

## The Challenge

USAID assistance to the Philippines promotes regional stability and security, critical to this region's role in the war against terror, while contributing to improved governance and economic growth. With 60% of development assistance focused on Mindanao, USAID programs counter the appeals of terrorists in conflict-affected areas otherwise vulnerable to exploitation. This U.S. Government investment in Mindanao is important, as terrorists have used Philippine territory as a base of operations, exploiting weak rule of law and armed conflict rooted in Muslim separatist and Communist insurgencies. An estimated 46% of Filipinos live in poverty, and Muslim Mindanao is the most marginalized area of all. As the Philippines struggles to provide sufficient jobs, infrastructure, health services, and education for its rapidly growing population, USAID helps to fight corruption; improve governance, health and education; spur economic growth; and promote the sustainable use of natural resources.

## Objectives, Sectors and Workforce

Mission Director: Jon D. Lindborg

MCA Status: Threshold Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Provided

Program Budget (Appropriations by Objective)	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07	2005 SO Performance Score		Direct SO Admin. Cost Ratio
	(\$000)	(\$000)	(\$000)	(\$000)				
492-002 Economic Governance	12,143	16,000	11,988	10,235	-15.7%	0.78	Not Met	0.12
492-003 Family Planning and Health	28,850	27,050	24,651	21,072	-27.0%	0.98	Met	0.09
492-004 Environment and Energy	10,060	13,396	9,935	8,035	-20.1%	1.08	Met	0.15
492-010 Conflict Resolution in Mindanao	13,010	0	0	0	N/A	N/A		N/A
492-011 Education	4,000	9,680	12,078	11,233	180.8%	0.88	Not Met	0.12
492-012 Conflict Reduced in Mindanao and Other Areas	0	19,220	11,321	10,100	N/A	1.15	Exceeded	0.08
<b>Country Total</b>	<b>68,063</b>	<b>85,346</b>	<b>69,973</b>	<b>60,675</b>	<b>-10.9%</b>			

Program Budget (Appropriations by Account)	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Child Survival and Health Programs Fund	28,850	27,050	24,651	21,072	-27.0%
Development Assistance	21,568	27,576	25,522	19,603	-9.1%
Economic Support Fund	17,645	30,720	19,800	20,000	13.3%
<b>Total</b>	<b>68,063</b>	<b>85,346</b>	<b>69,973</b>	<b>60,675</b>	<b>-10.9%</b>

Program Budget by Sector and Account	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Basic Education DA	2,500	5,000	13,860	10,733	329.3%
ESF	800	3,080	0	0	N/A
Agriculture and Environment DA	11,060	10,076	8,351	6,035	-45.4%
ESF	5,000	7,320	594	1,000	-80.0%
Higher Education & Training DA	500	0	0	0	N/A
ESF	200	1,600	1,980	2,000	900.0%
Economic Growth DA	4,651	8,000	1,311	1,934	-58.4%
ESF	6,730	8,220	10,726	9,001	33.7%
Human Rights DA	0	500	0	0	N/A
ESF	0	0	0	250	N/A
Democracy and Governance DA	2,857	4,000	2,000	901	-68.5%
ESF	3,225	6,500	6,500	7,749	140.3%
Conflict Management / Humanitarian Assistance ESF	1,690	4,000	0	0	N/A
Family Planning / Reproductive Health CSH	18,500	17,000	15,840	11,720	-36.6%
HIV / AIDS CSH	1,500	1,500	990	990	-34.0%
Child Survival and Maternal Health CSH	4,700	4,550	4,356	4,362	-7.2%
Other Infectious Diseases CSH	4,150	4,000	3,465	4,000	-3.6%
<b>Total</b>	<b>68,063</b>	<b>85,346</b>	<b>69,973</b>	<b>60,675</b>	<b>-10.9%</b>

Workforce	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	15	15	14	14	-6.7%
US Non Direct Hires	7	5	7	7	0.0%
Foreign Nationals	98	105	105	105	7.1%
<b>Total</b>	<b>120</b>	<b>125</b>	<b>126</b>	<b>126</b>	<b>5.0%</b>

Operating Expense	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
	(\$000)	(\$000)	(\$000)	(\$000)	
Salaries and benefits	1,119	1,046	1,149	1,435	28.2%
Travel	379	323	296	314	-17.2%

Transportation of things	143	78	84	122	-14.7%
Rent	835	814	671	782	-6.3%
Security	48	84	50	54	12.5%
Equipment	3	54	156	120	3,900.0%
ICASS - Operating Expense only	183	172	163	167	-8.7%
Other Operating Expense	403	631	487	488	21.1%
<b>Total OE Budget</b>	<b>3,113</b>	<b>3,202</b>	<b>3,056</b>	<b>3,482</b>	<b>11.9%</b>
US direct hire salary and benefits	2,171	2,286	1,707	1,892	-12.9%
Program Funded Administrative Expenses				3,890	
<b>Country Total Administrative Budget</b>				9,264	
<b>Percent of Bureau OE Total</b>				#REF!	

**Mission Summary**

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	4,538	5,690	4,998	4,334
Program per All US (\$000)	3,094	4,267	3,332	2,889
Program per Position (\$000)	567	683	555	482
Operating Expense as % of Program Funding				5.7%
Program Funded Admin Expense as % of Total Admin				42.0%
Total Admin Expense as % of Program Funding				15.3%

**Other Major Donors:**

Bilateral: The major bilateral donors are Japan, China, Germany, United Kingdom, and Australia. Total bilateral donor assistance has averaged \$829 million per year over the last five years, which is less than 1% of Gross Domestic Product. The United States is the largest grant donor.

Multilateral: The major multilateral donors are the World Bank, the Asian Development Bank, the European Union, and the United Nations. Assistance from multilateral donors during the last five years has averaged \$303 million per year and is primarily through loans.

## Philippines PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Child Survival and Health Programs Fund	28,850	27,050	24,651	21,072
Development Assistance	21,568	27,576	25,522	19,603
Economic Support Fund	17,645	30,720	19,800	20,000
<b>Total Program Funds</b>	<b>68,063</b>	<b>85,346</b>	<b>69,973</b>	<b>60,675</b>

### STRATEGIC OBJECTIVE SUMMARY

492-002 Economic Governance				
DA	7,918	11,000	3,311	2,835
ESF	4,225	5,000	8,677	7,400
492-003 Family Planning and Health				
CSH	28,850	27,050	24,651	21,072
492-004 Environment and Energy				
DA	10,060	8,076	9,341	7,035
ESF	0	5,320	594	1,000
492-010 Conflict Resolution in Mindanao				
DA	590	0	0	0
ESF	12,420	0	0	0
492-011 Education				
DA	3,000	5,000	10,098	9,233
ESF	1,000	4,680	1,980	2,000
492-012 Conflict Reduced in Mindanao and Other Areas				
DA	0	3,500	2,772	500
ESF	0	15,720	8,549	9,600

Mission Director,  
Jon D. Lindborg

## Data Sheet

<b>USAID Mission:</b>	Philippines
<b>Program Title:</b>	Economic Governance
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	492-002
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$3,311,000 DA; \$8,677,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$2,835,000 DA; \$7,400,000 ESF
<b>Year of Initial Obligation:</b>	1995
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's integrated economic growth and democratic governance objective focuses on two major challenges that contribute to sluggish economic growth and political instability: conflict and corruption. In FY 2006, USAID is continuing to assist the Government of the Republic of the Philippines (GRP) in its efforts to contain the fiscal deficit, address corruption, and implement legislative reforms. Improved economic governance contributes to the private sector investment and job growth needed to reduce poverty and helps create an economic environment conducive to conflict reduction in Mindanao. The program thus furthers U.S. interests in combating terrorism, promoting stability, and enhancing trade and investment opportunities.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Economic Policy and the Business Environment (\$466,000 DA; \$2,677,000 ESF). USAID's program seeks to build local ownership for economic policy reform through collecting, analyzing, and disseminating information; providing assistance with policy formulation; helping new civil society organizations develop sector expertise; and strengthening government institutions responsible for implementing or enforcing reform. USAID is focusing on key policy issues and government agencies, specifically in the areas of tax administration, and transport and telecommunications regulation. Principal Implementers: Carana Corporation/Nathan Associates (CC/NA), Ateneo de Manila University (Ateneo), De La Salle Angelo King Institute (De La Salle), and The Asia Foundation (TAF).

Increase Trade and Investment (\$500,000 DA; \$1,000,000 ESF). USAID is supporting GRP efforts to reduce impediments to trade; improve customs administration; develop an improved policy implementation framework to protect intellectual property rights; promote greater competition; and increase private sector involvement and investment in the information and communications technology and transportation sectors. Principal Implementers: CC/NA, Ateneo, and De La Salle.

Promote and Support Anti-Corruption Reforms (\$1,000,000 DA; \$3,000,000 ESF). USAID is assisting the Office of the Ombudsman, Anti-Money Laundering Council, Civil Service Commission, Commission on Audit, and other organizations to increase prosecutions of corrupt officials and reduce opportunities for corruption. USAID is promoting transparency and honest governance, increasing community participation in decision making by local government units in Mindanao, and supporting anticorruption activities, including work with media and the business community. Principal Implementers: Management Systems International (MSI) and TAF.

Reduce Trafficking In Persons (\$500,000 ESF). USAID is supporting activities that increase the effective prosecution of traffickers, protect victims, and prevent trafficking of vulnerable persons. Principal Implementers: MSI and Visayan Forum Foundation.

Strengthen The Financial Services Sector and Increase Access to Capital (\$345,000 DA; \$500,000 ESF). USAID is continuing policy support for financial sector development, including creating an environment that will encourage growth of microfinance institutions. Principal Implementers: CC/NA, Ateneo, the World Council of Credit Unions, Development Alternatives Inc., and Chemonics International.

Strengthen the Justice Sector (\$1,000,000 DA; \$1,000,000 ESF). In order to assist the Philippine Supreme Court's reform and modernization plan, USAID is continuing to support its successful interventions to increase access to justice for individuals and businesses. These interventions include helping to gain release for prisoners who overstayed their sentences due to administrative backlog, promoting alternative dispute resolution, promoting continuous trial in the anti-graft and other courts, and computerizing case flow management to reduce case backlog. Principal Implementers: MSI, TAF, the American Bar Association, and the Gerry Roxas Foundation.

**FY 2007 Program:**

Improve Economic Policy and the Business Environment (\$934,000 DA; \$901,000 ESF). USAID will continue to support economic policy reform in the areas of tax administration and transport and telecommunications regulation. New implementers may be added to those mentioned above.

Increase Trade and Investment (\$500,000 ESF). USAID will continue existing programs that increase trade and investment, and promote greater competition and efficiency in selected sectors. New implementers may be added to those mentioned above.

Promote and Support Anti-Corruption Reforms (\$250,000 DA; \$4,500,000 ESF). USAID will expand assistance to support anti-corruption activities at the national and local levels. New implementers may be added to those mentioned above.

Promote and Support Credible Elections Processes (\$651,000 DA; \$249,000 ESF). The program will provide assistance to the Commission on Elections in reforming the management and administration of Philippine elections. Principal Implementer: To Be Determined.

Reduce Trafficking In Persons (\$250,000 ESF). USAID will expand programs that increase the effective prosecution of traffickers, protect victims, and prevent trafficking of vulnerable persons. New implementers may be added to those mentioned above.

Strengthen the Financial Services Sector and Increase Access to Capital (\$1,000,000 DA; \$1,000,000 ESF). USAID will continue policy support for financial sector development, including microfinance. New implementers may be added to those mentioned above.

**Performance and Results:** In FY 2005, USAID provided technical assistance in the drafting of the implementing rules and regulations of the Lateral Attrition Act of 2005, a law designed to improve performance of personnel in the major revenue collection agencies. USAID assisted the National Telecommunications Commission in drafting regulations that are expected to result in greater competition such as lower prices, more choices, and innovative offerings to consumers in the telecom sector. Support for the GRP's anti-corruption efforts resulted in an increased conviction rate of the Office of the Ombudsman to 30% and the dismissal of 19 GRP officials. With USAID's expanded technical assistance to judicial reform, a total of 24,774 cases were referred to mediation to help ease the heavily clogged dockets of the courts. USAID support of mediation at the community level resulted in a total of 5,292 cases mediated with an average of 70% being resolved. USAID also assisted the jail decongestion program that resulted in the release of 1,575 prisoners who overstayed their sentence due to administrative backlog. USAID's FY 2005 election assistance supported voter education and domestic monitoring of the August 2005 elections in the Autonomous Region in Muslim Mindanao. When this program is completed, USAID expects that GRP revenue collections will have increased along with trade and investment in the Philippines, corruption will be reduced, access to capital will be improved, the justice sector will be strengthened, and more trafficking victims will be assisted and rescued.

## US Financing in Thousands of Dollars

Philippines

492-002 Economic Governance	DA	DCA	ESF	MAI
<b>Through September 30, 2004</b>				
Obligations	39,918	1,001	21,316	60,244
Expenditures	25,850	493	15,944	60,244
Unliquidated	14,068	508	5,372	0
<b>Fiscal Year 2005</b>				
Obligations	10,784	0	5,000	0
Expenditures	7,003	395	4,465	0
<b>Through September 30, 2005</b>				
Obligations	50,702	1,001	26,316	60,244
Expenditures	32,853	888	20,409	60,244
Unliquidated	17,849	113	5,907	0
<b>Prior Year Unobligated Funds</b>				
Obligations	0	0	0	0
<b>Planned Fiscal Year 2006 NOA</b>				
Obligations	3,311	0	8,677	0
<b>Total Planned Fiscal Year 2006</b>				
Obligations	3,311	0	8,677	0
<b>Proposed Fiscal Year 2007 NOA</b>				
Obligations	2,835	0	7,400	0
Future Obligations	33,030	0	16,745	0
Est. Total Cost	89,878	1,001	59,138	60,244

## Data Sheet

<b>USAID Mission:</b>	Philippines
<b>Program Title:</b>	Family Planning and Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	492-003
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$24,651,000 CSH
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$21,072,000 CSH
<b>Year of Initial Obligation:</b>	1994
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's health and voluntary family planning objective aims to improve health and nutritional status, particularly of women and children, and help Filipino parents achieve their desired family size. Activities will fund technical assistance to improve the capacity of local government units (LGUs) to deliver improved health and voluntary family planning services, particularly for the poor, including expanding their tuberculosis (TB) diagnosis and treatment capacity. USAID will also mobilize business support and involvement in TB prevention and treatment, food fortification, maternal and child health, and voluntary family planning, including encouraging the commercial sector to significantly increase its share of the overall contraceptive market. To increase public awareness of the advantages of voluntary family planning, the program will mobilize advocates who will inform the public about family planning options and conduct communication campaigns that will promote the use of modern contraceptives. Recognizing that the Autonomous Region in Muslim Mindanao and other conflict-affected areas in Mindanao have the poorest health indicators in the country, USAID's health program will give priority to these areas.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Improve Child Survival, Health and Nutrition (\$594,000 CSH). USAID is providing technical assistance to increase the number of micronutrient-fortified foods on the market, increase their consumption, and ensure enforcement of food fortification laws. U.S. Department of Agriculture P.L. 480 Title I funds are contributing to the program by improving the nutritional status of pre-school and elementary school students. Principal Implementer: Academy for Educational Development.

Improve Maternal Health and Nutrition (\$3,762,000 CSH). USAID is continuing to help private sector health service providers improve/expand provision of maternal health services. USAID is also continuing to use funds already transferred to the USAID Development Credit Authority credit guarantee mechanism to improve and/or expand existing midwife clinics and facilitate the generation of commercial financing for the establishment of new midwife clinics. Principal Implementers: Chemonics International and the Well Family Midwife Clinic (WFMC) Partnerships Foundation, Inc.

Prevent and Control Infectious Diseases Of Major Importance (\$3,465,000 CSH). In order to increase the availability of TB diagnosis and treatment by the public sector, USAID is providing technical assistance and training to local government health personnel in up to 600 cities and municipalities. USAID is also providing technical assistance and information to private providers to improve their diagnosis and treatment of TB. Principal Implementer: Chemonics International.

Reduce Transmission and Impact of HIV/AIDS (\$990,000 CSH). USAID is assisting LGUs to plan and implement HIV/AIDS prevention, education, and other services using local funds. USAID is helping strengthen non-governmental organization (NGO) capacity to reduce the threat of HIV/AIDS among at-risk groups by supporting their financing and delivery of prevention activities. USAID is also supporting an improved policy environment for HIV prevention. Principal Implementer: Management Sciences for Health.

Support Family Planning (\$15,840,000 CSH). As part of its continuing support to the Philippines effort to

achieve “contraceptive self-reliance” (i.e., end its dependence on free contraceptives provided by USAID and other donors), USAID is continuing to help the private sector improve and expand its provision of voluntary family planning services. This includes increasing workplace support for and provision of family planning and health services, increasing private sector sales of contraceptives, and supporting the nationwide expansion of an accreditation service for private providers that will build consumer confidence in these services and keep them competitive. USAID is providing technical assistance and training to local government health personnel in up to 600 cities and municipalities nationwide and is continuing to improve the policy environment for the provision of voluntary family planning and health services. USAID is implementing communications activities, and is identifying and promoting additional family planning champions. USAID is providing technical assistance to expand implementation of the improved benefits package under the National Health Insurance Program (NHIP) to cover additional LGUs and beneficiaries. All family planning assistance agreements incorporate clauses that implement the President's directive restoring the Mexico City policy. Principal Implementer: Chemonics International.

**FY 2007 Program:**

Improve Child Survival, Health and Nutrition (\$600,000 CSH). USAID will continue to provide technical assistance to increase the number of micronutrient-fortified foods on the market, increase their consumption, and ensure enforcement of food fortification laws. Principal Implementer: To Be Determined (TBD).

Improve Maternal Health and Nutrition (\$3,762,000 CSH). USAID will continue to use the Development Credit Authority mechanism to improve and/or expand existing midwife clinics and facilitate the generation of commercial financing for the establishment of new midwife clinics. USAID will also provide training and technical assistance to private providers to improve their maternal health services. Principal Implementers: Chemonics International and WPMC Partnerships Foundation, Inc.

Prevent and Control Infectious Diseases of Major Importance (\$4,000,000 CSH). USAID will continue to provide technical assistance and training to local government health personnel in up to 600 cities and municipalities. Principal Implementer: TBD.

Reduce Transmission and Impact of HIV/AIDS (\$990,000 CSH). USAID will assist LGUs to plan and implement HIV/AIDS prevention and education activities and other services using local funds. USAID will help strengthen NGO capacity to reduce the threat of HIV/AIDS among at-risk groups and support their financing and delivery of prevention activities. Principal Implementer: TBD.

Support Family Planning (\$11,720,000 CSH). USAID will continue to provide technical assistance and training to local government health personnel in up to 600 cities and municipalities and will continue to create an improved policy environment for the provision of voluntary family planning and health services. USAID will continue efforts to help the private sector expand and improve its provision of family planning and other health services, including in the workplace, and thus increase the availability and affordability of contraceptives. USAID will continue to implement national and local communications activities, and will identify and promote additional family planning champions. USAID will continue support of the benefits package under the NHIP to cover additional LGUs and beneficiaries. All family planning assistance agreements incorporate clauses that implement the President's directive restoring the Mexico City policy. Principal Implementer: Chemonics International.

**Performance and Results:** The contraceptive prevalence rate for modern methods showed a modest increase of almost 1% despite USAID's phase down of its contraceptive allocations to LGUs. The private sector's share in the provision of family planning supplies and services increased from 33% in 2004 to 36% in 2005. The TB treatment success rate is currently 88%, above the national target of 85%. HIV seroprevalence remains below 3% in the most at-risk groups. With successful completion of this program, USAID expects that public sector services at the local level will be improved and focused on serving the poor, the role of private sector will be expanded and ideally serving those who have the means to pay, policies that increase access to and financing of health services will be in place, and access by the general public to accurate information on health services and products will be increased.



## US Financing in Thousands of Dollars

Philippines

492-003 Family Planning and Health	CSH	DA	DCA	ESF	MAI
<b>Through September 30, 2004</b>					
Obligations	78,430	155,602	7	4,000	1,800
Expenditures	32,935	154,029	0	3,414	1,698
Unliquidated	45,495	1,573	7	586	102
<b>Fiscal Year 2005</b>					
Obligations	26,657	0	0	0	0
Expenditures	33,778	23	0	572	61
<b>Through September 30, 2005</b>					
Obligations	105,087	155,602	7	4,000	1,800
Expenditures	66,713	154,052	0	3,986	1,759
Unliquidated	38,374	1,550	7	14	41
<b>Prior Year Unobligated Funds</b>					
Obligations	0	0	0	0	0
<b>Planned Fiscal Year 2006 NOA</b>					
Obligations	24,651	0	0	0	0
<b>Total Planned Fiscal Year 2006</b>					
Obligations	24,651	0	0	0	0
<b>Proposed Fiscal Year 2007 NOA</b>					
Obligations	21,072	0	0	0	0
Future Obligations	75,000	0	0	0	0
Est. Total Cost	225,810	155,602	7	4,000	1,800

## Data Sheet

<b>USAID Mission:</b>	Philippines
<b>Program Title:</b>	Environment and Energy
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	492-004
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$9,341,000 DA; \$594,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$7,035,000 DA; \$1,000,000 ESF
<b>Year of Initial Obligation:</b>	1995
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's environment and energy objective is aimed at strengthening local management of key natural resources, with a geographic focus on Mindanao and other conflict-affected areas, as well as on high-biodiversity sites. It will fund activities to build capacities to address declining natural resource productivity due to over-exploitation and poor governance of forest, coastal, and fishery resources; promote access to sufficient, clean, and affordable energy; provide renewable energy to remote communities; prevent, reduce, and mitigate pollution from vehicle emissions, solid wastes, and waste water; and expand access to clean water and sanitation services. The program contributes to Presidential Initiatives on: Water for the Poor; Global Climate Change; Clean Energy; and Illegal Logging.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$1,683,000 DA; \$594,000 ESF). USAID is electrifying 600 more households and is continuing support to community initiatives for economic use of renewable energy systems. USAID is also increasing its efforts to electrify schools in its target communities. USAID is maintaining strategic support of the power sector reform process, including assistance to the Energy Regulatory Commission and the promotion of clean and renewable energy. Principal Implementers: PA Consulting, Winrock, and the U.S. Department of Energy.

Improve Access To Clean Water and Sanitation (\$2,980,000 DA). USAID is continuing to support the establishment of a Philippine Water Revolving Fund (PWRF) in partnership with the Japan Bank for International Cooperation (JBIC) to spur investment in water infrastructure. This partnership includes the implementation of policy and institutional reforms, strengthening the capacity of the administrator of the PWRF, and transferring approximately \$2,000,000 to a Development Credit Authority Guarantee. USAID is also continuing work with local governments to implement low-cost wastewater treatment facilities and public awareness campaigns on the health effects of poor sanitation. USAID is continuing efforts to promote appropriate sanitation and waste management in coastal tourism areas. Principal Implementers: Development Alternatives, Inc. (DAI), PADCO, and the Louis Berger Group.

Improve Sustainable Management Of Natural Resources and Biodiversity (\$4,123,000 DA). USAID is intensifying support to local government and community forest and coastal management efforts in key sites. USAID is assisting in improving the management and protection of 51,170 hectares of forestlands, 168,111 hectares of coastal-marine areas, and 500 hectares of marine sanctuaries through supporting improved legislation, policy development, information and education, law enforcement, and expansion of sustainable livelihood options. USAID is also increasing emphasis on developing financing options for natural resource management, such as environmental user fees, in the forestry and coastal-marine sectors. USAID is conducting environmental law enforcement training for a range of local and national public and private institutions engaged in protection and conservation of critical biodiversity resources. Principal Implementers: DAI, Tetra-Tech, World Wildlife Fund, the Center for International Environmental Law, U.S. Peace Corps, and the U.S. Department of the Interior.

Reduce, Prevent, and Mitigate Pollution (\$555,000 DA). USAID is continuing to strengthen the motor vehicle inspection system and promote the use of cleaner fuels. USAID is supporting the introduction of

less-polluting technologies, public awareness campaigns to increase understanding of the health impacts of air pollution, and the promotion of public-private consumer alliance building aimed at improving driving habits and reducing traffic congestion to reduce air pollution. USAID is also helping to develop and implement solid and hazardous wastes disposal measures, with a focus on areas of high biodiversity. Principal Implementers: PA Consulting and DAI.

**FY 2007 Program:**

Expand and Improve Access To Economic and Social Infrastructure (\$1,500,000 DA; \$1,000,000 ESF). USAID plans to electrify 1,910 more households using solar and micro-hydro systems and continue support to community initiatives for economic use of renewable energy systems, including school electrification. USAID expects to maintain limited to the energy sector reform, including assistance to the Energy Regulatory Commission and the promotion of clean and renewable energy. New implementers may be added to those mentioned above.

Improve Access To Clean Water and Sanitation (\$1,300,000 DA). USAID plans to continue collaboration with JBIC and the Government of the Republic of the Philippines (GRP) in promoting the PWRP among the targeted users of the fund. USAID may assist in implementing policy and institutional reforms that encourage wider use of funds to enable the sustainability of the PWRP. USAID may assist selected water utilities to improve their operational efficiency. USAID also plans to continue work with local governments in implementing low-cost wastewater treatment systems to improve access to sanitation. New implementers may be added to those mentioned above.

Improve Sustainable Management Of Natural Resources and Biodiversity (\$3,730,000 DA). USAID plans to continue support for local initiatives that protect and sustainably manage an additional 93,204 hectares of natural forests, production forests, and coastal-marine ecosystems. These initiatives are supported by approved management plans, ordinances, budgets, and personnel. USAID expects to focus efforts to institute effective environmental law enforcement strategies that better integrate local and national efforts. As a means to expand improved natural resource management beyond current target areas, USAID plans to engage networks of local governments and key national agency partners to more widely promote good environmental governance. New implementers may be added to those mentioned above.

Reduce, Prevent, and Mitigate Pollution (\$505,000 DA). USAID plans to continue work with the GRP and selected local governments in strengthening enforcement of and compliance with vehicle emission standards through a coordinated implementation of the vehicle inspection and maintenance program. USAID also expects to continue working with local governments to achieve a 25% waste diversion rate, including the establishment of improved waste disposal systems such as sanitary landfills. Efforts may be increased to support the GRP in developing programs and formulating policies that support local governments in improving solid waste management. New implementers may be added to those mentioned above.

**Performance and Results:** The environment and energy program helped local communities place 73,851 hectares of coastal-marine areas under improved management. Rural electrification and air pollution mitigation efforts helped the country to avoid 4,083 tons of carbon dioxide emissions. A total of 16,822 rural residents from 86 villages in conflict-affected areas of Mindanao had their homes electrified. USAID improved access to clean water and sanitation for 68,404 and 5,700 people, respectively. At the conclusion of this program, USAID expects the Philippines to have improved management of natural resources and biodiversity, increased access to cleaner and more affordable energy services, reduced pollution from vehicle emissions and waste disposal, and increased access to water and sanitation.

## US Financing in Thousands of Dollars

Philippines

492-004 Environment and Energy	DA	ESF	MAI
<b>Through September 30, 2004</b>			
Obligations	75,017	1,596	117,757
Expenditures	58,381	0	117,757
Unliquidated	16,636	1,596	0
<b>Fiscal Year 2005</b>			
Obligations	7,993	5,320	0
Expenditures	11,289	1,596	0
<b>Through September 30, 2005</b>			
Obligations	83,010	6,916	117,757
Expenditures	69,670	1,596	117,757
Unliquidated	13,340	5,320	0
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	9,341	594	0
<b>Total Planned Fiscal Year 2006</b>			
Obligations	9,341	594	0
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	7,035	1,000	0
Future Obligations	34,170	11,255	0
Est. Total Cost	133,556	19,765	117,757

## Data Sheet

<b>USAID Mission:</b>	Philippines
<b>Program Title:</b>	Education
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	492-011
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$10,098,000 DA; \$1,980,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$9,233,000 DA; \$2,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's relatively new basic education objective is focused on Mindanao, specifically the Autonomous Region in Muslim Mindanao (ARMM) and neighboring conflict-affected areas where educational quality is exceptionally poor. USAID will improve access to education, formal and non-formal, in under-served communities; improve the quality of instruction, particularly in reading, math, science, and English; provide vocational training opportunities for Out-of-School Youth (OSY) and link them with employment opportunities; and improve education management and policy from the community to the national level. This includes empowering Parent Teacher Community Associations and local school boards to play an active role in mobilizing and managing educational resources; and strengthening the capacity of the national Department of Education and the ARMM Department of Education to implement education policy reforms. Through this program, USAID seeks not only to improve education but also to give greater hope and opportunity, and counter the widespread sense of alienation, among youth and families, particularly in the poor, conflict-affected, Muslim communities of Mindanao.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Achieve Equitable Access to Quality Basic Education (\$10,098,000 DA). USAID's education program is focusing on improving instruction in reading, math, science, and English in the elementary schools of selected municipalities of the ARMM and the western Mindanao provinces of Zamboanga del Norte, Zamboanga del Sur, and Zamboanga Sibugay (Region 9) and the central Mindanao provinces of North Cotabato, South Cotabato, Sultan Kudarat, and Sarangani (Region 12). USAID is providing textbooks, resource materials, educational TV, and educational radio to participating schools, including Islamic schools, and their teachers will be trained in their use. USAID is also providing training and mentoring for parents and members of the local school boards to help them play more active roles in managing their children's education programs. Training local government officials in selected municipalities is enabling them to learn systems and processes for mobilizing more revenue for education and managing it effectively. USAID is also building or repairing school buildings and classrooms and providing school desks and chairs in selected disadvantaged communities. In communities where the Islamic school is the only option for students to study, USAID is assisting these schools to adopt the national standard curriculum for private Islamic schools. USAID is establishing or enhancing learning centers in selected communities to provide OSY the opportunity to earn elementary or secondary school equivalency or to return to formal education. Principal Implementers: Creative Associates International, Inc. (CAII), International Youth Foundation (IYF), Save the Children, Real World Productions, Knowledge Channel, Synergeia Foundation, Brother's Brother Foundation, the Asia America Initiative, and the U.S. Peace Corps.

Improve Quality of Workforce through Vocational/Technical Education (\$1,980,000 ESF). USAID is developing learning modules for livelihood and vocational skills, counseling, and on-the-job training for OSY. A USAID-funded 10-part video series on livelihood and business development skills is being screened in learning centers serving OSY under the Department of Education's Alternative Learning Systems (ALS) or vocational training programs. USAID is also setting up apprenticeship programs in the poorest, school-less and conflict-affected areas within the ARMM to help OSY improve their chances for future employment. Livelihood training and apprenticeship programs with local businesses for OSY are

being expanded to additional municipalities within the ARMM and Regions 9 and 12. Principal Implementers: CAII, IYF, Save the Children, and the Knowledge Channel.

**FY 2007 Program:**

Achieve Equitable Access to Quality Basic Education (\$9,233,000 DA). USAID will expand the majority of the activities implemented in FY 2006. USAID will also broaden geographic coverage to municipalities or schools within the ARMM or Regions 9 and 12 not previously included in the program. USAID will increase funding school and classroom construction or repair, broaden the network of schools reached through distance education technologies, and train new teachers on the use of these resources. These distance education modules will also be made available to OSY participating in the ALS (informal education) program. USAID will provide textbooks and resource materials to approximately 200 additional schools and alternative learning centers. USAID will support the development of a 10-part video series on Peace Education for use in formal and informal education and vocational training programs for OSYs. Principal Implementers: IYF, the Knowledge Channel, Synergeia Foundation, and Brother's Brother Foundation.

Improve Quality of Workforce through Vocational/Technical Education (\$2,000,000 ESF). USAID will expand livelihood training and apprenticeship programs for OSY to at least four additional municipalities in Mindanao. Apprentice-like work experiences in call centers, offices, shops, and factories will be set up for trainees in cities such as Davao and Cagayan de Oro. USAID will provide scholarships for post-secondary technical and vocational education, and university education for high school youth who show leadership and entrepreneurial skills. USAID plans to provide scholarships for university education, including graduate-level training in the United States, for selected high-achieving youth in such subjects as English language teaching, public administration, law, and education. Principal Implementer: IYF.

**Performance and Results:** In FY 2005, USAID provided 729 students the opportunity to graduate from vocational training programs in communities with high youth unemployment; 176,566 learners were enrolled in USAID-supported primary schools or equivalent non-school-based settings; 1,447 school managers, 362 trainers, and 3,290 teachers were trained; and 146 schools received books and learning materials. USAID support in the implementation of key education sector policies resulted in the devolution of education management to the community level. Also, three municipalities and one city, with strong mayoral support, are now actively supporting school reform at the primary level to improve the delivery of education in their areas. By the end of the program, USAID expects an increase in school enrollment and completion rates; a decrease in student drop-out rates; improved student performance in reading, English, math, science, and Information Communication Technology; improved teacher performance; increased resources for education (e.g. increased allocations by the government and private sectors, both national and local); and more efficient spending of available resources. Substantial numbers of OSY will be integrated into the productive, peaceful economy through cost-effective programs that link educators with private business and industry. More university-educated young professionals and leaders will be contributing to the development of disadvantaged communities in Mindanao.

## US Financing in Thousands of Dollars

Philippines

492-011 Education	DA	ESF
<b>Through September 30, 2004</b>		
Obligations	3,300	9,054
Expenditures	17	38
Unliquidated	3,283	9,016
<b>Fiscal Year 2005</b>		
Obligations	4,980	4,680
Expenditures	1,053	5,123
<b>Through September 30, 2005</b>		
Obligations	8,280	13,734
Expenditures	1,070	5,161
Unliquidated	7,210	8,573
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	10,098	1,980
<b>Total Planned Fiscal Year 2006</b>		
Obligations	10,098	1,980
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	9,233	2,000
Future Obligations	3,500	6,000
Est. Total Cost	31,111	23,714

## Data Sheet

<b>USAID Mission:</b>	Philippines
<b>Program Title:</b>	Conflict Reduced in Mindanao and Other Areas
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	492-012
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$2,772,000 DA; \$8,549,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$500,000 DA; \$9,600,000 ESF
<b>Year of Initial Obligation:</b>	2005
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** Conflict in the Philippines is jeopardizing the country's economic and social development and represents a significant threat to regional security and U.S. interests. USAID's conflict mitigation assistance seeks to address the underlying causes of conflict and is focused on conflict-affected areas (CAAs), which are primarily located in Mindanao. USAID has been instrumental in consolidating the 1996 peace accord between the Government of the Republic of the Philippines (GRP) and the Moro National Liberation Front (MNLF) by demonstrating the tangible benefits of peace. Activities aim to improve infrastructure, accelerate economic and business development, increase access to microfinance services, improve governance, and expand the availability of social services in the CAAs. USAID livelihood assistance has also helped over 28,000 former rebel MNLF combatants return to their communities and reintegrate into the mainstream economy as farmers or fishers. Should a peace deal be reached between the GRP and the Moro Islamic Liberation Front (MILF), USAID could draw upon existing funding allocations to jump-start comparable assistance for MILF former combatants and their communities; such investments will be crucial to ensure lasting peace and security.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Expand and Improve Access To Economic and Social Infrastructure (\$2,772,000 DA; \$3,149,000 ESF). USAID is funding the construction of 14 high visibility, medium-scale infrastructure projects (e.g., roads, ports, bridges), and 315 small-scale community infrastructure projects (e.g., piers, solar dryers, water systems) in CAAs to help spur economic development and provide tangible evidence that the widespread perception that the GRP is indifferent to the concerns of religious and cultural minorities is out-of-date. USAID may also improve justice system infrastructure (e.g., courthouses). USAID is helping improve educational facilities in at least 80 more schools through a matching grant program implemented with Parent Teacher Community Associations. USAID is continuing to provide computers and internet connection to at least 100 more schools in the CAAs. Principal Implementer: The Louis Berger Group (LBG).

Improve Private Sector Competitiveness (\$1,400,000 ESF). USAID is continuing to strengthen Business Support Organizations (BSOs) such as chambers of commerce and producers' associations, and is focusing on their revenue generating capacity. Assistance in the production and marketing of commodities being produced in Mindanao (e.g., tuna, aquaculture products, fruits, and vegetables) is being provided to make producers more competitive in local and Asia-regional markets. USAID is also assisting an additional 3,000 former combatants to move into production and marketing of agriculture and aquaculture products. U.S. Department of Agriculture P.L. 480 Title I funds are contributing to the program by providing support for market development projects and pre- and post-harvest facilities. Principal Implementers: LBG with BSOs as partners. Another implementing partner may be added.

Strengthen The Financial Services Sector and Increase Access to Capital (\$2,000,000 ESF). USAID will continue providing technical assistance to rural and thrift banks, and credit unions. With USAID assistance, approximately 48 additional rural and thrift bank branches will begin serving microenterprises, and approximately 70,800 additional new microfinance borrowers will receive access to financial services. Principal Implementers: Chemonics International, Inc. and the World Council of Credit Unions. USAID will



also support improvements in the provision of additional microfinance products. Principal Implementer: To Be Determined (TBD).

Support Democratic Local Government and Decentralization (\$2,000,000 ESF). USAID is continuing to help the Government of the Autonomous Region in Muslim Mindanao (ARMM) and local government units (LGU) become more effective and transparent, with the aim of producing greater legitimacy, more local tax revenue, and better services. USAID will broaden its program to promote peaceful resolution of disputes associated with clan conflict, land disputes, and other sources of conflict. Principal Implementers: The Asia Foundation (TAF) and LBG.

**FY 2007 Program:**

Expand and Improve Access To Economic and Social Infrastructure (\$500,000 DA; \$4,350,000 ESF). USAID plans to fund the construction of an additional 12 mid-scale and 220 community infrastructure projects in CAAs. USAID will provide computers and internet connection to 60 more schools. Principal Implementer: LBG.

Improve Private Sector Competitiveness (\$3,500,000 ESF). USAID will continue strengthening BSOs in Mindanao. Assistance will help increase the volume and diversity of products that can be competitively exported to domestic and Asia-regional markets. USAID will also assist former combatants to move into agriculture/aquaculture production and marketing. The principal implementers will be LBG with BSOs as major partners. USAID plans to provide higher education and non-degree technical training in the United States and in leading Philippine universities to selected deserving students, with special emphasis on members of religious and cultural minorities in Mindanao, in such fields as economics, agriculture, law, computer science, and other fields that facilitate economic development. Principal Implementer: TDB.

Support Democratic Local Government and Decentralization (\$1,750,000 ESF). USAID will continue to provide technical assistance and training to the ARMM Government and LGUs to improve their transparency, accountability, and effectiveness. USAID plans to further promote peaceful resolution of disputes associated with clan conflict, land disputes, natural resource-based conflicts, and other sources of conflict. Principal Implementers: TAF, LBG, and others TDB.

**Performance and Results:** In FY 2005, USAID completed the combatant reintegration program that enabled more than 28,000 former MNLF combatants to develop the means to make a peaceful living as farmers and fishers. In FY 2005, some 2,100 former combatants completed the program, and 133 small and medium infrastructure projects were undertaken in the CAAs, bringing the total number of infrastructure projects to 345. These projects benefit nearly 1.5 million people by making possible improved access to markets and social services, lower transport costs, and greater availability of potable water. Through USAID assistance, an additional 45 rural and thrift bank branches began offering microfinance services, for a total of 232 bank branches. Collectively, these bank branches have provided micro-loans to 229,200 microenterprises. Computer and internet education was introduced into an additional 126 high schools in the CAAs, bringing the total number of high schools offering computer and internet education to 229. At the end of this program, infrastructure, microfinance, and governance will be improved and, if a peace agreement is reached by the GRP and MILF, former MILF combatants could also begin to be reintegrated into the peaceful economy. In addition, the program will consolidate peace and diminish the social and economic conditions that terrorists can exploit.

## US Financing in Thousands of Dollars

Philippines

492-012 Conflict Reduced in Mindanao and Other Areas	DA	ESF
<b>Through September 30, 2004</b>		
Obligations	3,493	15,720
Expenditures	0	141
Unliquidated	3,493	15,579
<b>Fiscal Year 2005</b>		
Obligations	3,500	15,720
Expenditures	0	0
<b>Through September 30, 2005</b>		
Obligations	6,993	31,440
Expenditures	0	141
Unliquidated	6,993	31,299
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	2,772	8,549
<b>Total Planned Fiscal Year 2006</b>		
Obligations	2,772	8,549
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	500	9,600
Future Obligations	0	0
Est. Total Cost	10,265	49,589