

Evaluation of the Implementation of the Paris Declaration

Country Evaluation

THE PHILIPPINES

Executive Summary

The second-phase evaluation of the Paris Declaration on Aid Effectiveness investigates issues and themes bearing on three core questions. The first is on the factors affecting the relevance of the Paris Declaration principles of ownership, alignment, harmonisation, managing for results, and mutual accountability. The second, which is on development processes and intermediate outcomes, attempts to determine the effects of the Paris Declaration on delivery and management of official development assistance or foreign aid. The third opens up an investigation of the contributions of aid to development outcomes, using the health sector and rural development as case studies.

To obtain insights into the core questions, the team relied on evidence obtained from varying sources, including, secondary sources of data, particularly, official socio-economic statistics; focused group interviews and findings from specialized surveys about use of official development assistance. The findings from a 2005 survey provided baseline data.

In relation to Core Question 1, the recent growth experience of the Philippines shows a respectable trend. However, a significant proportion of individuals and families continue to face economic difficulties. Unemployment and poverty incidence remain high. In this regard, the Government of the Philippines continues to tap grant-funded technical assistance largely for capacity building, and loan-funded capital assistance for major infrastructure projects.

Regarding Core Question 2, the Philippines scores high on ownership. Long before the Paris Declaration was adopted in

2005, both the government and its development partners in the donor community have adopted the Medium-Term Philippine Development Plan in formulating country partnership strategies. After 2005, both parties agreed to adhere to the Paris Declaration principles as basic guide for the conduct of aid-funded programs and projects. The government, however, needs to further broaden and intensify dialogue with Congress and civil society organisations to achieve a more meaningful country ownership.

Much progress has also been achieved in adopting country systems, particularly, in government procurement and some aspects of public financial management. The government, however, still needs to show improvements in budget execution and reporting, and combating corruption. Furthermore, current initiatives toward operationalizing an integrated results management system should be sustained.

Meanwhile, some bilateral donors must endeavor to deliver on their commitment to the untying of aid and reducing parallel implementation units.

The institutional arrangement under the Philippine Development Forum has been an effective forum for aid coordination, implementation, monitoring and evaluation. It should be held regularly and without fail as agreed upon by the government with its development partners, including civil society organisations.

On Core Question 3, the emerging body of evidence from the two case studies, namely, health and rural development sug-

gests great potentials from enhancing the effectiveness of aid in the two sectors. In health, serious efforts to organise assistance around the government's health sector reform agenda is yielding results, particularly for the health-related targets embodied in the Millennium Development Goals. But there's a lot of room to improve performance in meeting target for the maternal mortality ratio.

In rural development, fragmentation of aid has been reduced in the aftermath of the Paris Declaration, which inspired joint work among various donors in capacity building for the various implementing agencies involved in rural development. It has also led to a shared rural development strategy between government agencies and donor partners. Early donor initiatives in the implementation of the National Program Support strategy, however, were not without friction as some staffs

of implementing agencies, particularly at field levels, experienced difficulty in complying with new systems and measures in, for instance, financial management. This suggests the need for more intensive capacity building and PD dissemination efforts at field and local government levels. Meanwhile, harmonisation efforts among development partners are progressing well, particularly, in the area of managing of development results.

Overall, the Paris Declaration has contributed positively to aid effectiveness. The process, however, is by no means complete at this time. But insofar as the government and the donor community continue to be mindful of the Paris Declaration principles in their continuing programming dialogues at various levels, the prospects for realizing desired development outcomes are very bright.