



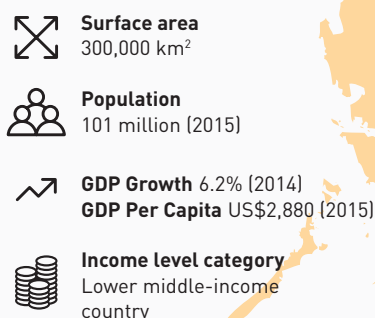
THE PHILIPPINES

1. Country Context

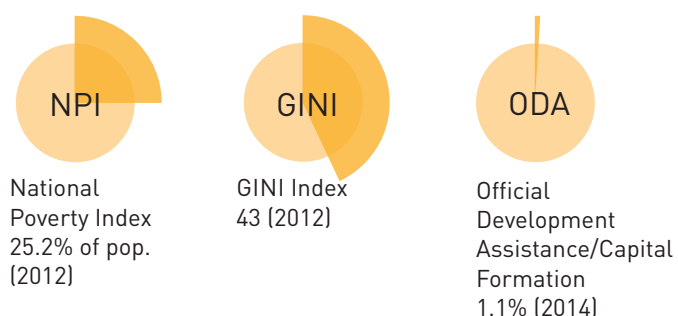
As one of Asia-Pacific's economic powerhouses and the 12th most populated country of the world, the Republic of the Philippines is a lower middle-income economy with 101 million inhabitants and a GDP per capita of US\$2,880 in 2015. Largely based on a thriving and competitive service sector, the Philippines rapidly expanded its economy by 6.2% in 2012-2014 and achieved a 5.9% growth in 2015. Poverty reduction still remains a hard-to-tackle challenge in the archipelago, only decreasing from 26.3% (2009) to 25.2% (2012). By 2014, the Philippines achieved a medium human development of 0.668 and occupies the 115th rank out of 188 countries participating in the Human Development Index.

Among 21 development partners participating in this year's monitoring, the three main partners (Asian Development Bank, World Bank and Japan) contributed 78% of total development co-operation (US\$2,980 million) in 2015. A substantial share was channelled as general budget support. Most development partners are multilateral organizations (13 out of 21). Co-operation is mainly invested in sectors such as public sector management, agriculture, transport, education, social protection and disaster prevention.

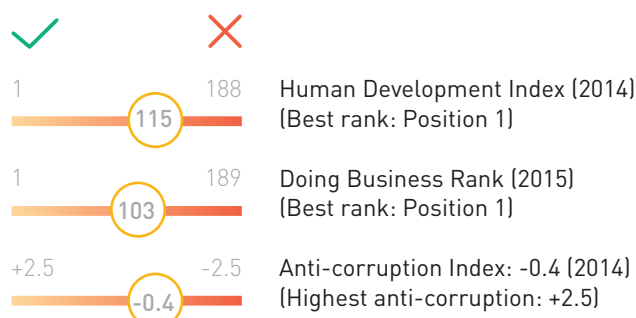
Quick Facts



Key Development Indices:

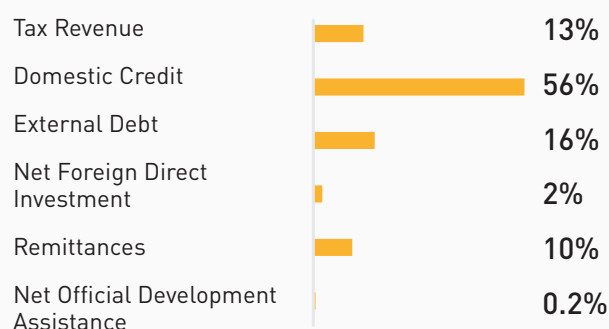


ODA per Capita US\$6.8 (2014)



Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



Key Development Challenges

The outstanding economic performance of the Philippines is reflected in a favourable macroeconomic environment, such as a low unemployment rate of 5.7% in 2015. Progress has been made in the Bangsamoro peace process and the Yolanda post-Typhoon recovery. The recent change of government is an opportunity to deepen work towards the SDGs. For future sustainable development, further investments in the social needs, human capital and infrastructure are required. Increasing regional imbalances are to be addressed. The country should also manage critical climate change and disaster risks.

2. Efforts to Implement the Effectiveness Principles

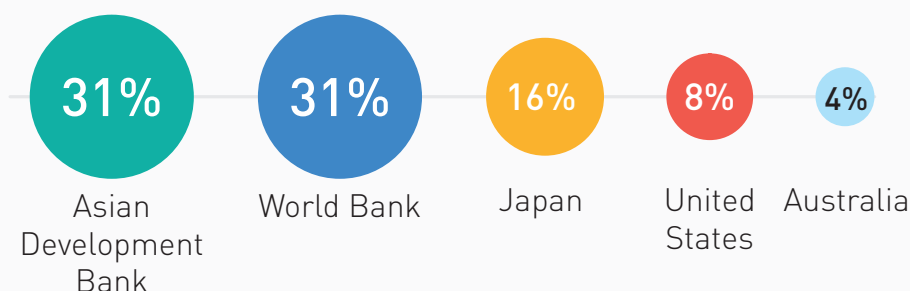
A. Policies and Tools for Partners' Alignment

The Philippine Development Plan (PDP) 2011-2016 sets out the overarching framework for inclusive growth and poverty reduction. A new plan (Medium-term Filipino Development Plan/MFDP) is currently being formulated under a new administration (2017-2022) and will take

into account the Sustainable Development Goals (SDGs). Monitoring of the Plan takes place through review of the Results Matrix, an accompanying document to the Plan that states outcome indicators and targets. The MFDP 2017-2022 shall be the first of four MFDPs to be crafted based on a long-

term vision, titled *Ambisyon Natin 2040* (Our Ambition 2040), which the government has prepared to guide development efforts for the next 25 years. The latter process is also an outstanding opportunity to further broaden and deepen partnerships with non-state actors.

Major Development Partners of this Round (by Reported Disbursements)



 **Yes**
Participation in 2014 Monitoring

 **No**
Existence of a National Co-operation Policy

B. Governance and Management of Development Finance and Co-operation

All development efforts are guided by the National Development Plan with which bilateral co-operation frameworks are aligned. There are incipient plans to develop a Development Co-operation Strategy that might motivate further progress in aligning incoming financial flows with country priorities and systems. At this stage, the government and development partners meet in the Philippine Development Forum (PDF) on an annual basis to discuss lessons learned and ways forward. Mandated by law, the government also conducts annual Official Development Assistance (ODA) Reviews, which are submitted to the Congress. The Philippines has been a proactive participant in previous monitoring rounds and, through its membership in the Global Partnership Steering Committee, articulates a strong and consistent voice at

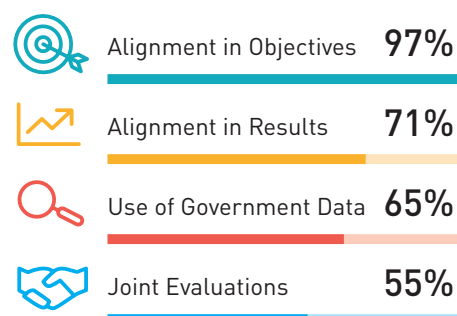
the international level. Institutionally, lead coordination of development co-operation – including the annual ODA Reviews – is anchored at the National Economic and Development Authority (NEDA), while the review, approval and management of appropriate development finance are overseen by the Department of Budget and Management (DBM) and the Department of Finance (DOF). The Philippines conducted a Development Finance and Aid Assessment (DFAA) in 2014 that stresses the need to use aid as a leverage for private investments, to consider other public finance related to global public good – such as climate finance – into national development planning, as well as to continue strengthening the national fiscal framework and public financial management systems.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

In 2015, development co-operation was almost fully aligned with country-led objectives (97%) outlined in the PDP, sector plans and joint government-development partner strategies. Seventy-one percent took into consideration national result frameworks (i.e., the Results Matrices) and 65% relied on country-led monitoring systems. In 55% of planned evaluations, the government takes a relatively proactive

stance, often contributing technical and financial resources. There is an ongoing discussion between the government and development partners about how to expand the alignment to country-led results that are sometimes perceived as too quantitative. Monitoring systems might also be strengthened, especially in the context of updating the PDP and its related monitoring procedures.

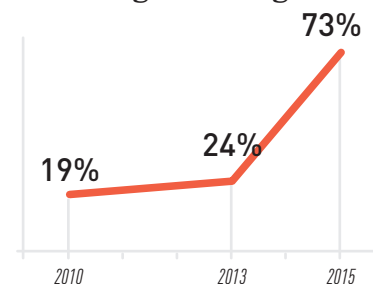


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

The government and development partners have substantially invested efforts to ensure that official development finance is on budget, increasing the share of funding recorded in the government budget from 19% in 2010 and 24% in 2013 to a favourable 73% in 2015. There are substantial discrepancies among development partners, as the World Bank,

Japan, the Republic of Korea and Spain have 100% of their ODA recorded and none of the ODA – most in form of grants – from such Australia, Canada, the EU, Germany and New Zealand is captured (0%). This relates to the fact that, as stressed by the government, grants are automatically appropriated and therefore not recorded in the ways that apply to loans.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

Over the past three years, the use of country systems has slightly expanded. In 2015, 80% of development co-operation used national procedures for budget execution (versus 72% in 2013), while 72% relied on national financial reporting (57% in 2013) and 83% on national auditing (74% in 2013). Use of country procurement systems also increased, from 69% in

2013 to 78% in 2015. Asian Development Bank, Japan and the World Bank make extensive use of national Public Financial Management (PFM) systems (between 83% and 100% of their respective finance), while Australia, Germany, the Republic of Korea, New Zealand, the UN and the United States continue scoring low in this regard. The overall continued progress in this

indicator reflects the positive outcomes of PFM reforms and the government's strong commitment to good governance and anti-corruption. Remaining gaps on behalf of primarily bilateral development partners might be best addressed by in-depth dialogue within the development co-operation framework currently being discussed internally.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	80% ▲	72% ▲	83% ▲	78% ▲		
INDICATORS 9A & 10.					N/A	82% ▲

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

In the Philippines, a vivid and largely constructive dialogue between government and multiple stakeholders enriches national development and effective co-operation, reflected in 38 civil society organizations and CSO networks, as well as nine private sector companies and associations contributing to the national monitoring process. There are continuous consultations, including as part of the high-level Philippine Development Forum, and an overall well-articulated enabling environment. Especially multi-lateral partners support non-state actors through

financial resources, engaged dialogue and technical support. However, CSOs and private sector representatives stress the need to build up and sustain the quality and relevance of dialogue with government, particularly around development finance and policy implementation, and to invest more financial and human resources to these multi-stakeholder processes such as the highly regarded National Competitiveness Council (NCC) and the Open Government Partnership (OGP). In sum, sustainable development in the Philippines can benefit from a diverse range

of proactive non-state players desiring to contribute to more effective partnerships. Communication and dialogue are fluent, with sufficient spaces for disagreement, and development partners further enable constructive interaction among all partners. In the future, the quality of inclusive partnerships might be deepened by formalizing spaces for coordination and consultation, while also identifying more clearly the potential for CSOs and private sector to, jointly with the government and development partners, contribute to achieving the SDGs distinctively.

Indicator 8. Gender Empowerment

Gender mainstreaming is the strategy to ensure that gender equality and women's empowerment principles are integrated in plans, programmes, activities and services of government agencies as well as ODA. Government agencies and ODA are mandated to formulate their

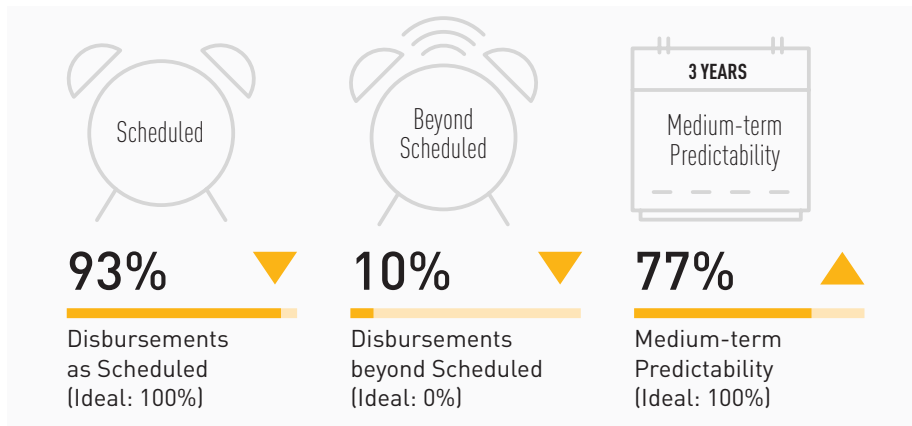
gender and development plans and budgets to address gender issues in their respective programmes and they submit their outputs through their GAD Accomplishment Reports. The Philippine Commission on Women (PCW) monitors the implementation of this GAD Budget

Policy while NEDA monitors the ODA GAD programmes. Government agencies, especially at the local level, still need to strengthen their capacities for collection of sex-disaggregated data, gender analysis, planning, implementation and monitoring.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

In 2015, in-year predictability stood at 93%, with a number of major development partners achieving 100% predictability. This is a slight decrease from 98% in 2013. For medium-term predictability, 77% of development partners communicate forward expenditures for the next three fiscal years to the government, mostly through rolling plans linked to country strategies. This is a minimal improvement from 76% in 2013. For future improvement, the government and development partners are already engaged in a dialogue looking into fine-tuning the needed mechanisms for predictable disbursements.



Indicator 7. Mutual Accountability

At this stage, mutual accountability is articulated mostly through bilateral arrangements such as joint country partnership strategies that, in turn, are closely aligned with the PDP, as well as more specific agreements related to budget support. Development partners' contributions are assessed through the mandatory annual ODA Reviews and, once a year, the Philippine Development Forum generates a space

for joint dialogue and coordination. Further steps might be taken to draft and launch a country-led development co-operation policy clarifying joint and specific responsibilities for enhancing effectiveness and sustaining the important advances already made. In this context, the baseline created in the last three monitoring rounds might be a valuable reference for setting new benchmarks and targets for specific

indicators. Indeed, the Global Partnership monitoring exercises have been a true added value for the multi-stakeholder process in the Philippines, with manifold opportunities to further agree on concrete actions. And indeed, further accelerating development co-operation effectiveness is particularly important in view of the shared commitment to contribute to the achievement of the SDGs at the country level.

National Priorities Going Forward

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A. Adopting a Multi-stakeholder Approach in National Development – Building from development effectiveness principles espoused by the Global Partnership, the Philippine Government will seek more inclusive multi-stakeholder participation in support of priorities in the Medium-term Filipino Development Plan and its corresponding Regional Development Plans, which will serve as the basic framework in drawing up partnership strategies of development co-operation partners.

B. Exploring Innovative Financing – There have been numerous discussions on how different components of development finance, aside from traditional ODA, can be tapped, given the dwindling trend of ODA financing in recent years. For the Philippines, the worsening effects of climate change and natural disasters are prompting government to explore opportunities for innovative financing products that include risk transfer instruments to build resilience against vulnerabilities.

C. Addressing issues on country systems – Some implementing agencies prefer to use development partners' systems, particularly in terms of procurement. Efforts must be continuously undertaken by government to address issues involving PFM systems.

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Disclaimer This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for Country Context, other open source information available online. The views presented cannot be used or cited as an official UNDP source of information.

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