



USAID
FROM THE AMERICAN PEOPLE

POWER OF PARTNERSHIP

50+ YEARS OF USAID IN THE PHILIPPINES



POWER OF PARTNERSHIP
50+ YEARS OF USAID IN THE PHILIPPINES

Copyright 2017 by United States Agency for International Development (USAID) Philippines.
U.S. Embassy, 1201 Roxas Boulevard
Ermita, Manila, Philippines
Postal Code - M 1000
Phone +63 (2) 301-6000
Fax +63 (2) 301-6213

ABOUT THE PHOTO SPREAD

Students of Sto. Niño Central Elementary School in South Cotabato pose with their school principal. USAID helped strengthen the capacity of teachers in more than 660 primary schools in Mindanao. USAID partnered with the Philippine Department of Education, corporations, foundations and non-governmental organizations to build the foundational reading and numeracy skills of young students.

RIGHT PHOTO

The Bohol local government and community members in Buenavista have been successfully co-managing the Cambuhat River Village Tour and Oyster Farm. USAID helped train local leaders about the value of partnerships in sustainable development.



Honored here are the individuals, families, communities and partners — both Filipino and American — that have worked tirelessly to build a brighter future for the Philippines.

ACKNOWLEDGMENTS

USAID would like to thank the following people, organizations and agencies for sharing their time, expertise and insights to make this book possible. We are eternally grateful for their valuable contribution.

Partners, beneficiaries, employees and friends of USAID who generously shared their experiences and perspectives, including:

USAID Projects – Accelerating Growth Investment and Liberalization with Equity; AIDS Surveillance and Education project; Alliance for Mindanao Off-Grid Renewable Energy program; Basa Pilipinas; Bicol Integrated Area Development Plan-Bicol River Basin Development Plan; Biodiversity and Watersheds Improved for Stronger Economy and Ecosystem Resilience project; Coastal Resource Management project; Ecological Governance project; Economic Modernization Through Efficient Reforms and Governance Enhancement; Ecosystems Improved for Sustainable Fisheries project; Education Governance Effectiveness program; Education Quality and Access for Learning and Livelihood Skills; Enhancing Governance Accountability and Engagement project; Environmental and Natural Resources Accounting project; Field Epidemiology Training program; Fisheries Improved for Sustainable Harvest; Growth with Equity in Mindanao; Governance and Local Democracy project; Higher Education and Productivity project; Innovative Development Through Entrepreneurship Acceleration program; International Development's Innovations and Multi-Sectoral Partnerships to Achieve Control of TB project; Investment Enabling Environment project; Justice Sector Reform project; Literacy for Peace and Development; Livelihood Enhancement And Peace program; Local Development Assistance program; Local Resource Management project; Masagana 99 Rice Production program; Microenterprise Access to Banking Services program; Mindanao Development program; Mindanao Youth for Development; Philippine Agribusiness Systems Assistance program; Private Sector Mobilization for Family Planning; Private Voluntary Organization Co-Financing program; Provincial Development Assistance project; Rainfed Resources Development project; Reaching Out to Most-at-Risk Populations project; REBUILD; Scaling Innovations in Mobile Money Activity; Science, Technology, Research and Innovation for Development; Sustainable Health Improvements Through Empowerment and Local Development; Technical Assistance for the Conduct of Integrated Family Planning and Maternal Health Activities by Philippine Nongovernmental Organizations project; and Water Security for Resilient Economic Growth and Stability project

USAID Project Staff and Consultants – Albert Aquino, Bernadette Cariaga, Brian Levey, Catalina Jensen, Cesar Umali, Christopher Foley, Corazon Manaloto, Dani Newcomb, David Dereck Golla VI, Ezekiel Lawrence Enrique, Fatima Verzosa, Gerardo Porta, Gil Dy-Liacco, Jefferson Danipog, Joanne Dulce, John Avila, Jose Dulce, Josephine Francisco, Lee Forsythe, Leonardo Dayao, Leonila Gutierrez, Liana Helene Meyer, Lucila Deza, Lydia Martinez, Ma. Paz de Sagun, Ma. Teresa Robielos, Ma. Teresita Espenilla, Marie Antoinette Reyes-Hayles, Mercy Ria Orca, Mirshariff Tillah, Napoleon de Sagun, Priscilla Rubio, Randy John Vinluan, Rebecca Guieb, Reynalda Perez, Robert Barton, Sulpicio Roco, Teodoro Francisco, Teresina Calabia; and Yolanda Oliveros

Academia – Ateneo School of Medicine and Public Health (Dr. Manuel Dayrit); Asian Institute of Management (Grace A. Baldoza, Jocelyn O. Almendras); Bantol Elementary School (Maribelle Labojo); Pamukid National High School; Panalaron Elementary School (Concepcion Lloren, Filieta Waniwan); Philippine Institute for Development Studies (Dr. Mario B. Lamberte); Santo Niño Central Elementary School (Yolena Hare, Jinny Biñas) Technological Institute of the Philippines (Dr. Elizabeth Lahoz, Dr. Frank Alejandrino, Jason Torres); University of the Philippines Diliman School of Economics (Dr. Orville Jose Solon, Dr. Carlo Panelo, Dr. Ramon Clarete); and University of the Philippines Los Baños College of Economics and Management (Dr. Jose M. Yorobe, Jr.)

* While all of these organizations and people have provided valuable input for the book, not all stories are covered in this publication

Airports – Kalibo International Airport, Ninoy Aquino International Airport

Banks – Rural Bankers Association of the Philippines, First Macro Bank (Rural Bank of Paterios, Inc.), Bangko Kabayan (Francis Ganzon, Teresa Ganzon, Isabel Monteacto, Fides Ofrecio and Rymar Gutierrez)

Government Offices and Agencies – Davao City Environment and Natural Resources Office, Department of Agriculture-Special Projects Coordination and Management Assistance Division; Department of Budget and Management (Laura Pascua); Department of Education (Dr. Diosdado San Antonio); Department of Energy (Alicia de Guzman); Department of Environment and Natural Resources (Edwin Domingo, Romeo Basada), Department of Interior and Local Government (Anna Liza Bonagua), Department of Health (Dr. Enrique Tayag, Maylene Beltran, Dr. Jose Gerard Belimac); Department of Tourism; Cebu City Health Department (Dr. Ilya Tac-an); Civil Aviation Authority of the Philippines, Civil Aeronautics Board (Atty. Eldric Paul A. Peredo, Carmelo Arcilla); Laguna Lake Development Authority (Mau Tolentino); Field Epidemiology Training Program (Dr. Ma. Nemia L. Sucaldito, Dr. Ma. Concepcion Roces, Dr. Vikki Carr D. de los Reyes, Carmina Balbin); Land Management Bureau (Atty. Allan Barcena); National Irrigation Administration (Ines P. Bagadion); National Epidemiology Center; National Tuberculosis Control Program; Pasonanca Watershed Maintenance and Security Team; Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (Vivian B. Valdez); Philippine Health Insurance Corporation (Melinda Mercado, Maria Sophia Varlez, Pura Carino); San Juan City Health Office (Dr. Philip Patrick Co), Philippine Center for Population and Development, Quezon City Health Department (Dr. Rolly Cruz, Dr. Verdades P. Linga); Office of the Provincial Agriculture of Bulacan (Ma. Gloria SF. Carillo); and Zamboanga City Water District (Archiless Braulio, Leonardo Rey Vasquez)

Hospitals and Clinics – Barangay West Crame, San Juan City Health Care Center; Klinika Bernardo (Janna Arivan); Well-Family Midwife Clinic (Carolina Millan); TB Task Force volunteers (Maple Villarte and Virginal Tungol)

Judiciary – Metropolitan Trial Court Branch 23 (Judge Zoraida Tuazon), Municipal Circuit Trial Court of Mexico and San Luis, Pampanga (Judge Richard Evangelista)

Local government of Libmanan, Camarines Sur – Mayor Marilyn Jimenez

Local government of Cortes, Bohol – Mayor Lynn Iven P. Lim

Local government of Maasim, Sarangani – Mayor Aniceto Lopez

Local government of Mabini, Batangas – Mayor Nilo Villanueva, Charito Bilale

Local government of Surallah, South Cotabato – Engr. Yolanda Plaira

Local government of Talibon, Bohol – Mayor Restituto B. Auxtero, Ponciana C. Cruda, Geoffrey S. Villamil

Local government of Tubigon, Bohol – Noel Mendaña

Networks – Training Programs in Epidemiology and Public Health Interventions Network (Tina Rezvani)

Office of Senator Aquilino Pimentel, Jr.

Provincial Government of Bohol – Governor Edgar M. Chatto, Bohol Environment Management Office (Sammy Racho); Provincial Tourism Office (Josephine Cabarrus); Office of the Auditor (May Limbaga); Office of the Provincial Agriculturist (Larry Pamugas), Bohol Tourism Council (Atty. Lucas Nunag); and Provincial Health Office (Dr. Rey Moses Cabagnet)

Non-governmental Organizations (NGOs) and People’s Organizations – Ayala Foundation, Barangay Renewable Energy Community Development Association (Enecita and Edwin Fiel); Clean Air Asia (Bjarne Pedersen, Robyn Garner); Greenland Asparagus Multi-Purpose Cooperative (Roger Pascual, Tengan Maranding); Health Action Information Network (Dr. Edolina Dela Paz), Integrated Midwives Association of the Philippines (Corazon Paras); Kawayan Fisherfolks Association (Juanito Padol); Mogueing Organic Farmers Association (Jaime Lambrinto, Rogelio Bingson); Philippines Business for Social Progress (Eric Camacho), Philippine Council for NGO Certification (Luis Morales, Victoria Garchitorena); Tanging Yaman Foundation (George Gaskell); Tulay sa Pag-unlad, Participatory Research, Organization of Communities and Education towards Struggle for Self-reliance (Emilia Roslinda, Maribel Acierto); Puentespina Orchid Farms (Charita Puentespina); and Zamboanga-Basilan Integrated Development Alliance, Inc. (Jobel Foliente)

Private Companies – Cebu Pacific (Hazel Gonzales and Kara Tropicales); Dahis Porterage (Mostapa Omping); D’ Farmers Market Fruits and Pastries Center (Candelario Miculob); Green Peace Emission Testing Center (Oliver Uy); Shell Philippines (Karla Lukban Zarate and Marivic Javier); San Agustin Fishing (Marfenio Tan); and SUL Orchids (Salvacion Uy- Leuenberger)

Supreme Court Project Management Office - Nestor U. Venturillo

USAID Project Beneficiaries – Susana Sandoval Abo, Aeliza Alipati, Juvy Borja, Alven Bueson, Rolanda Caba Sr., Marites Estolano, Rodrigo Evardo, Adela Floresta, Catalina Jensen, Joseph Acosta Mason, Francis Miranda, Carlo Panelo, Pato Pastollero, Engr. Renaldo Perez-Ramos, Dr. Ann de los Reyes, Jannie Sampani, Juliana Silva, Danica Silva, Lowie Sumook; and Rosario Sumook

Limitations

This publication is not an exhaustive account of USAID’s contribution to the Philippines since USAID was established more than 50 years ago. It presents experiences of beneficiaries from select programs that help to exemplify the U.S.-Philippines’ partnership in development.

Many details were omitted for the sake of brevity. Readers who are interested in more information about the projects and programs can refer to the USAID Philippines’ website at www.usaid.gov/philippines, as well as project reports, evaluations and assessments, which are available in the Development Experience Clearinghouse at <https://dec.usaid.gov>.

Notes

The currency conversion used in this document is US \$1 = PHP 49.

TABLE OF CONTENTS

“USAID was our strongest partner. They gave us the space to think. They gave us the space to plan.” — Governor Edgardo M. Chatto, Bohol



■ DEDICATION	vii	■ WHO WE ARE	xviii	When Local Leaders Rise	14
■ ACKNOWLEDGMENTS	ix	■ OUR MISSION	xix	Expediting Justice Delivery in Philippine Courts	20
■ MESSAGE FROM U.S. EMBASSY PHILIPPINES	xv	■ INTRODUCTION	1	■ DISASTER RELIEF AND RECOVERY	
■ MESSAGE FROM USAID	xvi	■ TIMELINE OF USAID ASSISTANCE IN THE PHILIPPINES	5	Rebuilding Life After Yolanda	28
■ MESSAGE FROM THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY	xvii	■ DEMOCRACY AND GOVERNANCE		■ ECONOMIC GROWTH	
				Rural Banks Propel the Success of Microenterprise	38

Opening Gateways to Asia	44	■ MINDANAO PEACE AND STABILITY	
■ EDUCATION		Fishermen Turn Against Destructive Fishing	68
Educating with Pride and Passion	50	Securing the City's Water Supply for Future Generations	74
Paving Multiple Avenues for Higher Learning	54	■ HEALTH	
■ ENVIRONMENT		Saving Moms and Babies	80
Solar Panels Take Homes Out of the Dark	62	Improving Health Care Access	86
		Lightening the TB Burden	90
		■ EPILOGUE	106
		■ REFERENCES	108
		Mindanao Youth Build Skills to Help Rebuild the City	102
		Making the Land of Promise a Reality	96

The Philippines, Southeast Asia's oldest democracy, is a key development, trade and security partner with the United States.



MESSAGE FROM U.S. EMBASSY PHILIPPINES

Since assuming my duties as U.S. Ambassador to the Philippines in December 2016, I have seen the United States Agency for International Development's (USAID) profound impact in education, the environment, economic development, health, democracy and governance. As I travel around the country, I am touched by the spirit of Filipinos and impressed by the Philippine commitment to build a better life for their family, their community and their country. The American people share this value — a lasting hope for a brighter future. In this way, the U.S. government, through USAID, contributes to the security and prosperity of both the Philippines and the United States.

Congratulations on a job well done! I look forward to our continued partnership and friendship with the Philippines. I am confident that the contributions that USAID makes will help advance the development goals of this great country and its people.

— **Ambassador Sung Y. Kim**
U.S. Ambassador to the Philippines, (2016 - Present)



MESSAGE FROM USAID

The United States and the Philippines share a longstanding relationship underpinned by our shared history, shared democratic values, strong people-to-people ties and commitment to peace. Since 1961, the United States Government, through the USAID, has supported the Philippine government to become a more stable, prosperous and well-governed nation.

Through the years, USAID has worked closely with its Philippine partners — from grassroots communities, civil society, academia, businesses, local governments and national level agencies — to help the country achieve its development objectives. Our projects span several key areas: democracy and governance, economic growth, education, health, environment, humanitarian assistance, and peace and stability in Mindanao.

Our collaboration has been fruitful and filled with learning and growth. In this book, you will read 15 stories of how USAID has helped transform the lives of generations of Filipinos. Although this is not an exhaustive account of what we have achieved, it offers the reader a glimpse of the breadth of our collaboration to achieve our mutual development goals.

The stories included in this book showcase extraordinary men and women who inspired us with their dreams, creativity and perseverance to improve the quality of life, not only for themselves, but for their communities.

With this in mind, USAID is moving forward with renewed strength and hope that the best is yet to be for the Philippines. We remain the country's partner in development, and we look forward to continuing to support the Filipino people in the years to come.

— **Gloria D. Steele**
Acting Assistant Administrator, Asia Bureau, USAID
USAID Philippines Mission Director, (2010-2015)



MESSAGE FROM THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

The National Economic and Development Authority warmly congratulates the USAID on its landmark publication, *Power of Partnership: 50+ Years of USAID in the Philippines*.

The photo book gives readers a glimpse of the depth and breadth of USAID's contribution to the Philippines from 1961 to 2016, capturing stories of change and of how Filipinos have benefited and continue to reap from USAID's projects.

We value the Philippine government's partnership with USAID that has stayed strong for over five decades — one that is built on mutual respect and shared values. By supporting us in our development objectives, USAID has helped bring about transformations in education, health, environment, peace and stability, economic growth, governance and humanitarian assistance.

The stories featured in this book allow readers to understand how USAID's contribution translates into positive change on the ground. We read stories of the power of groups working together to achieve big dreams, stories of innovation sparked by Filipinos' ingenuity, and lessons learned from the challenges faced along the way, like poverty, disaster and political instability.

Through complementing government programs, we thank USAID for its support in ensuring that Filipinos have equal access to development opportunities and effective and responsive social safety nets.

Again, congratulations for putting together this visual account of our long and meaningful journey. May it help inspire more partnerships as the country moves forward in its goal of achieving sustained and inclusive growth.

Mabuhay!

— **Ernesto M. Pernia**
Socioeconomic Planning Secretary



WHO WE ARE

The United States Agency for International Development (USAID) is the lead U.S. Government agency that works to end extreme global poverty and promote resilient, democratic societies.

U.S. foreign assistance has the two-fold purpose of furthering national interests, while improving lives in the developing world. USAID contributes to U.S. foreign policy goals by promoting broad-scale human progress at the same time it encourages stable, free societies, opens up markets and trade partners for the United States and fosters goodwill abroad.

USAID works in over 100 countries to:

- Promote broadly shared economic prosperity;
- Strengthen democracy and good governance;
- Protect human rights;
- Improve global health;
- Advance food security and agriculture;
- Improve environmental sustainability;
- Further education;
- Help societies prevent and recover from conflicts; and
- Provide humanitarian assistance in the wake of natural and man-made disasters.

Part of the U.S. Embassy in Manila, USAID is the principal arm of the U.S. Government that provides technical and financial assistance to partner countries, such as the Philippines, and their citizens.



OUR MISSION

We partner to end extreme poverty and promote resilient, democratic societies while advancing security and prosperity. In the last 20 years alone, economic growth, bolstered by human ingenuity and entrepreneurship around the world, has reduced poverty rates by half.

Now, for the first time in history, we have the tools, technologies and approaches to finish the job. We are working to end extreme poverty and help men, women and children live in societies that provide for their health, security and well-being.

USAID is implementing a new model of development that engages talent and innovation everywhere to achieve extraordinary goals. We're working to change the way we do development, with new partnerships, a greater emphasis on innovation, integration with local leadership and a relentless focus on measuring and delivering results.

Supporting the world's most vulnerable populations and helping millions live in resilient, democratic societies is the right thing to do. And in doing so, we strengthen our national and global security, energize economies and bolster a safer, more prosperous future for all.

INTRODUCTION



President John F. Kennedy signs the Foreign Aid Bill in the Oval Office on August 1, 1962.

“The Power of Partnership: 50+ Years of USAID in the Philippines” celebrates more than five decades of collaboration between the peoples and governments of the Philippines and United States. The roots of the relationship between the two countries run deep, and the partnership remains strong.

In the Philippines, U.S. assistance started as the country was rising from the ashes of World War II. Manila, the capital, lay in ruins, with around 70 percent of the utilities, 75 percent of the factories and 80 percent of the southern residential district damaged. The business district was razed. Pursuant to the Philippine Rehabilitation Act of 1946, the U.S. Congress set up the Philippine War Damage Commission and spent about \$400 million to compensate private claims and rebuild damaged or destroyed infrastructure.

In November 1950, President Elpidio Quirino signed a preliminary agreement with President Harry Truman’s representative, William C. Foster, to start a program of social, economic and technical assistance and cooperation worth \$250 million. U.S. assistance rested on the belief that the recipient government’s prudent use of these instruments would increase political stability in Southeast Asia. The assistance complemented the Philippine government’s goals of peace and order, economic welfare and external security.

From 1951 to 1957, the National Economic Council — the precursor of the National Economic Development Authority — and the International Cooperation Administration pursued projects in agriculture and natural resources, mining, transportation, labor, health and sanitation, education, public administration and community development. In agriculture, they initiated projects that boosted farm production. The rural development program improved facilities for agricultural production, agricultural research, agricultural extension, and soil survey and conservation, among others. For instance, the Forest Products Laboratory was built in Los Baños. It was the biggest and best equipped of its kind in Southeast Asia in the late 1950s.

U.S. support provided equipment, built schools and supported curriculum development for primary and secondary education. Vocational and university-level instructors participated in teacher training workshops to enhance their teaching skills. Staff and professors from universities, as well as technicians, benefited from advanced education opportunities in their field by joining training programs in partnership with U.S. universities.

In transportation, the construction and improvement of roads, highways, feeder roads and bridges, port facilities, navigational aids, and flood control linked communities and propelled the growth of commerce. The National Economic Council and the International Cooperation Administration built sources of safe drinking water for rural communities and funded campaigns against life-threatening diseases, such as malaria and tuberculosis.

The U.S. Government’s contribution to this joint project came in the form of commodities, technical assistance and advice, as well as technical services. By May 1957, the U.S. Congress had authorized the disbursement of \$173 million to the Philippine Economic Assistance Program, while the Philippine government had authorized PHP 156 million as counterpart funds to finance joint projects.

The Foreign Assistance Act of 1961 established USAID to help developing nations achieve self-sustained economic growth. In the Philippines, projects focused on rural development to increase the economic productivity and income of rural families. The Agency emphasized socio-economic development that improved agriculture, particularly the plight of workers.

In 1973, USAID prioritized growth with equity and basic human needs. From its focus on building infrastructure and promoting policy reform, the Agency transformed into a provider of technical expertise for key sectors that are relevant to the rural poor, such as education, health, governance and transport, among others. Programs were designed to help civil society participate actively and build relationships with the private sector. Initiatives promoted good governance, as well as the growth of environmentally sustainable and resilient communities.

The 1980s was a pivotal period for the Philippines, marked by a return of democratic institutions. USAID responded to the need for people-centered governance by working more with local civil society organizations and non-governmental organizations. From 1990 to 1995, USAID provided technical assistance through the Local Development Assistance project to help establish the landmark Local Government Code of 1991, a law to decentralize government functions and strengthen local government units. In the same period, USAID supported good governance initiatives and assisted local governments to apply the Local Government Code to enable more active community participation in managing natural resources.

The U.S. again responded to Philippine needs when it heeded a call from then President Fidel V. Ramos for greater assistance to Mindanao. The region is one of the most marginalized areas in the country, due to armed conflict and poor access to basic services, among other development challenges. From 1994 to 2012, USAID’s projects supported the peace process and

stimulated equitable economic growth through infrastructure development, business growth, workforce preparation, governance improvement and reintegration of former combatants. Other projects worked in disaster relief and rehabilitation in the Visayas and Mindanao regions and helped communities adapt to changes in the environment.

Recent years have seen a shift to promote sustainable development and equitable growth. USAID projects have continued to address needs and challenges in education, health, livelihoods, the judiciary, local government capacity, the environment, and disaster risk reduction and preparedness. Country strategies have focused on accelerating and sustaining inclusive growth in the Philippines, as well as supporting partner cities outside Metro Manila to fulfill their potential as engines of inclusive economic growth.

In 2011, the governments of the U.S. and the Philippines embarked on an initiative known as the Partnership for Growth, which aims to unlock the growth potential of partner countries, so that they become the next generation of emerging markets, opening up avenues for mutual economic benefits. USAID's Country Development Cooperation Strategy 2013-2019 provides direction to implement the Partnership for Growth. The strategy focuses on accelerating and sustaining broad-based, equitable and inclusive economic growth, enhancing peace and stability in conflict areas, and improving environmental resilience by reducing the risks from natural disasters and improving the management of natural resources. The U.S. Government's partnership with the Philippines supports the priorities of the Philippine Development Plan to achieve inclusive and resilient economic growth. It supports institutional reform at the national and local levels to mobilize domestic and foreign investment. By reinforcing the development of a more stable, prosperous and well-governed nation, USAID strengthens the Philippines as a geopolitically important ally in Southeast Asia, while cementing strong people-to-people ties and goodwill in one of America's oldest security partners in the region.

About this book

The history of USAID's work in the Philippines shows its responsiveness to the needs and aspirations of the Filipino people in ways that improve the prosperity and security for both our nations. Its projects, which span several sectors, have helped transform the local development landscape. The *Power of Partnership* features 15 carefully selected stories of change, which represent USAID's significant contributions to the national and local socio-economic development and the well-being of millions of Filipinos.

These cases show the impacts of various development projects related to democracy and governance, disaster relief and recovery, economic growth, education, health and Mindanao peace and stability. More importantly, they highlight the real heroes of the stories — the Filipino people, including parents, teachers, youth, patients, judges, fisherfolk and small enterprise owners.

The U.S.-Philippine relations embody a commitment to fostering broad-based and inclusive growth and a responsiveness to emerging global concerns. The relationship is ultimately one of long-term friendship, not just between governments, but between the peoples of the United States and the Philippines.

RIGHT PHOTO

In a trade fair in Zamboanga, graduates of a USAID-sponsored skills development program sell vegetables they grew themselves. USAID improves basic education competencies, life skills and employability of approximately 19,000 at-risk youth in conflict-affected areas in Mindanao.



TIMELINE OF USAID ASSISTANCE IN THE PHILIPPINES



With funding from USAID, Catholic Relief Services provided disaster relief following Typhoon Dading in 1964.

Since USAID's establishment in 1961, the United States has provided the Philippines with development assistance worth \$5.36 billion, including \$524 million in food aid, to help the Philippines achieve its development goals. The Agency has helped develop the country's infrastructure, provide training and technical assistance, increase agricultural productivity and economic growth, promote sustainable environmental management, improve health and education, and foster democracy and decentralization.

1946

1950

1960

1961-1964:

National rehabilitation and basic infrastructure

This era began with the first bilateral agreement between the U.S. and the Philippines — the Quirino-Foster Agreement — and ended with the U.S. Foreign Assistance Act of 1961 and the establishment of USAID as the lead agency responsible for administering U.S. economic development assistance abroad. The primary economic goal was urban, industrial development.

The Quirino-Foster Agreement assisted the Philippines to improve production, establishing a more diversified economy and increasing the income of industrial and agricultural laborers to enhance social and economic well-being in the Philippines.

USAID implemented a complementary approach by funding a wide range of basic institutions and national services. USAID helped establish national government agencies, educational institutions, and trained administrative and technical personnel to carry out government functions.

It helped establish institutions and systems, such as the Agricultural Extension Service, the National Irrigation Administration, the Bureau of Plant and Industry, the Bureau of Soils and Forestry, the rural banking system, farm cooperatives, and agricultural credit agencies.

James H. Ingersoll – 1962 to 1965

Wesley C. Haraldson – 1965 to 1967

1965-1973:

Transition to rural development

By 1965, USAID was shifting from its earlier urban industrial development strategy toward a rural development focus. Short-term technical assistance targeted small-scale activities in agriculture, social services and community development.

The Agency backed national agriculture and rural development programs, and emphasized attaining rice self-sufficiency in the Philippines. USAID initiated similar concerted programs in related areas and other sectors due to the encouraging results of the rice production program.

Research assistants work on an experimental plot at the International Rice Research Institute in Los Baños, Laguna. From 1965 to 1973, USAID's work reinforced the national agricultural and rural development programs and emphasized attaining rice self-sufficiency.



Peter M. Cody – 1976 to 1979

Thomas C. Niblock – 1969 to 1974

1974-1986:

New directions: rural development and local capacity building

By 1974, USAID's strategy was shifting to meet the basic human needs of the poorest segments of the rural population. Development philosophy worldwide was evolving, and the emphasis moved to assisting marginalized sectors. USAID responded by assisting Filipino farmers and fisherfolk in a systematic and sustained way.

At that time, the agricultural sector employed approximately 47 percent of the workforce, but agricultural workers received only 29 percent of the country's income. This resulted in a significantly lower standard of living for rural Filipinos. USAID initiated rural development projects in the poorest regions of the country, specifically Bicol, Eastern Visayas and Western Visayas.

Simultaneously, USAID strengthened local government planning and implementation capabilities, advancing the decentralization of government functions. Support for the development of civil society also began during this period. The private sector orientation of the U.S. in the 1980s prompted a fresh look at the job-creating and growth-expanding powers of private sector investment. As a result, USAID began working with international civil society organizations (CSOs) to increase private sector participation in development.

Garnett A. Zimmerly – 1975 to 1976

**Anthony M. Schwarzwaldner
– 1979 to 1984**

1965

1975

Malcolm H. Butler – 1988 to 1992

1987-1993:

Restarting national growth: support for democracy and private sector development

With the end of the Marcos regime, the U.S. closely worked with the Philippine government to help re-invigorate the national economy and development programs. The Multilateral Assistance Initiative, more widely known as the Philippine Assistance Program, concentrated on economic stability and growth.

The United States' development strategies improved macroeconomic management, encouraged domestic and international private sector development, and alleviated sector-specific constraints to growth through policy-based sector assistance. The strategies also emphasized improved health and more sustainable population growth during this era.



USAID's Child Survival Program, implemented in partnership with the Department of Health from 1989 to 1994, improved immunization coverage of children and prenatal care for pregnant women in all 75 provinces of the Philippines. A major accomplishment of the program was the decentralization of health planning to the provincial level.

Kenneth G. Schofield – 1994 to 1998

Frederick W. Schieck – 1984 to 1988

1994-1999:

New U.S.-Philippine partnership for democracy and development

With the closing of U.S. military bases in Subic and Clark, USAID's development strategy placed more emphasis on trade and less emphasis on aid. The strategy included initiatives to assist the country to become a model Newly Industrialized Country, in line with the region's strong growth.

The Agency also established programs to help solve worldwide problems, such as environmental issues and HIV/AIDS. Democracy and civil society work moved from the national to local levels and focused on broad participation in public policy-making.



USAID and the Philippine government jointly funded the construction of a new airport in General Santos City costing \$48.6 million. This helped General Santos become the gateway to the Central Mindanao region.

Thomas W. Stukel, Jr. – 1992 to 1994

Patricia K. Buckles – 1998 to 2002

1986

1995

2000-2004:

Revitalizing the economy and transforming governance to accelerate sustainable growth

USAID provided critical and comprehensive technical assistance during the early and middle years of the Estrada administration and the recovery period from the Asian financial crisis. The Agency capitalized on its comparative advantages to improve the investment climate through economic policy reforms, competition and transparency promotion and work to address corruption.

To do this, the Agency collaborated closely with other donors, encouraged environmentally sustainable practices and employed market-based mechanisms to promote family planning and reforms in health services.



USAID's Food for Peace Program implemented the "nutribun" program in the early 1970s as a supplementary feeding program for public elementary schoolchildren. Each bun provided approximately one-third of the recommended dietary allowance of energy and protein for school-age children.

Jon D. Lindborg – 2005 to 2009

2000



Linemen installing an electric meter for cooperative members as part of USAID's rural electrification programming during the 1960s and 1970s.

2005-2009:

Enhanced security and accelerated progress toward sustainable, equitable growth

During the mid-2000s, USAID supported the long-term development goal of "sustainable, equitable prosperity and peace" by focusing on five programs: (a) enhancing security by helping reduce conflict in Mindanao and other areas vulnerable to violence; (b) supporting improved performance of selected government institutions; (c) promoting the health and well-being of Filipinos by improving and decentralizing service delivery, increasing private sector involvement, heightening awareness of family planning, and reforming policy; (d) strengthening management and governance of life-sustaining natural resources, improving urban environmental management, and promoting reliable and cleaner energy; and (e) increasing access to quality education in the conflict-affected areas of Mindanao and supporting broader education sector policy reform. All programs emphasized assistance in Mindanao, particularly in conflict-affected areas, and built and capitalized on important earlier investments.

2005

Michael J. Yates, Ph.D. – 2002 to 2005

2009-2012:

A more prosperous, well-governed and stable democracy that is able to meet the needs of its people, especially the poor

USAID's assistance supported the Philippine government's commitment to improving livelihoods and education, strengthening fiscal policies, and promoting local development and national harmony. Programs addressed constraints to trade and investment, fostered greater competition, and encouraged contract enforcement and adherence to the rule of law.

To move forward in the fight against corruption, the Agency supported judicial and public financial management reforms. Significant investment to reduce poverty improved the quality of and access to education, clean water, sanitation and health services and biodiversity conservation. To promote peace and security, USAID bolstered counter-terrorism actions and addressed maritime security concerns.

Gloria D. Steele – 2010 to 2015



2010

2012-2018:

A more stable, prosperous and well-governed nation – the Partnership for Growth

In November 2011, the Philippine and U.S. governments agreed to a new Partnership for Growth to address the binding constraints to economic growth and development in the Philippines. USAID is also working to strengthen the economic competitiveness and resilience of secondary and tertiary cities outside of Metro Manila through the Cities Development Initiative, which was launched in 2014. This seeks to advance the development of cities outside the capital as engines of growth that is inclusive, environmentally sustainable and resilient.

USAID recognizes the key role of inclusive growth in enhancing stability and security in both the U.S. and the Philippines. In the next several years, USAID will support priorities of the Philippine government's 0+10 socio-economic agenda and the 2017-2022 Philippine Development Plan toward a Partnership for Growth with Equity, recognizing that inclusive growth impacts significantly on economic and social well-being and reduces vulnerability of marginalized populations to extremism.

Susan K. Brems, Ph.D. – 2015 to present

2016

LEFT PHOTO

Gloria D. Steele, former USAID Mission Director stands with former Foreign Affairs Secretary Albert del Rosario (left) and former U.S. Ambassador to the Philippines Philip S. Goldberg (right). The U.S. and Philippine governments share a long history of working towards mutual development goals.



Madrasah students from Mindanao receive schoolbags and learning materials from USAID in 2007. From 1992 to 2012, USAID supported the Philippine government's call for greater assistance to Mindanao.

DEMOCRACY AND GOVERNANCE



RIGHT PHOTO

USAID works to enhance good governance by working with the judiciary to increase access to justice, improve the efficiency of the courts, and foster integrity and accountability in the justice system.



Six-thousand-year-old Danajon Bank in Bohol is the only double barrier reef in the Philippines and in Southeast Asia. It is a rare geological phenomenon built by coral growth. USAID has helped train local fish wardens on fisheries laws and local ordinances that will protect Danajon Bank.

01

WHEN LOCAL LEADERS RISE

■ *“The more power you give to the people, the better it will be for them.”*

— **Senator Aquilino Q. Pimentel, Jr.**
principal author of the Local Government Code of 1991, which devolved the provision of basic services and facilities to the local government

“Before the Local Government Code was enacted into law, the local governments relied on the central authority to provide all the directions. The local governments just adopted the programs of the national government and brought these down to the local level. The code was a big step toward empowering local governments and opening doors for people’s participation in governance,” said Bohol Governor Edgardo M. Chatto.

The enactment of the Local Government Code of 1991 resulted in the devolution of power from the national government to the local governments. The code gave local officials greater autonomy to use their own resources to deliver public goods and services and encouraged citizen participation in decision-making. The local governments were empowered to tailor their services to issues more specific to their respective needs, such as social welfare, health care and environmental management. The code provided ambitious provinces such as Bohol with numerous opportunities for growth.

Developing Champions of Local Governance

USAID’s Governance and Local Development (GOLD) project, implemented from 1995 to 2001, came at a pivotal time when local government units needed to develop local champions in participatory governance.

In the case of Bohol, the local government had to strategize and retool its workforce to achieve its long-term goal of becoming a dynamic and responsive institution that provides responsible and participatory governance.

Bohol was one of the nine provinces and two cities that became USAID’s partners through the project. Chatto was among the leaders who were trained under its client-oriented paradigm, which emphasized people as partners — not merely beneficiaries — in development. Through USAID’s assistance, local champions tapped a wide and diverse community of stakeholders to form partnerships. The local champions identified new approaches to help local governments address community issues, particularly in the management of natural resources. Beyond this, the local champions worked with local governments to turn their plans into realities.

“The project enabled us to cement strong partnerships among the government for development, civil society and the private sector,” stated Chatto.

Transforming Bohol into an Ecotourism Destination

Bohol’s local government formulated a development plan based on its core strengths and resources. “In Bohol, we have our warm, hospitable people and a pristine environment,” Chatto said.

By tapping these two resources, the province carved its path toward becoming an ecotourism model in the country, assisted by planning tools introduced by USAID, such as local government strategic planning workshops, community environmental planning workshops, multi-sector technical working groups and environment summits.



The province also crafted the Bohol Environment Code of 1998, the first environment code prepared by any local government unit in the country. The code contains policies to protect the province's natural resources and to promote a brand of tourism that cares for the environment.

"The community helped identify the foundational value of the environment as [Bohol's] major engine of growth," Chatto offered.

The province also committed itself to sound environmental management to attain its vision to be a prime eco-cultural destination and a strong, balanced agro-industrial province.

USAID, through its GOLD project, helped the local government identify eco-cultural destinations and activities that became Bohol's major tourism draws. These include the Chocolate Hills, river cruises such as the community life tour in Abatan River, and kayaking activities along the reforested mangrove forests. Sanctuaries and parks for the protection of the iconic tarsier — the world's smallest primate — are also favorite destinations.

TOP PHOTO

Strong citizen and local government support of the area's management plan is crucial to maintaining the bounty and beauty of ecotourism sites. At the Abatan River Community Life Tour, the Abatan River Development Management Council shows tourists locally-made food and craft products. They also discuss the rich natural resources of the river and the livelihood that Boholanos derive from them, such as weaving the nipa palm leaves into baskets, bags and thatched roofs.

USAID, through the GOLD project, helped strengthen the capacity of local governments to identify environmental issues, facilitate community solutions, allocate revenues and sustain community action.

Governor Edgardo Chatto meets with constituents to discuss priority issues for the province of Bohol. The governor is a champion of promoting partnership between the local government and the people to achieve inclusive growth.





“Development has always been strengthened by partnerships. Bohol’s ace is its strong public-private sector partnership in governance. We brought in the best minds, empowered our people and engaged them from the visioning and planning stage.”

– Edgardo M. Chatto,
Governor of Bohol

LEFT PHOTO

With the support of the local government and NGOs, fishing communities in Bohol have diversified their livelihoods to include ecotourism. In Cambuhat, Buenavista, women run village tours and manage upland resources while the men handle tourists’ boat rides and manage oyster farms and coastal resources.

Bohol is now a premier eco-cultural tourism destination in the country. It has become a model of good local governance and it has consistently shown that active citizen participation contributes to provincial and national growth and reduces poverty. From a high 52 percent in 2000, Bohol’s poverty incidence dropped significantly to 27 percent in 2015.

Power to the People

Every year, about half a million visitors arrive at the airport of Tagbilaran, the capital city of Bohol. The Department of Transportation expects arrivals to double or triple once the international airport in Panglao Island, a premier tourist destination southwest of Bohol, becomes operational in 2017.

The local government welcomes these signs of growth and looks forward to brighter prospects in the province’s health, education, agriculture and tourist sectors. “We are happy with the kind of investments that are flowing into our province. HEAT IT (Health, Education, Agriculture, Tourism, Information Technology), *Bohol!* has become a catchphrase for its vision of further developing the province, with emphasis on these five areas,” said Chatto.

The success of Bohol has shown that island provinces with robust tourism offerings can be transformed into strong local economies. This would not have been possible without the partnerships with active stakeholders that increase global competitiveness.

According to former Senator Aquilino Q. Pimentel, Jr., principal author of the Local Government Code, “The biggest influence and legacy of USAID is on how it has demonstrated the concept that sovereignty resides in the people. The more power you give to the people, the better it will be for them. The power to initiate, legislate and implement policies through local ordinances is a very good legacy from USAID,” Pimentel said.

Truly, big changes are possible when local leaders and strong partners rise to the challenge of development for the people. ■

USAID worked with the Supreme Court in its Judicial Sector Reform Project to expand access to more efficient, reliable and affordable court services through a nationwide system of small claims courts.



02 EXPEDITING JUSTICE DELIVERY IN PHILIPPINE COURTS

■ “[The judiciary] should be considered as a key element in the promotion of inclusive, sustainable and equitable economic growth, especially for those who are poor and marginalized in developing countries.”

— Supreme Court Chief Justice Maria Lourdes Sereno

Court cases for resolution used to pile up on the table of Judge Ma. Zoraida Zabat-Tuazon of the Metropolitan Trial Court, Branch 23, in Manila. “It was quite a challenge seeing my caseload at that time, especially when it came to resolving older cases,” Tuazon recalled of the time when she was the lower court judge in 2006.

The delay in the resolution of cases under Tuazon and other judges has diminished public trust in the judicial system. This prompted the Supreme Court to implement, with USAID support, the Judicial Sector Reform project nationwide from 2009 to 2012.

Increased Access to Justice

The Judicial Sector Reform project increased people’s access to more efficient, reliable and affordable court services by establishing a small claims court system in first-level courts where people, usually with civil cases, could file claims for

payment or reimbursement of money below PHP200,000 (\$4,000).

Before the establishment of the small claims court system, thousands of cases involving inexpensive claims dragged on for months in first-level courts because of the multiple motions filed by lawyers that delay cases. The time and expense required by the ordinary litigation process were so disproportionate to the claims involved in cases that they discouraged a just resolution of disputes.

In contrast, the small claims court system ensures a swift and inexpensive means of resolving small claims cases by providing simple filing procedures for claimants. The procedures replace formal pleadings with simple forms in English and Filipino. Court personnel help litigants complete these forms, eliminating the need for assistance from lawyers.

The system prohibits certain pleadings that tend to delay cases through legal technicalities, such as motions for postponement, and cross-claims and counterclaims. To lessen the cost of litigation and reduce time in the resolution of cases, the system also prohibits lawyers from representing the litigants during hearings.

Moreover, the system requires the courts to decide cases only at the first hearing. It renders the decision of small claims courts final and not open to appeal.

The Supreme Court piloted the small claims court system in 2008 in 44 first-level courts, including the Metropolitan Trial Court under Tuazon. Building upon the pilot, the Judicial Sector Reform project was launched in 2009. By 2010, the Supreme Court had designated 1,137 first-level courts to hear small claims cases.

Reduction of Case Length and Backlog

By the end of 2012, the small claims court system had reduced the length of case litigation in first-level courts to 1.4 months from the 2010 baseline of four to six months. In February 2016, the Court Management Office of the

Supreme Court reported that 83 percent of the total of 102,259 small claims cases filed nationwide had been resolved.

“I reduced my backlog by more than 50 percent in two years with persistence, hard work and the help of USAID’s Judicial Sector Reform project,” Tuazon said.

Meanwhile, Supreme Court Chief Justice Maria Lourdes Sereno lauded USAID’s assistance in increasing the court’s efficiency. “If we sustain this efficiency on a national basis and our monitoring is strict, we can prove how fast the system can work.”

USAID provided financial and technical assistance through the American Bar Association-Rule of Law Initiative. Assistance featured training sessions for judges and court personnel on the Amended Rules of Procedure on Small Claims; distribution of applicable materials on the Amended Rules; development, printing and distribution of a Small Claims Handbook for Judges and Court Personnel and small claims materials to increase public awareness and understanding of the new small claims courts and procedures; and the development and installation of a Small Claims Case Monitoring System in first-level courts. The Small Claims Case Monitoring System is an automated reporting tool that functions primarily as a repository of small claims case information and statistical data, as well as a facility to transmit these data from the first-level courts to the Office of the Court Administrator.

Modernized Case Management

USAID also promoted the use of technology to manage cases under what is called the Philippine electronic court system or eCourt, an automated case management system. It was developed to increase court efficiency by providing a modern tool for judges and court personnel to monitor, manage and process cases, and for court officials to monitor performance.

“The use of court-overseen settlement procedures in small claims cases has shortened overall case duration and increased settlement of cases.”

– American Bar Association-Rule of Law Initiative

The eCourt provides an integrated system to facilitate the process of handling cases, from “filing all the way to judgment,” Sereno said. It speeds up decision-making and reduces case backlogs through the automated monitoring of cases. It also makes information more accessible to the public access and boosts transparency, as people can ascertain the status of cases through computers in public kiosks in court lobbies.

The eCourt uses the Automated Hearing System, which transforms the courtroom into an automated trial forum. This means that, during a trial, every activity is captured electronically, including orders issued by the judge, minutes of the hearing conducted, judge’s notes on testimony taken, markings of evidence, issuance of writs, and other court processes. This speeds up the preparation of court orders, which contending parties can now receive prior to leaving the courtroom.

Judge Ma. Zoraida Zabat-Tuazon reduced case backlog by more than 50 percent in two years with the help of USAID’s Judicial Sector Reform project.



In 2010, Quezon City Trial Courts piloted the eCourt and officially launched it in 2013. The eCourt has since been adopted in different cities throughout the Philippines, including Angeles, Davao, Cebu, Mactan, Tacloban, Makati, Pasig, Mandaluyong and Manila.

In January 2017, Sereno said that the eCourt would be fully operational by the end of the year in 297 trial courts nationwide. Its continuing and widespread use exemplifies how USAID's partnership with the Supreme Court has succeeded in harnessing technology for transparency and good governance in the judiciary. ■

“The Rules of Procedure for Small Claims Cases addresses the acute need of low-income people for justice that is faster, more accessible and less costly. With this new Rule of Procedure for Small Claims Cases, we are drawing nearer to our dream of justice for the poor.”

– Hon. Justice Reynato S. Puno,
22nd chief justice of the Supreme
Court of the Philippines

A study by the American Bar Association's Rule of Law Initiative in 2015 showed that the Rules of Procedure for Small Claims Cases has effectively reduced the age of disposed cases from an average of five months to two months.



DISASTER RELIEF AND RECOVERY



RIGHT PHOTO

Construction workers and engineers build a strong foundation for one of the more than 300 classrooms that the U.S. Government constructed in Typhoon Yolanda-affected Leyte and Samar Provinces. USAID partners with the Philippine government to reconstruct and rehabilitate areas affected by typhoons, floods and other natural disasters. USAID helps restore access to education and health services and promotes livelihood activities, so that communities can build back better.

“This project is a testimony to our conviction that has turned into reality.”

— Melfe Grance Sanchez, school principal of Palo Central School



03 REBUILDING LIFE AFTER YOLANDA

■ *“After seeing the devastation by Yolanda, I thought I would never go back to school and live a normal life again.”*
— **Lowie Sumook**
Yolanda survivor in Tacloban, Leyte

Lowie Sumook was only 9 years old when Yolanda (internationally known as Haiyan) hit Tacloban City in central Philippines in November 2013. He was among the students who had to stop school after the typhoon put the city and other provinces in a state of calamity.

The storm surge and strong winds damaged buildings, toppled trees and ripped off roofs. Now in the sixth grade, Lowie attends classes in the newly built five-classroom school building of Panalaron Central Elementary School. The school building, constructed by USAID, is elevated three meters above the ground and has thick, reinforced concrete walls to help it withstand floods, strong typhoons and earthquakes.

Resilient Classrooms

The school is one of the more than 300 weather-resilient classrooms that USAID, through its Rebuild project, has

LEFT PHOTO

The U.S. Government built and furnished more than 300 classrooms in Tacloban City and Leyte; the classrooms benefited about 38,000 students.

erected to provide adequate, suitable and safe learning spaces for students.

The new school building replaced an old, wooden structure that experienced ankle-high floods during the rainy season. The site, similar to sites in most of Tacloban City, is situated in low-lying, flood-prone areas.

“In the past, my feet would get muddy when I attended classes during the rainy season,” said Sumook. “When I saw my new classroom, I felt happy because I knew that it would keep me clean and comfortable while studying.”

Sixth-grade teacher Concepcion Lloren, who has been teaching in Panalaron for the last 35 years, said it was normal to hold classes when the classrooms were inundated. “It was disheartening to see the books and the learning materials I have collected for more than 30 years gone, washed away by the storm surge during Yolanda,” said Lloren, who is the academic adviser of Sumook.

School principal Filieta Waniwan lamented the loss of computers that had been installed just months before Yolanda hit. The computers were washed away by the storm, together with books and class records. But with the new school building, she says, “Our students and school records are now safe.”

More Sustainable Livelihood Options

North of Tacloban City, communities show signs of recovery as local people harvest their own produce, which is sold in local markets. In the village of Moguing in Burauen municipality, the Moguing Organic Farmers Association harvests its produce of squash, lettuce and other organic vegetables. USAID provided association members with farm tools and supplies, such as seedlings and fertilizers, to help expand their production of organically grown vegetables and fruits.

The president of the farmers' association, Remedios Coral Serato, 71, organized former coconut farmers to plant vegetables, boosting their income and food supply. Jaime Lambrinto, 41, is one of the farmers who have received support from USAID to grow corn. Now he is one of the biggest producers of corn in Sta. Elena Village.

Aside from farm assistance, fisherfolk in coastal communities in Tacloban learned to raise high-value products, such as milkfish, grouper and crabs. Juanito Padol, president of the Old Kawayan Fisherfolk's Association, declared that USAID's assistance helped his organization to start marine aquaculture projects. They now earn up to PHP 120,000 (\$2,500) from their milkfish harvest every three months, a portion of which they plow back into the association's funds for the purchase of some 5,000 juvenile fish for the next harvest.

Yolanda survivors also received support to reconstruct and restock inventories of over 1,000 *sari-sari* stores (small retail stores). USAID, in partnership with Coca-Cola and Procter & Gamble, supplied basic consumer goods that microenterprises could sell to restart their businesses. These shops, found on almost every street in Tacloban City, are mainly run by women.

Transitional Houses, Health Units and Potable Water

The typhoon demolished almost 90 percent of homes in Tacloban City. Part of the rehabilitation plan for the city was the eventual transfer of people into safer, permanent houses. USAID's rehabilitation work initially constructed transitional shelters for 130 households from 17 barangays that are vulnerable to storm surges.

The long-term assistance provided for the communities also featured rehabilitation of 12 Tuberculosis Directly Observed Treatment, Short-Course facilities and rural health units in Tacloban City and other municipalities of Leyte province. The units offer tuberculosis control services and safe spaces for women to give birth. USAID assistance reconstructed these facilities to withstand both future typhoons and earthquakes and provided them with furniture and medical equipment.

Rehabilitation work also encompassed actions to provide clean water for affected residents. USAID's Water Security for Resilient Economic Growth and Stability project, in partnership with local governments and water utility companies, rehabilitated water systems for 17 public schools and four health facilities. Leaking water pipes and damaged faucets were replaced in schools, and work assisted communities to install

Across Typhoon Yolanda-affected areas, USAID has built 30 agri-fishery support facilities and restored livelihood activities by providing equipment and training to 3,215 farmers; 6,920 fisherfolk; and 1,417 micro-, small- and medium-sized entrepreneurs.

wind-resistant water tanks. Overall, USAID's assistance to Leyte helped approximately 231,000 residents regain access to clean drinking water and about 465,000 residents gain access to necessary sanitation facilities.

Rekindling Hope

The Philippines is one of the most disaster-prone countries in the world, experiencing an average of 20 typhoons a year. Thus, building resilience in communities is crucial; it prepares them to face impending natural calamities, rapidly recover after disasters, and move forward rebuilding their lives.

Former U.S. Secretary of State John Kerry visited Tacloban in December 2013, just one month after the devastating typhoon. During his visit, he praised the resilience and strength of the typhoon survivors, declaring, "Last month's typhoon broke the world's heart, but what is certain is that it didn't break the spirit of the people here." ■

USAID constructed 30 livelihood support facilities, such as warehouses, communal irrigation and training centers, to restore income-generating opportunities in Typhoon Yolanda-affected areas. USAID also installed solar dryers for farmer associations that enabled farmers to deliver higher quality food and reap greater profits.



More than 1,000 *sari-sari* store owners benefited from USAID's initiative to rehabilitate and restock these stores that serve the community. The U.S. Government also helped supply emergency shelter for 31,000 households.



USAID, the Department of National Defense and UNICEF restored water access in Tacloban eight days after Typhoon Yolanda. USAID then partnered with local governments and water utility companies to rehabilitate water systems for 17 public schools, four health facilities and nine municipalities.



Former Secretary of State John Kerry visited Tacloban in December 2013, where he pledged additional humanitarian aid to survivors of Typhoon Haiyan. The United States has provided more than \$251 million in disaster assistance to the Philippines over the last 10 years.



TB patients participate in an education session on adhering to treatment at the USAID-built TB treatment facility of the Carigara District Hospital in Leyte province. Through the Rebuild project, USAID rehabilitated 12 health facilities to serve residents across typhoon-affected areas.

ECONOMIC GROWTH



RIGHT PHOTO

USAID supported the largest infrastructure program in Mindanao, constructing an international airport, bridges and a road system in General Santos City and Eastern Mindanao in the late 1990s. From 2013-2016 alone, USAID helped attract investments to build 2,100 miles of roads in the Philippines, doubling tourism revenues.

Juliana Silva started her scrap trading business in Mataas na Kahoy, Batangas, with PHP5,000. With the help of the loan she obtained from *Bangko Kabayan* in 2010, she earned enough profit to settle her debts, acquire new properties and other assets, and further expand her business.



04

RURAL BANKS PROPEL THE SUCCESS OF MICROENTERPRISE

■ *“We let go of the collateral-based loan mentality, and this made the bank serve the community better.”*

— *Teresa Ganzon*

managing director, Bangko Kabayan in Ibaan, Batangas

Microenterprises play a significant role in developing the Philippine economy. In 2015, microenterprises comprised almost 90 percent of business establishments and accounted for almost 30 percent of total employment in the country, according to Philippines Department of Trade and Industry. They also serve as valuable partners to large enterprises as suppliers of raw materials, semi-processed products and support services. They offer a breeding ground for both new entrepreneurs and large corporations.

More Access to Banking Services

In the past, commercial banks were unwilling or unable to lend to microenterprises because they lacked confidence in the management and record-keeping capacity of microentrepreneurs. As a result, microentrepreneurs went to loan sharks to borrow funds to expand their businesses. This sent them deeper in debt since they had to pay their loans at exorbitant rates even if they were not making enough profit yet.

The Microenterprise Access to Banking Services project helped change the future of microenterprises. A joint project of the Rural Bankers Association of the Philippines and USAID from 1997 to 2012, the project helped rural banks offer financial services to small business owners by providing technical assistance, training and on-the-job coaching to banks about best practices in microfinance. Through the project, USAID helped rural banks introduce new savings and loan products to microentrepreneurs and small-scale farmers and apply new technologies, such as mobile phone banking, to expand the frontier of financial services.

With USAID's support, 322 rural banks had received technical assistance and training in a range of microfinance services by June 2012. These services featured microfinance, micro agri-loans, microfinance housing, mobile phone banking and microinsurance.

According to the Central Bank of the Philippines, in 2013, a full 37 percent of cities and municipalities in the country did not have a banking office, but more than 75 percent of the Philippine population owned a mobile phone. Recognizing this as an opportunity to reach underserved Filipinos, USAID, through its Scaling Innovation in Mobile Banking project, partnered with FICO Bank in late 2013 to pioneer mobile phone banking in the Philippines. As a result of the project, 10 million Filipinos were connected with financial services to help them achieve their financial goals, and government transactions became more transparent.

Stories of Success

Bangko Kabayan, a member of the Rural Bankers Association of the Philippines based in Ibaan, Batangas, was among the first to be trained under the project. USAID conducted training workshops for *Bangko Kabayan* personnel on different topics, such as market analysis, cash flow-based lending, and risk and remedial management. Fides Ganzon-Ofrecio, head of corporate planning of *Bangko Kabayan*, stated that the Agency's assistance in market research helped them design and develop products that best suited their clients' needs.

Susan Sandoval Abo used the loan from *Bangko Kabayan* in 2007 to expand her business of making and selling *nilupak*.



Through USAID assistance, *Bangko Kabayan* adopted microfinance best practices, such as direct marketing, cash flow-based credit assessment and zero tolerance for delinquency. All of these improved the bank's lending operations significantly.

"The project helped build confidence in cash flow-based lending for small borrowers. We let go of the collateral-based loan mentality," said Teresa M. Ganzon, the managing director of *Bangko Kabayan*. Cash flow-based lending refers to the provision of a loan if the business for which the loan will be used has strong potential to earn profit sufficient to repay the loan, as well as run the enterprise, both in the short and long run.

By using cash flow-based lending, *Bangko Kabayan* encouraged microentrepreneurs to make use of its services, including loans. Among these microentrepreneurs were Susana Sandoval Abo and Juliana Silva.

USAID helped strengthen the banking industry by serving more than one million new microenterprise borrowers. From close to zero rural banks involved in cash-based microlending in the late 1990s, a full 187 rural banks had become involved in microfinance by the end of the USAID project in 2012.

Abo, a client of *Bangko Kabayan*, sells her special *nilupak* in Batangas, nearby provinces and Metro Manila. She started her business with only a few thousand pesos from her savings.





TOP PHOTO

Atty. Francis S. Ganzon, president of *Bangko Kabayan*, and Ms. Teresa M. Ganzon, managing director, stated that their participation in USAID's Microenterprise Access to Banking Services project helped *Bangko Kabayan* understand their clients and develop product and services that fit their needs. In 2011, they received the EAGLE (Efficiency, Asset Quality, Growth, Liability Structure and Earnings) award for the sixth time during the National Roundtable Conference participating banks.

Abo used the loan she got from *Bangko Kabayan* in 2007 to expand her business of making and selling *nilupak* (cassava pudding) in Batangas. By 2016, she had earned enough to buy a house, send her two kids to school and build a savings account. Through her small store at home, two rental spaces at the local public market and a stall for selling and supplying *nilupak*, she has contributed to her community. She has hired more than a dozen delivery boys to sell 500 boxes of *nilupak* in Batangas as well as in nearby provinces and Metro Manila.

Meanwhile, Silva's scrap trading business in Mataas na Kahoy, Batangas, grew with the help of the loan she obtained from *Bangko Kabayan* in 2010. As a result, she was able to settle all her debts and acquired several properties, as well as additional assets to further expand her business.

LEFT PHOTO

Maylene Reyes is a young mother and entrepreneur who saves a part of her earnings with mobile money, thanks to a digital finance innovation introduced by USAID.

Aside from Abo and Silva, many more microentrepreneurs have benefited from the USAID project. Banks that participated in the project reached more than one million new borrowers from 1997 to 2012. They disbursed a cumulative total of PHP43 billion (\$935 million) in microloans during the period, helping citizens transform their lives and communities. As of 2017, USAID provides \$2.9 million worth of credit guarantees to local financial institutions that lend to strategic small and medium enterprises. The guarantees have leveraged more than \$43 million in private sector resources, or a leverage of close to 1:15. ■

Deregulation of the airline industry reduced travel costs by up to 50 percent and raised domestic passengers from 5 million in 1997 to 30 million in 2014.



05 OPENING GATEWAYS TO ASIA

■ *The liberalization of an industry is key to economic growth since competition leads to innovation in services, which will ultimately benefit the customers.*
— **Atty. Eldric Peredo**
Air Operating Rights Division Head, Civil Aeronautics Board

With over 7,000 islands, the Philippine archipelago requires an efficient road and transport network to stimulate economic development. Even though inter-island air and sea transport services were already present in post-war Philippines, the government began to push for reforms in the airline and sea transport industries by promoting competition and encouraging investments in the private sector following the restoration of democratic institutions in 1986.

Deregulation of the airline industry began in 1995, and in 2003, reforms in the sea transport services with the Road Roll-on/Roll-off, locally known as “Ro-Ro,” Terminal System began. These initiatives facilitated the growth of the travel and transport industry and helped boost local economies for the United States’ second largest trading partner, lowering transport costs for goods and peoples within the Philippines and with other countries, including with the U.S.

Opening the skies for trade and tourism

Davao City, located in Southern Mindanao, is best known for its fruit and flower produce. But in the 1990s, fruit export

was not viable from Davao City; with only one airline serving the route, shipping costs were high.

USAID’s Accelerated Growth Investment and Liberalization with Equity project, carried out from 1998 to 2001, provided technical assistance to the Civil Aeronautics Board to formulate rules for deregulation, thus providing an automatic approval of rates, charges and fares for domestic travel based on market demand.

“The liberalization of an industry is key to economic growth, since competition leads to innovation in services, which will ultimately benefit the customers,” according to Atty. Eldric Peredo, head of the Air Operating Rights Division of the Civil Aeronautics Board. “Deregulation has enabled new airlines, such as Cebu Pacific, Air Philippines, Asian Spirit and SEAir, increasing seating capacities and providing access to remote areas,” said Peredo. Expansion in the airline industry also benefited from the development of secondary gateways such as Mactan, Davao and Clark.

Liberalization of Philippine civil aviation has been felt across sectors. “The entry of budget airlines and improvements of airports have enabled high-value products, such as fruits and sashimi-quality tuna, to be exported,” said Candelario Miculob, a Davao-based durian exporter. “The entry of more players in the airline industry helped small businessmen grow their businesses, as we were able to meet demands of buyers outside Mindanao,” he added.

Miculob said that the budget carriers’ competitive pricing for cargo made it possible for him to export Davao produce to other places in the country and to Singapore.

“The Philippines can capitalize on its good location to support the aviation industry with progressive policies to open up more of our airspace, which can give our trade and tourism an extra boost,” Peredo said.

Deregulation of the airline industry resulted in the creation of six airline companies, increasing passenger capacity for Davao, Cebu and Bacolod by 75 percent, 38 percent and 30 percent respectively, from 1994 to 1995.

The Road Roll-on/Roll-off Terminal System

Engr. Renaldo Perez-Ramos' business requires him to travel twice a month to Manila from Romblon Island, located in Southwestern Luzon. "Before the Ro-Ro services came, travel to Manila from Romblon Island meant having to use old, dilapidated ships even during bad weather," Ramos recalled. The Road Ro-Ro Terminal System has since improved Ro-Ro port facilities, provided safe vessels and lowered transport costs.

Ro-Ro services do not require large capital expenditure since cars, buses and truck-loaded container vans mount and dismount ships using their own fuel. This system is widely used in Europe and East Asia. Perez-Ramos is among the Filipinos and foreign tourists who have benefited from the "nautical highways" that help the movement of people and cargo within Luzon, Visayas and Mindanao.

Perez-Ramos noted that Ro-Ro vessels offer a regular schedule at lower costs that are only one-tenth of the airfare from Romblon. In addition, the integration of the Ro-Ro services with the provincial bus services into Metro Manila enables him to make it to his appointments on time.

USAID's Economic Modernization Through Efficient Reforms and Governance Enhancement project, in operation from 2004 to 2008, set its sights on lowering transportation costs to support economic liberalization and increased competition. The project supported the Development Bank of the Philippines in conducting a viability study for the Ro-Ro Terminal System connecting Bicol-Masbate-Cebu. The findings of the study helped promote investments in the Ro-Ro system.

USAID, through the project, also assisted the Department of Public Works and Highways in improving the collection and management of road user charges and managing a road support fund. The project built on earlier USAID assistance, such as a Shipping Route Study conducted in 1993-94 to review the adequacy of existing liner shipping and ferry services and identify priorities for better standards of services.

RIGHT PHOTO

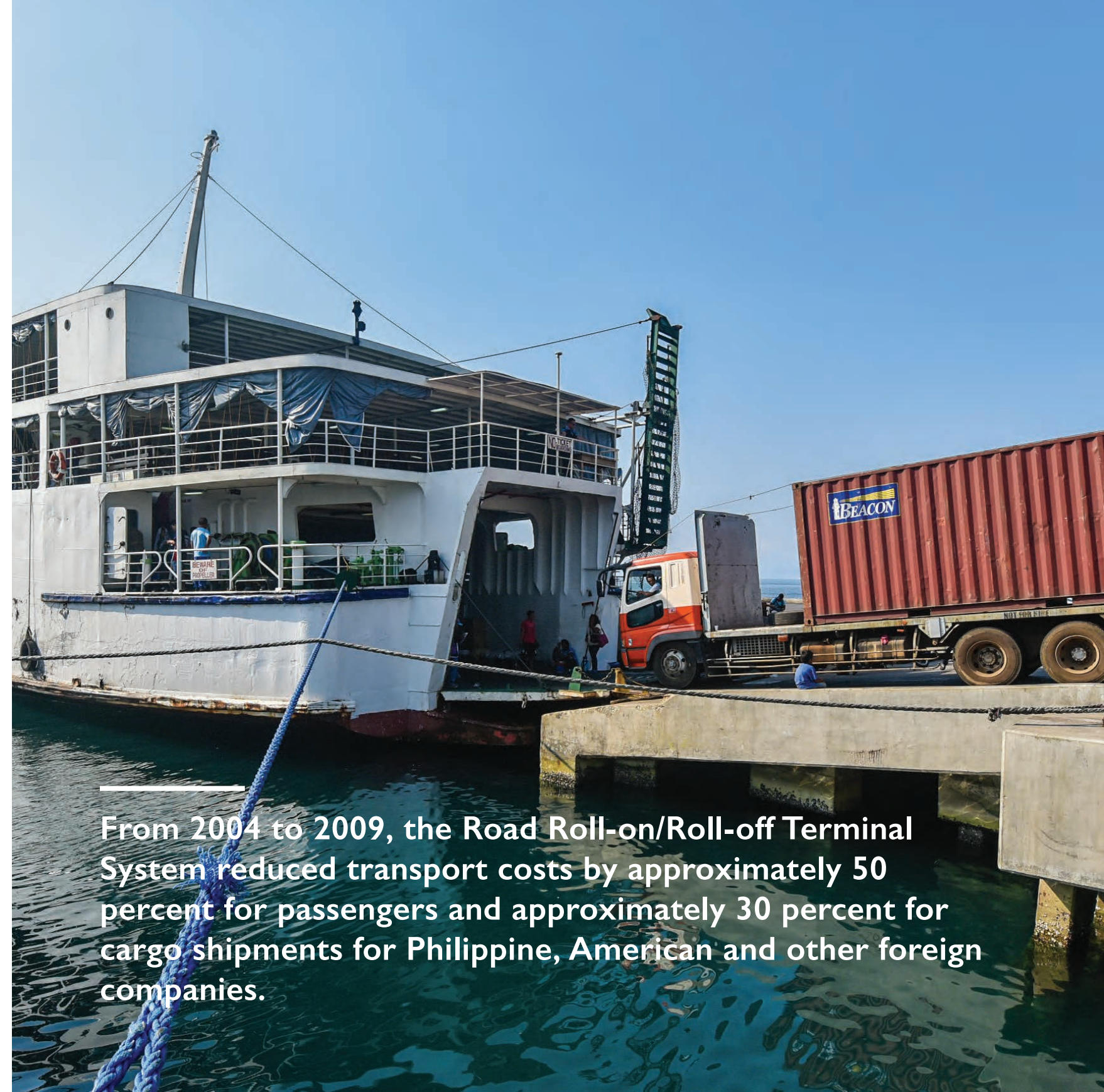
USAID helped promote the Road-Roll-on/Roll-off Terminal System to improve competitiveness of the export sector and reduce inter-island shipping costs in the early 2000s. By supporting the integration of the road network with the nautical routes, USAID helps attract investment and tourism, opening pathways for sustainable growth.

Between 2004 and 2009, the Ro-Ro Terminal System shortened the travel time between Mindanao and Luzon by 12 hours and reduced transport costs by approximately 40 percent for passengers and approximately 30 percent for cargo. The system achieved this by improving facilities in 22 ports and getting the participation of 25 shipping operators with 42 Ro-Ro vessels.

The Ro-Ro Terminal System continues to expand, connecting the Philippines' many islands, and now beginning to expand to its neighbors in the Association of Southeast Asian Nations (ASEAN). Additionally, with the passage of the Foreign Ship Co-Loading law now allows U.S. ships to participate in domestic trans-shipment in the Philippines.

USAID, through its Advancing Philippine Competitiveness project, in cooperation with the Mindanao Development Authority and the Department of Transportation, provided technical support to establish the first ASEAN Ro-Ro link between Indonesia and the Philippines. Another example is the establishment of a shipping route between Bataraza town in Southern Palawan and Kudat town in Sabah, Malaysia.

ASEAN leaders identified the Ro-Ro Network initiative as a flagship project in the Master Plan on ASEAN Connectivity. The initiative aims to establish a network of Ro-Ro routes across the ASEAN Region to boost trade, lower trans-shipment costs and facilitate the movement of people among countries. ■



From 2004 to 2009, the Road Roll-on/Roll-off Terminal System reduced transport costs by approximately 50 percent for passengers and approximately 30 percent for cargo shipments for Philippine, American and other foreign companies.