

Philippines Compact Signing Ceremony

Speakers:

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The Honorable Hillary Rodham Clinton
Secretary of State
United States of America

The Honorable Benigno Aquino III
President
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Transcript

DANIEL YOHANNES: President Aquino, Secretary Clinton, Secretary Romulo, Secretary Purisima, Undersecretary Burns, all of our distinguished guests. We are here today to sign a \$434 million compact between the Republic of the Philippines and the U.S. Governments Millennium Challenge Corporation.

This compact is by and for the people of the Philippines to reduce poverty, promote economic growth and create new opportunities for the Philippine people. Let me thank the chair of MCC's Board of Directors, Secretary of State Hillary Rodham Clinton, for her ongoing support of MCC's mission to fight global poverty. And let me congratulate Dante Canlas and Troy Wray for their exceptional work in guiding the Philippine and MCC teams to this signing.

President Obama unveiled a new vision for global development this week, grounded in economic growth, country-led partnerships, transparency, accountability, and results. MCC already puts these principles into practice. We have an obligation to the American people to invest their tax dollars in partners and projects that will yield the

results in the fight against poverty. We stand with the Philippines because they are committed to achieving the promise of our investment, no matter how challenging. This means embracing reforms, practicing sound policies and standing up to fraud and corruption so our investment can work best.

This means leading their development, investing their own resources and coordinating with other donors to build capacity and maximize sustainability. This means involving their citizens from non-governmental organizations to private sector firms to design homegrown plans to ensure accountability. The success of our partnership depends on good governance, local leadership and tangible results. It requires the full implementation of the three projects that the Philippine people outlined in their MCC compact to promote economic growth.

First, the compact will modernize the Bureau of Internal Revenue. This will allow the Bureau to raise revenues and reduce opportunities for tax evasion and corruption. It will increase fiscal space to invest in infrastructure, education, and health.

Second, the compact will expand the Kalahi-CIDSS community development project. This innovative approach builds capacity at the grassroots level and responds to the needs of the poor. Projects have centered typically on building water systems, health clinics, schools, and daycare centers.

And third, the compact will rehabilitate Samar Road. This investment will enhance road safety, reduce transportation costs, and increase commerce in the poor rural province.

President Aquino, congratulations to the people of your country for designing this MCC Compact. The people of the Philippines deserve the successful implementation of the MCC Compact that they designed to reduce poverty, promote sustainable economic growth, and increase prosperity. Let us remain vigilant, steadfast, and unwavering in achieving these goals for them.

Honored guests, ladies and gentlemen, it is now my pleasure to introduce and yield the podium to the Chair of MCC's Board, Secretary of State Hillary Rodham Clinton.

HILLARY CLINTON: Thank you very much. It is a true pleasure for me to be here and I want to thank Daniel Yohannes and the entire MCC team. We have board members and staff members here for their hard work every day, but particularly for this compact.

It is an exciting moment in the relationship between the United States and the Philippines: A very long relationship that is now focused on the future. And it is a great privilege and honor to welcome President Aquino here. Of course, my colleague, the Foreign Secretary Romulo, thank you for being here with me and thank you as well, Secretary Purisima, Ambassador Gaa and all of our distinguished Filipino guests. One of the joys of my job as chair of the Millennium Challenge Corporation Board is watching countries make gains because of their own hard work, but with the help of the United States.

The compact we are signing today is only possible because, for the past few years, we have seen evidence of a commitment to deliver for the people that we believe is represented in the promise of President Aquino's election. One of the projects supported by this compact, "Kalahi," comes from a Tagalog phrase that means linking arms against poverty. I think it's a wonderful phrase because that's exactly what we're doing with this Millennium Challenge Corporation Compact. We want to assist the people of the Philippines to be able to do more for themselves, and we also want to see results from our investment.

This was a negotiated agreement. This was not a decision just to give the Philippines some money, although I'm sure that's welcome to our friends. This was a negotiation because that's the whole idea behind the MCC. There are certain principles that we believe in, and the Philippines has made a commitment to these principles.

We believe that you can unleash the human potential in a country like the Philippines by tearing down the barriers to economic growth and fighting corruption, which is like a cancer in the economy and society. Millions of people in the Philippines have left their native land for a better opportunity. They love the Philippines. I know because I know many of them. They try to go home when they can afford to do it. They retire back to the Philippines. They want to be sure their children and grandchildren are raised in the Philippines.

We hope that, Mr. President, the people of your country will be able to make a good living in their own country. And in order to do that, there must be a partnership that creates the conditions for economic opportunity. I know how smart the Filipino people are. I know how hard they work.

I'm not sure there's any group of people anywhere in the world that work harder than Filipinos. But let's be very honest here. Too many of them feel that they cannot progress in their own country. Too many of them feel that the elite in business and politics basically call the shots, and there's not much room for someone who's hardworking but not connected. Too many of them believe that even if they get the best education they can, that there won't be an opportunity for them; and so they take that education and help build someone else's economy, very often, here in the United States.

So this work that we are agreeing to today has the potential for assisting in the transformation that President Aquino has spoken of. The work has already begun to show results, including new and improved roads so farmers and fishermen can get to market faster and new businesses can take route; a more effective and efficient tax collection system so the government can raise the revenue it needs to serve its people better and a program that will partner with some of the country's poorest communities to identify those development projects that will make the biggest impact because we know one size does not fit all.

One community might need a school, another, a health clinic, a third a water system. Each will be responsible for designing and driving its own project and for showing results. Now, these are not American ideas. These are not

MCC ideas. All of these ideas came from the Filipino people. They are designed to be self-sustaining and they build on efforts that have already begun.

So we look forward to working with you, linking arms in the fight against poverty and on behalf of a better future for the people of the Philippines. I look out at this audience and I see some dear friends who I have known for many years. When I was a senator from New York, I had the great privilege of working with many of you on behalf of a stronger relationship between the United States and the Philippines.

It is my personal commitment that we will do everything we can to help you help yourselves because at the end of the day, I know that the spirit of entrepreneurship, the drive to succeed, the love of family and commitment to the next generation has been a hallmark of Filipinos forever. And I am absolutely convinced, Mr. President, that under your leadership, your country will show great strides forward.

It is now my great honor to introduce the President of the Philippines, President Aquino.

BENIGNO AQUINO III: Our Secretary Hillary Clinton; Undersecretary of State for Political Affairs, William Burns; Assistant Secretary of State for East Asian and Pacific Affairs, Kurt Campbell; MCC CEO, Daniel Yohannes; MCC board members, U.S. government officials, members of the Philippine delegation, ladies and gentlemen. Tonight, on behalf of the Filipino people, I am bearing witness to formal approval of a \$434 million grant to the Philippines to help our fight against poverty and corruption.

This is no ordinary aid agreement. In the presidential palace in Manila, there is a painting titled the “Blood Compact.” It portrays the first treaty of friendship between a Filipino ruler and the representative of a foreign power. It is only fitting that tonight, we are bearing witness to a modern kind of compact, a solemn agreement, a covenant that binds two entities in a common objective. Our common objective, our shared aspiration is for poverty to be banished and for development and prosperity to take its place. The American people and their government have put forward the financial means for developing nations to accelerate their development.

And yet, as Ben Franklin reminds us, “God helps those who help themselves.” All the aid, all the assistance in the world would be meaningless if it ended up stolen or misspent. We share the same view. A key to unlocking the potential for growth and prosperity among nations is good and honest governance. If the American people through their government can commit resources to their friends, their friends owe it to those pledging assistance and to themselves to be worthy stewards of what they will receive.

For this reason, the Philippine Compact proposal has undergone a rigorous development and multi-stakeholder consultative processes from the time the Philippines was introduced into the Millennium Challenge Account Threshold Program by the MCC five years ago, up to that time--up to the time that the country was selected Compact-eligible from 2008 to 2010. The Philippine Compact went through four Congressional Notifications, countless MCC missions to the Philippines and a legislative concern on the Philippines Compact eligibility due to

income reclassification from a low-income country to a lower middle-income country. This agreement was made possible by Filipinos and Americans working together to give us the tools to finish the job of fighting poverty.

I commend Foreign Affairs Secretary Albert Romulo, together with Ambassador Willy Gaa, the Finance Secretary Cesar Purisima, who first led the development of the Philippine Threshold Program in 2005 as then-Secretary of the Trade and Industry and who is now responsible for the lead oversight in implementing the Compact for the next five years under an accountable entity called the Millennium Challenge Account-Philippines.

On the American side, they are the former members of the MCC Board and their staff; Lorne Craner, President of the International Republic Institute; Ken Hackett, President of Catholic Relief Services; former private sector member and Managing Director of Greycroft, Limited Liability Corporation, Alan Patricof; and USAID Chief Operating Officer Alonzo Fulgham who also served as Acting USAID Administrator. We appreciate your invaluable contributions. We acknowledge, as well, the efforts of previous MCC CEOs, Ambassador John Danilovich, Rodney Bent and Darius Mans for their exemplary efforts, as well as to the talented MCC Philippine Transaction Team led by Deputy Vice President Darius Teter and Country Director, Troy Wray.

There are, of course, Madame Secretary Clinton, a true friend of the Philippines, and the members of the MCC Board; Treasury Secretary Timothy Geithner, US Trade Representative Ambassador Ron Kirk, USAID Administrator Rajiv Shah, MCC CEO Daniel Yohannes, and private sector member, former Senator William Frist. All of you have made possible this vote of confidence in the Philippines.

The MCC Board of Directors has praised this Compact for its creativity, innovation, and relevance. Each of the three projects in the Compact has integrated several key components to combat corruption.

The Revenue Administration Reform Project, or RARP, directly targets improvements in governance or internal integrity within the Bureau of Internal Revenue.

The Kapit-Bisig Laban sa Kahirapan, Comprehensive and Integrated Delivery of Social Services, or Kalahi-CIDSS, is designed to ensure that resources are provided to communities directly where they are needed most and enforces transparency and accountability for local development investments.

The Secondary National Roads Project introduces a number of checks on construction standards on road contractors. And these are the Compact projects that, in the words of MCC executives, demonstrate my country's high capacity as an MCC partner.

As I conveyed during my teleconference with Mr. Yohannes last August 9, we will do our part to use this grant wisely. We will continue the Revenue Integrity Protection Service or lifestyle checks programs. We will ensure that the Policy Improvement Process Plan of Action will be implemented in parallel with the Compact projects to effectively address performance issues such as control of corruption. We are currently refining our indicators for

the Performance Governance System, which was already introduced in six national government agencies namely education, health, public works, transportation, internal revenue and the police.

We will revive the Philippine Development Forum this year so that the Philippines will remain on track when it comes to our 2015 Millennium Development Goal targets, especially in meeting targets in primary education and health services delivery. My visit to the United States has a key objective, to inform investors that the Philippines is, indeed, open for business. Not the under-the-table kind, but the legitimate kind; not the kind of business that thrives in corrupt deal making, but which thrives because of sensible and enforceable and fair contracts.

I have come with my economic team to share with our American friends the possibilities for doing business in my country, either through the Build-Operate-and-Transfer schemes or Corporate Social Responsibility programs. But first and foremost, I am here to assure you that the Philippines is committed to good housekeeping practices in its domestic and international dealings with investors. We are committed to not just to a fair, but a square deal for all. We will not abandon the poor to the markets just as we will not distort markets by means of red tape or crony impositions.

Tonight, we bear witness to a partnership for development. A partnership built on good faith. We have paid our dues, you have given your pledge. We are in this together, which is only fitting, since we are two nations bound by a shared commitment to the same ideals of life, liberty, and the pursuit of happiness. Good evening and Mabuhay to all.

HILLARY CLINTON: Thank you so much, Mr. President.

BENIGNO AQUINO III: Thank you, Madame for all the help and the confidence.

HILLARY CLINTON: Thank you.

BENIGNO AQUINO III: Thank you.

REMARKS CONCLUDE.

