

**First Phase of the Evaluation of the
Implementation of the Paris Declaration**

Country Level Evaluation

P H I L I P P I N E S

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Acronyms

ADB	Asian Development Bank
AECI	Agencia Español Cooperacion Internacional
AFMA	Agriculture and Fisheries Modernization Act
AIDS	Acquired Immunodeficiency Syndrome
AR	Agrarian Reform
AusAID	Australian Agency for International Development
BIS	Baseline Indicator System
CAS	Country Assistance Study
CAW	Country Analytical Work
CBMS	Community-Based Monitoring System
CDF	Comprehensive Development Framework
CFAA	Country Financial Accountability Assessment
CIDA	Canadian International Development Agency
CIIP	Comprehensive and Integrated Infrastructure Program
COA	Commission on Audit
CLE	Country Level Evaluation
CPAR	Country Procurement Assessment Report
CPIA	Country Policy and Institutional Assessment
CPS	Country Partnership Strategy
CSOs	Civil Society Organizations
DA	Department of Agriculture
DAC	Development Assistance Committee
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DOF	Department of Finance
DOH	Department of Health
DP	Development Partners
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EER	Effectiveness and Efficiency Review
EIA	Environmental Impact Assessment
EIRR	Economic Internal Rate of Return
e-NGAS	Electronic New Government Accounting System
ENR	Environment and Natural Resources
ETSW	Economic Thematic and Sector Work
EU	European Union
FAO	Food and Agriculture Organization'
FfD	Financing for Development
FIRR	Financial Internal Rate of Return
FY	Fiscal Year
GAA	General Appropriations Act
G-EPS	Government Electronic Procurement System
GFI	Government Financial Institution
GNI	Gross National Income
GOCC	Government-Owned and Controlled Corporation
GOP	Government of the Philippines
GPPB	Government Procurement Policy Board
GPRA	Government Procurement Reform Act
GTZ	German Technical Cooperation

HC	Harmonization Committee
HIV	Human Immunodeficiency Virus
HLF	High-Level Forum
HQ	Headquarters
IEI	Innovation and Efficiency Initiative
IFAD	International Fund for Agricultural Development
IRR	Implementing Rules and Regulation
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute)
LGU	Local Government Unit
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MfDR	Managing for Development Results
MFF	Multitranches Financing Facility
MFO	Major Final Output
MIMAP	Micro Impacts of Macroeconomic Adjustment Policies
MOA	Memorandum of Agreement
MOT	Measurable Output Targets
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTPDP	Medium Term Philippine Development Plan
MTPIP	Medium Term Public Investment Program
NEDA	National Economic and Development Authority
NGA	National Government Agency
NGAS	National Government Accounting System
NGO	Non-Governmental Organization
NIP	National Implementation Plan
NREM	Natural Resource and Environment Management
NSO	National Statistics Office
NSP	Non-sovereign Public Sector
NZAID	New Zealand's International Aid and Development Agency
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
OPIF	Organizational Performance Indicator Framework
PAPs	Programs Activities Projects
PBAAs	Program-based Approaches
PD	Paris Declaration
PDF	Philippine Development Forum
PEFA	Public Expenditure and Financial Accountability
PEMIP	Public Expenditure Management Improvement Program
PEPFMR	Public Expenditure Procurement and Financial Management Review
PER	Public Expenditure Reform
PFM	Public Financial Management
PIU	Project Implementation Unit
PMU	Project Management Unit
PPMIS	Plan Performance Monitoring and Indicator System
RA	Republic Act
RBM	Results-Based Management
RD	Rural Development

SDAH	Sector Development Approach in Health
SEER	Sectoral Efficiency and Effectiveness Review
SER	Socio-Economic Report
SPMs	Strategic Planning Matrices
SRD	Sustainable Rural Development
SWAp	Sector-Wide Approach
TA	Technical Assistance
TOR	Terms of Reference
TWG	Technical Working Group
UK	United Kingdom
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UPMO	Unified Project Management Office
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WP-EFF	Working Party on Aid Effectiveness

I. OVERVIEW

A. Background

One of the fundamental changes in the conduct of development cooperation in the New Millennium is the recognition of the overriding importance of eradicating poverty on a global scale and enhancing the effectiveness in use of Official Development Assistance (ODA).

Two important documents that have emerged from these developments are the Millennium Development Goals (MDGs) in 2000 and the Monterrey Consensus or the International Conference on Financing for Development (FfD) in 2002. Both outcome documents spell out principles and targets, which has the ultimate objective of eradicating poverty and promoting sustainable human development. The UN member countries that acceded agreed to meet periodically and monitor progress.

As part of the follow-up to these two documents, country donors further committed to align development assistance with their partners' strategies and improve systems, harmonize donors' policies and procedures, and implement principles of best practice in development cooperation at the High-Level Forum on Harmonization in Rome in 2003. A year later in Marrakech, the Heads of the multilateral development banks (MDBs) and the Chairman of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC) affirmed their commitment to foster a global partnership on managing for results.

In March 2005, in line with the FfD, a landmark document known as the *Paris Declaration on Aid Effectiveness* was endorsed by 91 countries, 26 international organizations, and 14 civil society organizations. In a nutshell, the Paris Declaration (PD) articulates the view that aid can be made more effective if concerted actions and behavioural changes happen in the following five commitment areas:

- a. **Ownership.** Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions;
- b. **Alignment.** Donors base their overall support on partner countries' national development strategies, institutions and procedures;
- c. **Harmonization.** Donors' actions are more harmonized, transparent and collectively effective;
- d. **Managing for Results.** Managing resources and improving decision-making for results; and,
- e. **Mutual Accountability.** Donors and partners are accountable for development results.

The specific objectives of the Paris Declaration include:

- Increase partner countries' ownership of and responsibility for, the assistance;
- Adapt the assistance to the prioritizations and administrative systems of the partner countries;
- Promote democratic trends and increase transparency in recipient country administration;

- Increase access to social services for the public, and protect its security through provision of medical and health care, education and a functioning and fair judicial system;
- Coordinate and simplify donor procedures;
- Improve the reporting of the results for poverty reduction;
- Mutual responsibility for reporting and follow-ups

The instruments to measure compliance with the five commitment areas of the PD are as follows:

- a. *PD Monitoring Survey* - Survey focusing on whether partners are actually fulfilling their commitments measured across twelve indicators corresponding to the PD commitment areas. Two surveys should be conducted i) *2006 Survey* - to set the baseline data of 2005; and, ii) *2008 Survey* - to report on initial progress as of 2007. (The Philippines was not able to participate in the Survey on Monitoring the Paris Declaration conducted by OECD in 2006 but conducted its own in the last quarter of 2007. The Philippine Survey went even further by covering two years of data and information: a) Fiscal Year (FY) 2005 (January to December 2005) to serve as the Philippine's baseline data against which progress will be reported; and, b) FY 2006 (January to December 2006) to report on initial progress) and,
- b. *Country-Level Evaluation* - Alongside its strong focus on monitoring, the PD also highlights the importance of an independent cross-country evaluation process. This evaluation process should provide for a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives of the Philippines.

B. Methodology

Alongside its strong focus on monitoring, the PD highlights the importance of an independent cross-country evaluation process. The PD states that this evaluation process should provide a comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives and that it should be applied without imposing unnecessary additional burdens on partners.

In response to this commitment, the OECD-DAC Development Evaluation Network proposed a two-phase evaluation as follows:

- a) First Phase - will focus on input and output levels, through a series of partner country, development partner headquarters, and thematic evaluations; and,
- b) Second Phase (up to 2010) - will focus on outcome and impact levels. The evaluation will complement the monitoring of the implementation of the PD, undertaken through the Joint Venture on Monitoring.

The proposed Evaluation has received strong support from the Working Party on Aid Effectiveness (WP-EFF) and the DAC Evaluation Network. An international Reference Group, comprising partner country members of the WP-EFF, members of the DAC Evaluation Network, and representatives of civil society, has been established to commission and oversee the evaluation.

First Phase of the evaluation will run from 2007 to 2008 and aims at providing information on the 'HOWs and WHYs' of the implementation process of the Paris Declaration in order to deliver practical lessons and help take stock of implementation performance at the 3rd High-Level Forum (HLF) on Aid Effectiveness to be held in Ghana in September 2008.

Second Phase of the evaluation will run from the HLF in Ghana in 2008 up to the 4th HLF in 2010. This second phase will focus on whether the intended long-term effects of the Paris Declaration are being achieved.

The overall purpose of the evaluation is to provide information about the end impacts and effects of implementation of the Paris Declaration principles. However, the first phase of the evaluation will only focus on input, the implementation process and (to the extent possible) on the level of outputs. The specific purpose of the evaluation is to assess what constitutes better practices for partner and development partner behavior in regard to implementation of the Paris Declaration. The objectives of the evaluation are:

- To deepen understanding of the lessons emerging from the Baseline Survey and Report conducted in 2007 under the Asian Development Bank-Technical Assistance (ADB-TA) for Harmonization and Managing for Results;
- To facilitate local and global learning on aid effectiveness and to facilitate a more efficient implementation of the Paris Declaration;
- To make specific recommendations to the Government of the Philippines (GOP) and to the local and global aid community for improving aid effectiveness; and,
- To provide the basis for the second phase of the evaluation.

C. Organization of the Report

The report is organized as follows: After Chapter I, which provides an overview of the recent changes in development cooperation including a background of the country evaluation process, Chapter II briefly describes the policies and institutional arrangements governing development cooperation in the Philippines, including background information on the ODA Portfolio Review being conducted annually by the Philippine Government. Chapter III then reports the results of the Philippine's evaluation and assessment of the PD by presenting the results of the baseline surveys and interviews, summary of the respective responses of the Philippines and its donor partners after the adoption of the Paris Declaration in relation to the latter's five principles, and providing Case Studies on Rural Development and Health. Lastly, Chapter IV will summarize the report and describes the next steps.

II. COUNTRY DEVELOPMENT COOPERATION CONTEXT

A. Existing Development Cooperation

Since the attainment of political independence from the United States (US) in 1946, the Philippines' has been a major recipient of foreign aid in the form of capital and technical assistance, and commodity assistance. In addition, the Philippines received war reparation payments from the government of Japan after World War II. Over time, development cooperation expanded.

With a per capita income of about US\$1,200, the Philippines is considered a low middle-income country. It continues to be eligible for ODA loans and, to a limited extent now, of grants. However, having liberalized foreign trade in commodities and securities, as well as foreign direct investments, a substantial portion of the country's development funds today consists of private capital flows. Still, the Philippines continues to rely on ODA for financing investment projects, given ODAs' lower interest rates and longer maturity period.

As of December 2006, there were a total of 33 active ODA development partners in the Philippines. Of this number, 17 and 16 ODA partners were in the loans and grants portfolio, respectively. In terms of magnitude of assistance, the top ten lenders of capital assistance¹ are the Government of Japan through the Japan Bank for International Cooperation (JBIC), Asian Development Bank (ADB), World Bank (WB), China, United Kingdom, Germany, Korea, International Fund for Agricultural Development (IFAD), Spain, and The Netherlands. The top ten sources of grants² for technical assistance are the Australian Agency for International Development, European Commission, WB, Canada, ADB, Germany, United Nations Children's Fund (UNICEF), Sweden, Belgium and China.

B. Aid Modalities-Post PD

At the onset of the New Millennium, the Philippines showed vulnerability to macroeconomic shocks due largely to a weak fiscal position and the accumulation of a large public debt following the 1997 Asian financial crisis. After seeing a worsening of the deficit problem in 2002, the government embarked on a fiscal consolidation program, through measures designed to improve collection efficiency and control government spending. As a result, spending on essential services and the budget allocation for investment projects declined significantly.

The year 2005 was a critical juncture for the Philippines in addressing its development challenges. The beginning of a six-year term for President Gloria Macapagal-Arroyo created a favorable economic policy environment. There was marked improvement in the fiscal and Balance of Payments position. As the economic fundamentals improved, macroeconomic stability was ushered in. The release of the 2004-2010 Medium-Term Philippine Development Plan (MTPDP) in November 2004 also proved timely as it coincided with the revisions of the Country Strategy papers of the country's major development partners.

To help the Philippines in addressing the development challenges, the development partners aligned their programs more closely with the Philippine government priorities by basing their Country Strategy papers on the MTPDP.

In particular, the World Bank Group's Country Assistance Strategy (CAS) for 2006-2008 moved away from financing discrete projects towards a more programmatic engagement with selected key agencies and sectors. That was in recognition of the need for less complex and more achievable reforms and closer alignment between the WB's support and the national budget priorities. During the CAS period, the WB would be using the Sector-Wide Approaches (SWAs) in its national program support operations. SWAs

¹ As of December 2007. Source: NEDA Project Monitoring Staff.

² As of June 2007. Source: NEDA Project Monitoring Staff.

involve investment loans that finance specific expenditures within agency budget, thus focusing on the core functions and services of the agency. This strategy reflects the government's strong preference for lending to support programs rather than specific investment projects that are not compatible with fiscal constraints.

Another important development was the adoption by the Asian Development Bank (ADB) of a more liberal cost-sharing for project lending and the inauguration of new financing instruments and modalities under its Innovation and Efficiency Initiative (IEI), which provides flexible alternatives in helping finance individual projects and investment programs. Specifically, this includes the following: the Multitranche Financing Facility (MFF), Non-sovereign Public Sector Financing (NSP) Facility, and, the Local Currency Loans.

The MFF provides a flexible framework for loans and guarantees that allows ADB to finance an interrelated investment program coming out of a sector roadmap. The NSP Facility, on the other hand, allows for direct lending to state-owned enterprises and local government units without central government guarantees. It is designed to support projects and programs that deliver clear development objectives. And lastly, the ADB now offers loans denominated in local currency; previously, ADB only offered LIBOR-based loans in US dollars, yen and euro. This would help the country reduce the risk of currency mismatches for projects that earn revenues mostly in local currency.

The Government of Japan (GOJ), which is one of the major development partners of the Philippines and the largest source of bilateral aid, is also making efforts to implement the Paris Declaration. From a "request-oriented principle" whereby assistance was implemented based on requests from recipient countries, the GOJ now engages actively in policy consultations regarding the formulation and implementation of ODA policies. The GOJ launched the country-based ODA task force (ODA-TFs) consisting primarily of officers of Japanese Embassies and the local offices of implementing agencies, such as, the Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) to ensure the efficient and effective implementation of ODA. In 2005, the ODA-TFs implemented locally-based policy consultations in the Philippines aimed at making GOJ's assistance policy compatible with the development policies of the Philippines.

The GOJ also established the "Grant Aid for Community Empowerment" and the "Technical Cooperation on Science and Technology", which would be launched in the Philippines this Fiscal Year. The Grant Aid for Community Empowerment was launched in an effort to reduce the costs associated with grant aid. With this scheme, construction projects are carried out according to local specifications and designs, using local contractors, equipment, and materials. In addition, the expansion of the number of bidding participants and the multiplication of contracts are expected to enhance competition and substantially reduce costs, thereby achieving greater efficiency, and providing flexible and rapid support.

In addition, the GOJ's ODA-related ministries and agencies, including the Ministry of Foreign Affairs (MOFA), and implementing agencies, JICA and JBIC, have been working together to conduct monitoring and evaluation. In recent years, evaluation was conducted not only on individual projects, but also on sectors, aid modalities, Country-based Assistance Programs and Priority Issues. To ensure objectivity, evaluations by a third party, including experts, are today widely carried out. Joint evaluations with recipient countries and other donor countries are also conducted. Recognizing that ex-

post evaluations of grant aid had not been sufficient, comprehensive evaluations of grant aid were introduced by the MOFA in FY2005 and third-party viewpoints were incorporated in the evaluation from FY2006.

Lastly, in order to improve organizational efficiency and reduce transaction costs, the GOJ is planning to merge JICA and the Japanese ODA loan function of JBIC into the "New JICA" on August 2008. The New JICA will implement the three aid instruments — technical assistance, loan aid and grant aid — in an integrated manner. Synergy between the aid instruments is expected to be strengthened at the project formulation and implementation stage, and streamlining of procedures, promoted. These measures are expected to enhance effectiveness of assistance based on international standards laid down by the Paris Declaration.

With the continued support of the development partners, the Philippines will be able to achieve and sustain its economic growth.

C. ODA Reviews³

The ODA Review, already in its 15th year, is prepared annually, by the National Economic Development Authority (NEDA). It provides a detailed analysis of the data recorded in the NEDA ODA database. The report is structured around indicators of performance. The other dimensions, including, projects/program, donor activity and agency involvement, are included in each section.

The Review is used by members and staff of Congress when reviewing the budget and preparing funding proposals. NEDA uses the information in its in-house ODA database and the Review when providing advice on the budget, policy issues and in discussions with donors. It is also used by donors in the preparation of country programs, reports on ODA and other documents.

One of the concerns is the lack of action to address some of the recurring issues that have been consistently identified in a succession of ODA Reviews. NEDA's role is fact-finding. It can provide an overview of the implementation of ODA and make recommendations in the Review but it does not have the authority to implement the recommended actions. NEDA can only rely on moral suasion to make other agencies act on its recommendations.

Some of the reasons for these recurring issues are:

- The almost intractable problems associated with Right of Way and Land Acquisition due to lack of funds to pay landowners and the unrealistic expectations of some landowners;
- Continuing difficulties with procurement, budget constraints and cost and time overrun;
- On-going "turf" battles between line agencies;
- Defensive posture of some line agencies when it comes to assessments and recommendations of the Oversight Committee (NEDA and/or Finance)

³ Study on the Philippines' Progress Towards Achieving the Targets Set Out in the Paris Declaration (EU) 2007 by Chris Lightfoot

- Slow pace of organizational reform – reforms vital to a successful project implementation are not always enforced in a timely manner;
- Frequent failure to have an annual budget passed by Congress and as a result re-enactment of prior year's budget often results in the removal of funding for projects/program;
- Parochial “pork-barrelling” by legislators can lock line agencies into proposing projects or program that may not be aligned with national priorities;
- Limited capacity of local government units to implement projects slows down the speed at which ODA funds can be effectively disbursed; and
- Leadership changes results in lack of continuity in the priorities of the national government and the appointed secretaries of the line agencies.

NEDA's role is correctly limited to review and advice and one thing NEDA can do is try to ensure that its review and advice elicit action measures from relevant authorities.

The key issues that have to be addressed include: a) improving stakeholder awareness of the ODA Review and its contents; b) expanding the accessibility of its contents to potential users; c) raising the accuracy of the ODA database, and d) enlarging the distribution network of the Review.

III. EVALUATION/ASSESSMENT OF PARIS DECLARATION

A. Initial Evaluation Study⁴

Concerning Change in the Development Partner's Behaviour in terms of alignment of their policies, systems and procedures to implement the Paris Declaration Commitments, it is seen that donors regularly consult the government on development issues.

Formal consultation processes have been established as well as active informal consultation between donors and government. Evidences thereof include the annual conduct of the Philippines Development Forum (PDF), which is a government mechanism for facilitating substantive policy dialogue among the country's development stakeholders.

The PDF seeks to develop consensus and generate commitments among different stakeholders to actionable items of the Government's reform agenda. It involves continuous dialogue on thematic areas organized around seven working groups, namely, MDGs and social progress; growth and investment climate; economic and fiscal reforms; governance and anti-corruption; and decentralization and local government; sustainable rural development; and Mindanao. The PDF evolved from the Consultative Group Meetings, consisting of regular meetings every 18 months.

Major developments arising from donors and GOP's coordinated discussions include: establishment of Mindanao Trust Funds for conflict-affected areas, implementation of sector-wide approaches (SWAPs), e.g. health and national program budget support- type of projects for environment, tax reform, and education, among others.

⁴ Study on the Philippines' Progress Towards Achieving the Targets Set Out in the Paris Declaration (EU) 2007 by Chris Lightfoot

Also, the increasing number of joint annual programming discussions with development partners is proof that donors are consulting government on their development initiatives for the country. Technical-level joint ODA reviews with development partners are also held at least once a year to assess performance and address issues affecting project implementation.

Lastly, the government-led technical working groups (TWGs) work within the context of a shared results framework with the ODA partner that focuses on achieving specific outcomes and achieving country-identified priority needs. The TWGs provide a dynamic platform for: nurturing and deepening government-donor dialogue; exchanging best practices; developing standardized procedures; identifying and assessing beneficiary outcomes; determining appropriate indicators and targets; discussing potential shortfalls from initial targets; and identifying promising areas for coordination.

The study also shows that some of donors are now using country systems.

On the part of the Development Partners (DPs), efforts in aligning with the country's national development strategies, systems and procedures are gradually coming into the picture. In fact, as early as 2004, WB, ADB and JBIC have already started harmonizing their local procurement systems to make them consistent with the GOP's procurement process. These efforts are apparent in the Generic Procurement Manual and Philippine Bidding Documents. In 2006, significant progress was made in this area, which includes Development of Syllabus for the Roll-out of Training on the Procurement Program, and Procurement Manual for Local Government Units (LGUs).

Notable GOP reforms in Public Financial Management have been progressively adopted across levels of government since 2002, and have had positive impacts on the transparency of the financial management system. Among the most recent reforms that the Commission on Audit has developed is the adoption and implementation of the Electronic New Government Accounting System or e-NGAS, which is a computerized version of the NGAS. It simplifies government accounting, yet provides adequate internal controls, and reliable and timely financial management information without sacrificing data integrity and fiscal transparency. It is now being rolled out in National Government Agencies (NGAs), LGUs and government-owned and control corporations (GOCCs). Currently, there are about 189 NGAs, 164 LGUs, and 44 GOCCs that are using the e-NGAS.

Some of the challenges that were highlighted in the study regarding the change in DPs behaviour in alignment of policies, systems and procedures are:

- Some donors are reluctant and are constrained to use country systems due to policies and restrictions of their headquarters and existing concerns about fiduciary risks
- Some government agencies are also slow to adopt coordinated consultation processes.

B. Philippines Country Evaluation Methodology

1. Methodology

a) Sampling

The Philippines' country level evaluation covered three distinct groups involved in the development process namely: development partners, country partners and civil society. These three are the major stakeholders in the development process.

Sectors

Two sectors were selected for the evaluation, namely, the health sector and rural development. These two were recommended by the Development Assistance Committee for the evaluation because most development partners are involved in said sectors and would therefore allow for cross-country summaries and comparison. The Philippines' Harmonization Committee (HC) opted to select the same sectors for two major reasons.

First, the substantial growth of the Philippine economy was made possible by the rural development sector, particularly, the agriculture and services sector. As priority sector, Agribusiness is a core strategy in the 2004-2010 MTPDP, particularly, in the GOP's fight against poverty. The Rural Development Sector serves as lynchpin in operationalizing the core strategy in terms of:

- Increasing food production
- Increasing farm incomes
- Providing support to enhance market access
- Optimizing use of land and other natural resources
- Providing jobs/employment

Moreover, the sector is a major beneficiary of Development Cooperation, hence, providing a good example of GOP experience in promoting development effectiveness.

The scope of the sector covers agriculture, agrarian reform and natural resources. Environmental sustainability as a cross-cutting theme is also partly covered.

Next, the health sector also proves to be a very important sector to be evaluated. For one, there are four indicators of the Millennium Development Goals which are focused on health, such as, improved maternal health, increase access to reproductive health services, reduced child mortality ratios, and combating HIV and Acquired Immunodeficiency Syndrome (AIDS), malaria and other diseases. It is, therefore, worth highlighting if the attainment of some of the MDG indicators can be attributed to the PD on aid effectiveness.

Development Partners

The development partners were selected as survey respondents on the basis of the following: a) magnitude of Official Development Assistance (ODA) provided to the Philippines; and b) presence in the selected sector to be evaluated. A total of nine development partners were included in the evaluation.

These are (in alphabetical order): ADB, European Commission (EC), and International Fund for Agriculture Development (IFAD), Germany, JBIC, Japan International Cooperation Agency (JICA), United Nations Development Program (UNDP), United States Agency for International Development (USAID), and WB.

Government Institutions

Eight government institutions were included in the evaluation. These are: the Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Budget and Management (DBM), Department of Environment and Natural Resources (DENR), Department of Health (DOH), Commission on Audit (COA), National Economic and Development Authority (NEDA), and the Philippine Health Insurance Corporation (PhilHealth).

Civil Society

There were attempts to interview civil society representative organizations such as: 1) Social Watch Philippines; 2) IBON Foundation, (both members of the Advisory/Reference Group of the Philippines' Country Level Evaluation); 3) Philippine Rural Reconstruction Movement (PRRM); and 4) Council for Health Development.

Social Watch (www.socialwatch.org) is an international Non-Governmental Organization (NGO) watchdog network monitoring poverty eradication and gender equality. *IBON Foundation* is a non-stock non-profit development institution committed to serve the Filipino people through various programs in research-education-information. *Philippine Rural Reconstruction Movement* (www.prrm.org) is an NGO which envisions a world of equity and sustainability, a future where society is free of ignorance, poverty, disease, and powerlessness, and development takes place within the environment's carrying capacity. The Council for Health and Development (CHD) [www.chdphilippines.org] is the national organization of non-government community-based health programs (CBHPs) in the Philippines.

However, due to limitations on the availability of the appropriate respondents, Social Watch and PRRM were not interviewed. In the case of IBON, the Foundation shared reference materials on Civil Society Organization's (CSOs) point of view on aid effectiveness with the evaluation team.

b) Data Collection Instruments

Three types of data instruments were used in data collection. These were: 1) review of relevant documents (References attached as **Annex 3**); 2) interviews/focus group discussions (List of persons met and interviewed attached as **Annex 2**); and 3) self-administered questionnaire using the modified DAC prescribed questionnaire (**Annex 1**).

Evaluation Management

In the Philippines, the evaluation was led by a national evaluation coordinator who was appointed by the Harmonization Committee in June 2007 and was supported by a reference/advisory group consisting of relevant national stakeholders including civil society and development partners. (Figure 1 shows the Organizational Structure of

the management of the Philippines' Country Level Evaluation). The National Evaluation Coordinator initiated, facilitated, contracted and managed the country level evaluation and provided feedback to the overall management and reference groups.

The first meeting of the advisory group was held in December 2007 where the Terms of Reference (TOR) for the conduct of the evaluation was finalized. The evaluation was originally supposed to be funded by the Japan Bank for International Cooperation but it was later agreed that the German government through the Kreditanstalt für Wiederaufbau (KfW) Interest Differential Fund be utilized through the support of the Department of Finance.

A three-person team was contracted to do the evaluation. The team leader together with the rural development specialist and the health specialist came on board in February 2008.

2. Limitations

Major difficulties encountered that may have impacted on the overall quality of the evaluation include:

- The conduct of the evaluation was delayed because this type of country evaluation is new to GOP. The National Evaluation Coordinator who will orchestrate the whole evaluation process was appointed by the Philippines Harmonization Committee only in June 2007.
- Our original financing arrangement with JBIC was signed in August 2007 but the corresponding detailed work program for the evaluation was agreed only in October 2007.
- The Philippines Harmonization Committee had met several times for major decisions such as finalizing the draft Terms of Reference (TOR) for the Evaluation including the selection of the sectoral sampling frame and the composition of the Advisory Group. Our partner at that time, JBIC, also had to be regularly consulted on detailed activities particularly the procurement method to be used for the consulting services. JBIC had to ensure that the procurement method to be used is aligned with their procurement guidelines.
- The Philippines' Advisory Group (which included the Harmonization Committee as the government representative) for the conduct of the evaluation was finally convened only in December 2007. In this meeting, the Terms of Reference was agreed upon. Because of the delay, the evaluation is expected to start in February and will be completed by May 2008.
- There was a change in the financing of the study as it became difficult to coordinate with JBIC given that decisions were made in its Tokyo headquarters. As a result GOP had to tap the KfW Interest Differential Fund which is being administered by DOF.
- The survey questionnaires were disseminated and distributed in mid-February

2008 with a timeframe for filling-up of one to two weeks. The task of getting information from the DPs was made difficult as it coincided with the conduct of the 2nd Survey Round of the PD in addition to programming, project portfolio reviews, supervision mission activities and preparations for the Philippine Development Forum (March 2008).

C. Survey Findings

The table below shows GOP's scorecard for the various indicators and summarizes the 2005 baseline, 2006 and 2007 initial progress and overall Paris Declaration targets for 2010.

Indicators		2005 Baseline	2006 Progress	2007 Progress	2010 Target
1	Ownership – Operational PRS		Desk Review		Yes
2a	Quality of PFM systems		Desk Review		Move up 1 measure
2b	Quality procurement systems		Desk Review		
3	Aid reported on budget	26%	32%	51%	85%
4	Coordinated capacity development	77%	69%	86%	50%
5a	Use of country PFM systems (percent of aid)	74%	55%	62%	83%
5b	Use of country procurement systems (percent of aid)	37%	29%	64%	58%
6	Parallel PIUs	99	100	52	33
7	In-year predictability	19%	90%	78%	60%
8	Untied aid		Desk Review		Continued Progress
9	Use of program-based approaches	9%	42%	32%	66%
10a	Coordinated missions	22%	20%	28%	40%
10b	Coordinated country analytical work	27%	24%	44%	66%
11	Sound performance assessment framework		Desk Review		Yes
12	Reviews of mutual accountability		Desk Review		Yes

Of the nine quantitative indicators measured, GOP has so far achieved the 2010 target for three indicators (Indicator 4 - Coordinated capacity development, Indicator 5b – Use of Country procurement systems and Indicator 7 - In-year predictability). There was a decline from the 2006 to the 2007 reported progress in Indicator 9. Encouraging improvements were noted in five indicators (Indicator nos.3, 5a, 6, 10a and 10b).

Some conclusions and recommendations that can be derived from the Survey results are as follows:

1. Some indicators are not sufficient to capture the intended commitment set out under the PD. They are too narrowly defined and are only measured by proxy indicators.

Specific to Indicator 3 (*Aid recorded in country's national budget as a percentage of DP's disbursements*), aid flows recorded in the GAA are significantly less than what the DPs disburse to the Government sector. The GAA provides for the ODA loan allocations that go to the various line agencies of the Government but excludes those ODA loans that go to the GOCCs and the GFIs. Furthermore, under Section 13 of the Special Provisions of the GAA, ODA grants are automatically appropriated and are therefore, not reported in the GAA.

Because of limited information, there is need to close the information gap between what is captured in the GAA and aid disbursed by DPs to GOP, given that the GAA has very limited ability to provide full and accurate record of DP's financial contributions to GOP. Other possible sources of information can be explored, e.g.,

financial transaction records from DPs that are available with the Bureau of Treasury (BTr) or going through individual financial records from each IA that implements an ODA project. However, this option would be too costly and time consuming. Meeting the PD objective calls for a concerted assault at several distinct problems that together weaken the potential of the budget to serve as a full and accurate record of DP financial contributions.

2. The survey brought to the fore problems in the methods of record keeping and reporting on aid on both the GOP and DP sides. Data recording systems at country level are often not well-g geared to capturing aid flows in a comprehensive way. There are substantial weaknesses on both the DP and GOP sides affecting the retrieval of information, e.g. as reflected in the Indicator 7 results;
3. For indicators that are for desk review (Indicators 1, 2, 8, 11 and 12), accomplishments reported were obtained from GOP documents. However, compliance with the Paris Declaration commitments and targets for 2010 cannot be ascertained since documents cited by OECD as references were not available in the case of the Philippines. Specifically, for Indicator 8 (Untying Aid), proxy data were culled from the ODA database of GOP. The data reported, therefore, may not be reflective of what the Paris Declaration really wants to capture. However, GOP maintains the position that the country is already compliant with the commitments made under the Paris Declaration for these indicators; and,
4. Firm and clear guidance on the definition and local application of indicators is desirable. This would help focus discussions on things that matter – why the Paris commitments were made, what actions can be taken to carry them out and what the real obstacles are. This means that in preparation for the next survey round, further effort will be needed to clarify and disseminate the current definitions and forge in advance the degree to which they can be consistently applied. This issue can likewise be addressed with the conduct of the Country-level Evaluation as this would provide answers to the “HOWs and WHYs” of the implementation process of the Paris Declaration.

Overall, the Philippine ownership of the development process was well established long before the Paris Declaration. Efforts to develop standardized systems also predate the Declaration.

In summary, strengths and key challenges based on the five pillars of the Paris Declaration are shown below.⁵

DIMENSIONS	BASELINE 2005	Progress 2007	CHALLENGES	Strengths
Ownership	High	High	Policy and planning framework yet to be fully articulated to line agencies and Local Government Units (LGUs). Process is underway.	Development agenda clearly enunciated and supported by complete hierarchy of integrated policy and planning documents including, but not limited to the ff: President's 10-pt Agenda, Medium-Term Public Expenditure

⁵ Part of the assessments made were drawn from Mr. Chris Lightfoot's revised Terms of Reference for a European Commission-funded consultancy in the Philippines. Additional information contained was taken from the Stocktaking Report of Ms. Lirio T. Abuyuan, Results-Based Management Expert, under the ADB-TA for Harmonization and Managing for Results.

DIMENSIONS	BASELINE 2005	Progress 2007	CHALLENGES	Strengths
				Framework 2005-2010, Medium-Term Public Investment Program 2005-2010, Multi-Year Obligational Authority 2005-2010, Harmonization Action Plan 2007-2010; and, Various Sector Plans and Strategies
Alignment	Good	Good	Some DPs still constrained by HQ policies and requirements, particularly, with regard to using local systems. Some Government agencies slow to adopt coordinated consultation processes.	DPs regularly consult with Government on development issues. Formal consultation process established and functioning. Government in advanced stages of implementing comprehensive PFM reforms. Government, with support from DPs, has developed and is in final stages of rolling-out standardized procurement process.
Harmonization	Fair	Good	PFM system not fully adopted by LGUs. Few DPs able to use PFM systems due to constraints imposed by HQ and remaining concerns about fiduciary risk. Many bilateral DPs having difficulty adopting standardized procurement practices due to HQ resistance and remaining concerns about fiduciary risk.	PFM system in place and being used by Government. Standardized procurement systems developed in consultation with and support of WB, ADB and JBIC. System fully documented and supported by legislation. Simplified version being prepared for use at sub-LGU levels. Several major DPs using the system.
Managing for Results	Good	Good	The roll-out of systems is challenging and is taking time to resolve some of the remaining management issues. The M&E processes need further development. Skills base is improving but requires further support.	Government is implementing results-based management systems. DPs cooperating and collaborating in the process.
Mutual Accountability	Fair	Good	Formal M&E systems have yet to be fully developed although efforts are underway to address the issue. Degree of support varies among DPs.	Established DP-Government coordination mechanisms provide vehicles through which stakeholders can share information via the Philippines Development Forum

D. Findings from Recent (2007/2008) Interviews with Selected Government Agencies, Donors and Civil Society Groups

1. World Bank

The Bank is pursuing a variety of actions, both internally and externally in pursuit of the objectives of the Paris Declaration. Concerning its external actions, the Bank is pursuing the following initiatives:

- Lead by example in implementing the PD framework in the country-level harmonization and alignment efforts that it is spearheading (e.g., double the number of countries to at least 30 in 2007);
- Collaborate with partner countries, OECD-DAC, other multilateral development banks and other development partners in disseminating good practices and implement, monitor, and assess country-level progress toward agreed global targets on the PD agenda;

- Work with other donor agencies in moving to country-level fiduciary and results management systems in 10 pilot countries in 2008;
- Promote stronger mutual accountability between the stakeholders by supporting independent evaluations of donor-country relations and the management of development assistance in 6 pilot countries by 2007
- Use the Consultative Group mechanism to follow up on the progress of implementing the Paris Declaration, reporting on the achievements and agreements to address the constraints and the way forward;
- Collaborate with the OECD, MDBs, UN and Ghana (host country) in organizing, preparing and overseeing the 3rd High-level Forum on Aid Effectiveness (2008)

The Bank's internal actions include:

- Review the experience of the collaborative/joint Country Assistance Strategy, drawing lessons learned from these to increase the number of countries where similar joint efforts can be undertaken;
- Be active in seeking opportunities where the Bank can participate in co-financing arrangements with other donors, either as lead or not;
- Work with other donors in countries where there is feasibility to harmonize the procurement and financial management practices as a step towards aligning the donor requirements with the country systems;
- Use existing mechanisms and opportunities to familiarize staff with harmonization and alignment approaches including WB commitments and good practices;
- Track and report the Bank's progress in implementing the Paris Declaration, including, the regional key performance indicators on harmonization and alignment of country systems.

2. Asian Development Bank

The ADB initiatives in pursuit of the Paris Declaration can be categorized into the following:

a) Institutional-level Initiatives

- ADB is working with other MDBs to harmonize further procurement and consulting services procedures;
- ADB since 2003 have been working with four other MDBs in harmonizing the disbursement policies and procedures (key areas of harmonization include forms and terminology, advance/imprest fund procedures, milestone events, thresholds and limits and eligibility of expenditures, retroactive financing and financing percentages);
- ADB and other MDBs are working towards harmonization of evaluation practices, where Good Practice Standards have been developed and benchmark studies are being undertaken;
- ADB is committed under the Paris Declaration to review the implementation of its governance and anti-corruption policy and review its capacity development and program-based approach;
- ADB is to incorporate in its activities the recommendations of the 2004 Financial Due Diligence Retrospective e.g., strengthening international accounting and auditing architecture, supporting international and regional accountancy and auditing bodies and strengthening accounting and auditing capacity at the country level;

- ADB is committed to support the EBRD's Business Environment and Enterprise Performance Survey, which aims to consolidate and harmonize the large number of investment climate surveys carried out in individual countries by conducting one global survey in partnership with the WB and the regional MDBs;
- ADB likewise has committed to develop a Social Protection Index which will allow development partners to monitor the equitable access to basic social services;
- ADB is coordinating the operation of the Cooperation Fund on Managing for Development Results where 5 TAs have been endorsed. Likewise the bank is active in the MDB Working Group on MfDR and the OECD-DAC Joint Venture on Results; and
- ADB continues to seek opportunities for possible co-financing with other donors where their expertise and financial contribution can contribute to the outcome of ADB projects and programs.

b) Country- Level Initiatives

ADB has committed to undertake a number of initiatives in the Philippines:

- CPS harmonized with strategies and programs of other development partners and is aligned with the government's MTPDP;
- Coordinated joint technical missions to develop common policy agenda in certain sectors, e.g. power; and
- Provided TA to provide direct support for operationalizing results-based commitments at the country level including the formulation of monitoring framework.

c) Regional-level Initiatives

- Informal cooperation agenda developed and a process of trilateral consultation and review progress has been agreed with AusAid and WB with a similar process also in place with NZAID;
- ADB is supporting a series of economic analytical work - Pacific Islands Economic Reports with Ausaid, to provide vehicle to promote donor coordination on country strategies; and
- ADB support for Pacific regional HIV/AIDs strategy is helping secure a region-led multi-donor approach to combating the disease in the Pacific.

3. Government of Japan

Basic positions in implementing the Paris Declaration:

- Ownership is the basis for partner country-led aid effectiveness;
- Capacity development is essential to ensure ownership and leadership of the partner country;
- Donors must align their assistance with the national development strategies/poverty reduction strategy of the partner country;
- Partner country must undertake necessary reforms/initiatives for good government;
- Japan's aid implementation systems should be further strengthened; and

- To raise aid effectiveness, best efforts in accordance with the principles of the Rome declaration should be provided, employ steady and practical approaches to produce tangible results, implement a comprehensive approach to eliminate various impediments to improve aid effectiveness and share good practices widely across partners and donors.

Concrete Actions are as follows:

- a) To enhance Japan's ODA with partner countries' national development strategies, it will deepen and expand its involvement in program-based approaches in target partner countries. Japan will attach importance to the following:
- Formulate PBAs that are relevant to the existing capacity of respective partner countries;
 - Assist in developing partner country's capacity to enable them to analyze design and implement PBAs themselves;
 - Maximize aid effectiveness of PBAs by combining various aid modalities as appropriate; and
 - Integrate "Managing for development results" into PBA management.

Japan will have further involvement in PBAs through:

- Active participation in ETSW with target partner countries and through discussions with other donors in identifying target sectors in which Japan has comparative advantage, assist partner countries in exercising ownership/leadership in managing PBAs;
 - Participation in joint arrangements, such as, declaration and MOUs which can serve as good basis for pro-active donor coordination;
 - Maximize aid effectiveness by selecting appropriate or combining the strengths of various aid modalities to meet the needs of partner countries;
 - Participate in collaborative work, such as, joint diagnostic work, reviews and missions, undertaken under the PBA framework;
 - Facilitate information sharing of Japan's country assistance programs and results of policy dialogue with partner country and other donors;
- b) To improve the capacity of partner countries and for them to fully exercise their ownership as well as set their own visions for development and prioritize actions to implement development projects, a capacity assessment should be undertaken along with public administration reform to ensure sustainable capacity development. Donor partners on the other hand should take amore effective approach by ensuring that project design, implementation, monitoring and evaluation are led by partner country and that local skills and knowledge are utilized.

To support capacity development, Japan will undertake the following:

- Mainstream capacity development in each stage of the program/project cycle;
- Support partner country in conducting diagnostic work on their needs for capacity development; and
- Support South-South cooperation and regional cooperation where such cooperation is effective and continue the dialogue with non- DAC donors;

- c) Japan will employ various resources to support countries that are undertaking public financial management reforms to achieve effective resource allocation under their national development strategies. Specific actions include:
- provide support through capacity development and a more active participation in the country financial accountability assessment led by the WB and the diagnostic work led by the public expenditure and financial accountability; and
 - Japan will make efforts to improve predictability of aid flows at the macro, meso and micro level through sharing of multi-year aid flows, multi-year operation aid plan and indicative budget of individual projects
- d) In the area of untying aid, Japan will continue to implement the DAC Recommendation on Untying of ODA to LDCs.
- e) Some partner countries have already undertaken efforts to rationalize aid procedures. Japan welcomes this effort and will actively participate as it will try to reduce transaction costs associated with its own operational procedures. Japan will join discussions where harmonization and simplification efforts are already underway. Other specific steps include:
- harmonize procedures with other MDBs in the area of procurement and public financial management;
 - make efforts to rationalize aid procedures in grant aid;
 - support capacity development of partner countries especially in the area of procurement, financial management, auditing, monitoring and reporting; and
 - reduce number of bilateral meetings and missions through more frequent information sharing and combining multiple missions with similar objectives or TORs
- f) Japan considers it important to incorporate the Managing for Development Results into its aid management system in a step-by step manner through experience sharing with partner countries and other donors. It will undertake the following to achieve this objective:
- Introduction of results based country programming into its country assistance program in a step-by step manner including through experience sharing with other donors; and
 - Strengthening of ODA Review at the country level and aligning with the result-based monitoring framework in each partner country.
- g) To enhance the planning and implementation framework of Japan's ODA:
- Improvement in the efficiency of operations at the HQ and field level through review and rationalization of procedures will be pursued; and
 - Enhance and strengthen the function of field mission by assigning staff with enough professional knowledge and communication skills to participate actively in local donor community discussions.
- h) In the area of monitoring and evaluation, Japan will monitor annually its own progress in the implementation of its action plan and share its results with partner countries and other donors.

4. Civil Society Groups⁶

CSOs welcomed the PD as a positive commitment to a “new paradigm” for aid, but they also observed discrepancies between the principles of aid effectiveness and the practice and the impact of aid on the ground. CSOs opined that PD commitments are too focused on implementing and measuring mechanisms for managing aid delivery and that the quality of PD reforms should be measured by their contributions to development effectiveness. Aid should be understood as a global public good, as a resource to be held in trust for those living in poverty, and as an instrument for realizing justice and human rights, including gender equality.

Are CSOs essential to achieving the goals of the Paris Declaration? The donors and the government acknowledged that the civil society groups are essential to the Paris Declaration targets. On CSOs’ side, they are challenging whether the donors, the government, and even CSOs themselves are ready to include the civil society groups in their distinct roles in the implementation of the Paris Declaration.

Country Ownership

Achieving country ownership requires CSO support through democratic ownership. Many CSOs expressed their reservations on PD’s reliance on national development strategies alone as the foundation for country ownership. For them, PD should be premised on strengthening governance and democratic culture in which the government should meet its responsibilities to the citizens. A democratic culture in which the voices of the poor, the excluded and the discriminated sectors, is essential to overcome the inherent political obstacles in efforts to counter poverty and inequality, including their real inclusion in the development of national development strategies.

Alignment

CSOs can contribute to donors’ alignment by representing people’s needs and claims to their rights. CSOs can facilitate an alignment to truly community-owned development options through joint commitment with government and donors to effective and socially engaging consultation. They can not only push for closer alignment of government and donors with the community needs, but also strengthen government/donor accountability to their stated commitments.

Harmonization

CSOs can facilitate harmonization through coalition-building and innovative complementarity with donor/government program-based aid mechanisms. On donors’ side, it has been observed that there is increasing interest on their part to harmonize their support to CSOs. For instance, donors are pooling their efforts and create joint funding mechanisms. However, given donor requirements for accountability and the management of results, CSOs warned that such joint donor programs with CSOs will tend to favor CSOs with sophisticated capacities for financial accountability. This could marginalize other CSOs, particularly smaller informal organizations that work in

⁶ Civil Society and Aid Effectiveness: A Synthesis of Advisory Group Regional Consultations and Related Processes, January 29, 2008

grassroots development initiatives, and as such significantly alter the civil society sector in a country.

Managing for Development Results

CSOs can contribute to the implementation of this principle as they improve their capacity to assess results performance and hold governments, donors, and themselves accountable for development results. CSOs are uniquely situated within communities and in webs of societal networks through which they can increase the capacity of citizens to be aware of and monitor progress toward the stated objectives of development program priorities, including those of donors, governments and CSOs themselves. However, CSOs pointed to major issues in access to information and knowledge about donor and government policies and programs, including project information, as one of the key constraints in their ability to contribute to donor and government systems for managing aid for results. Accompanying and related to this lack of timely information, is the lack of due process and platforms for dialogue on intended results and assessments of performance.

Mutual Accountability

CSOs can contribute to enrich mutual accountability through research, monitoring and mobilizing their constituencies to assess development results. The challenge, according to CSOs, will be both to ensure donor/government transparency and to fully engage intended beneficiaries in independent nationally-based monitoring mechanisms for mutual accountability.

CSOs recognize the various roles they play at both the community and the national/international levels. But more needs to be done to strengthen their role in providing resources, information and capacity-building for grassroots communities regarding aid matters. There should also be more coordination among CSOs and increased efforts to engage government and donors by highlighting and sustaining their respective competencies and expertise.

E. Case Studies

1. Rural Development Sector

a) Significance of the RD Sector

The Rural Development (RD) Sector plays a critical role in the government's development agenda under the current Medium Term Philippine Development Plan (MTPDP). In terms of scope, it includes Agriculture, Agrarian Reform and Environment and Natural Resources. Its contribution to the national economy is 3.8% of GNP for the period 2006. Population-wise, the RD Sector, consisting mostly of farmers and fisherfolk in the lowland, upland and coastal areas, comprise 36%⁷ of the country's total population. Poverty incidence in the rural areas is high at 54%⁸. Average per capita daily income of farming and fishery households is lower than USD2, a daily per capita income set by the World Bank as the poverty line. This

⁷ ADB Key Indicators 2007: Inequality in Asia.

⁸ Ibid.

problem of gripping poverty situation among rural folks is made worse by the adverse effects of agriculture-related activities on the environment and on the country's natural resources. Agriculture, forestry and fishery activities for instance:

- Utilize 80% of fresh water resources
- Occupy 40% of the land area
- Produce 21% of green gas emissions

As defined by the World Health Organization (WHO) in 2006, "environment health focuses on those issues where environmental conditions contribute to a health problem that can be reduced through an improved environment. It includes among other things, the health effects of pollution as well as habitats for disease vectors such as dengue and malaria; the effect of stressful work environments on heart disease; the impact of crowded living conditions on tuberculosis; and the effect of lead on violence."

Statistics below show the number of people in the country exposed to environmental health risks (reported in 2007 Philippine Environment Monitor, World Bank):

Environmental risks in water:

Lack of access to improved sanitation: 25 million at very high risk; and
Lack of access to improved water resources: 13 million at very high risk.

Environmental risks in air:

18 million people in medium-high risk exposed to traffic;
46 million people exposed to risk (level cannot be ascertained) in the use of fuel wood for cooking; and
30 million Filipinos smoke and 56% of children have parents who smoke.

In the current Development Plan (2004-2010), rural development serves as the lynchpin in the government's fight against poverty. This role is operationally translated in terms of the following strategic objectives:

- Increasing food production
- Increasing farm incomes
- Providing support to enhance market access
- Optimizing use of land and other natural resources
- Providing jobs/ employment

The midterm performance of the sector is slightly below the plan target of 4.1%-5.0% with just 4.0%. This is primarily attributed to weather conditions and underinvestment in the sector. Gross capital formation as a percentage of Gross Domestic Product (GDP) is much lower than neighboring countries in Asia, at only 17.83%. China has the highest capital formation at almost 40% with Vietnam as second highest at 33.33%. Indonesia's investment in the sector is higher at 23%. Public expenditure in ENR relative to Agriculture and Agrarian Reform leaves much to be desired. The Environment and Natural Resource agency, only received less than one-third of the public budget of the two other rural development agencies, namely, Agriculture and Agrarian Reform. This is reflective of the political leadership's priorities. Under the mid-term update of the Development Plan, the ENR Chapter is changed to the Green Philippines Chapter emphasizing reforestation as a core strategy.

b) Description of the Analytical Framework and Organization of the RD Report

(i) Methodology and the relationship among the five PD pillars

This evaluation uses the analytical framework prescribed by OECD-DAC, using the pyramid and the relationship among the five (5) Paris Declaration pillars. This framework, however, could be enhanced by looking more closely at intra-government harmonization efforts. Such efforts provide a more meaningful frame condition for Partner Country and Development Partner Harmonization. The same should hold true for synchronization initiatives- among and within the Development Partners' own systems and processes. Under Ownership, the most relevant starting point should be harmonization within the Partner Country's own system. This implies that the country should put in place first, the necessary enabling framework (e.g. development agenda, policy and regulatory framework, etc.) to pave the way for a smoother process of alignment and harmonization. Ownership determines the level of confidence the country enjoys from its development partners. Alignment is most pertinent in partner country and donor relations because it similarly reflects the level of trust of the donors on the manner by which the partner country conducts its business. Harmonization, as defined under the PD, is most pertinent among donors and within donor systems. Thus, the PD commitments in effect, reflects to a certain extent, a donor-centric perspective. Managing for Results is the pillar that provides the rationale for a change in mindsets and development orientation among the Partners. Mutual Accountability ensures that key stakeholders support and uphold the processes and own the outcomes of the development cooperation.

(ii) Organization

The suggested outline of the Evaluation Organizers is followed in this Case Study. The assessment of the Paris Declaration commitments in terms of clarity, relevance and coherence is done first. This is followed by findings and assessment of the country and development partners' behavior and practices based on the five PD pillars. In this assessment, the results chain matrix is used as the framework. For phase one of the country-level evaluation (CLE) report, the processes/ mechanism (Inputs) and the results (Outputs); and, the concomitant issues that potentially affect the desired Outcomes are analyzed and assessed. The analysis of these findings, the emerging patterns and lessons learned follow the assessment. Capping this report is the presentation of the conclusions and recommendations for the next phase of country-level evaluation.

(iii) Limitations and Data Collection Instruments

The conduct of the evaluation and the writing of the report are constrained by the following:

- Difficulty of setting personal interviews and conduct of meaningful discussions with key respondents, particularly, senior officials and relevant development partner officers due to conflicting schedules and limited time;
- Limited time given the deadlines and the period of consultants' engagement; and

- Insufficient information available to respondents on the Paris Declaration Commitments.

In the light of these limitations, the following instruments are used:

- Questionnaires
- Focused Group Discussions
- Gathering/ review/ analysis of pertinent government documents, studies and reports
- Selective one-on-one interviews

c) Assessment of the Paris Declaration

(i) Clarity

The question of clarity appears irrelevant since most of the Government of the Philippines (GOP) respondents in the RD sector have not heard of the Paris Declaration commitments. Respondents who have heard or come across the PD are not familiar with the PD commitments and their operational definitions. The same is true in the case of knowledge on the progress indicators and their respective operational definitions.

(ii) Relevance

Based on a definition of relevance as: "the extent to which the objectives and design of the program are consistent with (a) current global/ regional challenges and concerns in a particular development sector and (b) the needs and priorities of beneficiary countries and groups", (sourcebook for Evaluating Global and Regional Partnership Programs, IEG-WB and OECD/ DAC Network on Development Evaluation, 2007 p. 49), the PD commitments are relevant. However, in terms of the objectives of development effectiveness, the PD is more relevant to the Development Partners. The PD commitments are more reflective of solutions proposed under international auspices and conditions. Ownership of the Development Agenda is being pursued and developed by the Country Partner long before the Paris Declaration resolution.

(iii) Coherence

Operationally, actual outcomes lagged behind, resulting in seemingly contradictory commitments, particularly, among the following:

- Procurement reforms have resulted in delays in program/ project implementation, which is contrary to the expected benefit of efficient program/ project management and reduced transaction costs. The learning curve proved steep for some agencies at various levels of government.
- Reduced number of PIUs has resulted in the neglect of some programs/ projects by the organic offices due to the additional burden of managing/ implementing programs/ projects. Implementing agencies were slow in finding substitute mechanisms for the PIUs removed.
- Results-based management orientation is being promoted while at the same time current M&E systems still focus on physical and financial accomplishments as required by agency heads, oversight agencies and the

President. Adding to the problem is the dearth of coherent and coordinated support for capacity-building. Current efforts at developing agency operational indicator frameworks seek to address this problem.

- Alignment with development agenda may pose a problem in cases when development strategies and priorities in the sector are highly influenced/dictated by political considerations. This contradicts the essence of ownership.

d) Findings and Assessment: Phase 1 Evaluation (Country and Development Partners' Behavior and Practices)

(i) Ownership

Ownership is defined operationally as: "Partner countries exercise effective leadership over their development policies and strategies and coordinate development actions." This pillar is operationalized in terms of the availability of plan documents, the planning process, the donors' role in the process and the quality of the plan documents.

The Philippine Development Plan includes two chapters of the RD sector captioned as Agribusiness and ENR. (However, in the plan update, ENR is changed to the Green Philippines Chapter). The plan is translated into more detailed annual plan documents (i.e. the Strategic Planning Matrix with Annual Measurable Output Targets (MOTs). A Results Framework for Agriculture, Agrarian Reform and Natural Resources is also drafted indicating the priority deliverables of the sector, which would subsequently provide the basis for resource allocation.

The formal process of drafting the sectoral plans is characterized as iterative, participatory and consultative. This process is led by the National Economic and Development Authority (NEDA) with the active involvement of the relevant line agencies, and, to a certain extent, the pertinent planning committees of the Congress of the Philippines. The plans are, in turn translated into investment programs.

Donors' participation in the exercise is derived from provision of technical assistance in the form of sectoral studies and diagnostic reviews. Proposed donor interventions are contained in country assistance strategies which are normally discussed with the oversight and pertinent line agencies during country programming sessions. When conflicts arise, decisions are made at the national level with the oversight agencies providing the policy direction.

Issues Affecting the Outcome of the Process/ Outputs

Among the issues articulated that can potentially affect the outcome are:

- a. Weak linkage between the plan and the budget. Among the constraints mentioned that affect the weak linkage are:
 - Budgetary ceilings are not always reflective of priorities within the sector, particularly in so far as ENR is concerned;

- Planning-budget processes within the agencies are primarily driven by oversight agencies; and
 - Weak coordination between the planning and budget agencies of government.
- b. Constant turn-over in top management positions in the concerned agencies, lead to problems in prioritization and programming of development interventions;
 - c. Questionable “ownership” of the RD sector’s program priorities as claimed by the technical staff of the concerned agencies because of the very strong involvement of the Philippine President in its preparation. (This could be a case of strong leadership ownership but weak constituency ownership.);
 - d. Partly attributable to the above issues is the difficulty of logical sequencing of programs/ projects due to changes in priorities set at the top; and
 - e. Difficulty of determining targets and monitoring of performance due to data limitations and inadequacies.

A practice that is discouraged by NEDA is for the donor partners to go directly to line agencies without benefit of oversight steering. This practice distorts the system of prioritization within the RD sector.

(ii) Alignment

Alignment as defined under the prescribed evaluation outline as the extent to which donor partners utilize country planning, program/ project development and implementation process and procurement and funds disbursement procedures/ mechanisms. A good illustration of alignment is the increasing use of program or budget-based approaches as an aid modality.

In the RD sector, Development Partners generally adhere to sector plans and strategies and priorities. Technical support is also provided in project development through grants and other capacity-building mechanisms. In providing assistance, consultations are normally done with the oversight agency as a regular process in formulating its country assistance strategies. After that, stakeholder consultations are conducted with concerned line agencies and field/ local government unit-level beneficiaries. Attendance in sector-specific donor coordination fora is another mechanism in generating ideas for technical assistance.

There are, however, issues that need to be addressed by donors to maintain the credibility of the process. Donors have specific advocacies that they would consistently include in their development approaches, even if such advocacies are considered inefficient or ineffective or not accorded high priority by the concerned client agencies. Examples of these are gender, participatory processes and the active involvement of civil society organizations in program or project steering processes.

The practice of multi-laterals (e.g., ADB and WB) in using a different methodological approach in computing for the EIRR and FIRR of projects from the approach being used by NEDA is a cause of tension or delays in the approval program/ project proposals.

The Development Partners, particularly, WB and ADB are moving toward supporting program-based assistance (PBA) in the sector. There are currently two World Bank-assisted PBAs- the Diversified Farm Income under Agriculture and the Environment and Natural Resources Management Program under the ENR sub-sector.

The setting of pre-implementation conditionalities is part of the process. The conditionalities are primarily based on on-going reforms being undertaken by government or policy reforms that are based on findings of sector studies and reviews. Implementation is done through the regular units of the agencies concerned. Supervision missions are regularly conducted by the Development Partner.

Although the oversight agencies, such as, NEDA, Budget and Finance encourage the use of PBAs, the implementing agencies have strong reservations against this modality. Resistance is mainly due to the following reasons:

- No additional resources going to the the implementing agency, therefore, no additional incentive;
- Additional burden due to the strict compliance with progress or milestone indicators that are made an integral part of the loan covenant;
- Implementing agencies still have to work within the budgetary ceiling set by the Budget department; and
- Supervision missions are still conducted frequently, which take so much precious time and resources from the implementing agency

Field-level workers in particular resist PBAs because of lack of familiarity with the way it operates and the close monitoring of milestone activities.

The Environment and Natural Resources Development program officer of GTZ claims that while he supports PBAs, he hesitates to get involved in this approach until transparency and credibility of GOP processes are ensured.

Alignment is also measured in terms of the reduction of parallel implementation structures that are either supported or financed by the donor agency or as government counterpart. The current pattern in the RD sector is a reduced number of project management offices. Only the Agriculture department has not implemented the Unified Project Management Office directive although its current project management offices are now being absorbed by the regular units of the ministry.

With the reduction of parallel project structures, problems of inefficiencies and neglect of project management functions are increasingly observed in the interim. These problems, however, are balanced by the prospect of improved chances of mainstreaming project outputs and maintaining improved capacities of technical personnel within the organization down the road.

There are reports of practices among Development Partners that can be uncounter to the rationale behind the progress indicators. These are:

- Outsourcing of project management function that results in strengthening capacities of consultants rather than the regular personnel of the implementing agency.
- A project office that is manned by consultants hired by a donor agency is cited as a parallel implementing structure reporting directly to the donor agency.
- Cases of no reduction in transaction costs due to:
 - No coordination among donors in conducting reviews and supervision missions.
 - Supervision missions are still very frequent and time-consuming (sometimes of two-week durations), particularly when there are perceived implementation problems.

Procurement and funds disbursement practices are other areas for alignment. The RD agencies claim that procurement manuals are available for their guidance. GOP guidelines are normally followed and adjusted for consistency with multi-lateral procurement provisions. The new government procedures introduced under the Procurement Law and the implementing manuals have resulted to a certain extent, in the slowing down of funds disbursement.

(iii) Harmonization

Harmonization in this evaluation considers the following levels and thematic areas:

Levels:

- Between the Development Partners and the Country Partners;
- Among and within the RD Agencies; and
- Among the Development Partners

Thematic Areas

Social Safeguards: Environmental Assessment, Land Acquisition and Resettlement

Coordinated Capacity-Building Support from Donor Agencies

Joint Country Analytic Work

The Harmonization pillar of the PD is supported by the following inputs and mechanisms:

The Philippine Development Forum has a Working Group on Sustainable Rural Development (SRD) consisting of Development Partners and Country Partner representatives. This group meets on a regular basis. The SRD activities consisting of workshops, focused group discussions, preparation of a RD Action Plan and monitoring of progress are supported by the GTZ. Part of this activity is directed towards the preparation and implementation of a Convergence Plan among the three RD agencies.

In the conduct of the activities of the SRD group, issues that need to be addressed are the following:

- Difficulty of convening the group due to schedule conflicts. As a result, meetings have become sporadic;
- Uncooperative attitude by some members because of perceived dominance of the Agriculture department, since the SRD group is chaired by its Undersecretary;
- Some of the terms of “convergence” are unacceptable for some members, particularly in the case of the ENR sector;
- Agreements during meetings are not followed through and delays persist in coming out with the promised outputs;
- Communication among and within agencies and sharing of information are problematic;
- Efforts are not always synchronized particularly in coming out with convergence plans; and
- Deliveries of capacity building efforts/ TAs are not always coordinated.

Harmonized systems in dealing with the thematic issues on environmental assessment and land acquisition and resettlement are proceeding smoothly with support provided by the ADB and WB.

Multilaterals agreed to support the Department of Environment and Natural Resources in its effort to come-up with a common EIA system. The products of this service are improved EIA guidelines that have been disseminated to EIA practitioners and implementers down to the local government levels. Through ADB, assistance is provided to relevant agencies in developing a methodology incorporating the social dimensions in land valuation, which complements an on-going land administration and management reform program’s market-based methodology. This latter program is being assisted jointly by World Bank and AusAid.

Coordinated capacity-building support is not yet practiced in the RD sector. One issue that has been observed is the practice among donors of not following through technical assistance support to its logical conclusion. According to the affected RD agency, this has led to a loss of momentum and waste of resources.

(iv) Managing for Development Results

The RD agencies are more advanced than the other sectors in designing and implementing results-based management systems. Initial support provided by ADB, World Bank and GTZ to NEDA and to the RD agencies served as the cornerstone. The ADB provided technical assistance at the project management level to NEDA in coming out with a Results Monitoring Evaluation Manual and piloting this among RD agencies. The World Bank carried this to the level of monitoring plan implementation with technical assistance to RD agencies in designing Plan Performance Monitoring and Indicator System (PPMIS). A concrete result of this TA is the PPMIS manuals and the Results Framework developed under NEDA’s Agriculture staff’s auspices. The Organizational Performance Indicator Framework (OPIF) initiated by the Budget department carries RBM further in establishing an accountability framework based on results within the GOP bureaucracy. The GTZ has initiated the design of RBM at the ENR

, but assistance has been abruptly stopped in view of the need to rationalize and coordinate the process within the RD sector. The ADB in its role as the Development Partner responsible for assisting the GOP in pushing its harmonization objectives is actively pursuing its assistance to GOP in mainstreaming RBM, particularly in the area of resource allocation.

These initial RBM efforts have yet to be done coherently based on an integrated RBM capacity-building plan. A substantial shift in the current orientation and mindset on physical and financial monitoring (inputs) to results (outputs) is still very much needed.

(v) Mutual Accountability (Common Assessment Framework)

A major mechanism in complying with Mutual Accountability is the client satisfaction survey tool. At the Ministry of Environment and Natural Resources, the initial conduct of a client satisfaction survey as baseline is a conditionality. Similarly, the Sustainable Rural Development Group is developing the tool for client satisfaction surveys for the RD sector. The same surveys are being conducted by the Agrarian Reform Ministry.

The RD sector has been very active in getting stakeholder support, particularly the CSOs. However, tensions and conflicts persist especially among those adversely affected by RD policies and program priorities. The ENR sector is also very vulnerable to CSO criticisms, particularly in the coastal areas.

A common assessment framework as basis for constituent-building is still to be developed and pursued.

e) Analysis of Findings and Emerging Patterns

- (i) The clarity, relevance and coherence of the PD as an instrument of development effectiveness cannot be properly assessed for the sector since PD principles are largely unknown among GOP RD agencies. However, the substance of the principles are well understood and recognized although operational definitions are still to be clarified and made more understandable.
- (ii) The efforts done so far in the sector toward the PD commitments cannot be attributed to the PD itself because of the limited information reaching the country level respondents on the PD. The development partners are more aware of the PD pillars and their definitions.
- (iii) The strong ownership registered over sector plans, strategies, and priorities is muddled by assertions of the sector plan being written/ drafted by the top leadership of the land. Within the sector's implementing agencies, the high priority given to political consideration pose problems of "real" ownership of the sector plan and priorities at technical and operational levels. The high rate of turn over among top and even middle level officials distorts plan and program continuity and consistency.
- (iv) Generally, donors uphold or align their development assistance to the country partners' plans and priorities. However, aligning the processes is done

selectively. When conflicts arise, guidelines of donors prevail because of the threat of resources being suspended/ withheld.

- (v) The emerging pattern is doing away with parallel implementation units or offices. Programs/projects that still have separate implementing units and manned by contractual personnel including consultants are at the completion stage. There is no plan of using the same structures in future projects. While this is a positive development, an adverse effect is neglect of program/project-specific management requirements.
- (vi) Coordinated capacity-building support in the sector is largely absent. Uncoordinated capacity-building support leads to wasted resources in terms of the following:
 - Outputs/services delivered to clients especially, developed systems and processes/manuals are not officially adopted and, therefore, not utilized. Reasons cited are: the delays in the approval processes and dearth of enabling conditions (e.g. policy framework, logistics support, personnel counterpart, etc.);
 - Confusing, overlapping, and duplicative technologies/systems being provided by consultants directly hired by donors. Donors, particularly the bi-laterals promote systems based on their respective country experiences and advocacies; and
 - Technical assistance that are abruptly stopped by the donor agency.

At a very initial stage, a bilateral agency is starting to coordinate its assistance in providing capacity-building among the three RD agencies. However, this effort does not fall within the definition of coordinated capacity-building support among donors.

- (vii) Harmonization among and between Development and Country Partners at the sector level in terms of systems, processes and guidelines on social safeguards (i.e. environment, land valuation) are being initiated. A degree of success is demonstrated in harmonizing procedures in environmental assessments consistent with good practices. The working group in Sustainable Rural Development under the PDF is drafting a common Action Plan for the RD sector focusing on Agribusiness as provided under the MTPDP. However, problems associated with the insufficient coordination and support at high policy levels of the concerned agencies tends to undermine their efforts.
- (viii) Managing for development results is gaining ground through the RBM orientation now being promoted by both country and development partners although this is still in its infancy stage. This pillar will likely to be more successful in being fast tracked for mainstreaming within the bureaucracy. The Budget Department is at the forefront of pushing its OPIF system through the budget and therefore there is pressure on the part of agencies to comply. The RD sector's line agencies are among the more advanced agencies in adopting RBM.
- (ix) Efforts at operationalizing mutual accountability are being done prior to the Paris Declaration but the degree of success varies. Resource constraints and

the traditional strained relationship between the bureaucracy and the CSO remain as constraints in the RD sector. The situation is not true, however, in environmental concerns where the CSO has been more active and involved in policy formulation and program management. Program-based support and the introduction of RBM, client satisfaction surveys are now being proposed to be undertaken by the implementing agencies. Hopefully, this will lead to the formulation of a common assessment framework for the country.

- (x) Regardless of the attribution factor, on the whole, the emerging patterns in the RD sector show some progress towards the PD commitments. The likelihood of meeting the progress indicators in 2010 can be strengthened with more focused attention by both Country and Development Partners on improving the enabling conditions from which the seeds of the PD can be sown and bear fruit.

f) Lessons Learned

- (i) Progress/ success towards the PD commitments and subsequently towards development effectiveness necessarily depends on the enabling conditions/ institutional and policy environment prevailing in both the Country and Development Partners.
- (ii) Corollarilly, analysis should take into account first and foremost, progress towards harmonization at the following levels:
 - a) Within and among the Country Partners' institutions.
 - b) Within and among the Donors; and
 - c) Between the Country and the Donors
- (iii) Progress towards PD is erratic and not linear. There would be periods of success and failure from indicator to indicator and from year to year. A very crucial factor is the issue of the personalities involved in the process, at least, during the period when institutionalization has not yet taken place or the reform efforts have not taken root.
- (iv) At this early stage, data generated on PD programs are basically anecdotal episodic and perception-based. More ground-working is required. Providing clear evidences, however, can also clutter the evaluation reports.
- (v) Evaluation report that is structured to facilitate synthesis from a global perspective tends to undermine significant differences among countries and unique individual country experiences. Contextualizing based on levels of development is necessary.

g) Conclusion and Recommendations

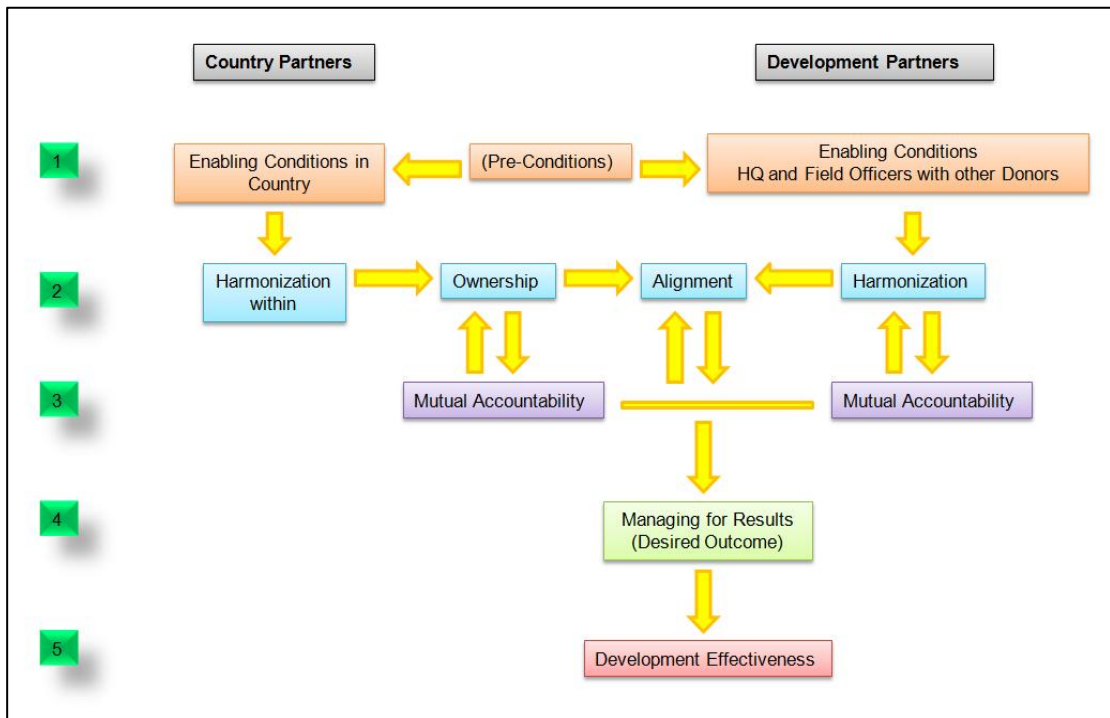
The likelihood of the PD principles being accomplished in 2010 depends a lot on doing the right things now. In the RD sector, progress is expected to be checkered but the situation could be improved and expected outcomes could be made sustainable if the PD objectives are prioritized given the country situation.

There are two major constraints in implementing/ operationalizing the PD commitments:

- (i) Too many objectives and issues being addressed which results in very dispersed efforts on the part of the Country Partner
- (ii) The themes and harmonization objectives are biased toward what the Development Partners perceive as significant issues/ concerns in providing development assistance rather than as responses to problems of Country Partners in utilizing development resources.

It is therefore recommended that assessment of progress be based on individual country concerns and issues. Foremost, is addressing the problem of harmonizing in-country.

Another recommendation is for the organizers of the evaluation to consider structuring experiences based on development levels of the Country Partners and provide an analytical framework which differentiates or presents a clearer logical sequencing of the 5 PD pillars. For example:



2. Health

The review of Official Development Assistance (ODA) in the Philippines was conducted in the context of the Philippine Health Care System being at its crossroads. This unique situation was brought about by increase in migration of health care personnel in the past 10 years. Although the Philippines has been exporting health care workers to North America and the Middle East since the late 1960s, a significant increase has been noted since the 1999, with US migrant visas being offered to nurses and their families as a pull factor. Today, the Philippines is the top exporter of nurses around the globe, and the second top exporter of doctors, only next to India. An estimated 85% of Filipino nurses are working internationally (see Aiken et al. 2004), 68% of doctors work overseas (see Mejia, WHO, 1979), and 80% of public health physicians have taken up or are already enrolled in nursing (see KII, personal study 2004). As the growing population of the elderly in the North countries increases the demand for doctors and nurses, more and more Filipino health care workers are attracted to migrate, leaving the Philippine health human resource depleted in the past couple of years. Another important cause of the health care system being in a unique situation is the limited appropriation for health in national budget. Although the health sector has consistently been receiving less than 2% of the total national budget since 2000, it has reached its record-low allocation of 1% in 2007.

The Health Sector Reform Agenda (HRSA) was conceptualized by the Department of Health (DOH) in the late 1990s as a step towards improving the performance of the health sector. Since 2000, the HRSA has been recognized as the agenda for health, despite changes in leadership at the DOH. Today, this has been popularized as the FOURmula ONE for Health or simply, F1 – the implementation framework for health sector reforms in the Philippines for the medium term covering 2005-2010. The pillars of F1 framework are health financing, public health delivery, hospital reforms, good governance in health and health regulation.

The Paris Declaration (PD) recognizes that accountability mechanisms are required for aid to be effective. It has been organized around the five key principles; namely, ownership, alignment, harmonization, managing for results, and mutual accountability. PD indicators need to be clear, relevant and coherent to both donor agencies and country partners to ensure compliance to its commitments. It is for this reason that indicators on aid effectiveness under the PD were interpreted, assessed and transposed to the country context, adjusting definitions and making best use of local mechanisms.

Ownership

Effective sector leadership over development policies and strategies is achieved through the Health Sector-Wide Approaches (SWAps). Development Partners are now geared towards aligning with the SWAps as exemplified by the World Bank (WB), the Asian Development Bank (ADB), the European Union (EU), the United States Agency for International Development (USAID), GTZ and the Government of Japan (GOJ). The latter, together with its agencies, the Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC), is actively engaged in activities such as consultations regarding the formulation and implementation of ODA policies. Measures to carry out programs according to local specifications and designs are underway.

It may be of interest to note that there are some exceptions to the adherence to SWAps. Under the F1 framework, projects are targeted to the 16 participant provinces; namely,

Ilocos Norte, Pangasinan, Ifugao, Mt. Province, Nueva Vizcaya, Oriental Mindoro, Romblon, Eastern Samar, Biliran, Southern Leyte, Negros Oriental, Capiz, North Cotabato, South Cotabato, Agusan del Sur and Misamis Occidental. Currently, two donor agencies are continuing their projects in provinces they have previously provided aid to before the HSRA was launched. These projects, however, are in their phase-out modes already. Projects for the affirmation for ARMM provinces are also an exception to the compliance to SWAp. The ARMM provinces, though, are geographical priorities in the Medium Term Philippine Development Plan. (MTPDP)

Prioritization on the F1 programs is also a concern with regards to ownership. There is a tendency for some of the health programs to be left out due to the preferences of developmental partners. For instance, health regulation, one of the pillars of F1, does not receive extensive funding from developmental partners. Proposals for health licensing and standards setting suffer as support is focused to public health delivery and hospital reforms. It is being speculated that this may be as such because health regulation does not present itself as attractive as the other F1 programs do.

Civil Society Organizations (CSOs) are non-stock, non-profit organizations, highly committed to serving the Filipino people through various programs. Several CSOs were involved in the ODA review. The Council for Health and Development (CHD) reports that they have been working in formulating a Philippine CSO position on aid effectiveness together with the IBON foundation, the Council for People's Development and Governance and the Philippine Aid Watch Network. The CHD and other CSOs that closely work with the communities have expressed their eagerness to actively participate in meetings, consultations, workshops and other activities on ODA project planning, funding and implementation.

Alignment and Harmonization

The Development Partners, providing ODA in the health sector, are fully aligned with the planning and implementation stages of the programs of the DOH. However, some program aspects have been identified as areas that may further be improved. These areas are procurement and technical assistance.

In the setting of full alignment with regards to procurement, developmental partners will give procurement responsibilities to government agencies of their country partners. However, there are three scenarios to the procurement process, the first being developmental partners preferring to procure materials themselves, as practiced by the USAID and JICA. These policies are donor headquarters-dependent, and are unlikely to be changed in the near future.

The current practice of procurement by the DOH is either by direct procurement by the DOH Bids and Awards Committee or coursed through the Department of Budget and Management Procurement Service. Opportunities to increase the confidence of developmental partners to give procurement responsibilities to DOH were opened with the enactment of Republic Act 9184, otherwise known as the Government Procurement Reform Act. RA 9184 provides standardized procedures for public bidding to support a more efficient, competitive, transparent and open procurement process. It promotes procurement of materials electronically, from a common portal known as the Philippine Government Electronic Procurement System. This method is highly preferred by developmental partners, but DOH has not yet fully adhered to it since it has been enacted in 2002.

The next scenario regarding procurement is exemplified by the WB, the ADB and the EU. These Development Partners have already aligned with DOH practices, but the latter are weighed down by needing to refer back to the guidelines for procurement set by the developmental partners. Fulfilling the requirements of the developmental partners have caused delays in the implementation of the program.

The move to full alignment in the first two scenarios may be achieved by a combined effort from the Development Partners and DOH. Development Partners will need to give procurement responsibilities to DOH in toto. The DOH, on the other hand, will need to improve its efforts in building the confidence of the Development Partners by complying with the directive for public, electronic bidding and procurement systems set by the government.

The last scenario is practiced by the United Nations (UN), which has aligned its procurement practices with the DOH. However, DOH has surrendered this responsibility to UN due to their highly efficient procurement systems. In this scenario of efficient donor procurement systems, essential medicines, vaccines, equipment and other materials needed for the program are procured ahead of local government counterparts being able to deliver their committed share to the implementation of the program, such as the retention of health human resources.

To achieve harmonization with respect to technical assistance, both Development Partners and the country partners need to agree in pursuing capacity development. Generally, Development Partners hire their own program experts as consultants. These experts, especially the Project Team Leaders and Senior Consultants are usually from the home countries of the Development Partners. Efforts to harmonize are now being partially observed, as exemplified by USAID which has started to contract Filipino firms to implement some of their projects. The downside of this change is the depletion of program experts amongst ranks of middle level managers as Development Partners and Filipino consulting firms absorb Filipino consultants previously on board with the DOH.

Providing assistance to country partners is essential to programs to which the Philippines does not have sufficient technical knowledge and experience. An example of which is hospital information technology. In cases such as this, the country partner must align to the lessons of best practices offered by the consultants. However, tension points may arise from hiring foreign consultants in programs where Filipinos have demonstrated their expertise in, as in Tuberculosis (TB) and Malaria Control Programs. The WHO 2006 data ranks the Philippines as 9th country with the highest TB burden (WHO Global TB Report, 2008). Being a country highly endemic for the disease, the Philippines has long been equipped with numerous TB experts. In this case, developmental partners need to recognize the preparedness of their country partner to lead the program. The country partner, on the other hand, needs to demonstrate their capacity for leadership, and not dependence to foreign consultants.

Open communication lines must be maintained and regular reporting and evaluation of results must be done in order to arrive at harmonization. There are currently no time-bound goals set to achieve this. The task of harmonization is great, with numerous stakeholders being involved in the process. Although it is not expected to be accomplished instantly, it would be useful to set and timetable these expected outputs.

Managing for Results and Mutual Accountability

Matters of concern regarding managing of program results stem from lack of harmonization. Though developmental partners are aligned at the country-level through adherence to the F1 framework, as it goes down the local government units it diverges into several commands. This is demonstrated by the existence of multiple Program Monitoring Units (PMUs) from developmental partners and from DOH. Each of these individual PMUs has their own reporting systems. The burden of redundancy is of particular significance in areas with multiple developmental partners like in Ifugao and Biliran. Developmental partners involved in these provinces are as follows: ADB, EC, JICA, UNFPA and UNICEF. Reporting becomes a counterproductive measure to these areas, as the same output is monitored and evaluated by entirely separate groups. The solution to this is for unified accountability. Timely and practical indicators need to be identified and agreed upon by the developmental partners and by DOH. Consolidation of the numerous existing reporting and monitoring formats increases aid effectiveness by avoiding redundancy. Attempts to harmonizing formats are underway, as with the formulation of the Provincial Investment Plan for Health (PIPH) and the LGU Scorecards for Health.

The presence of multiple commands and efforts to attain this single objective is the pitfall of PMUs. It is for this reason that a unified PMU has been created under the DOH Bureau of International Health Cooperation (BHIC) to spearhead monitoring and evaluation. Under the umbrella of BHIC, matters of repetition and discord on monitoring and evaluation performance indicators as well as discrepancies in salaries between the different PMU personnel of each of the donor agencies are being resolved. The UN and EU have already aligned with this effort, while some donor agencies still prefer to have their own PMUs, like JICA and the German Agency for Technical Cooperation.

Conclusion

The health sector, with its strategic F1 framework, is making good progress towards fully implementing the PD principles. But, as with any work in progress, areas for improvement revealed themselves during the evaluation process; to wit, promotion of all F1 programs, alignment of procurement systems, harmonization of capacity development goals and unifying accountability through consolidation of monitoring and evaluation formats. Implementing the principles of PD fully will both be a challenge and an opportunity for development and country partners. It is a challenge – for a magnitude of tasks involving numerous stakeholders, from different backgrounds, in all levels of implementation await. And it is an opportunity – for it lays the ground for strengthening relationships and enhancing the effectiveness of aid – the very heart of the PD.

IV. ANALYSIS OF FINDINGS AND EMERGING PATTERNS/CONCLUSION

A. Current Findings for the Rural Sector

The clarity, relevance and coherence of the PD as an instrument of development effectiveness cannot be properly assessed at this point for the sector since PD principles are largely unknown to them. However, the substances of the principles are well understood and recognized although operational definitions still depend on the contextual environment.

The efforts done so far in the sector toward the PD commitments cannot be attributed to the PD itself because of the limited information reaching the country level respondents on the PD. The development partners are more aware of the PD.

The strong ownership registered over sector plans, strategies, and priorities is muddled by assertions of the sector plan being written/ drafted by the top leadership of the land. Within the sector's implementing agencies, the high priority given to political consideration pose problems of "real" ownership of the sector plan and priorities at technical and operational levels. The higher rate of turnover among top and even middle level officials distorts plan and program continuity and consistency.

Generally donors uphold or align their development assistance to the country partners' plans and priorities. However, aligning the processes is done selectively. When conflicts arise, guidelines of donors prevail because of the threat of resources being suspended/ withheld.

The emerging pattern is doing away with parallel implementation units or offices. Programs/projects that have separate implementing units and manned by contractual personnel including consultants are at the completion stage. There is no plan of using the same structures in future projects.

Coordinated capacity-building support in the sector is largely absent. Uncoordinated capacity-building support leads to wasted resources in terms of the following:

- Outputs/services delivered to clients especially, developed systems and processes/manuals are not officially adopted and therefore not utilized. Reasons cited are: the delays in the approval processes and dearth of enabling conditions (e.g. policy framework, logistics support, personnel counterpart, etc.)
- Confusing, overlapping, and duplicative technologies/systems being provided by consultants directly hired by donors. Donors, particularly the bi-laterals promote systems based on their respective country experiences and advocacies.
- Technical assistance that are abruptly stopped by the donor agency.

At a very initial stage, a bilateral agency is starting to coordinate its assistance in providing capacity-building among the three RD agencies. However, this effort does not fall within the definition of the progress indicator.

Harmonization among and between Development and Country Partners at the sector level in terms of systems, processes and guidelines on social safeguards (i.e. environment, land valuation) is being initiated. A degree of success is demonstrated in harmony procedures in environmental assessments consistent with good practices. The working group in Sustainable Rural Development under the PDF is drafting a common Action Plan for the RD sector focusing on Agribusiness as provided under the MTPDP. However, problems associated with the insufficient coordination and support at high policy levels of the concerned agencies tends to undermine their efforts.

Managing for development results is gaining ground through the RBM orientation now being promoted by both country and development partners although this is still in its infancy stage. This pillar will likely to be more successful in being fast tracked for mainstreaming within the bureaucracy. The Budget department is at the forefront of pushing its OPIF system through the budget and therefore there is pressure on the part of agencies to comply. The RD sector's line agencies are among the more advanced agencies in adopting RBM.

Efforts at operationalizing at mutual accountability are being done prior to The Paris Declaration but the degree of success varies. Resource constraints and the traditional strained relationship between the bureaucracy and the CSO remain as constraints in the RD sector. The situation is not true, however, in environmental concerns where the CSO has been more active and involved in policy formulation and program management. Program-based support and the introduction of RBM, client satisfaction surveys are now being proposed to be undertaken by the implementing agencies. Hopefully, this will lead to the formulation of a common assessment framework for the country.

Regardless of the attribution factor, on the whole, the emerging patterns in the RD sector show some progress towards the PD commitments. The likelihood of meeting the progress indicators in 2010 can be strengthened with more focused attention by both Country and Development Partners on improving the enabling conditions from which the seeds of the PD can be sown and bear fruit.

B. Current Findings for the Health Sector

The Philippines Sector Development Approach in Health is still in the process of development and implementation. When measured against the nine essential characteristics of a SWAp, it is partially compliant with "Best Practice" with all the criteria, and for some criteria, it is fully compliant. Where the criterion falls short of "Best Practice", efforts are underway to address the shortfall. Overall it would be reasonable to characterize the Philippines Sector Development Approach in Health as "very good practice". This progress achieved can be attributed to the commitment of senior officials in the Department of Health and the support provided by some donors – notable the World Bank, the ADB, the EC and GTZ.