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Report No. 117771-PH

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

PERFORMANCE AND LEARNING REVIEW (PLR)

OF THE

COUNTRY PARTNERSHIP STRATEGY

FOR

THE REPUBLIC OF THE PHILIPPINES

FOR THE PERIOD FY15-FY19

August 31, 2017

**Brunei, Malaysia, Philippines and Thailand Country Management Unit
East Asia and Pacific Region**

**International Finance Corporation
East Asia and Pacific Department**

Multilateral Investment Guarantee Agency

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The date of the last Country Partnership Strategy Report was June 12, 2014

FISCAL YEAR

July 1 – June 30

CURRENCY EQUIVALENTS

Exchange rate effective as of July 28, 2017

Currency unit: Philippine peso (PHP)

US\$1 = 50.54

ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities	DRFI	Disaster Risk Finance and Insurance
ADB	Asian Development Bank	DRM	Disaster Risk Management
AF	Additional Financing	DSWD	Department of Social Welfare and Development
AIIB	Asian Infrastructure Investment Bank	EAP	East Asia and Pacific
ARC	Agrarian Reform Community	EGRA	Early Grade Reading Assessment
ARMM	Autonomous Region of Muslim Mindanao	EGMA	Early Grade Math Assessment
ASA	Advisory Services and Analytics	FASTRAC	Facility for Advisory Support for Transition Capacities
BDA	Bangsamoro Development Agency	FCV	Fragility, Conflict, and Violence
BIR	Bureau of Internal Revenue	FDI	Foreign Direct Investment
BOC	Bureau of Customs	FIES	Family and Income Expenditure Survey
BUB	Bottom-Up Budgeting	FINDEX	Financial Inclusion Data
CAB	Comprehensive Agreement on the Bangsamoro	FM	Financial Management
CAT-DDO	Catastrophe - Deferred Drawdown Option	FRS	Fiscal Risk Statement
CCT	Conditional Cash Transfer	GAA	General Appropriations Act
CDD	Community Driven Development	GDP	Gross Domestic Product
CGAP	Country Gender Action Plan	GEF	Global Environment Facility
CPF	Country Partnership Framework	GFMIS	Government Financial Management Information System
CPS	Country Partnership Strategy	GHG	Greenhouse Gas
CTF	Clean Technology Fund	GOCCs	Government-Owned and Controlled Corporation
DA	Department of Agriculture	GoP	Government of the Philippines
DBM	Department of Budget Management	GPBP	Grassroots Participatory Budgeting program
DILG	Department of Interior and Local Government	IBRD	International Bank for Reconstruction and Development
DP	Development Partners	IEG	Independent Evaluation Group
DPL	Development Policy Loan	IFC	International Finance Corporation
DPWH	Department of Public Works and Highways		

ILO	International Labour Organization	NRIMP	National Roads Improvement and Management Project
IMF	International Monetary Fund	PBB	Performance-Based Bonus
JICA	Japan International Cooperation Agency	PDP	Philippine Development Plan
JNA	Joint Needs Assessment	PEFA	Public Expenditure and Financial Assessment
KPI	Key Performance Indicator	PforR	Program for Results
KPS	Key Performance Standard	PLR	Performance and Learning Review
LEAPS	Learning, Equity and Accountability Program Support	PPP	Public-Private Partnership
LGUs	Local Government Units	PRDP	Philippine Rural Development Project
LISCOP	Laguna de Bay Institutional Strengthening and Community Participation Project	PSA	Philippine Statistics Authority
LNG	Liquefied Natural Gas	RAS	Reimbursable Advisory Services
M&E	Monitoring and Evaluation	REC	Renewable Energy Certificate
MIGA	Multilateral Investment Guarantee Agency	RPMS	Results-Based Performance Management System
MILF	Moro Islamic Liberation Front	SALN	Statement of Assets, Liabilities and Net Worth
MRDP	Mindanao Rural Dev. Project	SME	Small and Medium Enterprise
MSME	Micro, Small and Medium Enterprises	SWDRP	Social Welfare and Development Reform Program
MTF	Mindanao Trust Fund	TA	Technical Assistance
NCDDP	National Community Driven Development Program	UACS	Unified Account Code Structure
NCR	National Capital Region	UNDP	United Nations Development Programme
NDHS	National Demographic and Health Surveys	UNFPA	United Nations Population Fund
NEA	National Electrification Administration	WAVES	Wealth Accounting and the Valuation of Ecosystem Services
NEDA	National Economic and Development Authority	WBG	World Bank Group
NEP	National Expenditure Program	WDR	World Development Report
NHIP	National Health Insurance Plan	WRC	Water Regulatory Commission
NHTS-PR	National Household Targeting System for Poverty Reduction	WSS	Water Supply and Sanitation

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PHILIPPINES PERFORMANCE AND LEARNING REVIEW (PLR)

This PLR reviews the implementation of the World Bank Group (WBG) Country Partnership Strategy (CPS, FY15-18) for the Republic of the Philippines, discussed by the Board in June 2014. The PLR focuses on adjustments to the CPS program in light of implementation experience, lessons learned, and evolving country circumstances and demands.

I. INTRODUCTION

1. **The context for WBG partnership with the Philippines has evolved since the launch of the CPS in 2014, driven by several key factors.** First, the election of President Rodrigo Duterte in 2016 marked an important political transition. Grounded in a strong election mandate, the government is aiming to leverage the solid position of the Philippine economy to scale up public investment for poverty reduction, job creation and economic growth. While inclusive growth and poverty reduction remain at the center of the Philippine development agenda, the government has proposed new approaches for attaining these objectives in the context of a wide-ranging legislative agenda. Second, the Philippines has emerged as one of the fastest growing economies in Asia, with growing access to finance for development. As the Philippine government's demands for WBG services evolve, there is increasing focus on the need to maximize WBG comparative advantages to help address the most complex development challenges facing the country, including deep poverty in areas that are conflict-affected, remote, and/or highly vulnerable to climate change and natural disasters. Third, the new Philippines Development Plan (PDP 2017-2022), launched in June 2017, reflects heightened ambition and aims to lift roughly six million Filipinos from poverty and to achieve upper middle income status by 2022. The PDP 2017-2022 also highlights a prominent priority of the government: delivering a comprehensive agenda for peace and development in conflict-affected areas.¹ Challenges associated with conflict and internal security add urgency to the focus on accelerating gains in peace and development in the Philippines, particularly in conflict-affected areas in Mindanao.

2. **The WBG is well-positioned to provide strong support for delivery on the new PDP.** The CPS aims to promote inclusive growth, poverty reduction and shared prosperity across five Engagement Areas (EAs): (i) transparent and accountable government; (ii) empowerment of the poor and vulnerable; (iii) rapid, inclusive and sustained economic growth; (iv) resilience to climate change, environment, and disaster risk management; and (v) peace, institution building, and social and economic opportunity, with focus on conflict-affected areas in Mindanao.² Dialogue with the government, partners and stakeholders affirm strong strategic alignment between the CPS and the PDP 2017-2022. WBG engagement for peace and development in Mindanao is also gaining new prominence. Looking ahead, WBG partnership for delivery on the PDP 2017-2022 will require building on the strengths of the WBG program, tackling implementation weaknesses, maximizing synergy across IBRD, IFC and MIGA, and addressing key risks.

3. **The PLR affirms the continued relevance of the CPS while proposing to deepen WBG engagement for peace and development in Mindanao going forward.** In view of the recent launch of the PDP and to build the analytical basis for the next Country Partnership Framework (CPF), a one-year extension of the CPS period is also proposed.³ The WBG will also introduce new instruments and promote co-financing arrangements with other development partners. The following report, which discusses CPS implementation from July 2014 through June 2017, includes: (i) main changes in the country context; (ii) a summary of program implementation, including portfolio performance and partnerships; (iii) a summary of CPS implementation, including emerging results; (iv) lessons learned; (v) proposed adjustments to the CPS; and (vi) risks to achieving CPS objectives, including political and governance risks and challenges related to implementation. The report has benefitted from consultation with a range of stakeholders in the Philippines, including regional consultations in the three major island groups (see Annex 9).

¹ *AmBisyon Natin 2040: The Vision, Our Ambition*; Philippine Development Plan (2017-2022)

² World Bank Group: CPS for the Republic of the Philippines for the period FY2015-2018. Report No. 78286-PH

³ The mid-point of the CPS period in 2016 coincided with national elections and the transition to the new government. Given this transition and to allow for alignment with the new PDP, delivery of the PLR was shifted to FY17. WBG fiscal years (FY) extend from July 1 through June 30.

II. MAIN CHANGES IN COUNTRY CONTEXT

Changes in Poverty Reduction and Shared Prosperity

4. **Continuous high economic growth, along with well-targeted social sector spending, contributed to significant recent poverty reduction gains in the Philippines.** The country's real per capita income growth averaged 4.6 percent between 2010 and 2016.⁴ Since the launch of the CPS period, real per capita income growth in the Philippines was 4.3 percent in 2015 and 5.2 percent in 2016. This fast and sustained economic growth led to significant poverty reduction, reflecting more inclusive growth. While the World Bank is currently completing a poverty assessment to identify the key factors behind the observed drop in the poverty rate, rising employment and income levels as well as low inflation likely contributed to the declining trend. At the same time, the government more than doubled social services spending between 2011 and 2015, enabling significant allocations for health care and for poverty reduction through the *Pantawid Pamilyang Pilipino Program* (4Ps), the national program providing conditional cash transfers. The program expanded its coverage and now reaches roughly 4.4 million poor households. Robust evaluations of the 4Ps program substantiate gains in increased health and education outcomes for poor children, as well as poverty reduction impacts. This was accompanied by an expansion of the benefit package and improved targeting through an update of the national poverty targeting system, *Listahanan*, which is among the most effective targeting systems globally.

5. **Recent strong progress on poverty reduction and shared prosperity in the Philippines represents an important breakthrough.** The proportion of the population living in poverty fell from 25.2 to 21.6 percent over the period 2012-2015, a rate of roughly 1.2 percentage points annually.⁵ Shared prosperity also increased: while household per capita incomes in the Philippines increased for all income deciles between 2012 and 2015, the incomes of the bottom 40 percent of the population grew at nearly twice the overall rate of real household income per capita in that period.⁶ These advances contributed to a dip in inequality. Measured by household income per capita, the Gini coefficient declined from 46.1 in 2012 to 44.4 in 2015.⁷ Despite recent progress, poverty reduction in the Philippines still lags other East Asian economies, including Indonesia and Vietnam, and the country remains one of the most unequal in Asia. Progress was made towards achieving the Millennium Development Goals on gender equality,⁸ infant and child mortality, and access to safe water. However, performance in basic education and maternal health lagged. The Philippines did not meet MDG 1 targets on ending hunger by 2015, and the rate of stunting showed no progress over the last decade, remaining at one-in-three children under age 5.⁹

6. **The profile of poverty has changed little and is characterized by deep rural poverty, vulnerability to shocks, and a nexus between poverty and conflict.** The majority of the poor are agriculture-dependent households for which low productivity agriculture and lack of education have perpetuated poverty. Across rural and urban areas, many Filipinos still hover just above the poverty line and are vulnerable to climatic, disaster, financial and price shocks. Recurrent flooding, for example, has the greatest impact on informal settler families living in higher-risk flood prone areas. Spatial dimensions of poverty and inequality are stark. Poverty rates are lowest in the National Capital Region (NCR) and highest in areas with strong disaster risk or conflict. Mindanao accounts for 36 percent of all poverty in the Philippines, and poverty is highest in Mindanao's conflict-affected areas.

⁴ Source: World Bank World Development Indicator database.

⁵ Measured by the annual per capita official poverty line of PhP18,935 (or approximately US\$2.66/day in 2011 PPP). Philippine Development Plan (2011 – 2016) targeted poverty incidence of 22.5 percent by 2016.

⁶ Source: 2015 Family Income and Expenditure Survey (FIIES).

⁷ Source: Philippine Statistics Authority

⁸ Bank research suggests that in recent years (2012-2015), wage growth for women is faster than for men, though women earn less than men for the same level of education.

⁹ While stunting prevalence was not an explicit MDG, it is highlighted here as an important human development indicator for monitoring in the Philippines.

Macroeconomic Developments and Outlook

7. **Strong policy efforts to ensure macroeconomic stability enabled the Philippines to secure investment grade credit ratings – a significant change since CPS approval.** GDP growth remained robust at 6.1 percent in 2015 and accelerated to 6.9 percent year-on-year in 2016, outpacing most regional comparators. At the same time, the government continued a fiscally conservative stance throughout 2014 and 2015, reaching a deficit of 0.6 percent and 0.9 percent of GDP respectively; the switch to a more expansionary path was evident in the 2016 election year, with a deficit of 2.4 percent of GDP. The debt-to-GDP ratio has declined from 45.4 percent in 2014 to 42.1 percent in 2016, helped by the investment grade credit rating, careful debt restructuring and strong growth. Remittances remained important macroeconomic and household-income stabilizers: remittance growth accelerated in 2016, to a record of 4.9 percent year-on-year from 3.8 percent in 2015, well above the central bank’s forecast of 4.0 percent. Robust external and fiscal positions, stable and low inflation and decreased debt levels underlie the country’s investment grade rating.

8. **Recent strong growth has stimulated job creation.** The unemployment rate fell to 5.5 percent in 2016, a drop of 2.5 percentage points from the eight percent recorded in the previous decade. While unemployment has fallen to a historic low, underemployment in the Philippines remains high at 18.3 percent and has been stagnant at this relatively high level for over a decade.¹⁰ High underemployment in the Philippines is related to high informality. The informal sector accounts for the vast majority of jobs created; for those who are informally employed, the creation of more and better jobs in the formal sector will be important by improvement to the investment climate for international and domestic private firms. Access to higher-paying and more stable jobs in the formal sector will likely require a different skill profile for workers; equipping young workers to develop appropriate skills will be important, including for reaping the Philippines’ expected demographic dividend.

9. **Solid economic fundamentals have placed the Philippines on a higher growth trajectory.** The Philippine economy grew at an average of 6.1 percent between 2011 and 2016 and is projected to grow at 6.9 percent in the next two years.¹¹ The services sector, including the Business Process Outsourcing (BPO) sector, is the fastest growing sector in the economy and also the one that accounts for the largest share of new jobs. The expanding BPO sector generated in 2016 total revenues of US\$25.0 billion – matching the country’s volume of remittances. Strong growth of remittances is expected to continue, increasing from US\$26.9 billion in 2016 to some US\$30.0 billion in 2017. Foreign Direct Investment (FDI) is becoming increasingly a more important driver of growth. Net FDI inflows to the Philippines surged to US\$7.9 billion in 2016 – the highest level in Philippine history and a 40.7 percent increase from 2015 – yet, FDI to the Philippines still lags several regional comparators, including Malaysia, Vietnam, and Singapore.

10. **Looking ahead, a primary growth engine will likely be increased capital investment, largely driven by the expansive public infrastructure development agenda along with private investment.**¹² In the context of the government’s “Golden Age of Infrastructure” program, the significant planned scale-up in delivery of infrastructure projects could generate positive spillover effects for the rest of the economy, spurring additional business activity, and accelerating job creation. Crowding in private investment will call for continued focus on enhancing the doing business environment, reducing risk and improving competitiveness.

11. **Risks to the economic outlook remain prominent and will require continued strong economic management.** Rising global interest rates and oil prices remain a source of vulnerability for the Philippine economy. Domestically, the key short-term downside risk to growth is the government’s ability to deliver on its infrastructure investment commitments. The new administration has committed to a significant surge

¹⁰ Philippine Development Plan (PDP), 2017

¹¹ Ibid

¹² World Bank: Philippines Economic Update, April 2017

in public infrastructure spending, as reflected in the 2017 budget's 12 percent increase in planned infrastructure expenditures. Of the PHP3.4 trillion 2017 budget, PHP858.1 billion, or an estimated 5.4 percent of GDP, is allocated to public infrastructure.¹³ Moreover, the administration plans to spend up to PHP9 trillion from 2017-2022 on new infrastructure projects. The 2017 fiscal deficit is projected to increase to 3.0 percent of GDP, after having more than doubled to 2.4 percent in 2016. The government intends to finance the deficit primarily through domestic sources. Based on World Bank estimates, GDP growth is expected to continue to outpace growth of the debt stock, and the debt-to-GDP ratio is projected to decline from 42.1 percent in 2016 to 40.4 percent in 2017.¹⁴ Nevertheless, in the longer term, if the fiscal deficit keeps rising, fiscal sustainability may emerge as a concern.

12. The Philippines recent more inclusive growth pattern is a major achievement, and maintaining it will require a commitment to policy reforms that encourage human capital development and investments in sectors that create quality employment. Severe underinvestment stemming from a lack of competition in key sectors, restrictions on foreign investment, insecure property rights, a high degree of regulatory complexity and other obstacles to doing business, continue to discourage private investment and have prevented the economy from completing its structural transformation. Sustaining strong economic performance and inclusive growth will call for rapid progress in policy reforms that foster private investment, which can generate an increase in high-quality, formal-sector jobs that would help accelerate the pace of poverty reduction and reduce the number of working poor.

Evolving Context for Partnership

13. Since taking office in 2016, the government has carried forward a strong focus on inclusive growth while adding new urgency and more ambitious targets. The PDP 2017-2022 expands upon the government's 0+10-point agenda, which promoted continuity on core aspects of development policy in the Philippines – from maintenance of macroeconomic stability, to stepping up rural and value chain development, to improving social protection. Rooted in extensive national consultations, the new PDP has three overarching pillars: (i) enhancing the social fabric, (ii) inequality reducing transformation, and (iii) increasing growth potential. Cross-cutting strategies, referred to as Foundations for Sustainable Development, focus on “balanced and strategic development of infrastructure while ensuring ecological integrity and a clean and healthy environment.” The PDP 2017-2022 integrates the National Spatial Strategy (NSS), which seeks to address spatial and socioeconomic inequality and to improve connectivity to expand access to opportunity.¹⁵ Targets of the PDP 2017-2022 include the aim to expand the economy by 50 percent, with per capita income rising from US\$3,550 in 2015 to US\$5,000 in 2022; to shrink subsistence poverty from 8.1 percent to 5.0 percent by 2022; to generate 950,000 to 1.1 million jobs annually over the six-year PDP period; and for the Philippines to rank among the top one-third of countries in the Global Competitiveness Index by 2022.¹⁶ Other key targets include the aim to develop a high level of human development, to strengthen the resilience of individuals and communities and to foster greater trust in government and in society.

14. While the overarching focus on inclusive growth reflects continuity, the modalities and policy emphases for achieving inclusive growth have changed under the new government. For example, the Duterte administration's focus on rapidly scaling up infrastructure investment places new emphasis on increased use of public sector financing and construction, and investment outside of Metro Manila. Though recognizing the value brought by the private sector, the government also acknowledges the important role of the public sector in infrastructure investments along with challenges with public-private partnerships based on its past experience. The government is thus introducing a “hybrid financing” model that leads with public financing, particularly for large transport projects (roads, bridges, urban) and local infrastructure,

¹³ <http://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2018/B5.pdf>

¹⁴ World Bank projections. Government projects debt to GDP ratio of 40.6 percent for 2017.

¹⁵ PDP (2017-2022), Chapter 3 – Overlay of Economic Growth, Demographic Trends, and Physical Characteristics

¹⁶ PDP (2017-2022), Chapter 4 – Philippine Development Plan 2017-2022, Overall Framework.

and subsequently integrates private investment for operations and maintenance.¹⁷ To achieve the objectives of the “Golden Age of Infrastructure” program, dubbed “Dutertenomics,” highly consequential national policy reforms are proposed. A comprehensive tax reform package, approved by the House of Representatives in May 2017, seeks to ensure higher domestic revenue mobilization to sustainably finance the planned infrastructure program.¹⁸ The Budget Reform Bill, filed in both houses of Congress in May 2017, carries forward efforts to strengthen accountability and will support stronger linkages between planning, programming and budgeting. As reflected in the PDP 2017-2022, the government's thrust on ensuring security, safety, and public order also reflects a new policy emphasis.¹⁹ Finally, as with any new administration, bilateral relations and alliances are also evolving, with stronger focus on regional partnerships.

15. **A key priority of the government is to advance the peace process in the country,** including finalizing peace agreements with all internal armed conflict groups and pursuing greater integration of the development and peace agendas.²⁰ For Mindanao, along with the deliberation of a new Bangsamoro Basic Law (see Box 1) as expected in 2017, the government is pursuing the adoption of a federal form of government that includes the creation of the state of Bangsamoro.²¹

16. **Delivering the expansive policy agenda with a strong degree of urgency may pose new challenges, affecting the already complex political economy of reform.** The governing coalition is highly diverse and reflects a wide spectrum of constituencies. Such diversity can strengthen representativeness while also potentially increasing challenges for consensus building and cohesive policymaking. Implementing the government's agenda will test capacity at all levels of government, as significant reforms aim to simultaneously scale-up public investments and improve service delivery to the Filipino people. This will include the rollout of the National Rightsizing Program, which aims to enhance institutional capacity for improved public service delivery through rationalization.²² In relation to the peace agenda, the evolving security environment in Mindanao includes risks of intensification of conflict, such as the outbreak in Marawi beginning in May 2017, that add uncertainty and urgency for completion of the peace process.²³

Box 1: Drivers of violence in conflict-affected Mindanao include social inequality, injustice and weak governance

Roughly 60 percent of Mindanao's cities and municipalities are affected by conflict, including the Autonomous Region in Muslim Mindanao (ARMM). As discussed in the Philippines Mindanao Jobs Report (2017), the main drivers of conflict are both economic and political. They include discrimination, land conflict, injustice, and weak governance. Resolving conflict in Mindanao rests on addressing root causes and providing jobs and economic opportunities as alternatives to violence. The PDP highlights key aspects of the peace process in Mindanao, including the two breakthroughs in the peace talks between the government and the Moro Islamic Liberation Front (MILF) – namely, signing of the Framework Agreement on the Bangsamoro (FAB) in 2012 and signing of the Comprehensive Agreement on the Bangsamoro (CAB) in 2014. There is yet no enabling law to implement the peace agreement. The CAB proposes a comprehensive political settlement through passage of the Bangsamoro Basic Law (BBL) that will create the new Bangsamoro entity and replace the current ARMM and the normalization process in the Bangsamoro. The enabling law for the Bangsamoro political entity is one of the pillars of the government's legislative agenda for attaining just and lasting peace.

Source: Philippines Mindanao Jobs Report (World Bank Group 2017, forthcoming); PDP Chapter 17 – Attaining Just and Lasting Peace.

¹⁷ In the context of the hybrid PPP formula, “the government selects, finances (including borrowing at lower rates through grants and concessional loans) and builds big-ticket projects through competitive public bidding and, upon completion, auctions off their operation and maintenance (O&M) to the private sector.” (Source: Philippines News Agency; Presidential Communications Operations Office)

¹⁸ Seventeenth Congress of the Republic of the Philippines. Senate Bill No. 1450.

¹⁹ PDP (2017-2022). In Chapter 18 – Ensuring Security, Public Order and Safety, the PDP breaks down the accomplishment of this strategy into: (a) territorial integrity and sovereignty upheld and protected, (b) all forms of criminality and illegal drugs significantly reduced, (c) public safety ensured, and (d) security and safety of OFs ensured.

²⁰ PDP (2017-2022), Chapter 17 – Attaining Just and Lasting Peace

²¹ Republic of the Philippines House of Representatives, Seventeenth Congress. Resolution of both Houses No. 9.

²² Seventeenth Congress of the Republic of the Philippines. Senate Bill No. 1167.

²³ Proclamation No. 216 Declaring a State of Martial Law and Suspending the Privilege of the Writ of Habeas Corpus in the Whole of Mindanao.

17. **The new PDP's focus on inclusive growth and poverty reduction is congruent with the WBG goals and provides a platform for robust continued development partnership with the Philippines.** The government has confirmed the continued relevance of the CPS and the value of strong WBG partnership to end poverty and promote shared prosperity sustainably.²⁴ Further, the Philippines has outlined national priorities for the Sustainable Development Goals (SDGs)²⁵ and has ratified the Paris Agreement for Climate Change (COP21) in March 2017, aiming to reduce Green House Gas (GHG) emission by 70 percent by 2030. International partnership will continue to play a role in supporting delivery on this agenda. In a dynamic operating context, WBG engagement in the Philippines in FY18-FY19 will need to be both robust and adaptive – proactively addressing implementation challenges; integrating lessons; and mitigating risks in close collaboration with the government, stakeholders and development partners.

III. SUMMARY OF PROGRAM IMPLEMENTATION

Partnerships and Leveraging

18. **Partnership with the development community, the private sector and civil society is integral to the WBG partnership with the Philippines.** Key dimensions of WBG support for collaboration among Development Partners (DPs), for example, include: (i) quarterly meetings at the policy and program level with major Overseas Development Assistance (ODA) partners;²⁶ and (ii) operational partnerships, such as Trust Funds and a new co-financing partnership with the Asian Infrastructure Investment Bank (AIIB). Towards wider dialogue, the WBG and the Asian Development Bank (ADB) supported the 2016 Philippine Development Forum in November 2016, allowing for early discussion of the new policy directions of the government.

19. **Led by IFC, engagement with the private sector at the local and national levels in the Philippines is enhancing the enabling environment for investment.** IFC partners with private firms on a range of programs, including partnerships with financial institutions to build agri-financing capacity in order to support farmers and agribusinesses Micro, Small and Medium Enterprises (MSMEs) and develop agriculture micro-insurance products to protect farmers against weather/typhoon risks. On the broader reform agenda, IFC engages closely with entities that facilitate public-private dialogue, such as the National Competitiveness Council, the Export Development Council and national and local chambers of commerce on diverse issues such as the ease of doing business, logistics efficiency, trade facilitation, and other reforms that support private sector development. To strengthen corporate governance, IFC engaged with the Securities and Exchange Commission (SEC) on the revision of the corporate governance code for publicly listed companies (completed in January 2017) and advised the Shareholders Association of the Philippines to help educate investors and shareholders of their rights, duties and responsibilities. The IFC Transactional Advisory team also helped the country to mobilize private sector resources to deliver critical infrastructure PPP projects, notably Manila Light Rail Transit (LRT) System 1 and the Ninoy Aquino International Airport (NAIA) expressway.

20. **Trust Funds have deepened joint action with development partners in priority areas (see Box 2).** With a total of 70 grants and commitments of US\$211 million in end-May 2017, the trust fund portfolio is dominated by recipient executed grants. Close to three quarters of the TF portfolio is fully integrated and monitored with the loan portfolio.

21. **Co-financing partnerships and joint implementation with DPs extend the reach of WBG engagement in the Philippines.** The Bank is pursuing co-financing at the project level, including an

²⁴ The World Bank accounted for 19.55 percent of the ODA portfolio of the Philippines as of March 2017.

²⁵ Philippine Initiatives in the Implementation of the Sustainable Development Goals. National Voluntary Reviews. HLPF, July 2016.

²⁶ Participation includes the ADB, Australia, Canada, European Union, France, Germany, IMF, Japan, Korea, Spain, the United Kingdom, the United Nations, and the United States.

Box 2: Trust Fund partnerships continue to strengthen client engagement for improved results

The Bank-administered *Mindanao Trust Fund* is supported by long-term partnership among the European Union (EU) and the governments of Sweden, Australia, Canada, the United States, and New Zealand. The MTF has delivered significant peace-building support to conflict-affected areas in Mindanao and has been extended to June 2019. The Bank serves as co-chair of the MTF alongside the government's Office of the Presidential Adviser on the Peace Process (OPAPP) and the Bangsamoro Development Agency, the development arm of the Moro Islamic Liberation Front.

The programmatic *Australia WB Philippines Development Trust Fund (PH-PTF)*, the backbone of Bank collaboration with Australia in the Philippines, has been extended through 2019 with a sharper focus on (i) inclusive economic growth and (ii) peace and stability, themes closely resonant with the PDP 2017-2022 and the WBG country strategy. Established in 2009 and currently funded at US\$44.8m, the PH-PTF has strengthened the Bank's responsiveness to government requests for technical advice and analytical work, including policy dialogue during the political transition in 2016.

Collaboration through *TFs in the energy sector* has increased during the CPS period, including approval in FY16 of the €29m EU-financed Access to Sustainable Energy Project (ASEP); US\$3 million from the Global Partnership on Output-based Aid (GPOBA) will support solar energy-based electrification and network supply in the context of the project; and the Philippines Renewable Energy Development (PHRED) project, financed by the Clean Technology Fund (CTF) and structured as a stand-alone CTF Guarantee.

upcoming operation for FY18 (Metro Manila Flood Management Project) that is being prepared for co-financing with the AIIB. Collaboration between the Bank and the ADB includes mutual support for *Pantawid Pamilyang (4Ps)* and the National Community-Driven Development Project (NCDDP). The Bank has worked with the ADB and the Japan International Cooperation Agency (JICA) to harmonize procedures across the three agencies around government regulations related to procurement. Together with Australia, the agencies have also cooperated in establishing the *Philippine Learning Center on Environmental and Social Sustainability* to help promote environmental and social safeguards and standards in the Philippines. On Mindanao, the Bank and the United Nations Development Programme (UNDP) jointly administer the Facility for Advisory Support for Transition Capacities (FASTRAC), which provides Technical Assistance (TA) that includes on-demand training, policy advice, research, and access to a pool of experts to help address key issues for the transition to the Bangsamoro.

22. **Dialogue with civil society has provided valuable perspective on country development issues and on WBG partnership with the Philippines.** WBG engagement with stakeholder groups during the CPS period has been wide-ranging, from targeted consultations for flagship reports such as the Philippines Mindanao Jobs Report to increased recent outreach to youth leaders and online influencers. Partnership with the Knowledge for Development Community (KDCs), consisting of institutions of higher learning, foundations, and policy/research institutions, has helped promote constructive dialogue with local government, business groups, media, youth and other stakeholders. KDC partners from the Central Philippine University in Iloilo, St. Paul University Philippines in Tuguegarao and Notre Dame University in Cotabato co-organized focus group consultations for the Philippines PLR in May 2017 (see Annex 9).

Portfolio Evolution and Performance (FY15-FY17)

23. **The WBG program has been relatively steady in terms of project number, size and sectoral coverage, notwithstanding the political transition in 2016.** The active IBRD portfolio during fiscal years (FY) 2015-2017 remained at roughly US\$3 billion. Lending for the first two years of the CPS was at the higher end of the annual envelope, amounting to US\$917 million (three projects including one DPL) in FY15 and US\$950 million (two projects including a CAT-DDO), in FY16.²⁷ Fiscal year 2017 was a

²⁷ The CPS envisioned an IBRD lending program of 1-2 multi-sectoral investment projects and one DPL per year from FY15-18, with lending in the range of US\$600 million to US\$1 billion per year.

transitional year for the IBRD program due to national elections and political transition. Nonetheless, two important projects were delivered in support of the inclusive growth and infrastructure agenda: the US\$40.7 million Manila Bus Rapid Transit Line 1 Project (in collaboration with *Agence Française de Développement* and the Clean Technology Fund) and the US\$99 million Inclusive Partnership for Agricultural Competitiveness Project. In terms of sectoral coverage, the IBRD portfolio has maintained its focus on human development (27 percent of the overall commitments), followed by infrastructure, agriculture and social development (approximately 20 percent each). During the CPS, support to the Disaster Risk Management (DRM) agenda increased from zero to 18 percent. By end-2016, the IFC portfolio amounted to US\$613 million in commitments, led by investments in financial institutions (53 percent); infrastructure and natural resources (39 percent) and manufacturing, agribusiness and services (8 percent). MIGA has no exposure in the Philippines.

24. Advisory services and analytics (ASA) underpin the lending program and serve as a platform for sharing knowledge from the development experience of the Philippines. ASA deliverables rose steadily from FY13 to FY16, peaking at some 45 in FY16. In line with the CPS, programmatic ASAs underpinned nearly 80 percent of all deliveries, including just-in-time advice, analytical studies and capacity building. In response to the Framework Agreement on the Bangsamoro in October 2014, for example, the Bank significantly expanded its ASA program (partly in partnership with the United Nations), with a mix of activities focusing on the anticipated transition to the Bangsamoro and on long-term development challenges in conflict-affected areas such as weak governance, insecurity and limited economic opportunity. More broadly, intensive WBG advisory work and technical support during the CPS period have included actionable policy analysis, such as work on mainstreaming climate change in the budget process; power sector strategy advice; a major urbanization review; and support for development of the *Flood Management Master Plan for Metro Manila and Surrounding Areas*.²⁸ During the political transition in 2016, the WBG also developed a package of 19 “Transition Policy Notes” on themes ranging from governance and to social protection to rice policy and traffic management. Delivered to the new administration within days of inauguration, the Transition Notes proved to be a useful springboard for engagement and policy dialogue.

25. Proactive efforts over several years have helped to address weak project outcome ratings, which are now showing improvement.²⁹ A review of the Philippines portfolio near the start of the CPS period in FY14 identified several factors that contributed to unsatisfactory exit ratings in the portfolio, including overly ambitious project design; inadequate results frameworks and weak monitoring and evaluation arrangements; weak capacity of implementing agencies; and failure to restructure projects. The WBG has undertaken measures during the CPS period to strengthen the implementation and monitoring of the portfolio, including comprehensive reviews of the results frameworks of ongoing projects and intensified supervision of complex operations, with hands-on support to resolve issues related to FM and procurement. As a result, the Philippines portfolio shows a higher rate of proactivity – i.e. taking actions to address implementation problems – than the average within the WB East Asia and Pacific (EAP) region. During the CPS period to date, 10 projects were restructured and four projects were cancelled or dropped.³⁰ Although the number of problem projects has declined from five in FY15 to three in FY17, the commitments at risk remain at 15 percent of the total.

26. Longstanding portfolio quality issues in the Philippines have included lengthy project preparation, delays in project start-up, and implementation bottlenecks. Complex bureaucratic procedures and implementation capacity on the ground are among the key factors contributing to slow start-

²⁸ The Philippines Urbanization Review (2017), for example, notes that policy measures to improve inter-city connectivity should be prioritized based on an integrated transport framework that takes into account selectivity, sequencing and prioritization.

²⁹ In FY12-13 only one out of nine closed projects evaluated by the Independent Evaluation Group (IEG) was rated as having satisfactorily achieved its outcomes (MS rating). In FY14, four out of nine projects received rating of MS or higher. During FY15-16 IEG evaluated three of eight closed projects, all three of which were rated MS or higher.

³⁰ Specifically, an agribusiness financing facility in conflict-affected areas in Mindanao and the fourth project in a series of development policy operations were cancelled in FY17 due to changes in the priorities of the new administration. In addition, a regional infrastructure project and a project for universal health coverage were cancelled in FY15 and FY16 respectively due to change in government’s demand.

ups that in turn lead to disbursement delays and frequent extensions (particularly for investment loans). The new administration has streamlined the process of project approval by the Investment Coordinating Committee (ICC), which is an important milestone necessary for the project to move to appraisal. However, the timeframe from that point to full power to negotiate remains long (averaging 14 months between FY15-17) owing to complex and multi-layered government decision-making. The Bank is also simplifying and streamlining its own operational procedures to help facilitate faster internal decision-making. In addition, the Bank is supporting several implementing agencies on operational issues through provision of TA as part of regular implementation support as well as capacity building activities funded by projects or Trust Fund resources.

27. **Ongoing efforts aim to address and mitigate key implementation risks in individual projects and across the portfolio.** First, there has been a shift towards more strategic operations, modernizing project design and disbursement arrangements, and strengthening the results focus. Second, the Bank introduced report-based disbursement for new operations to facilitate faster disbursements of the size and frequency needed by the borrower for smooth project implementation. In addition, project restructuring has been pursued to strengthen project results frameworks, support project Monitoring and Evaluation (M&E) and enhance quality at exit. In the context of proactive client engagement, close and continuous dialogue among task teams, implementing agencies and key counterparts at the national, regional and local levels focus on key challenges, such as procurement bottlenecks. Quarterly meetings with the government have also been instituted since FY16 to discuss implementation issues and action steps for projects and the overall portfolio. In addition, monthly internal WBG meetings with specialists in safeguards, procurement, FM and procurement along with the CMU and GPs are an early warning mechanism on potential project-specific issues requiring management attention.

Progress Towards Achieving CPS Objectives

28. **Solid progress on CPS objectives is underway across the WBG program, despite a wide-ranging unfinished agenda.** The WBG team has conducted annual reviews of the CPS results matrix, which includes 33 outcome indicators and some 126 progress milestones. At the CPS mid-point in FY17, 61 percent of the outcome indicators (20 of 33) have been fully achieved or are on track for achievement within the CPS period while 75 percent of progress milestones are partially achieved, fully achieved or on track for achievement within the CPS period (95 of 126). Strong performance on CPS results milestones in EA5, focused on peace, institution building and social and economic opportunity in Mindanao, is notable; all but one progress milestone was fully or partially reached or on track. To complement the detailed stocktaking of CPS outcomes and milestones in Annex 3, qualitative highlights of emerging results are below along with results at-a-glance across CPS engagement areas (see Box 3).

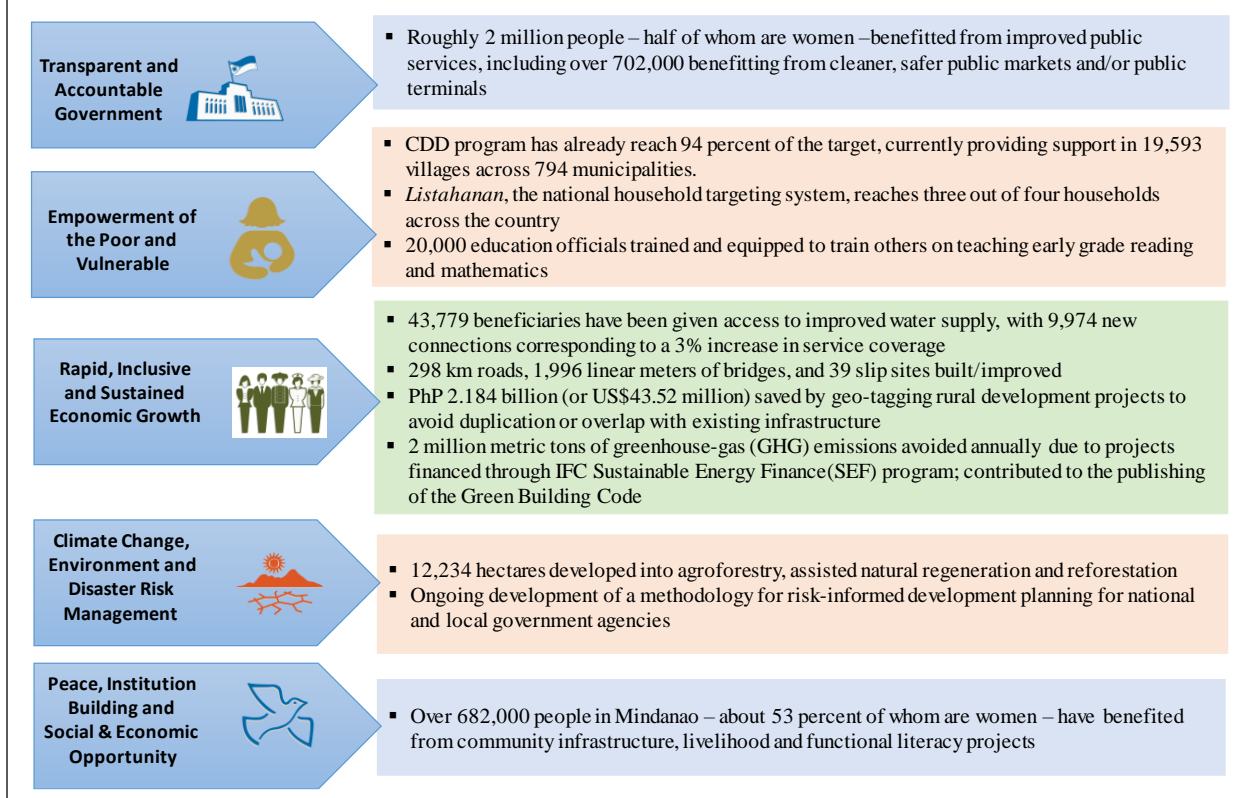
29. The WBG program under **Engagement Area #1, Transparent and Accountable Government**, shows progress on the three target outcomes, namely: (i) strengthening public finances, fiscal transparency and financial accounting, with four of eight milestones achieved, partially achieved or on track; (ii) strengthening public sector institutions, with nine of 12 milestones achieved or on track; and (iii) strengthening pressure for government accountability, with 10 of 12 milestones partially achieved, achieved or on track. Looking ahead, crucial institutional reforms will require strong implementation and continued technical assistance.

- *WBG policy lending and technical advice has helped to enhance the effectiveness and efficiency of public resource use, also boosting accountability.* At the national level, the WBG Development Policy Loans series (DPL I, II and III) helped fund reforms across DPL pillars and benefitted the bottom 40 percent of the population by supporting well-focused policy actions, including for farm-to-market roads, social protection, and the sin tax reform.³¹ Public financial management has also strengthened in key dimensions (including in planning; policy-based budgeting; and budget execution³² while fiscal

³¹ See Implementation Completion and Results Report (Report No. ICR00003450). A recently completed sin tax monitoring and evaluation report shows marked reduction in consumption of cigarettes by the poor.

³² 2016 Public Expenditure and Financial Assessment (PEFA) showed improvements in each of these areas relative to 2010 assessment.

Box 3: Results at a Glance -- WBG support for Inclusive Growth, Poverty Reduction and Shared Prosperity in the Philippines (FY15-FY17)



discipline, including fiscal risk management, has improved in the context of enhanced performance from the Commission on Audit (CoA)).

- *Support for citizen engagement, participatory local planning processes and access to information, is boosting demand for accountable government.* Advances during the CPS period include partnering with CoA on Citizens’ Participatory Audits, which were broadly affirmed as an effective tool during the PLR consultations with stakeholders. The scope of Bank engagement has been wide, ranging from support for the Open Government/Open Data Initiative through which hundreds of data sets have been made public to technical support for creating the Seal of Good Housekeeping and the Full Disclosure Portal that are helping to strengthen the performance orientation of local governments.³³ These efforts aim to address persistent weaknesses in service delivery, including a lack of adequate mechanisms to hold Local Government Units (LGUs) accountable; overlapping service delivery responsibilities across different levels of government; and lack of citizen feedback mechanisms.

30. WBG support under **Engagement Area #2, Empowerment of the Poor and Vulnerable**, targeted four outcomes: (i) strong gains in improving poverty measurement and strengthening socio-economic data systems, with three of five milestones partially achieved; (ii) improving health outcomes, with seven of nine milestones partially achieved or on track; and (iii) improving the quality of basic education and access for the vulnerable, with both milestones achieved or on track; and (iv) social protection system, with two of three milestones partially achieved.

- *Bank support to the social sectors has helped to strengthen the quality, targeting and impact of the government’s own anti-poverty programs.* By 2016, for example, the coverage of *Pantawid Pamilyang* (4Ps) reached 100 percent of households with children identified as poor by *Listahanan*. Impact

³³ The Bank provided orientation for the new administration on the platforms through the Presidential Communications Operations Office towards support for operationalizing the Freedom of Information (FoI) initiative.

evaluations supported by the IBRD-financed Social Welfare and Development Reform Project (SWDRP) confirmed that the program has boosted school enrollment and health service usage, with equal effectiveness for boys and girls as well as impacts related to empowering women (see Box 4).³⁴ While the PDP 2017-2022 highlights the importance of social protection that builds the socioeconomic resilience of the poor and those who recently graduated from poverty,³⁵ the recent contraction in the number of beneficiaries of the 4Ps due to constraints in registering new poor families identified by updated poverty targeting data (*Listahanan 2015*) poses a challenge. The government aims to converge social protection programs, recognizing that ending cycles of poverty does not end with the provision of conditional cash transfers.

- *Close partnerships with government agencies have supported improved annual poverty estimates and solid education and social protection data that are already used to inform policies.* Support to the Philippine Statistics Authority (PSA) has wide impact and relevance, including for strengthening capacity to measure progress towards the SDGs.³⁶ Advisory support has promoted robust targeting, budgeting and programming, including through support for *Listahanan*, the national targeting system. The Bank has also supported *Listahang Tubig*, the first nation-wide survey of all water service providers, which is now owned and maintained by the National Water Resources Board.³⁷ Looking ahead, government counterparts have highlighted the need for intensified efforts to improve access to data for planners at the national and sub-national levels to improve programming as well as monitoring and evaluation.

Box 4: Highlights on mainstreaming gender across the WBG Portfolio

- **Social Protection:** The impact evaluations supported by the IBRD-financed SWDRP confirmed that Family Development Sessions have played a significant role in empowering women—through sessions such as citizens’ rights, spousal relationship, or maternal health.
- **Improving the Investment Climate:** Gender Toolkit for Transportation has been officially adopted by the Department of Public Works and Highways.
- **Improved Public Service Delivery:** Learning, Equity and Accountability Project supports special focus on gender-balanced access to basic education through a school-based management approach.
- **Informing Community-based service delivery:** NCDDP has developed a guidance note on enhancing the gender dimension of CDD operations that has provided a platform for inclusion of women to increase access to public goods/services and to promote gender-balance in community labor.

31. The target outcomes for **Engagement Area #3 - Rapid, Inclusive and Sustained Economic Growth**, comprise (i) strengthening economic policy, with 12 of 17 milestones partially or fully achieved or on track; (ii) improving the investment climate – including greater access to finance, with seven of 11 milestones partially or fully achieved or on track; and (iii) increasing economic growth, productivity and employment in rural areas, with nine of 12 milestones partially or fully achieved or on track.

- *Several policy advances since 2014 have improved the enabling environment for more rapid, inclusive and sustained growth of the Philippine economy.* IFC advisory support and Bank technical work have helped to inform key legislative achievements during the CPS period, including the landmark Philippine Competition Act and the Foreign Ships Co-Loading Act in 2015. The National Financial Inclusion Strategy was launched in 2015 while Secured Transactions Reform – Personal Property Securities Act, now a priority bill with the current Congress, will increase access to finance for SME entrepreneurs and farmers as well as enhance competitiveness.
- *WBG support has focused on addressing significant ongoing challenges to competitiveness and rural development that hinder the achievement of CPS objectives. Low agricultural productivity and high food prices, for example, make overall economic growth less inclusive.* The Mindanao Rural Development Program 2 (MRDP2), which closed in December 2014, supported 976,694 direct project

³⁴ IEG Review of SWDRP. “Analytic and Advisory Activity provided by Bank can have influence beyond a single project: DSWD’s access to technical, analytical, policy, and implementation-related advice throughout implementation cascaded to other agencies and also benefited the general social welfare reform policy and implementation process.”

³⁵ PDP 2017, Chapter 11 – Reducing Vulnerability of Individuals and Families.

³⁶ National Review at the 2016 High-Level Political Forum on the Sustainable Development Goals (SDGs): Philippines.

³⁷ *Listahang Tubig* generated a robust database of water service providers aimed at identifying gaps and developing benchmarks to improve and expand service levels.

beneficiaries of which 49 percent were women.³⁸ The follow-on Philippine Rural Development Project (PRDP) is nationwide in scope and was acknowledged by stakeholders in PLR consultations in Iloilo and Tuguegarao. As of April 2017, some 427,000 households have benefitted from the PRDP, and construction has generated more than 5,800 short-term jobs. Early impacts indicate about a 60 percent reduction in travel time and 50 percent increase in road usage in project areas. Importantly, WBG partnership during the CPS period has also continued to emphasize implementation capacity, including technical dialogue with the Department of Public Works and Highways (DPWH) on governance and geotagging of infrastructure projects to enhance transparency.

32. The Philippines is among the most vulnerable countries to extreme weather events, rising sea levels and earthquakes. The CPS outlined two core outcomes for **Engagement Area #4, Climate Change, Environment and Disaster Risk Management**, namely to (i) increase resilience to natural disaster and climate change impacts, with all eight milestones either partially or fully achieved or on track; and to (ii) improve natural resource management and sustainable development, with eight of 12 milestones partially or fully achieved or on track.

- *The Philippines has made strong progress to strengthen the foundation for managing risks associated with climate change and disasters.* Overall, the climate-related share for IBRD lending in the Philippines from FY15-17 is 46.5 percent.³⁹ Technical advisory work has supported the establishment of climate budgeting in the Philippines, and Climate Change Expenditure Tagging (CCET) has been mainstreamed in the government planning process.⁴⁰ Key advances in disaster risk management include the enhanced management of fiscal exposure to natural hazards impacts; mainstreaming of disaster risk planning; and delivery of the Disaster Risk Finance and Insurance Strategy, an important milestone for the government. The Bank-financed CAT-DDO helped to facilitate the piloting of a community-driven response for disaster relief and early recovery that was put into immediate use in response to Typhoon Haiyan (Yolanda) as part of the National Community-Driven Development Project (NCDDP).⁴¹ The follow-on CAT-DDO2, a standby credit facility that can facilitate swift disbursements upon declaration of a national calamity, includes advisory services (on building codes and assessment of heritage sites, for example) that are making an important contribution to the country's disaster risk reduction management agenda.
- *WBG support aims to encourage development of renewable energy and improvement of energy efficiency to support a low-carbon economy and the Philippines' COP21 commitments.* IFC helped to increase financing for projects in energy efficiency (EE) and renewable energy (RE) by introducing a new business line to banks through the Sustainable Energy Finance (SEF) program in the Philippines. Four IFC advisory client banks finance some 193 projects worth US\$880 million from 2009-2015, helping to avoid 2 million metric tons of greenhouse-gas emissions annually.⁴²

33. Target outcomes for **Engagement Area #5 – Peace, Institution Building and Social and Economic Opportunity**, were (i) increasing trust within communities and between citizens and the state in conflict areas, with all five milestones either fully achieved, partially achieved or on track; and (ii) development and implementation of a “peace dividend” program in the Bangsamoro, with nine of 10 indicators partially achieved, fully achieved or on track.

- *Engagement across the WBG program has extended services and basic infrastructure to the poor in Mindanao, including a deepening of support to conflict-affected areas.* Bank financing reaches Mindanao through national projects, including PRDP, NCDDP, SWRDP 2 and the National Roads Improvement Project 2. The Bank-administered Mindanao Trust Fund (MTF) has helped to build the

³⁸ Mindanao Rural Development Program 2: IEG Implementation and Completion Report. (Report Number: ICRR14906).

³⁹ FY17 data is based on April 2017 analysis.

⁴⁰ Progress is grounded in close engagement across the Department of Budget Management (DBM), the Climate Change Commission (CCC) and NEDA among other agencies. With the information provided by Climate Change Expenditure tagging, now in its third year, DBM now has a better picture of funding for Climate change in the General Appropriations Act. This is now leading to proposed changes in priority funding for climate resilience activities through the Risk Resiliency and Sustainability Program (RRSP).

⁴¹ Implementation Completion and Results Report, Disaster Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option (CAT-DDO). Report No. ICR00003102. Also see, IEG ICR Review (Report No. ICRR14794). August 2015.

⁴² World Bank: EAP Regional Update, February 2017

institutional capacity of the Bangsamoro Development Agency (BDA) and other agencies of the Moro Islamic Liberation Front (MILF) and has also reached over 682,000 beneficiaries through CDD-based subprojects in water supply, post-harvest facilities, access roads and other community-based infrastructure. While the MTF's community-enterprise development component has reached over 1,100 people with training and capacity support to run micro-enterprises, the implementation experience has also highlighted challenges associated with ensuring the long-term viability and profitability of the enterprises.

- *WBG analytical work and technical support have had wide policy impact.* For example, the Bank-financed Public Expenditure Review in Basic Education for ARMM helped to stimulate policy action and dialogue between the national and local levels of government and enabled ARMM to secure a larger budget for education.⁴³ The WBG-financed MILF Ex-Combatants Needs Assessment helped to capture the aspirations for peace and economic opportunity while the recommendations of the Land Conflict study prepared for the Transitional Justice and Reconciliation Commission had significant policy uptake. World Bank technical advice also informed the Islamic Finance Bill filed in the Senate in July 2016 to help ensure alignment with international standards and good practice for regulation and supervision of Islamic finance.

IV. EMERGING LESSONS

34. **In the context of significant institutional fragmentation, complementary support across CPS Engagement Areas can promote inter-agency collaboration for service delivery.** The CPS highlighted the challenge of institutional fragmentation and pinpointed the notion of “convergence” – i.e. government working across sector boundaries and silos – as an explicit criterion for WBG engagement. The CPS experience to date shows that WB financing for *Pantawid Pamilyang* (4Ps), community-driven development, and rural development have served as platforms for implementation and service delivery across various implementing agencies that otherwise operate mainly within their respective sectors.⁴⁴ Looking ahead, continued effort to promote inter-agency collaboration for results can support the new PDP's “whole-of-government” strategy for more seamless service provision and help to boost delivery on the SDGs. For example, future ASA engagement in the water sector can support increased linkages across key sectors (health, nutrition, poverty reduction programs, and water supply and sanitation programs) to improve the complementarity of investment operations towards achieving health, nutrition, and population outcomes.⁴⁵ The proposed Mindanao program, which includes a set of complementary activities, will aim to promote inter-agency synergies where appropriate and supported by implementing agency partners.

35. **Project preparation and delivery in the Philippines is a long process, calling for increased realism at the project and program level.** The experience to date highlights the need for strong dialogue and upfront agreement on the pipeline, continued effort to simplify/accelerate approval,⁴⁶ and flexibility to scale-up engagements that demonstrate good implementation and results with due consideration of readiness. The CPS experience also affirms the importance of realism in the design of development interventions to promote alignment with country circumstances and political economy. Findings of the Independent Evaluation Group (IEG) of the WBG highlight the role of continual dialogue with counterparts and in-depth analytical work for identifying risks and ensuring realism.⁴⁷ Regular dialogue at the level of both implementing agencies and oversight agencies is a critical part of program discussions with the government and will continue to be undertaken to ensure that the program will reflect the above factors,

⁴³ Although ARMM regional socioeconomic indicators lag well behind national indicators, recent improvements are most plausibly attributable to improved security, better governance and significant increases in the ARMM budget. The Bank's AAA program contributed materially to these latter two factors.

⁴⁴ This discussion refers to the National Community Driven Development Project (NCDDP); the Social Welfare and Development Reform Project 2 (SWDRP2), and the Philippine Rural Development Project (PRDP).

⁴⁵ Reflects a key recommendation from the Synthesis Report for the WB Programmatic ASA “Support to Rural Sanitation Scale Up under the Philippine National Sustainable Sanitation Plan” (P132174), May 2016.

⁴⁶ Government efforts are ongoing to streamline/fast track the approval process including a recent policy directive that will allow the ICC to expedite the clearing of the pipeline of projects while promoting greater flexibility and accountability of implementing agencies.

⁴⁷ Results and Performance of the World Bank Group 2012. (World Bank, IEG: Washington, DC. 2012)

including in the design of specific projects and the choice of instruments. Insights from civil society, including think tanks, can also inform project design and promote realism.

36. With an increasing proportion of major conflicts now taking place in Middle Income Countries (MICs), the Bank's experience of long-term engagement in Mindanao has wide relevance. In 2016, IEG highlighted the WBG's conflict-related work in Mindanao as "a good example of active and effective long-term World Bank Group engagement for FCV situations in MICs." WB support for peace and development in Mindanao has emphasized the fundamentals: long-term partnership; delivery of services valued by conflict-affected communities; building social cohesion; and investing in knowledge and technical support for informed dialogue and policy-making. IFC experience in working in ARMM points to the importance of partnering with the right private sector partners who understand the culture and beliefs of the people in the area and maintain good relationships with them. A decade of continuity has enabled the WBG to translate global experience into relevant expertise and to thereby earn the trust of local counterparts. Global experience on transformation in fragile situations illustrates the need for continuity in approach, as building legitimate institutions is a long-term process. Going forward, the Mindanao program will build on this engagement and partnership in Mindanao and will include analytical and advisory work and direct investments.

37. Regarding Bank-financed CDD projects, stakeholders emphasized the value of participatory processes while noting the challenge of ensuring strategic coherence and wider transformation. Feedback from PLR consultations proposed that participatory processes through CDD sub-projects had boosted accountability and local ownership, also creating space for increased participation of women and Indigenous People. Lessons from Bank engagement in Mindanao and evaluations of national CDD programs in Afghanistan and Indonesia affirm these perceptions, noting that principal impacts of well-managed CDD programs are interpersonal and institutional. At the same time, project experience and participant feedback also highlighted challenges. The evaluation of the MRDP2 project pointed to the need for CDD approaches to incorporate or align with national and regional strategic objectives towards ensuring cost-effectiveness. For example, CDD-supported development of rural roads at the request of communities needs to link to main arteries or markets. These considerations were recognized in mid-course corrections to MRDP2 and are reflected in the design of the follow-on PRDP.⁴⁸

V. ADJUSTMENTS TO THE COUNTRY PARTNERSHIP STRATEGY

38. Given strong alignment with the PDP 2017-2022, the objectives and engagement areas of the CPS will be maintained while the CPS period will be extended by one year through FY19. Dialogue with government counterparts has affirmed that the CPS objectives to promote inclusive growth, poverty reduction and shared prosperity are highly relevant for the PDP 2017-2022. The CPS objectives are also firmly anchored in the WBG goals and are supportive of continued progress by the Philippines on the SDGs. Stakeholders during PLR consultations in Tuguegarao, Iloilo and Cotabato also affirmed that the alignment between the CPS and the PDP 2017-2022 extends across a range of fronts – from focus on delivering social protection for the poor and vulnerable, to promoting competitiveness, to boosting rural development and strengthening resilience. In light of the recent launch of the new PDP in 2017, a one-year extension of the CPS period is proposed to allow for further progress under the current program and for building the analytical foundations for the new CPF, including delivery of a Systematic Country Diagnostic (SCD) for the Philippines. The SCD will incorporate key analytical inputs, including from the ongoing Poverty Assessment, the Nutrition ASA, and a simplified Risk and Resilience Assessment (RRA).

39. The FY18-19 program is responsive to evolving client demand, including for deeper WBG engagement in Mindanao, and integrates lessons learned.⁴⁹ Client demand shows a gradual shifting from large single investment operations towards focused and selective implementation support operations

⁴⁸ IEG Implementation Completion Review (ICR). Mindanao Rural Development Project - Phase 2. Report No. ICRR14906.

⁴⁹ The CPS selectivity filters (focus on poverty and shared prosperity; transformational engagements; and convergence/multi-sectoral solutions) were applicable at the program level for the Comprehensive Program for Regional Development in Mindanao.

that emphasize the transfer of knowledge and technical expertise. Budget support also remains a preference of the government. Towards delivering on the “Golden Age of Infrastructure,” the government has also outlined a significant scale-up of infrastructure expenditure. IFC’s investment program will include focus on mobilizing investment in infrastructure (including for tourism) among other critical sectors. The Bank will also work together with government to identify opportunities to inform and contribute to the infrastructure agenda; the ASA program, for example, will incorporate technical advice on local infrastructure for tourism and the national and provincial roads program. A planned expansion in the mix of instruments in the FY18-FY19 program, which will include the introduction of Reimbursable Advisory Services (RASs) and the Program for Results (PforR), will allow for enhanced customization in Bank support for government priorities and programs. In addition, lessons from implementation to date have informed the FY18-19 program. The proposed scale-up of WBG engagement in Mindanao, for example, will be complemented by continued support for community-driven development, which has been proven effective for promoting confidence-building, participation and small scale projects in conflict-affected areas (see Annex 9, feedback from PLR consultations). Delivery of the program will also consider broader lessons learned, including from ongoing WBG support for inclusive growth, value chain development and inter-agency collaboration.

Objectives and Plan of Activities for FY18-19

40. **While the lending program cuts across all engagement areas, three EAs feature prominently in the FY18-19 program (Annex 4).** First, the WBG will take initial steps on delivery of the *Comprehensive Program for Regional Development in Mindanao*, which falls under EA5 and is discussed below, including both grant support and lending over the next two years. In addition, IBRD lending associated with aspects of transparent and accountable government (EA1) and rapid, inclusive and sustained economic growth (EA3) feature prominently. For EA4, planned analytical work for FY18-19, presented in Annex 5, continues to reflect deep investments in knowledge, including the Risk Resiliency and Sustainability Program that will inform future support related for climate change. Likewise, for EA2, strong engagement on social protection through the SWDRP 2 program is ongoing and a substantial body of analytic work will further anchor WBG engagement for empowering the poor and the vulnerable.

- **As reflected in Annex 4, the FY18 IBRD pipeline comprises four projects, with total commitment amounting to US\$660 million.** Selectivity criteria for the FY18-19 program consisted of client priorities and demand, relevance for the PDP 2017-2022, relevance for CPS objectives and areas where the Bank can bring value addition in terms of global experience and technical expertise.⁵⁰ The pipeline includes a fiscal space and transparency DPL (US\$300 million); the Metro Manila Flood Management Project (US\$210 million),⁵¹ co-financed with AIIB; and additional financing for the Philippine Rural Development Project (US\$150 million). The FY19 program comprises five projects with total commitment of US\$750 million, including: a customs and trade modernization project; an e-government transformation project; a first-tranche of a new DPL series on competitiveness; and the first two projects proposed for the *Comprehensive Program for Regional Development in Mindanao* (see below) on inclusive agriculture and the other on basic education. Two projects are on stand-by for FY19: a program to develop MSMEs through a PforR; and a scholarship project for strengthening institutional capacity. Dialogue on potential RAS related to public financial management is ongoing. Active program management through continued dialogue on a three-year rolling pipeline (FY18-FY20) will incorporate discussions on potential co-financing to complement IBRD financing. Finally, any IBRD lending volumes over the next two fiscal years may depend on country demand, overall performance, as well as global economic/financial developments which affect IBRD’s financial capacity, and demand by other Bank borrowers.
- **The WBG will continue to seek opportunities for robust engagement and collaboration in support of early delivery on the PDP 2017-2022.** The WBG will also aim to

⁵⁰ This includes conflict-related operations and drawing lessons from relevant policy work in other countries, such as in customs modernization.

⁵¹ Reflects rounding; precise IBRD financing amount for Metro Manila Flood Management Project is US\$207.63 million.

support the Philippines in optimizing the use of public resources and maximizing financing for development by leveraging the private sector in line with the Cascade approach.⁵² In the context of synergies as One WBG, complementary involvement by both IBRD and IFC will be important for the proposed the Competitiveness DPL series, potential engagements on SME development and competition policy and the Philippines Customs Modernization project, noted above. IFC's investment and advisory program will focus on mobilizing more private sector resources to critical sectors such as power, infrastructure (including for tourism), MSME financing, health, education and agribusiness. MIGA is actively seeking to support international investors and lenders for projects aligned with the PDP 2017-2022 and the CPS goals. Given the improving investment climate in the Philippines, and the strength of local commercial banks, demand for MIGA political risk insurance from international banks and investors is limited. However, the Mindanao region presents a particular set of risks, and in this region MIGA has a stronger role to play. MIGA is engaging with several international investors about support for potential projects in Mindanao. MIGA is also ready to support the Philippines' PPP program, if such projects are supported by international, rather than domestic, investors and banks.

41. **While the “hybrid financing” model may limit the immediate potential for private investment in construction, the private sector is still expected to play an important role in infrastructure.** Continued increase in public investment is expected, from just over 5 percent of GDP in 2017 to 7 percent of GDP by 2022.⁵³ Large transportation and infrastructure projects are expected to be financed under the “hybrid financing” model, which would provide limited opportunities for private financing of construction but would involve the private sector in operations and maintenance (O&M). The power sector, on the other hand, has benefited from important reforms in the past decade and is expected to continue being financed from the private sector under various models of PPPs, including in renewable energy capacity development. Looking ahead, there may be opportunities for “hybrid financing” in Mindanao. IFC PPP transaction advisory may also be able help facilitate identification of O&M operators from the private sector in line with the hybrid model. WBG value added will continue to be anchored in the capacity to help foster integrated approaches that can maximize the impact of infrastructure on economic development in collaboration with other development partners.

Strengthening WBG Support for Peace and Development in Mindanao

42. **Grant support to Mindanao will continue in FY18-19, maintaining strong focus on supporting confidence building and community-oriented engagement in conflict-affected areas.** Although the first project under the MTF has closed, the MTF has been extended and the WBG has agreed with the government and development partners to carry out a follow-on project for two years (FY18-19) with US\$3-4 million in grant financing from donor partners. In addition, US\$1.5 million in grant financing from the State and Peacebuilding Fund will significantly amplify the engagement for results in conflict-affected areas. CDD activities in contested areas remain a primary mechanism for serving affected communities and supporting the peace process. The crisis in Marawi that began in end-May 2017 has deepened the need to deliver on the “peace dividend” for conflict-affected communities in Mindanao. Strong engagement through CDD activities can play a role. As client demand and the operating context in Mindanao evolves, the Bank could also explore options to mobilize IBRD emergency project financing to scale-up grant financing.

43. **In line with the new PDP's focus on linking lagging regions to growth poles, the proposed Comprehensive Program for Regional Development in Mindanao will focus on the development needs of Mindanao as a whole.** The Philippines Mindanao Jobs Report provides the analytical basis for the program and describes the rationale, scope and content of the program in detail. Briefly, the proposed program would carry forward WBG engagement on peace building while also broadening the engagement

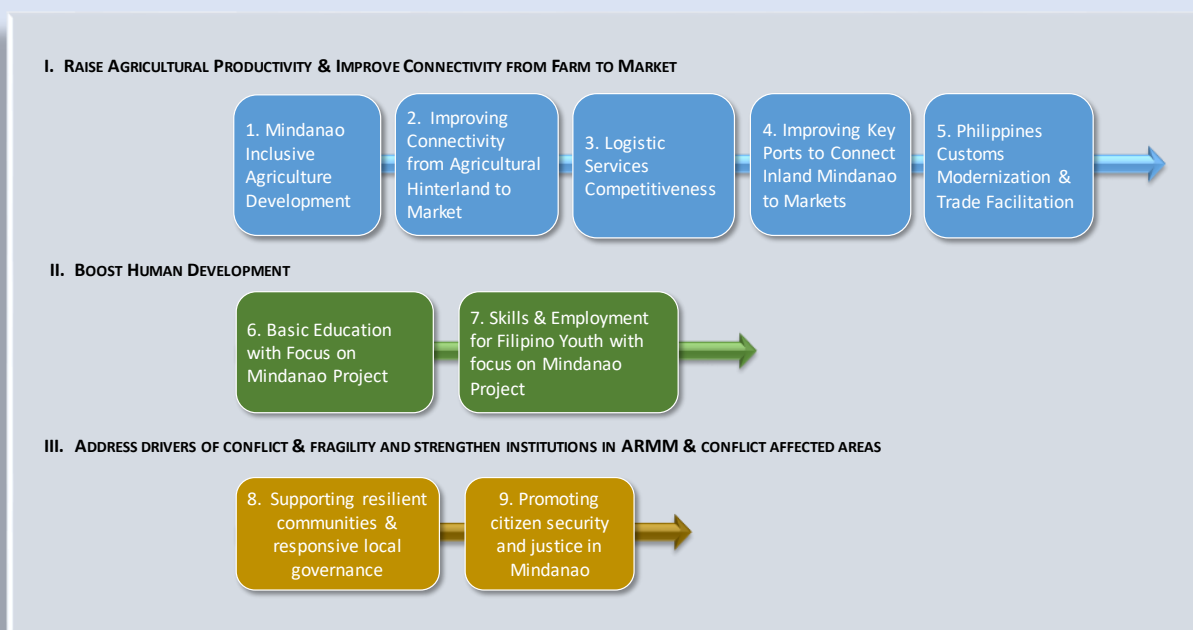
⁵² A Stronger World Bank Group for All (Washington, DC: World Bank. March 2017)

⁵³ State of the Nation Address (SONA), July 24, 2017. This compares to a low of 1.81 percent and 2.74 percent of GDP between 2011 and 2014.

to both the conflict-affected and non-conflict-affected areas of Mindanao. The program is responsive to the priorities outlined in the PDP 2017-2022 and to the NSS. It integrates a spatial/geographical focus for reaching the poorest beneficiaries in Mindanao while also linking hinterlands to main markets and ports along key corridors. Core components of the program include: (i) raising agricultural productivity, connectivity and logistics from farm to market; (ii) boosting human development; and (iii) addressing drivers of conflict. As reflected in Box 5, a range of mutually reinforcing activities are envisaged under these components. The Philippines Customs Modernization and Trade Facilitation; Basic Education with Focus on Mindanao; and Mindanao Inclusive Agriculture Development projects are in the FY19 pipeline.

44. **Collaboration with other development partners will be integral to the program.** Co-financing partnerships will be explored with bilateral development partners as well as with the ADB and AIIB. In addition, the proposed Mindanao program will incorporate conflict sensitivity in design and implementation to be responsive to drivers of conflict and fragility in Mindanao.

Box 5: The main components of the Comprehensive Program for Regional Development in Mindanao and proposed activities are outlined below. The proposed activities would be pursued in a sequenced approach over time.



Fit for Purpose: Adjustments to the CPS Results Matrix

45. **The CPS Results Matrix will be simplified to better align with the program, to further clarify the results chain, and to facilitate annual progress monitoring.** The Results Matrix is expansive in its coverage, with over 120 progress milestones that encompass both the lending program (see Annex 4) as well as the large program of ASA (see Annex 5). The breadth of the matrix had the advantage of comprehensiveness but raised challenges for monitoring and for appraising the big picture of CPS performance. In addition, changes to the program rendered a large number of milestones and some results indicators no longer relevant. In the context of the PLR, the WBG team updated the Results Matrix and undertook efforts to significantly simplify and streamline the matrix going forward. Three annexes related to the results matrix comprise the following: (i) Annex 1, reflecting the simplified CPS matrix going forward; (ii) Annex 2, includes all adjustments made to the Results Matrix along with the rationale for the proposed changes; and (iii) Annex 3, the full update of the original 2014 Results Matrix, including all

outcome indicators and milestones agreed at the launch of the CPS. The revised results matrix in Annex 1 continues to be structured around the five CPS engagements areas, with 15 CPS outcomes in total. Indicative milestones and outcome indicators have been realigned and are directly linked to the CPS program (both financing and ASA).

VI. RISKS TO CPS PROGRAM

46. Risks to the achievement of CPS objectives are Substantial.

Across the nine risk categories of the Systematic Risk-Rating Tool (SORT), three are rated substantial (see Box 6). While this risk assessment remains broadly consistent with the analysis at the launch of the CPS period, the current assessment focuses mainly on risks to delivery of the government’s wide-ranging reform agenda, which directly bears on the achievement of CPS objectives. Political and governance risks are substantial. In the context of a diverse governing coalition, the reform agenda will present heavy demands for consensus building, cohesive policymaking and implementation. Political and governance risks associated with policy, regulation and armed conflict are also noted in the PDP, highlighting impacts that can increase the vulnerability of individuals and families.⁵⁴ Security-related issues ranging from law and order to occurrences of conflict also have potential to add pressure and uncertainty to policy dialogue, including around the peace process; the PDP acknowledges that a range of threat groups, including private armed groups and those aligned with terrorist cells, pose security risks and could further complicate the peace process in Mindanao.⁵⁵ Risks associated with inter-government relations and the sometimes overlapping mandates across public agencies also present challenges for implementation. Proactive WBG risk management in close collaboration with development partners and the government will be essential for ensuring strong delivery.

Box 6: Systematic Risk-Rating Tool	
<i>Summary Risks (H: High; S: Substantial; M: Moderate; L: Low)</i>	
Risk Categories	Rating
1. Political and governance	S
2. Macroeconomic	M
3. Sector strategies and policies	S
4. Technical design of project or program	M
5. Institutional capacity for implementation and sustainability	S
6. Fiduciary	M
7. Environment and social	M
8. Stakeholders	M
Overall	S

47. Feedback from government counterparts and from PLR consultations sheds light on risks primarily related to implementation. Public sector counterparts highlighted risks related to limited access to accurate data to inform policymaking. For example, data gaps such as the absence of a national database of local roadways need to be addressed to promote evidence based planning.⁵⁶ As reflected in Annex 9, PLR stakeholder consultation participants emphasized the need for increased access to quality data at the local and regional levels. The PLR consultations with stakeholders also noted political and governance risks focused on local government capacity, while concerns about technical design risk and fiduciary risks incorporated accountability challenges. Proposed risk mitigation measures included the suggestion to deepen WBG efforts to build capacity for data generation and management; to address capacity constraints of LGUs; and to promote the use of participatory methods to enhance relevance and accountability.

48. In relation to the proposed scale-up of engagement in Mindanao, security-related risks will require forward-looking risk mitigation. Over the next two years (and in preparation for the next CPF), the Bank will work to strengthen capacity for implementation on the comprehensive program for regional development in Mindanao. The WBG is actively reviewing lessons from engagement in Mindanao to inform implementation going forward. Risk mitigation will include (i) active scenario planning, with

⁵⁴ PDP 2017, Chapter 11 – Reducing the Vulnerability of Children and Families.

⁵⁵ PDP 2017, Chapter 17 – Attaining Just and Lasting Peace

⁵⁶ Philippines Urbanization Review: Fostering Competitive, Sustainable and Inclusive Cities (World Bank, 2017).

adaptable implementation responses; (ii) translating the concept of conflict sensitivity into practice, including through enhanced project design; and (iii) establishing mechanisms for third-party implementation when warranted by circumstances. The WBG will also undertake a simplified RRA related to support for conflict-affected areas in the Philippines to inform the SCD and the new CPF.

VII. CONCLUSION

49. **Strong delivery of the CPS is relevant and supportive of the objectives of the PDP, the WBG goals and the SDGs.** Dialogue with government counterparts and a wide range of stakeholders strongly affirms the continued value-added of WBG partnership in the Philippines. WBG engagement in FY18-FY19 will build on the current program, address implementation weaknesses, emphasize strong collaboration with development partners and promote strong risk management and risk mitigation. A continued commitment to promoting private sector development and job creation will be reflected across the program. Lastly, the two-year timeframe for the remainder of the CPS period will allow for learning from the early experience of scaling-up support in Mindanao, introducing new instruments and deepening support for the PDP.

Annex 1. Philippines Updated CPS Results Matrix (FY15-19)

CPS Outcomes and Indicators	Indicative Milestones	WBG Program (Ongoing and Indicative)
<i>Engagement Area 1: Transparent and Accountable Government</i>		
<p>Outcome 1.1 Increased public revenue mobilization (<i>new</i>)</p> <p>Indicator 1: Percent increase in domestic revenue to GDP⁵⁷ (<i>new</i>) Baseline: 13.6% of GDP (2014) Target: 14.6% of GDP (One percentage point increase, 2019)</p>	<p>1.1.1: Comprehensive tax reform to improve equity in taxation and expansion of revenue base is submitted for legislative approval. (<i>reformulated</i>)</p> <p>1.1.2: Bureau of Customs Modernization and Tariff Act approved. (<i>reformulated</i>)</p> <p>1.1.3: Annual Fiscal Risk Statement institutionalized and debt management strategy developed. (<i>existing</i>)</p>	<p>Financing: Ongoing/Closed ✓ DPL 3 (closed)</p> <p>Financing: Indicative ✓ Increasing Fiscal Space and Transparency DPL ✓ Customs and Trade Modernization</p> <p>ASA: Ongoing/Delivered/Indicative⁵⁸: ✓ Just-in-Time Support for Tax Reform ✓ Programmatic Public Expenditure Review ✓ Review of Customs and Trade Modernization Challenges ✓ Economic Monitoring and Bi-annual Economic Reports</p>
<p>Outcome 1.2: Improved quality and transparency of public financial reporting (<i>new</i>)</p> <p>Indicator 1: Quality and timeliness of annual financial reports (PEFA indicator P1 25)⁵⁹ (<i>new</i>) Baseline: C+ (2016) Target: B (2019)</p> <p>Indicator 2: Public access to key fiscal information (PEFA indicator P1 10) (<i>new</i>) Baseline: C⁶⁰ (2014) Target: A (2019)</p>	<p>1.2.1: Adoption of a uniform chart of accounts across budget formulation, accounting and financial reporting. (<i>reformulated</i>)</p> <p>1.2.2: Roadmap for e-services rolled out and priority e-services applications identified and agreed in principle (<i>existing</i>)</p> <p>1.2.3: Support a roadmap and implementation for electronic Statement of Assets, Liabilities and Net Worth (SALNS). (<i>reformulated</i>)</p>	<p>Financing: Ongoing/Closed ✓ DPL 3 (closed)</p> <p>Financing: Indicative ✓ Increasing Fiscal Space and Transparency DPL ✓ Customs and Trade Modernization ✓ E-Government Transformation</p> <p>ASA: Ongoing/Delivered/Indicative ✓ Programmatic ASA on governance ✓ Support to PFM Reforms (RAS) ✓ Assessment of Capacity Building Needs in the Civil Service</p>

⁵⁷ Increasing Fiscal Space and Transparency DPL

⁵⁸ Partial list of ASAs which are relevant to the outcomes. See Annex 5 for complete list.

⁵⁹ Programmatic ASA on Governance and Support to PFM Reforms (RAS)

⁶⁰ The 2016 status is A and the target is to maintain the status.

CPS Outcomes and Indicators	Indicative Milestones	WBG Program (Ongoing and Indicative)
<i>Engagement Area 2: Empowerment of the Poor and Vulnerable</i>		
<p>Outcome 2.1: Increased coverage and utilization of health services <i>(revised)</i></p> <p>Indicator 1: Percent of poor household (quintile 1) with PhilHealth Insurance Coverage <i>(reformulated)</i> Baseline: 61.6% (2012)⁶¹ Target: 85% (2019)</p>	<p>2.1.1: All households identified as poor by NHTS are fully covered by National Health Insurance Program (NHIP) <i>(reformulated)</i></p> <p>2.1.2: Share of households meeting health conditionalities in CCT program reaches by 80% by 2016. <i>(existing)</i></p> <p>2.1.3: Percent of municipalities and cities with at least one public health facility accredited by PhilHealth for maternity care, TB-DOTs and primary care benefit packages. <i>(new)</i> Baseline: 55% (2015)⁶² Target: 70% (2019)</p>	<p>Financing: Ongoing/Closed</p> <ul style="list-style-type: none"> ✓ Development Policy Lending (DPL-3) (Closed) <p>ASA: Ongoing/Delivered/Indicative</p> <ul style="list-style-type: none"> ✓ Programmatic ASA for Health, Nutrition and Population
<p>Outcome 2.2: Improved quality of basic education <i>(revised)</i></p> <p>Indicator 1: Decrease of students who have zero scores in reading comprehension in Early Grade Reading Assessment (EGRA)⁶³ <i>(existing with reformulated sentence)</i> Baseline: 79.1 percent (2015) Target: 65 percent (2019)</p> <p>Indicator 2: Increase of students with at least 60% scores in the Early Grade Math Assessment (EGMA) ⁶⁴<i>(existing with reformulated sentence)</i> Baseline: 36% (2015-2016) Target: 51% (15 percentage point increase, 2019)</p>	<p>2.2.1: Early grade reading assessment (EGRA) and early grade math assessment (EGMA) tools developed in 5 mother tongue languages by 2016. <i>(existing)</i></p> <p>2.2.2: 11,000 Grade 1 &2 teachers trained to effectively teach early grades in reading and math <i>(existing)</i></p>	<p>Financing: Ongoing/Closed</p> <ul style="list-style-type: none"> ✓ Learning, Equity and Accountability Program Support Project (LEAPS) ✓ DPL-3 (closed) <p>Financing: Indicative</p> <ul style="list-style-type: none"> ✓ Basic Education with focus on Mindanao; <p>ASA: Ongoing/Delivered/Indicative</p> <ul style="list-style-type: none"> ✓ Programmatic ASA ✓ PER in Education ✓ Skills Development

⁶¹Data source: National Demographic and Health Survey (NDHS). This will also be monitored through ongoing ASA

⁶² Data source: PhilHealth database.

⁶³ Learning, Equity and Accountability Program Support (LEAPS)

⁶⁴ LEAPS

CPS Outcomes and Indicators	Indicative Milestones	WBG Program (Ongoing and Indicative)
<p>Outcome 2.3: Increased social protection coverage (<i>slightly revised</i>)</p> <p>Indicator 1: Share of poor households receiving conditional cash transfer (<i>slightly revised</i>) Baseline: 75% (2013) Target: 90% (2019)</p>	<p>2.3.1: Share of children in poor CCT beneficiary households transition from elementary to high school Baseline: 41.5 %; Target: 55% (2019) (<i>existing</i>)</p> <p>2.3.2: Percent of CCT beneficiary received CCT grants through a bank cash card increased from 44% in 2015 to 60 % in 2019. (<i>existing</i>)</p> <p>2.3.3: Modernized household data collection process⁶⁵ (<i>new</i>) Baseline: Paper based survey (2015) Target: Electronic computer based personal assistance interview (CAPI) system (2019)</p>	<p>Financing: Ongoing/Closed</p> <ul style="list-style-type: none"> ✓ Social Welfare Development and Reform <p>ASA: Ongoing/Closed/Indicative</p> <ul style="list-style-type: none"> ✓ Programmatic Analytic work on poverty and shared prosperity (ongoing) ✓ Supporting the new Philippine Statistical Authority (TF) (ongoing) ✓ Programmatic ASA for Social Protection (Delivered) ✓ Programmatic ASA for Social Protection and Labor (Delivered)
<p>Outcome 2.4: Improved access to basic services and local planning⁶⁶(<i>new</i>)</p> <p>Indicator 1: Percent increase in access to roads, education, health centers and water in targeted municipalities (<i>new</i>) Baseline: 53% (2014) Target: 63% (a total of 10 percentage points over the baseline) (2019)</p> <p>Indicator 2: Percent of households in targeted municipalities with at least one member attending regular Barangay Assemblies. (<i>new</i>) Baseline: 56% (2014) Target: 70% (2019)</p>	<p>2.4.1: Percent of targeted municipalities with municipal poverty reduction plans prepared according to the community participatory process (<i>new</i>) Baseline: 0% (2014) Target: 85% (2019)</p>	<p>Financing: Ongoing/Closed:</p> <ul style="list-style-type: none"> ✓ Philippines National Community Driven Development Program

⁶⁵ This will help improve data collection in health, education and other key sectors. This will be monitored through Programmatic Poverty ASA and the new Philippine Statistical Authority TF.

⁶⁶ Outcome and indicators relate to NCDDP supported by the WB.

Engagement Area 3: Rapid, Inclusive and Sustained Economic Growth

<p>Outcome 3.1 Improved transport connectivity <i>(new)</i></p> <p>Indicator 1: Percent reduction in travel times in targeted rural areas⁶⁷ <i>(reformulated)</i> Baseline: 0 % (2014) Target: 30% (2019)</p> <p>Indicator 2: National roads improved (km)⁶⁸ Baseline: 280 (2014) Target: 295 (2016)</p>	<p>3.1.1: Farms to Market Roads identified based on provincial agricultural priorities⁶⁹ <i>(reformulated)</i></p> <p>3.1.2: 680 kilometers of roads maintained⁷⁰ <i>(reformulated)</i></p>	<p>Financing: Ongoing/Closed</p> <ul style="list-style-type: none"> ✓ Philippines Rural Development Project (PRDP) ✓ Cebu Bus Rapid Transport ✓ Metro Manila Bus Rapid Transit 1 <p>Financing: Indicative</p> <ul style="list-style-type: none"> ✓ AF- PRDP <p>ASA: Ongoing/Delivered/Indicative</p> <ul style="list-style-type: none"> ✓ Transport Development Framework Plan TA ✓ Philippines National-Local Roads TA ✓ National and Provincial Road Program
<p>Outcome 3.2: Simplified business regulations and trade logistics <i>(existing/reformulated)</i></p> <p>Indicator 1: Increase in private sector savings⁷¹ <i>(new)</i> Baseline: US\$0 mil (2014) Target: US\$9 mil (2019)</p> <p>Indicator 2: Increased new investment in shipping and logistic⁷² <i>(new)</i> Baseline: US\$0 mil (2014) Target: US\$14 mil (2019)</p>	<p>3.2.1: Rules and regulations in business registration and licensing, entry and exit, paying taxes, access to finance, labor relations and management simplified. <i>(existing)</i></p> <p>3.2.2: Philippines Business Registry (PBS) is established and functional. <i>(reformulated)</i></p> <p>3.2.3: Reduced the number of permits and inspection for low risk agricultural products⁷³ <i>(new)</i> Baseline: 6 permits and 100% inspection (2014) Target: 5 permits and 50% inspection (2019)</p> <p>3.2.4: Reduced time to issue a shipping license⁷⁴ <i>(new)</i> Baseline: 100 days (2014) Target: 60 days (2019)</p>	<p>Financing: Ongoing/Closed</p> <ul style="list-style-type: none"> ✓ Programmatic Development Policy Lending (DPL 3) (Closed) <p>Financing: Indicative</p> <ul style="list-style-type: none"> ✓ Customs and Trade Modernization ✓ Competitiveness DPL 1 ✓ Micro, Small and Medium Enterprise (MSME) Development Program for Results (PforR) <p>ASA: Ongoing/Closed/Indicative</p> <ul style="list-style-type: none"> ✓ Agriculture and Trade Advisory Services ✓ Doing Business Advisory Services

⁶⁷ Philippines Rural Development Project (PRDP) and AF-PRDP

⁶⁸ National Roads Improvement and Management Program. The project closed in December 2016.

⁶⁹ PRDP

⁷⁰ NRIMP

⁷¹ Private sector savings may include reduced trade expenses and start-up costs for business

⁷² Agri Trade and Doing Business Advisory Services

⁷³ Agri Trade Advisory Services

⁷⁴ By Maritime Authority (Agri Trade Advisory Service Project)

<p>Outcome 3.3: Increased access to financial services<i>(existing)</i></p> <p>Indicator 1: Percent of population in lower 40 percent of income distribution with access to formal financial services⁷⁵ <i>(existing)</i> Baseline: 10% (2012) Target: 17% (2019)</p> <p>Indicator 2: Number of SMEs that are credits secured by movable property <i>(existing)</i> Baseline: 0 (2014) Target: 6,930 (2019)</p>	<p>3.3.1: Credit Information System operational <i>(reformulated)</i></p> <p>3.3.2: Improved regulations governing secured transaction. <i>(reformulated)</i></p> <p>3.3.3: Number of additional enquires received by credit information system <i>(reformulated)</i> Baseline: 7.7 mil (2014) Target: 4 mil additional enquires (total 11.7 mil) (2019)</p> <p>3.3.4: IFC financial institution client’s loans to MSMEs to reach \$3.65 billion and 359,531 number of loans by FY16. <i>(existing)</i></p>	<p>Financing: Ongoing/Closed ✓ Programmatic Development Policy Lending (DPL 3) (Closed)</p> <p>Financing: Indicative ✓ Competitiveness DPL 1 ✓ Micro, Small and Medium Enterprise (MSME) Development Program for Results (PforR)</p> <p>ASA: Ongoing/Closed/Indicative ✓ Financial Inclusion Strategy (ongoing); Developing Micro-Insurance Reporting Framework; Financial modeling for deposit insurance; IFC advisory services on Secured Transaction; IFC advisory services on credit bureau, Agri finance, Gender finance, Agri insurance</p>
<p>Outcome 3.4: Improved agriculture productivity and incomes <i>(reformulated)</i></p> <p>Indicator 1: Percentage increase in value of annual marketed output in targeted areas⁷⁶ <i>(new)</i> Baseline: 0%⁷⁷ (2014) Target: 30% (2019)</p> <p>Indicator 2: Percentage increase in incomes of farmers and fisher folk in targeted provinces⁷⁸ <i>(existing)</i> Baseline: 0% (2014) Target: 25%⁷⁹ (2019)</p>	<p>3.4.1: Area provided with irrigation and drainage services (Ha)⁸⁰ <i>(reformulated)</i> Baseline: 0 (2014) Target: 118,950 (2019)</p> <p>3.4.2: Percentage increase in cropping intensity⁸¹ <i>(existing)</i> Baseline: 150% (2014) Target: 170% (2019)</p> <p>3.4.3. Number of farmers reached with agricultural assets or services <i>(new)</i> Baseline: 0 households (2014) Target: 300,000 (2019)</p>	<p>Financing: Ongoing/Closed ✓ Philippines Rural Development Project (PRDP) ✓ Participatory Irrigation Development ✓ Inclusive Partnership for Agriculture</p> <p>Financing: Indicative ✓ AF-PRDP</p> <p>ASA: Ongoing/Closed/Indicative</p>

⁷⁵ Bank’s engagement through Financial Inclusion Strategy. The data is being collected through FINDEX where survey is being done every 3 years.

⁷⁶ PRDP

⁷⁷ Marketable output: PhP61,966 (avg/HH) for 2014. (Source PRDP)

⁷⁸ PRDP

⁷⁹ For 2014: Real hh incomes: PhP 134,275 (Avg/HH); Income Agri-Based Enterprises: PhP 69,228 (Avg/HH); (Source: PRDP)

⁷⁹ PRDP

⁸⁰ Participatory Irrigation Development Project

⁸¹ Participatory Irrigation Development Project

Engagement Area 4: Climate Change, Environment and Disaster Risk Management		
<p>Outcome 4.1 Increased resilience to natural disasters and climate change</p> <p>Indicator 1: Number of provinces mainstreamed climate change adaptation and disaster risk reduction measures into their Provincial Development and Physical Framework plans⁸² (existing) Baseline: 10 (2014) Target: 60 (2016)</p> <p>Indicator 2: Number of public facilities (schools, hospitals, heritage buildings) assessed for vulnerability to natural disaster⁸³ Baseline: Metro Manila less than 20 out of 3,500 building stock (2015) Target: Vulnerability assessment for 100⁸⁴ buildings completed (2019)</p>	<p>4.1.1: Budget planning tools and regulations to improve climate change programming is integrated into national and local planning. (<i>reformulated from 4.1.1 and 4.1.7</i>)</p> <p>4.1.2: National Disaster Risk Finance and Insurance Strategy adopted for comprehensive financial protection from disaster. (<i>existing and reformulated</i>)</p> <p>4.1.3: Flood Management interventions to reduce flood risks in Metro Manila developed followed by Flood Management Master Plan. (<i>existing with slight modification</i>)</p> <p>4.1.4: Amendatory bill⁸⁵ for National Building Code of the Philippines completed. (<i>new</i>)</p>	<p>Financing: Ongoing/Closed:</p> <ul style="list-style-type: none"> ✓ Disaster Risk Management Development Policy Loan-CAT DDO 1 (closed) ✓ Second Disaster Risk Management Development Policy Loan -CAT DDO 2 ✓ Program for Climate Resilience (TA) <p>Financing: Indicative</p> <p>ASA: Ongoing/Delivered/Indicative</p> <ul style="list-style-type: none"> ✓ Reducing Vulnerability to Natural Disasters (PAAA - ongoing)
<p>Outcome 4.2: Reduction in pollution (new)</p> <p>Indicator 1: Reduce the pollution in targeted areas⁸⁶ of Manila Bay (existing) Baseline: 519 tons per year (2016) Target: 3556 tons per year (2019)</p>	<p>4.2.1: Increase in wastewater treatment capacities of Metropolitan Waterworks Sewerage Services (MWSS) in Metro Manila and surrounding (Cubic Meter) (<i>reformulated</i>) Baseline: 2 (2016) Target: 7 (2019)</p> <p>4.2.2: At least five LISCOP micro watershed interventions result in measurable reductions in environmental pressures, from 33 sub projects (2011) to 50 subprojects (2016) (<i>existing</i>)</p> <p>4.2.3: Natural capital accounting implemented and first estimates of natural capital produced and used by NEDA (<i>existing</i>)</p>	<p>Financing: Ongoing/Closed:</p> <ul style="list-style-type: none"> ✓ Metro Manila Waste Water Management ✓ LISCOP <p>Financing: Indicative</p> <ul style="list-style-type: none"> ✓ Metro Manila Flood Management <p>ASA: Ongoing/Delivered/Indicative</p> <ul style="list-style-type: none"> ✓ Programmatic Wealth Accounting and the Valuation of Ecosystem Services (WAVES) (closed) ✓ Metro Manila Water Security Study ✓ Integrated POPs management

⁸² CAT DDO 1 project.

⁸³ ASA “Reducing Vulnerability to Natural Disasters”

⁸⁴ 10 hospitals+16 heritage buildings+74 schools.

⁸⁵ The law PD-1096.

⁸⁶ Metro Manila Waste Water Management

	4.2.4: System of environmental economic accounting modules produced for minerals and mangroves to inform policy analysis, planning and implementation. <i>(existing)</i>	
Outcome 4.3: Increased access to clean energy <i>(new)</i> Indicator 1: Number of households provided with access to electricity (Off-grid) ⁸⁷ <i>(new)</i> Baseline: 0 (2016) Target: 40,500 ⁸⁸ (2019)	4.3.1: Renewable energy market developed and implemented including the Renewable Energy Certificate (REC) <i>(reformulated)</i> 4.3.2: Generation capacity of Renewable Energy constructed (MW) <i>(new)</i> Baseline: 0 MW (2016) Baseline: 14 MW (2019)	Financing: Ongoing ✓ Access to Sustainable Energy Project (ASEP) ✓ Renewable Energy Development
Engagement Area 5: Peace, Institution Building and Social and Economic Opportunities		
Outcome 5.1: Increased access to basic services in conflict affected areas <i>(new)</i> Indicator 1: Number of people benefiting from access to roads, water systems and post-harvest facilities ⁸⁹ <i>(new)</i> Baseline: 0 (2014) Target: Total 550,000 o/w female : 275,000 (2019)	5.1.1: National CDD program expands coverage and includes a special “conflict window” to adapt to socio political context of ARMM <i>(existing)</i> 5.1.2: GPH-MILF “Sajahatra Bangsamoro” program supported and a joint development needs assessment and investment planning process for the Bangsamoro completed <i>(existing)</i>	Financing: Ongoing/Closed: ✓ MTF- Reconstruction & Development Project Financing: Indicative: ✓ Supporting Resilient Communities and Responsive Local Governance ASA: Ongoing/Delivered/Indicative: ✓ NCDDP: ARMM Component and Peace Lens
Outcome 5.2: Improved community participation in investment planning in conflict affected areas Indicator 1: Percent of beneficiaries feel local investments reflected their needs <i>(new)</i> Baseline: 0% (2014) Target: 60% (2019)	5.2.2: Community meetings conducted for discussion of priority needs in villages increases from 324 (2012) to 454 annually (2013-2016) <i>(existing)</i> 5.2.3: Policy and institutional reforms initiated to address land conflict in Mindanao to meet the land related commitments in the Framework Agreement on the Bangsamoro. <i>(existing)</i> 5.2.4: Budgeting system in DepEd ARMM is more transparent and efficient. <i>(existing)</i>	Financing: Ongoing/Closed: ✓ MTF- Reconstruction & Development Project Financing: Indicative: ✓ Supporting Resilient Communities and Responsive Local Governance in Mindanao ASA: Ongoing/Delivered/Indicative ✓ Land Conflict in Mindanao ✓ MILF Ex-Combatants Needs Assessments

⁸⁷ Access to Sustainable Energy Project

⁸⁸ It is 10% out of 400,000 population who are located in remote areas that don't have access to electricity now and are unlikely to be connected to the power grid in the future.

⁸⁹ Baseline of zero indicates that there were no beneficiaries of the MTF Reconstruction Project prior to the start of the project.

Annex 2. Summary of Changes to the Philippines CPS Results Matrix

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
Engagement Area 1: Transparent and Accountable Government <i>Drooped Indicators/milestones: 37</i> <i>Reformulated indicators/milestones: 4</i> <i>New indicators/milestones: 1</i>		
Outcome 1.1: Strengthened Public Finances and Fiscal Risk	Dropped.	The objective of the original outcome was too broad to attribute to WBG's intervention. The revised outcome reflects ongoing and future WBG engagements to improve revenue mobilization. <i>New outcome: Increased public revenue mobilization</i>
1.1 a: Revenue gaps* for specific commodities estimated and mitigation plan developed and pursued Baseline: Revenue gaps for rice and oil estimated; Target: Mitigation plan for rice and oil implemented and monitored (2015); mitigation plan finalized and monitoring implemented for at least two other commodities (2016)	Dropped.	No ongoing engagement linked to this indicator.
1.1 b: Annual Tax Expenditure Statement (TES) published on-line, with progressive coverage of all investment incentives Baseline: First statement published in 2014 (in advance of draft 2015 Budget NEP) Target: Statement continues to be updated and published yearly, with increased coverage: 100% coverage of all investment incentives (2016)	Dropped.	No ongoing engagement linked to this indicator.
1.1 c: The Annual Fiscal Risk Statement (FRSs) published alongside TES, with forward looking risk scenarios (with reference to quantification of GOCCs, PPPs, natural calamities, and other exposures) Baseline: FRSs have been published three years in a row, with limited quantification of forward risk scenarios (2014) Target: Enhanced FRS institutionalized as part of annual Budget process (2016)	Dropped.	Lack of relevance to the ongoing program.
1.1.1: The Fiscal Incentives Law was passed, up to good international standard, by the end of 2015. Additional reforms towards a comprehensive tax reform are being undertaken.	Reformulated.	<i>Revised indicator: Comprehensive tax reform to improve equity in taxation and expansion of revenue base is submitted for legislative approval.</i> The indicator has been revised to be consistent with the ongoing program to align with CPS objectives of improving tax revenue.
1.1.2 Full implementation of the Bureau of Internal Revenue (BIR) strategic plan, including: 1) compulsory third party data sharing; 2) Public Posting of net worth of BIR officials; 3) external and	Dropped.	The indicator is not on track.

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
internal audit of BIR; 4) BIR key performance indicators are developed and monitored.		
1.1.3 Bureau of Customs (BOC) delivers Targeted and Credible Customs Reform Road Map, with improvement in BOC key performance indicators	Reformulated.	<i>Revised indicator: Bureau of Customs Modernization and Tariff Act approved.</i> The indicator is being reformulated to align with WBG's future intervention. The WBG is expected to support Philippines Customs and Trade Department on the modernization of customs roadmap.
1.1.4: Improved management of the government fiscal exposure to natural hazard	Dropped.	While the program is on track, the indicator is being dropped as there is no ongoing engagement.
1.1.5: Annual Fiscal Risk Statement/Review process institutionalized and Budget and Debt Management strategy developed by end of 2014. Enhanced Fiscal Risk Statement for 2014 published at the end of 2013.	Reformulated.	<i>Revised indicator: Annual Fiscal risk statement institutionalized and debt management strategy developed</i> Indicator is being reformulated to improve clarity and better align with the CPS program.
1.1.6: The government/GCG has developed action plans to significantly reduce fiscal risks for 3 GOCCs. PPP contingent liabilities for legacy and new projects have been quantified and updated as part of the 2014 FRS.	Dropped.	The indicator is not on track and no ongoing engagement.
1.1.7: Annual Tax Expenditure Statement system is refined and institutionalized by sector and region.	Dropped.	No ongoing engagement to support the milestone.
1.1.8: Fiscal decentralization framework strengthened with expanded financing options for LGUs and strengthened capacity and policy framework for LGUs to mobilize own-source revenues and to increase fiscal autonomy	Dropped.	Not on track and there is no ongoing engagement.
	<i>New outcome indicator</i>	<i>New outcome indicator: Percent increase in domestic revenue to GDP Baseline: 13.6% and Target: 1% increase over the baseline</i>
Outcome 1.2: Strengthened public sector institutions (national and sub-national)	Dropped.	<i>New outcome: Improved quality and transparency of public financial reporting</i> The original outcome objective was difficult to attribute. The revised outcome is more aligned with WBG's ongoing engagements that focus on supporting government in improving public financial management to be more transparent and accountable for public resources.
Indicator 1.2 a: PEFA scores Baseline: 2010 Target: At least five sub scores improved by one grade (2016)	Dropped.	<i>Revised indicator: Quality and timeliness of annual financial reports (PEFA indicator PI 25)</i> Original indicator was too broad. The revised indicator is aligned with the revised outcome which will be monitored through the Bank's engagement.

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
Indicator 1.2 b: Number of agencies delivering on Social Contract priorities, by indicators developed for each agency/ program	Dropped.	No ongoing engagement to support this indicator. <i>Revised indicator: Public access to key fiscal information (PEFA indicator P1 10)</i>
Indicator 1.2 c: Increased timeliness of public disclosure of Seal of Good Housekeeping recipients	Dropped.	No ongoing engagement to support this indicator.
1.2.1: More timely and accurate tracking/reporting of government finances through GFMIS & TSA Implementation and benchmarking. (GFMIS Implementation Benchmark at 30% by end of 2013, 70% by end of 2014, 100% by 2016)	Dropped.	Not on track.
1.2.2 Enhanced budget transparency through unified Account Code Structure (UACS), including the Chart of Accounts, and timely publication of budget execution data, including biannual UACS reporting.	Reformulated.	<i>Revised indicator. Adoption of a uniform chart of accounts across budget formulation, accounting and financial reporting</i> The indicator is being reformulated to align with ongoing engagement.
1.2.3: Enhanced Sectoral Budget Execution and improved quality of sectoral spending, program evaluation and medium-term expenditure frameworks (MTEFs).	Dropped.	No ongoing engagement to support this initiative.
1.2.4 Identify sectoral priority program results objectives, and monitoring indicators, including timely execution performance, and spatial targeting for key agencies: Agriculture, Education, Health, Public Works and Highways	Dropped.	Not on track.
1.2.5 DBM M&E group operational	Dropped.	Lack of relevance to the ongoing program.
1.2.6 Performance-Based Bonus (PBB) for civil servants implemented and refined in subsequent years	Dropped.	No ongoing engagement to support this indicator.
1.2.7 Department of Education (DepEd) implements: reliable performance monitoring system that measures achievement of targets and provides real-time information on target achievement and includes a grievance redress system	Dropped.	Lack of relevance to the ongoing program.
1.2.8. Reduced fragmentation of Metro Manila governance and strengthened leadership of MMDA (including Manila Bay oversight).	Dropped.	Not on track.
1.2.9 Reduced institutional fragmentation in water and sanitation sector for service delivery outside Metro Manila	Dropped.	No ongoing engagement in this area.
1.2.10 Rationalization of rural and agricultural institutions and agencies	Dropped.	Lack of relevance to the program.
1.2.11 Strengthened government capacity to conduct regular annual assessment and to implement timely public disclosure of the Seal of Good Housekeeping for LGUs	Dropped.	No ongoing program to monitor this indicator.
1.2.12 Integration of the Seal of Good Housekeeping as a basic requirement for LGU participation in national government assistance programs, such as the Performance Challenge Fund, Grassroots	Dropped.	Lack of relevance and no ongoing program to achieve this.

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
Participatory Budgeting program (GPBP), and National CDD Program		
Outcome 1.3: Strengthened pressure for Government accountability	Dropped.	The outcome is too broad to attribute.
Indicator 1.3 a: % of households in NCDDP municipalities with at least one member attending regular Barangay Assemblies	Moved under Engagement Area 5.	Moved under Engagement Area 5.
Indicator 1.3 b: Proportion of provinces, cities and municipalities fully complying with the Full Disclosure Policy	Dropped.	Lack of relevance to the program.
Indicator 1.3 c: Open Budget Index score	Dropped.	No ongoing WBG engagement.
1.3.1 GPBP monitoring system set up and tracking Local Poverty Reduction Plan implementation for all participating cities and municipalities by December 2014	Dropped.	No ongoing WBG engagement.
1.3.2 DBM increases the number of sector agencies open to CSO inputs to 12 departments and 6 GOCCs	Dropped.	No ongoing WBG engagement.
1.3.3: Project selection and implementation for GPBP updated quarterly; platform launched in 2014 and timeliness of quarterly reports improved to within two months on quarter closing.	Dropped.	No ongoing WBG engagement.
1.3.5 ICTs developed for citizen feedback on service delivery quality and expanded geo-tagging.	Dropped.	No ongoing WBG engagement.
1.3.6 Income and asset declaration system converted to IT-based system, backlog of digitization of Statement of Assets, Liabilities and Net (SALNS) Worth reduced to zero, all Ombudsmen offices able to use digital database system; annual SALN spot checks.	Reformulated.	<i>Revised indicator: Support a roadmap and implementation for electronic Statement of Assets, Liabilities and Net Worth (SALNS).</i> The indicator is being revised to align with ongoing engagement.
1.3.7 PhilHealth Balanced Scorecard completed and posted on PhilHealth website.	Dropped.	No ongoing WBG engagement.
1.3.8 Improved social accountability of schools through implementation of refined School Report Card, with 95 percent usage rate among schools in the 5 LEAPS Target Regions by end of 2016.	Dropped.	No ongoing WBG engagement.
1.3.9 Districts and Local Governments more accountable for water & sanitation service through: improved data collection, development of KPIs and targets for water districts, and penalties if KPIs/targets not met.	Dropped.	Not on track and no WBG ongoing engagement.
1.3.10 Indicators and targets developed and published to measure implementation progress on mainstreaming of climate actions at national and sectoral levels.	Dropped.	No ongoing WBG engagement.
1.3.11 Monitoring system developed and used to track disaster-related financing	Dropped.	No ongoing WBG engagement.
1.3.12 Continued use of geotagging and geotagged initiated in the agriculture sector to other sectors	Dropped.	No ongoing WBG engagement.
Engagement Area 2: Empowering the Poor and Vulnerable <i>Dropped indicators/milestones: 16</i> <i>Reformulated indicators/milestones: 3</i> <i>Simplified indicators/milestones: 2</i> <i>New indicators/milestones: 4</i>		

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
Outcome 2.1: Improved poverty measurement and strengthened socio-economic data systems	Dropped.	Lack of precision.
Indicator 2.1 a: Increased frequency and timeliness of national poverty statistics Baseline: Every 3 years with a lag of 12-18 months Target: Yearly reporting with lag of < 10 months	Dropped.	<i>Revised indicator: Modernized household data collection process</i> <i>Baseline: Paper based survey (2015)</i> <i>Target: Electronic computer based personal assistance interview (CAPI) system (2019)</i>
2.1.1: Pilot annual nationally- and provincially-representative household surveys, including using redesigned data collection structures that are based on a coherent framework. Processing time of surveys is improved	Dropped.	Dropped to streamline the Results Matrix to reduce the number of indicators.
2.1.2: Develop and implement Human Opportunity Index (HOI)	Dropped.	Not on track.
2.1.3: Poverty and Prosperity measurement initiative implemented with defined poverty/shared prosperity targets.	Dropped.	Not on track.
2.1.4: Improved health information systems of both DOH and PhilHealth using scorecards (both the LGU scorecards and the PhilHealth scorecard currently under development) as instruments of accountability	Dropped.	No ongoing WBG engagement.
2.1.5: DepEd develops an information system in LEAPS project regions that can produce reliable and updated information on programs serving target disadvantaged groups and reviews three programs catering to disadvantaged groups in LEAPS project regions	Dropped.	No ongoing WBG engagement.
Outcome 2.2 Improved Health Status	Dropped.	The outcome was too broad to attribute ongoing engagement. <i>Revised outcome: Increased coverage and utilization of health services</i>
Indicator 2.2 a: Increasing health insurance effective enrolment for Listahanan-identified poor households under the Sponsored Program Baseline: 55% (2013) Target: 85% (2016)	<i>New indicator.</i>	<i>New indicator: Percent of poor household (quintile 1) with effective PhilHealth Insurance Coverage program</i> <i>Baseline: 61.6%; Target: 85%</i>
2.2.2: The proportion of primary health care facilities fully meeting the standards for delivering an essential preventive and curative health care services increased by 20% by 2015.	Dropped.	Not on track and no ongoing engagement.
2.2.4: At least 10% increase in the participation of the private sector in delivering primary care services to the poor enrolled in NHIP.	Dropped.	Not on track and no ongoing engagement.
2.2.5: Program implemented to increase NHIP members' awareness of benefits;	Dropped.	No ongoing WBG engagement.
2.2.6: Improved PhilHealth benefits for financial protection	Dropped.	No ongoing WBG engagement.
2.2.7: Streamlined benefits management system implemented	Dropped.	No ongoing WBG engagement.

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
2.2.8: Water and sanitation (WSS) sector responsibilities clarified through the appointment of an agency that would have sector oversight	Dropped.	No ongoing WBG engagement.
2.2.9: WSS Sector Financing Plan in Place and under implementation (this will include institutional measures and improvement of services) by 2016.	Dropped.	No ongoing WBG engagement.
	<i>New milestone indicator</i>	<i>New milestone indicator: Percent of municipalities and cities with at least one public health facility accredited by PhilHealth for maternity care, TB-DOTs and primary care benefit packages. Baseline: 55% and Target: 70%</i>
Outcome 2.3: Improved quality of Basic Education and Improved Access for the Vulnerable	Reformulated.	<i>Revised outcome: Improved quality of basic education</i>
Indicator 2.3 a: Decrease of students (total and from disadvantaged groups) with scores of zero in the Comprehension domain subtest of the relevant EGRA mother tongue tool (disaggregated for gender) Baseline: TBD (School year 2014-2015) Target: SY 2015-16: 3% (total and disadvantaged groups) decrease from baseline (Grade 1 students) SY 2016-17: 5% total/3% disadvantaged decrease from previous year's value (Grade 2 students) SY 2017-2018: 7% /3% disadvantaged decrease from previous year's value (Grade 3 students)	Simplified Indicator.	<i>Decrease of students who have zero scores in reading comprehension in Early Grade Reading Assessment (EGRA) Baseline: 79.1 percent; Target: 65 percent (2019)</i>
Indicator 2.3 b: Increase of students (total and from disadvantaged groups) with at least 60% scores in the relevant EGMA-mother tongue tool (disaggregated for gender) Baseline: TBD (School year 2014-2015) Target: SY 2015-16: 3% decrease from baseline for both total and disadvantaged groups (Grade 1 students) SY 2016-17: 5% decrease /3% disadvantaged groups from previous year's value (Grade 2 students)	Simplified Indicator.	<i>Increase of students with at least 60% scores in the Early Grade Math Assessment (EGMA) Baseline: 36%; Target: 51% (15% increase)</i>
Outcome 2.4 Strengthened Social Protection System	Reformulated.	<i>Increased social protection coverage</i>
Indicator 2.4 a: Share of poor households registered in the Listahanan database receiving benefits of social programs Baseline: 75 % (2013) 3.9mn CCT beneficiaries viz 5.2mn poor households in Listahanan as of June 2013 Target: 90% (2016)	Reformulated.	<i>Revised indicator: Share of poor households receiving conditional cash transfer Baseline: 75%; Target: 90%</i>
Indicator 2.4 b: Percentage of poor households with children covered by conditional cash transfer Baseline: 93% (2013); Target: 100% (2016)	Dropped.	Closely resembles the 2.4 indicator.
	<i>New milestone indicator</i>	<i>New milestone indicator: Modernized household data collection process Baseline: Paper based survey;</i>

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
		<i>Target: Electronic computer based personal assistance interview (CAPI) system.</i>
Community Driven Development (CDD)- Key Instrument for Supporting Vulnerable % increase in access to and utilization of roads, education, health centers and water through NCDDP Baseline: TBD during CY2014 NCDDP; Target: 5% (2015)/10% (2018) increased across various sector.	<i>New outcome 2.4</i> <i>Revised indicator</i>	<i>New outcome 2.4: Improved access to basic services and local planning.</i> <i>Revised indicator: Percent increase in access to roads, education, health centers and water in targeted municipalities</i> <i>Baseline: 53 %; Target: 63% (a 10% increase)</i> <i>New indicator: Percent of households in targeted municipalities with at least one member attending regular Barangay Assemblies.</i> <i>Baseline: 56% and Target: 70%</i>
	<i>New milestone indicator</i>	<i>New milestone indicator: Percent of targeted municipalities with municipal poverty reduction plans prepared in according to the community participatory process.</i>
Engagement Area 3: Rapid, Inclusive and Sustained Economic Growth <i>Dropped indicators/milestones: 29</i> <i>Reformulated indicators/milestones: 9</i> <i>New indicators and milestones: 7</i>		
Outcome 3.1: Strengthened Economic Policy	Dropped.	Outcome too broad for attribution.
Indicator 3.1 a: Public investment in infrastructure, as a percentage of to GDP, increased Baseline: 2.5% (2013); Target: 5% (2016)	Dropped.	No ongoing engagement.
Indicator 3.1 b: Urban corridors with ongoing/completed improvement of public transit services	Dropped.	The ongoing projects are under early implementation; too early to show substantial progress on this milestone.
Indicator 3.1. c: Increase in public spending to lagging regions.	Dropped.	No ongoing WBG engagement.
3.1.1: Progress against the PDR Jobs – Policy Matrix	Dropped.	No ongoing WBG engagement.
3.1.2: Department of Public Works and Highways (DPWH) has utilized and disbursed 90% of capital outlay allocation in annual budgets	Dropped.	No ongoing WBG engagement.
3.1.3: Number and share of public investment programs evaluated for poverty reduction impacts – one review underway for Tourism Roads Infrastructure Program (TRIP), to be expanded to two additional per year (options include; FRM, irrigation, resilience)	Dropped.	Not on track.
3.1.4: Number of priority infrastructure sector polices and laws undertaken, as outlined in the PDP 2011-2016 Midterm Update, Box 10.4.	Dropped.	No ongoing WBG engagement.
3.1.5: Enhance competition in ports and shipping, including reviewing mandate of PPA and relaxing cabotage provisions	Dropped.	No ongoing WBG engagement.
3.1.6: Legislation enacted to enable private sector participation in Water Districts; reforms to enable Water Districts to access financing from GFIs and	Dropped.	No relevance to the CPS program.

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
private banks without needing a waiver from Local Water Utilities Administration.		
3.1.7: Renewable Energy Market developed and implemented, including the Renewable Energy Certificate (REC) registry, so that the renewable portfolio standard for utilities can be met through a combination of purchases of renewable energy and/or RECs	Reformulated.	<i>Revised indicator: Renewable energy market developed and implemented including the Renewable Energy Certificate (REC) See indicator 4.3.1 under EA 4.</i>
3.1.8: Implementation by the National Electrification Administration (NEA) of new Key Performance Standard (KPS) system for electric cooperatives. The KPS system will serve both as a performance monitoring tool and as a credit risk rating system incorporating, as part of the credit score, governance factors; as a credit risk service, it will support the Department of Energy's Electric Cooperative Partial Credit Guarantee (ECPCG) program.	Dropped.	Dropped in order to streamline.
3.1.9: Development of one LNG terminal via PPP to gain access to global gas market	Dropped.	Not on track
3.1.10: Road user satisfaction with DPWH performance increased	Dropped.	No ongoing tracking of this indicator.
3.1.11: At least 75 percent of paved national road system (NRS) in fair condition or better by 2014. Improved road asset management of NRS by DPWH with at least 80 % of the annual road program of DPWH evaluated by technical and economic criteria through the use of DPWH planning applications.	Reformulated.	<i>Revised indicator: 680 kilometers of roads maintained. (see indicator 3.1.2)</i>
3.1.12: # of PPPs in transport sector under implementation	Dropped.	Not on track.
3.1.13: Cebu Bus Rapid Transit (BRT) project and Metro Manila Corridor Improvements being implemented to strengthen urban connectivity and mobility	Dropped.	Dropped in order to streamline.
3.1.14: Implementation of a sustainable infrastructure maintenance and management framework and transport Infrastructure development framework plan with a prioritization of projects	Dropped.	No ongoing engagement.
3.1.15: Increased budget allocations for transport infrastructure are sustained throughout the CPS period	Dropped.	No ongoing engagement
3.1.16: National master network plan implemented and publicly disclosed, covering both national and local roads.	Dropped.	No ongoing engagement.
3.1.17: Rural transport agenda advanced through development of farm-to-market roads strategy that includes identification of roads in selected networks, and strengthening Inter-agency coordination for joint transport planning and implementation in rural areas among DPWH-DA-LGUs	Reformulated.	<i>Revised indicator: Farms to Market Roads identified based on provincial agricultural priorities (see indicator 3.1.1)</i>
	<i>New Outcome 3.1</i>	<i>New Outcome 3.1: Improved access to transport connectivity</i>
	<i>Reformulated outcome indicator</i>	<i>Reformulated outcome indicator: Percent reduction in travel times in targeted rural areas Baseline: 0%; Target: 30%</i>

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
	<i>New outcome indicator</i>	<i>New outcome indicator: National roads improved (km) Baseline: 280 (2014); Target: 295 (2016)</i>
Outcome 3.2: Improved investment climate, including greater access to finance for micro and small enterprises.	Reformulated.	<i>Revised outcomes: outcome 3.2: Streamlined business registration and trade logistics. Outcome 3.3: Increased access to financial services.</i>
Indicator 3.2 a: Number of days to start a business Baseline: 36 (2013) Target: 15 (Oct 2016)	Dropped.	<i>New indicator: Increase in private sector savings Baseline: US\$0 mil (2014) Target: US\$9 mil (2019)</i>
Indicator 3.2 b: Number of enquiries received by credit information system and value of financing Baseline: 7.7 m (2014) Target: 4 m additional enquires (total 11.7 m) by 2018; value of financing \$160M	Moved.	Moved to milestone indicators 3.3.3.
Indicator 3.2 d: Share of population in lower 40% of income distribution with access to formal financial services Baseline: 10% (2012) Target: 15% (2016)	Reformulated.	Target has been revised from 15 percent to 17 percent. According to FINDEX the current status is 17 percent and the goal is maintaining this target of 17 percent. The survey is undertaken every three years.
	<i>New indicator</i>	<i>Increased new investment in shipping and logistics Baseline: US\$0 mil Target: US\$14 mil</i>
3.2.1: Policy coordination through the PDF-GIC, which focuses on the investment climate.	Dropped.	Not on track.
3.2.2: Work with NCC on the Doing Business agenda to enhance the competitiveness of the Philippines	Dropped.	Dropped to streamline milestones.
3.2.4: Department of Trade and Industry establishes functional Philippine Business Registry (PBR) system that requires no human interaction to register sole proprietorship with respect to National level registration requirements.	Reformulated.	<i>Revised indicator 3.2.2: Philippines Business Registry (PBS) is established and functional.</i>
3.2.5: BPLS attributes are adopted in the Seal of Good Housekeeping/ Seal of Competitiveness	Dropped.	No ongoing engagement.
	<i>New indicator 3.2.3:</i>	<i>New indicator 3.2.3: Reduced the number of permits and inspection for low risk agricultural products Baseline: 6 permits and 100% inspection Target: 5 permits and 50% inspection</i>
	<i>New indicator</i>	<i>New indicator: Reduced time to issue a shipping license</i>
3.2.6: Credit information system functioning: Credit Information Corporation is operational. Infrastructure for credit information and secured transactions is improved. Creditor rights are strengthened	Reformulated.	<i>Revised indicator 3.3.1: Credit Information System operational</i>

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
3.2.8: Improved legal framework for financial supervision including legal protection for supervisors of financial institutions and enhanced resolution framework. Improved/simplified legal framework and enforcement for credit rights, secured transactions, collateral holding period, and contract enforcement	Reformulated.	<i>Revised indicator 3.3.2: Improved regulations governing secured transaction.</i>
3.2.9: Cooperatives role in providing access to finance is strengthened by improving the regulatory capacity of the Cooperative Development Authority and through the simplification of procedures and requirements for cooperatives	Dropped.	No ongoing engagement.
3.2.10: Financial services (e.g. savings and micro-insurance) are linked with the CCT program to increase financial inclusion and empower beneficiaries	Dropped.	Moved to under milestone indicator 2.4.2
Outcome 3.3: Improved economic growth, productivity and employment in agricultural and rural areas.	Reformulated.	<i>Revised outcome 3.4: Improved agriculture productivity and incomes</i>
Indicator 3.3 a: Public and private sector investments in agriculture and agribusiness sector in program areas.	Dropped.	No ongoing WBG engagement.
Indicator 3.3 b: Increase in real household incomes (on-, off- and non-farm) of farmer and fisher beneficiaries Baseline: 0; Target: 5% increase per year (for farmers) 10% increase by 2017 for enterprise development	Reformulated.	<i>Revised outcome indicator: Percentage increase in value of annual marketed output in targeted areas Baseline: 0 percent (2014); Target: 30 percent (2019)</i>
	<i>New outcome indicator</i>	<i>New outcome indicator: Percentage increase in incomes of farmers and fisher folk in targeted provinces Baseline: 0%; Target: 25%</i>
Indicator 3.3 c: Access to financial services by agri firms Baseline: 0 (2013); Target: \$20 million agri-finance loans outstanding by 2015 Number/value of loans disbursed to women 720/\$360,000	Dropped.	Not on track.
3.3.1: AAA delivered on options to reduce regulatory constraints to agribusiness investment and trade, including the domestic shipping industry.	Dropped.	Dropped to streamline milestones.
3.3.2: Risk based SPS, quarantine and inspections system and improved border clearance procedures for agriculture-products engaged by Department of Agriculture (DA)	Dropped.	No ongoing WBG engagement.
3.3.3: ARC cluster plans made operational and business plans are designed and implemented for selected value chains	Dropped.	No ongoing WBG engagement.
Engagement Area 4: Climate Change, Environment and Disaster Risk Management <i>Dropped indicators and milestones: 9</i> <i>Reformulated indicators and milestones: 7</i> <i>New indicators and milestones: 1</i>		

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
<p>Indicator 4.1 b: Increase in number of public facilities (schools and hospitals) upgraded to become safer and more resilient Baseline: Metro Manila < 20 out of 4000 building stock Target: Most vulnerable schools and hospitals upgraded, equivalent to around 200 structures (2017)</p>	Reformulated.	The target has been revised from 200 most vulnerable buildings to 100 most vulnerable buildings in order to be consistent with the ongoing implementation of the program.
<p>4.1.1: Clear and consistent set of climate outcomes and targets developed and used in national and local planning through mainstreaming and harmonization of a Government climate change typology</p>	Reformulated.	Reformulated from indicator 4.1.1 and 4.1.7. <i>Revised indicator 4.1.1: Budget planning tools and regulations to improve climate change programming is integrated into national and local planning.</i>
<p>4.1.2: National Disaster Risk Finance and Insurance (DRFI) strategy prepared. Catastrophe Risk Modeling conducted and informing the design of a potential disaster risk financing facility</p>	Reformulated.	<i>Revised indicator 4.1.2: National Disaster Risk Finance and Insurance Strategy adopted for comprehensive financial protection from disaster.</i>
<p>4.1.3: Building retrofitting and construction guidelines developed</p>	Dropped.	Milestone lacks precision.
<p>4.1.4: Prioritization of methodology established for retrofitting of critical public facilities and applied in Metropolitan Manila</p>	Dropped.	Milestone lacks precision.
<p>4.1.5: DPWH retrofits and/or reconstructs infrastructure in Metro Manila and/or other areas, based on the results of structural audits. Flood management interventions to reduce flood risks in Metro Manila developed as follow-up to Flood Management Master Plan</p>	Reformulated.	<i>Revised indicator 4.1.3: Flood Management interventions to reduce flood risks in Metro Manila developed followed by Flood Management Master Plan</i>
<p>4.1.6: Integrated climate vulnerability and climate disaster risk reduction tools developed and used to inform Comprehensive Land Use and Development Plans</p>	Dropped.	
<p>4.1.7: More systematic use of budget planning tools and regulations to improve climate change programming</p>	Reformulated and merged with 4.1.1.	See 4.1.1.
<p>4.1.8: 25% Increase in the no of farmers and fishers adopting climate smart technologies</p>	Dropped.	Not on track.
	<i>New indicator 4.1.4:</i>	<i>New indicator 4.1.4: Amendatory bill for National Building Code of the Philippines completed.</i>
<p>Outcome 4.2 Improved natural resource management and sustainable development</p>	Reformulated.	<i>Revised outcome 4.2: Improved pollution reduction</i>
<p>4.2.1: Cebu Bus Rapid Transit (BRT) and Metro Manila BRT developed</p>	Dropped.	Lack of relevance to ongoing program.
<p>4.2.2: Improved targeting, design and monitoring of labor intensive programs on reforestation and land stabilization programs</p>	Dropped.	No ongoing WBG engagement.
<p>4.2.5: Increase in waste water treatment capacities among LGUs and water districts in the Manila Bay River Basin.</p>	Reformulated.	<i>Revised indicator 4.2.1: Increase in wastewater treatment capacities of Metropolitan Waterworks Sewerage Services (MWSS) in Metro Manila and surrounding (cubic meter) Baseline: 2; Target: 7</i>

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
4.2.9: Green building regulations at the national and sub-national level set (Higher mandatory standards for new building construction and operation) supported by the Green Building Regulations project	Dropped.	Not on track.
4.2.10: Biodiversity conservation and coastal resources co-management features incorporated in the Provincial Commodity Investment Plans (PCIPs)	Dropped.	No ongoing WBG engagement.
4.2.11: Establishment of a state-of-the-art system for water quality monitoring for Manila Bay and tributaries	Dropped.	Not on track
4.2.12: Institutional capacity building undertaken for institutions involved in Manila Bay River Basin Management	Dropped.	Not on track.
Engagement Area 5: Peace, Institution Building and Social and Economic Opportunity <i>Dropped indicators/milestones: 11</i> <i>Reformulated indicators/milestones: 1</i> <i>New indicators/milestones: 1</i>		
Outcome 5.1 Increased trust within communities, and between citizens and the state in conflict areas	Dropped; Reformulated.	The objective is too broad to attribute. <i>Revised outcome 5.1: Increased access to basic services in conflict affected areas</i> <i>New indicator: Number of people have access to roads, water systems and post-harvest facilities</i> <i>Baseline: 0; Target: 550,000 of/w female: 275,000</i>
Indicator 5.1 a: Total number of people benefiting from improved access to basic services in conflict-affected areas	Dropped.	Not aligned with ongoing program. <i>New indicator: Percent increase in access to roads, education, health centers and water in targeted municipalities.</i>
Indicator 5.1 b: Trainees in livelihood program secure wage employment or start new small enterprises	Dropped.	The ongoing program is not supporting this activity.
5.1.2: Inclusive peace process and transition from ARMM to the Bangsamoro assisted through support to the Transition Commission.	Dropped.	No active engagement.
5.1.5: Increase of 5% in number of people who feel they can personally influence development decisions taken in their community	Dropped.	Not on track.
Outcome 5.2 Implementation of Peace-Promoting Catch Up Socio-economic development in conflict affected areas	Dropped.	Objectives is too broad. New outcome is being proposed. <i>New outcome 5.2: Improved community participation in investment planning in conflict affected areas</i>
	<i>New indicator</i>	<i>New indicator: Percent of beneficiaries feel local investments reflected their needs</i> <i>Baseline: 0%; Target: 60%</i>
5.2.1: Joint MILF-Government “Sajahatra Bangsamoro” program provides quick impact assistance to identified conflict-affected communities.	Dropped.	No ongoing engagement.
5.2.2: Technical advice provided on combatant transition	Dropped.	Dropped to streamline milestones.

Original Outcomes/Indicators and Milestones	Change	Justification and Revised Outcome, Indicator, Milestones
5.2.4: Expanded national CDD program, covering at least 60 municipalities and up to 1.5 million people in the Bangsamoro by 2016.	Dropped.	The indicator is being revised.
5.2.5: Budgeting system in DepEd ARMM is generally more transparent and efficient due to reforms in management of Teacher Wage Bill and presentation of Results Oriented Budget for 2014.	Dropped.	Streamlined indicator to be consistent with ongoing objective.
5.2.6: Under a grant to the ILO from the MTF, at least 60% of beneficiaries of entrepreneurship training will establish a small business and increase their income by 20%.	Dropped.	Streamlined indicator to be consistent with ongoing objective.
5.2.7: Implementation of approved farm-to-market road MDRP subprojects in target municipalities by FY14 and continuing implementation of NRIMP2 road improvement components in Mindanao	Dropped.	Streamlined indicator to be consistent with ongoing objective.
5.2.8: Forging of collaboration between private sector agribusiness firms, LGUs, ARMM/Bangsamoro Regional Governments and the DA forged in synchronizing public and private investments in Bangsamoro areas for generation of jobs and livelihood opportunities.	Dropped.	Lack of relevance to the program.
5.2.9: Farm-to-market roads toolkit developed and food logistics study undertaken	Dropped.	Lack of relevance to the program.

Engagement Area 1: Transparent and Accountable Government

CPS Outcome and Indicators	Indicative Milestones	Status of Milestone	Milestone Comments
Outcome 1.1: Strengthened public finances and fiscal risk			
	Strengthened Public Finances:		
<p>Indicator 1.1 a: Revenue gaps* for specific commodities estimated and mitigation plan developed and pursued</p> <p>Baseline: Revenue gaps for rice and oil estimated Target: Mitigation plan for rice and oil implemented and monitored (2015); mitigation plan finalized and monitoring implemented for at least two other commodities (2016)</p> <p>Update: <i>Not on track. The Bank did not monitor this indicator through its program.</i></p> <p>Indicator 1.1 b: Annual Tax Expenditure Statement (TES) published on-line, with progressive coverage of all investment incentives</p>	<p>1.1.1: The Fiscal Incentives Law was passed, up to good international standard, by the end of 2015. Additional reforms towards a comprehensive tax reform are being undertaken.</p>	Partially Achieved	<p>✓ The draft Fiscal Incentives Rationalization Act prepared under Aquino Administration expired at the end of the administration in 2016. The provisions of the Act have been rolled into the new administration's comprehensive tax reform package.</p>
	<p>1.1.2 Full implementation of the Bureau of Internal Revenue (BIR) strategic plan, including: 1) compulsory third party data sharing; 2) Public Posting of net worth of BIR officials; 3) external and internal audit of BIR; 4) BIR key performance indicators are developed and monitored.</p>	Not on track	<p>✓ BIR strategic plan under the Aquino administration is no longer active; a new strategic plan for BIR will be formulated after legislative approval of current tax reform. The Bank has not provided direct support in this area.</p>
	<p>1.1.3 Bureau of Customs (BOC) delivers Targeted and Credible Customs Reform Road Map, with improvement in BOC key performance indicators</p>	Partially achieved and on track	<p>✓ BOC Customs modernization and Tariff Act signed into law in May 2016. The Act aims to modernize Customs rules and procedures, reduce opportunities for corruption, improve Customs service delivery and improve supply chain. The WBG is expected to support the Philippines Customs and Trade department to provide further recommendations and update previously completed Custom reform roadmap and modernization work plan.</p>

<p>Baseline: First statement published in 2014 (in advance of draft 2015 Budget NEP)</p> <p>Target: Statement continues to be updated and published yearly, with increased coverage: 100% coverage of all investment incentives (2016)</p> <p>Update: <i>No information available.</i></p> <p>Indicator 1.1 c: The Annual Fiscal Risk Statement (FRSs) published alongside TES, with forward looking risk scenarios (with reference to quantification of GOCCs, PPPs, natural calamities, and other exposures)</p> <p>Baseline: FRSs have been published three years in a row, with limited quantification of forward risk scenarios (2014)</p> <p>Target: Enhanced FRS institutionalized as part of annual Budget process (2016)</p> <p>Update: <i>On track. Annual fiscal risk statement was published in 2015, 2016.</i></p>	<p>1.1.4: Improved management of the government fiscal exposure to natural hazard</p>	<p>On track</p>	<p>✓ Implementation of the Catastrophe-Deferred Drawdown Option (CAT-DDO) is ongoing. The WBG Disaster Risk Financing and insurance TA is supporting analysis of fiscal risks and design of risk mitigation instruments</p>
	<p>Fiscal Transparency and fiscal accountability:</p> <p>1.1.5: Annual Fiscal Risk Statement/Review process institutionalized and Budget and Debt Management strategy developed by end of 2014. Enhanced Fiscal Risk Statement for 2014 published at the end of 2013.</p>	<p>Achieved</p>	<p>✓ Fiscal Risk statement was produced in 2013,2014, 2015 and 2016. A debt management strategy was developed and published in February 2017.</p>
	<p>1.1.6: The government/GCG has developed action plans to significantly reduce fiscal risks for 3 GOCCs. PPP contingent liabilities for legacy and new projects have been quantified and updated as part of the 2014 FRS.</p>	<p>Not on track</p>	<p>✓ While the DPL series supported a reduction of GOCCs contribution to public sector debt, the Bank did not have direct engagement on development of action plans in this area.</p>
	<p>1.1.7: Annual Tax Expenditure Statement system is refined and institutionalized by sector and region.</p>	<p>Not on track</p>	<p>✓ The Investment Promotion Agency now prepares tax expenditure statement annually, however not yet by sector and region. No direct Bank engagement ongoing or planned in this area.</p>
	<p>1.1.8: Fiscal decentralization framework strengthened with expanded financing options for LGUs and strengthened capacity and policy framework for LGUs to mobilize own-source revenues and to increase fiscal autonomy.</p>	<p>Not on track</p>	<p>✓ The Bank does not have ongoing support in this area and the milestone has not been monitored.</p>

Outcome 1.2. Strengthened public sector institutions (national and sub-national)			
<p>Indicator 1.2 a:</p> <p>PEFA scores Baseline: 2010 Target: At least five sub scores improved by one grade (2016)</p> <p>Update: <i>Indicator is not specific enough to provide update.</i></p> <p>Indicator 1.2 b: Number of agencies delivering on Social Contract priorities, by indicators developed for each agency/ program Baseline: 0 Target: 4 (2016)</p> <p>Update: <i>The Bank did not have any engagement in this area.</i></p> <p>Indicator 1.2 c: Increased timeliness of public disclosure of Seal of Good Housekeeping recipients Baseline: 1-year lag (for year end 2013) Target: Annual public disclosure of Seal of Good Housekeeping recipients by Q3 of current year. (2016)</p> <p>Update: <i>On track. Department of Interior and Local Government published the 2016 passers and passer's of after assessment compliance in May 2017.</i></p>	<p>PFM and Public Expenditure Management:</p> <p>1.2.1: More timely and accurate tracking/reporting of government finances through GFMIS & TSA Implementation and benchmarking. (GFMIS Implementation Benchmark at 30% by end of 2013, 70% by end of 2014, 100% by 2016)</p>	Not on track	✓ Implementation of these reforms has been delayed. No direct ongoing Bank engagement.
	<p>1.2.2 Enhanced budget transparency through unified Account Code Structure (UACS), including the Chart of Accounts, and timely publication of budget execution data, including biannual UACS reporting</p>	Partially Achieved	✓ Adoption of UACS for enhancing transparency and improving monitoring of budget execution was achieved under the DPL series. Going forward, transparency may be further enhanced in context of ongoing PFM reforms.
	<p>1.2.3: Enhanced Sectoral Budget Execution and improved quality of sectoral spending, program evaluation and medium-term expenditure frameworks (MTEFs).</p>	Partially Achieved	✓ Gains on this milestone are evident in the Philippine Statistical Authority (PSA). The agency's budget execution and sectoral spending has improved, monitored through MTEF and program evaluation.
	<p>1.2.4 Identify sectoral priority program results objectives, and monitoring indicators, including timely execution performance, and spatial targeting for key agencies: Agriculture, Education, Health, Public Works and Highways</p>	Not on track	✓ Priority program results are supported through WBG engagement with the key agencies. However, milestone not tracked to date.
	<p>1.2.5 DBM M&E group operational</p>	Achieved	✓ While M&E Unit in DBM is in place and remains operational after change in administration, the Bank does not have ongoing or planned engaged in this area.
	<p>1.2.6 Performance-Based Bonus (PBB) for civil servants implemented and refined in subsequent years</p>	Achieved	✓ PBB was approved for public servants in 2013, and survey recommendations from the PBB are being incorporated with amended criteria. However, the Bank does not have planned engagement in this area with the exception of ongoing engagement with the Department of

			Education (DepEd). For DepEd, a revised PBB policy was issued in July 2016 via DepEd Order No. 56, establishing guidelines for linking organizational and individual performance to personal incentives. The PBB spells out procedures and computation formulae for agency and individual eligibility.
	1.2.7 Department of Education (DepEd) implements: reliable performance monitoring system that measures achievement of targets and provides real-time information on target achievement and includes a grievance redress system	Partially Achieved	✓ The milestone is on track. DepEd has instituted a Results-Based Performance Management System (RPMS), with guidelines issued in February 2015. The RPMS is aligned with the Civil Service Commissions “Strategic Performance Management System”. RPMS provides evaluation against key results areas for office and individuals.
	1.2.8. Reduced fragmentation of Metro Manila governance and strengthened leadership of MMDA (including Manila Bay oversight).	Not on track	✓ A roadmap for Metro Manila development was developed but has not been implemented.
	1.2.9 Reduced institutional fragmentation in water and sanitation sector for service delivery outside Metro Manila	Partially achieved	✓ In order to improve the fragmented structure of the water sector, an Executive order is being drafted by NEDA infrastructure committee for the creation of an apex body (Department of Water Resources) and a national economic regulator (Water Regulatory Commission-WRC). In addition, parallel bills for WRC and department of water resources are being drafted.
	1.2.10 Rationalization of rural and agricultural institutions and agencies	Partially Achieved	✓ Institutionalization of reforms across Department of Agriculture (DA) agencies and units is proceeding with (i) issuance of harmonized manual for Infrastructure Development; (ii) Issuance of Planning and Budgeting Guidelines that require plans of all DA agencies and units from 2017.

	1.2.11 Strengthened government capacity to conduct regular annual assessment and to implement timely public disclosure of the Seal of Good Housekeeping for LGUs	On track	✓ Bank has been engaged in comprehensive review on local service delivery to identify key bottlenecks in the areas of financing, planning and implementation more broadly and how they can be tackled.
	1.2.12 Integration of the Seal of Good Housekeeping as a basic requirement for LGU participation in national government assistance programs, such as the Performance Challenge Fund, Grassroots Participatory Budgeting program (GPBP), and National CDD Program.	Achieved	✓ Seal of Good Housekeeping is being used for the eligibility criteria for key anti-poverty programs, including GPBP; the Bottom-Up Budgeting (BUB) program; the follow-on Assistance for Disadvantaged Municipalities (ADM) program; and National Community Driven-Development Program (NCDDP).
Outcome 1.3 Strengthened pressure for Government accountability			
<p>Indicator 1.3 a: % of households in NCDDP municipalities with at least one member attending regular Barangay Assemblies Baseline: 56 (2014) Target: 60% (2015), 70% (2018)</p> <p>Update: <i>Achieved. The current status is 71 percent which exceeded the target.</i></p> <p>Indicator 1.3 b: Proportion of provinces, cities and municipalities fully complying with the Full Disclosure Policy Baseline: 55% (2013) Excluding ARMM 95% (2013) Target: 75% (2015) Excluding ARMM 99% (2015)</p>	1.3.1 GPBP monitoring system set up and tracking Local Poverty Reduction Plan implementation for all participating cities and municipalities by December 2014.	Partially Achieved	✓ OpenBUB portal functional since August 2015 and used to track the implementation of over 54,000 BUB funded projects. The portal will be updated by DILG to cater to the BUB follow-on program called the ADM program. However, linkage to tracking Local Poverty Reduction Plan (LPRP) implementation is still work in progress.
	1.3.2 DBM increases the number of sector agencies open to CSO inputs to 12 departments and 6 GOCCs	Partially Achieved	✓ 15 departments are open to CSO inputs under Bottom Up Budgeting.
	1.3.3: Project selection and implementation for GPBP updated quarterly; platform launched in 2014 and timeliness of quarterly reports improved to within two months on quarter closing.	Partially Achieved	✓ The data is being regularly updated through the OpenBUB portal.
	1.3.4: Roadmap for e-services rolled out and priority e-services applications identified and agreed in principle.	Partially Achieved	✓ The work on roadmap and identification of priority e-services is underway. Digital e-Transformation Project in the pipeline for FY18.

<p>Update: On track. As of 2016 1193 LGUs are fully complying with the Full Disclosure Policy.</p> <p>Indicator 1.3 c: Open Budget Index score</p> <p>Baseline: 48 (2012) Target: 60 (2016)</p> <p>Update: Achieved. As of 2015 Open Budget Survey Philippines score 64 out 100.</p>	<p>1.3.5 ICTs developed for citizen feedback on service delivery quality and expanded geo-tagging.</p>	<p>Not on track</p>	<p>✓ The Bank did not have any engagement in this area.</p>
	<p>1.3.6 Income and asset declaration system converted to IT-based system, backlog of digitization of Statement of Assets, Liabilities and Net (SALNS) Worth reduced to zero, all Ombudsmen offices able to use digital database system; annual SALN spot checks.</p>	<p>Partially Achieved</p>	<p>✓ The IT based system called e-SALN16 was developed and is expected to be piloted in 2017.</p>
	<p>1.3.7 PhilHealth Balanced Scorecard completed and posted on PhilHealth website</p>	<p>Achieved</p>	<p>✓ The PhilHealth balanced scorecard is completed and published in 2013 ,2014 and 2015.</p>
	<p>1.3.8 Improved social accountability of schools through implementation of refined School Report Card, with 95% percent usage rate among schools in the 5 LEAPS Target Regions by end of 2016.</p>	<p>On track</p>	<p>✓ DepEd Order No. 44 was issued in Sept. 2015 on the "enhanced school improvement plan and school report cards." As part of the LEAPS DLI process, the 3rd party agent is verifying whether or not all LEAPS schools have been trained and are using the revised/enhanced SRC.</p>
	<p>1.3.9 Districts and Local Governments more accountable for water & sanitation service through: improved data collection, development of KPIs and targets for water districts, and penalties if KPIs/targets not met.</p>	<p>Not on track</p>	<p>✓ World Bank currently does not have current or planned engagement related to this activity.</p>
	<p>1.3.10 Indicators and targets developed and published to measure implementation progress on mainstreaming of climate actions at national and sectoral levels.</p>	<p>Partially Achieved</p>	<p>✓ Climate Resiliency indicators have been incorporated into the results framework of the government's Philippine Development Plan 2017-2022. The Bank's ongoing program will further support government in mainstreaming resilience indicators in the M&E systems of relevant government agencies.</p>
	<p>1.3.11 Monitoring system developed and used to track disaster-related financing</p>	<p>Achieved</p>	<p>✓ The government has used the climate budgeting system regularly since the 2015 budget year in identifying and classifying climate change public expenditure.</p>

			System is embedded in budget preparation, enabling online submission of Climate Change expenditure and automated updating for the National Expenditure Program (NEP) and General Appropriations Act (GAA) levels.
	1.3.12 Continued use of geotagging and geotagged initiated in the agriculture sector to other sectors.	Partially Achieved	✓ Applied Geo-Tagging is fully operational in the Philippine Rural Development Project (PRDP) and is being used for sub-project identification, validation, monitoring and supervision. IT uses Google Earth-based mapping system for identification of PRDP subprojects to promote transparency and public disclosure.

Engagement Area 2: Empowering the Poor and the Vulnerable

CPS Outcome and Indicators	Indicative Milestones	Status of Milestone	Milestone Comments
<i>Outcome 2.1: Improved poverty measurement and strengthened socio-economic data systems</i>			
Indicator 2.1 a: Increased frequency and timeliness of national poverty statistics Baseline: Every 3 years with a lag of 12-18 months Target: Yearly reporting with lag of < 10 months Update: <i>Not on track. The 2015 Family Income Expenditure Survey released the poverty statistics in end of 2016. The lag is still there and the Bank is working through technical assistance to move from paper based to electronic system.</i>	2.1.1: Pilot annual nationally- and provincially-representative household surveys, including using redesigned data collection structures that are based on a coherent framework. Processing time of surveys is improved	Partially Achieved	✓ The Bank assisted the Philippine Statistical Authority (PSA) to conduct household surveys for the 2015 Family Income and Expenditure Survey (FIES). The PSA intends to streamline the process by improving techniques and reducing the number of surveys. Qualitative and quantitative assessment of the 2015 FIES is being conducted to further improve management, implementation and timeliness of the survey.
	2.1.2: Develop and implement Human Opportunity Index (HOI)	Not on track	✓ During CPS period, the focus has shifted from HOI to a Multi-Dimensional Poverty Index. Good progress is underway on the latter.

	2.1.3: Poverty and Prosperity measurement initiative implemented with defined poverty/shared prosperity targets.	Not on track	✓ The milestone does not correspond to specific Bank's activity. However, a comprehensive Poverty Assessment is under preparation and is expected to be completed in FY17.
	2.1.4: Improved health information systems of both DOH and PhilHealth using scorecards (both the LGU scorecards and the PhilHealth scorecard currently under development) as instruments of accountability	Partially Achieved	✓ PhilHealth scorecard has been developed and Balanced Scorecard is being cascaded down to regional scorecard level; performance of the scorecard is being reflected in the performance metrics of PhilHealth business units.
	2.1.5: DepEd develops an information system in LEAPS project regions that can produce reliable and updated information on programs serving target disadvantaged groups and reviews three programs catering to disadvantaged groups in LEAPS project regions	Partially Achieved	✓ DepEd has completed a comprehensive review of the first four programs (i.e. Open High School Program). DepEd is finalizing a strategy for the development of the information system that would track information on disadvantaged children.
Outcome 2.2 Improved Health Status			
Indicator 2.2 a: Increasing health insurance effective enrolment for Listahanan-identified poor households under the Sponsored Program Baseline: 55% (2013) Target: 85% (2016) <i>Update: Achieved. 92 percent of the identified household are covered by health insurance according to the administrative data from PhilHealth.</i>	2.2.1: All households identified as poor by NHTS are fully covered by NHIP (~100%)	Achieved	✓ By mid-2014 all households identified as poor by NHTS-PR were covered, effectively increasing the number of poor covered by national subsidies from 5.2 million to 14.7 million.
	2.2.2: The proportion of primary health care facilities fully meeting the standards for delivering an essential preventive and curative health care services increased by 20% by 2015	Not achieved	✓ The indicator is ambiguous and is difficult report on percentage without knowing the baseline. However, according to PhilHealth data from 2016 (i) Number of accredited outpatient clinics of which 2,474 are Primary Care Benefit Package (3% less than the baseline); 2,777 Maternity Care Package (34% more than the baseline) and 1,804 DOTS package (24% more than baseline). Although this shows improvement, without an increase in primary care benefit accreditation, it is not possible to verify that facilities fully meet the standards.

<p>Indicator 2.2 b: Zero-Open Defecation Policy developed and implemented</p> <p>Baseline: 0 provinces (2012) Target: 6 provinces (2014) 10 provinces (2016)</p> <p><i>Update: Achieved.</i> <i>As of February 2017, 75 Provinces have participated in the Zero Open Defecation campaign.</i></p>	<p>2.2.3: Share of households meeting health conditionalities in CCT program reaches 80% by 2014</p>	<p>Achieved</p>	<p>✓ More than 90 percent households meeting health conditionalities as of December 2016.</p>
	<p>2.2.4: At least 10% increase in the participation of the private sector in delivering primary care services to the poor enrolled in NHIP.</p>	<p>Not achieved</p>	<p>✓ Difficult to quantify with an absence of a baseline. PhilHealth has only engaged private sector for maternity care package (MCP) and TB DOTS. As of December 2016, 1,465 private sector are engaged in MCP and 92 are engaged in TB DOTS.</p>
	<p>2.2.5: Program implemented to increase NHIP members' awareness of benefits;</p>	<p>Achieved</p>	<p>✓ <i>Alaga Ka program to promote awareness at the barangay level was implemented in 2014. While this was achieved this indicator has no linkages to ongoing program.</i></p>
	<p>2.2.6: Improved PhilHealth benefits for financial protection</p>	<p>Partially Achieved</p>	<p>✓ PhilHealth launched a new primary benefit package in February 12, 2015 called Tsekap which includes only MCH services but also NCDs and is paid via capitation. SDN admin order is expected to include a definition of services as a "Primary Health Care Guarantee" the PCN reform is designed to increase its utilization.</p>
	<p>2.2.7: Streamlined benefits management system implemented</p>	<p>Partially Achieved</p>	<p>✓ This indicator is a repeat of the above indicator of 2.2.6.</p>
	<p>2.2.8: Water and sanitation (WSS) sector responsibilities clarified through the appointment of an agency that would have sector oversight</p>	<p>On track</p>	<p>✓ A National Water Policy is being drafted by NEDA Infrastructure Committee-Sub Committee on Water Resources which includes the creation of an apex body.</p>
	<p>2.2.9: WSS Sector Financing Plan in Place and under implementation (this will include institutional measures and improvement of services) by 2016.</p>	<p>On track</p>	<p>✓ Water Supply and Sanitation (WSS) Sector Financing Plan will be in place and under implementation in 2018. It will include institutional measures and improvement of services.</p>
<p>Outcome 2.3: Improved quality of Basic Education and Improved Access for the Vulnerable</p>			
<p>Indicator 2.3 a: Decrease of students (total and from disadvantaged groups) with scores of zero in the Comprehension domain subtest of the relevant</p>	<p>2.3.1: Early grade reading assessment (EGRA) and early grade math assessment (EGMA) tools developed in 5 mother tongues by 2016.</p>	<p>✓ Achieved</p>	<p>✓ DepEd carried out its second EGRA and EGMA assessment in December 2016 and results are being analyzed. DepEd has developed 25 EGRA and 25 EGMA tools in selected Mother tongue.</p>

<p>EGRA mother tongue tool (disaggregated for gender) Baseline: Baseline TBD (School year 2014-2015) Target: SY 2015-16: 3% (total and disadvantaged groups) decrease from baseline (Grade 1 students) SY 2016-17: 5% total/3% disadvantaged decrease from previous year's value (Grade 2 students) SY 2017-2018: 7% /3% disadvantaged decrease from previous year's value (Grade 3 students)</p> <p><i>Update: Achieved. The share of students who have zero scores in reading comprehension (EGRA) decreased from 79.12 percent (2015-16 school year) to 48.19 percent (2016-17) school year. It has surpassed the target of 64 percent (which is a decrease of 15 percent).</i></p> <p>Indicator 2.3 b: Increase of students (total and from disadvantaged groups) with at least 60% scores in the relevant EGMA-mother tongue tool (disaggregated for gender) Baseline: TBD (School year 2014-2015)</p>	<p>2.3.2: DepEd enacts an official policy on the utilization of the EGRA and EGMA tools, with ~11,000 schools administering EGRA and EGMA twice a year. ~11,000 Grade 1 & 2 teachers trained to effectively teach early grades reading and math.</p>	<p>Partially achieved & on track</p>	<ul style="list-style-type: none"> ✓ DepEd has defined the utilization of EGRA and EGMA tools, however the official policy will be broadened to include DepEd's National Assessment Framework. ✓ A comprehensive Early Language, Literacy and Numeracy teacher training program has been developed and the training has been delivered to all School Principals and at least one teacher in all elementary school in target regions. As of Feb 2017, 11,655 teachers were trained to effectively teach grades 1 through 3 reading and math. In addition, 8,692 school leads were trained.
<p>Target: SY 2015-16: 3% decrease from baseline for both total and</p>			

<p>disadvantaged groups (Grade 1 students) SY 2016-17: 5% decrease /3% disadvantaged groups from previous year's value (Grade 2 students)</p> <p><i>Update: Achieved. Students with at least 60 percent scores in the math assessment tool (EGMA) increased from 36 percent (2015) to 79.8% (2016-17 school year). It is more than the increase of 15% (actual target of 51%)</i></p>			
<p>Outcome 2.4 Strengthened Social Protection System</p>			
<p>Indicator 2.4 a:</p> <p>Share of poor households registered in the Listahanan database receiving benefits of social programs Baseline: 75 % (2013) 3.9mn CCT beneficiaries viz 5.2mn poor households in Listahanan as of June 2013 Target: 90% (2016)</p> <p><i>Update: On track. As of now 4.4 mil households registered in the Listahanan database are covered by CCT program (84 percent).</i></p> <p>Indicator 2.4 b: Percentage of poor households with children covered by conditional cash transfer</p> <p>Baseline: 93% (2013) Target: 100% (2016)</p>	<p>2.4.1: Interventions to reach marginalized groups such as street children and indigenous peoples are piloted.</p>	<p>Partially Achieved</p>	<p>✓ The GoP has extended CCT to street children and indigenous people through a modified CCT program. The Bank program has supported only the expansion of the regular CCT program to cover poor children in secondary education, amounting to 2.5 million low-income youth by end-2016.</p>
	<p>2.4.2: Global knowledge exchange on social assistance strategies in other countries to deliver housing/shelter to homeless families and on build-up and modernization of poverty alleviation strategies.</p>	<p>Not on track</p>	<p>✓ The Bank does not monitor this indicator through its program.</p>
	<p>2.4.3: Financial services are linked (e.g. savings and micro-insurance) with CCT to increase financial inclusion and empower beneficiaries</p>	<p>Partially Achieved</p>	<p>✓ 45 percent of CCT beneficiary household received CCT grants through a bank cash card in 2016. The coverage is expected to increase further. Training of financial literacy among the CCT beneficiaries has been provided.</p>

<p><i>Update: On track. About 91 percent of households with children are now covered by conditional cash transfer. The original baseline of 93% is quite high to begin with.</i></p>			
<p>Community Driven Development (CDD)- Key Instrument for Supporting Vulnerable</p>			
<p>Indicator 2.4 c: % increase in access to and utilization of roads, education, health centers and water through NCDDP Baseline: TBD during CY2014 NCDDP Target: 5% (2015)/10% (2018) increased across various sector.</p> <p><i>Update: On track. Access to and utilization of roads, education, health centers and water increased from 53% in 2014 to 61% in 2016 (2016). It is an 8% increases.</i></p>			

Engagement Area 3: Rapid, Inclusive and Sustained Economic Growth

CPS Outcome and Indicators	Indicative Milestones	Status of Milestone	Milestone Comments
<i>Outcome 3.1: Strengthened Economic Policy</i>			
<p>Indicator 3.1 a: Public investment in infrastructure, as a percentage of to GDP, increased Baseline: 2.5% (2013) Target: 5% (2016)</p> <p><i>Update: Achieved. 5.1 % as of 2016.</i></p> <p>Indicator 3.1 b: Urban corridors with ongoing/completed improvement of public transit services Baseline: 0 corridor Target: 1-2 corridors (2016) Target to be confirmed by time of progress report</p> <p><i>Update: Not on track. The ongoing transports projects are in implementation stage but results will not be achieved during within the CPS period.</i></p> <p>Indicator 3.1. c: Increase in public spending to lagging regions</p> <p><i>Baseline and targets to be added at time of CPS Progress report</i></p> <p>Update: Information not available.</p>	<p>3.1.1: Progress against the PDR Jobs – Policy Matrix</p>	<p>Partially Achieved</p>	<ul style="list-style-type: none"> ✓ Republic Act No. 10668 enacted in July 2015, allowing foreign vessels to transport and co-load foreign cargo for domestic transshipment and for other purposes. ✓ Continued improvement of risk management processes for quarantines and biosecurity protection; Philippine Crop Protection Act filed in October 2016. ✓ Mindanao Jobs Report to be finalized by end-FY17. ✓ Philippines Development Report on Jobs presented to Philippine Development Forum in 2015.
	<p>3.1.2: Department of Public Works and Highways (DPWH) has utilized and disbursed 90% of capital outlay allocation in annual budgets.</p>	<p>Not on track</p>	<ul style="list-style-type: none"> ✓ The software to use for data-gathering was upgraded but still encountering glitches to monitor capital budgets.
	<p>3.1.3: Number and share of public investment programs evaluated for poverty reduction impacts – one review underway for Tourism Roads Infrastructure Program (TRIP), to be expanded to two additional per year (options include; FRM, irrigation, resilience)</p>	<p>Not on Track</p>	<ul style="list-style-type: none"> ✓ The National Economic and Development Authority (NEDA) is developing a methodology for risk informed planning and public investment programming. However, no direct WBG engagement related to this milestone.

	<p>3.1.4: Number of priority infrastructure sector polices and laws undertaken, as outlined in the PDP 2011-2016 Midterm Update, Box 10.4.</p>	<p>Partially Achieved</p>	<p>Among the wide range of policies and laws covered by this milestone, two key pieces of legislation have been passed:</p> <ul style="list-style-type: none"> ✓ Philippine Competition Act was passed in July 2015. ✓ Republic Act (RA) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), was signed into law in May 2016.
	<p>3.1.5: Enhance competition in ports and shipping, including reviewing mandate of PPA and relaxing cabotage provisions</p>	<p>Achieved</p>	<ul style="list-style-type: none"> ✓ Republic Act No. 10668 enacted in July 2015, allowing foreign vessels to transport and co-load foreign cargo for domestic transshipment and for other purposes. ✓ Terminal Management regulations passed in July 2015. ✓ Report on domestic shipping and ports completed.
	<p>3.1.6: Legislation enacted to enable private sector participation in Water Districts; reforms to enable Water Districts to access financing from GFIs and private banks without needing a waiver from Local Water Utilities Administration.</p>	<p>Not on track</p>	<ul style="list-style-type: none"> ✓ No information available.
	<p>Energy:</p> <p>3.1.7: Renewable Energy Market developed and implemented, including the Renewable Energy Certificate (REC) registry, so that the renewable portfolio standard for utilities can be met through a combination of purchases of renewable energy and/or RECs</p>	<p>Partially Achieved</p>	<ul style="list-style-type: none"> ✓ Renewable Energy market being developed through revisions of the distribution code in May 2016 and revisions of the Philippines Grid Code. RPS rules are pending implementation.
	<p>3.1.8: Implementation by the National Electrification Administration (NEA) of new Key Performance Standard (KPS) system for electric cooperatives. The KPS system will serve both as a performance monitoring tool and as a credit risk rating system incorporating, as part of the credit score, governance factors; as a credit risk service, it will support the</p>	<p>On track</p>	<ul style="list-style-type: none"> ✓ WB technical advice supported the development of the Key Performance and Governance Standards (KPGS) system in NEA. Implementation of the KPGS is expected in parallel to the rollout of the Business Intelligence work at NEA.

	Department of Energy's Electric Cooperative Partial Credit Guarantee (ECPCG) program.		
	3.1.9: Development of one LNG terminal via PPP to gain access to global gas market	Not on track	✓ Achievement of this milestone within the CPS period is unlikely.
	Transport: 3.1.10: Road user satisfaction with DPWH performance increased	Not Achieved	✓ No recent data available to show progress. Recent SWS Surveys have different survey question regarding DPWH performance.
	3.1.11: At least 75 percent of paved national road system (NRS) in fair condition or better by 2014. Improved road asset management of NRS by DPWH with at least 80 % of the annual road program of DPWH evaluated by technical and economic criteria through the use of DPWH planning applications.	Partially Achieved	✓ The program has been restructured. As a result, difficult to attribute result directly. But under the restructure program 680 km of roads maintained and 1200 non rural roads rehabilitated under the NRIMP project.
	3.1.12: # of PPPs in transport sector under implementation	Partially achieved	✓ Five transport PPP contracts awarded. In addition, three PPPs were developed: Metro Manila BRT Technical Study, Bus Transit Rationalization study and Transport Infrastructure development framework.
	3.1.13: Cebu Bus Rapid Transit (BRT) project and Metro Manila Corridor Improvements being implemented to strengthen urban connectivity and mobility	On track	✓ The detailed engineering design Cebu BRT project is under preparation. Metro Manila BRT Line 1 approved by the WB Board in March 2017.
	3.1.14: Implementation of a sustainable infrastructure maintenance and management framework and transport Infrastructure development framework plan with a prioritization of projects	On track	✓ The study on the transport infrastructure development framework plan was completed and presented to the infrastructure Committee under the previous government.
	3.1.15: Increased budget allocations for transport infrastructure are sustained throughout the CPS period	Achieved	✓ Transportation budget in Billion Pesos: 2014: 138 billion 2015: 225 billion 2016: 295 billion
	3.1.16: National master network plan implemented and publicly disclosed, covering both national and local roads.	Partially Achieved	✓ For Local Roads Department of Local Government (DILG) launched a local roads program, called KALSADA in 2016 and expanded it in 2017 under a modified

			program, Conditional Matching Grant for Provinces.
	3.1.17: Rural transport agenda advanced through development of farm-to-market roads strategy that includes identification of roads in selected networks, and strengthening Inter-agency coordination for joint transport planning and implementation in rural areas among DPWH-DA-LGUs	On track	✓ Support for Farm-to-Market roads is ongoing through the Philippine Rural Development Program (PRDP).
Outcome 3.2: Improved investment climate, including greater access to finance, especially for micro and small enterprises			
Indicator 3.2 a: Number of days to start a business Baseline: 36 (2013) Target: 15 (Oct 2016) <i>Update: Not on track.</i> <i>According to DB2017 it takes 28 days to start a business.</i> Indicator 3.2 b: Number of enquiries received by credit information system and value of financing Baseline: 7.7 m (2014) Target: 4 m additional enquires (total 11.7 m) by 2018; value of financing \$160M <i>Update: On track.</i>	Ease of Doing Business/Investment Climate: 3.2.1: Policy coordination through the PDF-GIC, which focuses on the investment climate.	Not on track	✓ Milestone is no longer relevant; PDF-GIC has not met since 2012.
	3.2.2: Work with NCC on the Doing Business agenda to enhance the competitiveness of the Philippines.	On track	✓ Coordination with NCC is ongoing. Local governments have introduced tools to facilitate trade- including single windows, risk based inspections and electronic data interchange systems. These changes will help improve the trading environment and boost firms international competitiveness.
	3.2.3: Simplified rules and regulations in business registration and licensing, entry and exit, paying taxes, access to finance, labor relations and management.	On track	✓ The “Go <i>Negosyo</i> Act” (signed into law in July 2014 and effective as of January 2015) promotes the ease of doing business and aims to facilitate access to business-related services for MSMEs. The Act establishes the Philippine Business Registry Databank under the Department of Trade and Industry (DTI). PH ranking in 2017 “Doing Business” reflects some areas of improvements, including paying taxes.

	3.2.4: Department of Trade and Industry establishes functional Philippine Business Registry (PBR) system that requires no human interaction to register sole proprietorship with respect to National level registration requirements.	Achieved	✓ PBR is now online.
	3.2.5: BPLS attributes are adopted in the Seal of Good Housekeeping/ Seal of Competitiveness	On track	✓ DILG adopted a resolution in 2016 to incorporate BPLS in Seal of Competitiveness.
<p>Indicator 3.2 c: Number of SMEs that are granted credits secured by moveable property (and value of financing secured)</p> <p>Baseline: 0 Target: 6,930 by 2018 Value \$60M by 2018</p> <p><i>Update: On track. Secured Transaction Bill is being progressed in Senate and Congress. It is a priority bill for 17th Congress. Once the Bill is being operationalized the target will be achieved.</i></p> <p>Indicator 3.2 d: Share of population in lower 40% of income distribution with access to formal financial services Baseline: 10% (2012) Target: 15% (2016)</p>	<p>Access to Finance:</p> <p>3.2.6: Credit information system functioning: Credit Information Corporation is operational. Infrastructure for credit information and secured transactions is improved. Creditor rights are strengthened</p>	Not on track	✓ Credit Information System was opened as a pilot for submission of data from financial institutions, though there were significant delays in soft launch and full operationalization. IFC conducted an operational review of CICs operations in November 2016 and found significant implementation bottlenecks.
	3.2.7: Secured transactions: Improved regulations governing the operations of the Land Registration Authority (LRA) on non-real property mortgages; launch of the centralized, electronic web-based registry; enhanced capacity of FIs to extend moveable asset financing.	On track	✓ Secured Transaction bill was filed in July 2016 in Senate and Congress. First meeting on the committee on Banks at Senate and Congress took place which explicitly identified as a priority bill in the 17 th Congress.
	3.2.8: Improved legal framework for financial supervision including legal protection for supervisors of financial institutions and enhanced resolution framework. Improved/simplified legal framework and enforcement for credit rights, secured transactions, collateral holding period, and contract enforcement	Partially Achieved	✓ Bank resolution framework enhanced through PIDS charter amendments, which were enacted in 2016. Central Bank amendments seeking legal protection are pending Senate/Congress approval. Secured transactions bill lodged in Senate and Congress will broaden utilization of movable assets as collateral, balancing debtor and creditor interests.

<p><i>Update: Achieved. 17% as of 2014 according to FINDEX report. The survey is being done every three years.</i></p>			
	<p>3.2.9: Cooperatives role in providing access to finance is strengthened by improving the regulatory capacity of the Cooperative Development Authority and through the simplification of procedures and requirements for cooperatives</p>	<p>Not on track.</p>	<p>✓ The Bank has completed an assessment focused on improving capacity of the Cooperative. However, policy direction is uncertain. No ongoing direct WBG engagement in this area.</p>
	<p>3.2.10: Financial services (e.g. savings and micro-insurance) are linked with the CCT program to increase financial inclusion and empower beneficiaries</p>	<p>Partially achieved</p>	<p>✓ 45 percent of CCT beneficiary households received CCT grants through a bank cash card in 2016. The coverage is expected to increase further. Training of financial literacy among the CCT beneficiaries has been provided. Nonetheless, the policy direction on delivery mechanisms in the CCT is uncertain.</p>
	<p>3.2.11: IFC financial institution clients' loans to MSMEs to reach \$3.65 billion and 359,531 number of loans by FY16</p>	<p>Not on track.</p>	<p>✓ As of December 2016, only US\$2.63 million loans have been disbursed.</p>
<p><i>Outcome 3.3: Increased economic growth, productivity and employment in agricultural and rural areas</i></p>			
<p>Indicator 3.3 a: Public and private sector investments in agriculture and</p>	<p>3.3.1: AAA delivered on options to reduce regulatory constraints to agribusiness investment and trade, including the domestic shipping industry.</p>	<p>Partially Achieved</p>	<p>✓ The Bank delivered and shared with client counterparts diagnostic work on domestic shipping, cabotage and port reform in 2015.</p>

<p>agribusiness sector in program areas. Baseline: 0 Target: 135 million private sector investment in Bangsamoro by 2016 (from PRDP)</p> <p>Update: <i>Information not available. The PRDP program did not monitor this.</i></p> <p>Indicator 3.3 b: Increase in real household incomes (on-, off- and non-farm) of farmer and fisher beneficiaries Baseline: 0 Target: 5% increase per year (for farmers) 10% increase by 2017 for enterprise development</p> <p>Update: <i>On track. The data is still not available as various sub-projects have yet to be implemented/completed.</i></p> <p>Indicator 3.3 c: Access to financial services by agri firms Baseline: 0 (2013) Target: \$20 million agri-finance loans outstanding by 2015 Number/value of loans disbursed to women 720/\$360,000</p> <p>Update: <i>Information not available to monitor progress.</i></p>	<p>3.3.2: Risk based SPS, quarantine and inspections system and improved border clearance procedures for agriculture-products engaged by Department of Agriculture (DA)</p>	<p>Partially Achieved</p>	<p>✓ Risk management committees have been created in DA. The following activities have also been completed: automation request for inspection process completed; data transfer consolidated; risk assessment report of three disease pathways completed; all product categories and country clusters classified according to perceived quarantine risk. DA is expected to restructure quarantine procedures and implementation of the program is expected to begin</p>
	<p>3.3.3: ARC cluster plans made operational and business plans are designed and implemented for selected value chains</p>	<p>Partially achieved</p>	<p>✓ Agrarian Reform Community (ARC) cluster plans being updated and finalized, business plans on selected commodities to be prepared, economic and financial viability.</p>
	<p>3.3.4: Increasing number of hectares irrigated</p>	<p>Achieved</p>	<p>✓ 106,083 ha (out of target of 118,950 ha) area provided with irrigation and drainage services in the targeted areas under the Bank's engagement.</p>
	<p>3.3.5: Increasing cropping intensity</p>	<p>Achieved</p>	<p>✓ Cropping intensity increased from 159% in 2015 to 163% in 2016. The 2015 cropping intensity affected by series of typhoons and the El-Nino phenomenon.</p>
	<p>3.3.6: Travel time reduced by 10% due to improved all-weather road networks linking production areas with markets in project areas by year 3 of PRDP</p>	<p>Achieved</p>	<p>✓ 69% reduction in travel time reduced by MRDP project completion. A rapid impact assessment study conducted on the fully completed roads under PRDP (57.3 km as of October 2016) assessed an overall reduction in travel time of 67% among other associated benefits.</p>
	<p>3.3.7 Jobs created via rural agriculture- and fisheries-based livelihood enterprises</p>	<p>On track</p>	<p>✓ 5,700 temporary jobs created through project's infrastructure activity (farm to market road). In addition, Php450</p>

			million of enterprise sub-projects have been approved under the Bank supported program with 57,000 beneficiaries.
	3.3.8: # of PPPs developed in post-harvest facilities (i.e. 11 existing NABCOR post-harvest facilities to be modernized through PSP), and ports (i.e. Davao Sasa Port) (IFC)	Not on track	✓ Information not available.
	3.3.9: Expanding access to basic financial services for agriculture MSMEs (US\$10M total amount loans disbursed to agriculture MSMEs by June 2016)	Not on track	✓ As of December 2016, total loan disbursements from Rizal Microbank and CARD SME Bank disbursed US\$2.63 million.
	3.3.10: Expanding access to basic financial services. Number of entities (Agriculture MSMEs) accessing investment / financing by 2016 – 3,100	Not on track	✓ As of December 2016 only 533 entities (Rizal Bank 10 SME, CARD SME 173 micro and SME loans and 350 micro loans to farmers.
	3.3.1: 1-2 opportunities in key agri-business areas identified and developed using results of value chain studies by end of FY2014	Partially achieved.	✓ Value chain analysis (VCSs) completed for all major agricultural and fishery commodities and used as the technical basis for prioritizing investment. VCAs completed and validated. The Central Bank has adopted the Agriculture Value Chain Financing Framework as the basis for supporting government’s future interventions.
	3.3.12: 20% increase in no of farmers and fishers reporting improved to agricultural and fisheries support services	Achieved	✓ 87 percent of the Bank supported program beneficiaries reported satisfaction with Local Government Unit (LGU) service delivery at project completion (by 80% in non-program areas), a substantial increase over a baseline of 37 percent.

Engagement Area 4: Climate Change, Environment and Disaster Risk Management

CPS Outcome and Indicators	Indicative Milestones	Status of Milestone	Milestone Comments
Outcome 4.1 Increased resilience to natural disasters and climate change			
<p>Indicator 4.1 a: # of Provinces that have mainstreamed climate change adaptation and disaster risk reduction measures into their Provincial Development and Physical Framework Plans Baseline: 10 Target: 30 (2014) 60 (2016)</p> <p><i>Update: Achieved. 72 provinces have been mainstreamed.</i></p> <p>Indicator 4.1 b: Increase in number of public facilities (schools and hospitals) upgraded to become safer and more resilient Baseline: Metro Manila < 20 out of 4000 building stock Target: Most vulnerable schools and hospitals upgraded, equivalent to around 200 structures (2017)</p> <p><i>Update: On track</i></p>	<p>4.1.1: Clear and consistent set of climate outcomes and targets developed and used in national and local planning through mainstreaming and harmonization of a Government climate change typology</p>	<p>Partially Achieved</p>	<ul style="list-style-type: none"> ✓ The Cabinet Cluster on Climate Change Adaptation-Disaster Risk Management (CCA-DRM), chaired by the Department of Environment and Natural Resources, has convened the first Cluster Meeting with the Climate Change Commission and other sector agencies. The meeting seeks to construct a Roadmap containing the country's past achievements, future engagements and objectives for promoting CCA and DRM strategies. ✓ Good progress made on climate budgeting, which began implementation in 2015. A total of 258 LGUs integrated climate change expenditures against NCCAP strategic priorities in their Annual Investment Plan in 2016, while 45 NGAs submitted a climate changed expenditure program in the same year. ✓ Public climate expenditure data for the last two years (2015 and 2016) was publicly disseminated through the DBM's Open Data Initiative.
	<p>4.1.2: National Disaster Risk Finance and Insurance (DRFI) strategy prepared. Catastrophe Risk Modeling conducted and informing the design of a potential disaster risk financing facility</p>	<p>Achieved</p>	<ul style="list-style-type: none"> ✓ DRFI Strategy developed for two agencies. ✓ IFC working on development of a parametric insurance model for Electric Cooperatives, among others, and other transactions are being explored in relation to the third pillar of the DRFI Strategy (households, SMEs).

	4.1.3: Building retrofitting and construction guidelines developed	Achieved	✓ Building and retrofitting guidelines were developed and adopted in relation to the "building-back better scheme" of the government in 2015.
	4.1.4: Prioritization of methodology established for retrofitting of critical public facilities and applied in Metropolitan Manila	Achieved	✓ Methodology for prioritization was published and applied for school buildings in Metro Manila in 2014.
	4.1.5: DPWH retrofits and/or reconstructs infrastructure in Metro Manila and/or other areas, based on the results of structural audits. Flood management interventions to reduce flood risks in Metro Manila developed as follow-up to Flood Management Master Plan.	Partially Achieved	<ul style="list-style-type: none"> ✓ The DPWH completed retrofitting/ reconstruction of 10 bridges in Metro Manila ✓ The Metro Manila Flood Management Project is under preparation. Studies to design additional flood management interventions are ongoing.
	4.1.6: Integrated climate vulnerability and climate disaster risk reduction tools developed and used to inform Comprehensive Land Use and Development Plans	Achieved	<ul style="list-style-type: none"> ✓ Vulnerability and Sustainability assessment (VSA) tools are being used in 30 Philippine Rural Development Program (PRDP) LGUs. ✓ 82 Provincial Commodity Investment Plans (PCIPs) developed using the expanded Vulnerability and Suitability Assessment (eVSA) tool approved by the Department of Agriculture.
	4.1.7: More systematic use of budget planning tools and regulations to improve climate change programming	On track	<ul style="list-style-type: none"> ✓ Development of adaptation methodologies, strategies, and technologies is complete. ✓ Institutional frameworks for monitoring and evaluating climate-related risks, and developing and promoting appropriate adaptation measures has been strengthened through better climate information systems and new weather stations.
	4.1.8: 25% Increase in the no of farmers and fishers adopting climate smart technologies	Partially achieved	✓ While a baseline is not available for this milestone, the data show good progress: 35% of households surveyed in the targeted areas (Regions, 2 and 6) adopted coping

			strategies, new technologies or improved farming practices to better cope with climate variability and change. Current data is from the final project survey completed in February 2017. 45% of stakeholders surveyed in the targeted areas who have participated in or are knowledgeable of activities demonstrated by the project to reduce vulnerability or improve adaptive capacity.
Outcome 4.2 Improved natural resource management and sustainable development			
<p>Indicator 4.2 a. Enhanced, Integrated Water Resources Management</p> <p>Baseline: No river basin Master Plan in place (2013) Target: Capacity building completed for river basin management and 2 pilot river basin planning initiated (2016)</p> <p><i>Update: Not on track. Only 519 tons/per year have been completed.</i></p> <p>Indicator 4.2 b. Reduce the pollution in Manila Bay in project areas (Reduction of BOD in the collected wastewater)</p> <p>Baseline: 0 (2012) Target: 3556 tons per year (2018)</p>	<p>4.2.1: Cebu Bus Rapid Transit (BRT) and Metro Manila BRT developed</p>	Partially Achieved	<p>✓ Cebu BRT approved and Detailed Engineering completed in 2015.</p> <p>✓ Detailed Engineering for Manila Improvement Corridor completed under Cebu BRT in 2017.</p>
	<p>4.2.2: Improved targeting, design and monitoring of labor intensive programs on reforestation and land stabilization programs</p>	Partially Achieved	<p>✓ Study on PBA for River Basin and reforestation program ongoing.</p>
	<p>4.2.3: Increase in wastewater treatment capacity in project areas (MMWW) by 352.5 m³ per day (2018)</p>	Not on track	<p>✓ This milestone is not being monitored through the Bank supported program. No direct Bank-supported programs that will address this milestone.</p>
	<p>4.2.4: Establishment of state-of-the art system for Manila Bay Water Quality Monitoring</p>	Not on track	<p>✓ Procurement of consultant firm to carry out the institutional strengthening and establishment of hydrodynamic contaminant model/simulation may start in FY 18.</p>

Source: MMWW <i>Update: On track.</i>	4.2.5: Increase in wastewater treatment capacities among LGUs and water districts in the Manila Bay River Basin	On track (Watch)	✓ Wastewater treatment capacity will be determined when process-proving of wastewater treatment facilities is completed, estimated in FY19. The project is on-going, currently at procurement stage so there are no numbers yet.
	4.2.6: At least five (5) LISCOP micro-watershed interventions result in measurable reductions in environmental pressures, from 33 subprojects (2011) to 50 subprojects (2016)	Achieved	✓ All 61 LGUs participated in the initial Lake Environmental Action Planning (LEAP) activity. 26 of these LGUs eventually succeeded in obtaining LISCOP financing for subprojects. ✓ LISCOP project is complete.
	4.2.7: Natural capital accounting implemented and first estimates of natural capital produced and used by NEDA	Achieved	✓ Phil-WAVES completed the development of nine ecosystem accounts or Southern Palawan and Laguna De Bay.
	4.2.8: System of Environmental-Economic Accounting modules produced for minerals and mangroves to inform policy analysis, planning and implementation	Achieved	✓ National mineral accounts completed ✓ The production of the mangroves accounts completed. ✓ The national asset accounts is being used to produce macroeconomic indicators. ✓ Following the integration of the mineral data in the National Accounts, the National Policy and Planning Staff (NPPS) of the NEDA is leading the policy analysis for macroeconomic growth and sustainability
	4.2.9: Green building regulations at the national and sub-national level set (Higher mandatory standards for new building construction and operation) supported by the Green Building Regulations project	Partially Achieved	✓ Green Building Regulations at the national level completed and approved in June 2015.
	4.2.10: Biodiversity conservation and coastal resources co-management features incorporated in the Provincial Commodity Investment Plans (PCIPs)	Achieved	✓ The Provincial Development Councils (PDCs) have currently approved PCIPs for some 57 Provinces.

		✓ 57 LGUs have so far prepared PCIPs that have been endorsed by Provincial Development (57 out of 80 LGUs).
4.2.11: Establishment of a state-of-the-art system for water quality monitoring for Manila Bay and tributaries	Not on track	
4.2.12: Institutional capacity building undertaken for institutions involved in Manila Bay River Basin Management	Not on track	✓ Included in GEF grant that will accompany the Metro Manila Flood Management Project in FY18.

Engagement Area 5: Peace, Institution Building, and Social and Economic Opportunity

CPS Outcome and Indicators	Indicative Milestones	Status of Milestone	Milestone Comments
Outcome 5.1 Increased trust within communities, and between citizens and the state in conflict areas			
<p>Indicator 5.1 a: Total number of people benefiting from improved access to basic services in conflict-affected areas</p> <p>Baseline (2012): Total 301,428 Female: 155,634</p> <p>Target (2015): 437,008 Female: 223,424</p> <p><i>Update: No data available to monitor progress.</i></p>	<p>5.1.1: National CDD Program expands coverage and includes a special “conflict window” to adapt to the socio-political context in ARMM and other conflict-affected areas.</p>	<p>Partially achieved</p>	<p>✓ DSWD adopted the "peace lens" to guide implementation of the US\$1 billion National Community Driven Development Program in conflict-affected areas across the country. A special set of procedures for the NCDDP in conflict-affected areas, developed with Bank support, was completed and endorsed by DSWD in 2015. This important policy advance constitutes partial achievement of this milestone.</p>
<p>Indicator 5.1 b: Trainees in livelihood program secure wage employment or start new small enterprises</p> <p>Baseline: 0</p> <p>Target: 50% of program participants secure wage</p>	<p>5.1.2: Inclusive peace process and transition from ARMM to the Bangsamoro assisted through support to the Transition Commission.</p>	<p>Partially Achieved</p>	<p>✓ The Bank provided extensive technical assistance to the Bangsamoro Transition Commission on economic development aspects of the Bangsamoro Basic Law; transition of combatants to peaceful and productive civilians through a needs assessment of MILF ex-combatants; and exposure to international experience and assistance for inclusive community</p>

<p>employment or start a new enterprise (2015)</p> <p><i>Update: Not on track. This program is not being developed under the ARMM.</i></p>			<p>outreach. Progress in strengthening the technical capacity of the Bangsamoro Transition Commission through the above activities reflects partial achievement of this milestone.</p> <p>✓ While the transition to the Bangsamoro did not take place during the last Administration, the Bangsamoro Transition Commission has been reconvened and is scheduled to submit a new draft enabling law for the Bangsamoro to Congress in 2017.</p>
	<p>5.1.3: GPH-MILF “Sajahatra Bangsamoro” program supported and a joint development needs assessment and investment planning process for the Bangsamoro completed</p>	<p>Achieved</p>	<p>✓ Operational support and technical assistance for the Sajahatra Bangsamoro Project Management Team was extended from September 2013 until June 2015. A joint development needs assessment and planning process for the Bangsamoro, namely the Bangsamoro Development Plan, was also completed.</p>
	<p>5.1.4: Community meetings conducted for discussion of priority needs in villages increases from 324 (2012) to 454 annually (2013-2016)</p>	<p>Achieved</p>	<p>✓ The number of meetings surpassed the target, equaling over 530 per year by 2016. These community meetings bring together people from different ethnic and religious groups to discuss development needs.</p>
	<p>5.1.5: Increase of 5% in number of people who feel they can personally influence development decisions taken in their community</p>	<p>Partially Achieved/Drop</p>	<p>✓ While this milestone is no longer tracked, data from the ARMM Social Fund Project which closed in FY14 (just before the CPS period) found a 3 percent increase in treatment over comparison areas.</p>
<p><i>Outcome 5.2 Implementation of Peace-Promoting Catch Up Socio-economic development in conflict affected areas</i></p>			
	<p>5.2.1: Joint MILF-Government “Sajahatra Bangsamoro” program provides quick impact assistance to identified conflict-affected communities.</p>	<p>Achieved</p>	<p>✓ The following results were achieved by end-November 2015:</p> <ul style="list-style-type: none"> •11,000 beneficiaries received cash-for-work assistance •16,194 children from 3-to-5 benefitted from a supplementary feeding program; 11,000 PhilHealth cards provided. •639 students received financial aid for

			<p>tertiary education.</p> <ul style="list-style-type: none"> •1,000 individuals received technical-vocational training. •50 Madaris in Bangsamoro received Financial Assistance. •10-day care centers constructed in priority sites. •1,000 hectares covered in the National Greening Program
	<p>5.2.2: Technical advice provided on combatant transition</p>	<p>On track</p>	<ul style="list-style-type: none"> ✓ Comprehensive MILF Ex-Combatants Needs, Skills and Aspirations Assessment completed in 2017 at the request of the Joint Normalization Committee. The analysis from the assessment will inform the design of appropriate packages of assistance to support their expected transition to civilian life. ✓ Multiple knowledge sessions conducted for government and MILF personnel on international experience in combatant transition, including a major workshop in September 2015. ✓ Four senior government and MILF officials sent on international training course on Community-Based Reintegration and Security in 2015. The Bank also worked with UNDP to prepare a draft Terms of Reference for the Bangsamoro Normalization Trust Fund.
	<p>5.2.3: Policy and institutional reforms enacted to address land conflict in Mindanao and to meet the land-related commitments in the Framework Agreement on the Bangsamoro.</p>	<p>Partially Achieved</p>	<ul style="list-style-type: none"> ✓ The report, a collaboration with the IOM in support of the Land Study Group of the Transitional Justice and Reconciliation Commission (TJRC), was completed and peer reviewed in March 2015. Launched by the Government and MILF in February 2017. Ongoing dissemination will continue through 2017. ✓ Key recommendations have been adopted by the TJRC and incorporated in

			<p>their overall report, which was released in March 2016.</p> <p>✓ The indicator calls for policy and institutional reforms to be enacted but this has not happened yet. Policy space will likely open up should the Bangsamoro autonomous entity be established, as this will create the opportunity to address long-standing problems with the institutional and legal framework for land administration and management.</p>
	<p>5.2.4: Expanded national CDD program, covering at least 60 municipalities and up to 1.5 million people in the Bangsamoro by 2016.</p>	<p>Partially Achieved</p>	<p>✓ The design of the ARMM component of the NCDDP was completed in 2015 and endorsed by the national and ARMM Regional Governments. However, national government financing for the project was to be drawn from the Disbursement Acceleration Program (DAP), which was declared unconstitutional in 2015. Subsequently the ARMM-BRIDGE program was implemented in 2015 and 2016, though more recently it has been re-designed to become a social protection program rather than CDD. It remains unclear if ARMM will revive a major CDD operation in the future.</p>
	<p>5.2.5: Budgeting system in DepEd ARMM is generally more transparent and efficient due to reforms in management of Teacher Wage Bill and presentation of Results Oriented Budget for 2014.</p>	<p>Achieved</p>	<p>✓ On the budget side, the 2014-2015 GAA saw the introduction of targeted MFOs, including in education, as part of the successful/achieved introduction of a results oriented budget. DepEd ARMM also did a number of validations of the teacher wage budget, and various rounds of validation of the wage bill.</p> <p>✓ The Public Expenditure and Institutional Review of Basic Education in ARMM and associated TA were successful in cleaning up the payroll to reduce the number of "ghost teachers" in ARMM.</p>

			<ul style="list-style-type: none"> ✓ TA and facilitation with the national Department of Budget and Management and national Department of Education helped ARMM to secure a significantly increased budget for basic education over the last three years.
	<p>5.2.6: Under a grant to the ILO from the MTF, at least 60% of beneficiaries of entrepreneurship training will establish a small business and increase their income by 20%.</p>	<p>Partially Achieved</p>	<ul style="list-style-type: none"> ✓ This indicator relates to a community-enterprise development component implemented through a grant to the ILO under the Mindanao Trust Fund. The Grant closed in December 2016, with 91% of those trained having established a small business, exceeding the target. The indicator for increased income is being reduced to 20% based on experience in the field. Data against this indicator will be available later in 2017 once an ongoing impact assessment is completed and ILO's Completion Report is submitted.
	<p>5.2.7.: Implementation of approved farm-to-market road MDRP subprojects in target municipalities by FY14 and continuing implementation of NRIMP2 road improvement components in Mindanao</p>	<p>Achieved</p>	<ul style="list-style-type: none"> ✓ MRDP 2 closed in Dec 2014. A total of 111 km of new rural roads were constructed & 1,203km of rural roads rehabilitated under MRDP2. ✓ The length of time needed to reach the market has been reduced by 69% after the implementation of the MRDP2 FMR subprojects compared to before the project started.
	<p>5.2.8: Forging of collaboration between private sector agribusiness firms, LGUs, ARMM/Bangsamoro Regional Governments and the DA forged in synchronizing public and private investments in Bangsamoro areas for generation of jobs and livelihood opportunities</p>	<p>On track</p>	<ul style="list-style-type: none"> ✓ Facilitation of meetings between PRDP and agribusiness investors has been able to link government infra projects with job-creating private investments in agribusiness. Bank TA to the Electrical Cooperative in Maguindanao is also linking to agribusiness investors to support the investment and strengthen the liquidity and financial viability of the EC.
	<p>5.2.9: Farm-to-market roads toolkit developed and food logistics study undertaken</p>	<p>Not on track.</p>	<ul style="list-style-type: none"> ✓ No engagement in this area.

	<p>5.5.10: MTF supports MILF Project Management Team for joint government-MILF Sajahatra Bangsamoro program delivers livelihood support to at least 11,000 people in conflict-affected areas</p>	<p>Achieved</p>	<p>This milestone repeats 5.2.1. The following results were achieved by end-November 2015:</p> <ul style="list-style-type: none"> •11,000 beneficiaries received cash-for-work assistance •16,194 children from 3-to-5 benefitted from a supplementary feeding program; 11,000 PhilHealth cards provided. •639 students received financial aid for tertiary education. •1,000 individuals received technical-vocational training. •50 Madaris in Bangsamoro received Financial Assistance. •10-day care centers constructed in priority sites. •1,000 hectares covered in the National Greening Program
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Annex 4. IBRD Commitments and Tentative Pipeline, FY15-19

CPS Engagement Area	Project	Commitment (US\$, million)
FY15		
1	Third Development Policy Loan	300
3	Philippine Rural Development Program (PRDP)	501.3
3	Cebu Bus Rapid Transit (BRT) Project	116
	Total	917.3
FY16		
2	Philippines Social Welfare Development Project 2	450
4	Second Disaster Risk Management Development Policy Loan with a CAT-DDO	500
	Total	950
FY17		
3	Metro Manila Bus Rapid Transit (BRT) Line 1 Project	40.7
3	Inclusive Partnerships for Agriculture Competitiveness (IPAC)	99.3
	Total	140
FY18		
1	Increasing Fiscal Space and Transparency DPL	300
3, 4	Metro Manila Flood Management	210
3	Philippine Rural Development Project Additional Financing (Tranche 1)	150
5	Supporting Resilient Communities and Responsive Local Governance in Mindanao (Grant-funded)	0
	Total	660
FY19		
1, 5	Customs and Trade Modernization Project	200
1	E-Government Transformation	50
3	Competitiveness DPL1	300
3, 5	Mindanao Inclusive Agriculture	100
2, 5	Basic Education with Focus on Mindanao	100
5	Promoting Citizen Security & Justice in Mindanao (Grant-funded)	0
	Total	750
Standby for FY19		
1	Scholarship Project for Strengthening Institutional Capacity	100
3	Micro, Small and Medium Enterprise (MSME) Development Program for Results (PforR)	125

Notes: The table provides estimated project sizes, which may include co-financing by other development partners. The pipeline as presented is subject to further adjustments as needed based on ongoing programming discussions with Government and eventual project identification/preparation.

Annex 5. IBRD Advisory Services and Analytics (FY15-17)

Advisory Services and Analytics: Task Names	Lead Global Practice
EA1: TRANSPARENT AND ACCOUNTABLE GOVERNMENT	
Improving Bureaucratic Performance	Governance
ARMM Public Expenditure and Institutional Review	Governance
Tax Policy and Admin. Reform Support	Governance
PFM Strategy Implementation Support	Governance
PSG Demand Side Implementation Note	Governance
Strengthening Oversight	Governance
Open Government Phase II	Governance
Philippines Program for Good Governance	Governance
Strengthening Public Finances 2	Governance
"Sulong:" CSO Consultative Workshop	Other
Philippines Sub-national Debt Policy Technical Assistance (TA)	Social, Urban, Rural and Resilience Global Practice
PDF-WG and DIALOG TF Supervision	Social, Urban, Rural and Resilience Global Practice
Strengthening Grassroots Participatory Budgeting Monitoring & Evaluation Systems	Social, Urban, Rural and Resilience Global Practice
Participatory Local Government Unit (LGU) Planning and Budgeting	Social, Urban, Rural and Resilience Global Practice
Programmatic Analytical and Advisory Assistance (AAA) on Decentralization & Local Government	Social, Urban, Rural and Resilience Global Practice
EA2: EMPOWERMENT OF THE POOR AND VULNERABLE	
Basic Education: Public Education Expenditure Tracking and Quantitative Service Delivery Study	Education
Alternative Learning System Study	Education
Improving Education Service Delivery	Education
Programmatic AAA for Education	Education
Strengthening Primary Care Delivery	Health, Nutrition & Population
Measuring Equity in Progress Toward Universal Health Coverage	Health, Nutrition & Population
Enhancing Health Insurance Coverage	Health, Nutrition & Population
Policy Dialogue and on-demand TA	Health, Nutrition & Population
HIV Prevention in Big Cities	Health, Nutrition & Population
Programmatic AAA for Universal Health Care	Health, Nutrition & Population
Poverty analysis, policies, and programs	Poverty and Equity
Strengthening Household Surveys	Poverty and Equity
Improving Poverty Measurement Methodology	Poverty and Equity
Conditional Cash Transfer (CCT) expansion to secondary education	Social Protection & Labor
Updating and improving the National Household Targeting System	Social Protection & Labor
SP and disaster preparedness	Social Protection & Labor
Social insurance issues note	Social Protection & Labor
Labor market review	Social Protection & Labor

CCT business processes, Grievance Redress System and Management Information System	Social Protection & Labor
CCT Impact Evaluation	Social Protection & Labor
Programmatic AAA on Social Protection	Social Protection & Labor
Programmatic AAA for Social Protection and Labor	Social Protection & Labor
Philippines Scaling Up Rural Sanitation	Water
TA-Philippines Small Water Utilities	Water
EA3: RAPID, INCLUSIVE AND SUSTAINED ECONOMIC GROWTH	
Philippines Programmatic AAA on Agriculture and Agribusiness	Agriculture
Philippines Power Sector Strategy Advice	Energy & Extractives
Strengthening Deposit Insurance	Finance & Markets
Philippines Financial. Education & Consumer Protection	Finance & Markets
Philippines #A019 Crisis Preparedness Framework	Finance & Markets
Islamic Finance and Financial Inclusion	Finance & Markets
The Philippines National Risk Assessment	Finance & Markets
Financial Sector Development	Finance & Markets
Philippine Economic Update	Macro Economics & Fiscal Management
Supporting the Philippine Statistics Authority and Securities and Exchange Commission	Macro Economics & Fiscal Management
Inclusive Economic Institutions	Macro Economics & Fiscal Management
Philippines Agriculture and Fisheries Situation Analysis	Other
Metro Manila Green Print for Addressing Slum Challenges	Social, Urban, Rural and Resilience Global Practice
Sustainable Housing Solutions for Informal Settler Families	Social, Urban, Rural and Resilience Global Practice
Housing and Urban Development Summit	Social, Urban, Rural and Resilience Global Practice
Programmatic AAA Metro Manila Development	Social, Urban, Rural and Resilience Global Practice
Metro Manila Citywide Slum Upgrading	Social, Urban, Rural and Resilience Global Practice
Philippines Urbanization Review	Social, Urban, Rural and Resilience Global Practice
Transport Development Framework Plan TA	Transport & ICT
Philippines National-Local Roads TA	Transport & ICT
Supporting Business Innovations in DPWH	Transport & ICT
TA Support to PPP Program	Transport & ICT
PH: Building Blocks for E-Services	Transport & ICT
PAAA Transport	Transport & ICT
Integrated Water Resource Management Planning Tools and Guidelines	Water
Water Sector Financing Framework	Water
National Water Resources Board (NWRB) Permit Management Process	Water
Programmatic AAA for Water and Sanitation	Water

EA4: CLIMATE CHANGE, ENVIRONMENT AND DISASTER RISK MANAGEMENT	
Philippines Yolanda Recovery Case Study	Climate Change
Mainstreaming Climate Change (CC) in Budget Process	Environment & Natural Resources
Align Plans & Strengthen Implementation of CC Programs, Activities and Projects (PAPs)	Environment & Natural Resources
Support to Address Climate Change	Environment & Natural Resources
Building Resilience to Climate Change	Environment & Natural Resources
Metro Manila Bay Initiative	Social, Urban, Rural and Resilience Global Practice
Disaster Risk Management Programmatic AAA	Social, Urban, Rural and Resilience Global Practice
Support to Post Typhoon Reconstruction	Social, Urban, Rural and Resilience Global Practice
Owner-driven Housing Reconstruction	Social, Urban, Rural and Resilience Global Practice
Flood Management Master Plan for Metro Manila	Water
EA5: PEACE, INSTITUTION BUILDING, AND SOCIAL AND ECONOMIC OPPORTUNITY	
NCDDP: ARMM Component & Peace Lens	Other
ARMM/Bangsamoro Open Data Initiative	Social, Urban, Rural and Resilience Global Practice
MILF Ex-Combatants Needs Assessment	Social, Urban, Rural and Resilience Global Practice
Land Conflict in Mindanao	Social, Urban, Rural and Resilience Global Practice
Philippines: Supporting Inclusive Peace	Social, Urban, Rural and Resilience Global Practice

Annex 6. IBRD Advisory Services and Analytics Work Program for FY18-20

CPS Engagement Area	Topics
1	Support to PFM Reforms (Reimbursable Advisory Services, RAS)
1	Assessment of Capacity Building Needs in the Civil Service
1	Programmatic Public Expenditure Review
1	Just-in-Time Support for Tax Reform
1	Review of Customs and Trade Modernization Challenges
1	Economic Monitoring and Bi-annual Economic Reports
2	Statistics TA
2	Skills Development
2	Health Service Delivery and Finance
2	Poverty Analytical Work
2	Multi-sector Nutrition
2	Social Protection
3	National and Provincial Road Program
3	Water Supply and Sanitation
3	Local Infrastructure for Tourism
3	MSME Development
3	Competition Policy Support
3	Rural Development and Agriculture
3	Agriculture Finance
4	Risk Resiliency and Sustainability Program
4	Disaster Risk Management and Financing
4	Following the Carbon for Clean Energy in Asia
4	Agrifood Resilience to El Niño Southern Oscillation (ENSO) in East Asia
4	Emergency Cash Transfer
4	Integration Water Resource Management

Annex 7. IFC Commitments, FY15-FY17

Commitment Date	Project Short Name	Industry Group	Sector	Original Commitment Activity	Mobilization
				US\$, millions	US\$, millions
2015	Cravings Equity	MAS	Education Services	16.2	
	RCBC Short Term	FM	Finance & Insurance	30	
	DARP - Altus	FM	Finance & Insurance	40	
2016	DCM RCBC Bond	FM	Finance & Insurance	75	
	CARD SME Loan	FM	Finance & Insurance	3.4	
	Cravings Equity	MAS	Education Services	3.8	
	BPI SEF III	FM	Finance & Insurance	37.3	
	CARD Banks' Loan	FM	Finance & Insurance	11.4	
2017	Sierra Madre I	CTT	Collective Investment Vehicles	15	
	Thomas Lloyd RE	Infra	Electric Power	64	96.9

Annex 8. IFC Advisory Services Portfolio, FY15-FY17

Project Name	Business Line	Implementation Timeframe	Status as of June 2017	CPS Engagement Area				
				Transparent & Accountable Government	Empowerment of the poor & vulnerable	Rapid, inclusive & sustained economic growth	Climate change, environment, disaster risk management	Peace, institution building, and social & economic opportunity
PH Agri Finance	FIG/MAS	FY2013-FY2019	Portfolio			√		
SEF Phils II	FIG	FY2013-FY2016	Completed			√	√	
BDO SEF AS	FIG	FY2015-FY2017	Portfolio			√	√	
EAP WIN (Regional Project)	FIG	FY2013-FY2019	Portfolio			√		
PH Typhoon Insurance Index	FIG	FY2014-FY2019	Portfolio			√	√	
PH Credit Bureau	Access to Finance	FY2013-FY2018	Portfolio			√		
PH Secured Transactions	Access to Finance	FY2013-FY2018	Portfolio			√		
PH Agri Trade	TAC	FY2013-FY2019	Portfolio			√		
Green Building Philippines	TAC	FY2012-FY2017	Portfolio			√	√	
PPP Grains	PPP	FY2012-FY2017	Completed			√		
Manila LRT1	PPP	FY2012-FY2015	Completed			√		
Manila LRT2	PPP	FY2014-FY2018	Hold			√		
Davao Sasa Port	PPP	FY2013-FY2018	Closed			√		
Clark Airport	PPP	FY2017-FY2018	Portfolio			√		
Clark Green Cities	PPP	FY2017-FY2018	Portfolio			√	√	
Clark Power	PPP	FY2018	Portfolio			√		
QC Waste to Energy	PPP	FY2018-FY2020	Portfolio			√	√	
Phil Hydros	PPP	FY2017-FY2020	Portfolio			√	√	
EAP ESRM for FIs	E&S	FY2018-FY2019	Portfolio			√	√	

Annex 9. Philippines PLR Regional Consultations – Highlights

I. Background: The Philippines PLR provided a platform for dialogue, learning and adaptation at the midpoint of the Country Partnership Strategy (CPS) period. To ensure an inclusive process and to complement discussions with central government counterparts and other partners in Manila, the WBG held the following half-day regional consultations:

- May 19, 2017: Central Philippine University in Iloilo (Western Visayas)
- May 22, 2017: St. Paul University Philippines in Tuguegarao (Luzon)
- May 24, 2017: Notre Dame University in Cotabato (Mindanao)

II. Participation: The roundtable discussions sought views on key themes of the PLR, including alignment between the CPS priorities and the new Philippines Development Plan (2017-2012), emerging results, lessons learned and evolving risks. Held in collaboration with Knowledge for Development Community (KDC) partners,⁹⁰ the discussions included 20-25 participants each and brought together representatives of government agencies at the regional and local levels, including NEDA; DILG; DSWD; DepEd; Department of Agrarian Reform; Department of Labor and Employment; local government unit (LGU) officials; community leaders, farmer organizations and CSOs; youth representatives; project partners and members of the academic community, including both private and public universities.

III. Main Takeaways

1. Across the consultations, participants highlighted the acute challenges faced by poor communities in geographically remote areas, including small islands, uplands and outlying conflict-affected areas. Discussants held that communities in remote areas include the poorest of the poor. Several noted that geographic isolation undercuts access to basic services – from health care and education to rescue services following natural disasters – while also reducing incomes and fostering dependence. Speakers noted that limited access to education in remote areas is a key challenge for conflict-affected communities, which need involvement in the broader education system. Several speakers urged enhanced geographic balance in poverty reduction interventions, also highlighting the need for more inclusive dialogue, including with participation of Indigenous People.

- Speakers called for focus on the basic needs of the poor in isolated communities – particularly basic infrastructure such as feeder roads – to improve health outcomes, facilitate agriculture-based livelihoods and promote effective disaster response. The latter was particularly emphasized in Tuguegarao, noting the susceptibility to natural hazards in Region 2.

2. Speakers highlighted that participatory processes have been integral to promoting ownership, building confidence and promoting peace through WBG support. Several speakers in Cotabato affirmed the Mindanao Trust Fund’s (MTF) role in supporting the peace process through participatory processes and related confidence building. In addition to highlighting that the MTF had helped to increase participation by women in community planning, discussants highlighted the MTF’s direct intervention in the six major camps of the Moro Islamic Liberation Front (MILF) in relation to: (i) socioeconomic infrastructure such as water systems and farm to market roads; (ii) livelihood projects, primarily a confidence building factor; and (iii) alternative learning systems.

- Commenters in Cotabato held that strong community participation in early needs assessment promoted ownership and served as a peace-building mechanism by helping to allay concerns about the potential for elite capture. At the same time, speakers highlighted the need to

⁹⁰ The WBG team gratefully acknowledges the partnership of the Presidents, KDC Coordinators and event teams of the Central Philippine University; St Paul University Philippines; and Notre Dame University for their strong collaboration on these consultations.

strengthen the sustainability of the outputs of Community Driven Development (CDD) support, including through effective engagement with barangay officials over time. In this connection, it was also noted that dialogue between the community and the business sector should be sustained and strengthened to promote collaboration in the peace process.

3. Participants broadly affirmed that alignment between the CPS and the new Philippines Development Plan (PDP) was strong, also noting opportunities to deepen action in key areas. Speakers affirmed the relevance of the CPS Engagement Areas and urged strong support for: (i) job creation, entrepreneurship, and access to finance for micro and small entrepreneurs; (ii) support for rural infrastructure, fisheries, rural livelihoods and increased access to climate resilient crops; (iii) strengthening LGU capacity; (iv) support for education, youth entrepreneurship including agribusiness, and strengthening the quality of higher education; and (v) environmental stewardship, including addressing the needs of watershed communities, promoting integrated river basin management and incorporating training for youth in resilience. Speakers in Iloilo and Tuguegarao encouraged evaluation of the sustainability and livelihood impacts of the Conditional Cash Transfer program. Participants in Cotabato highlighted scope to expand WBG support for Islamic finance for communities in the Bangsamoro and engagement in the Halal industry in relation to support for entrepreneurship.

IV. Feedback on Risks: Participants highlighted four main categories of risk to the achievement of CPS objectives.

- Speakers across the three consultations highlighted *technical design risks*, such as a mismatch between beneficiary needs and proposed development activities or the lack of relevant data at the local level. They emphasized the importance of anchoring programs and projects in a strong evidence base and encouraged the use of inclusive approaches (such as family vulnerability risk assessments) for assessing community priorities. Participants also highlighted a range of *implementation risks*, including project implementation involving multiple agencies with overlapping mandates. Speakers highlighted that inter-government relations are multilayered and complex, particularly in ARMM. In addition, commenters proposed that limited absorptive capacity of LGUs can sometimes be a critical bottleneck, also noting the challenge of uneven LGU enforcement of policies that exist on paper.
- Discussants noted that political interference in the identification of beneficiaries for various programs poses important *political and governance risks*. The role of *Listahanan* as an objective platform for identifying beneficiaries was noted in this connection. At the national level, uncertainty about the sustainability of the main anti-poverty programs was noted along with uncertainty about the potential implications of federalism. Speakers noted that *fiduciary risks* also require active mitigation. They proposed that implementing partnerships should be based on trust and that the participation of citizens in the design, monitoring and audit of projects can help to promote accountability. The Citizens Participatory Audit was noted for promoting ownership.

V. Adjustments to the PLR in Response to the Consultations

- 1) Further highlight links between geographic isolation and extreme poverty; highlight the PDP's focus on addressing spatial inequality through the NSS.
- 2) Expand discussion of lessons learned on the value of participatory processes, including in relation to CDD approaches and the MTF.
- 3) Amplify the discussion of key risks in line with consultation feedback above.