Sultan Kudarat</b> , <b>Suriigao del Sur</b> , <u>Lanao del Sur</u>	22,2%	22,2%	77,8%	0,4	0,4	1,3
Consolidation of the socio-economic integration process of marginal internally displaced farmers in Lanao del Norte,	1,1	June 2002-2004	100,0 %	1,1	<i>Lanao del Norte</i>	0,0%	0,0%	100,0 %	0,0	0,0	1,1

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 (in bold); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ): the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
Mindanao											
Supporting and Rehabilitating IDPs and Communities in Southern Philippines	3,0	Feb 2004-Feb 2006	100,0 %	3,0	No provincial data provided by EC; assume <b>Zamboanga del Norte</b> , <i>Zamboanga del Sur</i> , <i>Zamboanga Sibugay</i> , <i>Lanao del Norte</i> , <i>Davao del Sur</i> , <i>Cotabato</i> , <i>South Cotabato</i> , <i>Sarangani</i> , <i>Sultan Kudarat</i> , <b><u>Maguindanao</u></b> , <b><u>Lanao del Sur</u></b> , <b><u>Sulu</u></b> , <i>Basilan</i> , <b><u>Tawi-Tawi</u></b> , <i>Palawan</i> based on <a href="http://www.medco.gov.ph/medc_oweb/monprojl.asp?SecDivID=ID">http://www.medco.gov.ph/medc_oweb/monprojl.asp?SecDivID=ID</a>	20,0%	26,7%	73,3%	0,6	0,8	2,2

Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
					P						
SZOPAD Rehabilitation Project	1,0	1999-2001	66,7%	0,7	<i>Cotabato</i>	0,0%	0,0%	100,0 %	0,0	0,0	0,7
<b>Summary results</b>			<b>Total =&gt;</b>	<b>101,6</b>	<b>Total proportion of projects implemented during 2000-2009 =&gt;</b>	<b>10,7%</b>	<b>10,7%</b>	<b>68,0%</b>			



Sector and project	EC contribution, total (Euro mill)	Implemented	Share 2000-2009	EC contribution, pro-rated, 2000-2009, Euro mill	implemented: The 10 provinces with highest incidence of household poverty in 2006 ( <b>in bold</b> ); The 10 provinces with highest incidence of household poverty in 2000 ( <u>underlined</u> ); the 44 provinces with the highest incidence of household poverty in 2000 ( <i>in italics</i> );	Proportion of provinces in top ten for poverty, 2000	Prop. of provinces in top ten for poverty, 2006	Prop. of provinces in top 44 for poverty, 2000	EC contribution, pro-rated, x (1) (Euro mill)	EC contribution, pro-rated, x (2) (Euro mill)	EC contribution, pro-rated, x (3) (Euro mill)
							<b>Total pro-rated expenditure (Euro mill) =&gt;</b>		<b>11,0</b>	<b>11,3</b>	<b>68,7</b>
							<b>Relative to pro-rated total for projects =&gt;</b>		<b>0,1084</b>	<b>0,1113</b>	<b>0,6767</b>

## ANNEX 8: OVERVIEW OF EVALUATION METHODOLOGY

The methodology for this evaluation is based upon the official published methodology of the Joint Evaluation Unit of the Relex Family. General information on this methodology can be found online at: [http://ec.europa.eu/europeaid/how/evaluation/methodology/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/methodology/index_en.htm)

For the purposes of the present report, the following specific tools were used for collecting, structuring, processing and analysing data throughout the various phases of the evaluation, namely the inception phase, desk phase, field phase and synthesis phase.

### 8.1. Tools for the Inception Phase

**Elaborating the intervention logic in form of diagrams.** This step consists of making explicit the final objectives, the strategies and their expected impacts and focussed on 1) what the provider of assistance wants to achieve (general objectives); 2) the strategies, policies, programmes, instruments envisaged to achieve the objectives; and 3) the channels through which the means would contribute to the general objectives (i.e. the intermediate or specific objectives) and their expected impacts. A first analysis has been made based on major official documents (CSPs/NIPs over the period) but it proved to be a difficult exercise as i) based on feedback from the RG, there is a substantial difference between the intervention logic in the CSPs and reality, even if the objectives have remained, ii) there is a lot of thematic/horizontal and regional programming in the Philippines, which is not elaborated upon in the CSPs/NIPs. Following the discussion with the RG during the first meeting, it was decided that the team should provide several intervention logics, a simplified one covering the cooperation as a whole, and several sector-specific ones. So as to come closer to the intervention logic 'in practice' rather than just the strategy documents, the ILs in this report have been based on the logframes of the main projects/programmes, where available. Being aware of the common stretch between initial programming and programming reality, since the finalisation of the inception report, the JEU has decided that in the future, such reports shall include both a 'faithful', as well as 'reconstructed' intervention logic.

**Drafting evaluation questions.** The evaluation team proposed a selection of 6 evaluation questions in the inception report. This proposal was then discussed with the Reference Group, and after several revisions, a final set of EQs was agreed upon by the Reference Group members and validated by the Evaluation Unit. The evaluation was furthermore based on the criteria endorsed by the OECD-DAC (relevance, effectiveness, efficiency, impact and sustainability), the EU evaluation criteria (coherence and EU added value) and EU evaluation key issues (3Cs, cross-cutting issues and EU visibility). The limited resources available for the evaluation, were focussed on answering the evaluation questions as sharply and credibly as possible. When proposing evaluation questions, attention was given to:

- Stated objectives, priorities and principles;
- Expectations expressed by Reference Group members;
- Potential utility of the answer in line with the purpose of this evaluation and need to avoid the mere rediscovery of existing knowledge;
- Special attention to adequately address difficult criteria like efficiency or sustainability.

**Short exploratory field visit.** In the beginning of the evaluation, a short exploratory field visit of the Team Leader was made to the responsible EU Delegation in the Philippines. This preparatory visit fulfilled a number of valuable functions, including: a) the establishment of first contact with, and discussion of the evaluation with the Delegation, and b) the collection of documents to assist the work of the desk phase, c) a detailed in-person briefing of the national experts by the Team Leader.

**Drafting a correlation matrix between EQs, and potential sources of information/tools.** We are aware that to structure the answers to the EQs, judgement criteria are of utmost importance as they determine the indicators and, more generally, the nature of the data collected and the type of analysis. Thus, in line with the methodology, judgement criteria and indicators were very carefully developed for each EQ, which allow for cross-checking and structuring the evidence base on which each question is answered. And during the desk phase, a set of potential sources of information and tools for data gathering for each identified missing piece of information was drafted as a basis for further data collection. As the desk phase work progressed and further information emerged, some indicators were adapted to the increasingly clear understanding of which information exists and which doesn't, and where the crucial lacunae are.

**Overview of EU financial flows.** This inception report included an overview of EU funding in terms of commitments of EU aid to the Philippines, including the main financial tools (ALA and DCI instruments and the most important thematic and horizontal budget lines). This overview helped the evaluation team to select projects for the field visit and to assess the (financial) importance of various thematic clusters.

## 8.2. Tools for the desk phase

**Detailed literature review.** During the desk phase, the team did its very best to examine all relevant key documentation on the past and current EU actions concerning the Philippines as well as the main relevant policy documents. The analysis also covered other available evaluation reports and certain major strategy documents of other donors, especially Member states, including the regional level

**Interviews both structured and unstructured.** An initial round of interviews with relevant EU staff in Brussels, as well as telephone discussions with EU Delegation staff in the Philippines were made. The selection of these persons was based on the specific added value they could bring concerning the various evaluative questions. These first interviews and discussions helped to further inform the desk review of documents and also helped to identify further interview partners and prepare the ground for the field phase.

**ROM analysis.** The information gathered under the ongoing result-oriented monitoring system (ROM) was included in the document review process of the evaluation team. Available ROM reports of interventions related to the evaluation questions were analysed and the results integrated into the Desk Report. The information gleaned from ROM helped the evaluation in selecting the projects to be visited in the Philippines.

**Panel of experts,** The panel of experts, which have a deep understanding of certain issues relating to the Philippine's development (good governance, decentralisation, rural development, peace building, regional disparities, were involved in desk phase in terms of providing additional information, easily identifying further sources, double-checking hypotheses and commenting from a Filipino perspective on the work conducted.

### 8.3. Tools for the field phase

In this Country Strategy Evaluation, the main tool used in the field were semi-structured interviews. Furthermore, group discussions, one focus group, site visits, further statistical data gathering, and further document collection were also conducted during the field visit. Wherever possible, the information collected through various tools, was triangulated with comparable data stemming from different tools and the desk phase.

**Interviews.** A large number of interviews with relevant key actors was set up and conducted. These interviews ranged from semi-structured interviews, clearly aiming to test hypotheses and fill information gaps, to open interviews, which allowed for actors to alert the team to potentially relevant but unexpected issues relating to the JCs and EQs. A list of the main stakeholders interviewed, can be found in Annex 0 above.

**Group discussions.** Several discussion groups were organised and conducted during the field to discuss specific issues with major importance to answering certain EQs, including particularly the health and rural development sectors. These discussion groups were facilitated by the respective thematic expert, with the support of the national expert or a member of the national expert panel.

**Focus group discussions.** In order to further strengthen the evidence base for the evaluation, two focus groups were planned. Unfortunately, only one of them was successfully conducted. The other devolved into a discussion group, as it was not possible to arrange schedules with all relevant stakeholders to participate in the meeting at the same time, and thus the breadth of attendants was not sufficiently representative in a single group setting to call it a proper focus group. The following table presents the characteristics of the focus group with selected NGOs:

Title	Focus group with selected NGOs
Overall aim(s)	<p>The overall aim of the focus group was to add to the evidence base on EQ1 regarding the relevance of EU programming in the Philippines in terms of addressing the needs of the poor and vulnerable groups. This will be done by eliciting responses relating to a principle research question, as well as specific data gaps to be filled. The aim will be to collect the following data:</p> <p>Information on how effectively local NGOs were able to benefit from Thematic Programmes (related to Indicator 1.1.4);</p> <p>Information on how sectoral shifts and choices were made as perceived by NGOs/CSOs (related to Indicator 1.1.4);</p> <p>Information on quality of stakeholder consultations (related to Indicator 1.1.6);</p> <p>First hand information from representatives of especially vulnerable groups (related to Indicator 1.5.4).</p>
Principle Research Question(s)	<p>To what extent have NGOs and civil society been involved in the decision making processes related to EU strategy and implementation, and do they perceive that the choices made, are justified in light of the needs of the poor and most vulnerable?</p>
Target Group(s)	<p>Participants were representatives of the following:</p> <p>NGOs/CSOs who have received EU funding over the period and work on poverty-related issues;</p> <p>NGOs/CSOs who have particular expertise on certain population groups which are particularly poor or vulnerable.</p> <p>After final identification of a 'long-list' of organisations, a 'short-list' was selected, making sure that a balanced and small enough number of participants maximised the usefulness of the exercise. In selecting the short-list, coverage of relevant issues was a key criterion. A maximum of two staff members of each organisation were asked to participate.</p>
Relevant EQ(s)	EQ1, (EQ6)
Participating international expert(s)	Landis MacKellar, Joern Dosch, Christopher Veit

Principles underlying the focus group, were be the following:

- Emphasis was laid on obtaining feedback on processes and developments/trends over the evaluation period 2000-2009, as identified in the Desk Report and during the field visit up until that point;
- A selection of Evaluation Questions and Judgment Criteria was tackled, looking in particular at remaining information gaps and the testing of hypotheses;
- Questions were mostly be open-ended, not pre-emptying judgments. They were however based on findings and preliminary conclusions arrived at until that stage.

**Site visits.** A number of project site visits were be made to provide more detailed qualitative and quantitative information at first hand. This was particularly the case either where there was a lack of existing data (i.e. evaluation reports) on the project; a special interest in long-term impacts and sustainability; and where it was important to receive responses from the final beneficiaries. At theses site visits, regional/local stakeholders were consulted, including relevant government bodies (particularly project area LGUs), CSOs, and final beneficiaries.

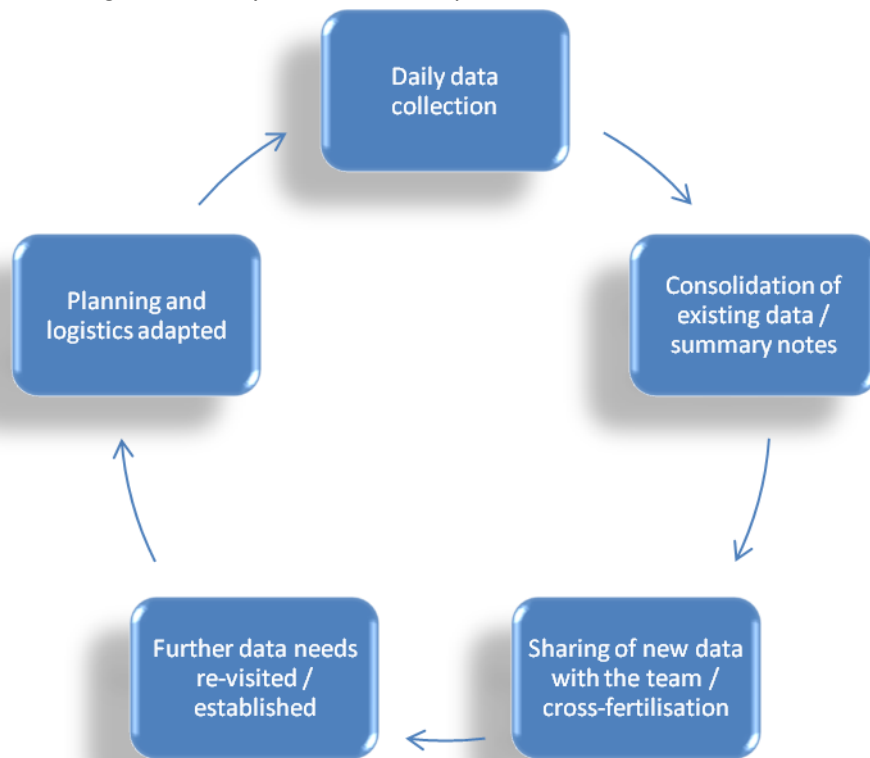
**Panel of experts.** The panel of experts, was involved in both the preparation of the field visit, by being able to identify important stakeholders for interviews; by conducting some extent of data collection prior to the arrival of the team; and by providing a Filipino perspective on the preliminary findings of the

field phase. Certain members of the expert panel also joined the interviews with stakeholders, where relevant and not compromising the exercise in terms of potential conflicts of interest.

**Daily data collection.** Rather than simply follow a pre-planned agenda of meetings, and write a report integrating the acquired findings afterwards, the evaluation team was encouraged to engage in the following daily routine, to both manage the data and achieve synergy effects within the team, as well as to continually adapt and improve the planning of the upcoming meetings.

**Error! Reference source not found.** illustrates such a process, by highlighting the cyclical process from the actual data on one day, to the next. After collecting specific information, and at the latest towards the end of the day, the aim was to consolidate existing data by using the evaluation matrix, and/or drafting summary notes on the information obtained during the day. Either in the evening, or early morning, the evaluation team members met (when at the same geographic location) to share the latest findings. As information is often relevant to more than one EQ, this continuous exchange is highly valuable, leading to synergy effects between the work of several team members. Based upon the continually further consolidated set of data, remaining information needs were checked, and newly identified contacts taken into account. Based on both of these, the agenda was updated and related logistics managed in consultation with the national consultants.

Figure 5 Daily data collection process



#### **8.4. The synthesis phase**

The Synthesis Phase is characterised primarily by the process of drafting and editing the Draft Final Report. More than all other report writing stages, this requires careful and precise handling of data. The findings and hypotheses of the Desk Report, are checked against the data further collected during the Field Phase. Wherever possible, triangulation takes place, juxtaposing and cross-checking data from various sources on the same indicators.

**Specific judgement for each EQ.** As previously mentioned, judgement criteria were developed for each EQ. There are between 2 to 5 judgement criteria per EQ. For each of these judgement criteria, indicators are defined as well. The analysis of each judgement criteria primarily rests upon the information gathered (and cross checked) through various methods at indicator level.

A balanced judgement integrating the responses to the various judgement criteria is made at the end of each EQ. There is no systematic weighting of the various judgement criteria within an EQ. In order to limit the subjectivity of this process, systematic referencing is made to the respective indicator from which the information stems.

**Revision process.** The early draft versions of various thematic sections of the report are checked and edited by the Team Leader as well as the Peer Reviewer of the evaluation, and returned to the respective team members for further revisions and corrections. Once the Draft Final Report is perceived to be of sufficient quality, it is shared with the JEU and Reference Group members for further comments and eventual approval. The same process is repeated for the Final Report, which is a result of taking into account the insights gathered at the Dissemination Seminar. In such a way, there is lengthy process leading to a final product of the highest possible integrity and quality.

**Panel of experts.** The panel of experts is also involved in synthesis phase, primarily in terms of reviewing the analysis and conclusions, and commenting on the Draft Final Report from a Filipino perspective.

## **ANNEX 9: SUMMARY OF SEMINAR IN THE PHILIPPINES**

### **Highlights on the Seminar on the Evaluation of the EC Cooperation with the Philippines held at Mactan Room, EDSA Shangri-la Hotel, April 15, 2011**

#### **Part I Presentation of the Evaluation**

The seminar was attended by 76 guests from the government institutions led by the National Economic and Development Authority, United Nations Agencies, donor institutions, private sectors, NGOs and Civil Society Organizations, EU Manila delegation as well as from the multi-media press sector.

Ambassador Guy Ledoux of the EU Delegation gave his welcome address. He commended the wide variety of participation from various sectors in the seminar that indicated the true partnership approach of the EU in handling its cooperation programs in the country. In 2010, the EU contributed the largest ODA global assistance of 53.8 billion Euros which represented more than 50% of global ODA. Definitely, global support, as a catalyst for growth, is not enough so the focus must be on greater relevance, effectiveness, impact and sustainability of various cooperation and technical assistance programs. Some 124 million Euros had been provided to the Philippines, excluding regional assistance to ASEAN countries, and so the overall independent assessment that the Particip group had undertaken is indeed commendable. Surely, it will guide the EU delegation in providing most appropriate response to the country's urgent socio-economic and environmental needs, strengthen the ownership through greater collaboration in program/project governance and build on lessons learned from the country programs covering the 2002 to 2006 and the 2007 to 2013 period. In particular, the Ambassador asked: Was the shift of priority ODA to Mindanao valid and productive? Was the phasing out of direct support to Rural Development acceptable and justifiable? Is the focus on health status improvement on account of MDG goals valid?

Director Roderick Planta of NEDA indicated that he was representing Deputy Director General Rolando Tungpalan and expressed the government's appreciation for the significant ODA that EU delegation provided to the Philippines. He amplified the positive contribution of EC/EU cooperation particularly in showcasing best/good practices with its assistance programs focusing on the attainment of 2011-2016 Philippine Medium Term Development Plan (MTPDP) and MDG 2015 goals achievement. EC/EU delegation financial support and varying development initiatives are indeed in sync with new Philippine government development priorities under the emerging MTPDP (Rural Development, health status improvement, good governance and decentralization, anti corruption, climate change adaptation and mitigation and trade facilitation and removal of trade barriers, to mention a few.

Ms. Leonie Feldmann –Evaluation Manager of the EC outlined the mandate, scope and aims of the evaluation that is being followed by the EC/EU in all its ODA programs globally. She indicated the adherence of the Particip Independent Evaluators on the EC evaluation methodology and expressed great appreciation on the results so far of the evaluation, as evidenced by the draft Final Report. Ms Feldmann hoped for its acceptance and good reception by the host country. Basically, she emphasized the roles of good evaluation and monitoring mechanisms in program/project development, as follows: (a) generate valuable learning or lessons from the EC ODA; (b) assess the accountability and performance of key players and stakeholders; and, (c) improve the quality and design of future EC/EU



delegation interventions in country and regional cooperation programs. She elaborated on the evaluation criteria that focus on country needs and challenges as well as on the impacts and outcomes of interventions.

The intervention logic and evaluation questions focus on outputs generation, relevance, effectiveness, efficiency, coherence and sustainability of the best practices and whole gamut of interventions for addressing the priority needs and challenges within the country and whether such interventions have generated value added from the EC/EU delegation and has resulted in greater comparative and/or competitive advantage for the country or specific sector of the economy. Her presentation is herein attached for easy reference.

Mr. Joern Dosch, Evaluation Team Leader (independent evaluator), was the main seminar player which took the cudgel of presenting the highlights of the Draft Final Report on the Evaluation of their European Commission's Cooperation in the Philippines. A copy of which had been provided to all participants in the Seminar. Mr Dosch summarized the presentation of major evaluation findings and conclusions covering the ECs strategic objectives and priorities in the Philippines, thematic areas for evaluation (poverty reduction, health, rural development, improved trade and economic partnership and global trade facilitation, governance and decentralization and finally, ECs mix of financing instruments and aid modalities).

Finally, Mr. Dosch presented the evaluation recommendations for the EC/EU Delegation to consider and for the Philippines to possibly include in its future development initiatives particularly in its inclusion in the MTPDP 2011-2016 in collaboration with EC and individual member countries which are providing additional ODA support to the GOP. Mr Dosch presentations are also attached for easy reference and the synopsis of the draft final report is clearly indicated in the Executive Summary.

### **Questions and Answers Sessions**

1. Dr. Soe Nyunt-U, Country Representative, WHO/U commended the magnificent efforts of the Evaluation Team and the recent advances in the mix of financing instruments and aid modalities of EC/EU delegation. While the milestones in health sectors are touched and good health management practices were demonstrated, Dr Nyunt-U commented that much remains to be done to elaborate and sustain the milestones in health status particularly as it relates to MDG achievement. Unfortunately, the quality and utility of data on poverty and its collection methodology and transparency are not too good and it surely remains a challenge and an opportunity for improvement.

Dr Dosch responded by agreeing on such challenge and he indicated one area of limitation of the evaluation process (time and financial constraints to undertake field level validation and definitely the 3 weeks stay in the country for the validation surveys were too short notwithstanding the spatial or roadside bias due to accessibility constraint in reaching the project areas)

2. Mr. Nick Taylor, Operations Head of the EU Delegation in the Philippines raised the issue of mix of financing instruments approach as to whether it could be best allocated as budget support to say health sector improvement or going directly to the LGUs and provide direct project support or assistance? In case of budget support to the national government for a specific sector say health, how do we channel the national sectoral budget to the LGUs in the most efficient and effective manner that will be allocated to the priority areas of interventions?

3. Assistant Secretary Vilma Cabrera of DSWD raised the issue on the poor and questionable quality of data for diagnosing poverty incidence in the provinces and for identifying the real and true poor particularly on the quality of household poverty data and information. Imperatively, capacity building interventions and technical assistance are needed to train the technical people of concerned national government agencies (DSWD, DOH, LGU, PHIC) and removing countervailing influences of the majority of LGUs on improving the quality and utility of poverty data and its use in poverty and health status improvement initiatives.

Mr. Dosch responded that he could not disagree less and highlight the needed cooperation of concerned technical agencies to work closely with the LGUs and EU/donors in addressing the poverty situationers and distortions in poverty data and statistics. He suggested the involvement of such NGO/CSOs, or third party surveyors, particularly the Social Weather Station in the inter-agency efforts for improving the data quality and statistical data base from the household, municipal, provincial to national levels.

4. Director Maylene Beltran of the Department of Health (DOH) was fully agreeable to re-align sectoral budget support from the EU for the attainment of MDG 2015 targets particularly on MDG 4, 5 and 6 and to prioritize development assistance for the poorest provinces and the Indigenous Peoples (IPs) and the poorest (Lumads, Muslims) in Mindanao. She however raised the issue of health sector-specific budget support

mode but EU must address the delayed releases of funds and work vigorously hard on the “timeliness” of funding support.

Mr Dosch responded that the DOH will benefit more from the results of the evaluation which highlighted her concerns and the solutions and recommendations to address these issues. Mr Dosch further indicated that the role of national government agencies (NGA's) in sectoral budget support must be properly defined and elaborated to be able to achieved optimum efficiency and effectiveness in the delivery of EC development assistance to, and cooperation with, the country. The concerned NGAs must also go through the details of the evaluation report, as indicated in Volume 2 of the draft final report and the ensuing Final Report after the project conclusion with this seminar.

5. Mr Nick Taylor-EU countered with the following questions:

- what would have happened if EC/EU support did not come?
- How do we focus on key issues of reaching the poorest among the poor ( Example is the coconut commodity sector which is a very significant agricultural export crop but also where the poorest among the poor is found?

Mr Dosch replied that specific commodities are not covered in the evaluation but coconuts are mainly planted in upland Mindanao and the TRTA (trade related technical assistance) may include coconut it its Capacity building projects on trade development and removal of inequities and inefficiencies as well as technical/business barriers to trade of coconuts from the production areas.

6. Ms Divina Somera of EU Delegation inquired about the relegation of rural development (RD) as a low priority area as decided by the EC/EU in Brussels. There is a strong clamour particularly among the RD convergence group (DA, DAR and DENR and the social development sectors as well) on the urgent need to revisit, revive and further strengthen the EU delegation support to RD, particularly in addressing the priority thematic area on poverty reduction. RD must be treated in the context that poverty is indeed a

rural and agricultural phenomenon and thus RD is the main instrument for ODA intervention. EU delegation however was wary or found highly worrisome as to why the process of poverty alleviation and much more poverty reduction transformation is not happening in the Philippines despite huge amount of ODA and government resources that are being invested in RD?

7. A follow up question from Mr Taylor EU concerned on the need to expand more ODA for human development particularly on social development scenarios e.g. education sector, health, agriculture and poverty reduction that must be dealt with in a long term process of transformation from the bondage of poverty and hopelessness into a better quality of life through higher rural income and improvement in social justice and development.

Mr Dosch countered that the Evaluation Team particularly RD Theme Evaluators shared these sentiments and realities. He argued that EU interventions in RD has contributed positively in poverty reduction but the Team recommended that RD interventions must be refocused on the need for analyzing the structures and mechanisms that perpetuate rural and even urban poverty and re-design RD programs based on the solid experiences and best practices in the four EU RD projects in Mindanao and Cordillera/Cagayan Valley Regions with special focus on market reforms and development, access to credit/finance and post-harvest systems along with basic rural infrastructure and institution/capacity building based on agribusiness and value chain optimization.

He told the participants that the de-prioritization of RD is an EC Executive Committee decision of under the one country one sector policy approach of EU and its member countries. In the Philippines, GTZ (now GIZ) is the lead donor in Rural Development with EU focusing on Health Sector. RD now has become a challenge for the donors and NGAs to re-visit and re-formulate in the context of poverty reduction, food security and climate change adaptation/mitigation/disaster risks reduction strategies.

8. Ms. Marivel Sacendoncillo. Executive Director of the Local Government Academy highlighted the capacity building issues and its impact on poverty and health improvement at the LGU levels. She argued the urgent need to cross-validate and reconcile the differing capacity building approaches of EU and other donors and re-align and synchronize these training and learning of best practices programs the LGU's local governance system. The DILG/ LGU Local Development Academy will provide support to these initiatives of converging the capacity building and training on social development and poverty reduction initiatives at the LGU levels. Specifically, she emphasized the need to look into the correlation of governance capacity indicators vis-à-vis sectoral development objectives say for example the health sector or rural development or education sectors.

Dr Joern Dosch tactfully lamented and regretfully countered that unfortunately under the devolution policy of the government the political elites skew and override national and sectoral initiatives on human, social and rural development. He presented the challenge to the Government of a balanced approach of reforming the local government structure and weeding out the bad political elites and showcasing the good governance and impact programs of enlightened and socially reforming local government executives (LCEs). He raised the issues of how to start capacity building at LGU levels with coordinated cross-sectoral involvement? How do we counteract the negative political power that militate against the poor ; how do we emulate and institutionalize good governance practices of good politicians? These remain an enigma and a major agenda for ODA to embark upon in future.

There is such a tendency to focus on big-scale projects; small projects at the LGU levels do make a difference and capacity building tend to be more focused and relevant to the needs and aspirations of

the LGUs and the community or their constituents.

9. Mr Jozef Navots from Belgium Embassy asked on the political dimensions and issues of EU interventions. Is there a correlation between EU political agenda versus EU aid in the Philippines? EU political agenda is governed by high level political dialogue with GOP. Political leveraging is in the areas of poverty reduction, good governance focus on social development and meeting the MDG targets and trade facilitation, to mention a few. For example, EU and its member countries must redefine its priorities in say Rural Development. Will RD be done on project-based approach or sectoral to cross-sectoral development approach with clear link and in sync with poverty reduction and good governance programs.

## **Part II Presentation of Evaluation Recommendations Questions and Answers**

Mr Dosch confirmed that poverty data and information are unreliable and confusing both at the LGU and national levels particularly in designing interventions like the conditional cash transfers and poverty reducing initiatives. Priority assistance is needed in providing focused ODA support to the generation of basic poverty incidence data and information founded on proper and correct methodology and transparency in identifying the real and true poor. Thus the ODA assistance could concentrate less on direct poverty reduction but more on reliable and accurate poverty data collection and governance improvements at the LGU and sectoral levels. The focus of EU ODA in Mindanao (along with World Bank) and in health improvements are in the right roles and direction. Refocusing on Rural Development is needed more on food security (more emphasis on household and localized food security and self-sufficiency) and addressing the mechanisms and structures that militate against poverty reduction in the rural areas.

### **Discussions:**

There is indeed significant value added and practicality of recommendations and hopefully these major findings, conclusions and recommendations may find greater relevance in improving the EC country cooperation program through its inclusion in the 2011-2016 MTPDP of GOP and in updating the 2007-2013 and the next phase of the country strategy programs of EU delegation.

The UNDP is now working on governance and reformulating its Development Assistance Framework in the next 6 years in sync with the 2011-2016 MTPDP.

Some areas of concerns were raised on the following:

1. challenges and benefits of getting outputs and results at the LGU levels – LGUs are not having enough capacity building particularly for the LCE's and LGU counterpart sectoral officials and staff.
2. engagement of CSO's/NGOs/private sectors – issues on reducing transaction costs through unified coordination with CSO/NGO/private sector partners
3. EC priority support on climate change/global warming not covered nor discussed in the Evaluation and the need to prioritize environment/ecological integration in the current and succeeding EU delegation country programs.

Mr Dosch responded that these concerns are valid and well taken. Continuing political dialogue /engagement with GOP and inter-donor coordination will have to address these issues and concerns particularly on climate change and global warming, capacity building, reducing transaction costs and

improving investment climate and improving LGU governance mechanisms along with continuing development assistance in the thematic areas of EC country cooperation programs.

4. The Spanish delegation raised the issue of EU vis-à-vis individual EU country cooperation programs and the practical mechanisms for avoiding duplication and promoting complementation.

5. Mr Nick Taylor of EU Delegation responded that the utility of country strategy evaluation results will lead to better cooperation between EC/EU and its member countries. With the 2007-2013 Country Cooperation Program evaluation, EU and member countries could benefit largely from looking back evaluation as a useful exercise in order to move on. Thus, the evaluation study clearly answered the questions where are we now and where are we going? The how to get there are implied in the recommendations of the Independent Evaluation Team. Mr Taylor mentioned the emerging global EU Sustainable Production and Consumption Program (SWITCH) as a regional and global instrument for cooperation where the Copenhagen/Cancun consensus on climate change, trade facilitation, poverty reduction, rural development, governance and social development mechanisms are all being addressed in holistic fashion.

In addition, poverty reduction, as a priority legal instrument and commitment (Lisbon Declaration) of EC/EU delegation is not in any way linked nor formally associated with the commercial and business interest of Europe

6. Ms. Emily Mercado of EU Delegation inquired on the basis of priority ranking of various recommendation by the Evaluation Team both on the thematic areas and the general recommendations to the EC/EU delegation. Sometimes, these are conflicting and need to be rationalized/synchronized for optimum results and impact.

Professor Dosch agreed and said these comments are well taken. The Team Leader will revisit the recommendations and its prioritization will be recasted to ensure consistency and harmony of the packages of recommendations thus avoiding or preventing contradictions and conflicting priorities.

7. Mr Snehal Soneji, Country Director of Oxfam International indicated that disaster reduction and response mechanisms vis-à-vis climate change are not well-elaborated and the links to environmental concerns are not well-presented including value added criteria among CSOs/NGOs particularly in dealing with Evaluation Question (EQ 6). What are the CSO Avenues for, and within, the EU cooperation program? What are the specific rules of engagement and roles of the CSO's in the EU Country Delegation and regional cooperation programs?

Dr Dosch admitted the Disaster Reduction and Response Mechanisms and the value added dimensions of CSOs are not well-covered in the Evaluation Study. However, evaluation work had been multi-dimensional focusing on holistic points of view and longitudinal perspectives of various programs and projects of EU from 2002 to 2010.

It covered the role of EU and its relationships with GOP, sectoral government agencies, LGUs and CSO's/NGOs and even the private sector. Political dialogues and engagements of EU with GOP and CSO's are focused on EU advocacies and ODA services delivery mechanisms that focus on economic and social and even political, governance and environment development gaps and opportunities.

For example, the role of Overseas Filipino Workers (OFWs) and their protection. particularly in EU member countries is a major concern to address. Another case is the role of Social Weather Station

(SWS), as an active CSO in the Philippines is not given full recognition and support by the stakeholders. The SWS whole range of social development surveys and even politically and socially sensitive surveys on poverty and hunger incidence and public perceptions on various development programs are not being seriously considered by the GOP. One way of reducing transaction costs may involve the tapping of the services of CSOs/NGOs and not to duplicate costly initiatives. These require high level dialogue with GOP and CSO's to optimize the contributions of EU ODA programs in the country.

8. Director Maylene Beltran from Health Sector expressed full appreciation of the EU support to the sector in terms of meeting the 2015 MDG targets particularly on maternal and child mortality rates reduction. The full budget support to DOH are accompanied with performance-based parameters and indicators and services delivery mechanisms, including financial risks protection for the poor and indigents to have access to PhilHealth social health insurance systems and Universal Health Care under the Aquino Health Agenda (AHA). The DOH engagement with EU is highly participatory and covered with results-orientation and program benefit monitoring and impact evaluation through joint assessments and accountability management.

9. Ms. Maricel Tolentino Program Manager of the Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC) highlighted the recent results of the Indigenous Peoples (IP) Summit on Social Services, Health, Education of Children and Youth. ANGOC fully appreciated the special thrust of EU on IP communities but lamented their withdrawal of support to rural development and agrarian reform. The summit and the research data on development assistance showed minimal impact on IP areas and the lack of broader and strategic focus on RD particularly on household food security and food self-sufficiency.

She requested for more pro-active EU-donors-CSO/NGO engagements and participatory consultations in revisiting/updating of current and formulating the next country cooperation programs with emphasis on IP assistance and focusing on the poor communities.

Moreover, there is an urgent need for the disaggregation of poverty data and statistics with strong bias for the identification of the poor in the geographically isolated and depressed areas particularly in the highlands where the IPs are residing. Pro active Dialogue with, and CSO/NGO engagement must be prioritized to mainstream the IP's in the EU priority agenda.

10. Mr Pablito M Villegas, Rural Development Expert of Sagip Environment, Inc., Particip local partner in the Country Cooperation Programs Field Surveys and Co-Convenor of the One Organic Movement stressed that the failure of RD programs in the past stemmed from the non-engagement and haphazard analysis/synthesis of the exploitative and inequitable structures and mechanism that perpetuate poverty in the countryside. The main source of poverty and inequity in the rural sector is the interlinked credit-market control in farm inputs (factor market) and outputs (product) markets through the oligopsonistic and oligopolistic cartel and influences of input dealers and suppliers, money lenders, middlemen and traders, including the super- and hyper-market chains that collude with these exploiters. As a consequence, these inequities in the factor and product markets results in continuing and deepening indebtedness and poverty among farmers and rural communities. Input prices are controlled and dictated by the loan sharks and input dealers/suppliers at exorbitant profit margins while farm outputs are purchased at the barest minimum that could not even pay for an above-poverty line wages or return to labor among small farmers and their dependents. Add to these woes are the vulnerability of the poor farmers and fisherfolks to disaster risks (typhoons, floods, droughts, pestilence) and lack of access to

disaster response mechanisms. The new policy on sustainable, organic and ecological agriculture of the EU (and recently under the Organic Agriculture Act of 2010) vis-a-vis conventional agriculture based on imported seeds and chemical inputs must be given priority support by the EU in its cooperation programs for the Philippines.

The poverty cycle must be broken through empowerment of farmers, highlanders and fisher folks and by ensuring their equitable access to land, financing, factor and product markets (fair and competitive prices of both the farm inputs and outputs), rural infrastructures and agribusiness and value chain management support services' including access to technology and R and D results, extension, capacity building and extension services. The main thrusts must be on household and community food security and food self sufficiency through localized or community-based agricultural production and agro-based industrial development initiatives with the LGUs in order to reduce the carbon foot prints and promote climate change adaptation and mitigation strategies and action plans, Necessarily, the concept of operationalizing farmers-influenced, if not fully controlled food sovereignty will be realized in the medium term and long run.

The quality of poverty data and statistics is still questionable and heavily distorted or influenced by the LGUs inclusion of the so called "LGU-poor" or "political poor" where the bad influence of local politics skews development efforts on reducing poverty and improving income, education, health and welfare status of the poor. There is an urgent need to revisit, revalidate and ascertain poverty data to ensure that the targeting of the poor under the conditional cash transfers, health insurance and financial protection subsidies and access to basic government and social services really go to the real and true poor and not to undeserving populace.

Overall the Evaluation Report seemed to be very fair and highly objective and its results, conclusions and recommendations are basically in sync with the many donors findings and recommendations for improvement of the national and local economies and overall welfare of the Filipinos. The inclusion of the major and sectoral recommendations in the emerging MTPDP 2011 to 2016 is very much in order for NEDA to seriously consider.

There being no more issues to discuss and questions raised, the Seminar formally adjourned at around 12.45 pm with the closing remarks from Mr Nick Taylor of the EU Delegation in the Philippines

## **ANNEX 10: TERMS OF REFERENCE**





EUROPEAN COMMISSION

**Evaluation of the European Commission's co-operation  
with  
Philippines  
Country Level Evaluation**

**TERMS OF REFERENCE**  
**04.11.09**

## 1. MANDATE AND OBJECTIVES

Systematic and timely evaluation of its expenditure programmes is a priority of the European Commission (EC). It is key to account for the management of the allocated funds and for promoting a lesson-learning culture throughout the organisation. The focus is on the **impact** (effects) of these programmes against a background of greater concentration of external co-operation and increasing emphasis on **result-oriented approaches**, particularly in the context of the programmes of the Relex Family<sup>1</sup>.

The evaluation of the Commission's co-operation with **Philippines** is part of the **2009** evaluation programme as approved by External Relations and Development Commissioners.

The main objectives of the evaluation are:

- to provide the relevant external co-operation services of the EC and the wider public with an overall independent assessment of the Commission's past and current cooperation relations with Philippines;
- to identify key lessons in order to improve the current and future strategies and programmes of the Commission.

## 2. BACKGROUND

### Country Background

The Philippines is a lower Middle Income Country in South East Asia with a population of 88.57 million<sup>2</sup>, half of which live in urban areas. It is a tropical archipelago with a total land area of 300,000 km<sup>2</sup> scattered across approximately 7,100 islands. The main languages are Filipino and English (it is the third largest English speaking country in the world) and there are 110 different ethno-linguistic groups. It is prominently Catholic (80% of population) with a concentration of Muslims in the south of the country (5% of population)<sup>3</sup>.

The Philippines is a republic, gaining its independence from the USA in 1946. It is democratic country modelled on the US system with an executive presidency, a bicameral Congress and Supreme Court. From 1946 to 1972 there were peaceful transfers of power. However, from 1972 to 1986 Ferdinand Marcos ruled the Philippines under a constitutional authoritarian model. Since 1986 democracy has been fragile due to allegations of mass corruption and a series of attempted coups. The next Presidential elections are due to be held in May 2010.

Since its independence, the Philippines have suffered from internal conflict due to both communist and Islamic separatist movements.

Over the period 2002 to 2008 the Philippines score on the Corruption Perceptions Index fell from 2.6 to 2.3 (out of 10)<sup>4</sup> and its Freedom in the World rating was downgraded from 'free' to 'partly free'<sup>5</sup>.

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<sup>1</sup> Directorates General of External Relations, (RELEX), Development (DEV) and the EuropeAid Co-operation Office (AIDCO).

<sup>2</sup> Figure from 2007 national census.

<sup>3</sup> Figures in paragraph from EC-Philippines Country Strategy Paper 2007-13

<sup>4</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi)

<sup>5</sup> <http://www.freedomhouse.org/template.cfm?page=15>

GDP per head in the Philippines was \$1,582 in 2007, with GDP growth averaging 5.8% over the period 2003-7<sup>6</sup>. While this is above historical standards, it is below that of other fast growing Asian countries. Due to extreme wealth inequality approximately 30% of the Filipino population (30 million people) still live in poverty<sup>7</sup>. Millions of Filipinos currently work abroad (mainly in the US and Saudi Arabia) and send billions of dollars in remittances to the Philippines (\$16.4 billion during 2008)<sup>8</sup>.

In 2008 the Philippines was ranked 102<sup>nd</sup> out of 179 countries on the Human Development Index; a fall from 77<sup>th</sup> out of 173 countries in 2002<sup>9</sup>. It is currently off track in meeting the Millennium Development Goals (MDG) related to universal primary education, maternal health and reproductive health services<sup>10</sup>.

The Philippines is a founding member of the Association of Southeast Asian Nations (ASEAN). It is also a member of the Asia Pacific Economic Cooperation (APEC) and World Trade Organization (WTO).

For a more detailed country background on the Philippines, please refer to the EC-Philippines Country Strategy Paper 2007-13<sup>11</sup> and Economist Intelligence Unit Philippines Country Profile 2008<sup>12</sup>

### EC-Philippines Development Co-operation Legal Framework

*Article 177* of the Treaty establishing the European Community<sup>13</sup>, sets out community policy for development co-operation based on:

1. The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
2. The smooth and gradual integration of the developing countries into the world economy; and
3. The campaign against poverty in the developing countries.

Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

A Co-operation Agreement was signed between the EC and the countries of ASEAN in May 1980<sup>14</sup> and a Partnership Cooperation Agreement between the Philippines and EU is currently under negotiation. Key Communications covering the Philippines include the 2001 "Europe and Asia: A Strategic Framework for Enhanced Partnerships"<sup>15</sup>, which updated the 1994 Communication "Towards a New Asia Strategy" and the 2003 Communication "A New Partnership with South East Asia"<sup>16</sup>.

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<sup>6</sup> Figures from EIU Country Profile 2008

<sup>7</sup> Figures from EC-Philippines Country Strategy Paper 2007-13

<sup>8</sup> Figure from the Philippine Central Bank

<sup>9</sup> Figures from UNDP Human Development Index web pages (<http://hdr.undp.org/en/statistics/>)

<sup>10</sup> According to latest figures from the UNDP MDG rate of progress at the national level report ([http://www.undp.org.ph/?link=mdg\\_stats](http://www.undp.org.ph/?link=mdg_stats))

<sup>11</sup> [http://ec.europa.eu/external\\_relations/philippines/csp/07\\_13\\_en.pdf](http://ec.europa.eu/external_relations/philippines/csp/07_13_en.pdf)

<sup>12</sup> <http://www.eiu.com/>

<sup>13</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:321E:0001:0331:EN:PDF>

<sup>14</sup> <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=373>

<sup>15</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0469:FIN:EN:PDF>

<sup>16</sup> <http://www.eurosoutheastasia-ict.org/docs/anewpartnership.pdf>

"The European Consensus on development"<sup>17</sup> set out a European Community Development Policy in 2005. In a joint statement the Council, EU Member States, European Parliament and Commission agreed on a common EU vision for development policy by focusing on: poverty eradication, ownership, partnership, delivering more and better aid and promoting policy coherence for development.

On the basis of Article 179 of the EU Treaty, a Development Cooperation Instrument (DCI) was adopted in December 2006<sup>18</sup>. Bi-lateral funding for the Philippines is eligible under this financing arrangement for the period 2007-13. The legal basis for the period 2002-6 was provided by the Asia and Latin American (ALA) financing arrangement agreed on 25 February 1992<sup>19</sup>. Regional funding for Asia is covered under the 2001 Communication "Europe and Asia: A Strategic Framework for Enhanced Partnerships".

Other financing arrangements currently available to the Philippines include: the Instrument for Stability<sup>20</sup>; European Instrument for Democracy and Human Rights<sup>21</sup>; and Instrument for Humanitarian Aid<sup>22</sup>.

#### Overview of Past and Ongoing EC Development Co-operation

EU development assistance to the Philippines dates back to 1976, although more substantial and structured co-operation did not start until 1986, with the Aquino administrations commitment to democratic development.

In 1984 an EC-Philippines Framework Agreement was signed, outlining the general conditions for providing EC development assistance. In May 1991 an EC Delegation was officially opened in Manila.

The **Country Strategy Paper for the period 2002-6**, was based on the Philippine Government's Medium Term Development Plan 1999-2004 and provided €xm [add figure] in funding. It focused on the following areas:

- Focal point 1: Assistance to the poorest sectors of society. This included support for rural development and health/education, with a geographical focus on Mindanao.
- Focal point 2: Assistance to trade and investment. This included support to integrate the Philippines into the world economy and to improve governance in order to attract foreign investment.
- Other areas of co-operation included human rights, conflict prevention and peace building and education, culture science and technology.

The **Country Strategy Paper for the period 2007-13**, is based on the Philippine Government's Medium Term Development Plan 2004-2010 and has an overall allocation of

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<sup>17</sup> [http://ec.europa.eu/development/policies/consensus\\_en.cfm](http://ec.europa.eu/development/policies/consensus_en.cfm)

<sup>18</sup> <http://eur-lex.europa.eu/lex/LexUriServ/LexUriServ.do?uri=OJ:L:2006:378:0041:0071:EN:PDF>

<sup>19</sup> [http://europa.eu/legislation\\_summaries/external\\_relations/relations\\_with\\_third\\_countries/latin\\_america/r14001\\_en.htm](http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/latin_america/r14001_en.htm)

<sup>20</sup> Covered by Regulation 1717/2006

<sup>21</sup> Covered by Regulation 1889/2006

<sup>22</sup> Covered by Regulation 1257/1996

€130 million. It is focused sustainable reduction of poverty, with support provided in the following areas:

- Focal sector: Delivery of basic social services. For the period 2007-10 support will be provided to the health sector. The MTR will access if support should be extended to the education sector from 2011.
- Non focal sectors include:
  - § Trade-related assistance. Support for multilateral trade integration, implementation of WTO commitments and improved EU-Philippines trade.
  - § Good governance. Support via a demand-driven Strategic Project Facility.
  - § Mindanao peace process. Support to a World Bank administered multi-donor trust fund.

Financial details on the National Indicative Programmes for the period 2002-10 and other selected financial instruments can be found in Annex 4. Please refer to the Country Strategy Papers for more detailed information and rationale for areas of support.

### 3. SCOPE

#### 3.1. Temporal and legal scope

The scope of the evaluation is the Commission's co-operation strategies and their implementation during the period 2002-2009 and on the intended effects for the period under the current programming cycle 2007-2013.

The evaluation should be **forward looking**, providing lessons and recommendations for the continued support to the partnership with the Philippines.

The Consultants must :

- Provide a fully-fledged assessment of the cooperation framework with the country including the main agreements and other official commitments between the Philippines and the EC;
- Analyse the relevance and coherence, transition and continuity of the Commission's cooperation strategies with the country (all instruments included) for the period 2002-2009. This should also include the assessment of the priority sectors in the CSP 2002-2006 and CSP 2007-13;
- Analyse the coherence and consistency of policies towards the Philippines with the general policy framework of the EC towards developing countries;
- Consider in the above mentioned analysis, the level of adaptation to the context and needs of the country and the needs of the population in the different periods;
- Provide a detailed analysis of the results achieved and lessons learned in all priority sectors. This analysis should also include the use and the contribution of budget support;

- Assess the European Community value added of the Commission's co-operation strategies; coherence within the Commission's development programmes, the coordination / complementarity and coherence with the partner country's policies and with other donors' interventions (focus on Member States); the consistency between programming and implementation for the same period;
- Provide recommendations and lessons learned on the implementation of the Commission's co-operation, focusing on impact, sustainability, effectiveness and efficiency for the period 2002-2009 and on intended effects for the period under the programming cycle 2007-2013.

### 3.2. Thematic scope

The scope of the evaluation is to evaluate the overall EC's cooperation with the Philippines between 2002-2009 including **a mix of all activities and modalities** and in particular the Commission's Country Strategies covering that period.

The evaluation should provide a full inventory of the Commission's funding to the Philippines for this period of time.

The evaluation should analyse whether the priorities of financial allocations during that period of time adequately correspond to the priorities of the respective priorities of the CSP and the Government of Philippines Medium Term Development Plans.

The coordination and complementarities between activities under different mechanisms, modalities and budget lines as well as between activities initiated at regional versus those at national level should be analysed.

The coherence of the EC's cooperation with the Philippines in relation to regional strategies/ regional cooperation programmes (in particular in the framework of cooperation with ASEAN and APEC) and centralised programmes should be evaluated.

The evaluation shall evaluate, whether the recommendations of previous national, regional evaluations, thematic and sector evaluations in which the Philippines had been considered were useful and to what extent they have been taken into account in the current programming cycle under approval, indicating the reasons in the context of the decision making procedures.

The purpose of the evaluation is to identify relevant lessons and to produce recommendations for the current and future strategy programme. The centre of attention should be on the following areas of cooperation:

- Health;
- Good governance (especially provision of health and public financial management in a decentralised environment); and
- Rural Development.

The evaluation should also look at:

- Trade; and
- Support to the geographical region of Mindanao (both peace process and health sector support).

Budget support provided through the Health Sector Policy Support Programme since its inception in 2006 should be evaluated using the draft EC budget support methodology<sup>23</sup>. Special attention must be given to the issue of providing budget support in a highly decentralised environment.

Coordination should take place where appropriate with the current ongoing thematic evaluations covering 'decentralisation' and 'conflict prevention and peace building'.

*NB: All completed evaluations in the country related to EC interventions at project and program level are important reference material to be taken into account. The Consultants should not deal with the points already covered by these evaluations, but build on them.*

#### **4. KEY DELIVERABLES**

The overall methodological guidance to be used is available on the web page of the EuropeAid evaluation unit under the following address:

[http://ec.europa.eu/europeaid/evaluation/methodology/index\\_en.htm](http://ec.europa.eu/europeaid/evaluation/methodology/index_en.htm)

Within 14 days after the reception of the ToR, the Consultants will present a **launch note**<sup>24</sup> which should contain:

- their understanding of the ToR;
- a methodological note including the implementation of the quality control;
- the provisional composition of the evaluation team with CVs<sup>25</sup>;
- a proposed budget<sup>26</sup>.

Following the launch note, the main key deliverables are:

- The inception meeting;
- The inception report;
- The desk report;
- The final reports and seminar in the country.

##### **4.1. The inception meeting**

Upon approval of the launch note by the Evaluation Unit, the Consultant proceeds to the structuring stage leading to the production of an inception report.

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<sup>23</sup> [http://ec.europa.eu/europeaid/how/evaluation/evaluation\\_reports/2008/budget\\_support\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2008/budget_support_en.htm)

<sup>24</sup> In the case of a tender procedure, the launch note will be replaced by the financial and technical proposal of the tender

<sup>25</sup> All birthday dates must be written in the following Format: dd/mm/yyyy

<sup>26</sup> In the frame of a "framework contract"

The main part of the work consists in the analysis of all key relevant documents regarding the Commission's co-operation (past and present) with the Philippines. The Consultants will also take into account the documentation produced by other donors and international agencies.

On the basis of the information collected and analysed, the Consultants will propose evaluation questions and prepare explanatory comments for each. The choice of the questions determines the subsequent phases of information and data collection, elaboration of the methods of analysis, and elaboration of final judgements. The consultants will also identify appropriate judgement criteria.

A meeting will be held with the Reference Group to discuss and validate:

- the evaluation's regulatory framework, its context, main users and expected uses;
- the evaluation's central scope;
- the scope extended to related policies;
- the intervention logic according to official documents;
- the evaluation questions;
- explanatory comments associated to each evaluation questions (when possible, indicate judgement criteria).

Upon validation by the Reference Group, the evaluation questions become part of the ToR.

#### **4.2. Inception report**

At the end of the inception phase, the consultants must deliver an **inception report**, which finalises the evaluation questions and describes the main lines of the methodological design including the indicators to be used, the strategy of analysis and a detailed work plan for the next stage.

The inception report contains the following elements:

- the intervention logic;
- the validated evaluation questions;
- a limited number of appropriate judgment criteria per evaluation question;
- a limited number of quantitative and/or qualitative indicators related to each judgment criterion;
- a proposal containing suitable working methods to collect data and information in the Commission's headquarters and delegations, including information coming from the country itself and other donors in the country;
- a first outline of the strategy and the methods used to analyse the collected data and information indicating any limitations;
- a chain of reasoning for answering the question;
- a concise description of the development co-operation context of the Commission with the Philippines related to the evaluation questions;
- a detailed work plan for the next stage.



The report will also confirm if necessary:

- the final composition of the evaluation team and
- the final work plan and schedule.

The two latter points will be agreed and confirmed through a formal exchange of letters between the Consultants and the Commission.

This phase may include a short preparatory and exploratory visit of the Consultants to the field.

#### **4.2. Desk report**

Upon approval of the inception report the Consultants proceed to the final stage of the desk phase. At the end of this phase, the Consultants will present a desk report setting out the results of this phase of the evaluation including all the following listed elements (the major part of the inception report will be in the annex of the desk phase report):

- the evaluation questions with the agreed judgement criteria and its quantitative and qualitative indicators;
- the first elements of answer to the evaluation questions when available and the hypotheses to be tested in the field;
- progress in the gathering of data. The complementary data needed for the analysis and to be collected in the field have to be identified;
- methodological design, including evaluation tools ready to be applied in the field phase: (i) suitable methods of data collection within the country indicating any limitations, describing how the data should be cross-checked and specifying the sources, (ii) appropriate methods for data collection and to analyse the information, again indicating any limitations of those methods in the Philippines;
- an exhaustive list of all the activities covered during the period and an exhaustive list of all activities examined during the desk phase, bearing in mind that activities analysed in the desk phase and the field phase (including ROM) have to be representative;
- a work plan for the field phase: a list with brief descriptions of activities, projects and programmes for in-depth analysis in the field. The consultants must explain the value added of the visits.

**The field mission cannot start before the evaluation manager has approved the desk report.**

#### **4.3. Field reporting**

The fieldwork shall be undertaken on the basis set out in the desk report and approved by the Reference Group (which includes the Delegation). The work plan and schedule of the mission

are agreed in advance with the Delegation concerned. If during the course of the fieldwork it appears necessary to deviate from the agreed approach and/or schedule, the Consultants must ask the approval of the Evaluation Unit before any changes may be applied. At the conclusion of the field study the Consultants present the preliminary findings of the evaluation:

- (1) presentation during a de-briefing meeting with the Delegation;
- (2) presentation to the Reference Group shortly after their return from the field.

#### **4.4. Final reports and seminar in the country**

##### *4.5.1. The Draft Final Report*

The Consultants will submit the draft final report in conformity with the structure set out in annex 2. Comments received during de-briefing meetings with the Delegation and the Reference Group must be taken into consideration.

The Consultants may either accept or reject the comments but in case of rejection they must justify (in writing) the reasons for rejection (the comments and the Consultants' responses are annexed to the report). If the Consultants don't want to take them in the report, they must explain in a separate document the reasons why.

If the evaluation manager considers the report to be of sufficient quality (cf. annex 3), he/she will circulate it for comments to the Reference Group. The Reference Group will convene to discuss it in the presence of the evaluation team.

##### *4.5.2. The Seminar*

The Consultants will make the appropriate amendments based on comments expressed by the Reference Group and the Evaluation Unit. The revised draft final report will be presented at a seminar in the Philippines. The purpose of the seminar is to present the results, the conclusions and the preliminary recommendations of the evaluation to the National Authorities, the Delegation as well as to all the main stakeholders concerned (EU Member States, representatives of civil society organisations and other donors).

The Consultants shall prepare a presentation (*Power point*) for the seminar. This presentation shall be considered as a product of the evaluation in the same way as the reports and the data basis. For the seminar 60 copies of the report and 10 reports with full printed annexes (see annex 2 of the ToR) have to be produced.

##### *4.5.3. The Final Report*

The Consultants will prepare the final report based on the comments expressed at the seminar and on the basis of further comments from the Reference Group, the Delegation and/or the evaluation manager. The presentation (*Power point*) will be revised in accordance to the final report.

110 copies of the Final Main Report must be sent to the Evaluation Unit with an additional 10 reports with all printed annexes. A CD-Rom with the Final Main Report and annexes has to be added to each printed report.

The evaluators have to hand over on an appropriate support (electronically or paper) all relevant data gathered during the evaluation.

The contractor shall submit a methodological note explaining how the quality control and the capitalisation of lessons learned have been addressed.

The Evaluation Unit makes a formal judgement on the quality of the evaluation (cf. annex 3).

## 5. EVALUATION QUESTIONS

The evaluation will be based on the seven evaluation criteria: relevance, impact, effectiveness, efficiency, sustainability, coherence and the EC value added. The first five correspond to the traditional practice of evaluation of development aid and have been formalised by the OECD (DAC). The following two apply to all EC policies. The criteria will be given different weightings based on the priority accorded to the evaluation questions.

In general, questions (to a maximum of 10) will refer to the following main areas:

- **Relevance of the strategy/programme:** this includes both relevance to the general objectives of the EC and those of its bilateral agreements with the Philippines, and relevance to the needs and priorities of the Philippines (including the choice of target groups).
- **Design, and [coherence<sup>27</sup>] of the intervention strategy/programme:** this mainly concerns the extent to which the resources foreseen were adequate in relation to the objectives set out in the programming documents.
- **Consistency of the implementation in relation to the strategy:** the Consultants shall verify the extent to which the work plan, schedule and implementation of the activities (all types of interventions, geographical and sectoral distribution, instruments, and aid delivery channels included) were consistent with the strategy. They shall demonstrate who were the real beneficiaries, direct or indirect, of the intervention and compare them to the target population(s) in the programming documents.

The Consultants will also verify the extent to which the intervention modalities (instruments, aid delivery channels, etc.) were appropriate to the objectives.

- **Achievement of main impacts/effects:** the Consultants shall identify all recorded results and impacts, including any unintended ones, and compare these to the intended results and/or impacts. The Consultants will also identify the changes, which occurred in the areas in which EC programmes were supposed to produce an impact.

**Efficiency of the implementation:** for the activities which were effective, it will be necessary to question to what extent funding, human resources, regulatory and/or administrative resources contributed to, or hindered the achievement of the objectives and results.

- **Sustainability of the effects:** an analysis of the extent to which the results and impacts are being, or are likely to be maintained over time.
- **Coherence:** The notion of coherence should be understood here as follows: (i) correspondence between the different objectives of a strategy, implying that there is a hierarchy of objectives (with lower level objectives logically contributing to the higher level ones); (ii) extent to which the resources foreseen are adequate in relation to the objectives set out in the strategy<sup>9</sup>.

**Key cross-cutting issues:** for example gender, environment and climate change, human rights,

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<sup>27</sup> Please see the note sent by the Joint Evaluation Unit at 06/01/2009

HIV/AIDS, institutional capacity building, etc. Verification should be undertaken, on the one hand, of the extent to which account has been taken of these priorities in the programming documents and, on the other hand, to what extent these issues have been reflected in the implementation modalities and in the effects of the intervention. **The 3Cs (co-ordination, complementarity and coherence):** co-ordination / complementarity with EU Members States and other donors; coherence with EU policies (including the Member States' own policies and eventual interventions of the EIB).

- **Value added of the EC interventions:** The extent to which the development intervention adds benefits to what would have resulted from Member States' interventions only in the partner country. The criterion is closely related to the principle of subsidiarity and relates to the extra-benefit the activity/operation generates due to the fact that it was financed/implemented through the EC.

There may be three practical elements to illustrate possible aspects of the criterion:

- 1) The EC has a particular advantage over Member States and how far is that visible;
- 2) The EC has a particular mandate in the framework of the '3Cs' and can draw member states to a greater effort together;
- 3) EC cooperation is guided by a common political agenda embracing all Member States and how far is that visible.

## **6. RESPONSIBILITY FOR THE MANAGEMENT AND THE MONITORING OF THE EVALUATION**

The Evaluation Unit (AIDCO 03) is responsible for the management and monitoring of the evaluation with the assistance of the Reference Group.

Information will be given to the Consultants after the signature of the contract concerning the documents referred in Annex 1.

## **7. THE EVALUATION TEAM**

The evaluation team should possess a sound knowledge and experience in:

- evaluation methods and techniques in general and, if possible, of evaluation in the field of development cooperation;
- the Philippines;
- the following fields: country strategy analysis, sector wide approaches, budget support, health, rural development and governance (decentralisation and PFM). Knowledge of conflict prevention and trade issues within the team would also be useful.
- the following language: English and Filipino (at least one member of the team). All persons in the team must be able to read the background documentation. All interviews in the field will be carried out in English, so that all experts need to speak it fluently. The report shall be written in English.

The Evaluation Unit strongly recommends that the evaluation team should include consultants from the country or the region (notably, but not only, during the field phase) with in-depth knowledge of key areas of the evaluation.

Consultants must be strictly neutral. Conflicts of interests must be avoided.

It is highly recommended at least for the team leader to be fully familiar with the methodological approach set by the EC.

## 8. TIMING

After the approval of the launch note and the signature of the contract, the timing of activities will be set according to the following indicative work plan.

The dates mentioned in the following section may be changed with the agreement of all concerned.

<i>Evaluation Phases and Stages</i>	<i>Notes and Reports</i>	<i>Dates</i>	<i>Meetings/Communications</i>
<b>ToR</b>		<b>October 09</b>	
<b>Start</b>		<b>November 09</b>	
<b>Desk Phase</b>			
Structuring Stage	Short presentation (logical diagram and EQ)	December 09	RG Meeting
	Draft Inception Report	January 10	Optional: Short preparatory visit of the consultants to the field.
	<b>Final Inception Report</b>	February 10	A formal exchange of letters between the Consultants and the Commission confirms the final composition of the evaluation team and the final work plan and schedule.
Desk Study	Draft Desk Report	April 10	RG Meeting
	<b>Final Desk Report</b>	May 10	
<b>Field Phase</b>		<b>June 10</b>	De-briefing meeting with the Delegation.
	Presentation	<b>July 10</b>	RG Meeting
<b>Synthesis phase (seminar in the country)</b>			
	1st draft Final report	September 10	RG Meeting
	Revised draft Final report	December 10	<b>Seminar in the Philippines</b> 60 copies of the report and 10 reports with full printed annexes.
	<b>Final Main Report</b> <b>Presentation of 4-slides by the EQ</b> <b>Data gathered</b>	January 11	110 copies of the Final Main Report must be sent to the Evaluation Unit. Additional 10 reports with all printed annexes must be sent to the Evaluation Unit as well.

*NB: The timing of activities has to be realistic.*

*A country level evaluation takes about 12 months between signature of contract and approval of the final report.*

*Some regional evaluations take about 15-16 months between signature of contract and approval of the final report.*

## **9. COST OF THE EVALUATION**

The overall costs include:

- The **evaluation** as such;
- 2.5% of the total budget excluding the costs of the seminar are to be used for **quality control**;
- A **seminar** in the country.

The total of these 3 elements must not exceed **€200.000**.

*NB: The budget for the seminar (fees, per diems and travel) will be presented separately in the launch note.*

## **10. PAYMENTS MODALITIES**

The payments modalities shall be as follows:

- 30% on acceptance of the Inception Report, plus 2.5% of the agreed budget to be used for quality control;
- 50% on acceptance of the Draft Final Report;
- the balance on acceptance of the final report.

Seminar related costs are to be invoiced and paid separately.

## **ANNEX 1: INDICATIVE DOCUMENTATION FOR THE EVALUATION PERIOD**

*NB: The following list is indicative and can be adapted / expanded where appropriate.*

1. All legal texts, communications and political commitments related to development cooperation:
  - § ALA Regulation (No 443/92)
  - § Development Cooperation Instrument (DCI) 2007-2013
  - § Communication COM(2001)469 "Europe and Asia: A Strategic Framework for Enhanced Partnerships"
  - § Communication COM(2003)399 "New Partnership with South East Asia"
  
2. Other Commission/Philippine government agreements:
  - § Cooperation Agreement between the European Community and ASEAN countries, June 1980
  
3. Access to CRIS (information on the projects and annual ROM) and other databases providing financial and performance information.
  
4. Country Strategy Papers/National Indicative Programmes:
  - § CSP 2002-6 (including NIP 2002-4 and NIP 2005-6)
  - § CSP 2007-13 (including NIP 2007-10)
  - § Mid-Term Review/National Indicative Programme 2011-13 (*when available*)
  
5. All Regional Strategy Papers/Regional Indicative Programme:
  - § Central Asia – Regional Strategy Paper 2002 - 2006
  - § Asia - Regional Strategy Paper 2007 - 2013
  
6. Key government documentation:
  - § Philippine Medium Term Development Plan 1999-2004
  - § Philippine Medium Term Development Plan 2004-10
  - § Philippines Midterm Progress Report on the Millennium Development Goals, 2007
  
7. Previous EC project and programme evaluation and monitoring reports
  
8. Relevant documentation (including evaluation reports) from other donors and international organisations:

- § Philippines Country Assistance Program Evaluation: Increasing Strategic Focus for Better Results, Asian Development Bank, June 2008
- § Asian Development Bank Philippines Country Partnership Strategies (from 2002 onwards)
- § Philippines 2003 MDG Progress Report, UNDP, 2003
- § Philippines Country Profile 2008, Economist Intelligence Unit, 2008
- § DAC Evaluation Resource Centre  
([http://www.oecd.org/infobycountry/0,3380,en\\_35038640\\_35039563\\_1\\_70711\\_35170118\\_1\\_1,00.html](http://www.oecd.org/infobycountry/0,3380,en_35038640_35039563_1_70711_35170118_1_1,00.html))
- § World Bank evaluations  
(<http://web.worldbank.org/external/default/main?IegSimpleSearch=TRUE&menuPK=64855087&pagePK=51631225&piPK=64855131&theSitePK=1324361&query=philippines>)
- § EC Database of EU evaluations  
([http://ec.europa.eu/comm/dg/aidco/ms\\_ec\\_evaluations\\_inventory/evaluationslist.cfm?x\\_Country=173&z\\_Country=AND%2C%20%2C%20](http://ec.europa.eu/comm/dg/aidco/ms_ec_evaluations_inventory/evaluationslist.cfm?x_Country=173&z_Country=AND%2C%20%2C%20))

9. Philippines was used as a case study, or covered in the following completed evaluations:

- § ASEAN
- § Governance
- § Environment
- § Population and Development
- § Gender
- § Rehabilitation
- § Drugs and Addiction

10. EC Budget Support Methodology

11. EC Guidelines on Supporting Decentralisation and Local Government in Third Countries

The three following documents are to be handed to the Consultants:

1. On access to the information contained by the ROM system for an evaluation;
2. Methodological note from Euréval concerning North-South approach to country level evaluations;
3. Template for Cover page.

In addition, the consultant will have to consult the documentation available on Internet (DAC/OCDE and EU Inventory websites in particular) as well as the documentation listed or available within the Evaluation Unit (AIDCO/0/3 Library).



## **ANNEX 2: OVERALL STRUCTURE OF THE FINAL REPORT**

The overall layout of the report is:

- **Final report**

- Summary
- Context of the evaluation
- Answers to the evaluation questions
- Conclusions (1)
- Recommendations (2)

*Length: the final report must be kept short (70 pages maximum excluding annexes). Additional information regarding the context, the programme and the comprehensive aspects of the methodology and of the analysis will be put in the annexes .*

### (1) Conclusions

- The conclusions have to be assembled by homogeneous "clusters" (groups). It is not required to set out the conclusions according to the 5 DAC criteria;
- The chapter on "Conclusions" has to contain a paragraph or a sub-chapter with the 3 to 4 principal conclusions presented in order of importance;
- The chapter on "Conclusions" must also make it possible to identify subjects, for which there are good practices and the subjects, for which it is necessary to think about modifications or re-orientations ;

### (2) Recommendations

- Recommendations have to be linked to the conclusions without being a direct copy of them;
- Recommendations have to be treated on a hierarchical basis and prioritised within the various clusters (groups) of presentation selected;
- Recommendations have to be realistic, operational and feasible. As far as it is practicable, the possible conditions of implementation have to be specified;
- The chapter on "Recommendations" has to contain a sub-chapter or a specific paragraph corresponding to the paragraph with the 3 to 4 principal conclusions. Therefore, for each conclusion, options for action and the conditions linked to each action as well as the likely consequences should be set out.

## **Annexes (non exhaustive)**

- National background
- Methodological approach
- Information matrix
- Monograph, case studies
- List of institutions and persons met
- List of documents consulted
- Power point presentation with 4 slides for each evaluation questions illustrating in a synthetic and schematic way the evaluation process: 1<sup>st</sup> slide) logical diagram with the evaluation question, 2<sup>nd</sup> slide) judgment criteria, indicators and target level, 3<sup>rd</sup> slide) findings compared with success criteria, and 4<sup>th</sup> slide) interventions of the EC plus limits of the evaluation.

## **NOTE ON THE EDITING OF REPORTS**

- The final report must:
  - § be consistent, concise and clear;
  - § be well balanced between argumentation, tables and graphs;
  - § be free of linguistic errors;
  - § include a table of contents indicating the page number of all the chapters listed therein, a list of annexes (whose page numbering shall continue from that in the report) and a complete list in alphabetical order of any abbreviations in the text;
  - § contain one (or several) summaries presenting the main ideas. For example, the answers to the evaluation questions and the main conclusions could be summarised and presented in a box.
- The executive summary has to be very short (max. 5 pages);
- The final version of the report shall be typed in 1,5 lines spacing and printed double sided, in DIN-A-4 format;
- The font shall be easy to read (indicative size of the font: Times New Roman 12);
- The presentation shall be well spaced (the use of graphs, tables and small paragraphs is strongly recommended). The graphs must be clear (shades of grey produce better contrasts on a black and white printout);
- The main report shall not exceed 70 pages including the cover page, the table of content, the lists of annexes and abbreviations. The annexes shall not be too long;
- The content must have a good balance between main report and annexes;
- Reports shall be glued or stapled; plastic spirals are not acceptable due to storage problems.

For the Cover page, please use the template mentioned in Annex 1.

### **Please, note that:**

- The Consultant is responsible for the quality of translations and their conformity with the original;
- All data produced in the evaluation are property of the EC.

### **ANNEX 3 – ISSUES RAISED BY REFERENCE GROUP**

The following set of issues has been identified as points of interest by the Reference Group:

- How relevant were the CSP's of 2002-2006 and 2007-2013 to the emerging and evolving needs of the Philippines?
- Has EC support to the health sector been provided in the most effective and efficient way?
- To what extent has budget support to the health sector, first, generated a continuous policy dialogue on health strategy objectives and results and, secondly, contributed to strengthened domestic capabilities and processes at central and decentralised level?
- The EC has chosen to allocate a large part of its resources to the health sector. The specified alternative in the CSP was education. The GoP is currently asking what the EC can do to support the increasingly important social welfare effort (e.g. conditional cash transfers programme). Is EC support to health sector the best way to support poverty reduction?
- The extent to which the decentralised context and public sector reforms have been taken into account in the design of response strategies as a basis for sustainability?
- To what extent and how has decentralisation, as a public sector mode of organisation (covering the political, administrative and fiscal dimensions), been factored in the overall and specific strategies? How has it impacted on sector/development outcomes and processes? To what extent the response strategies have contributed to establishing conditions for sustainable public services at the local level (balanced process between three dimensions of decentralisation)?
- Should the EC focus further on decentralisation policies and support to local governance and how (based on lessons learned, what are the major bottlenecks and entry points)?
- Was it right for the EC to reengage in the 'support for justice' programme?
- Was the move out of rural development by the EC correct?
- What space do CSOs and NGOs have in EC development cooperation, and what space should they have? (both in their consultative capacity, as implementers, and as recipient of aid)
- Has EC support for trade provided a conducive environment for trade and have the poor benefited from this?

#### ANNEX 4 - QUALITY ASSESSMENT GRID

Concerning these criteria, the evaluation report is:	Unacceptable	Poor	Good	Very good	Excellent
<b>1. Meeting needs:</b> Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
<b>2. Relevant scope:</b> Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
<b>3. Defensible design:</b> Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
<b>4. Reliable data:</b> To what extent are the primary and secondary data selected adequate. Are they sufficiently reliable for their intended use?					
<b>5. Sound analysis:</b> Is quantitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
<b>6. Credible findings:</b> Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
<b>7. Validity of the conclusions:</b> Does the report provide clear conclusions? Are conclusions based on credible results?					
<b>8. Usefulness of the recommendations:</b> Are recommendations fair, unbiased by personnel or shareholders' views, and sufficiently detailed to be operationally applicable?					
<b>9. Clearly reported:</b> Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
<b>Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered.</b>					

## ANNEX 5 – EC-PHILIPPINE NATIONAL INDICATIVE PROGRAMMES 2002-10 AND OTHER SELECTED FINANCING

The **National Indicative Programme 2002-4** set out a financial budget of €1 million and was amended in late 2003 as part of the Mid-Term Review:

Area of Co-operation	Initial	MTR Amended	Final
<b>1. Assistance to the poorest sectors of society</b>	<b>€42m</b>	<b>€36m</b>	<b>€0m</b>
Action 1: Consolidation of rural development	€20m	€7m <sup>28</sup>	€0m
Action 2: Health sector	€22m	€29m	€0m
<b>2. Assistance to trade and investment</b>	<b>€5m</b>	<b>€5m</b>	<b>€6-7m</b>
Action 1: Business climate enhancement – Global economy (TRTA)	€2m	€2m	€3-4m
Action 2: European Studies	€1m	€0m	€0m
Action 3: Improve corporate governance (Small Projects Facility)	€2m	€3m	€3m
<b>3. Cross cutting issue: Good Governance</b>	<b>€4m</b>	<b>€10m</b>	<b>€8.6m</b>
Action aiming to support focal point 1:			
• Corruption prevention project	€2m	€2m	€2.7m
• Promote enhancement of the judicial system		€2m	€2.9m
• Fight against terrorism (inc. border management)	€2m	€6m	€3m
<b>Total Allocations 2002-4</b>	<b>€51m</b>	<b>€51m</b>	<b>€14-15.6m</b>

The **National Indicative Programme 2005-6** set out a financial budget of €45 million:

Area of Co-operation	Scenario 1	Fall back scenario	Final
<b>1. Assistance to the poorest sectors of society</b>	<b>€45m</b>	<b>€45m</b>	<b>€45m</b>
Action 1: Health sector	€32-34m	€45m	€45m
Action 2: Mindanao donors trust fund, or support to health sector if MDTF action cannot be materialised	€11-13m	€0m	€0m
<b>Total Allocations 2005-6</b>	<b>€45m</b>	<b>€45m</b>	<b>€45m</b>

<sup>28</sup> Support for rural development was reduced to €7 million after the MTR and ultimately cancelled due to low performance and lack of agreement with government.

The **National Indicative Programme 2007-10** sets out a financial budget of €61 million:

Area of Co-operation	Initial
<b>1. Focal sector: Access to Quality Basic Social Services</b>	<b>€36m</b>
Health sector	€36m
<b>2. Non focal sectors</b>	<b>€25m</b>
Trade related assistance	€6.5m
Strategy Projects Facility (focused on governance)	€6.5m
Mindanao Multi-donor Trust Fund	€2m
<b>Total Allocations 2007-10</b>	<b>€61m</b>

Other relevant financing available specifically to the Philippines during the period 2002-8:

- Rapid Reaction Mechanism/Instrument for Stability (€1m to Mindanao Trust Fund)
- European Instrument for Democracy and Human Rights
- Instrument for Humanitarian Aid
- Aid to Uprooted People (AUP)

## ANNEX 6 - MAP OF PHILIPPINES



Source: Economist Intelligence Unit