

# **THE 2012 SONA TECHNICAL REPORT**

Prepared by:

The Office of the President

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## **Good Governance: Catalyst for National Transformation**

Our governance reform agenda is to transform the government into one that operates in “daylight” – one that does not only promote but embodies transparency, institutionalized accountability, and enhanced public participation in governance. The end goal is to achieve inclusive growth where no one is left behind, by providing opportunities for the worse off by creating jobs, drawing the majority to the economic and social mainstream, and reducing poverty.

Guided by these, we put in place crucial policies and institutional reforms that address administrative inefficiencies, revenue losses caused by corruption, weak enforcement of laws, and the need for a greater role for the people to participate in decisions that affect them.

These have resulted in renewed vigor in the country’s business climate, greater investment interest in the Philippine market, and strong economic growth that has enabled us to create more meaningful jobs for our people in the areas of agriculture, tourism, and infrastructure.

Our strong economy and financial reforms have allowed us to allocate more resources for basic services and capacitate the poor to enable them to be the government’s partner in development.

Alongside our efforts to achieve rapid economic growth, we pursued measures to ensure the safety of our people and the political and territorial integrity of our country. Aware of the perils of climate change and the adaptation and mitigation imperatives that these dictate, we pursued measures to arrest environmental and natural resource degradation by ensuring the protection of our natural resources; improving the quality of our environment to make it cleaner and healthier; and empowering our people to manage the risks and threats that natural calamities pose.

The success of our efforts and initiatives is reflected in the country’s positive assessments and recognitions since the start of President Benigno S. Aquino III’s Administration from national as well as international bodies.

## 1. GOOD GOVERNANCE: BUILDING A CULTURE OF ACCOUNTABLE, TRANSPARENT, AND PARTICIPATORY GOVERNANCE

### 1.1 Institutionalized Accountability

- Filed high-profile cases in pursuit of good governance, which include:
  - Electoral Sabotage. The trials for the electoral sabotage cases against former President Gloria Macapagal-Arroyo and former Commission on Elections (COMELEC) Chair Benjamin Abalos Sr. are ongoing, with no bail recommended.
  - Impeachment Cases. Impeachment case was filed against former Ombudsman Merceditas Gutierrez for alleged betrayal of public trust in connection with the complaints against the public officials and employees implicated in the fertilizer fund scam, Euro Generals scandal, Mega-Pacific deal, and NBN-ZTE deal, among others. Supreme Court Chief Justice Renato Corona was convicted and removed from office by the Senate Impeachment Court for betrayal of public trust and culpable violation of the Constitution, specifically for dishonesty and failure to lawfully disclose his assets. He was the first Philippine government official to be convicted, with a vote of 20-3, by an impeachment court.
  - Plunder Cases. Plunder cases were filed before the Office of the Ombudsman (OMB) against Armed Forces of the Philippines (AFP) generals relative to the testimony of whistleblower George Rabusa on the alleged diversion and misuse of national defense funds. Investigation is ongoing.

On 16 July 2012, the OMB filed before the Sandiganbayan plunder raps against former President Gloria Macapagal Arroyo, and officials of the Philippine Charity Sweepstakes Office (PCSO) and Commission on Audit (COA), in connection with the PCSO's Confidential/Intelligence Fund.

- Acted with dispatch on past abuses and irregularities, such as:
  - Financial irregularities in Autonomous Region in Muslim Mindanao (ARMM). COA Special Audit Report 2010-01 on the funds received by the ARMM Office of the Regional Governor (ORG) for the period January 2008 to September 2009 revealed transactions without valid supporting documents worth P1.003 billion, of which 80 percent represented total disbursements in the form of cash advances. The ARMM ORG has put on hold the activities and transactions of ARMM personnel and establishments mentioned in the report (except those that have been subsequently cleared), and has directed ARMM personnel to settle their respective disallowances. Three personnel have been placed on floating status, subject to termination, pending finality of the COA decision on their respective cases.
  - Abuses and excesses in government-owned and –controlled corporations (GOCCs).
    - *Metropolitan Waterworks and Sewerage System (MWSS)*. COA has disallowed the excessive rewards and bonuses given in the past; appeal

cases are pending before the Supreme Court. From P2.5 million worth of annual rewards and bonuses, each Board member now receives P15,000 per en banc meeting and P9,000 per board committee meeting, as provided under Executive Order (EO) No. 24, s. 2011, "*Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees in GOCCs, including Government Financial Institutions.*" This contributed to the reduction by 57 percent of the total MWSS payroll for 2011, from P248.5 million in 2010 to P105.98 million in 2011, inclusive of salaries, allowances, bonuses and incentives. In addition, MWSS realized a financial turnaround in 2011. From a reported net loss of P34 million in 2010, MWSS realized P330 million in net income in 2011, allowing it to turn over P150 million in dividends to the government, even after paying P237 million to more than 1,000 retired employees from 1996/1997.

- *Philippine National Construction Corporation (PNCC)*. COA has issued notices of disallowance for unauthorized and excessive disbursements and expenditures that former heads of PNCC gifted themselves in 2010. In compliance with EO No. 24, PNCC abolished all excessive allowances and benefits, limiting per diem for en banc board meetings to P15,000 and P9,000 per committee meeting in 2011.
  - *Philippine Amusement and Gaming Corporation (PAGCOR)*. Violations of procurement laws, such as the disbursement of P1 billion to coffee concessionaires alone from 2001 to 2010 without the benefit of public bidding, were uncovered. Plunder and graft charges were filed before the OMB against former PAGCOR officials, including Chairman Efraim Genuino, in relation to the excessively priced coffee products that were sold in at least five Casino Filipino branches during the term of the previous administration.
- Irregularities in government contracts.
- *Bidding irregularities in the Department of Public Works and Highways (DPWH) Region 4-B*. The District Engineering Office in Mamburao, Occidental Mindoro began a project worth P300 million, well beyond the P50 million that district engineers can sign off on their own. To bypass clearance from regional and central offices, they cut the project into components that would not breach the said limit. DPWH cancelled the bidding of these projects, clustered them into six projects, and rebid these in September 2011. Implementation is ongoing under close monitoring by the DPWH Central Office. A new district engineer has been assigned in the area.
  - *Spurious procurement of Philippine National Police (PNP) helicopters*. The OMB filed with the Sandiganbayan in June 2012 a graft case against former PNP Director General Jesus Verzosa, other PNP officers and personnel, and private individuals, including former First Gentleman Jose Miguel Arroyo for their alleged roles in the controversial procurement of PNP helicopters. Fourteen (14) PNP officials and personnel have been dismissed from the service, and 6 were suspended for 6 months without pay, for their involvement in the said transaction.

- Intensified anti-corruption drives in revenue-generating agencies through the following programs:
  - Run after Tax Evaders (RATE). One hundred fifteen (115) tax evasion cases have been filed by Bureau of Internal Revenue (BIR) before the Department of Justice (DOJ), with an estimated total tax liability of P40.193 billion, compared to the 127 cases filed in 5 years during the previous Administration (from 2005 to March 2010).
  - Run after the Smugglers (RATS). Eighty-six (86) cases have been filed under this Administration against suspected smugglers, including officers and brokers of oil industry players. Estimated dutiable value amounts to around P52 billion, while duties and taxes amount to around P25.9 billion.
  - Revenue Integrity Protection Service (RIPS). Under this Administration, 42 cases have been filed with the OMB and 2 cases filed with the Civil Service Commission (CSC) against suspected corrupt collection officials and employees, already more than half the 74 cases filed in more than 6 years (May 2003 to December 2009) under the previous Administration.

Program	No. of Cases Filed (July 2010-July 2012)	Estimated Total Value (in P billion)
<b>RATE</b>	115	40.193
<b>RATS</b>	86	52 (dutiable value) 25.9 (duties and taxes)
<b>RIPS</b>	42 (OMB) 2 (CSC)	-

Source: Department of Finance (DOF)

- Reformed budgetary processes to streamline and speed up processes, reduce wastage, and channel funds where needed through the following:
  - Zero-Based Budgeting (ZBB), which calls for the evaluation of major government programs and projects to determine areas for improvement, as well as to serve as basis for resource allocation. ZBB studies conducted in FY 2011 resulted in improvements (e.g., fund allocation, utilization, and monitoring) in the implementation of programs, such as the Health Facilities Enhancement Program and Cheaper Medicines Program of the Department of Health (DOH); Teacher Deployment and Classroom Construction of the Department of Education (DepEd); Agricultural Competitiveness Enhancement Fund; and Budget Subsidies for State Universities and Colleges (SUCs), and Technical Education and Skills Development Authority (TESDA) scholarships.
  - “No Lump-Sum Fund” Policy, which breaks down more than P150 billion in lump sum funds in the 2012 National Budget, beginning the shift to a regime where the enacted General Appropriations Act (GAA) can be considered as the budget release document by 2014.
  - Because of an early budget call, the 2012 Budget, together with the 2011 Budget, was the first one passed by Congress on time after more than a decade of late or re-enacted budgets. This has resulted in early releases of funds and the consequent early implementation of priority programs and projects. As of 31 May 2012, the Department of Budget and Management (DBM) has released

P1.338 trillion to government agencies, 73.7 percent of the P1.816 trillion 2012 budget.

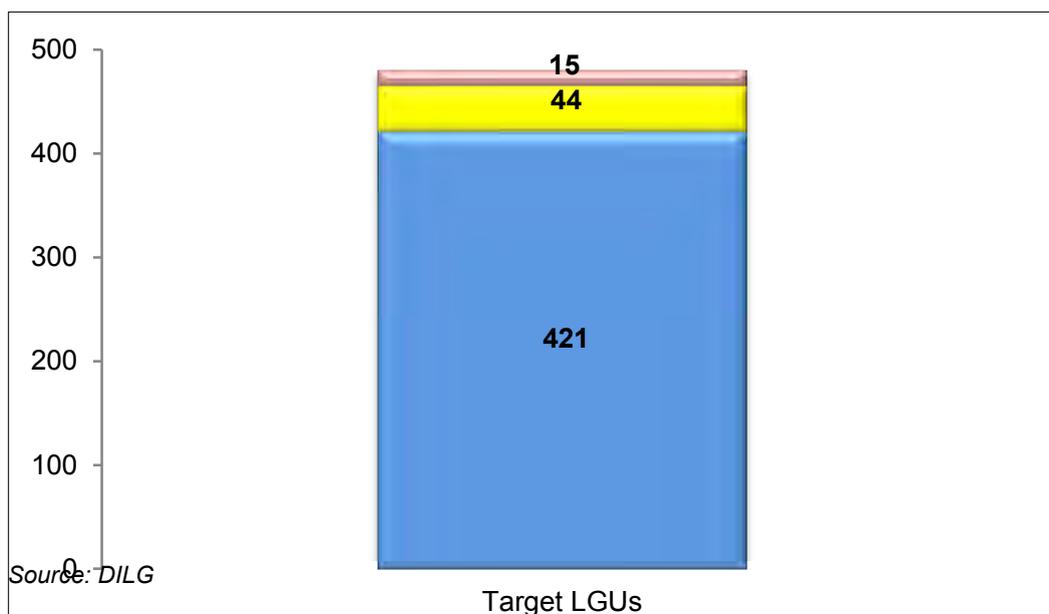
- Reforms in public works processes promoting right projects, right cost, right quality, and right-on-time project implementation, have resulted in the elimination of leakages and the curbing of corruption. Improved procurement procedures, as well as competitive and transparent bidding, have resulted in P10.6 billion savings<sup>1</sup> as of end-June 2012. Also, 2,374 or 94 percent of 2,515 infrastructure projects were bid out in 2012; 97 percent (2,313 projects) was given notices to proceed. Forty three (43) percent has been completed.
- Streamlined government transactions by implementing the following:
  - Anti-Red Tape. As of 30 June 2012, 4,112 (75.63 percent) of 5,437 national government agencies/GOCCs/SUCs/Local Government Units (LGUs)/local hospitals/local schools monitored by the CSC have set up their respective Citizen’s Charters to guide the public on how to avail of their frontline services. This is in compliance with the Anti-Red Tape Act of 2007 (Republic Act [RA] 9485). These agencies are subjected to the Report Card Survey by the CSC to evaluate and assess the quality of their frontline services.

In addition, the following major frontline agencies have streamlined their operations and reduced processing time by around 50 percent:

Agencies	Before	Present
<b>NSO Certificates</b>		
• Birth, Death, Marriage	within the day	2 hours
• No Marriage Record	10 days	5 days
<b>DFA Passport</b>		
• Securing an appointment	10-14 days	3-4 days
• Submission and processing of documents	1 hour	30-45 minutes
• Releasing	10-20 working days	7-15 working days
<b>LTO Driver’s License</b>	2 months	4 hours – new license 30 minutes – renewal
<b>Pag-IBIG Fund</b>	3 hours 4 min.	1 hour 15 min.

- Business Permits and Licensing System (BPLS). The program simplified business permits and licenses at the local government level, making 421 of 480 (87.7 percent) target LGUs business-friendly, while curbing opportunities for corruption. The streamlined processes have increased LGU revenues from 12 to 40 percent, as posted by San Fernando, Iloilo, Bacolod, Cebu, Davao, General Santos, Calapan, Lapu-Lapu, Butuan, and Cagayan de Oro. The Client Satisfaction Survey conducted by the National Competitiveness Council found that 529 (63 percent) of 838 respondents from 15 regions were satisfied with the streamlined BPLS.

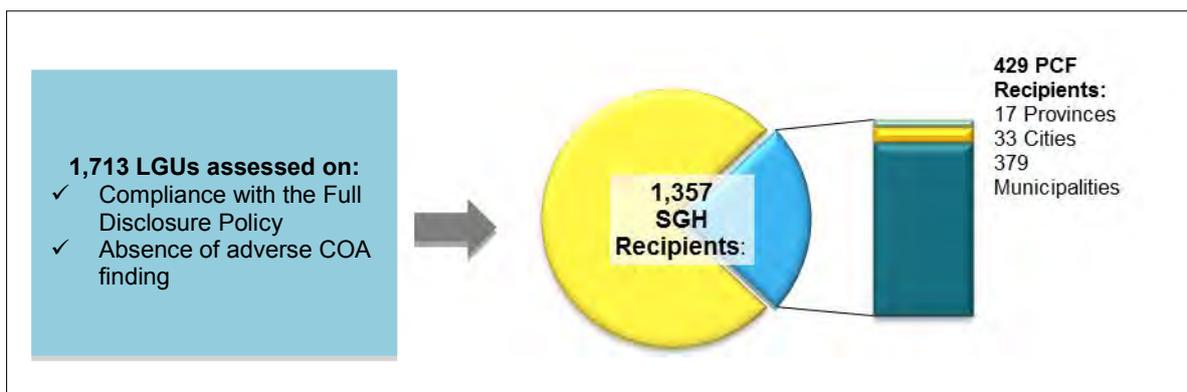
<sup>1</sup> P6.1 billion from the 2011 GAA, P1.5 billion from foreign assisted projects and P3.0 billion from the 2012 GAA.



- Philippine Business Registry (PBR). Launched in January 2012, this web-based system integrates the business registration processes of Department of Trade and Industry (DTI), BIR, Social Security System (SSS), PhilHealth, and Pag-IBIG Fund, reducing processing time to 30 minutes from 4-5 days. Quezon City was the first LGU connected to the PBR, while the first PBR kiosk was established at the Securities and Exchange Commission.
- Enhanced Business Name Registration System. Launched in October 2010, the project reduced information fields of paper application forms from 36 to 17, and the electronic application form from 9 pages to 1 page. The approval time for applications has also been reduced from 4 to 8 hours to less than 15 minutes. As a result, the number of business names registered increased from 278,802 in 2010 to 315,986 in 2011, the highest since 2004.
- Maximized information technology to improve government services
  - Biometric Criminal Records Clearance System. In July 2011, the National Bureau of Investigation (NBI) started the implementation of its biometrics-based clearance processing and online application system following global standards. For the period July 2011 to April 2012, the NBI was able to issue 3,984,193 clearances to its clients and generated a total revenue of P392,445,872.
  - Land Titling Computerization Project. Under the project, the Land Registration Authority (LRA) has digitized 22.9 million or 99.6 percent of 23 million land titles, reducing processing time of public transactions, preventing issuance of dubious, double, and overlapping titles and proliferation of fake land titles, and increasing LRA's income to P4.57 billion in 2011, exceeding its target by 62 percent.
- Will adopt a harmonized Results-Based Performance Management System to integrate and simplify the performance monitoring system in government and to serve as a basis for a more rigorous performance-based incentive system that can motivate higher performance and greater accountability in the public sector. Starting 2012, government bureaus and personnel will be ranked and rewarded according to their contribution to the accomplishment of the departments' outputs and outcomes. Hence, in addition to the existing across-the-board Productivity

Enhancement Incentive, a top-up bonus called Performance-Based Bonus of as much as P35,000, shall be given starting December 2012.

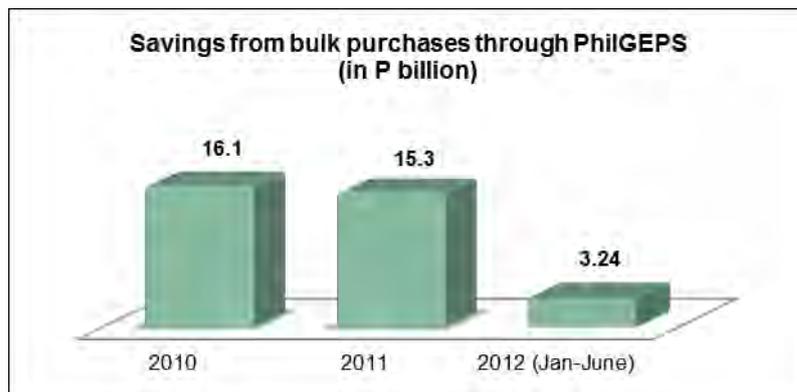
- Embedded performance accountability in LGUs by implementing the Seal of Good Housekeeping (SGH) and Performance Challenge Fund (PCF). Since its creation in 2010, 429 SGH–recipient LGUs have received funding from the PCF amounting to P520 million for 642 projects aimed at spurring local development, realizing the Millennium Development Goals, and making their localities “climate-change proof.” To qualify for the PCF, LGUs must exercise sound fiscal management and transparent and accountable governance. Among the completed PCF-funded projects are the construction of maternal health/birthing clinic in San Gabriel La Union, construction of ground water system in San Agustin, Surigao del Norte, and propagation of solid waste management in Sagad, Mt. Province.



## 1.2 Promoted a Tradition of Transparency

- Mandatory budget disclosure was embedded, starting with the 2011 National Budget, mandating agencies to post key information on their budgets, finance, and performance indicators on their websites.
- Full Disclosure Policy for LGUs required the posting of information on their fund utilization and implementation of projects in local bulletin boards, newspapers and/or websites since August 2010. In 2011, almost all LGUs (99 percent) or 1,701 LGUs (79 provinces, 137 cities, and 1,485 municipalities) registered full compliance, higher than the 80 percent compliance in 2010.
- Publication of the People’s Budget starting in 2011 to help citizens understand the budget. The *Budget ng Bayan* website (<http://www.budgetnngbayan.com>), launched on 08 May 2012, serves as the online portal of the *People’s Budget*.
- Mandatory electronic posting by all agencies in the Philippine Government Electronic Procurement System (PhilGEPS) of their bid opportunities, notices, awards, and contracts has resulted in improved transparency in government procurement, enhanced competition and realization of value for money procurement, and reduced procurement costs, including newspaper advertisements. Savings generated from bulk-purchasing through the system based on bid opportunities with posted awards/bid results, reached P16.1 billion in 2010, P15.3 billion in 2011, and P3.24 billion as of June 2012. PhilGEPS has been benchmarked and studied by neighboring countries, such as Indonesia and Vietnam, who envision having their own central e-procurement system. Multilateral

development partners like the World Bank and the Asian Development Bank have recognized the system’s contribution to government’s efforts to improve efficiency in government procurement.



Source: DBM

- Real-time disclosure of release of lump-sum funds, such as the Priority Development Assistance Fund (PDAF, commonly known as *pork barrel*), through the Electronic Transparency and Accountability Initiative for Lump Sum Funds System (e-TAILS) on the DBM website. The Internal Revenue Allotments (IRA) of LGUs were posted in March 2012 while the School Building Fund shall be made available by August this year.

- PDAF releases for 2011 and 2012 posted in e-TAILS totaled P28,344,015,065.
- All IRA Special Allotment Release Order (SARO) releases for 2009-2012 are posted.

Year	IRA Releases (SARO) (in P)
2012	220,364,675,484.00
2011	242,892,864,509.00
2010	213,937,181,423.00
2009	201,286,373,424.00
<b>Total</b>	<b>878,481,094,840.00</b>

### 1.3 Enhanced Citizens’ Participation in Governance

- Integrity Initiative between the government and the business sector was aggressively pursued through the signing of an Integrity Pledge where private sector companies and government agencies commit to uphold ethical practices and support a national campaign against corruption. A total of 1,193 private entities have signed the Pledge as of 19 July 2012. The Supreme Court, House of Representatives, COMELEC, COA, CSC, and the OMB, have also joined the project.
- Consultative budget preparation process with civil society organizations (CSOs) was piloted in 2011 to craft the 2012 Budget, and subsequently, the 2013 Budget. The process allowed stakeholders to become involved in the allocation of national resources. A total of 773 CSOs were consulted nationwide by the agencies for the preparation of the 2013 national budget, 161 of which have forged budget partnership agreements with 11<sup>2</sup> agencies.

<sup>2</sup> DA, DAR, DepEd, DOH, DPWH, DSWD, NFA, NHA, DOLE, DOT, and NIA.

A P250-million Empowerment Fund has been established to assist 609 poor municipalities and cities in undertaking bottom-up budgeting and planning. Through this, 595 cities and municipalities have identified their priority poverty reduction projects with the assistance of 2,805 community organizations. The national government will set aside P8.6 billion in the 2013 budget to fund these projects.

- Monitoring of some public works projects and the *Pantawid Pamilyang Pilipino* Program is being done in partnership with a broad coalition of stakeholders. As of June 2012, 49 CSOs were accredited as DPWH Partners, while 364 CSOs have signed Memoranda of Agreement (MOA) with Department of Social Welfare and Development (DSWD) on the monitoring of *Pantawid Pamilya* as of June 2012.

#### 1.4 Special Governance Focus: ARMM

True to the President's commitment that no one will be left behind as we harvest the fruits of our governance initiatives and reforms, Mindanao, particularly the ARMM, one of the poorest regions in the country, has been a top priority for infrastructure and human resource development.

- *Postponed ARMM elections and appointed officers-in-charge.* On 30 June 2011, President Aquino signed into law RA 10153, otherwise known as "The Synchronization of the Elections in the ARMM with the National and Local Elections." The President appointed Governor Mujiv S. Hataman, Vice-Governor Bainon Karon, and the officers-in-charge in the ARMM Regional Legislative Assembly as interim officials pursuant to Section 3 of said law, until the assumption of officials elected in the May 2013 elections. These measures were taken to pave the way for the introduction of much needed reforms in this long neglected region.
- *Nullified voters list.* The book of voters in ARMM municipalities and cities was nullified as called for by the Congress under Joint Resolution No. 3. COMELEC conducted a new general registration of voters in the region on 09-18 July 2012 to remove flying registrants from neighboring cities and municipalities, multiple registrants, under-aged registrants, and ghost names. The number of registered voters was reduced from 1.8 million to 1.2 million.
- *Instituted housekeeping measures.*
  - Cross-validation of the payroll revealed that more than 200 personnel were not listed in the plantilla, and 5,633 elementary school teachers were not in the Professional Regulation Commission (PRC) online registry;
  - Discovery of four schools<sup>3</sup> with ghost students;
  - Purging of 55 ghost entries from the payroll;
  - Prohibition of the gravelling and re-gravelling of farm-to-market roads through the enactment of the Public Works Act;
  - Strict implementation of the No Cash Advance Policy;
- *Adopted fiscal controls.* Prudent fiscal controls and proper use of maintenance and other operating expenses (MOOE) by DPWH-ARMM resulted in 23 percent savings amounting to P59.2 million as of June 2012.

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<sup>3</sup> Two schools in Badjao and two national high schools in Tawi-Tawi

The above measures resulted in savings that were rechanneled to provision of services, such as housing, with other support structures like footbridge, learning center, and rock causeway for Badjaos in Barangay Buli-Buli, Sumisip, Basilan, which amounted to P5 million; assistance to 2,588 fisher folks through the launching of community-based multi-species hatcheries, distribution of nets and other materials for fishing, and development of seaweeds farms; distribution of starter and certified seeds, cassava and taro cuttings, rubber seedlings, fruit trees seedlings, among others, to 145,121 farmers under the Agri P-Noy rice program, 132,826 farmers under Agri P-Noy corn program, and 12,295 farmers under the Agri P-Noy livestock program.

- *Formulated the ARMM Roadmap.* The Roadmap is aimed at institutionalizing good governance practices to ensure sustained peace and development. Based on this, the ARMM Transition Investment Support Plan (TISP) was drawn up and supported by a budget amounting to P8.592 billion. This is on top of the regular national support to ARMM, which amounts to P11.7 billion for 2012.

Among the projects funded under the TISP are municipal fishing port projects (P183 million), construction of 33 fire stations (P310.4 million); provision of potable water supply (P515 million); acquisition of medical equipment (P551.9 million), construction of daycare centers (P691.9 million), and road and bridge projects (P2.85 billion).

SAROs totaling P7.5 billion (87 percent), and Notices of Cash Allocation (NCAs) amounting to P2.03 billion (24 percent) have been issued to different agencies as of 22 June 2012. Implementation of the TISP projects is expected to be completed by June 2013 in time for the assumption to office of the new elective officials of ARMM.

### **1.5 Governance Reforms and Local and International Recognitions**

- *Open Government Partnership (OGP).* The Philippines, together with Brazil, Indonesia, Mexico, Norway, South Africa, UK, and US, was selected as one of the founding members of the OGP in recognition of the Administration's commitment to greater transparency, accountability, and citizen participation in government.
- *Corruption Perceptions Index (CPI) 2011.* The country's CPI continues to improve, moving up in 2011 to 129<sup>th</sup> out of 183 countries and territories, with a score of 2.6, compared to its 2010 CPI rank of 134, with a score of 2.4.
- *World Economic Forum (WEF).* The Philippines ranked 72 out of 132 countries in the WEF's 2012 "Global Enabling Trade Report," a significant improvement from 92 out of 125 in 2010. This was attributed to the country's improved tariff policies and border administration relative to other economies.
- *Global Competitiveness Report.* The improvement in the quality of public institutions elevated the country's rank from 125<sup>th</sup> in 2010-2011 to 117<sup>th</sup> in 2011-2012. This contributed in raising the country's competitiveness standing by 10 ranks from 85<sup>th</sup> to 75<sup>th</sup>.
- *2012 Economic Freedom Index.* The Philippines moved up from being the 115<sup>th</sup> freest economy in 2011 to the 107<sup>th</sup> in 2012, ahead of Indonesia, Vietnam,

Bangladesh, China, and India. The country scored higher in 4 out of 10 indicators, most notably in business freedom.

- *Grant Thornton International Business Report, 2<sup>nd</sup> Quarter 2012.* The study identified the Philippines as having the 2<sup>nd</sup> most optimistic community of business leaders, scoring 90 percent, which is the same as Chile, only six notches behind Peru, and ahead of Georgia, Canada, India, South Africa, Brazil, Turkey, and UAE. The Philippines was at the 4<sup>th</sup> spot in the first quarter behind Peru, Brazil, and UAE.
- *2012 Environmental Performance Index (EPI).* The aggressive protection and conservation of the country's natural resources have earned the country a spot in the "strong performer" category in the 2012 EPI,<sup>4</sup> ranking from 50<sup>th</sup> in 2010 to 42<sup>nd</sup> in 2012 out of 132 countries, outranking Australia (48), US (49), and Singapore (52). The Philippines received perfect scores in the indicators for outdoor air pollution, change in forest cover, and growing stocks in forests.
- *International Observers.* Ruchir Sharma, chief of the Emerging Markets Equity team at Morgan Stanley, noted in his book, *Breakout Nations: In Pursuit of the Next Economic Miracles*, that the Philippines "is no longer a joke" and "looks poised to resume a period of strong growth." Dato Timothy Ong, convenor of Asean 100 Leadership Forum, said that he has seen signs that the Philippines could become the next Asian tiger. Greg Rushford of the Foreign Policy Magazine echoed this in his article, "Asia's Next Tiger" as well as Bloomberg Business Week Senior Writer Roben Farzad, when he wrote in his article to keep an eye on the Philippines.

## 2. ECONOMIC DEVELOPMENT: GOOD GOVERNANCE IS GOOD ECONOMICS

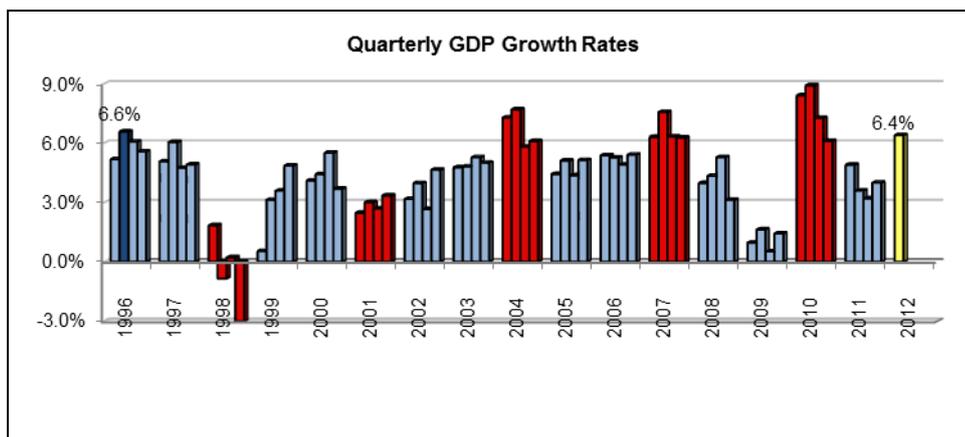
### 2.1 Sustained Economic Growth

- *Strong and Broad-Based Growth.* The economy continued on its upward momentum that started in the 4<sup>th</sup> quarter of 2011, growing by 6.4 percent in the first quarter of 2012, way above the 4.8 percent market forecast. The 6.4 percent gross domestic product (GDP) growth was the second highest in East Asia, next only to China. Growth was also above the preliminary average GDP growth (3.8 percent) of comparable countries in the Association of Southeast Asian Nations (ASEAN) region,<sup>5</sup> faster than Indonesia (6.3 percent), Malaysia (4.7 percent), Vietnam (4.0 percent), and Thailand (0.3 percent). This is also the Philippines' highest quarterly growth rate in a non-election year since the 6.6 percent growth rate in the second quarter of 1996.

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<sup>4</sup> The EPI, developed by the Yale University and Colombia University, in collaboration with the World Economic Forum and the European Commission, measures the performance of countries in achieving their goals in environmental policies and programs.

<sup>5</sup> Based on the latest available country data, excluding Singapore.



(Note: 1998, 2001, 2004, 2007, and 2010 were election years.) Source: National Economic and Development Authority (NEDA)

- The first quarter economic growth was broad-based. Services contributed more than half (56.2 percent) of total output (GDP) followed by industry (32.2 percent) and agriculture, hunting, forestry, and fishing (11.6 percent). The following are the production sectors that propelled growth and contributed the most to total economic growth:

Fastest Growing Subsectors of Q1 2012			Biggest Contributors to Real GDP Growth in Q1 2012		
Subsector	% Share to GDP	% Growth	Subsector	% Share to GDP	% Growth
<i>Industry</i>			<i>Services</i>		
1. Furniture and Fixtures	0.8	86.6	1. Retail Trade	12.1	10.1
2. Other Metallic Mining	0.0	58.1	<i>Industry</i>		
3. Wearing Apparel	0.5	52.2	2. Food Manufactures	9.3	6.0
4. Copper mining	0.1	39.2	<i>Services</i>		
5. Non-metallic mineral products	0.5	24.2	3. Communications	5.2	9.8
<i>Services</i>			4. Real Estate	2.2	24.3
6. Other Service Activities	0.7	45.2	5. Recreational, Cultural, and Sporting Activities	2.1	23.4
7. Real Estate	2.2	24.3			
8. Recreational, Cultural and Sporting Activities	2.1	23.4			
9. Water Transport	0.3	16.5			
10. Health and Social Work	1.5	11.8			

Source: NEDA

On the demand side, net exports of non-electronics (36.2 percent growth); government consumption (24.0 percent growth); household final consumption of food and non-alcoholic beverages (6.3 percent growth); net exports of miscellaneous services, which includes business process outsourcing (10.6 percent); and faster spending on public construction (62.2 percent) mainly contributed to the strong first quarter performance.

- The government continues to focus on improving macroeconomic fundamentals, infrastructure, and social services to achieve the 5.0 to 6.0 percent growth assumption for 2012 and the 6.0 to 7.0 percent growth assumption for 2013 in an uncertain global environment.
- **Low and Stable Inflation.** Inflation in the first six months of 2012 averaged at 3.0 percent, the low end of the 3.0 to 5.0 percent inflation target range for the year. The relatively slower annual inflation of food commodities since January 2012

contributed to the low inflation regime. The low and steady domestic food price inflation is also contrary to the volatile and upward trend of world food price inflation.

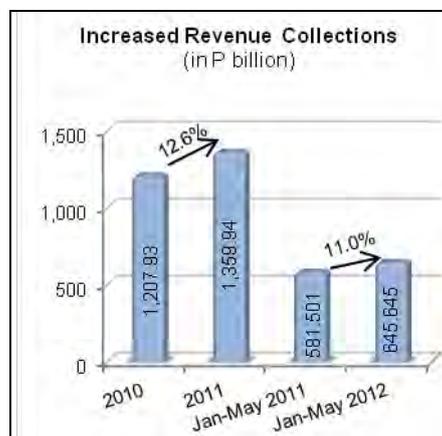
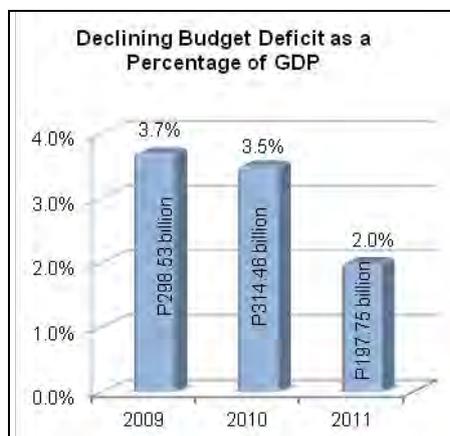
For the poorest 30 percent of the population who spend 60.2 percent of their budget on food, a low inflation regime improves their purchasing power, which leads to consumption of higher quality food and/or increased spending in other necessities such as education and health care.

- **Increased Employment Opportunities.** First quarter economic growth was accompanied by an easing of unemployment and increase in employment.
  - The average unemployment rate under this Administration has gone down to 7.0 percent as against 7.3 percent to 8.0 percent between 2006 and 2009. This was attributed to the creation of 3.1 million employment from July 2010 to April 2012 or an annual average employment of 1.029 million.

Labor Force Indicator	2010		2011				2012		Ave.
	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	
Unemployment Rate (%)	7.0	7.1	7.4	7.2	7.1	6.4	7.2	6.9	7.0
Net Employment Gains ('000)	729	1,010	292	1,407	869	2,062	1,101	1,021	1,061
Average Employment Generated ('000)	870		1,157				1,061		1,029
Employed Persons ('000)	36,237	36,488	36,293	36,820	37,106	38,550	37,394	37,841	37,091

Source: DOLE

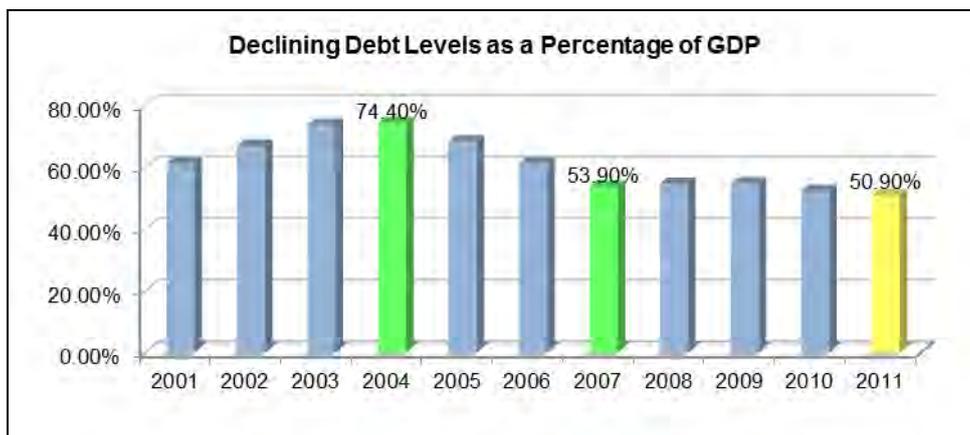
- **Strong Fiscal Position.** Zero-based budgeting, the Administration’s aggressive campaign to plug revenue leakages, and sound liability management have resulted in a strong fiscal position as manifested by the following:
  - Two percent deficit-to-GDP ratio in 2011, lower than the 3.5 percent ratio in 2010.
  - 12.6 percent increase in revenues in 2011, the highest in a decade.<sup>6</sup> The revenue effort increased from 13.4 percent in 2010 to 14.0 percent in 2011. Revenues further increased by 11.0 percent from P581.50 billion in the first five months of 2011 to P645.65 billion during the same period in 2012.



Sources: Bureau of Treasury (BTr) and National Statistical Coordination Board (NSCB)

<sup>6</sup> Excluding 2005-2007 when new taxes were introduced and privatization was ramped up.

- 50.9 percent debt-to-GDP ratio, better than the lowest debt-to-GDP ratio recorded by the previous Administration in 2007.



Source: BTr

- P42.60 billion of interest payment savings in 2011 as a result of proactive liability management, e.g., retirement of high interest bonds in favor of lower interest bonds and redenomination of foreign currency bonds to local currency bonds.
- **Upgraded Credit Ratings.** The continued progress in fiscal and debt consolidation, enhanced ability to manage the country’s debt, strengthening external position, and broadly favorable economic prospects helped notch eight positive sovereign credit rating actions<sup>7</sup> from four major credit rating agencies under the Aquino Administration. This is a stark contrast to the downgrades given by these credit rating agencies to the previous Administration. Reaching investment grade will allow the country to access financing at cheaper interest rates and with longer maturities, and strengthen investor confidence, which would redound to increased investments and create employment opportunities.

Credit Rating Agency	January 2001	July 2004	July 2010	July 2012
Moody’s	Ba1 (1 notch below investment grade) Outlook: Negative	Ba2 (2 notches below investment grade) Outlook: Negative	Ba3 (3 notches below investment grade) Outlook: Stable	Ba2 (2 notches below investment grade) Outlook: Positive
Standard & Poor’s	BB+ (1 notch below investment grade) Outlook: Negative	BB (2 notches below investment grade) Outlook: Stable	BB- (3 notches below investment grade) Outlook: Stable	BB+ (1 notch below investment grade) Outlook: Stable
Fitch Ratings	BB+ (1 notch below investment grade)	BB (2 notches below investment grade)	BB (2 notches below investment grade)	BB+ (1 notch below investment grade)

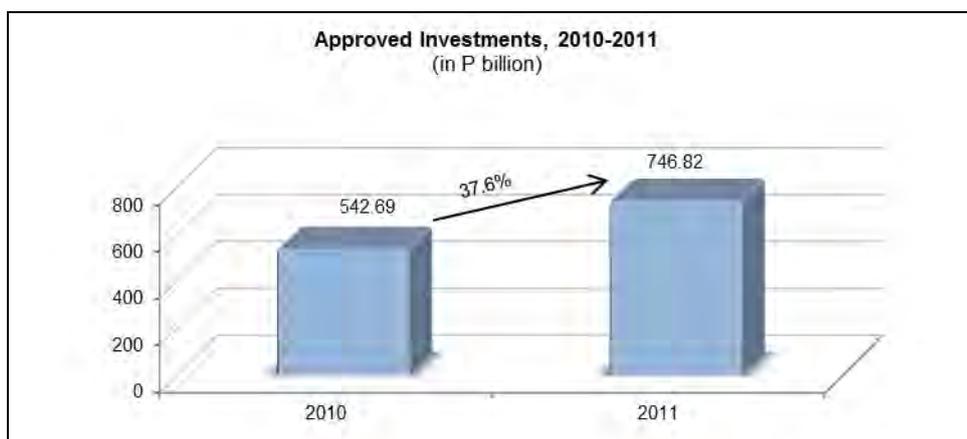
<sup>7</sup> 12 Nov 2010: S&P Credit Rating Upgrade (BB- to BB); 06 Jan 2011: Moody’s Outlook Upgrade (Stable to Positive); 28 Apr 2011: JCRA Outlook Upgrade (Stable to Positive); 15 Jun 2011: Moody’s Credit Rating Upgrade (Ba3 to Ba2); 23 Jun 2011: Fitch Credit Rating Upgrade (BB to BB+); 16 Dec 2011: S&P Outlook Upgrade (Stable to Positive); 29 May 2012: Moody’s Outlook Upgrade (Stable to Positive); and 04 Jul 2012: S&P Credit Rating Upgrade (BB to BB+).

Credit Rating Agency	January 2001	July 2004	July 2010	July 2012
	Outlook: RUR <sup>8</sup>	Outlook: Stable	Outlook: Stable	grade) Outlook: Stable
Japan Credit Rating Agency (JCRA)	BBB Outlook: Stable <sup>9</sup>	BBB Outlook: Negative	BBB- Outlook: Stable	BBB- Outlook: Positive

Source: Bangko Sentral ng Pilipinas (BSP)-Investor Relations Office (Moody's, Standard & Poor's, Fitch, and Japan Credit Rating Agency's Ratings)

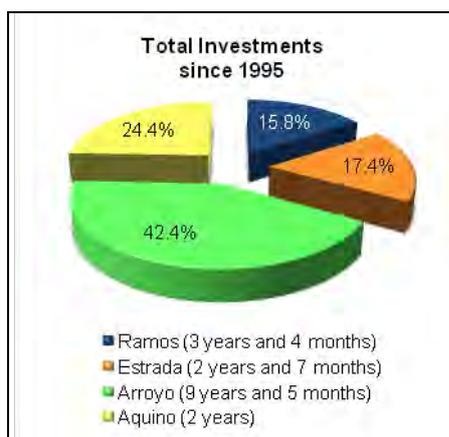
- **Positive Investment and Business Climate.** Good governance and the policy to promote an investment environment conducive to business growth and competitiveness have resulted in the following:

- 37.6 percent increase in total approved investments in 2011 compared to 2010.

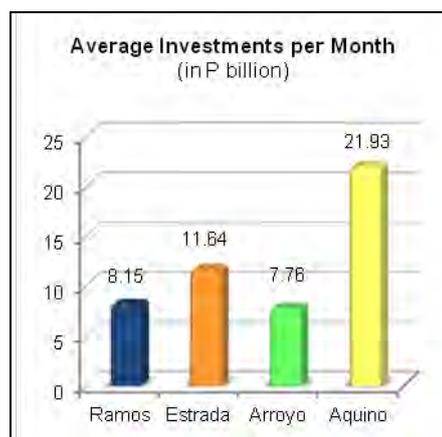


Source: NSCB

- Increased investor interest as evidenced by the following:
  - 24.4 percent (P504.45 billion) of all registered investments in Philippine Economic Zone Authority (PEZA) from 1995 to June 2012 was registered for in the two years of this Administration.



Source: PEZA



<sup>8</sup> RUR - Ratings Under Review

<sup>9</sup> JCRA started giving an outlook on Philippine sovereign credit ratings beginning 22 June 2001.

- One hundred and seven (107) inbound investments missions<sup>10</sup> for the period January to June 2012, involving 321<sup>11</sup> companies and government agencies with business interest or exploring possible business collaboration with the Philippines. This is 114 percent more than the inbound investments missions in the first semester of 2011. This first semester record is also more than the whole year record of 311 foreign companies and government agencies that visited the country in 2011.
  - Participating companies included those from Japan, Taiwan, Lao PDR, Malaysia, Czech Republic, Korea, Nigeria, Iran, USA, and Vietnam with interests in the Information Technology-Business Process Outsourcing (IT-BPO), renewable energy, tourism, manufacturing, electronics, and public-private partnership (PPP) industries.
- Forty-four (44) record highs in the Philippine Stock Exchange index (PSEi) since 30 June 2010, one of the top performing indices in Asia and in the world in 2011. The latest record closing high was registered on 05 July 2012 at 5,369.98 points.

**World's Best Performing Stock Markets**

2011			June 2012		
Rank	Country	YTD % Change (2010 vs. 2011)	Rank	Country	YTD % Change (2011 vs. June 2012)
1	US (Dow Jones Industrial Average)	5.5	1	US (NYSE Euronext Composite)	39.7
2	<b>Philippines</b>	4.1	2	Egypt (EGX 30 Index)	30.0
3	Indonesia (JSX Composite Index)	3.2	3	US (NASDAQ OMX Composite)	28.9
4	US (Nasdaq 100)	2.7	4	Egypt (DJ/CASE Egypt Titans 20 Index)	28.6
5	Iceland	2.0	5	Turkey (ISE 30 Index)	23.6
6	Indonesia (LQ45 Index)	1.8	6	Turkey (ISE 100 Index)	22.0
7	Ireland (ISEQ 20)	1.2	7	<b>Philippines</b>	20.0
8	Malaysia (FBM Emas Index)	1.1	8	Iceland	16.7
9	Malaysia (Kuala Lumpur Composite)	0.8	9	India (S&P CNX 500)	15.9
10	Ireland (ISEQ Overall)	0.6	10	India (BSE 500)	15.6
11	Thailand	-0.2	11	US (Nasdaq 100)	14.8

Source: *Philippine Stock Exchange, Inc.*

- Twenty four (24) percent growth in IT-BPO revenues from US\$8.9 billion in 2010 to US\$11 billion in 2011, and 22 percent growth in direct employment in the sector from 525,000 in 2010 to 638,000 in 2011. Indirect employment from the IT-BPO also increased by 23 percent from 1.3 million in 2010 to 1.6 million in 2011. Revenues in the IT-BPO sector are expected to reach US\$25 billion by 2016, while direct employment is expected to increase to 1.3 million and indirect employment to 3.2 million in 2016.

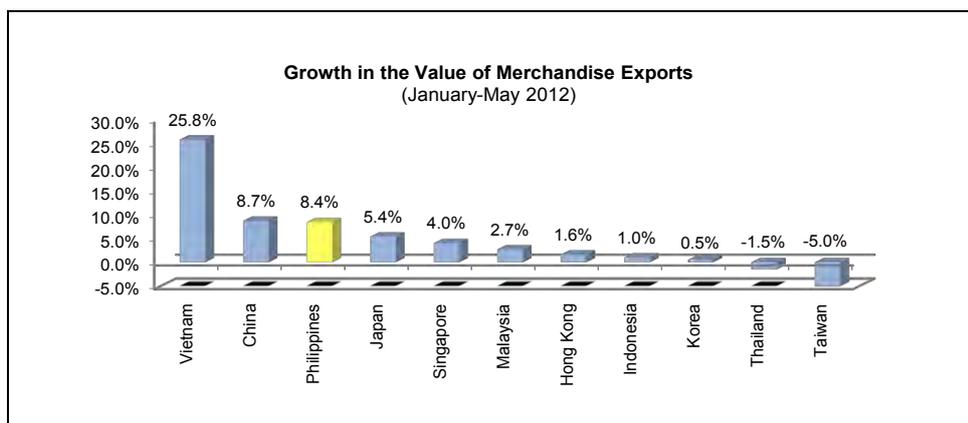
<sup>10</sup> Inbound missions are visits to the Philippines by potential investors for the purpose of exploring business opportunities in specific sectors and undertaking related activities, such as but not limited to market prospecting, due diligence, meetings with local partners/prospective partners, setting up local entity, among others.

<sup>11</sup> Composed of 232 companies during the 23 delegation/multi-company visits, 84 individual companies, and 5 government agencies.

	2010	2011	2012	Targets 2016
Revenue (in US\$ billion)	8.9	11.0	13.0	25.0
Employment (Direct)	• 525,000	• 638,000	• 737,000	• 1.3 million
(Indirect)	• 1.3 million	• 1.6 million	• 1.8 million	• 3.2 million

Source: DTI, DOST, and BPAP

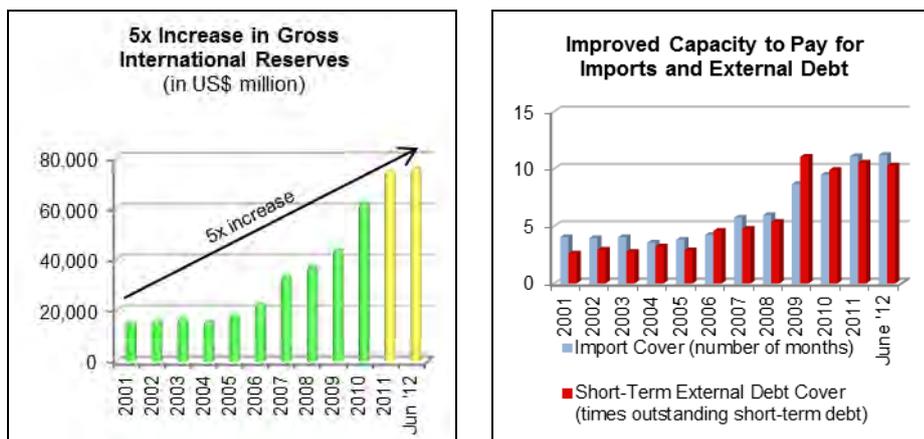
- 8.4 percent growth in merchandise exports from US\$20.7 billion in the first five months of 2011 to US\$22.4 billion during the same period in 2012. This makes the Philippines one of the top performing exporters in terms of growth among selected Asian countries, next only to Vietnam and China.
  - The country has achieved considerable improvements in terms of diversifying its export markets in 2011 (China: 12.9 percent share; US: 14.7 percent share; and Japan: 18.4 percent share) as compared to the situation in 2000 when the biggest market accounted for almost one-third (US: 29.8 percent) of the country’s exports.
  - The country’s reliance on electronic exports has also moderated from almost three-fourths (72.9 percent) in 2000 to around half (52.3 percent) in 2011, mitigating the risks in production concentration, especially in a time when uncertainties in the global economy weigh down economic growth.



Sources: NSO and World Trade Organization (WTO)

- **Prudent Monetary Policies and Strong External and Banking Sectors**, which resulted in the following:
  - Strong Gross International Reserves (US\$76.1 billion as of end-June 2012) have propelled the country into a net creditor position. The country’s reserves are equivalent to more than 11 months’ worth of imports and 10.3 times the country’s short-term external debt<sup>12</sup> (US\$7.42 billion as of end-March 2012). Reserves are also more than enough to cover the US\$62.9 billion total external debt as of end-March 2012.

<sup>12</sup> Using the original maturity concept. In terms of residual maturity, the GIR is equivalent to five times the country’s short-term external debt.



Source: BSP

On 19 June 2012, the BSP committed to provide US\$1 billion to the International Monetary Fund (IMF), through its bilateral borrowing facility, to support global efforts of stabilizing the world economy by extending funds to countries straddled with financial problems.

## 2.2 Pursuing Inclusive Growth Anchored on Job Creation

To generate more jobs for the most number, the Administration is promoting agriculture, tourism, and infrastructure.

- **Inclusive Agricultural Growth.** The Administration has increased investments in agriculture to achieve food sufficiency, raise farmers’ income, and make food accessible to all Filipinos. In 2012, the budget for agriculture was increased by 51.3 percent to P53.3 billion, the largest incremental budget increase.<sup>13</sup> Following are the strategies to achieve the goals in agriculture:
  - Construction and rehabilitation of 2,142.47 km of farm-to-market roads (FMRs) as of 30 June 2012 out of the targeted 2,134.26 km, which were funded under the CY 2010 Program. The construction and rehabilitation of all the projects under the CY 2011 (661.79 km) and 699.29 km or about 70 percent out of the targeted 1,000 km of FMRs for CY 2012 are ongoing.
  - Building and rehabilitation of irrigation systems:

### CY 2011 and Carry-Over Projects from CY 2010 Programs

Classification	Target (ha)	Accomplishment (ha)*	Percent Accomplishment vs Target
New Area	29,526	27,490	93
Restored Area	55,298	37,791	68
Rehabilitated Area	124,977	150,266	120

(\*As of 30 June 2012) Source: DA

- NIA was able to carry out additional rehabilitation works beyond the targeted areas without requiring additional budget. Restoration works for the remaining damaged irrigation facilities as well as the generation of the remaining balance for new areas to be irrigated are currently ongoing.

<sup>13</sup> Excluding subsidies to Government Corporations under the DA.

- In addition, the Department of Agriculture (DA) targets to construct seven (7) Agri-Pinoy Trading Centers (APTCs) that shall connect farmers and fisherfolk directly to the consumers to address unfavorable prices for small farmers and high prices of agricultural products. These are in La Trinidad, Benguet; Cabanatuan City, Nueva Ecija; Urdaneta City, Pangasinan; Sagay City, Negros Occidental; Sagbayan, Bohol; Kabacan, North Cotabato; and Sariaya, Quezon.
- Investments in agriculture and other agricultural services and farm inputs contributed to the following:
  - 5.78 percent increase in palay production from 15,772,319 metric tons (MT) in 2010 to 16,684,062 MT in 2011 and a 3.45 percent increase from 7,577,209 MT in the first semester of 2011 to 7,838,455 MT this 2012.
  - Sixty-five (65) percent decline in rice importation in 2011, which resulted in US\$1.32 billion in foreign exchange savings as of May 2012. It also contributed to a P25.8 billion decrease in National Food Authority's (NFA) debt from P176.8 billion in June 2010 to P151.1 billion in June 2012. Increased participation of the private sector in rice trade resulted in a P4.2 billion revenue to the government.
  - For 2012, government plans to further decrease rice importation by 42 percent to 500,000 MT (380,000 MT for the private sector and 120,000 for NFA).

Actual Rice Imports (in MT)	Private Sector	NFA	Total	% Change
2005	8,778	1,746,616	1,755,394	-
2006	14,986	1,627,700	1,642,686	(6)
2007	21,098	1,790,269	1,811,367	10
2008	18,392	2,341,326	2,359,718	30
2009	199,948	1,575,000	1,774,948	(25)
2010	219,961	2,250,946	2,470,907	39
2011	654,995	200,000	854,995	(65)
2012 (Allocated Volume)	380,000	120,000	500,000	(42)

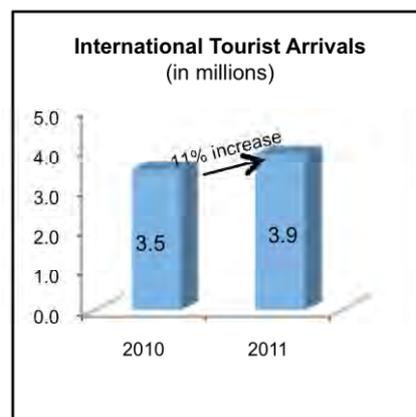
(Note: Does not include the Minimum Access Volume, which is the volume required under WTO rules to be imported by the Philippines.) Source: DA

- Government efforts to facilitate and promote coco water and coco coir exports resulted in the following:
  - 823 percent increase in the volume of coco water exports from 1.81 million liters worth US\$1.84 million in 2010 to 16.75 million liters worth US\$15.11 million in 2011.
  - 39.15 percent increase in the quantity of coco coir exports from 4.43 million kilograms (net) worth US\$974,586 in 2010 to 6.16 million kilograms (net) worth US\$2.01 million in 2011.
  - For 2013, government aims to invest a total of P1.75 billion to further develop the coconut industry.

- **Strengthened Tourism Sector.** The government has set a target of 10 million international tourists and 35.5 million domestic travelers by 2016, which would generate P1.9 trillion in tourism receipts<sup>14</sup> and 6.8 million jobs.<sup>15</sup> Towards this goal, the government:

- Launched the tourism brand campaign “It’s more fun in the Philippines,” which highlights the Philippines’ attractiveness as a tourism, trade, and investment destination.
- Improved road access to tourist destinations. The DPWH has allocated P4.4 billion (P1.4 billion in 2011 and P3 billion in 2012) in its budget to provide road access leading to tourism areas, enhancing mobility of tourists and opening up jobs and livelihood opportunities for people in the countryside
- Pursued Pocket Open Skies Policy (EO No. 29, s. of 2011) to increase air connectivity of local tourist destinations, which has so far generated:
  - 14.75 percent increase in incoming and outgoing flights from 69,446 flights in January to June 2011 to 79,690 flights in January to June 2012.
  - Increase in passenger traffic growth (Inbound and Outbound) in 2011 compared to 2010—International: 9.7 percent and Domestic: 13.3 percent.
  - Increase in the number of aviation players in the country, which include new local aviation players (e.g., AirAsia Philippines); expansion of existing services (e.g., Seair, previously only a domestic operator became a new international operator); and more foreign airline operators in the country (e.g., All Nippon Airways, Tiger Airways, Jin Air, Air Busan Co., Ltd.).

- These initiatives have contributed to the increase in international tourist arrivals that reached 3.9 million in 2011, 11 percent higher than the 3.5 million posted in 2010, and 2.144 million in the first semester of 2012, which is 11.7 percent higher than the 1.919 million posted in the same semester in 2011. This is also 47 percent of the 4.6 million target international tourist arrivals in 2012.



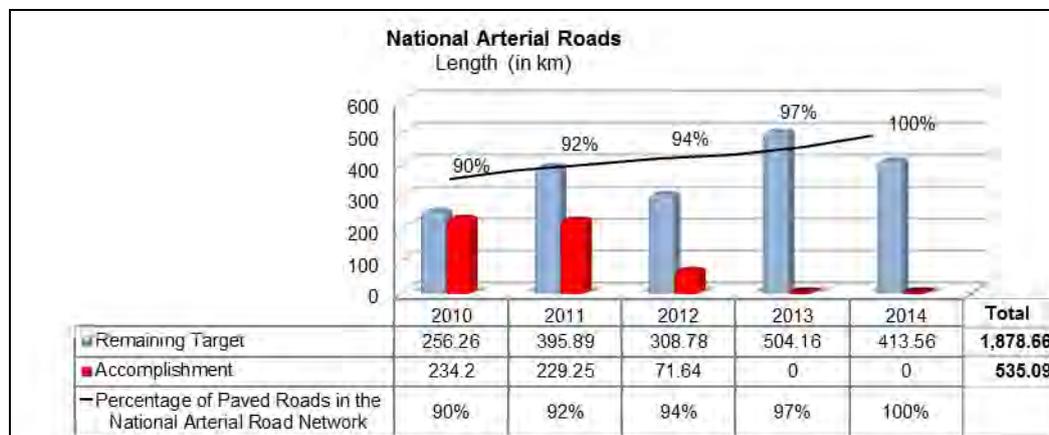
Source: Department of Tourism (DOT)

- Foreign tourist receipts reached US\$2.99 billion in 2011, a 20 percent increase from US\$2.49 billion in 2010. The Puerto Princesa Underground River in Palawan has been voted as one of the *New7Wonders of Nature* in April 2012, besting more than 440 candidate sites from 220 countries.

<sup>14</sup> The P1.9 trillion tourism receipts is the total expenditure of both foreign and domestic tourists. This is computed as follows: foreign tourists - 10 million visitors x P4,383 average daily expenditure x 9.2 nights average length of stay; and domestic tourists - 142 million trips x P11,167 total expenditure.

<sup>15</sup> The 6.8 million employment is computed based on the Input/Output Simulator Model developed by Japan International Cooperation Agency (JICA) for NEDA in computing the direct, indirect, and induced employment based on expenditure in the economy. The model assumes that both domestic and foreign tourist expenditure create employment in various sectors of the economy. The computation is generated by the system once the total expenditure is inputted.

- *Intensified Infrastructure Development.* The government has frontloaded the release of budget for infrastructure in 2012, with 68.7 percent or P141.28 billion of the P205.80-billion 2012 infrastructure program released as of 31 May 2012. The frontloading of infrastructure spending resulted in the 62.2 percent growth in the gross value of public construction in the first quarter of 2012 and contributed to the 189,000 increase in employment in the construction subsector in April 2012.<sup>16</sup>
  - Completed transport linkages that improved connectivity
    - Completed 43 port development and improvement projects worth P1.93 billion as of June 2012, which improved direct access to 13 tourism clusters. These include ports in Palawan (Culion Port), Camarines Sur (Sangay Port), Cebu (Cebu Baseport), and Samal, Davao (Tagpopongan Port).
  - Upgraded the quality and safety of national roads and bridges to provide connectivity to all Filipinos for their economic and social activities.
    - The government targets to completely pave by 2016 the 31,242 km national road network<sup>17</sup> (i.e., 7,239 km unpaved sections of the national arterial and national secondary road network). As of May 2012, the following have been accomplished:
      - Paved 535.09 km of unpaved sections of national arterial roads from January 2010 to May 2012. This is 55.68 percent of the 960.93 km target for 2010-2012 and 28.48 percent of the 1,878.66 km overall target until 2014.

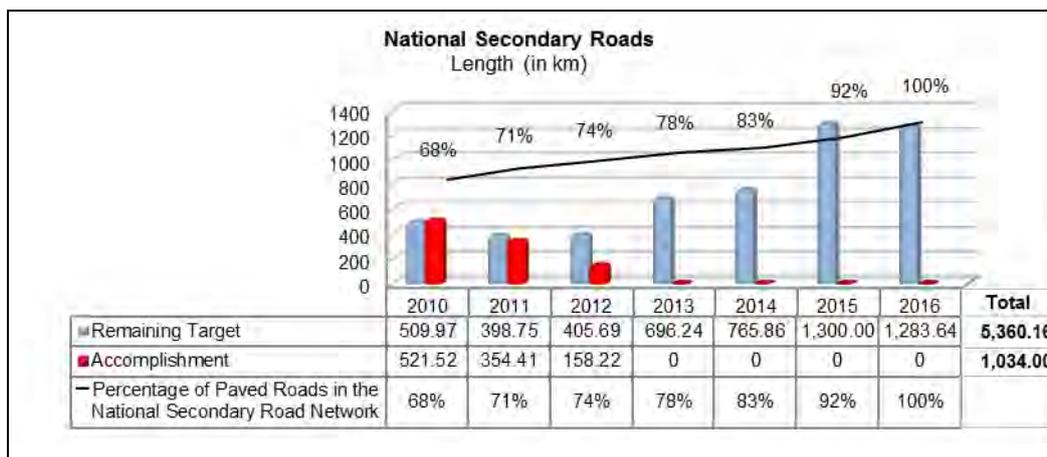


(Note: Figures may not add up due to rounding. Accomplishment is reported based on the year of the budget allocation and not on the date of completion.) Source: DPWH

- Paved 1,034.15 km of unpaved sections of national secondary roads from January 2010 to May 2012. This is 78.68 percent of the 1,314.41 km target from 2010-2012, and 19.29 percent of the 5,360.16 km overall target until 2016.

<sup>16</sup> The 189,000 figure was derived from subtracting 2.123 million from 2.312 million (April 2012).

<sup>17</sup> The national road network is based on the 2010 Road Condition Data and is composed of 15,872 km national arterial road and 15,370 km national secondary road. The targets exclude newly converted national roads and constructed gap sections along predetermined road alignment in 2011 and succeeding years.



(Note: Figures may not add up due to rounding. Accomplishment is reported based on the year of the budget allocation and not on the date of completion.) Source: DPWH

- Overall, the DPWH completed the following road projects from July 2010 to May 2012:

Completed Projects (July 2010 to May 2012)	National Roads (in km)	Local Roads (in km)	Total (in km)
Paved	1,569*	827	2,396
Constructed (New)	252	272	524
Widened	318	127	445
Rehabilitated/Maintained	2,863	311	3,174
<b>Total</b>	<b>5,002</b>	<b>1,537</b>	<b>6,539</b>

(\*This is composed of national roads paved from January 2010 to May 2012.) Source: DPWH

- The government targets to make permanent all temporary bridges along national roads by 2016.

Scope of Work	Budget Year Targets (in lineal meters)						Total
	2011	2012	2013	2014	2015	2016	
Replacement of Temporary Bridges	2,904	2,286	3,459	1,730	1,730	1,730	13,839
Replacement of Damaged Permanent Bridges	917	2,058	5,009	4,851	4,435	2,455	19,725
Construction of New Bridges	5,561	3,617	880	5,638	2,522	36	18,255
Widening of Existing Bridges	715	548	965	4,870	2,352	2,785	12,236
Rehabilitation of Permanent Bridges	2,449	6,067	9,130	13,410	11,610	10,926	53,592
<b>Total</b>	<b>12,547</b>	<b>14,576</b>	<b>19,443</b>	<b>30,499</b>	<b>22,649</b>	<b>17,932</b>	<b>117,647</b>

(Note: Figures may not add up due to rounding.) Source: DPWH

From July 2010 to end-May 2012, the DPWH has accomplished the following:

Completed Projects (July 2010 to May 2012)	National Bridges (in km)	Local Bridges (in km)	Total (in km)
Made Permanent	2,297	419	2,716
Constructed (New)	7,495	2,340	9,835
Rehabilitated/Strengthened	6,458	1,839	8,297
<b>Total</b>	<b>16,250</b>	<b>4,599</b>	<b>20,849</b>

(Note: Figures may not add up due to rounding.) Source: DPWH

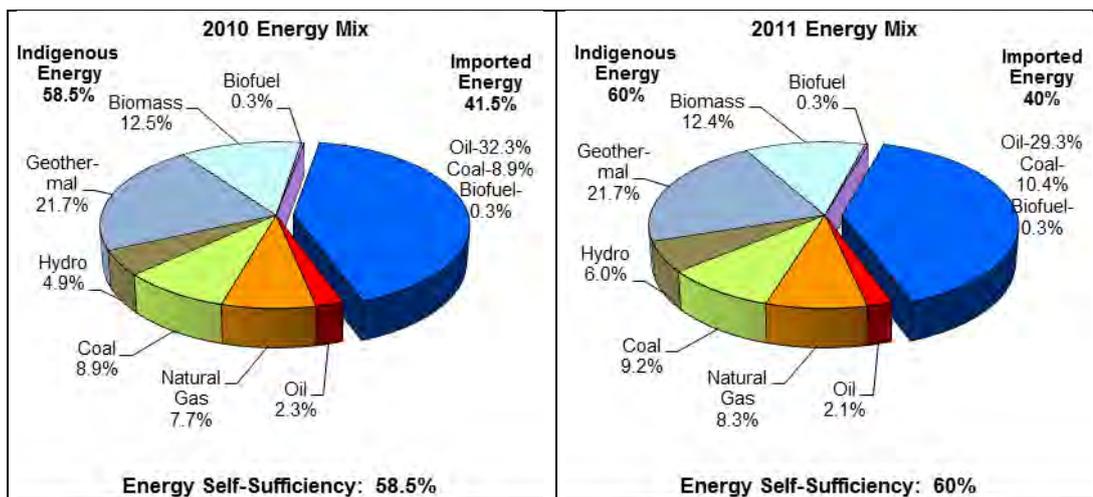
- The government worked towards reducing traffic congestion, road-accidents, and property damages in Metro Manila through, among others, the Metropolitan Manila Development Authority (MMDA) Traffic Signalization System, which accomplished the following:
  - Provided new traffic signal facilities to nine major intersections<sup>18</sup> as of July 2012, with an additional 73 intersections programmed to be installed with timers this year.
  - Retrofitted traffic lights with LED bulbs in 159 intersections as of 08 May 2012.
  - Launched the first digitized traffic information system in August 2011 in partnership with the TV5 Network. The Traffic Navigator delivers updated traffic conditions as well as flood incidents and traffic accident reports along key intersections and major thoroughfares. The system currently monitors nine major roads.<sup>19</sup> Its website (*mmdatraffic.interaksyon.com*) registers an average of 8,020 daily unique visits.
- Pursued an energy strategy geared towards energy self-sufficiency, affordability and stability. The country currently has an installed capacity<sup>20</sup> of 16,162 Megawatts (MW) (with available capacity<sup>21</sup> at 14,113 MW as of May 2012) and a projected total demand of 14,400 MW from 2011 to 2030. To date, government has:
  - Improved Philippine energy self-sufficiency in 2011, achieving the 60 percent target for the year, with a balanced energy mix that is less exposed to volatile market prices.

<sup>18</sup> These intersections are: (1) EDSA/Ayala; (2) EDSA/Pasay Road; (3) MIA Road/Imelda Avenue; (4) Roxas Boulevard/UN Avenue; (5) C.P.Garcia/Katipunan; (6) Commonwealth Avenue/TandangSora; (7) Nagtahan/Otis; (8) RMB/Lacson (Nagtahan); and (9) Roxas Boulevard in front of Rizal Monument.

<sup>19</sup> These roads are: (1) EDSA; (2) Commonwealth Avenue; (3) Quezon Avenue; (4) España Boulevard; (5) Circumferential Road 5 or C-5 Road; (6) Ortigas Avenue; (7) Marcos Highway; (8) Roxas Boulevard; and (9) South Luzon Expressway.

<sup>20</sup> Installed Capacity refers to the maximum amount of electricity that a generating unit in a power plant facility can produce.

<sup>21</sup> Available Capacity refers to the "current state" or capability of a particular generating unit in a power plant facility to produce electricity. This can be affected by various factors (e.g., water elevation for hydro power plants, availability of fuel, mechanical or electrical failures).



Source: Department of Energy (DOE)

- Secured the supply of a total of 1,172 MW in committed power projects from 2012-2016, broken down as follows: 654 MW in Luzon, 232 MW in Visayas, and 286 MW in Mindanao. Moreover, investments in the power generation sector reached US\$3 billion for the 12 power generation plants commissioned from 2010-2012 (total capacity of 1,272 MW).
- Addressed the Mindanao power situation through the following:
  - Completion of the preventive maintenance of Pulangi IV (220 MW) ahead of schedule, bringing the average shortage to 150 MW from an average of 350 MW during the Pulangi outage.
  - Completion of the repair of Agus VII Unit 2, restoring 10 MW to the Mindanao grid.
  - Proposed upgrading of Agus VI (Units 1 and 2) amounting to P2.6 billion. Once completed, the power plant's capacity will increase by 19 MW from 50 MW to 69 MW. The project was approved by the NEDA Board on 22 March 2012 and is expected to be completed by December 2014.
- Promoted the development of alternative energy sources:
  - Auto-LPG Program - 19,052 auto-LPG taxis and 229 refilling stations accredited for commercial operation as of April 2012.
  - Natural Gas Vehicle Program for Public Transport - 6 bus operators with combined total of 61 compressed natural gas (CNG) buses accredited for commercial operation as of April 2012. Of this number, 34 have franchises while the remaining 27 CNG buses are in the process of securing franchises.
  - Biofuels Program - 12 biofuel producers accredited as of April 2012.
- Provided electricity to *sitios*. The government targets to provide electricity to 32,441 *sitios* (1,559,833 households)<sup>22</sup> by 2015.

<sup>22</sup> Data on the number of households is a moving target, which is computed based on the population growth.

- From October 2011 to 10 July 2012, a total of 2,395 *sitios* were provided with electricity utilizing P1.4 billion or an average of P583,559.00 per *sitio*. In 2008, the government spent an average of P870,000.00 to electrify a *sitio*.
- Pursued PPP to support the development of vital infrastructure and harness private sector resources in support of infrastructure development.
  - Bid out and awarded the P1.96 billion Daang Hari-South Luzon Expressway (SLEX) Link Road Project to the Ayala Corporation in 18 months, the fastest PPP project to be launched in the past four (4) Administrations.<sup>23</sup> Construction of the project is ongoing and is targeted to be operational by November 2013.
  - Launched the following projects:

Project Name	Description	Status/Timeline (as of 18 July 2012)
1. PPP for School Infrastructure - Batch I	<ul style="list-style-type: none"> <li>• Construction of 9,301 classrooms (60 percent one-storey, and 40 percent two-storey) in Regions I, III, and IV-A, for 418,545 students<sup>24</sup> as part of the efforts to eliminate the 66,800 classroom backlog.</li> </ul>	<ul style="list-style-type: none"> <li>• Bidding ongoing</li> </ul>
2. LRT Line 1 - Cavite Extension	<ul style="list-style-type: none"> <li>• Extension of the LRT1 from Baclaran to Bacoor, Cavite (total of 11.7 km)</li> <li>• Will decongest traffic in Las Piñas, Parañaque, and Cavite</li> <li>• Will increase ridership from 566,715 passengers per day to 820,389 passengers per day by 2015</li> </ul>	<ul style="list-style-type: none"> <li>• Published the invitation to pre-qualify to bid (ITPB) on 4 June 2012</li> <li>• Deadline of submission of pre-qualification documents by interested bidders on 22 August 2012</li> </ul>
3. NAIA Expressway - Phase II	<ul style="list-style-type: none"> <li>• Construction of a 7.15 km, 4-lane elevated expressway that will provide fast and reliable access to and from the three (3) NAIA terminals, and connect the SLEX/Skyway with the Manila-Cavite Toll Expressway, Roxas Boulevard, Diosdado Macapagal Boulevard, and the proposed PAGCOR Entertainment City</li> <li>• Will benefit 80,000 travellers per day and is expected to reduce travel time from Skyway to NAIA Terminal 1 from 24.3 minutes to 8.2 minutes</li> </ul>	<ul style="list-style-type: none"> <li>• Approved by the NEDA Board on 30 May 2012</li> <li>• MOA between DPWH and PAGCOR was signed on 18 July 2012</li> <li>• Target construction period: January 2014 to December 2015</li> </ul>

<sup>23</sup> The first PPP of the previous administration was launched after two years. The power PPPs during the Ramos administration were bid out using the special powers granted to the executive and came in after a year. There was no PPP project during the Estrada administration.

<sup>24</sup> Computation of students that will benefit from the project is based on the 1:45 *classroom-student ratio*.

- In addition, the following projects that will improve connectivity to markets and tourist destinations are also under processing and shall be completed before the end of the Aquino administration:

Project Name	Description	Status/Timeline (as of July 2012)
<b>Road Projects</b>		
1. NLEX-SLEX Link Connector Road (Metro Pacific Tollways Development Corporation)	<ul style="list-style-type: none"> <li>• Construction of a 13.4 km, 4-lane elevated expressway that will link NLEX and SLEX, connecting with the NAIA terminals through the NAIA Expressway</li> <li>• Will utilize mainly the existing PNR alignment as its route</li> <li>• Will decongest traffic in Metro Manila and provide better access to Manila ports</li> </ul>	<ul style="list-style-type: none"> <li>• For submission to the NEDA-ICC in August 2012</li> <li>• Target construction period: 2014 to 2015</li> </ul>
2. Metro Manila Skyway Stage 3 (CITRA Metro Manila Tollways Corporation)	<ul style="list-style-type: none"> <li>• Construction of a 14.2 km, 6-lane elevated expressway, with 8 interchanges/ramps and 15 toll plazas, that will link NLEX and SLEX</li> <li>• Will decongest EDSA by serving as an alternative route</li> </ul>	<ul style="list-style-type: none"> <li>• For submission to the NEDA-ICC in 2012</li> <li>• Target construction period: 2013 to mid-2015</li> </ul>
<b>Airport Development Projects</b>		
3. Puerto Princesa Airport	<ul style="list-style-type: none"> <li>• Upgrading of the airport to increase its capacity from 1 million passengers per year to 2 million passengers per year.</li> <li>• Will serve as the gateway to Palawan.</li> <li>• Will support tourism in the Puerto Princesa Underground River</li> </ul>	<ul style="list-style-type: none"> <li>• Short bidding process ongoing; expected to conclude by the 3rd quarter of 2012</li> <li>• Target start of construction: 3rd quarter of 2013; completion by October 2015</li> </ul>
4. Mactan Cebu International Airport Passenger Terminal	<ul style="list-style-type: none"> <li>• Construction of new separate domestic and international passenger terminal buildings to accommodate growing passenger demand</li> </ul>	<ul style="list-style-type: none"> <li>• Project structuring with PPP advisor ongoing.</li> <li>• For submission to NEDA in July to August 2012</li> </ul>
5. New Bohol (Panglao) International Airport	<ul style="list-style-type: none"> <li>• Will replace the Tagbilaran Airport as the gateway to the province of Bohol</li> <li>• Will accommodate the projected 1.45 million passengers by 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Submitted to the NEDA-ICC on 15 June 2012</li> <li>• Target start of construction: mid-2013; completion by July 2016</li> </ul>
6. NAIA Terminal 3 Operationalization	<ul style="list-style-type: none"> <li>• Commissioning of 23 electro-mechanical systems necessary for the full operation of the NAIA Terminal 3</li> </ul>	<ul style="list-style-type: none"> <li>• Target date of full operationalization of NAIA 3: mid-2013</li> </ul>

- On top of these, the following infrastructure projects will also be completed before the end of the Aquino administration:

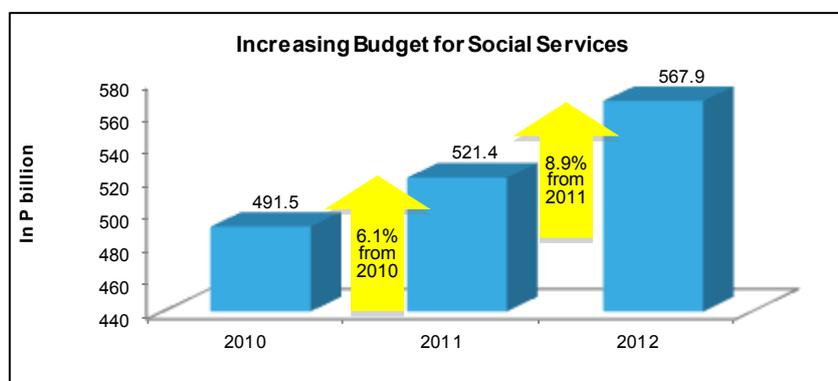
Project Name	Description	Status/Timeline (as of July 2012)
<b>Airport Development Projects</b>		
1. Caticlan Airport	<ul style="list-style-type: none"> <li>Extension of the airport's runway; construction of landside facilities, and other airport development works</li> </ul>	<ul style="list-style-type: none"> <li>Improvement/upgrading of existing terminal and upgrading of airport facilities were inaugurated on 25 June 2011</li> </ul>
2. Laguindingan Airport	<ul style="list-style-type: none"> <li>Replacement of 2 domestic airports with terrain and weather restrictions, to enhance accessibility and tourism to Misamis Oriental and Cagayan de Oro</li> </ul>	<ul style="list-style-type: none"> <li>Target Transaction Structuring and NEDA approval of the O&amp;M: 2012</li> <li>Target end of construction: December 2013</li> </ul>
3. Bicol International Airport (Daraga)	<ul style="list-style-type: none"> <li>Will replace the Legaspi Airport as the gateway to the Bicol province</li> </ul>	<ul style="list-style-type: none"> <li>Endorsed by the NEDA-ICC Technical Board for approval on 18 June 2012, pending compliance with NEDA-ICC requirements</li> <li>Expected to be completed by the 3rd Quarter of 2015</li> </ul>
4. Other airport development projects:		
Butuan, Agusan del Sur; Cotabato Airport, Maguindanao; Dipolog Airport, Zamboanga del Norte; Pagadian Airport, Zamboanga del Sur; Sanga-Sanga Airport, Tawi-Tawi; Maasin Airport, Southern Leyte; and San Vicente Airport, Palawan.	<ul style="list-style-type: none"> <li>Construction, rehabilitation, and/or expansion of seven (7) other airports</li> </ul>	<ul style="list-style-type: none"> <li>Issued Invitation to Bid on 14 June 2012</li> </ul>
Tagbilaran; Legazpi; Dumaguete; Butuan; Ozamis; Cotabato; Naga; Dipolog; Roxas; Pagadian; Tuguegarao; Busuanga; Surigao; and San Jose, Mindoro	<ul style="list-style-type: none"> <li>Night-rating of 14 provincial airports to redistribute flight schedules and decongest the passenger traffic at NAIA as domestic flights that usually corner a huge slot in the day departures/arrivals can now be scheduled later in the day</li> </ul>	<ul style="list-style-type: none"> <li>Targeted date of completion: 3rd to 4th quarter of 2013</li> </ul>
<b>Integrated Transport System</b>		
5. Metro Manila Integrated Transport System (ITS)	<ul style="list-style-type: none"> <li>Construction of three (3) provincial bus terminals in the outskirts of Metro Manila (one in the North, two in the South) to eliminate the 7,300 provincial buses plying the metropolis on a daily basis.</li> </ul>	<ul style="list-style-type: none"> <li>Project feasibility study is ongoing; start of construction targeted by 2013, and expected to be completed by 2016</li> </ul>

Project Name	Description	Status/Timeline (as of July 2012)
	<ul style="list-style-type: none"> <li>➤ North terminal: NHA-Ayala property, near Trinoma Mall, Quezon City;</li> <li>➤ South-South Luzon Expressway (SLEX) terminal: Food Terminal Incorporated (FTI) property along SLEX, Taguig City; and</li> <li>➤ South-Coastal terminal: Philippine Reclamation Authority (PRA) property along Coastal Road, Paranaque City</li> </ul> <ul style="list-style-type: none"> <li>• The bus terminals will be linked to the available rail network to maximize seamless transportation</li> </ul>	

### 3. HUMAN DEVELOPMENT AND POVERTY REDUCTION FOR INCLUSIVE GROWTH

#### 3.1 Increased the Budget for Social Services

The government’s commitment to inclusive growth translates to increasing resources for social services to provide a lifeline to the poor and at the same time capacitate them to contribute their share to national development.



Source: DBM

#### 3.2 Strengthened the Capacities of the Poor and Marginalized

- Enhanced and widened the coverage of the *Pantawid Pamilyang Pilipino* Program through substantial increases in budget allocation.

### Comparative Annual Performance of *Pantawidamilya*

Year	Budget (in P billion)	Registration of Households			Cash Grants	
		Registered	Target	%	Released (in P billion)	Household Beneficiaries
2010	10.00	1,035,431	1,015,000	102.01	10.22	1,028,794
2011	21.19	2,345,639	2,339,241	100.27	17.13	2,315,301
2012	39.44	3,014,586 (as of June)	3,106,979 (for 2012)	97.03	13.51 (Jan-Jun)	2,947,142

Source: DSWD

- The Program's initial impact study reveals promising results, among them are the following: 1,672,943 mothers have been regularly submitting themselves for health check-ups; 1,672,814 children have been vaccinated against diarrhea, polio, measles, among others; and 4.57 million poor children are now regularly attending classes.
- Implemented the Student Grants-in-Aid Program for Poverty Alleviation, a P500-million convergence program among the Commission on Higher Education (CHED), DSWD, and Department of Labor and Employment (DOLE) to enable families from the identified 609 poorest municipalities to have at least one college-educated member, and whose families are provided with essential support services to ensure completion of their studies. For 2012, CHED targets 4,041 beneficiaries (or grantees), who will be provided with full tuition, allowances, and other support services.
- Extended P500 monthly pension to senior citizens to augment their daily subsistence and medical needs pursuant to RA 9994, or the "*Expanded Senior Citizens Act of 2010*." Beneficiaries are those identified under the National Household Targeting System for Poverty Reduction (NHTS-PR).

### Social Pension Program Accomplishment, 2011-2012

Year	Budget (in P million)	Target	Beneficiaries	
			Served	Accomplishment
2011	833.76	138,960	134,742	97%
2012	1,120.00	185,914	163,815	88%

(as of June)

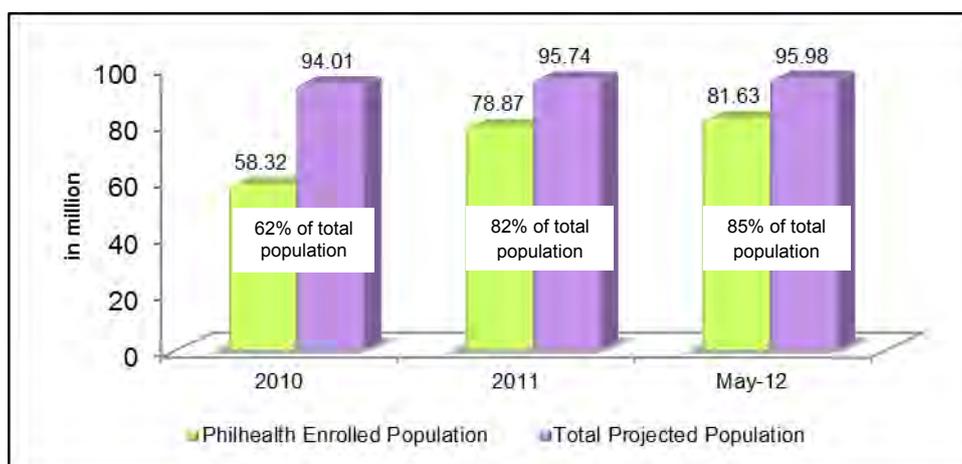
Source: DSWD

- Implemented the Supplementary Feeding Program (SFP) for children enrolled in government day care centers. For SY 2011-2012, a total of 1,745,079 children were served or 99.81 percent of the actual number of 1,748,327 enrolled day care children. The SFP complements the government's Early Childhood Care and Development Program by improving and sustaining the nutrition of pre-school children.
- Adopted the National Convergence Initiative (NCI) for Sustainable Rural Development to address the fragmented delivery of agriculture and rural development services to marginalized farmers and fisher folks. Under the NCI:
  - 128,558 ha of forest lands out of the 1.5 million ha-target by 2016 have been planted with trees;

- 335,078 individuals have already benefitted from NCI’s interface with DSWD’s *Pantawid Pamilya*, wherein beneficiaries either plant or take care trees as an added condition to their cash grants;
- The private sector has also taken an active part in the NCI by providing communities coffee and cacao seeds as well as appropriate management technologies. The produce of communities will then be bought by these participating private companies, thereby ensuring profit for the communities as well as steady supply of raw materials for the companies.

### 3.3 Enhanced Public Health Protection

- Increased PhilHealth enrollment to improve access to government’s health services.



Source: PhilHealth

- As of May 2012, PhilHealth has covered 100 percent of the 5.2 million NHTS-PR-identified poor households.
- Implemented the following to provide greater financial risk protection, especially to the poor:
  - Case Rate Payment Scheme packages:
    - *The 23 Case Rates Package*. In September 2011, PhilHealth adopted a mechanism that packages payment for health interventions for 23 of the most common medical cases and surgical procedures in the country, such as dengue, pneumonia, asthma, typhoid fever, radiotherapy, caesarean section, and cataract operation; and
    - *The Z Benefit Package*. Launched on 02 July 2012 and implemented in 22 government hospitals nationwide, it comprehensively covers catastrophic diseases to help defray the high cost of treatment that usually causes severe financial burden to patients and their families.

Z Diseases	Cost of Subsidy (in P)	Services
1. Early Stage <b>Breast Cancer</b> (Stage 0-3A)	100,000	Cardiopulmonary (CP) clearance surgery, chemotherapy, and radiation therapy

2. Standard Risk <b>Childhood Acute Lymphoblastic Leukemia (ALL)</b>	210,000 in three (3) years	Complete course of chemotherapy, essential laboratory examinations and blood support
3. Low to Intermediate risk <b>Prostate Cancer</b>	100,000	CP clearance and surgery, laboratory examinations, hormone therapy and radiation treatment

Source: PhilHealth

- The No Balance Billing (NBB) Policy was adopted in September 2011 for beneficiaries belonging to the Sponsored Program, which is composed of the NHTS-PR and the LGU-identified indigents. The policy prohibits government health facilities from charging any fee exceeding the 23 case rates package. The NBB policy was later applied to the Z Benefit Package.
- The Fixed Co-payment Scheme Policy was adopted in July 2012 to cover the Z Benefit Package, whereby PhilHealth members (not belonging to the Sponsored Program), will only pay charges based on a fixed schedule of fees, in the event that hospitalization bills exceed the cost of subsidy allocated for the Z Disease.
- Introduced the Rotavirus Vaccine in the routine immunization program of the government—a first in Southeast Asia. The vaccine is the best protection against severe diarrhea among children, and is expected to significantly reduce the incidence of child mortality. For 2012, the DOH targets to immunize 700,000 infants aged 6 to 15 weeks old who belong to the NHTS-PR households.
- Deployed nurses under the Registered Nurses for Health Enhancement and Local Service (RNHeals) Program to poor, remote, unserved, and underserved areas, such as the 1,021 *Pantawid Pamilya* areas identified by the DSWD and the 609 priority municipalities identified by NAPC, as well as in DOH's Basic Emergency and Neonatal Care (BEMONC) facilities nationwide.<sup>25</sup>

**RNHeals Program**

	No. of Nurses Deployed	Target	Budget (in P billion)	Period of Deployment
Batch 1	9,518	10,000	0.96	Feb 2011-Feb 2012
Batch 2	11,283	11,500	1.40	Oct 2011-Dec 2012
Batch 3	10,000	10,000	0.82	Mar-Dec 2012
<b>Total</b>	<b>30,801</b>	<b>31,500</b>	<b>3.18</b>	-

Source: DOH

- Dispatched Community Health Teams (CHTs) or health groups spearheaded by a midwife or nurse, together with barangay health workers, nutrition scholars, trained birth attendants, and other community volunteers, to provide direct assistance to underserved Filipino families nationwide, especially the *Pantawid Pamilya* beneficiaries. CHTs help these beneficiaries assess and address their health risks and needs through: a) the provision of information and guidance on key family health messages; b) linking household members to appropriate health service providers and facilities; and c) facilitating their enrolment and availment of PhilHealth benefits. As of 13 July 2012, 11,751 CHTs, or 58,224 CHT members were dispatched nationwide.

<sup>25</sup> Only 21,283 nurses are currently deployed nationwide, considering that the 1-year service of the 9,518 nurses in Batch I has already expired.

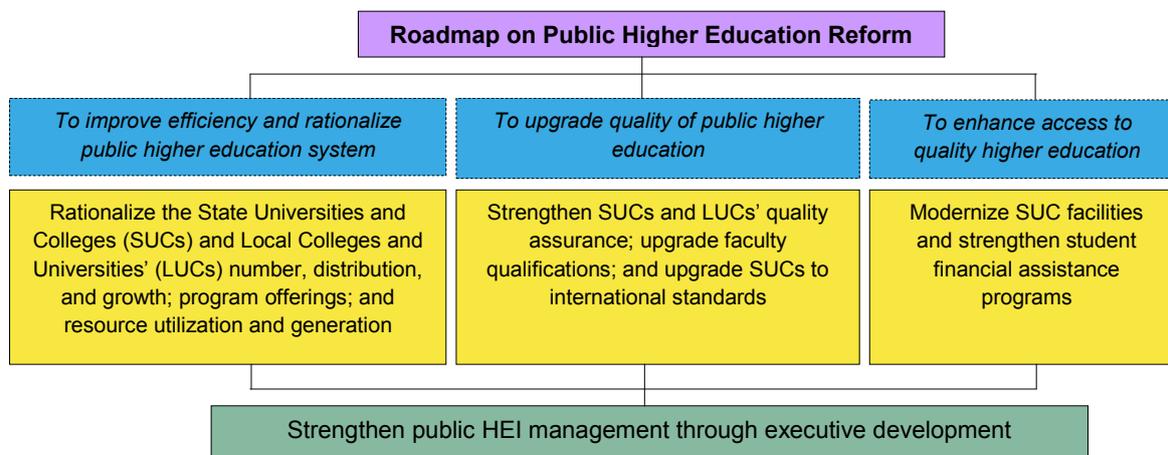
### 3.4 Ensured Access to Quality Education

- Sustained budget increases for primary and tertiary education from SY 2010 and the proposed 2013 budget:

	Budget (in P billion)
Basic Education	292.7 (2013*) 177.0 (2010)
SUCs	37.13 (2013*) 21.03 (2010)

Source: DBM (\*As proposed)

The President also released P4.28 billion<sup>26</sup> under the Disbursement Acceleration Plan for the implementation of the “Roadmap on Public Higher Education Reform.”



Source: CHED

- Adopted the K to 12 Program in response to the need to improve the competitiveness of the country’s graduates as the ten-year basic education cycle is seen as inadequate for work and higher education. The program seeks to provide more time for mastery of concepts and skills, to develop lifelong learners, and to prepare graduates for tertiary education, middle-level skills development, employment, and entrepreneurship.

Starting SY 2012-2013, kindergarten education was made mandatory through RA 10157, “An Act Institutionalizing the Kindergarten Education into the Basic Education System and Appropriating Funds Therefor” signed on 20 January 2012. Grades 1 and 7 entrants (or incoming first year high school) will be the first to undergo the K to 12 elementary and junior high school curriculum, respectively.

- Reduced backlogs in classrooms, seats and textbooks:
  - Classrooms. By end 2013, the DepEd would have erased the 66,800 classroom backlog that was inherited from past Administrations, with the help of partners from the public and private sectors. The estimated cost for this is P53.44 billion. The private sector will assist in erasing the classroom backlog, through PPP for School Infrastructure Project.

<sup>26</sup> Of the P4.2 billion, P3.356 billion will support institutional capacity building activities in leading SUCs through upgrading key infrastructure and facilities, modernizing HE facilities to upgrade the developing SUCs, grant-in-aid for research, development and extension, and executive development.

- School Seats. School seat shortage decreased from 2,573,212 in SY 2010-2011 to 1.29 million in SY 2011-2012. Expected to be completed within 2012, the on-going delivery of 1.58 million school seats will lead to an excess of 290,865 seats. This will cost P2.31 billion.
- Textbooks. Delivery of the 61.76 million textbooks is ongoing and expected to be completed within 2012, to achieve an unprecedented 1:1 textbook to pupil ratio for both elementary and high school. This will cost P2.49 billion.
- Increased funding for the Government Assistance to Student and Teachers in Private Education (GASTPE), to extend financial assistance to deserving elementary school graduates who wish to pursue their secondary education in private schools. For SY 2012-2013, P6.29 billion was allocated to cover 930,000 students, with students outside the National Capital Region (NCR) getting P6,500 per annum and students in the NCR getting P10,000 per annum.

**Budget Allocation for GASTPE**

SY	Appropriations (in P billion)	Targets	Recipients
2010-2011	3.94	690,000	690,000
2011-2012	5.83	751,000	697,800
2012-2013	6.29	930,000	644,383*

*\*Partial data only. Final data shall be available after 15 August 2012, the deadline for participating private schools to submit their reports.  
Source: DepEd*

### 3.5 Created Jobs and Improved Workers' Skills

- Enhanced workers' protection through stricter implementation of labor laws.
  - In November 2011, DOLE issued Department Order No. 18-A (s. 2011) to address the inimical practice of certain employers in repeatedly hiring workers on a 5-6 month employment scheme, thereby undermining their right to security of tenure. Since its issuance, some 1,666 contractors or subcontractors were compelled to correct labor standards violations resulting in restitutions amounting to P2,381,539.08 and benefitting 1,532 workers.
  - Allocated an additional P139.76 million for the hiring of additional labor inspectors to bring their number from 224 to 564, to meet the ideal number of one labor inspector for every 120 establishments, an improvement from the previous 1:300 ratio.
- Strengthened jobs-generating efforts and improved worker capacities to ensure sustainable employment:
  - Generated some 1.238 million jobs (infra: 515,682; non-infra: 722,543) through the Community-Based Employment Program in 2011. Most of these jobs were from NCR (10.4 percent) and Regions III (8.0 percent) and IV-A (8.8 percent), where the highest unemployment rates were recorded in 2011. The program is expected to generate 3.74 million jobs by end 2012, of which, 2.36 million jobs will come from infrastructure projects and almost 1.38 million jobs from non-infrastructure projects.

- Provided alternative job opportunities to TESDA graduates through the TESDA Specialista Technopreneurship Program, launched in November 2011, through which some 5,240 TESDA Specialistas are assured of an average daily earning of P562 each, which is higher than the average daily basic pay of P317 a day. Thus, a TESDA Specialista earns an average weekly income of P2,810 or a monthly income of P11,240.
  
- Strengthened efforts to address jobs-skills mismatch and ensured ready supply of skills through the four major convergent programs of DOLE, TESDA, CHED and DepEd, such as the Education and Training Curriculum Review; Philippine Qualifications Framework (PQF); career advocacy; and, timely labor market information (LMI).
  - *Intensified Employment Facilitation.* There were 1.444 million jobseekers given employment in 2011 out of the targeted 1 million individuals to be placed (144 percent accomplishment rate). In addition, 1 million jobseekers are expected to be employed in 2012 through the Public Employment Service Offices (PESOs) and Private Recruitment Agencies (PREAs).
  
  - *Enhanced Advocacy on Career Guidance.* In 2011, 57 Career Guidance Networks were established with 2,350 members nationwide. For the same period, a total of 1,164 career orientations were conducted with 213,280 participants. Meanwhile, for 2012, two networks of career guidance counselors have been added to the existing career guidance networks. From January to March 2012, 2,188 career orientations have been held with 372,659 participants.
  
  - *Ensured timely Labor Market Information in the PHIL-JobNet.* For 2011, there were about 844,687 vacancies posted in the PHIL-JobNet website, with 287,665 job applicants. Meanwhile, a total of 485,113 vacancies were posted from January to June 2012 with a total of 728,881 job applicants.
  
- Boosted TESDA’s Training for Work Scholarship Program (TWSP) through an additional P1.1 billion budget under the 2011 Disbursement Acceleration Program (DAP), benefitting 225,764 individuals for the first half of the year, which is higher than the number of beneficiaries in 2010 and 2011 combined. From July 2010 to 2012, there was a total of 434,676 program beneficiaries.

FY	Funding Source	No. of Beneficiaries	Total No. of Beneficiaries/Period
2010	P700 Million Annual Fund	98,727	
2011	P700 Million Annual Fund	110,185	
<b>Number of Beneficiaries for 2010 and 2011</b>			<b>208,912</b>
2012	P700 Million Annual Fund	79,967**	
	P1.1 Billion DAP Fund*		
	- P500 Million for IT-BPO	70,634	
	- P600 Million for the Other Priority Sectors	75,163	
<b>Number of Beneficiaries for 2012 (Jan-Jun)</b>			<b>225,764</b>
<b>TOTAL</b>			<b>434,676</b>

\*Funding was released in October 2011, continuing appropriation until December 2012.

\*\*As of 30 June 2012.

Source: TESDA

- Aggressively implemented the Technical and Vocational Education and Training (TVET) Programs, reaching 2.74 million graduates under the Aquino Administration, with an average per capita cost of P2,429 per graduate, much lower than the per capita cost in previous years:

Period	Budget	Accomplishment		Average Per Capita Cost
	Amount (in billion)	Total TVET Graduates	Per Capita Cost/Period	
<b>2009</b>	P8.144	1,903,793	<b>P4,278</b>	<b>P4,074</b>
<b>2010</b>				
Jan-Jun	P1.331	421,980	<b>P3,154</b>	
Jul-Dec	P1.559	922,391	<b>P1,690</b>	
<b>2011</b>	P3.938	1,332,751	<b>P2,955</b>	
<b>2012</b>				
Jan-Jun	P1.168	489,194	<b>P2,388</b>	<b>P2,429</b>

Source: TESDA

### 3.6 Committed to Complete the Distribution of Arable Lands

- Distributed 111,889 hectares of arable lands to 63,755 agrarian reform beneficiaries (ARB). The government remains committed to cover the land acquisition and distribution (LAD) balance of 848,304 hectares. To do this, Department of Agrarian Reform (DAR) targets to issue notices of coverage (NOCs) for all landholdings above 10 hectares by the end of December 2012; and for small landholdings (5-10 hectares) by the end of July 2013, subject to the requirements of RA 9700.
- Allocated a total of P1 billion through DA, to give around 25,000 ARBs affordable credit to finance their farm inputs, such as seeds and fertilizers in various crops.
- In compliance with the Supreme Court decision of 24 April 2012, DAR began land distribution in Hacienda Luisita on 18 May 2012, the target completion of which will be within 9 to 11 months.

## 4. SECURITY JUSTICE AND PEACE: BUILDING A LASTING PEACE, A JUST SOCIETY, AND A SECURE NATION

### 4.1 Upgrading Capabilities to Defend National Interests

- *Prioritized AFP Modernization.* Since July 2010, the government has already allocated a total of P28.4 billion and released P17.3 billion for the program, compared to the P33.6 billion released during the three previous administrations (1995-2010).
  - The AFP is undertaking a total of 21 projects, which include:
    - Acquisition of four brand new Combat Utility Helicopters
    - Acquisition of two U.S. Coast Guard Cutters (CGC), namely the BRP Gregorio del Pilar and the BRP Ramon Alcaraz for the Philippine Navy.

#### Expected Delivery of Major Projects

Project	Quantity	Expected Delivery
	<b>2012</b>	
1. Coast Watch System Upgrade		Delivered and Accepted by PN on June 2012

2.	First Forward Medics (Mobile Diagnostic Laboratory Van)		July 2012
3.	PN (M) & PA 81mm Mortar		October 2012
4.	Combat Utility Helicopter	4	November 2012
5.	UH-1H	21	Within 2012
6.	GA 14 Station Bullet Assembly	Sets	Within 2012
7.	GA Case Manufacture and Cartridge Assembly Machine (5.56mm)	Sets	Within 2012
8.	GHQ Geographic Information System I	Lot	Within 2012
9.	Different types of radios for the troops		Within 2012
10.	Different types of rifles and guns		Within 2012
<b>2013</b>			
1.	2 <sup>nd</sup> WHEC	1	January 2013
2.	Multi-Purpose Attack Craft		1st Quarter of 2013
3.	PA Force Protection (such as bulletproof vest, helmets, etc.)		1st Quarter of 2013
4.	Attack Helicopter	10	1st Quarter of 2013
5.	Naval Helicopter	2	Within 2013
6.	Light Lift Aircraft	2	Within 2013
7.	Frigate	1	Within 2013

Source: DND

- The government secured the commitment of the US to support the AFP's Defense Capability Upgrade and Sustainment of Equipment Program, increasing its foreign military financing to US\$30 million for 2012, a 50 percent increase over its original pledge for the year.
- *Pursued counter-insurgency efforts.* The AFP, through its Internal Peace and Security Plan (IPSP) "Bayanihan", has reduced the strength of insurgency groups, from 10,889 in 2010, to 10,540 in 2011. The AFP has also cleared 365 out of the 1,082 communist-affected barangays, and decreased enemy-initiated violent activities. It has likewise repaired a total of 270 schools and other buildings and constructed 74 health centers in conflict areas.

A total of 203 rebels<sup>27</sup> surrendered from July 2010 to April 2012. Also, 1,772 rebels have been prepared for their economic reintegration and disposition of firearms.

#### 4.2 Attaining a Just and Lasting Peace

- *Peace Negotiations.* The Government of the Philippines (GPH) continues to negotiate with various rebel groups to attain a just and lasting peace.
  - GPH – Moro Islamic Liberation Front (MILF)
    - Ten formal exploratory talks were conducted in Kuala Lumpur, Malaysia, since the start of this Administration.
    - On 24 April 2012, the parties crafted the "10 Decision Points on Principles" document, which will guide the discussion on the substantive agenda of the negotiations.
    - On 18 July 2012, the 29th round of Exploratory Talks between the GPH and MILF was concluded. Both parties expressed confidence in wrapping up discussions on mechanisms towards the realization of a new political entity

<sup>27</sup> This include all threat groups, most of them were CPP-NPA-NDF members.

that would replace the ARMM as contained in the April 2012 GPH-MILF Decision Points on Principles. The Parties agreed to meet again in August 2012.

- With the implementation of the ceasefire agreement from 2010-2012, violent encounters have been minimized. Since January 2012, no encounters have been reported.
- GPH – Cordillera Bodong Administration-Cordillera People’s Liberation Army (GPH-CBA-CPLA) Closure Program
  - EO No. 49, s. 2011, was issued mandating the implementation of the Closure MOA which would, for the first time since the peace process began in 1987, lead to the actual and final disposition of arms and forces of an armed group and their transformation into a socio-economic entity.
  - From July 2011 to the present, the government has signed a MOA with six provincial local government units and 12 municipal local governments (as conduits) of Cordillera Administrative Region (CAR) for the implementation of 104 community development and livelihood projects worth P224 million. Implementation of 35 projects is ongoing while the rest are in the pipeline.
- *Ensuring Peaceful and Safe Communities.* The government is enhancing the capability of our police force and promoting their welfare to ensure that they are able to respond to the needs of the communities that they serve and protect.
  - Increased Police Personnel Strength. From 2010-2011, a total of 13,000 Police Officers 1 (PO1) were appointed, increasing the PNP’s personnel strength to 143,104 from 132,493 in 2009. This translates to a police-to-people ratio of 1:671, an improvement over the 1:696 ratio in 2009, and closer to the ideal ratio of 1:500.
  - Closing the Pistol-to-Police Ratio Gap. The PNP is currently processing the procurement of 59,904 short firearms under the PNP Capability Enhancement Program 2011 and 2012. The procurement cost is P200M less than the original P1.198B budgeted amount. The DBM is also processing the acquisition of an additional 14,696 pistols for the PNP to meet the ideal 1:1 ratio.<sup>28</sup>

	2010	2011	2012 (prior to procurement)	2012 (after procurement) <sup>29</sup>
PNP Strength	134,328	143,104	143,104	148,393
SFA Inventory	73,797	73,797	73,797	148,397
Percentage Fill-up	55%	52%	52%	100%
Pistol-to-Police (PP) Ratio	1:2	1:2	1:2	1:1

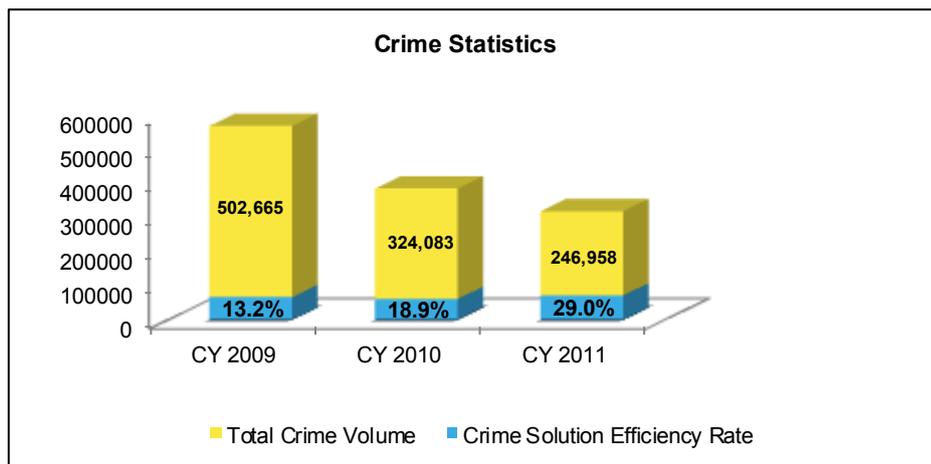
- Improved Crime Situation. Due to the efforts to strengthen the police force and institutionalize standard investigation procedures, crime incidence has declined. For 2011, the PNP recorded a total of 246,958 crime incidents<sup>30</sup> nationwide, a 23.80 percent decrease compared to 2010 and a 50.87 percent decrease

<sup>28</sup> The PNP expects to have the complete batches of deliveries of procured pistols by 2013.

<sup>29</sup> The PNP strength after procurement accounts for projected additional manpower under recruitment.

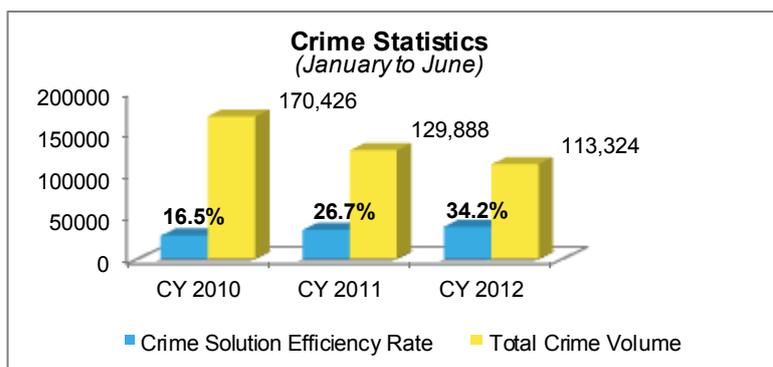
<sup>30</sup> Covers all incidents reported to police precincts.

compared to 2009. Likewise, the PNP has improved its crime solution efficiency (CSE) rate.<sup>31</sup>



Source: Department of the Interior and Local Government (DILG)

There was also a 12.75 percent reduction in the total crime volume from 129,888 in the 1<sup>st</sup> semester of 2011 to 113,324 in the 1<sup>st</sup> semester of 2012, and a 33.5 percent decrease compared to the 170,426 incidents recorded in 2010.



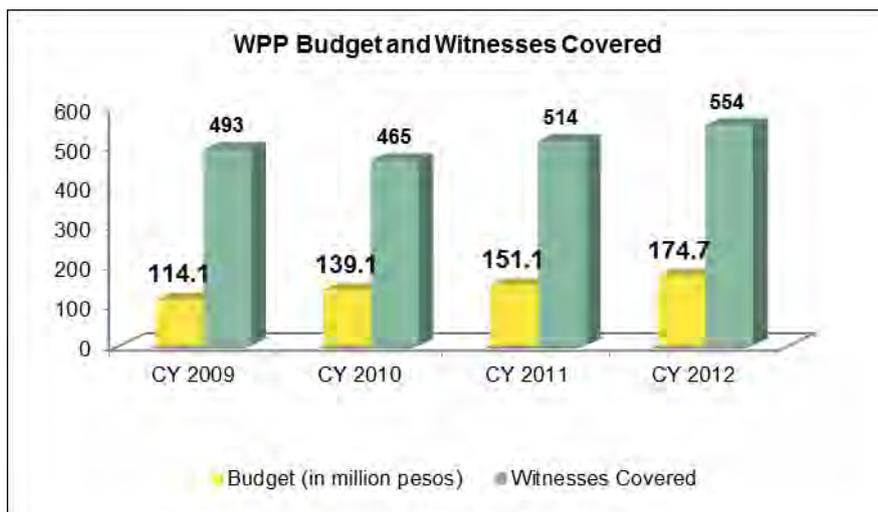
Source: DILG

- **Reduced Carnapping Incidents.** The DILG reported a 56 percent decrease in carnapping incidents to 966 incidents in 2011 from 2,200 incidents in 2010. It also arrested or disbanded 53 carnapping, hijacking, and highway robbery crime groups from July 2010 to June 2012.
- **Campaign against Illegal Drugs.** Significant accomplishments in the campaign against illegal drugs are as follows:
  - The Philippine Drug Enforcement Agency (PDEA) confiscated illegal drugs, controlled precursors, and essential chemicals worth P4.67 billion in 2011, a slight decrease from the previous year’s P4.78 billion.
  - In 2011, PDEA made 10,636 arrests and filed 12,627 cases against suspected drug users, peddlers, and manufacturers. PDEA also neutralized 259 local drug groups.

<sup>31</sup> CSE rate is the percentage of solved cases out of the total number of crime incidents handled by law enforcement agencies for a given period of time. A case shall be considered solved when all of the following elements concur: (1) the offender has been identified; (2) there is sufficient evidence to charge him; (3) the offender has been taken into custody; and (4) the offender has been charged before the prosecutor’s office or court of appropriate jurisdiction.

### 4.3 Judicial Sector Reform and Strengthening the Rule of Law

- *Inclusive Justice.* Government continues to pursue effective crime prevention and detection, increased access to justice for the weak and vulnerable, and greater community participation.
  - Implementation of the Public Attorney’s Office Jail Visitation and Decongestion Program.<sup>32</sup> From July 2010 to April 2012, a total of 40,969 inmates were released from overcrowded jails/prisons nationwide through this program. The national prisons under the Bureau of Corrections (BuCOR) alone housed 36,295 inmates intended for 17,719 inmates by the end of 2011.
- Pursued effective crime prevention and detection, and greater community participation.
  - Strengthening of the Witness Protection Program (WPP). The WPP budget was increased by 15.6 percent from P151.123 million in 2011 to P174.734 million in 2012 to increase its capacity to admit more witnesses and provide additional benefits to the admitted witnesses, thereby encouraging them to stay in the program and sustain their active participation. As of June 2012, the Program covered 559 witnesses.



Source: DOJ

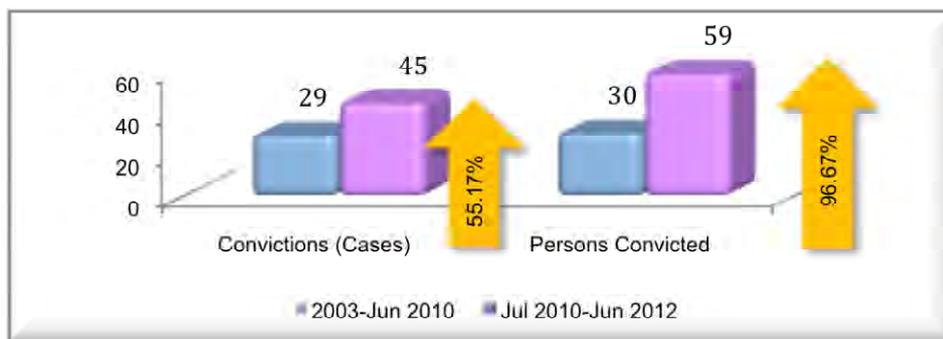
The conviction rate for cases with WPP-covered witnesses increased to 95 percent in 2011 from 79 percent in 2010. This validates the effectiveness of the WPP, considering that the non-appearance of witnesses often results in the dismissal of most criminal cases filed in court.

### 4.4 Advancing and Protecting Human Rights

- *Committed to Upholding Human Rights.* Though much work needs to be done, reports of human rights violations have significantly declined during this Administration.

<sup>32</sup> An outreach program providing free legal assistance, medical treatment, and dental services to inmates in overcrowded jails/prisons.

- Campaign against Illegal Recruitment and Trafficking in Persons (TIP). DOJ has achieved a total of 74 convictions (cases) involving 89 persons since 2003, with 45 convictions (61 percent of all convictions secured) recorded during the Aquino Administration:



Source: DOJ

The DSWD assisted all 2,082 victims of trafficking who sought help from the government from January 2010 to March 2012. It provided 1,067 victims with community-based services including rescue, counseling, financial assistance, skills training, auxiliary services,<sup>33</sup> temporary shelter, and legal assistance through the Recovery and Reintegration Program for Trafficked Persons (RRPTP). It also assisted the other 1,015 victims through the residential care centers/institutions such as the Haven for Women and Children.

- Media and Activist Killings. The PNP-Task Force USIG has recorded 41 validated cases of slain media practitioners and 125 validated cases of slain activists since 2001. Of these cases, 103 have been filed in court, 62 are under investigation, and one case has been dropped due to the demise of the suspect.



Source: PNP Task Force USIG

<sup>33</sup> This service is extended to clients with ongoing court cases. This may include shouldering the client’s expenses for traveling, temporary board and lodging, documentations, and other incidental expenses.

#### **4.5 Harnessing International Goodwill through Diplomacy and Promoting Philippine Interests Abroad**

- *West Philippine Sea (WPS)*

- The GPH is working with the ASEAN, one of the fora for the peaceful and diplomatic resolution of the WPS issue, for the adoption of a Code of Conduct in the WPS that would protect PH interests. PH foreign policy on the WPS is also taking the security and legal approaches to resolve the dispute.
- The PH offers a framework that transforms the WPS into a Zone of Peace, Freedom, Friendship, and Cooperation through the segregation of disputed relevant features from the undisputed waters of the WPS consistent with the United Nations Convention on the Law of the Sea (UNCLOS). The ASEAN Leaders noted the PH's initiative and called on ASEAN to work on drafting and finalizing a regional code of conduct.

- *Ratification of the Rome Statute*

- The PH became a State Party to the Rome Statute on 01 November 2011, signifying the PH's commitment to the global campaign to end impunity and violence against individuals and to further strengthen a rules-based international system.

- *Universal Periodic Review*

- The PH Delegation articulated for the first time before the international community, the GPH's firm human rights agenda. The PH also highlighted the priority programs focusing on displaced families, victims of human trafficking, and women and children.
- UN member countries commended the GPH for the progressive measures it has taken to improve human rights consciousness across the government system.
- The UN member countries also took notice of the following:
  - Significant decrease in extrajudicial killings (EJKs) in the PH;
  - Efforts to address economic, social, and cultural rights through good governance and the provision of basic services;
  - Ratification of the Rome Statute and the Optional Protocol to the Convention Against Torture; and,
  - Passage of the Anti-Torture Law, the Magna Carta of Women, and the strengthened Migrant Workers' Act.

#### **4.6 Taking Care of the Men and Women in the Frontlines**

- Implemented a housing program for the personnel of the AFP, PNP, Bureau of Jaail Management and Penology (BJMP), and Bureau of Fire Protection (BFP).

**AFP/PNP Housing Program**

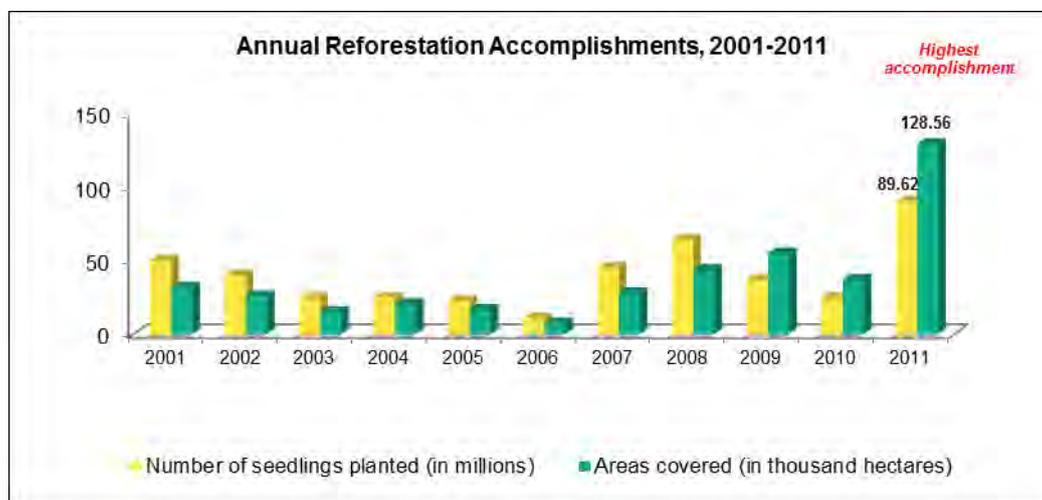
	Phase I	Phase II
<b>Budget</b>	P4.6 billion	P8.5 billion
<b>Timeline</b>	May 2011 – March 2012	March 2012 – August 2013
<b>Housing Units to be Built</b>	21,800	31,200
<b>Housing Units Completed</b>	21,800 (on March 2012)	840 (by August 2012)
<b>Allocation of Housing Units</b>	10,900 units to the AFP, 10,900 units to the PNP	14,040 units to the AFP 14,040 units to the PNP 1,248 units to the BJMP 1,872 units to the BFP
<b>Units Turned-Over to Housing Boards</b>	10,900 units to the AFP, 10,900 units to the PNP	N/A
<b>No. of Sites and Locations</b>	13 sites total, located throughout Luzon (Bulacan, Cavite, Laguna, and Rizal)	28 sites total, with at least one site in every region (maximum of 1,500 units per location)
<b>Target Date of Occupancy</b>	June 2012	September 2013

Source: Housing and Urban Development Coordinating Council (HUDCC)

**5. CLIMATE CHANGE ADAPTATION AND MITIGATION**

**5.1 Ensuring the Conservation and Protection of Natural Resources**

- Implemented the National Greening Program (NGP), the biggest reforestation program in Philippine history, which aims to plant 1.5 billion trees in 1.5 million hectares from 2011-2016. As of end 2011, a total of 89.6 million seedlings in 128,558 hectares have been planted, the highest since 2001.



Source: Department of Environment and Natural Resources (DENR)

The NGP has generated a total of 335,078 jobs from seedling production alone.

- Imposed the first ever *Nationwide Log Ban in Natural and Residual Forests in 2011*. This will allow the natural regeneration of residual forests and development of plantation forests, which will translate to the preservation of biodiversity and the protection of threatened habitats and sanctuaries of endangered and rare species.

The intensified anti-illegal logging campaign has yielded the following results:

- Confiscated a total of 14.2 million board feet of illegally-cut and transported forest products, valued at P354 million. From these, a total of 73,710 armchairs, 8,737 desks, and 2,208 other school furniture have been made and donated to DepEd. Three hundred seventy eight (378) school buildings were also repaired using confiscated logs.
- Filed more than 500 cases in court against suspected violators, resulting in the conviction of 72 persons as of June 2012.
- Relieved 34 DENR officials and personnel, a PNP Provincial Director and seven Chiefs of Police of their duties over unabated illegal logging activities in their respective areas of jurisdictions in Mindanao, particularly in Regions 10, 11, and 13-CARAGA.
- Completed the *Delineation of Forest Boundaries* in 75 provinces (excluding the five ARMM provinces), covering about 77,000 kilometers. This is needed to determine forest preservation and conservation zones, which may be restricted for exploitation and to promote better land use planning and management, and resolve issues regarding LGU's sharing of revenues from mining operations and other activities that cut across provincial boundaries.
- *Ensuring Environmental Protection and Responsible Mining*. The President issued EO No. 79 on 06 July 2012. A product of broad-based stakeholder consultations, the EO harmonizes mining policies and regulations in the country and makes players in the mining industry more transparent and accountable.

Salient features:

- Areas closed to mining include protected areas, prime agricultural lands, tourism development areas, critical areas, and island ecosystems, among others;
- Mining contracts, concessions, and agreements approved prior to the issuance of the EO remain binding provided that companies comply with existing laws, rules and regulations, and the terms and conditions of the grant thereof;
- No new mineral agreements shall be entered into until a legislation rationalizing existing revenue sharing schemes and mechanisms is passed, but the DENR may continue to grant and issue exploration permits under existing guidelines and laws. The grant of mining rights and mining tenements shall be undertaken through competitive bidding;
- Potential and future mining areas with known strategic mineral reserves and resources shall be declared as Mineral Reservations. This will increase government revenues since contractors/permit holders/lessees shall pay an additional royalty of 5 percent of the gross output market value of the minerals extracted or produced from Mineral Reservations, applied prospectively;
- All valuable metals in abandoned ores and mine wastes and/or mill tailings shall belong to the State and shall be developed and utilized through competitive bidding;
- The Mining Industry Coordinating Council is created to conduct assessment and review of all mining-related laws, rules and regulations, issuances, and agreements, among others;

- Small-scale mining (SSM) operations shall be undertaken only within the declared *Minahang Bayan*. The use of mercury shall be strictly prohibited;
- The DILG shall ensure that the exercise of the powers and functions of LGUs is consistent with National Government regulations, decisions, and policies; and
- The DENR, DBM, and DOF shall ensure the timely release of LGUs' share in the National Wealth.

In 2010, the government collected P13.4 billion in the form of taxes, fees, and royalties from mining, which is equivalent to a mere 9.2 percent of the P145.3 billion Gross Production Value in mining.

## 5.2 Improving Environmental Quality for a Cleaner and Healthier Environment

- Safeguarded water resources by cleaning-up waterways.
  - Sustained clean-up and declogging of *esteros*, creeks, and water passages:
    - *Adopt-an-Estero Program*. 314 corporations have adopted 193 water bodies in urban areas nationwide for water cleaning and rehabilitation. The DENR targets to collaborate with 400 corporations within this year to sustain clean-up activities.
  - Improved drainage and sewerage management to reduce flooding in major streets of Metro Manila.
  - DPWH-DA-DAR-DENR Convergence. Since 2011, a total of 11 small water impounding projects and 25 flood management and control projects amounting to P725.4 million are being implemented in flood-prone areas and DENR-prioritized critical watersheds.

## 5.3 Managing Risks and Threats from Natural Calamities

- Enhanced geologic and meteorological hazards mapping to better prepare for natural calamities.
  - More detailed and enhanced geohazard mapping with 1:10,000 scale, which focus on landslide and flooding, was started in 2011. As of July 2012, 241 municipalities and cities have been covered out of the targeted 1,634 municipalities and cities by 2014. Geohazard maps with 1:50,000 scale, which were completed in 2010, have been posted in the DENR-Mines and Geosciences Bureau and Philippine Information Agency (PIA) websites for wider public access to better prepare the local governments and communities in responding to, and mitigating the effects of calamities.
  - Implemented the Hazards Mapping and Assessment for Effective Community-Based Disaster Risk Management or READY Project. The Project<sup>34</sup> aims to develop a systematic approach to community-based disaster risk management through the: a) establishment of community-based early warning system for flood/flash flood, tsunami, and rain-induced landslide in selected municipalities

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<sup>34</sup> OCD is the implementing partner of the UNDP-AusAID assisted and funded READY Project.

and barangays, b) conduct of province-wide information, education, and communications campaign, c) geographic information system capacity building through the use of Rapid Earthquake Damage Assessment System software<sup>35</sup> developed by Philippine Institute of Volcanology and Seismology (PHIVOLCS) scientists, and d) production of multi-hazard maps, which cover hydro-meteorological, earthquake-related, and volcanic hazards.

As of June 2012, 15 out of the 28 priority provinces have been mapped.

Provinces with Completed Multi-hazard Maps				
Antique	Cavite	Iloilo	Northern Samar	Surigao del Norte
Aurora	Dinagat Island	Laguna	Pampanga	Surigao del Sur
Bohol	Eastern Samar	Leyte	Southern Leyte	Zambales

Source: Office of Civil Defense (OCD)

The mapping of the remaining 13 provinces, which is expected to be completed within 2012, is for final integration and printing.

Provinces with Pending Multi-hazard Maps			
Abra	Catanduanes	Nueva Viscaya	Zamboanga Sibugay
Agusan del Sur	Ilocos Norte	Rizal	
Benguet	Ilocos Sur	Quirino	
Cagayan	Isabela	Zamboanga del Sur	

Source: OCD

- Improved weather forecasting and early warning systems to mitigate the effects of calamities.
- Implemented Project NOAH (Nationwide Operational Assessment of Hazards). This is the Department of Science and Technology’s (DOST) response to the President’s instructions to put in place a program that is able to: a) provide a six-hour lead-time warning to vulnerable communities against impending floods, b) improve weather and related hazards communication for the public and decision-makers, and c) use advanced technology to enhance current geohazard vulnerability maps. The P1.797-billion project is a joint undertaking of DOST through Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA), PHIVOLCS, and DOST-Advanced Science and Technology Institute, and the UP National Institute of Geological Sciences and College of Engineering. It has the following eight components:
  - *Distribution of Hydrometeorological Devices in Hard-hit Areas in the Philippines (Hydromet).* A total of 600 automated rain gauges (ARG) and 400 water level monitoring stations (WLMS) will be installed along the country’s 18<sup>36</sup> major river basins to provide a better picture of the country’s surface water in relation to flooding. As of July 2012, three WLMS have been installed in the bridges of Mandulog and Abuno in Iligan City and Kabula Bridge in Cagayan de Oro City. The remaining 397 WLMS, as well as the 600 ARGs, will be installed by December 2013.

<sup>35</sup> The REDAS software can model or simulate earthquake hazards such as ground shaking, liquefaction, landslides, and tsunami.

<sup>36</sup> The 18 major river basins (RBs) are: Marikina RB, Cagayan de Oro RB, Iligan RB, Agno RB, Pampanga RB, Bicol RB, Cagayan RB, Agusan RB, Panay RB, Magaswang Tubig RB, Jalaur RB, Ilog-Hilabangan RB, Agus RB, Davao RB, Mindanao RB, Tagum-Libuganon RB, Tagaloan RB, and Buayan-Malungun RB.

- Prior to the launching of Project NOAH, the DOST had already installed a total of 86 ARGs and 78 automatic weather stations since 2011. The following 25 locally-developed WLMS were also installed nationwide:
  - 2010: Sto. Nino Bridge, Marikina City; Rosario-Manggahan and Napindan Bridge, Pasig City; and Wawa Dam, Rizal.
  - 2011: Libertad Pumping Station, Pasay City; Tumana Bridge, Marikina City; Buendia Trash Rake I & II, Makati City; Buntun Bridge, Tuguegarao City; Lawigan Bridge and Libas Footbridge, Leyte; Basco, Batanes; Looc, Rizal; and Port Area, Jolo.
  - 2012: Quezon Ave. Bridge, Talayan Creek, G. Araneta Bridge, and E. Rodriguez Bridge, Quezon City; Aurora Bridge and Aviles Pumping Station, Manila; Sevilla Bridge, Mandaluyong City; Ilugin Creek, Pasig City; Tripa de Galina Pumping Station, Pasay; and Jaro Bridge, Maasin, and Pania, Iloilo.

**Status of ARG, WLMS, and ARG Installation**

	Targets until 2013	Installed as of July 2012	Balance
<b>ARG</b>	<b>700</b> <i>(100 outside NOAH + 600 NOAH)</i>	<b>86</b> <i>(outside NOAH)</i>	<b>614</b>
<b>WLMS</b>	<b>450</b> <i>(50 outside NOAH + 400 NOAH)</i>	<b>28</b> <i>(25 outside NOAH + 3 NOAH)</i>	<b>422</b> <i>(25 outside NOAH + 397 NOAH)</i>
<b>AWS</b>	<b>78</b>	-	-

Source: DOST

- *Disaster Risk Exposure Assessment for Mitigation - Light Detection and Ranging (DREAM-LIDAR)<sup>37</sup> Project.* The project aims to produce more accurate flood inundation and hazard maps in 3D for the country’s flood-prone and major river systems and watersheds. (Target completion: end-December 2013)
- *Enhancing Geohazards Mapping through LIDAR.* The project shall use LIDAR technology and computer-assisted analyses to identify exact areas prone to landslide. (Target completion: end-December 2014)
- *Coastal Hazards and Storm Surge Assessment and Mitigation (CHASSAM)* CHASSAM will generate wave surge, wave refraction, and coastal circulation models to understand and recommend solutions for coastal erosion. (Target completion: end-December 2014)
- *Flood Information Network (FloodNET) Project.* The project aims to come up with computer models for the critical RBs, automate the process of data gathering, modeling and information output, and release flood warnings and forecasts. (Target completion: end-December 2013)
- *Local Development of Doppler Radar Systems (LaDDeRS).* LaDDeRS seeks to develop local capacity to design, fabricate, and operate sub-systems of

<sup>37</sup> LIDAR is a technology that can produce 3D maps to identify areas vulnerable to storm surges, coastal erosion, and severe flooding.

Doppler radars for remotely sensing the dynamic parameters of sea surface, such as wave, wind field, and surface current velocity.

- *Landslide Sensors Development Project.* This project is a low-cost, locally-developed, sensor-based early monitoring and warning system for landslides, slope failures, and debris flow. Ten (10) of these have been installed in the following sites:

<b>Landslide Monitoring Sensors Installed</b>	
<b>Province</b>	<b>Specific Sites</b>
Surigao del Norte	Brgy. Oslao, San Francisco
Surigao del Sur	Brgy. Gamut, Tago
Benguet	So. Mamuyod, Brgy. Ambassador, Tublay; So. Sinipsip, Brgy. Amgaleyguey, Bugias; and So. Labey, Brgy. Ambuklao, Bokod
Negros Occidental	Brgy. Humay-humay, Guihulngan City
Iloilo	So. Moog, Brgy. Planas, Guihulngan City
Southern Leyte	Brgy. Boloc, Tubungan
	Brgy. Lipanto and Brgy. Bolod-bolod, St. Bernard

Source: DOST

Additional sensors are expected to be deployed to not less than 50 sites by 2013.

- *Weather Hazard Information Project (WHIP).* WHIP involves the utilization of platforms such as television (DOSTv) and web portal (<http://noah.dost.gov.ph>), displaying real-time satellite, Doppler radar, ARG, and WLMS data to empower the LGUs and communities to prepare against extreme natural hazards. This is complemented by activities such as information, education, and communication campaigns using relevant and up-to-date information.
- Installed additional Doppler radars nationwide that provide real-time data and information for accurate weather and rainfall forecasting. As of June 2012, five (5) Doppler radars have been operational since 2010 in Subic, Tagaytay, Hinatuan, Mactan, and Virac, which was upgraded and resumed operation in April 2012. These are in addition to the existing two (2) upgraded Doppler radars in Baler (2008) and Baguio (2009).

One new Doppler radar will be installed in Tampakan by August 2012; two, one in Aparri and another in Guiuan will be upgraded by November 2012 and September 2013, respectively. Three new radars for Iloilo, Busuanga, and Zamboanga are in the bidding process.

- Capacitated LGUs for disaster preparedness and quick response.
- Activated disaster command and auxiliary command centers in 1,083 LGUs<sup>38</sup> nationwide, 1,580 with area-wide warning and alarm system, 1,334 with emergency response, rescue, and medical teams, and 1,473 with evacuation centers as of June 2012.

<sup>38</sup> Total number of LGUs is 1,713 composed of 79 provinces, 138 cities, and 1,496 municipalities.

LGUs with:	Accomplishments			Remaining Targets (2 <sup>nd</sup> Semester of 2012 to 2013)
	2011	As of June 2012	Total	
Disaster command & auxiliary command centers	1,030	53	1,083	630
Area-wide warning & alarm system	941	639	1,580	133
Emergency response, rescue, & medical teams	836	498	1,334	379
Evacuation centers	846	627	1,473	240

Source: DILG

- Required LGUs, in compliance with the Philippine DRRM Act of 2010, to reorganize their existing Local Disaster Coordinating Councils (LDCC) into Local Disaster Risk Reduction and Management Councils (LDRRMC), to ensure the integration of disaster risk reduction and climate change adaptation into local development plans, programs, and budgets.
- As of June 2012, 1,414 LGUs (69 provinces, 114 cities, and 1,231 municipalities) of the total 1,713 LGUs and 8,503 of the total 42,026 barangays nationwide have reorganized DRRM Councils. Also 1,175 LGUs (63 provinces, 97 cities, and 1,015 municipalities) and 2,739 barangays have formulated their DRRM plans.

## 6. LEGISLATIVE-EXECUTIVE PARTNERSHIP

- The Legislative-Executive Development Advisory Council (LEDAC), chaired by the President, adopted a total of 35 priority bills as Common Legislative Agenda (CLA).
- Four bills have been enacted to date:
  - *RA 10149 or The GOCC Governance Act of 2011*, enacted 06 June 2011, strengthened the government's oversight of GOCCs through the creation of the Governance Commission for GOCCs;
  - *RA 10151 or Lifting the Ban on Nightwork for Women*, enacted 21 June 2011, increased gender equality in the workforce by allowing women to work at night;
  - *RA 10153 or The ARMM Election Synchronization*, enacted 30 June 2011, provided an opportunity for ARMM to pursue reforms;
  - *RA 10167 or The Amendment to the Anti-Money Laundering Act*, enacted 18 June 2012, authorizes the Anti-Money Laundering Council (AMLC) to ask any court for an order to freeze any monetary instrument or property after determining the existence of a probable cause; and

Its twin bill, *RA 10168 or The Terrorism Financing Prevention and Suppression Act*, enacted 06 June 2012, criminalizes terrorist financing to curb the flow of questionable funds into terrorist organizations.

In addition, the following components of CLA bills were also enacted:

- *RA 10150 or Extending the Implementation of the Lifeline Rate* to provide socialized power rates, a component of the proposed amendments to the Electric Power Industry Reform Act, certified as urgent and enacted 21 June 2011; and
- *RA 10157 or Institutionalizing Kindergarten Education*, a component of the K to 12 basic education program, enacted 20 June 2011.
- Non-CLA bills/joint resolutions certified as urgent by the President were also enacted/passed, such as:
  - *RA 10147 or FY 2011 GAA*, enacted 27 December 2010;
  - *RA 10155 or FY 2012 GAA*, enacted 15 December 2011;
  - *Joint Resolution 2, Increasing the FY 2011 Corporate Operating Budget of NAPOCOR*, enacted 23 December 2011; and
  - *Joint Resolution 3, Annulling the Voters Registration in the ARMM*, enacted 11 June 2012.
- Out of the 31 remaining CLA bills, 20 have advanced in the legislative mill:
  - *Passed the Bicam; for submission to the President for enactment*
    - *Data Privacy Act*
  - *Approved on 3<sup>rd</sup> Reading*
    - *Restructuring Excise Tax on Alcohol and Tobacco Products* (House)
    - *Whistleblowers Act* (House)
    - *Expanded Universal Healthcare Program* (House)
    - *Rationalization of Fiscal Incentives* (House)
    - *AFP Modernization Program* (Senate)
    - *Defining the Maritime Zones of the Philippines* (House)
    - *Designating the Philippine Archipelagic Sea Lanes* (House)
    - *Delineation of Forest Limits* (House)
    - *Kasambahay Act* (Senate)
    - *Balanced Socialized Housing* (House)
    - *Anti-Pilferage of Risk Reduction/Monitoring Equipment* (House)
    - *Reorganizing the Philippine Statistical System* (House)
  - Also approved on 2<sup>nd</sup> Reading are the *Witness Protection Act* (House) and the bill creating the *Department of Housing and Urban Development* (Senate).
  - The bills on *Responsible Parenthood, Reproductive Health and Population and Development*, and *Anti-Trust* are pending on 2<sup>nd</sup> Reading in both Houses, while the *National Land Use Act* is pending on 2<sup>nd</sup> Reading at the Senate.
- Other significant measures that have gained headway in Congress include the *Anti-Cybercrime Act*, for enrolment prior to submission for President's enactment; *Amendments to Anti-Trafficking in Persons Act*, for 2<sup>nd</sup> Reading in the House and pending on 2<sup>nd</sup> Reading in the Senate; and *Amendments to the Intellectual Property Code regarding Copyrights Protection*, which passed the House and approved on 2<sup>nd</sup> Reading in the Senate.