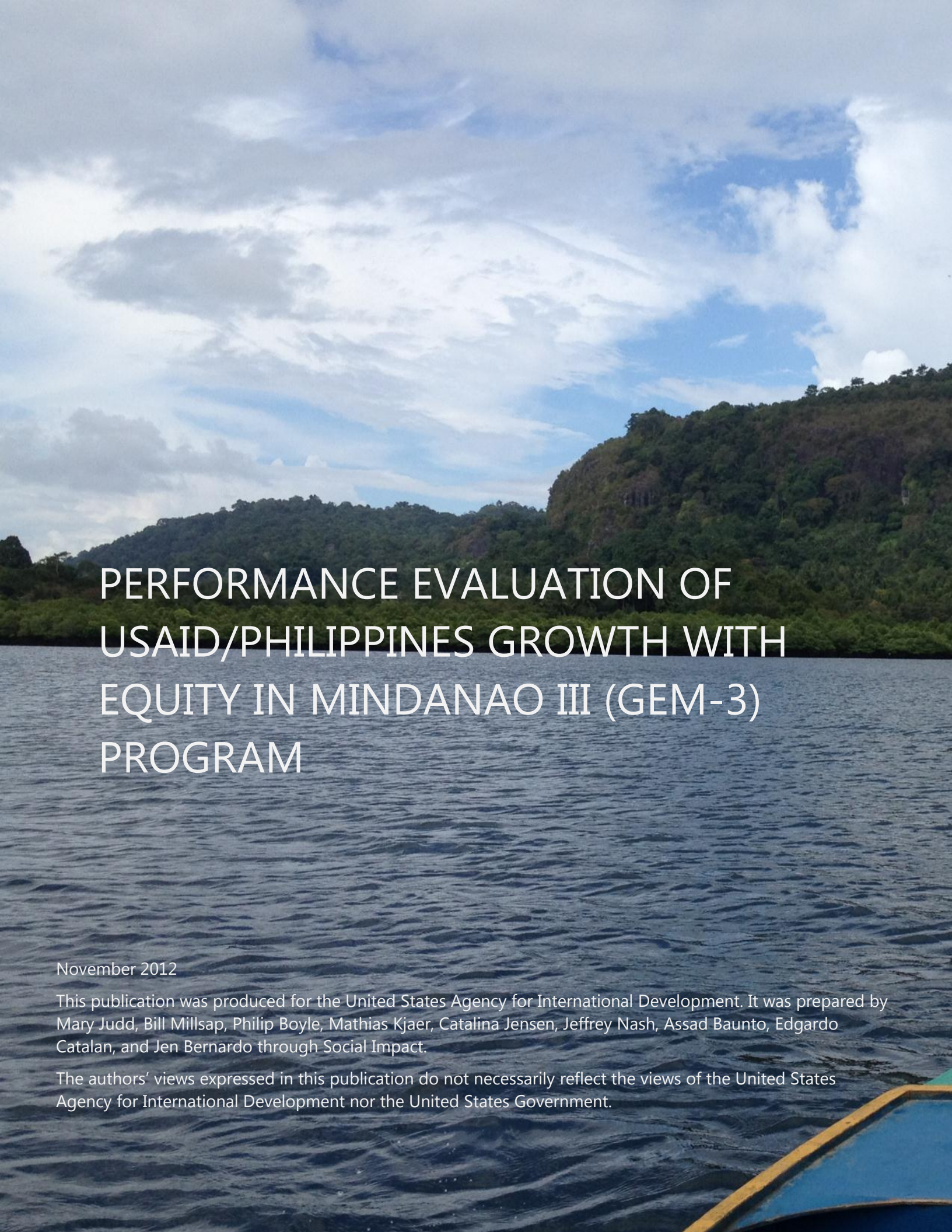
PERFORMANCE EVALUATION OF USAID/PHILIPPINES GROWTH WITH EQUITY IN MINDANAO III (GEM-3) PROGRAM



PERFORMANCE EVALUATION OF USAID/PHILIPPINES GROWTH WITH EQUITY IN MINDANAO III (GEM-3) PROGRAM

November 2012

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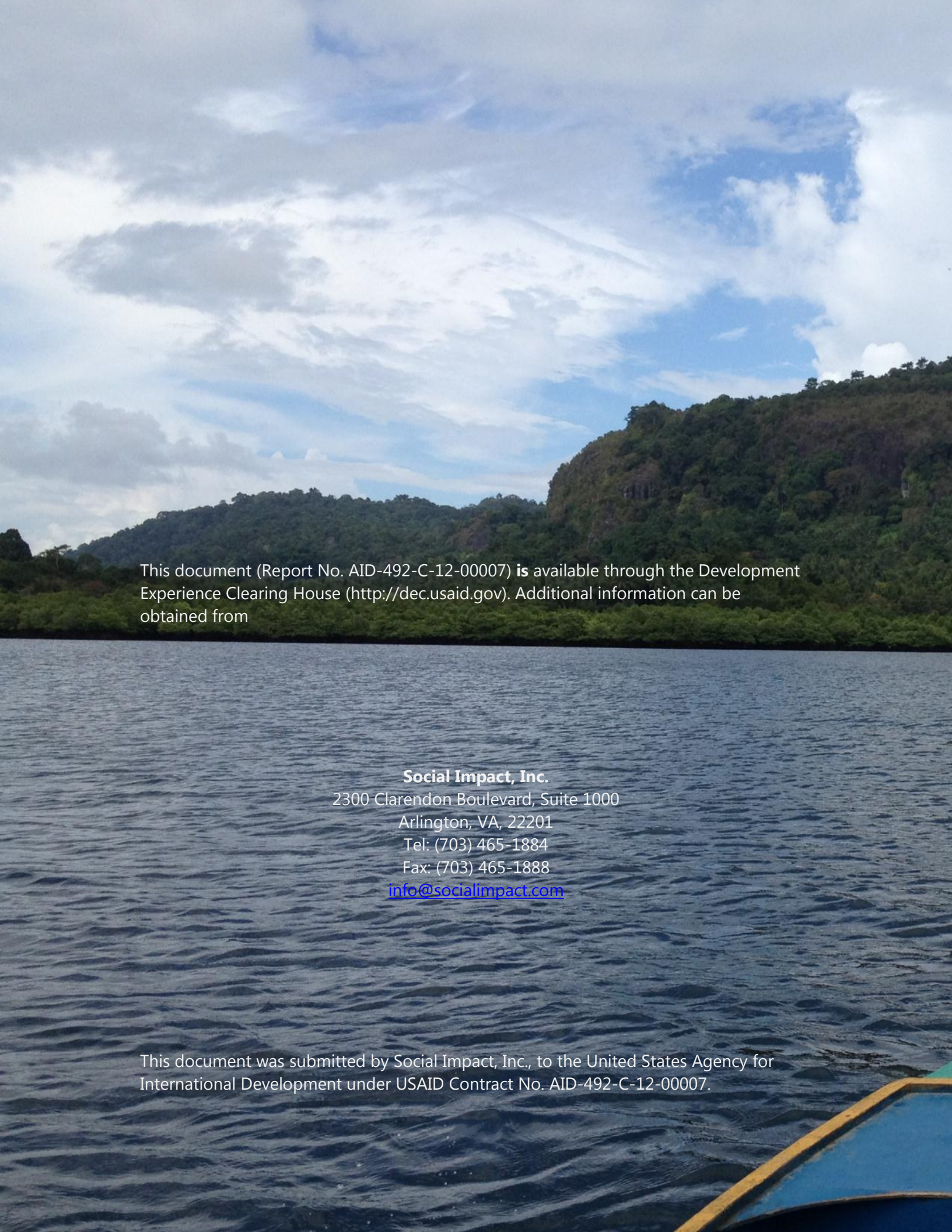

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ACRONYMS

ARMM	Autonomous Region in Muslim Mindanao
AusAID	Australia Agency for International Development
BG	Business Growth
BIP	Barangay Infrastructure Project
BSO	Business Support Organization
BUM	Beneficial Use Monitoring
BWFPDI	Bangsamoro Women's Foundation for Peace and Development, Inc
CAAM	Conflict Affected Areas in Mindanao
CIPYML	Congressional Internship Program for Young Mindanao Leaders
CLIC	Computer Literacy and Internet Connection
CLIN	Contract Line Item Number
COP	Chief of Party
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
CPR	Communications and Public Relations
DAAD	Development Activity Approval Document
DA-MRDP	Department of Agriculture-Mindanao Rural Development Program
ELAP	Emergency Livelihood Assistance Program
EMGP	Education Matching Grant Project
ERR	Economic Rate of Return
EU	European Union
FCR	Former Combatant Reintegration
GAP	Gender Action Plan
GEM-3	Growth with Equity in Mindanao 3 Project
GRDP	Gross Regional Domestic Product
GRP	Government of the Republic of the Philippines
HACCP	Hazard Analysis and Critical Control Point
HCAP	HACCP Certification Assistance Project
IEC	Information and Education Campaign
INVESTS	Investments in Vocational, Elementary, Secondary, and Tertiary Studies
JEEP	Job Enabling English Proficiency
JICA	Japan International Cooperation Agency
JSOTF-P	US Joint Special Operations Task Force-Philippines
KII	Key Informant Interview
LEAP	Livelihood Enhance and Peace Project
LGU	Local Government Unit
LGPMS	Local Governance Performance Management System
LOP	Life of Project
MBC	Mindanao Business Council
MILF	Moro Islamic Liberation Front
MinBizCon	Mindanao Business Conference
MLGU	Municipal Local Government Unit
MNLF	Moro National Liberation Front
MinDA	Mindanao Development Authority
MOU	Memorandum of Agreement
MRDP	Mindanao Rural Development Project
MPDO	Municipal Planning and Development Office
MTPDP	Medium-Term Philippine Development Plan
MSUFI	Mindanao State University-General Santos City Foundation

NGO	Non-Governmental Organization
NPA	New People's Army
OPAPP	Office of the Presidential Advisor on the Peace Process
PASS	Producers Association
PCCI	Philippine Chamber of Commerce and Industry
PDC	Peace and Development Community (UN Act for Peace)
PhP	Philippine Peso
PMP	Performance Management Plan
PRIDE	Productive Internships in Dynamic Enterprises
PRM	Program Resources Management Office (USAID/Philippines)
PTA	Parent-Teacher Association
REAP	Revenue Enhancement and Progress
RFP	Request for Proposal
RIMCU	Research Institute for Mindanao Culture
RIP	Regional Impact Project
RPT	Real Property Tax
SAF	Special Activity Fund
SAFE	Sustainable Aquaculture and Fisheries Effort
SI	Social Impact
SMV	Schedule of Market Values
SOCCSKSARGEN	South Cotabato, Cotabato (North), Sultan Kudarat, Sarangani Provinces, and General Santos City
SOW	Scope of Work
TA	Technical Assistance
TCEP	Targeted Commodity Expansion Project
TWG	Technical Working Group
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USG	United States Government

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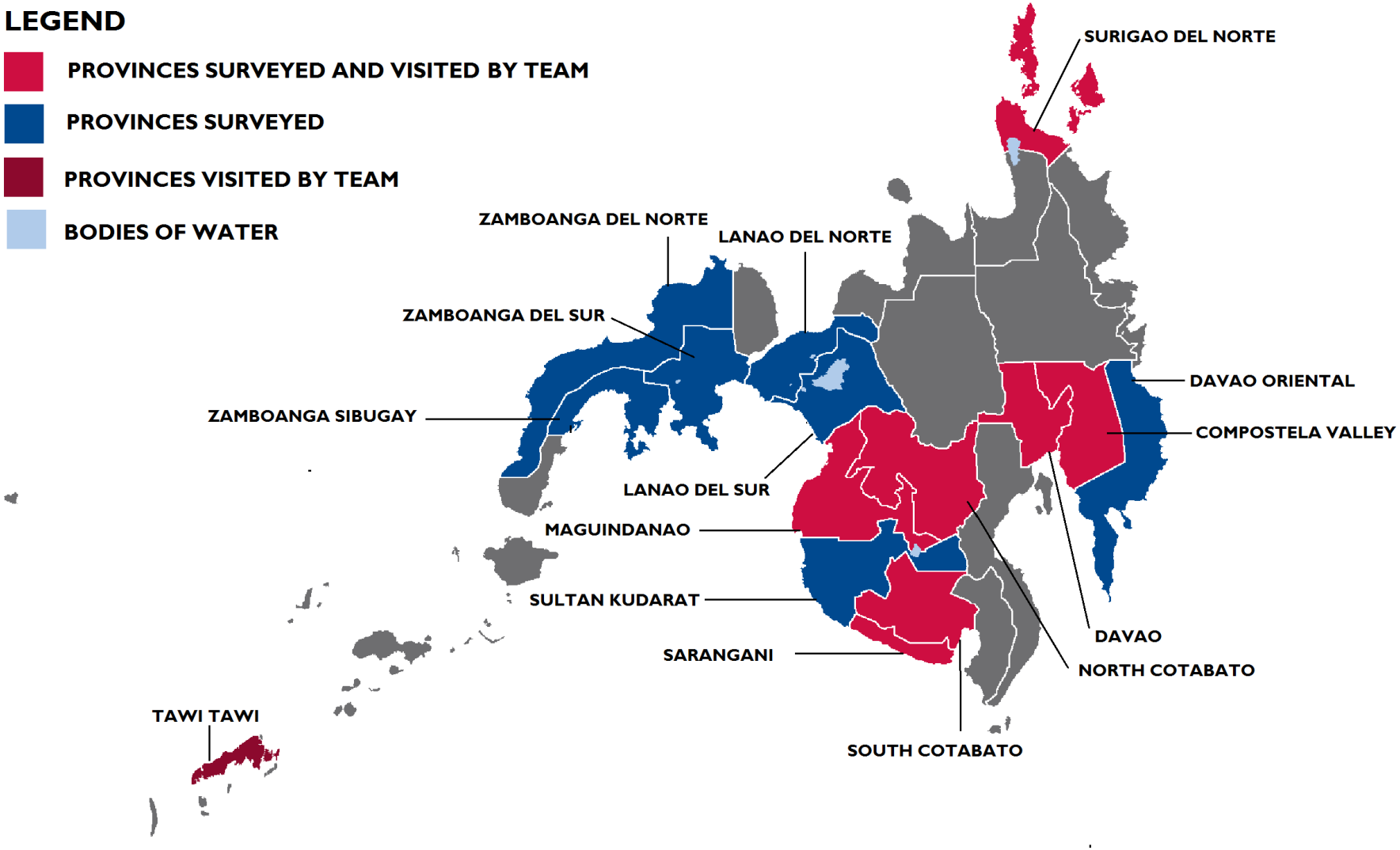

EXECUTIVE SUMMARY

The United States Agency for International Development's (USAID) "Growth with Equity in Mindanao III" (GEM-3) is a five-year (2008 to 2012), $99 million dollar program that operates throughout Mindanao, but is specifically targeted to promote development activities in the Autonomous Region in Muslim Mindanao (ARMM) and other conflict-affected areas of the region. GEM-3's principal objectives are to: **(1) accelerate economic growth in Mindanao; (2) assure that as many people as possible participate in and benefit from the growth; and (3) bring about and consolidate peace in Mindanao.** To accomplish these objectives, GEM-3 adopted an "umbrella-type" approach, using one management structure for implementing projects and activities across a wide range of technical fields throughout Mindanao. There are five major and two supporting components under the program: (1) infrastructure development (67% of the budget); (2) workforce preparation (13% of the budget); (3) governance improvement (5% of the budget); (4) business growth (13% of the budget); (5) former combatant reintegration (included in business growth component); (6) communications and public relations; and (7) logistical and operational support (2% of the budget combined).

EVALUATION PURPOSE AND METHODS

The purpose of this *performance evaluation* is to identify strengths and weaknesses in GEM-3. The objective is to assess key issues of impact, relevance, effectiveness, efficiency, gender, sustainability, and lessons that can be learned from the program. The evaluation findings are intended to help inform decisions by USAID/Philippines regarding future programs in Mindanao.

The evaluation was conducted between July and November 2012 by an 11-member evaluation team, comprised of expatriate and host-country evaluation and subject matter experts. It involved over six weeks of fieldwork in Manila and Mindanao and utilized a mixed-methods approach involving a desk review of relevant secondary sources; key informant and group interviews with national, regional, and local government officials, USAID and other donor staff, representatives from civil society organizations, implementer staff, and project beneficiaries and non-beneficiaries; and the design and delivery of a quantitative household mini-survey of over 900 respondents covering 22 provinces, 54 municipalities, five cities, and 87 barangays.

The evaluation team encountered several notable methodological and logistical challenges during its fieldwork. First, the absence of relevant baseline data, a results framework, and other similar data made it difficult to comment conclusively on outcomes and impacts of GEM-3 activities. Second, in an effort to ensure objectivity, the evaluation team was intentionally provided with limited support and information on project beneficiaries and prospective interviewees from USAID and the implementing partner. Third, the evaluation team was not provided with cost data by sub-components, except for infrastructure development, which made it difficult for the team to comment on questions related to cost-effectiveness and efficiency.

KEY FINDINGS AND RESULTS

As of September 2012, GEM-3 had 23 designated targets, of which 18 (78%) have been completed and one terminated (4.5%). Four others (17.5%) are likely to achieve their targets by the end of the project life (December 2012). This is an impressive list of activities carried out by GEM-3 in Mindanao over the last five years. Overall, GEM-3 performance has been on track and will achieve all the physical targets laid out in the project documents by end of project life in December 2012. It is too early to assess the efficacy of the program but it is trending as follows:

- Objective 1 (accelerate economic growth) is partially achieved, as GEM-3 has facilitated and laid the foundation for economic growth in Mindanao.
- Objective 2 (assure many people participate in and benefit from the growth) has been achieved, especially for rural residents, who have benefited from infrastructure projects.
- Objective 3 (bring about and consolidate peace) is more difficult to assess without pre and post project data. Published studies have reported that improved economic condition is necessary but not sufficient to lead to reductions in conflict and violence. The evaluation in GEM-assisted barangays indicated hopeful signs that residents perceived improved security in their barangays.

The findings, conclusions and recommendations of each component are presented below.

Component 1: Infrastructure Development. The Barangay Infrastructure Projects (BIPs) proved to be the most cost-effective and efficient effort carried out under GEM-3 for reaching many rural *barangay* populations and for affecting the lives of local people. As of September this year, 720 out of a target of 760 BIPs were completed. The economic rate of return employed by the evaluation team demonstrated a positive return for BIPs, with grain warehouses/solar dryers, box culvert/bridges, and pedestrian footbridges among the top three. Barangay residents reported high usage of the BIPs (82%) and increased economic opportunities (65% of male and 62% of female). The larger and more expensive Regional Impact Projects (RIPs) have been designed to impact economic growth across barangays and municipalities. 12 out of 12 RIPs have been completed. Taken as a whole, the BIPs and RIPs serve as a clear, daily reminder of the government's efforts to provide services.[1]

Conclusion

- BIPs are cost-effective and efficient in reaching more rural barangay populations and have economic and social influence on the lives of local people. BIPs also serve as a clear daily reminder of governmental service delivery.[2]
- The most effective and efficient types of BIPs in terms of cost, number of people served, and the time required for implementation are box culverts and bridges, footbridges, boat landings, grain warehouses, and solar dryers.[3]
- RIPs have a greater influence on the region and able to link across barangays.
- In Mindanao, women generally participated in decision-making through the prioritization of projects in the annual barangay development plan exercise. BIPs and other barangay projects were selected for funding from these plans. GEM sought to involve women's views on issues and infrastructure needs only at initial meetings, prior to BIP implementation.

Recommendations

- The infrastructure development component of both BIPs and RIPs should be continued and expanded.
- BIPs should be implemented in all barangays that lack basic services, especially in conflict-affected areas to fulfill the government's promise of peace dividends.
- RIPs should be planned for areas of growth in major cities and potential growth in secondary cities. There should be links to farm-to-market roads for areas with agricultural potential, so that produce can reach major markets.

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[1] As echoed in "Evaluation of the Economic Impact of Infrastructure Projects." Louis Berger Group, Inc. under USAID Contract No. AID 492-C-00-08-000001-00, Sept. 15, 2011.
[2] Ibid.
[3] Ibid.

- Ensure that gender action plans are implemented fully and allow more flexibility in the BIP project menu to meet gender needs.

Component 2: Workforce Preparation. This component has achieved, and in some cases exceeded, most of its targets as of September 2012. Computer Literacy and Internet Connection (CLIC) achieved 265 out of 265 targets; Education Matching Grant Project (EMGP) provided 802 of a target 800 grants; Job Enabling English Proficiency (JEEP) was implemented by and continues to operate in 26 target institutions of higher learning; and Investments in Vocational, Elementary, Secondary, and Tertiary Studies (INVESTS) has awarded 275 out of a target of 185 scholarships. In all likelihood, Productive Internships in Dynamic Enterprises (PRIDE), with 91 out of 100 internships provided, will also achieve its target by December 2012. The component reached a large number of students and teachers, but any real gains will be muted when GEM-3 ends, since replication and continued funding are not in place for most of the programs.

Conclusions

- The sub-components afforded various opportunities to: teachers and students to improve their technical and study skills through access to computers and the Internet; parents and teachers to raise matching funds for needed educational equipment; and students to receive scholarships, internships and become more proficient in English.
- Maintenance issues, power interruptions, unreliable Internet connectivity, the growth of private Internet cafes, and the turnover of trained staff have muted the benefits of the CLIC program.
- Schools are worried that the activities will not be sustained once donor funding ends.

Recommendations

- To ensure project sustainability, early orientation sessions for school faculties and PTA members should be closely followed by GEM staff for the development and implementation of realistic operation and maintenance plans.

Component 3: Governance Improvement. This component provided much-needed technical assistance (TA), enabling 12 local government units (LGUs) under the Revenue Enhancement and Peace Project (REAP) to expand their revenue collection procedures, however, while revenues generally increased in the first year, the results for subsequent years were mixed and there was no indication that LGUs will continue the effort. The Congressional Internship Program for Young Mindanao Leaders (CIPYML) provided opportunities to 200 young leaders to gain first-hand experience in the areas of public policy and legislation.

Conclusions

- The REAP project improved the capacity of LGUs to address key administrative and management problems in internal revenue generation and local tax code enforcement and increased the revenues collected in the first year of implementation. However, in subsequent years the revenue collection decreased and there is no indication if the LGUs will sustain this effort.
- The CIPYML program enabled the graduates to gain knowledge and technical skills pertaining to policy development and legislative processes and has created a pool of young men and women leaders in conflict-affected areas in Mindanao who are equipped with policy know-how and technical skills.

Recommendations

- The REAP project should be carried forward in a future USAID programming effort, since its initial

efforts are likely to be emulated by other municipalities. A more serious effort to spread the project beyond the pilot phase under GEM is warranted and provision of more TA should be made.

- Involve provinces in REAP for amendments of local tax codes, real property tax and schedule of market values.
- A project such as CIPYML should be continued. The high dividends returned over time by identifying future leaders for the Philippines offsets its expense in resources and time. Post-internship transitional assistance should be provided.
- Try to improve synergy by matching CIPYML applications from REAP Municipal Local Government Unit (MLGUs).

Component 4: Business Growth (BG). This component has improved sales of international exports and domestic out-shipments of targeted commodities by $86,006,914 since 2008. It assisted in linking 6,040 members of community producer associations and cluster groups to markets, provided post-harvest facilities to 4,600 community members in isolated and conflict areas, and strengthened six new chambers of commerce. However, its impact on the overall Mindanao economy is extremely small. If the BG's entire export sales of $86 million were compared to the total Mindanao economy, the impact would be equivalent to 0.25% of Mindanao's gross regional domestic product in 2011.

Conclusions

- Through strengthening knowledge transfer and market linkages, the BG stimuli assisted in sales improvements in exports and domestic out-shipments of targeted commodities in Mindanao. It expanded agriculture and agribusiness sectors with bearing on supply chain linkages to other industries and on the induced effect of increased household spending on the economy.
- The potential for economic spillovers exist, with 65% of business-growth target sites in leading areas and 35% in isolated areas, but unresolved issues of connectivity, such as farm-to-market roads, limit the benefits derived from spillovers.

Recommendations

- The BG should continue the value-chain and cluster-approach-to-agribusiness programs. However, infrastructure that facilitates connectivity, such as farm-to-market roads, should be pursued to complement the cluster approach and maximize the benefits from spillovers.
- The BG should also continue business matching, trade facilitation, and technology transfer to sustain the momentum of market penetration by exporters and producers. Provision of TA (both hard inputs and capacity building) to small and micro-growers in isolated and conflict areas is also required to strengthen their role in the production-supply value chain.

Component 5: Former Combatant Reintegration (FCR). FCR has assisted with reintegration efforts by developing agriculture and aquaculture facilities to demonstrate the benefits of peace to the former combatants. As of September 2012, 129 out of a target of 125 former combatant groups/communities have been assisted in producing high value commodities, and another 50 have been provided with pre/post-harvest facilities. The evaluation team found that mainland communities appeared to be more successful in their livelihood endeavors than those in the island communities, although it should be noted that the island communities visited represents a small sample of overall island activities. People in the majority of FCR sites visited (20 out of 21 sites) reported no return to major armed conflict, but have known people who participated in *rido* or small-scale communal violence.

Conclusions

- The FCR component contributed to the generation of economic opportunities for MNLF former combatants, but its success and sustainability varied by region and type of economic activities. The FCR's production activities were generally appropriate for most beneficiaries given its simple inputs, production technology, and readily available market.

Recommendations

- Future assistance should be targeted towards conflict-affected communities, not individual former-combatant cooperatives, in instances where they are not synonymous, to help ameliorate underlying conflict drivers of resentment, jealousy, or feelings of deprivation found more broadly in the community.
- Provide additional TA to more remote and isolated FCR communities, such as the island communities.
- Involve LGUs in the implementation of FCR to ensure follow up and sustainability when funding ends.

Relevance. GEM-3 was able to contribute to four out of five goals linked to peace and development objectives of the national and regional governments (Medium-Term Philippines Development Plan 2004–2010). Among the various components of GEM-3, the infrastructure development component was most relevant for achieving the implementation of the signed peace agreements (i.e., provision of the peace dividends) and the rehabilitation, development, and healing of conflict-affected areas.

Effectiveness. GEM-3 carried out an extensive set of activities consistent with its objectives throughout Mindanao during the last five years. The evaluation indicates that the program was able to contribute to its first and second objectives, but the attainment of the third objective is difficult to ascertain. The infrastructure projects certainly assisted economic growth at the local level and promoted participation of LGUs at both the municipal and barangay levels, mainly in counterpart contribution. Other GEM-3 activities (e.g., workforce preparation, business growth, governance improvement, and FCR) made contributions to economic growth and participation in conflict-affected regions. The program generated people's perceptions of reduced violence in project-assisted barangays. Conflicts, however, continued to occur, even during the evaluation; the evaluation team had to cancel planned visits to field sites deemed unsafe by the GEM security officer.

Efficiency. The umbrella management structure reportedly offered added value to USAID in the form of overlapping responsibilities by managers, resulting in reduced staffing levels and reduced costs with respect to sharing resources for logistical operations. However, no cost data were available to the evaluation team to confirm or reject these points. The USAID Contracting Office Technical Representative (COTR) provided oversight and management from GEM-1 through most of GEM-3, and the program appeared to have benefited from the continuity of management as it was reported that the program ran smoothly with no major problems. The Mindanao Development Authority (MinDA), a government agency, provided oversight and helped with resolving local level issues, especially those related to right of way matters in infrastructure. Feedback from the field revealed potential synergy and complementation of BG with REAP, and BG with FCR. Notably, the business support organizations' (BSO) partnership with the LGUs has proven to improve tax collection from local businesses and establishments.

Gender. The Gender Action Plan (GAP), developed by GEM-3 management in February 2008, addressed all program components and sub-components, establishing a total of 51 benchmarks. This was a thorough treatment of potential gender issues in GEM-3, and guidelines for implementers were comprehensive. In practice, however, the Action Plan was not fully implemented.

Sustainability. An obvious goal of promoting sustainability as a management practice is to achieve the continued operation and maintenance of equipment or systems put in place over the life of the project. Except for the infrastructure projects for which maintenance agreements were signed with various levels of LGUs, as well as JEEP in which sustainability plans were designed by the JEEP partner, no complete and formal plan, through which project equipment and activities will be maintained or the project model continued and expanded, has been devised by GEM-3 and agreed with partners or proponents. Beneficial Use Monitoring (BUM) has been useful in checking sustainability issues.

OVERALL RECOMMENDATIONS

- USAID should continue to have a presence in Mindanao and to work collaboratively with government, stakeholders, donors, and civil society in conflict-affected areas.
- Focus development assistance efforts in clusters of conflict-affected areas, either by municipalities or provinces, rather than spreading them too thinly across a wide geographical area.
- Ensure that future gender action plans are implemented fully and in accordance with established Philippines national gender laws, USAID policies, and local practices.
- An umbrella program like GEM-3 and any future USAID projects should have a separate, independent monitoring and evaluation (M&E) project unit for regular monitoring of activity progress. A strategic planning document and/or results framework is necessary for all projects and a baseline should be undertaken at the beginning of the project.

I. INTRODUCTION

This evaluation report examines the successes, shortcomings, and lessons learned from the USAID/Philippines GEM-3 program. It includes recommendations for improving USAID's assistance delivery in Mindanao and highlights comparative advantages in areas not addressed by other initiatives. The report content adheres closely to the structure of the questions in the SOW and findings, conclusions and recommendations are presented for the seven components and five cross-cutting elements.[4]

BACKGROUND

Mindanao, located in southern Philippines, is home to about 22 million people, almost a quarter of the country's population. The region has strong potential for economic growth and development. Currently, it accounts for about a fifth of the real Philippine gross domestic product, and contributes to over a third of the country's agriculture sector and close to 15% each in the industry and service sectors. The region also accounts for about a fourth of the total employment in the country.

However, growth has been stymied by violent conflict, lack of infrastructure, and perceived marginalization from Manila. More than three decades of intermittent conflict in southwestern Mindanao have resulted in destruction of infrastructure, population displacements, deferred development, and lack of trust among people at the local level and between these and government authorities.

Overview of the Conflict in Mindanao

The historical root of the conflict in Mindanao goes back several centuries. In the 20th century, the conflict between Muslims and Christians erupted as a result of the government's policy of encouraging resettlement to Mindanao from the densely populated northern islands, as a way of easing agrarian unrest. Calls for the creation of a separate Muslim state carved out from Mindanao and other adjoining islands began to surface in the late 1960s. By the early 1970s, large-scale armed conflict between the MNLF and the Armed Forces of the Philippines erupted when then President Ferdinand Marcos ordered an assault on the MNLF. In 1976, through the intercession of Libya (Tripoli Agreement), a ceasefire agreement was signed and the MNLF dropped its secessionist goal in exchange for the creation of an autonomous region for the Muslims in Mindanao. The ARMM was created in 1987 and formally inaugurated in 1990.

The situation became more complicated as a result of a split within the MNLF and the establishment of the Moro Islamic Liberation Front (MILF) who demanded a separate Islamic state for the Muslims in Mindanao. The division between the two separatist groups became more pronounced when the MNLF signed a peace agreement in 1996 with the Ramos administration, while the MILF continued its armed struggle.

Immediately after the signing of the Peace Agreement in 1996, foreign assistance through the United Nations Development Program (UNDP), USAID (in 1997 under GEM-1), and the World Bank were provided to MNLF communities as part of the peace dividends. Meanwhile, a series of ceasefire agreements between the government of the Republic of the Philippines (GRP) and the MILF began in 2003 and peace talks continue today, brokered by the Malaysian government. A breakthrough framework agreement was formally signed by both parties on October 15, 2012 paving the way forward for discussions on a final peace agreement.

Government forces are also in violent confrontation with another group of rebels in Mindanao: the New People's Army (NPA), formed in 1969 as the guerilla wing of the Communist Party of the Philippines. While the NPA is nationwide, it has cells in Mindanao with a substantial presence in the Caraga region. Fighting between the NPA

[4] The SOW for Social Impact is based on RFP No: SOL-492-12-000008, Evaluation of Growth with Equity in Mindanao (GEM-3) Project. USAID/Philippines, January 19, 2012.

and government forces often causes disruption and displacement of communities. Today, the conflict is described as an ideology-based, low-intensity protracted conflict with isolated acts of violence in geographically limited areas.

USAID Assistance

USAID has been implementing major assistance efforts in the region for almost two decades. For the first few years, assistance was focused on the SOCCSKSARGEN area in south-central Mindanao. In 1995, USAID expanded its assistance efforts to cover all of Mindanao and the Sulu Archipelago, and then again following the signing of the Peace Agreement in 1996, to cover further conflict-affected areas of Mindanao—both the areas affected by the Muslim separatist conflict and the areas affected by insurgency and criminality.

Currently, USAID is implementing a sizable assistance effort that includes projects and activities in a wide range of technical areas, including: infrastructure development, agricultural development, education improvement, democracy promotion, governance improvement, health services, environmental management improvement, expansion of microfinance services, and reintegration of former combatants. The activities are carried out across Mindanao, but concentrated in the five provinces that make up the ARMM, its neighboring, conflict-affected provinces, and the areas affected by the NPA. In 1995 through 2002, USAID expanded its assistance efforts to cover all of Mindanao and the Sulu Archipelago under the auspices of GEM-1 ($22.3 million). Given the continuing need to promote development assistance, USAID funded GEM-2 ($82 million) for the years 2002–2007. USAID's largest and most diverse program in Mindanao is GEM-3. This $99 million program has continued and expanded earlier work carried out under GEM programs 1 and 2 into the years 2008 to 2012.

DESCRIPTION OF PROGRAM

GEM-3 operates throughout Mindanao but is specifically targeted to promote development activities in the ARMM and other conflict-affected areas of the region.[5] GEM-3's overarching principal objectives are to:

- Accelerate economic growth in Mindanao;
- Help assure that as many people as possible participate in and benefit from the growth; and
- Help bring about and consolidate peace in Mindanao.

GEM-3 utilizes an "umbrella" approach that features a single management structure responsible for the implementation of projects and activities across a wide range of technical fields, ranging from: (1) **infrastructure development** (budget: $65, 724,739 or 67%); (2) **workforce preparation** ($13,087,485, or 13%); (3) **governance improvement** ($5,133,487 or 5%); (4) **business growth** ($13,250,085 or 13%); and (5) **former combatant reintegration** (included in business growth but accounted for $280,000 of Special Activities Fund (SAF) expenses). Beyond these main programmatic areas, GEM-3 also conducted a series of support services in **communications and public relations** and **logistical and operational support** to facilitate the implementation of several program activities throughout the life of the program (total for both: $1,754,317 or 2% combined).

GEM-3 works with a wide range of public and private organizations and institutions in its efforts to attain its objectives. These include: MinDA, the government agency formally charged with oversight responsibility for GEM-3; the Mindanao Business Council (MBC); the ARMM Business Council; producer association and cooperatives; provincial, municipal, and barangay governments; bilateral and multilateral donor agencies; private firms and corporations; chambers of commerce; national government agencies; PTAs; and non-

[5] LBGI; GEM-3 follows earlier development activities carried-out by the same contractor. GEM-1 operated from 1995-2002 with GEM-2 continuing many of its efforts from 2002-2007. The initial budget for GEM-3 was for $126 million later reduced to $99 million in FY-2011 (refer to the RFP SOL-492-12-000008, p. 9).

government organizations. It is not integrated into any government agency and implements projects, mainly using consultants and sub-contractors to implement projects on the ground.

Underlying Development Assumptions

GEM-3 is based on the premise that peace and economic development are linked. The development hypothesis is that providing economic opportunities in Mindanao, especially in majority Muslim areas, will contribute to a reduction in violence and help sustain peace (primarily defined as keeping the peace between government forces and rebel groups, mainly the MNLF, but assistance is also provided to barangays in MILF and NPA areas).[6] Many see poverty as a significant factor in the "resilience of the Moro insurgency" and a trigger to armed conflict.[7] Livelihood activities have been reported as likely to discourage former combatants from resuming armed conflict.[8] It is believed that, through GEM-3, "properly allocated, properly managed, and properly publicized USAID assistance can and [will] have an impact on changing public perceptions regarding prospects for future prosperity, and [will] reduce the likelihood that people will turn to violence as a means of improving their prospects."[9]

Monitoring and Evaluation (M&E)

GEM-3 has clearly identified the output targets to be achieved.[10] Unfortunately, no results framework exists, and the three objectives have not been developed further into a logical structure of verifiable indicators, results, outcomes, and impacts that would indicate how changes in welfare, attitude, and behavior would occur. The program has a baseline for some activities in the BG, Governance, and Workforce (JEEP) components, but not for the others. GEM-3's M&E plan monitors and reports accomplishments of targets by fiscal year. For most of the program (over 76% of the budget) there is very little monitoring on outcomes and no external evaluation has been conducted for GEM-3 (and for that matter neither GEM-1 nor GEM-2).

EVALUATION PURPOSE

The purpose of this evaluation is to "assess GEM-3's performance in achieving its objectives and meeting its performance targets as defined in the GEM-3 contract and inform USAID/Philippines on the successes and failures of GEM-3 in developing and stabilizing conflict-affected areas of Mindanao." This report examines the successes, shortcomings, and lessons learned from GEM-3 activities, including recommendations for improving USAID's assistance delivery in Mindanao and highlights comparative advantages in areas not addressed by other initiatives.[11]

II. EVALUATION METHODOLOGY

In accordance with the USAID Request for Proposal (RFP), the evaluation team adopted methods to capture sufficient and accurate information for conducting a **performance evaluation,** focusing on what GEM-3 has achieved over time.[12] First, the team designed the evaluation methodology to establish the key results and outcomes

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[6] The DAAD for GEM-3 indicated that the program will focus on the ARMM region and surrounding provinces and to a lesser extent areas of the NPA. GEM-3 Development Activity Approval Document, Office of Economic Development and Governance, USAID, October 31, 2006. Pgs. 4-5, 6-7.

[7] *Mindanao: A Gamble Worth Taking.* Malcolm Cook and Kit Collier, Lowy, Institute for International Policy, 2006, New South Wales, Australia. Joint Needs Assessment for Reconstruction and Development in Conflict-Affected Areas in Mindanao. World Bank, 2005, Washington DC

[8] ELAP Assessment Survey Report. Mindanao State University-General Santos City Foundation (MSUFI), 2000.

[9] GEM-3 DAAD. 2006.

[10] See Annex 1 for GEM-3 output targets.

[11] See Annex 2 for the scope of work (SOW) and Annex 3 for the key evaluation questions.

[12] "Performance evaluation: focuses on descriptive and normative questions: what a particular project or program has achieved; how

of the program—what worked and what did not work for GEM-3? Secondly, the team employed data collection procedures that would produce, within a relatively short period of time, pertinent information regarding GEM-3's five major component areas with respect to their respective performance elements.

DATA COLLECTION

The evaluation took place between July and November 2012 and included meetings in Manila (in July and early August) and survey and fieldwork throughout Mindanao (during the month of August and part of September).[13] The evaluation team of 11 members was divided into two sub-teams in order to maximize the number of sites visited. Some field visits occurred during the fasting month of Ramadan, but this did not pose a problem as local officials and barangay residents were available for the team's visits. As much as possible, the team avoided going to Muslim communities until the fasting period was over.

Data collection methods and procedures varied based on the answers being sought by the team, the time available, and the anticipated costs to collect data. The team adopted a three-stage data collection approach consisting of: (1) acquiring and reviewing data from secondary sources (documents, studies, reports, etc.); (2) collecting primary data (qualitative data) over five weeks of fieldwork interviewing GEM-3 personnel and other organization managers familiar with GEM-3, conducting key-informant interviews and focus groups; and (3) contracting with the Research Institute for Mindanao Culture (RIMCU) to conduct a household survey of GEM and non-GEM barangays.[14]

Field visit sites were selected based on the following criteria: (1) at least two provinces per geographical region (as defined by the program, i.e., North, Central and West Mindanao); (2) five to six barangays per province, with each barangay having a cluster of GEM-3 activities; and (3) possess a minimum of security and accessibility issues and with concurrence from USAID.

RIMCU conducted a household survey to collect quantitative data to complement the qualitative field data. The objective was to survey five percent of the barangays that had completed BIPs. At the time of the survey, 578 BIPs were already completed against a LOP target of 760 BIPs. Subsequently, 30 BIP barangays were surveyed in six regions along with 6 non-BIP barangays. Survey sites were selected using a proportional-stratified sampling frame consisting of project type, region, and number of barangays by project type. The survey strategy was to interview 25 persons (gender-balanced to the extent feasible) in each barangay for a total of 750 persons. The non-BIP sites were selected purposively following a selection criterion of being some distance from the BIP barangay but within the same municipality. One hundred fifty persons were interviewed in these six non-BIP barangays, for a total projected survey population of 901 respondents.

The survey data collected relevant household information from 36 barangays in 14 provinces over three weeks. Prior to the actual survey, the RIMCU's trained interviewers pre-tested, refined, and finalized the survey questionnaire. The two sub-teams visited a total of five cities, and 51 barangays in nine provinces during their fieldwork.[15] They conducted fieldwork in the provinces of Surigao del Norte, Compostela Valley,

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it is being implemented; how it is perceived and valued; whether expected results are occurring; and other questions that are pertinent to program design, management and operational decision making." USAID Evaluation Report Checklist, 2012.

[13] See Annex 4 for evaluation work plan and Annex 5 for evaluation timetable.

[14] Research Institute for Mindanao Culture, Xavier University, Cagayan de Oro.

[15] See Annex 6A for survey questionnaire.

Davao del Norte, Lanao del Sur, Maguindanao, North and South Cotabato, Sarangani, and Tawi-Tawi.[16] USAID and GEM-3 staff vetted the list of sites for security and accessibility issues. In addition to the aforementioned methods, the teams kept daily field notes on their direct observations while visiting GEM-3 sites.[17]

EVALUATION CONSTRAINTS

The evaluation team experienced several constraints. One was that USAID provided the team with very little documentation about the program; the team was already aware that no baseline data existed and no strategic planning document or results framework materials were available. A second constraint was the advice to the evaluation team from USAID to limit its request to GEM-3 personnel for field assistance to set up interviews in the project sites. It was subsequently up to the team to arrange all their own interviews without the benefit of the implementing partner's assistance, knowledge of key players, and key individuals to interview. This certainly placed an additional burden on the team.[18] A third constraint was the team had little access to GEM-3 cost data by sub-components; it became a difficult task to answer conclusively any question on cost-effectiveness and efficiency. Despite these constraints, the team was able to collect a considerable amount of information for understanding the outcomes and results of the GEM-3 projects.

An additional constraint occurred two weeks into fieldwork as one sub-team was advised to avoid several municipalities in North Cotabato (Aleosan, Carmen and Pikit) due to active conflict in those areas. The team made last minute changes to other sites and cancelled all preparations made for the planned sites.

III. COMPONENTS: FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Key Results and Outcomes of GEM-3 Program

GEM-3 had 23 designated targets of which, as of September 2012, 18 (78%) had been completed and one terminated. The remaining targets will likely be achieved by the end of the contract in December 2012. This impressive list of activities had been implemented by over the last five years. The Infrastructure Development Component, which includes RIPs and BIPs, had achieved well-documented results. Other components, such as parts of business growth and governance, are achieving their targets, some with clear results and others with results anticipated at a later time, most likely after the program ends.

The evaluation did not focus on impact but rather the performance of GEM-3 was laid out in the 2006 DAAD. As a result, the evaluation team can only conclude that GEM-3's performance has been on track and will likely achieve all the physical targets by end of project life in December 2012 and that it is too early to assess the efficacy of the program. However, the evaluation team noted the following trends:

- Objective 1 on accelerating economic growth in Mindanao: while it is difficult to say whether economic growth has been accelerated, GEM-3 has facilitated and laid the foundation for economic growth in Mindanao.
- Objective 2 on helping to assure that as many people as possible participate in and benefit from the growth: GEM-3 has achieved this objective, improving the lives of many people, especially rural residents, who have benefited from infrastructure projects.

[16] See Annex 6B for interview guides.
[17] See Annexes 7, 8 and 9 for field visit sites, schedules and people contacted.
[18] USAID/Philippines provided additional funds to LBGI to provide transportation for the evaluation team to carry out their field site visits and for insuring the security of the team.

- Objective 3 on helping to bring about and consolidate peace in Mindanao: this objective is difficult to assess, especially because there is no baseline data to measure the situation of peace before and after the program. Published studies have reported that improved economic conditions are necessary but not sufficient to lead to reductions in conflict and violence. The evaluation in GEM-assisted barangays indicated that residents perceived improved security in their barangays. While this perception must be substantiated by data, including on the incidences and frequency of violent actions, one can be hopeful that perception will lead to behavior of peace.

The findings, conclusions and recommendations of each component are presented below.

COMPONENT 1: INFRASTRUCTURE DEVELOPMENT (ID)

Findings

Table 1: Infrastructure Development Targets and Completion*

PROJECT	TARGET	COMPLETEDSEPT. 2012[19]
Barangay Infrastructure Projects (BIPs)	760	720 (est.)
Regional Impact Projects (RIPs)	12	12

ID's purpose is twofold. First, GEM-3 has sought to alleviate poverty by improving conditions in the poorest barangays and accelerating economic growth in these remote regions, thereby eliminating and/or reducing the conditions that have often led to social conflict. In addition, the widespread perception, particularly among Muslims, that the area has historically been largely ignored by the national government—with few resources and services provided to the region—led to the notion of being "shortchanged."[20] Accordingly, GEM-3 has sought to assure that as many people as possible participate in and benefit from the program's economic growth activities. See Table 1, above, for completed structures versus targets.

Contribution to the Principal Objectives

ID's targets were the design and construction of 760 BIPs, including community water systems, warehouses, solar dryers, boat landings, barangay bridges, pedestrian bridges, market centers, and farm-to-market roads; and 12 RIPs, including airport runways, water systems, bridges, and roadway upgrades (refer to Table 2). The per-project cost of BIPs generally ranges from $5,000 to $50,000. The cost of RIPs, which are larger and designed to help accelerate regional economic growth, generally range from over $50,000 to $1 million, although some RIPs exceed $1 million.[21] Out of a total budget of almost $99 million dollars, ID accounts for 67% of GEM-3 expenditures.[22] Barangay bridges were the most frequent project type constructed, followed by post-harvest facilities (solar, seaweed dryers, grain warehouse) and trade/community centers. All RIPs were completed by June 2012, including six road upgrades, two airport runway improvement projects, two bridge

Evaluation team inspects GEM-3 constructed Barangay footbridge.

[19] All September 2012 data for this and other tables are from GEM-3 Davao Office, Louis-Berger
[20] Audit of USAID/Philippines' Growth with Equity in Mindanao (GEM-3) Program. Office of the I s, Audit Report No. 5-492-12-002-P, December 1, 2011.
[21] See GEM-3 Quarterly Report #3 (Apr-June 2012), Louis-Berger, Inc.
[22] Audit Report No. 5-492-12-002-P, December 1, 2011.

constructions, a water supply upgrade, and one spillway overflow structure.

The key result is that needed infrastructure projects are being funded by USAID through GEM-3 to improve economic growth at the barangay level. Table 2 displays the total number of BIPs to completed by September 2012 and the estimated number of persons benefitting from these BIPs. The recent Regional Inspector General's (RIG) audit report determined that through May 2011 GEM-3 was generally achieving its objectives.[23] The report noted that the program has benefitted tens of thousands of people living in the conflict-affected areas of Mindanao. Among other achievements, the program has resulted in improved infrastructure at the barangay level, better access to local markets, and higher incomes for farmers (including MNLF former combatants).

Table 2: Barangay Infrastructure Projects under GEM-3

DESCRIPTION	COMPLETED AS OF SEPT. 28, 2012	NO. OF BENEFICIARIES
Post-Harvest Facilities	138	13,910
Boat Landings	55	251,251
Road Upgrades	47	193,008
Water Systems	15	41,238
Trade Centers	106	665,368
Box Culverts	244	936,262
Drainage Canals	7	28,814
Irrigation Systems	20	15,096
Pedestrian Footbridges	76	404,891
Others (hand pumps etc.)	12	207,379
TOTALS	**720**	**2,757,217**

Source: GEM-3 Program, Davao Office, Mindanao

The SI-RIMCU survey found that 70% (418 of 601 responding) local resident respondents perceived that their local BIPs had helped reduce violence in their communities; 60% (360 of 601 responding) said they thought the BIPs were helping to bring about peace in Mindanao.[24] The positive perception was confirmed when the evaluation team conducted interviews with local mayors on their views of conflict taking place within their region. The mayors reported that as socioeconomic conditions and opportunities improved in their municipalities, the incidents of violent conflict would generally go down. They also stated that when people perceived they had more to lose, they were less willing to sacrifice what they had worked so hard to gain. Supporting this assertion, a recent impact study for USAID/Philippines found that "in the barangays where the GEM program was operating, the overall level of income increased significantly between 2002 and 2010."[25] While not conclusive, these findings support GEM-3's objective of improving economic conditions.

Comparative Advantages/Disadvantages of BIPs and RIPs

In general, the difference between BIPs and RIPs are of scope and magnitude. BIPs cost less ($5000 to $50,000) while RIPs range in cost from $50,000 to $1 million dollars or more.[26] BIPs are small-scale projects designed to

[23] Ibid, p-2.

[24] GEM-3 Evaluation Survey, RIMCU for Social Impact, Arlington, VA, August 2012. The total number of survey respondents was 901 with 601 in GEM-assisted and 300 in non-GEM assisted barangays. The survey was conducted for the ID component.

[25] *Evaluation of the Economic Impact of Infrastructure Projects.* Louis Berger Group, Inc. under USAID Contract No. AID 492-C-00-08-000001-00, Sept. 15, 2011, p-5.

[26] Both RIPs and BIPs were described as "cash-offsetting projects", i.e., for all projects, GEM-3 provides 75% of the funding needed for a

improve the socioeconomic conditions in local barangays. They serve relatively small numbers of people in specific locations, but in the aggregate, benefit larger populations over a wide geographic region. By contrast, RIPs are mid-scale projects designed to be "transformational" to a given area—to bring about serious economic changes in a particular geographic landscape: the two airport runways expanded in Sulu and Tawi-Tawi, for example. The improvements made by these RIPs have enabled each runway to now accommodate the use of larger aircraft, which is expected to expand trade, business, and tourism in these southern provinces.[27]

Barangay Participation: In the evaluation survey of 901 residents in both GEM and non-GEM assisted barangays, 488 (54%) stated they had "actively" participated in the process of decision-making for the annual barangay development plans; 292 residents (32%) of those surveyed acknowledged they had not actively participated, while 121 persons expressed "no opinion." The municipal and barangay governments use the barangay development plans to select projects for funding including GEM-3 BIPs. As for the BIPs, the evaluation data in Table 3 show that most people do not participate in them. This is not unexpected, as the municipal government was required to provide at least 25% of the cost of the project, in money or materials, and subcontractors built the structures. Of those who participated, 50% reported contributing local labor, most probably for the work that is the responsibility of the local government, such as the approach to a bridge or a pedestrian walkway.

Table 3: Barangay Participation in the BIP and LGU Counterpart Process*

RESIDENT CONTRIBUTIONS	MALE	FEMALE	TOTAL	%
Did nothing	78	94	172	37
Contributed materials	12	16	28	6
Contributed local labor	136	96	232	50
Provided local knowledge	9	11	20	4
Gave financial support	3	4	7	2
Provided technical equipment	3	1	4	1
Obtained building permits and legal documents	1	3	4	1
Provided management assistance	9	9	18	4
Provided technical assessment of project	2	1	3	1

*Total survey population in GEM-assisted barangays=601, number responding to questions=460, number stating they "don't know" 141.
Source: SI-RIMCU Evaluation Survey, August 2012 (multiple responses)

During the evaluation team's visit to 34 different BIPs, there was an overwhelming agreement on the part of local officials and barangay residents that the BIPs were serving the specific needs of the local community and that these types of projects were having a beneficial impact on the lives of barangay residents. Indeed, when survey participants were asked if they were interested in additional BIPs, 899 out of 901 (99.8%) responded that they were interested in receiving other BIPs to improve the local infrastructure.

Social Benefits: BIPs were essentially designed to improve local economic conditions at the barangay level. The SI-RIMCU survey asked questions regarding community members' views on other benefits they felt they had

given project with the balance provided by the local copartner (municipality and/or province and barangays). The match can be in cash or in-kind contributions (personal communication).

[27] Audit of USAID/Philippines' Growth with Equity in Mindanao (GEM-3) Program. Office of the Inspector General, December 1, 2011, p-3.

received from the infrastructure project and their responses are provided below in Table 4.

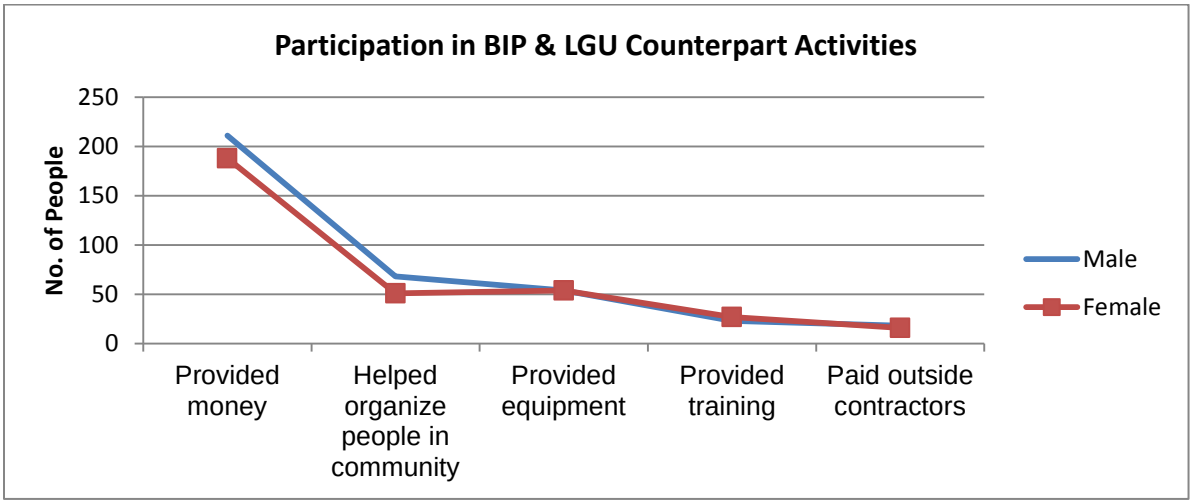
Table 4: Social Benefits Resulting from Barangay Infrastructure Projects*

BENEFIT RESULTING FROM INFRASTRUCTURE PROJECT	MALE	FEMALE	TOTAL	%
Gained skills in working with others as a benefit from the infrastructure project	152	147	299	50
Gained technical skills like financial management working with others as a benefit from the infrastructure project	122	147	212	35
Learned to cooperate with different community members as a benefit from the infrastructure project	196	209	405	68
Brought community members together to help decide what project should be implemented next as a benefit from the infrastructure project	177	200	377	63
Contributed to improvements in my community as a benefit from the infrastructure project	216	235	451	75

*N=601 (from GEM-assisted barangays); No. responding=599; No answer=2.
Source: SI-RIMCU Evaluation Survey, August 2012 (multiple responses)

The majority of survey respondents (75%) acknowledged that BIPs contributed to improving their community infrastructure; 68% said they learned to cooperated with each other as a result of the project; and 63% reported that they came together to decide on what to work on next. In another question regarding types of participation in BIP activities, there appeared to be almost equal participation from men and women in the various activities cited (see Chart 1 below).

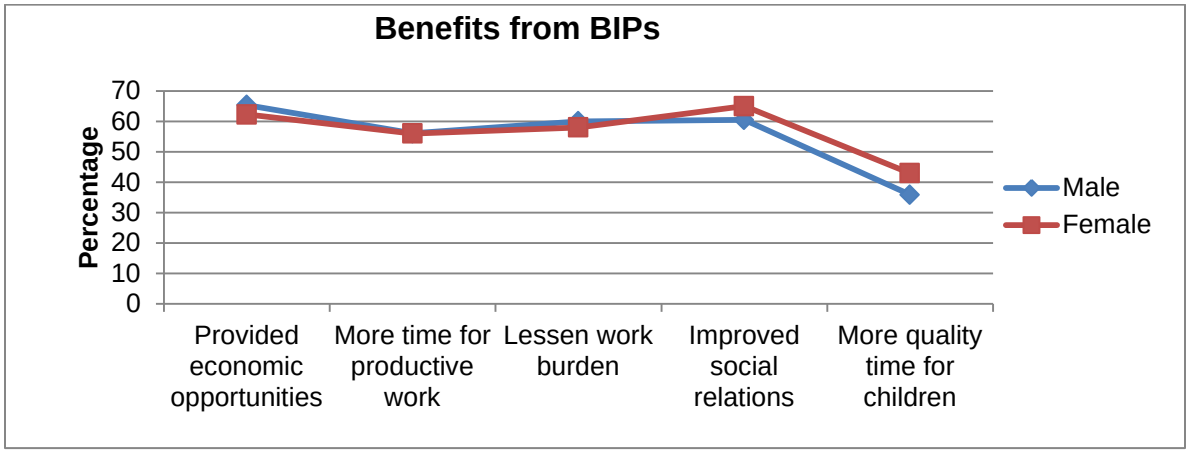
Chart 1: Participation in BIP and LGU Counterpart Activities



N=601 (GEM-assisted barangays); multiple responses
Source: SI-RIMCU Evaluation Survey, August 2012

The data for the question regarding benefits from the BIPs are indicated below (Chart 2). In the GEM-3 assisted areas, a high percentage of men and women (65% and 62%, respectively) reported that the BIPs were providing them with economic opportunities. They said that the improved infrastructure also allowed them more time for productive work, lessened their work burden, and improved social relations within the barangay. The benefits to both men and women appeared to be equal.

Chart 2: Benefits from BIPs



N=601 (GEM-assisted barangays); multiple responses
Source: SI-RIMCU Evaluation Survey, August 2012

Effective and Efficient BIPs for Meeting GEM-3 Objectives

Local barangay residents who participated in the SI-RIMCU survey indicated that they viewed transportation facilities (roads, box culverts, footbridges, and boat landings) as the main purpose of constructing a BIP in their barangay, (48.4%) followed by agricultural processing (23.9%), commerce activities (trade/community centers–18.3%), and assistance with water resources (water tanks, irrigation systems–14.1%).[28] Survey participants (74%) said their BIP project was effective with respect to meeting the needs of their community.

It can be argued that all communities want infrastructure projects, especially those with relatively low counterpart costs; in the case of BIPs, only a 25% match, either in-kind or cash, is required.[29] Focus group interviews with local mayors, municipal planers, and engineers assured evaluation team members that residents valued and utilized GEM-3 projects. Survey data also confirmed this point—86% (515 out of 601 respondents) said they used their respective BIPs, ranging from sometimes to all of the time.

Cost-effectiveness and efficiency are important issues for program manager in development projects. One way to gauge the cost-effectiveness of the various BIP activities under the ID Component is to compare the average number of beneficiaries per type of project to the average cost of this project type.
Table 5, below, presents these data.

Table 5: Cost and Beneficiaries of BIP Types

TYPE OF BIP	NUMBER AWARDED	TOTAL NO. OF BENEFICIARIES	AVG. NO. OF BENEFICIARIES	AVERAGE COST [30]	COST PER BENEFICIARY
Box Culvert Bridges	253	855,431	3,381	$35,310	$10
Grain Solar Dryers	121	37,476	310	$10,027	$32
Trading Centers	105	15,841	151	$31,247	$207
Pedestrian Footbridges	83	394,662	4,755	$39,471	$8
Boat Landings	66	272,820	4,134	$42,322	$10
Roads	54	181,096	3,354	$44,251	$13

[28] GEM-3 Evaluation Survey, RIMCU for Social Impact, Arlington, VA, September 2012, question B5.
[29] In practice, this 25% requirement can vary—and ranges from 20-50% depending on the type of project (personal communication).
[30] Source: GEM-3 Program. "BIP Distribution by Province and City and Average Cost per BIP Type as of June 30, 2012." Average cost is based on the 803 concurred projects as of June 30, 2012. This cost does not include the 25% counterpart from the MLGU.

Irrigation Systems	22	17,910	814	$34,334	$42
Water Systems	19	53,755	2,829	$38,947	$14
Drainage	7	28,814	4,116	$20,250	$5
Seaweed Solar Dryer	7	606	87	$26,725	$307
Grains Warehouse +Dryer	7	684	98	$28,020	$286
Seaweed Warehouse +Dryer	2	1,835	918	$11,635	$13
Others	14	205,469	14,676	$15,977	$1
TOTALS	**760**	**2,577,263**	**---**	**---**	**---**

Source: GEM-3 Program, Davao, Mindanao (see footnote for details).

The data are ranked by frequency within the total 760 awarded projects. Only 720 of these projects had been completed by September 2012, but all 760, and are expected to be completed by program end in December 2012. Table 5 also presents the average cost per beneficiary for the different BIPs. The most common type the box culvert-barangay bridge, accounts for exactly one-third of all BIPs awarded. At an average cost of $35,310 and benefitting an average of 3,381 beneficiaries, this project affords a relatively inexpensive cost per beneficiary, coming in at about $10/person. Boat landings offer a similar cost per beneficiary. These have an even greater average number of beneficiaries (4,134) than barangay bridges, but cost more on average ($42,322). However, boat landings constitute only 9 % of total BIPs. In many ways, they play a similar, crucial role in the transportation of goods and persons in rural areas. Other BIP types have cost per beneficiary much closer to the $8 to $10 range for footbridges, box-culvert bridges and boat landings. Cost per beneficiary for other BIPs: $14 for water systems (19 built); $13 for roads (54 built), and $13 for the combination of seaweed warehouse and solar dryer (only two built).

Evaluators found that farm-to-market roads were always the top priority for barangay residents (except in Tawi-Tawi, a province made up of many small islands). The 54 BIP road projects awarded by GEM-3 complete only 43.2 kilometers of road (averaging 0.8 km per project). At an average cost of $44,252, this is $55,314 per kilometer (PhP 2.27 million), making a full kilometer slightly beyond the usual ceiling for the GEM contribution to BIPs. This is in contrast to the average cost of farm-to-market roads under the Department of Agriculture's Mindanao Rural Development Program (MRDP): $38,464.36 per kilometer (PhP 1,599,348).[31] However, the number of beneficiaries per kilometer, according to GEM data, is relatively high at 4,192 persons (about 700 families).

Measuring the *ex-post* economic rate of return (ERR) across various BIPs in the infrastructure component was conducted to assess the economic efficiency of some of these projects. At the very least, the team sought to determine if its analysis was comparable to figures provided in a study conducted by Ateneo de Davao earlier in 2012. The ERR, which is the result of cost-benefit analysis, is the discount rate that equates the present value of benefit stream to the investment cost of a project. The ERR undertaken by the evaluation team used the basic figures from the Ateneo study and added the social and economic benefits, as well as social costs, collected during the field visits. The results confirm the positive ratings of the Ateneo study and in several cases even demonstrated higher ratings (see Table 6).[32]

Table 6: Economic Rate of Return of BIP Types

TYPE OF BIP	ERR (FROM GEM-3 STUDY)[33]	ERR (FROM EVALUATION TEAM)

[31] This figure refers to the average cost of DA-MRDP farm-to-market roads that are fully liquidated as of August 14, 2012.
[32] Refer to Annex 10 for ERRs for several projects from infrastructure and other components.
[33] *Evaluation of the Economic Impact of Infrastructure Projects.* Institute for Socio-Economic Development Initiatives, Ateneo de

Box Culvert Bridges	28%	23%-82%
Grain Solar Dryers	25%–36%	--
Grain Solar Dryers and Warehouse	--	52%–73%
Trading Centers	12%	37%–53%
Pedestrian Footbridges	–	75%
Boat Landings	25%	20%–36%
Water System (Level 2)	–	13%–87%
Drainage canal	–	59%

Note: The ERR from the GEM-3 study is an average while the ERR from the evaluation team is a range.

Maintenance of Infrastructure Projects

Before a Certificate of Completion is provided by GEM-3 staff turning over the complete RIP or BIP, plans for the sustainability of each RIP or BIP must be drawn up via a Memorandum of Agreement (MOU) between GEM (on behalf of USAID) and the municipality or, in the case of RIP projects, provincial government where the project will be constructed and relevant national government departments. Within the MOU, the article on Project Operation, Maintenance, and Sustainability charges the municipality/province with the responsibility for maintenance of the structure. See the Sustainability subsection under Section IV for details on the MOU.

Unfortunately, residents at the barangay level had almost no information regarding the maintenance required for sustaining their BIP: 71% of respondents said they knew nothing about any type of plan to maintain their project; 29% said they were aware of some type of plan and seven respondents declined to answer the question. More generally, local barangay captains and/or residents said their local leaders would ensure that maintenance was provided as needed; in the case of box culverts, footbridges, and boat landings, little maintenance was envisioned given these were generally well-constructed concrete projects. However, projects such as water systems, trade centers, and warehouses require managerial oversight to cover general maintenance and other operation expenses. In one instance where a new water system had been constructed, the fees collected were insufficient to pay the costs of electricity to run the pump. The same was true for trading centers, which had monthly fixed costs to operate.

Conclusions

- BIPs are cost-effective and efficient in reaching individual rural barangay populations and have economic and social influence on the lives of local people. Taken as a whole, BIPs have affected a large number of local residents and have served as a clear, daily reminder of governmental service delivery.
- The most effective and efficient types of BIPs in terms of cost, number of people served, and the total time required for implementation are box culverts and bridges, footbridges, and boat landings.
- RIPs have a greater influence on the region and able to link across barangays.
- All BIPs have been generated at the barangay level, as reflected in their barangay development plans, and these decisions seemingly reflect the prioritized needs of the community.
- Women participated at the barangay level in decision-making regarding the prioritization of local

Davao, Mindanao, February 2012.

development projects, according to normal procedures. The GEM program has sought to involve women in discussions of women's issues and concerns at the beginning of infrastructure implementation.

- GEM has been extremely careful to avoid direct participation in local political decision-making processes.
- GEM has developed the BUM system to track the use and maintenance of completed BIPs and RIPs.

Recommendations

- BIPs and RIPs should be continued and expanded.
- BIPs should be implemented in all barangays that lack basic services, especially in conflict-affected areas to fulfill the government's promise of peace dividends.
- RIPs offer an efficient means of contributing to economic growth and providing benefits to people across barangays, because of their concentration on major highways and expansion of provincial airports. Their locations should be planned for areas of growth in major cities and potential growth in secondary cities. There should be links to farm-to-market roads for areas with agricultural potential, so the produce can reach major markets.
- Ensure that future gender action plans are implemented fully and in accordance with established USAID and the country's policies. Allow more flexibility in the BIP project menu to meet gender needs.

Lessons Learned

Good Practices in Infrastructure

- The concentration on BIPs over RIPs is a wise choice in a conflict-affected area, given the much greater visibility of BIPs in local areas, compared to a few large projects. The latter may benefit very large numbers of beneficiaries, because of their concentration on major highways (six of 12 RIPs) and expansion of provincial airports (two RIPs) but overall, local officials and barangay residents offered high praise for the construction of their BIPs, and directly associated GEM with USAID.

Bad Practices or Problems in Infrastructure

- The removal of pre-selection of contractors two years ago has been a source of problems for GEM-3 in its contractor selection and vetting process. The inaccurate assumption that competition would bring more candidates for some projects that were receiving few or no bids, has caused delays. The additional candidates were small firms, often lacking local knowledge of project sites, and not qualified to carry out some types of projects.

Relationship of Scale and Scope of Infrastructure to Program Targets and Objectives

- The impact of three levels of infrastructure projects stand out: RIPs; BIPs with large numbers of beneficiaries for reasonable cost; and BIPs focused on post-harvest facilities usually associated with producer cooperatives and associations as well as with former combatant groups.

COMPONENT 2: WORKFORCE PARTICIPATION

Findings

Table 7: Workforce Preparation Targets and Completion

PROJECT	TARGET	COMPLETED SEPT. 2012
Computer Literacy and Internet Connections (CLIC)	265	265

Education Matching Grant Project (EMGP)	800	802
Job Enabling English Proficiency (JEEP)	26	26
Productive Internships in Dynamic Enterprises (PRIDE)	100	91
Investments in Vocational, Elementary, Secondary, and Tertiary Studies (INVESTS)	185	275

The objective of this component is to help students in ARMM and other conflict-affected areas to acquire the skills needed to successfully compete for jobs in high-growth sectors. Sub-components include:

1. Computer Literacy and Internet Connection (CLIC): Designed to close the "digital divide" separating students in conflict-affected areas from other students in the Philippines by providing internet-connected computers to high schools and training teachers and students on the basics of computer and internet use;
2. Education Matching Grant Program (EMGP): Designed to provide grants that match, peso for peso, funds raised by individual Parent-Teacher Associations (PTAs) to improve specific education programs or facilities in their schools and also encourage parents to become more involved, in and responsible for, the education of their children;
3. Productive Internships in Dynamic Enterprises (PRIDE): Designed to provide recent college graduates with business internships in large national or multi-national firms and to inform graduates from small, rural communities of the potential range of career possibilities available within corporations.
4. Investments in Vocational, Elementary, Secondary, and Tertiary Studies (INVESTS): Designed to provide secondary/tertiary school students with financial support, the primary objective was to encourage students from underrepresented groups to train for careers in which students from Mindanao are under-represented.
5. Job Enabling English Proficiency (JEEP) Project: Designed to establish job-related, English-language training programs in colleges in Mindanao, this program enables graduates to compete successfully for jobs in high growth sectors of the economy.

JEEP participants receiving English-language training

Contributions to the Principal Objectives

All Workforce targets capture input data—ranging from the number of teachers trained and/or computers provided to schools (CLIC), matching grants provided to improve education programs (EMGP), English-language training (JEEP) provided to the number of internships completed (PRIDE), and students assisted with financial support (INVESTS). Table 7 (above) displays the respective targets and the completion of each sub-component.

Discussions with GEM staff on this component emphasized the benefits of expanding educational opportunity, whether through improving computer literacy or language proficiency, along with providing more resources to schools and students by way of direct grants or scholarships would lead to increased employment opportunities.

Most Effective and Efficient Workforce Preparation Sub-Components

Little can be said regarding which sub-component was most efficient since the Workforce Component costs

were treated under a single contract line item (CLIN) and were not broken out by sub-component.[34] Despite this, where possible, the team was able to construct ERR for CLIC and JEEP programs based on field data.

(CLIC). Students interviewed said that access to computers aided their research and other educational assignments. Most of the students were interested in enrolling but the computer laboratory could only accommodate a specific number of students, and as a result, some schools opted to randomly enroll students. The lack of computers is thus a constraint for the schools to provide the desired computer literacy program.[35]

The purchase of new computers ceased in March 2011, once every eligible high school in the target area had received computer equipment. The costs of computer maintenance and Internet connectivity were initially sustained by local PTAs and local resources. Some of these costs have now been taken over by the Department of Education (DepEd) but funds are often delayed, resulting in technical breakdowns. The use of IT equipment is being monitored by BUM teams,[36] but the evaluation team observed that many computers were inoperable at the ten CLIC sites visited (out of total 153 standard CLIC sites). The overall effectiveness of the CLIC program is being assessed by the Institute of the Ateneo University of Davao (funded by GEM-3), but only summary results were available when the evaluation report was prepared. Summary results indicate that students in CLIC schools, when compared to non-CLIC, are showing a "robust difference" with respect to cohort survival rate and on the average percent scores received on the National Scholastic Aptitude Test.[37] The ERR of CLIC is negligible (see Annex 10).

EMGP. Teachers and students expressed similar views on the benefits they received from the matching grants. Teachers said they were able to adopt new teaching methodologies through the use of multimedia equipment provided under the grant. Additional books and other education materials also facilitated preparation of their lesson plans. For students, the additional equipment supplied in home economics classes enabled comprehensive training in dressmaking, baking, and carpentry work. Access to the Internet made students more interested and excited to do research—indeed, the presence of interactive, multimedia instructional materials was, in several teachers' views, instrumental in expanding students' intellectual curiosity. PTA members, largely responsible for collecting matching funds, were satisfied with GEM's implementation of the matching grant because PTA members were directly involved determining how the matching grants would be used to affect improvements in local educational settings.

The evaluation team visited 14 EMGP schools (out of 802);[38] all the informants interviewed said that they wanted the program to continue. Many of the schools receiving grants worried about sustaining progress if further matching funds cannot be found once GEM-3 is completed. Informants enumerated several specific steps for fundraising to help sustain programs initiated by the matching grant. GEM-3 reported that it had completed all its EMGP targets as of September 2012.

PRIDE. Almost all of the interns interviewed said that they were able to enroll in the PRIDE program through the information they received from their respective schools. In order to be selected for the PRIDE program, initial candidates were required to be Muslim graduates from Mindanao and have no grade lower than 88%, but requirements were subsequently relaxed to include all students and the minimum grade average requirement was dropped. Based on GEM's record as of September 2012, 91 internships have been completed and nine are still ongoing. GEM's third quarterly report for 2012 noted that, of the 54 students

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[34] Personal Communication, former Chief of Party, 9-10-12, the Workforce CLIN was $13.087 million (13.3%) of a total GEM-3 budget of $98.950 million.

[35] CLIC records indicated this sub-component provided a total of 873 internet-connected computers under GEM-2 and 3 while for Teacher CLIC completed 60. GEM-3 Presentation, August 8, 2012, p. 8.

[36] Refer to the GEM-3 Quarterly Report, 9-4

[37] Ateneo University, "The Impact of USAIS's Computer Literacy Internet Connection Program: A Summary of Major Conclusion, August-Sept. 2012.

[38] SI recognizes that this is not a statistically significant sample and that only inferences, not definitive conclusions, can be drawn.

completing internships, over half were offered employment with the company where they had interned.

INVESTS. This sub-component provides secondary/tertiary school students with financial support; GEM-3 material stated that 275 students have been assisted through September 2012 with three scholarships are still ongoing.GEM-3's last quarterly reported that INVESTS has met its life-of-project target, though it continues to provide financial support to students who have not yet earned their degrees.[39]

JEEP. As of June 2012, the JEEP program had been implemented in 26 partner schools in Mindanao. From June 2009 to May 2012, the JEEP student enrollment totaled 55,121, 44,913 of whom (or 81.50%) are JEEP Start students, and the other 10,208 or 18.50% are advanced students in JEEP Accelerate.[40]

The four schools visited by the evaluation team (out of 26) had more than two years of implementing the JEEP program. Based on their records (software scoring system) and assessments conducted on the progress of students, the schools concluded that the JEEP program indeed improved students' English proficiency. Student respondents collectively agreed that the program prepared them for the job interview process, increased their confidence, and increased chances of getting better jobs. Despite its widespread support by teachers and students alike, USAID suspended the project in late 2011 because some questions were raised about the possibility of training students for jobs that might conflict with the domestic job market in the United States. Moreover, due to the high operating and maintenance cost of JEEP program, its ERR is negligible, especially for programs implemented by public schools, state colleges, or universities (Annex 10).

Workforce Preparation Synergies

One possible synergistic effects noted by the evaluation team was EMPG being a possible sustaining mechanism for CLIC (i.e., Notre Dame of Parang, one of the private schools visited, received both EMPG and CLIC projects). The school management used a portion of the funds generated from EMPG for maintenance, paying for internet connectivity, and purchasing new computer units to replace dilapidated ones.[41] [42] Statements expressed in focus groups conducted in eight out of 23 schools indicated that programs such as CLIC, EMGP, and JEEP encouraged many participants to be become better students. Also, a summary of a recent study of the CLIC sub-component by Ateneo of Davao University reported students from CLIC-recipient schools performed better on the National Scholastic Aptitude Test than non-CLIC schools in the same region.[43] Unfortunately, the synergy in the Workplace Component could not be documented based on the non-anecdotal evidence.

Conclusions

- The "Peso for Peso" matching-grant project in the EMGP was a new innovation that encouraged self-reliance among schools by mobilizing local community resources through the PTAs.
- The CLIC program offered valuable opportunities to teachers and students to improve their technical skills through their access to computers and the internet.
- The training provided to school teachers in CLIC, especially to those in charge of the computer lab, was insufficient for handling basic computer proficiency and technical problems associated with computer operational maintenance. Frequent turnover of trained staff was also a major impediment.
- PRIDE had been able to establish internships for students in several industries and these internships

[39] GEM-3 3rd Quarterly Report 2012, pg. 3-11.
[40] Ibid, 3-8.
[41] Refer to the American Standard Dictionary. Synergy is rigorously defined as two or more things functioning together to produce a result not independently obtainable from a single variable.
[42] It should also be noted that GEM claims that BSO and Workforce staff identifies scholarship students using BSOs.
[43] As of September 11, only a preliminary summary of the study's findings were available; it is too early to infer whether any synergistic effects took place in educational settings.

may lead to full-time employment of these interns.

- The JEEP program was reported to be effective in improving students' English proficiency.
- Schools are worried that the activities will not be sustained once donor funding ends.

Recommendations

- To ensure project sustainability, early orientation sessions for school faculties and PTA members should be closely followed by GEM staff for the development and implementation of realistic operation and maintenance plans.

Lessons Learned

- EMGP helped several hundred schools improve educational activities, but the program structure might prove unsustainable for local PTAs after GEM-3 ends. The PTAs had a low probability of sustaining EMGP at comparable levels of operation.
- CLIC's intention to provide students with Internet access and a view of things beyond ARMM and Mindanao was well-intended. While GEM certainly made strides in IT education in the Muslim areas, most of the schools visited were maladapted to ensuring a clean environment and regulated temperatures for the long-term use of expensive equipment. Few of the schools visited had personnel who could troubleshoot and maintain computer equipment.
- JEEP was highly praised by the students and faculty, but participants indicated that it will be difficult to raise the required capital outlay and resources to continue JEEP at current levels. JEEP at a private institution had higher chances of sustainability than those at public universities.

COMPONENT 3: GOVERNANCE IMPROVEMENT

Findings

Table 8: Governance Improvement Targets and Completion

PROJECT	TARGET	COMPLETED SEPT. 2012
Congressional Internship for Young Mindanao Leaders (CIPYML)	200	149
Revenue Enhancement and Peace Project (REAP)	12	12 (ongoing assistance for additional 5 MLGUs)

The Governance Improvement component has two sub-components: the Congressional Internship Program for Young Mindanao Leaders (CIPYML), designed to strengthen the roles of young Mindanao leaders in governance and legislative processes; and the Revenue Enhancement and Peace program (REAP), focused on improving the capability of Municipal LGUs in ARMM and conflict-affected areas to govern more effectively and efficiently and contribute to economic growth, peace, and development. Table 8 (above) shows component targets and their completion, to date.

Major Results Achieved under CIPYML

GEM-3 continued the implementation of CIPYML begun under GEM-2. The program offers internship opportunities in the Philippine House of Representatives (PHR) for young leaders from Mindanao's conflict-affected communities, giving them first-hand experience in public policy formulation and legislative processes. To date, 149 out of 200 interns have graduated from the program under GEM-3. In the six cohorts of graduates, overall 60% have been women and 40% men. Another six cohorts of congressional

interns graduated under GEM-2.

The program forged a strong partnership with the PHR, as well as the University of the Philippines National College of Public Administration and Governance (UP-NCPAG) and Mindanao State University (MSU-Marawi), who were sub-contractors, not full partners. Of the GEM-3 CIPYML graduates, 60% came from the ARMM, 20% from Region 12, 15% from Region 10, and 5% from Region 9 (see Table 9).

Table 9: CIPYML Graduates by Cohort, Sex, and Region

COHORT	TOTAL	MALE	FEMALE	ARMM	REGION 9	REGION 10	REGION 12
7	19	5	14	10	1	4	4
8	25	15	10	17	1	3	4
9	25	12	13	18	1	3	3
10	24	6	18	11	2	3	8
11	29	13	16	16	1	3	9
12	27	9	18	17	1	7	2
TOTAL	**149**	**60**	**89**	**89**	**7**	**23**	**30**

Source: GEM-3 Quarterly Report, April-June 2012.

Based on the interviews conducted with CIPYML graduates, the program delivered the following results: (1) increased personal knowledge and technical skills regarding policy development and legislative processes; (2) creation of a pool of young men and women in Mindanao equipped with a broad understanding of national issues and democratic governance; (3) 12 former interns have occupied senior posts in the regional government of ARMM, and (4) the internship is a life changing experience for the alumni.

According to graduates interviewed by evaluators, the experience opened doors to various opportunities. Examples include: (1) participation in an ASEAN internship program, overseas scholarship programs, increased networking, and improved social capital; (2) increased knowledge of public administration and improved technical skills in writing policy papers, project proposal preparation, and research papers; (3) increased knowledge of the essential characteristics of good governance, such as transparency, accountability, functional public administration, and participatory governance; and (4) new knowledge, skills, attitudes, and values that molded interns into better persons with greater concern for professionalism and strong character.

The most recent GEM-3 quarterly report[44] indicates that 45 (16%) of the 273 GEM-2 and GEM-3 graduates were seeking employment in June 2012. The remainder were in government service (83); academe (34); pursuing studies (23), or employed in other sectors (88). The four focus group respondents (three males and one female) are currently employed in a World Bank-funded project, a UN World Food Project, as Project Manager of a health organization in Mindanao, and as general manager of the Regional Ports Management Authority of ARMM. The program was credited with providing them with the confidence, problem-solving skills, decision-making skills, and technical capabilities to secure better jobs.

Major Results Achieved under REAP

Under the REAP, the first four municipal governments (MLGUs) began implementing their Revenue Generation Action Plans in January 2009.[45] All four of these governments met their revenue targets for 2009. Each MLGU received a major incentive ranging from street lights, welcome arch, a multi-purpose training center, a combination of welcome arch and street lights. While this is what the municipalities requested, none

[44] GEM Quarterly Report (April – June 2012). Page 4-9. Davao City, Philippines.
[45] See full list of participating municipalities in Annex 10.

of these is economically-oriented in the manner BIPs are intended. However, economic development was not considered a driving factor in the infrastructure facilities offered by GEM to MLGUs. The objective was to incentivize the municipal governments to reach their agreed upon targets.

These same four MLGUs participated in the project in 2010, but despite increasing revenue collection, none was able to achieve its new revenue generation target as specified in its MOU with GEM. In 2011, this first cohort of participant municipalities again increased their revenue collection, but only one (Molave in Zamboanga del Sur province) achieved its target and was entitled to receive a major incentive (medical equipment for two municipal health units). Together the four raised an additional PhP 13.83 million ($337,317) in 2011 over 2010 (28% increase). On average, each municipality gained about $84,329 more local revenue in 2011 than in 2010.

The first group of four MLGUs (Buug, Dumingag, Lamitin, and Molave) have now been enrolled in REAP for three years, beginning in 2009.[46] Their performance in 2009, 2010, and 2011 is presented in Table 10. Their overall increase in revenue between 2008 and 2011 is 84.1%.

Table 10: Revenue Generation Performance of the First Group of MLGUs between 2008 and 2011 (Millions of PhP)

LGU	2008	2009	2010	2011	% INCREASE
Buug	7.75	9.44	12.19	12.91	66.6 %
Dumingag	5.88	7.18	8.51	8.96	52.4 %
Lamitin	6.69	7.09	7.01	8.63	29.0 %
Molave	13.87	17.19	21.41	32.45	134.0 %
TOTAL	**34.19**	**40.90**	**49.12**	**62.95**	**84.1 %**

Source: GEM-3 Quarterly Reports (April-June 2010, 2011, 2012).

A second set of three MLGUs (Datu Paglas, Upi, and Alabel) participated in REAP beginning in 2010. Their performance in 2010 and 2011 is presented below. Their overall increase in revenue between 2009 and 2011 is 17.9%.

Table 11: Revenue Generation Performance of the Second Group of MLGUs between 2009 and 2011 (Millions of PhP)

LGU	2009	2010	2011	% INCREASE
Datu Paglas	1.17	2.07	2.59	121.4 %
Upi	2.14	4.20	5.39	151.9 %
Alabel	27.03	25.56	27.78	2.8 %
TOTAL	**30.34**	**31.83**	**35.76**	**17.9 %**

Source: GEM-3 Quarterly Report (April-June 2011, 2012).

Two of this second group of municipalities (consisting of Datu Paglas and Upi) previously had achieved their 2010 targets and qualified for receipt of major incentives. In 2011, however, none achieved its target, although all achieved some revenue increase. The three municipalities together produced an increase of revenue of PhP 3.93 million ($95,854) in 2011 over 2010.

The third group of municipalities participating in REAP set targets for 2011 based on a formula that took the average revenue for the preceding five years, added an agreed upon increase of 30% to 50% , then adjusted this upward to account for inflation and population growth rates. Four of the five municipalities

[46] Buug Municipality, Zamboanga Sibugay Province: Molave and Dumingag Municipalities, Zamboanga del Sur Province; and Lamitan Municipality, Basilan Province.

outperformed their targets, while one failed to achieve it, despite achieving some revenue increase. The four successful municipalities are now in the process of receiving their major incentives: a trading center in Banga, a public pavilion and computers in Norala, a fruit trading center in Parang, and two solar dryers in Pigcawayan. Some of these municipalities also received a Good Housekeeping monetary award from the Department of the Interior and Local Government. The performance of this group of five municipalities in 2011 is as follows, although the actual 2010 base values were not provided.

Table 12: Revenue Generation Performance of the Third Group of MLGUs in 2011 (Millions of PhP)

LGU	ESTIMATED 2010	TARGET INCREASE	TARGET 2011	ACTUAL 2011	% INCREASE OVER TARGET
Banga	8.21	35 %	11.08	13.07	18.0 %
Norala	5.26	40 %	7.36	8.03	9.1 %
Malapatan	6.16	35 %	8.31	7.10	- 14.6 %
Parang	7.19	30 %	9.35	9.42	0.7 %
Pigcawayan	5.00	30 %	6.50	6.93	6.6 %
TOTAL	**31.82**	**30–40%**	**42.60**	**44.55**	**40.0 %**

Source: GEM-3 Quarterly Report (April-June 2012).

Although the 2010 base figures are not provided by GEM, the team was able, by working backward from the target increase percentages, to estimate these 2010 figures at PhP 31.82 million. The actual 2011 revenues of PhP 44.55 million indicate a revenue increase of PhP12.73 million, or 40% more than in 2010. Altogether, the 12 participating municipalities generated additional revenues of PhP 30.49 million ($743,659) in 2011 compared to 2010. This is on average about PhP 2.54 million ($61,972) per participating MLGU.

A fourth group of five MLGUs (Kiamba, Maasim, President Roxas, Aurora, and Calamba) received "TA-lite" assistance in early 2012, consisting of a four-day workshop. Only one (Calamba) has received its "teaser" incentive, consisting of a computer with printer as reward for revising its local revenue code and other ordinances to reflect updated charges and rates and securing provincial concurrence.

The increased revenue realized by these municipalities, according to the GEM April-June 2012 quarterly report, was used as intended to improve basic services to constituents. The additional collection in 2011 will be employed in the same way. This use is specified in the MOU with each municipality. On the other hand, major incentive rewards are chosen by the recipients and do not need to target constituents' basic needs. They included town arches, computers, and a public pavilion.

On the delivery, quality, and range of public services delivered as a result of increased revenue, the evaluation team found that three LGUs (Upi, Datu Paglas, and Parang) channeled their revenue increase to augment development funds for basic services in education, health, social work, and barangay infrastructure. Three others (Pigcawayan, Norala, and Banga), however, used their increased revenues for the improvement of municipal buildings, purchase of computers, and payment of tax collector salaries.

Evaluators visited officials of six of the 12 LGUs participating in REAP. They found that a Technical Working Group (TWG) and a Tax Information and Education Campaign (TIEC) team had been established through the issuance of an executive order by the Sangguniang Bayan (municipal council). Each TWG had formulated and implemented a Revenue Generation Action Plan with a budget, approved through council resolution. The plan has served as the LGU roadmap to improving its revenue management system and pursuing revenue targets. The presence of participatory mechanisms for public consultation and dialogue was observed in all six LGUs.

Each TWG formulated specific and well-defined strategies to enhance the tax collection and recording system, including intensive TIEC activities, collection strategies for business taxes, collection strategies for real property

taxes, monitoring activities, database maintenance, and the implementation of rewards and incentive schemes.

The problem to be addressed through REAP was that the local revenue code and the real property tax schedules of these LGUs are not periodically updated and legislated. The mandate to revise the local revenue code is issued every five years, while a general revision of assessments and property classification is carried out every three years to reflect the true market values of properties. The RPT is a provincial imposition and municipal LGUs cannot, by themselves, amend the schedule of market values (SMV) without approval and legislation by the provincial government. While the REAP project supports the amendment and codification of tax ordinances, LGUs are legally prevented from revising and enforcing new tax measures until the provincial governmental assembly (Sangguniang Panlalawigan) approves and legislates the changes. This is not always forthcoming and some of these discrepancies between appraised and market values can be considerable. In Maguindanao province, for instance, the SMV is still based on 1985 market values.

Contribution to Principal Objectives

Accelerated Economic Growth: The results reported by GEM under the REAP project have not been linked by GEM or USAID to accelerated economic growth in Mindanao. Nor has any theoretical link been established between increased municipal revenue and accelerated economic growth, of the region or of the whole of Mindanao. Even had all increases in municipal revenue and major incentive rewards been devoted entirely to economic development ends, which has not been the case, these small inputs to growth would not be discernible in the overall growth figure. However, the objective of this pilot program was not major impact on economic growth, but to demonstrate that some local revenue gains can be realized by municipal governments and probably sustained. The 12 participating MLGUs generated $744,000 in extra revenue in 2011 over 2010. Had all 400 municipalities participated in this experience, $24,800,000 might have been generated. The pilot has involved a total of 17 MLGUs thus far, a small number of municipalities compared to the total for ARMM (118) and the whole of Mindanao (400).

Large-scale Population Participation and Benefits: No attempt has been made by GEM to link activities under REAP with number of beneficiaries. While the rationale for REAP maintains that LGUs can make substantially greater investments in economic and social infrastructure by generating more local revenues, municipal governments throughout the Philippines at present only generate 18 % of their revenue from local sources. Even if they invest in development works, all additional revenue raised by updating tax schedules and land valuations—procedures certain to encounter resistance by local elites—this is unlikely to raise overall per capita incomes by significant levels. Under GEM-3, the involvement and impact of REAP achievements and incentives on beneficiaries has been very limited, since it has been a pilot program. This is also true for CIPYML, where only 200 interns have participated in the program since 2008. By its nature, the CIPYML could not involve large numbers of beneficiaries each year.

Contribution to Overall Peace: To the extent that municipalities can generate additional income and employ most or all of it to meet the basic economic and social needs of their constituents, they will be perceived by the population as serving the people, not simply being exploitative and corrupt. It is unlikely that additional revenues raised thus far by REAP have had a discernible impact on the livelihoods of constituents. A relationship between REAP achievements and the consolidation of peace cannot yet be made.

Success of Technical Assistance Activities

REAP benefitted from minimal TA activities. The most recent GEM-3 quarterly report labels REAP as "TA-lite."[47] Such minimal technical assistance has involved two small workshops in each participating municipality, although municipalities sometimes participate in groups of two or three. In the first workshop, the

[47] GEM-3 Quarterly Report: April 1-June 30, 2012."USAID Growth with Equity in Mindanao Program," Davao City, Philippines.

municipality is assisted to set a revenue generation target for the next budget year and determine how additional revenue can be obtained. This is drawn up in a Revenue Generation Action Plan. In the second workshop, the municipality is assisted in drawing up the language for a municipal council executive order authorizing the creation of a TWG and a Tax IEC Team. Following this, the GEM-3 Governance Team, with the Bureau of Local Government Finance (BLGF), verifies municipality achievements in revenue generation.

Cost Effectiveness and Efficiency

Budget information on this component does not distinguish between REAP and CIPYML. The total budget for improving governance under GEM-3 has been about $5.13 million. In terms of comparative cost effectiveness and efficiency, it is difficult to compare these two very different programs within the Governance component. It is therefore not possible to say that one was more effective or efficient than the other in meeting its targets and programmatic objectives. REAP has reached its life-of-project (LOP) target of 12 municipalities and an additional group of five MLGUs is currently moving forward to implement their action plans in the final months of GEM-3. The revised LOP target of 200 intern graduates under CIPYML will be achieved with the graduation of those that began their internship in the PHR in July 2012. Both programs have achieved very different targets on schedule and within budget.

These two activities are not directly related under governance improvement, except to the extent that CIPYML graduates were expected to become knowledgeable, committed regional citizens committed to the furtherance of democratic institutions, and thereby implicitly take up positions in MLGUs where they might become able interlocutors with GEM under the REAP project. This has not generally happened, although CIPYML graduates are much sought after in other areas.

Addressing Needs and Appropriateness of Incentives

The REAP project did address the most pressing need of municipal governments: increasing revenues overall for economic and social service delivery, investment in development infrastructure, and reduced dependence on outside revenue from the national government and donor organizations.[48] The two types of REAP incentives—light equipment rewards for revising local revenue codes, and land valuations and major infrastructure or equipment rewards for meeting revenue generation targets in MOUs signed with GEM—were both important in moving the 12 participating MLGUs forward in revenue collection. While all municipalities made some progress in such collection, many were not able to meet agreed targets, especially after the first year of REAP participation. Of the two types of incentives, the larger rewards were the most valued by recipients.

Conclusions

- REAP improved the capacity of LGUs to address key administrative and management problems relative to internal revenue generation and local tax code enforcement—especially in cases where new tax collection rules were incorporated into formal collection policies.
- The implementation of the revenue generation action plans and the innovative collection strategies were effective in increasing the revenues generated from the business and real property taxes.
- While most MLGUs in REAP were successful in realizing gains of 30% to 50% in revenue the first year, none of the second year participants has been able to do so, as of yet. For those few municipalities involved for a third year, the success rate was only 25%.
- No attempt has been made by GEM to link activities under REAP to numbers of beneficiaries or the

[48] However, it should be noted that other factors such as local elections influence the decision of LGU officials to implement tax collection activities.

amount of increased social or development investment from improved local revenue generation. Under GEM-3, the impact of REAP achievements and incentives on municipal populations has been minimal and limited to only 17 municipalities of the total of 188 in ARMM and 400 in Mindanao.

- CIPYML imparted knowledge and technical skills on policy development and legislative processes to graduates, but failed to provide avenues for actual application in the real context of local governance.
- CIPYML was effective in creating a pool of young men and women leaders in conflict affected areas in Mindanao who are equipped with policy know-how and technical skills.

Recommendations

- CIPYML, or a similar program, should continue in the future— given the high dividends that may occur by identifying future leaders for the Philippines thereby offsetting costs in time and resources.
- A transition period, where interns to actually apply their policy know-how and skills at the local-government level, is needed. Their experience and knowledge would be especially useful at the local level.
- REAP's pilot-program experience can serve as an example for the remaining 383 municipalities in Mindanao. Total new revenue generation, at least in the early stage, could be substantial in scale up with a large number of participating municipalities.
- The REAP project should also be carried forward in future USAID programming efforts. Its initial efforts are replicable by other communities, and an effort to scale up the project can offer large returns on investment, especially in the beginning.
- For higher and more sustainable impact, the provincial governments should be involved as it is important that the SMVs are made current and the tax base expanded, since any increase in real property tax collection automatically increases municipal and barangay revenues.
- Try to improve synergy by matching CIPYML applications from REAP MLGUs.

Lessons Learned

- REAP was designed to address weaknesses in the revenue-generation capacity of MLGU and to reduce local dependency on funding from the national government leading to increased self-sustaining independence. Unfortunately, those REAP-targeted municipalities most in need of improved revenue generation all too often lacked the personnel to implement revised tax collection strategies; tax collection teams also lacked the skills to effectively implement new tax collection plans and strategies.

COMPONENT 4: BUSINESS GROWTH

Findings

GEM-3 activities in BG are built upon a foundation that began under GEM-1. Initially, organizations benefitted from institutional organization, including group formation; logistical support with office equipment; salaries and materials for key staff; basic management training; and hosting of events and attendance at workshops, seminars, and congresses. GEM-2 continued logistical support and hosting of events, while adding a more focused effort on technology transfer to the particular economic activity of the group and more management-related training to fortify the group's implementation capacity. Market definition was also important, since GEM-3 gave stronger emphasis to market penetration and less to logistical support. Groups that started up during GEM-3 basically followed this 1-2-3 approach, although it probably was accelerated, given the implementation experience the GEM team had acquired and the widespread public knowledge of the program.

Table 13: Degree of Achievement of Length of Program Targets by Type

PROJECT	TARGET	COMPLETED JUNE 2012	COMMENTS
BSO DEVELOPMENT			
New Chambers of Commerce assisted in CAAM	6	6	100% achieved. Assistance ongoing to all six.
Previous Chambers assisted to advocate improved LGU performance in tax revenue generation	6	6	100% achieved. Assistance ongoing to all six .
BSOs assisted to plan and implement specific events	25	25	100% achieved.
Key growth sector BSOs establish	5	5	100% achieved. Assistance ongoing to all five.
Producer organizations assisted to improve the competitiveness of their products	20	20	100% achieved. Assistance ongoing to eight.
TCEP			
Value in US$ (millions)	82	77-85	Sept 2012 figure based on prediction. Even if target (82) is achieved , it would only be 2.7 times the baseline
Volume in metric tons (thousands)	90 MT	60-70 MT	Sept 2012 figure based on prediction. Will not reach target.
Expansion of post-harvest facilities (warehousing, cold storage, and VHT)	1	2	Completed one over target.
EXPLORATORY INVESTMENTS			
CAAM tourist resort	0	0	Discontinued.
CAAM BPO facility	4	4	100% achieved and completed.
Mining firms community outreach	4	4	100% achieved and completed.
FORMER COMBATANT REINTEGRATION			
MNLF groups/communities assisted to produce high-value commodities	125	129	See write-up in separate section.
MNLF cooperatives/communities provided with pre- and post-harvest facilities	50	50	

Source: GEM-3 Quarterly Report April-June 2012 (June data used for calculations in BG section as September data were still estimates)

Contribution to GEM Principal Objectives

Accelerated Economic Growth: The most clearly valuated output of the BG's activities has been that of export sales of targeted commodities under the Targeted Commodity Expansion Project (TCEP). The total value through June 2012 (4.5 years) of BG-facilitated sales of international exports and domestic out-shipments of fresh and processed fruit products, vegetables, and seafood commodities was $86 million. While this is 6.5 times greater than the BG budget of $13,250,085, it is only a yearly average increase equal to 0.06% of the Mindanao GRDP ($34,482,765,488 in 2011).[49] Although this increase in sales undoubtedly had employment and private investment impacts, GEM has not tracked this data. The focus remains on increasing annual sales from a baseline of $30.7 million in 2007 to $82 million annually by the end of FY2012.

Large-scale Population Participation and Benefits: To ensure that as many people as possible can access and benefit from program activities and to maximize program resources, GEM-3 takes advantage of economies of scale by partnering with BSOs: Chambers of Commerce, business councils, and producer associations and

[49] However, it should be noted that TCEP focused on a limited set of targeted commodities considered non-traditional export products such as fruit, vegetables, fish and high-value aquaculture and thus comparing total exports to Mindanao's GRDP does not fully capture TCEP's goal of expanding these non-traditional export commodities.

cooperatives. The program has leveraged funds through cost-sharing to reduce cost and has employed organizational networking to reach large numbers of people. The six new Chambers of Commerce formed under GEM-3 now count 520 members, in addition to the approximately 4,000 Chamber members recruited under GEM-1 and GEM-2. Six previously formed Chambers continued to receive support under GEM-3. Under the high-value horticulture activities of TCEP, a total of 6,040 members support producers associations and cluster groups. Except for the large number of beneficiaries reached through ID (BIPs and RIPs) and some of the workforce preparation activities, the business growth component probably has directly reached most beneficiaries in an economic way by assisting beneficiaries in groups with small-scale infrastructure, seed capital, and TA in high-value horticulture and aquaculture.

GEM's activities led to numerous impacts for participating groups, including increase in membership within a group; greater volumes of the major products transacted (crops, fish); greater geographic outreach of the group; deeper technical knowledge of the production and handling of products; more diversification of economic activities and less dependence on a traditional crop; a growing understanding of a market orientation; an increased appreciation of quality aspects and the technology involved; and an awareness of other marketplaces and how to search for access to them. To the degree that producer groups and their members benefitted in these ways from GEM, agricultural productivity, production, and sales increased, engendering fuller household employment and greater net income to participants. This led not only to private economic benefits for the immediate participants, but also social benefits (improvements in health and education for family members) and sometimes community benefits according to interview respondents.

Consolidation of Peace: The impact of GEM's BG activities on bringing about and consolidating peace in conflict areas of Mindanao is unclear and difficult to quantify, particularly given the absence of an explicit, theoretical linkage in project documents. It is the general consensus, however, that access to productive opportunities and income-generating activities and a perceived, rising level of household purchasing power increase the opportunity costs of joining a rebel group and resorting to violence.

The geographic focus of GEM-3 combines ARMM, NPA, and MILF conflict-affected areas (Eastern, Central and Western Mindanao). In the Muslim areas, GEM-3 has completed 79 community development activities and has constructed 50 post-harvest facilities (solar grain dryers and consolidation facilities). These activities have benefited some 4,600 community members. Of the total (6,040) members of producers associations and cluster groups assisted by GEM, 3,504 (55%) are located in the Muslim conflict areas. This assistance provided the communities with income-generating activities, thereby increasing their incomes and purchasing power. Since post-harvest facilities, including solar dryers and consolidation and trading centers, effectively add value and provide micro-growers and farmers linkages to the value supply chain of commodities, some 4,600 community members, including those in isolated and conflict areas, have been integrated into a web of markets and processing plants in a wide range of production areas.

There are, however, no indicators tracking total employment and income generated by these activities with producer associations and cluster groups. Nor has GEM-3 developed proxy measures that might track levels of violence or dissidence in the ARMM and other conflict-affected areas. Reports from program areas anecdotally link these income-generating activities and the provision of small infrastructure projects under GEM-3 with decreased population alienation and the use of violence to resolve conflicts.

Increase in Private Sector Investment

There has been no monitoring of private sector investment under GEM-3; it can only be presumed to have occurred when export volumes and sales increased, as they have done over the LOP. This has not been a performance indicator under GEM-3. Its value, consequently, is not known and cannot be reported.

Relative Effectiveness and Efficiency of the BSO and TCEP Activities

The cost-effectiveness and efficiency of various sub-components of the BG cannot be judged with the information available to the evaluation team. One complicating factor is that many of the results actually stem from GEM 1 and 2 expenditures, from resources supplied by different levels of government, and from the cash and in-kind counterpart of participating organizations and individuals. Moreover, the project-related increases in earnings of participants are unknown, as is the residual value of GEM procurements. Furthermore, many activities should result in after-project incremental earnings of participants, as well as non-participants that benefited from technology transfer, market access, and the like. While increasing the incomes of farmers and their cooperatives was not a target under GEM-3, significant increases were nonetheless substantiated in a GEM-sponsored survey. Finally, it is difficult to determine the efficiency of each activity under the BG component, because the activities are interlinked.

We can compare total costs of training to the number of participants and determine that the average cost of training by participant is PhP 166.[50] However, we cannot draw a conclusion as to the efficiency of this activity, lacking baseline data on training with which to compare. Nevertheless, this figure appears highly cost efficient.

For the trade fairs, a comparison of their cost and the output generated during the same period indicates that there is a cost-to-output ratio of 0.0038, or 0.38%.[51] GEM's outlay on these fairs is substantially less than one percent of the total value of revenue generated from participation in them—in other words, each peso spent on fairs resulted in PhP 263 of new exports from Mindanao. It should be noted, however, that the cost does not include the cost of the GEM implementation staff, only direct costs (i.e., booth rentals and promotional materials). The cost of participation is also co-shared by the Philippine Department of Agriculture and the Department of Trade and Industry, private firms, and participants, both in monetary and in-kind contributions. Nevertheless, the investment advantage of these events would appear to be solid.

Caveated by the small sample visited, the most cost-effective (efficient) growth activity for participants appears to be the private sector TCEP/H-CAP export operations, when time of project involvement and project expenditures is considered. Several of the producer organizations would qualify as cost-effective at present, but run the risk of being unsustainable under their current mode of operation, because the tendency is to transfer a substantial portion of the final sales receipts to the producer, leaving only a small margin for the Producers Association (PASS). This margin may not be sufficient to cover future replacement of capital goods, participation in foreign expositions and trade fairs, and other costly, recurrent expenditures. Furthermore, the process of transforming a PASS into a growth agent (whether stand-alone or through its participant members) may delay the receipt of benefits long enough that participants discontinue the activity, lessening its effectiveness. This could result in activities with long-range results being discontinued after the project ends because the impact is not obvious to the beneficiaries. The success of the PASS depends largely on the entrepreneurship of its leadership, which may change before the organization's business success proves itself to the general membership.

GEM-3 sponsored *Mindanao Vegetable Congress*, a market development activity designed to promote the export of regionally-grown vegetables to other parts in the Philippines and also internationally.

Effectiveness of Program Activities in Facilitating Business Services

There was a series of overlapping activities by GEM that improved market access for participating BSOs, especially the producer organizations, by focusing on organizational, product,

[50] Training: average cost of PhP 12,000/training. Total of trainings = 522. Total par 6,264,000. Cost per trainee = total cost/total trainees = PhP 6,264,000/37,653 – Ph

[51] Trade Fairs: Domestic Fairs – 8 @ average cost of PhP 100,000.00/fair = PhP 800,000. International Fairs – 31@average cost of $10,000/fair = $310,000 @ $1.00 = PhP 42.00 = PhP 13,020,000. Total cost = PhP 13,020,000 + 800,000 =PhP 13,820,000 or $329,048. Ratio of cost to exports = $329,048/$86,000,000 (to end June 2012) = 0.0038.

and market development:

- Organizational development consisted of strengthening the business entity: training in basic skills (bookkeeping, group management, and governance); and providing operational infrastructure and services (office/trading center facilities, office equipment/scales/crates/group input supply and product transport, definition of business practices for produce supply/quality standards/form of payment).
- Product development included various production aspects: determination of product(s) and varieties, TA in production and good agricultural practices; cluster programming according to estimated market demand; timing to stabilize both volume and purchase and sales pricing; quality determination and control mechanisms; and post-harvest handling and packaging.
- Market development included attendance at expositions/trade fairs/workshops, market information on varieties/qualities/presentation/volumes, certification if required for Hazard Analysis and Critical Control Point (HACCP)/Kosher/VHT/ISO, market linkages, and business matching.

Chambers of Commerce had analogous activities, but they were based on provision of services, training, and publications to promote an area's products and activities—rather than simply on products—which requires a prior needs assessment. GEM usually carried out this needs assessment, often in conjunction with the Department of Agriculture or the Department of Trade and Industry.

The evaluation team interviewed representatives of 24 of the 65 organizations listed by GEM as assisted BSOs and producer organizations and can verify GEM's assistance. However, the evaluation is limited to reporting the data in the latest quarterly report (June 2012) and cannot judge the timeliness of these activities.

Overall, the services or outcomes directly related to BSO development clearly stem from increased exposure and information: business matching, expositions (hosting them or attending others), and technology transfer of all types—organization, management, production, and marketing. GEM usually supported around 10 major events a year and over 100 very specific meetings (workshops, seminars), according to local needs.

Effectiveness in Improving Producers' Access to Markets

Targeted Commodity Exports: Targets and Achievements: Based on the latest GEM-3 quarterly report,[52] the BG aimed to triple the annual value of exports and domestic out-shipments of targeted commodities from the baseline. On average, the BG met 98.3% of its annual targets of sales of exports and domestic out-shipments from a 2007 baseline of $30.7 million. As of 2011, however, actual sales were only 2.3 times the baseline level. BG needs to achieve 98% of its target for FY 2012, in order to meet its revised LOP target of US$ 82,000,000. At the end of June 2012 performance was at $70,000,000, or 85%, of its LOP target. If the BG component reaches this target, performance will stand at 2.7 times the baseline figure of $30.7 million. This is slightly less than the original objective of tripling the value of exports and out-shipments.

Table 14: Sales of Exports and Domestic Out-shipments: Actual and Targets

FISCAL YEAR	ACTUAL	TARGET	% OF ACTUAL TO TARGET	RATIO OF ACTUAL TO BASELINE	RATIO OF TARGET TO BASELINE
2007 = Baseline	30,700,010				
2008	36,459,970	34,388,056	106.0	1.2	1.1
2009	36,640,834	44,424,909	82.5	1.2	1.4
2010	52,900,793	52,337,225	101.1	1.7	1.7
2011	69,942,753	68,280,577	102.4	2.3	2.2

[52] GEM-3 Quarterly Report: April1–June 30, 2012.

2012*	70,000,000	82,000,000	85.0	2.3	2.7
CUMULATIVE	**265,944,350**	**281,430,767**	**–**	**–**	**–**
AVERAGE (2008–2011)	**48,986,088**	**49,857,692**	**98.3**	**1.6**	**1.6**

*Data not yet available for FY 2012. Total estimated through June 2012.
Source: Philippine government data.

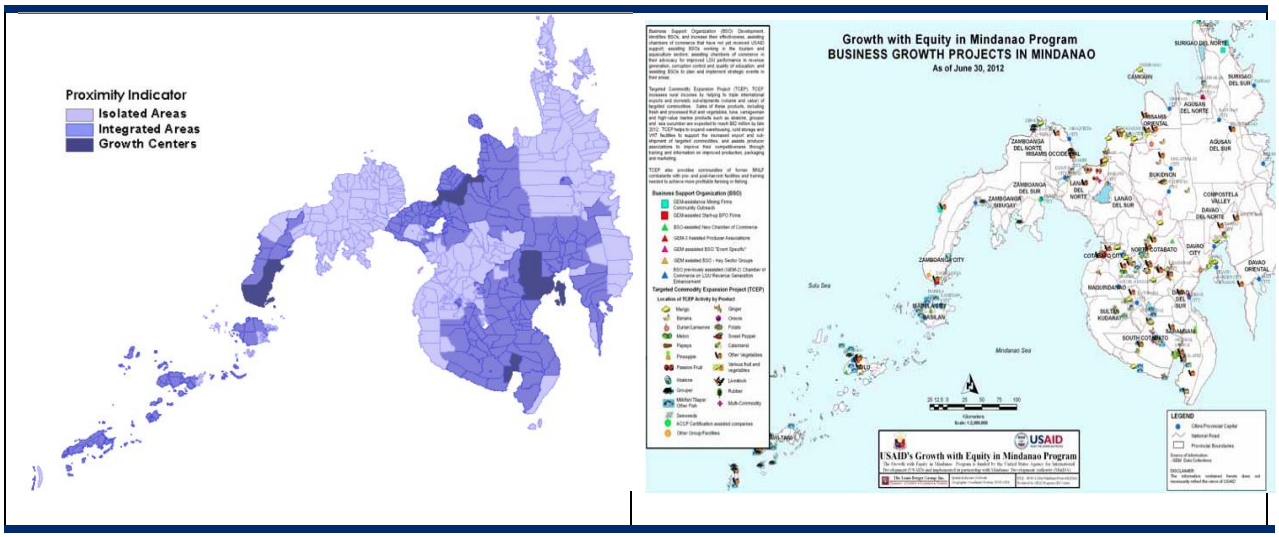
Based on the transactions data compiled in the latest quarterly report, GEM-3 attributes 36.5%—$86,006,914 of a total of $235,805,894—of the cumulative sales of international exports and domestic outbound shipments of targeted commodities directly to GEM-3 direct-marketing assistance. There are, however, issues in attribution, since some of the members of business chambers interviewed had already penetrated international or new domestic markets before participating in GEM-3-sponsored trade and event-specific fairs. Aside from the assistance being fungible, there are numerous factors that directly or indirectly affect export and domestic out-shipment sales. Relative prices, market orientations, quality, incentives, changes in domestic and international trade policies, and the macroeconomic and political environments are all factors beyond the control of individual firms and GEM-3. These all make the degree of attribution to GEM-3 activities problematic, except in the case of HACCP certification discussed later.

Integration and Spillovers: Some 65% of GEM-3 BG target areas are in economically leading areas, while 35% are in economically lagging areas, according to a World Bank classification (see Figures 1 and 2). In lagging areas, issues of isolation and conflict discourage producers, and growers take advantage of economies of scale, which explains the predominance of small and micro-growers in these areas.[53] The BG took the step of linking small and micro-growers in lagging areas to actors in the value chain located in leading areas.

Providing livelihood assistance, knowledge transfer of the production and handling of products, diversification of economic activities through the TCEP and Sustainable Aquaculture and Fisheries Effort (SAFE), and promoting understanding of market orientation and market linkages are some of the activities that facilitated small and micro- growers to participate in larger markets in semi-urban and urban areas. While there are still outstanding issues in connectivity (e.g., farm-to-market roads) needed to maximize the benefits of spillover of growth from leading to lagging areas, GEM-3 provided post-harvest and product consolidation facilities that complement the institutional support given to businesses. These small infrastructure facilities provide platforms for dispersed farmers to consolidate their produce to meet the competitive volume of production required and to begin connecting with other players in the value chain.

Figure 1: Proximity Indicator of Municipalities	**Figure 2: GEM-3 Business Growth**

[53] *Behind the Veil of Conflict*. World Bank, 2010



Source: World Bank (2009), "Behind the Veil of Conflict"
Source: mindanao.org

Knowledge Transfer and Market Linkage: Knowledge transfer and market linkage are highly effective and efficient means of assistance to producers. As of June 2012, trade fairs generated a sales volume of 19,095 metric tons of various commodities, valued at $40.71 million. Direct marketing assistance resulted in 623 metric tons valued at $2.88 million. HACCP certified companies increased their exports by 280 metric tons, valued at $25.47 million. To date, 24 companies are HACCP certified because of GEM TA and can thus be attributed directly to GEM

Table 15: Summary of Sales from GEM-3 Assistance in FY 2012[54]

TYPE OF ASSISTANCE	VOLUME (IN METRIC TONS)	VALUE (IN US $)	% TO TOTAL VOLUME	% TO TOTAL VALUE
International Trade Fairs	12,429	32,140,772	62,1	46.5
Domestic Trade Fairs	6,667	8,563,116	33.4	12.4
SUBTOTAL	**19,096**	**40,705,888**	**95.5**	**58.9**
Direct Marketing Assistance (domestic)	623	2,876,000	3.1	4.2
HACCP Certification	280	25,471,000	1.4	36.9
TOTAL	**19,999**	**69,050,888**	**100**	**100.0**

Note: Figures based on reports submitted to GEM by the program partners.

Quality Control, Public-Private Partnership, and Competitiveness: GEM-3 improved the competitiveness of Mindanao businesses. It supported 522 training workshops and seminars, where good agricultural practices and good manufacturing practices were taught to improve productivity along the supply chain. One of these practices is helping companies through the process of HACCP certification to meet international standard requirements. It is the general consensus that the HACCP-Certification Assistance Project increased commodity exports. For example, some agro-processing companies interviewed experienced a commodity export increase of from 280 to 500 metric tons per month.

Another dimension of improving business competitiveness in the Philippines includes simplifying

[54] Source: GEM-3, April –June 2012 Quarterly Report: Annexes 2.2 to 2.5.

government requirements (i.e., business licensing) to reduce transaction costs through public-private partnership. The program's revenue generation activity was implemented through BSO/LGU partnerships. Using 2006 as the base year and studying six partnerships, the assisted chambers from Surigao del Norte, North Cotabato and Maguindanao experienced a decrease in time and number of signatories in business processing because of the partnership. In addition, four of the six chambers recorded increases in their revenue collection (Parang municipality registered an increase of 246%), while the Chambers of Commerce in Iligan City and Bongao recorded a drop of 14% in time and signatories and no in revenue, due to natural disasters that damaged or destroyed business establishments.

Effectiveness of the Business Policy Agenda in Improving Competitiveness

"One Voice" for Policy Reform: Multi-sector policy dialogues fostered a "one voice" industry/association mechanism as an effective means for policy reform. GEM's policy approach for Mindanao, especially in the last few years, consisted of a jointly conducted process over several months with MinDA and the national-level Philippine Chamber of Commerce and Industry (PCCI) in several regions of Mindanao. Local government, business, and civil society representatives participated in the dialogues. MinDA and GEM then grouped, studied, and formulated the policy concerns and issues raised by each economic sector: agriculture and fisheries, mining, energy, micro/small/medium enterprises, tourism, human resource development, transport and logistics, and peace and order. The resulting resolutions related directly to sectoral business policy and were presented to the corresponding governmental agencies for a formal response that was later presented in the annual Mindanao Business Conference (MinBizCon). GEM-3 supported 150 training workshops and seminars, conferences, forums and trade fairs attended by 37,653 individuals.[55] GEM's role has been the provision of the logistical and technical assistance to conduct the regional workshops, preparation of resolutions, and cost-sharing of the MinBizCon. The impact of this activity has subsequently depended on the responsiveness of the governmental agencies and does not reflect the soundness of the policies concerning competitiveness, nor the entities involved. In the final analysis, the policies proposed were thoroughly scrutinized in a series of regional consultations to which many sectors provided inputs.

As an example, GEM-3 supported a series of consultations addressing the 2010 energy crises in Mindanao. The consultations gave birth to the public/private sector Mindanao Electric Power Alliance, tasked to monitor power generators, distributors, and electric cooperatives. The energy policy dialogue initiative catalyzed the expansion of energy sources to address the energy supply deficiency. Completed and still-on-going energy expansion has an estimated investment of $610 million with a 250 megawatt capacity (estimated Mindanao energy peak requirement is 270MW). As of August 2012, a hydroelectric power plant in the Davao region and a coal power plant in Misamis Oriental have been completed. Construction of hydropower and coal plants is ongoing in Sarangani, Surigao del Norte and Zamboanga City.[56]

Conclusions

- Small and medium businesses have benefited most from the market encounter activities and participation in trade fairs which have made owners aware that regular updates on market demand and requirements are necessary to stay competitive in a global market.
- Through strengthening knowledge transfer and market linkages, the BG stimuli assisted sales improvements in exports and domestic out-shipments of targeted commodities in Mindanao. It expanded agriculture and agribusiness sectors with bearing on supply chain linkages to other industries and on the induced effect of increased household spending on the economy.
- The potential for economic spillovers exist, with 65% of business-growth target sites in leading areas and

[55] GEM-3 April – June 2012 Quarterly Report, Annex 6
[56] Interview with Team Leader, Business Support Organization.

35% in isolated areas, but unresolved issues of connectivity, such as farm-to-market roads, limit the benefits derived from spillovers.

Recommendations

- BG should continue the value-chain and cluster-approach-to-agribusiness programs. However, infrastructure that facilitates connectivity, such as farm-to-market roads, should be pursued to complement the cluster approach and maximize the benefits from spillovers.
- BG should also continue business matching, trade facilitation, and technology transfer to sustain the momentum of market penetration by exporters and producers. Provision of TA (both hard inputs and capacity building) to small and micro-growers in isolated and conflict areas is also required to strengthen their role in the production-supply value chain.

Lessons Learned

- BG efforts were extensive and far-ranging—accounting for the second largest amount of funding in GEM-3 ($13.25 million). Interventions included assistance to Chambers of Commerce, Producer Associations, and BSOs. Thus, in some respects, the program was overly broad but capable of acting opportunistically to new business opportunities. In particular, the special activity fund afforded the implementers the flexibility to allot monies to activities where they thought project resources would have the most impact, focusing on clustered activities. This cluster approach seems to be an effective way of maximizing resources and fostering unity among those with similar interests.

COMPONENT 5: FORMER COMBATANT REINTEGRATION

Findings

Table 16: Former Combatant Reintegration

PROJECT	TARGET	COMPLETED SEPT. 2012
MNLF groups/communities assisted to produce high-value commodities	125	129
MNLF cooperatives/communities provided with pre/post-harvest facilities	50	50

The purpose of the Former Combatant Reintegration (FCR) component is to support MNLF former combatants in the development of agriculture and aquaculture production, demonstrating the benefits of peace and discouraging them from returning to armed conflict. The underlying development hypothesis posits that providing income-generating activities will address a previous conflict driver of perceived relative deprivation,[57] while simultaneously raising the opportunity costs of reengaging in violent conflict, thereby helping to consolidate peace in Mindanao.

Contribution to GEM-3 Principal Objectives

FCR activities appear to contribute to GEM's principal objectives *in the areas where activities were implemented*, however not enough information is available to make definite statements for non-GEM-3 assisted areas or for Mindanao as a whole. Based on qualitative data derived from key informant and focus group interviews

[57] Coordinator for Reconstruction & Stabilization, US Department of State. "Philippines: Looking At Mindanao ICAF Report January 2011."

with project beneficiaries and non-beneficiaries from 21 projects,[58] the evaluation team found that 81% reported some increase in income as a result of participation in FCR activities; 86% mentioned that they felt GEM (and other foreign donors) showed them more consideration than domestic government agencies; and 95% claimed that they have not engaged in major armed conflict since receiving FCR assistance. However, the majority of groups had witnessed or participated in smaller-scale *rido* (clan-based) violence and one group admitted to knowing of some former combatants who had joined the MILF.

This data corresponds with data collected from the quantitative household survey: of the 42 respondents who knew former combatants who had participated in GEM, 36 (86%) said that those former combatants experienced an increase in household income; and the 80 respondents who answered what would cause former combatants to take up arms again, 28% said "nothing," 20% said only "if they find the government insincere in fulfilling their promises," and 16% said only "extreme poverty or no work." These findings are also in line with information gathered from the evaluators' desk review of secondary sources. The 2000 Mindanao State University-General Santos City Foundation (MSUFI) survey, which analyzed former-combatant assistance provided under GEM-1, confirmed a "clear perception of all the survey respondents [is] that the Emergency Livelihood Assistance Program (ELAP) program has been a great benefit to them;" 99% (595 of 598 respondents) believed "that the continued operation of the program will discourage fellow former combatants from resuming armed conflict;" and 86% made enough income to finance follow-on or expansion production.[59] Although there are important differences between ELAP activities, which provided simple agriculture and aquaculture inputs and technical training to a broad group of MNLF former combatants, and GEM-3 FCR activities, which provided more targeted assistance to a smaller group of previous ELAP and Livelihood Enhance and Peace Project (LEAP) graduates to diversify into and market higher-value commodities, both sets of activities nevertheless worked towards the same general objective of assisting both MNLF former combatants and community members develop the means to make a better living.

While the impact of FCR assistance clearly supported GEM-3's principal development objectives in areas where FCR assistance was provided, the situation in non-targeted areas is less clear. The household survey of non-GEM assisted barangays had too small a sample of returned MNLF combatants to be conclusive, i.e., villagers knew of 22 former MNLF combatants who had returned. Of the returnees, none reported any opportunities from gainful employment but respondents from three out of four barangays indicated increase in household income. Given security restrictions and the difficulties of gathering enough information to establish a reliable counterfactual, the evaluation team was not able to draw definitive findings or conclusions on this question.

Generating Sustainable Economic Opportunities for MNLF Former Combatants

GEM was successful in supporting MNLF former combatants to generate economic opportunities, but the success and sustainability appeared to vary by region and type of economic activity, with mainland Mindanao faring better than island communities. The evaluators found that 14 of 16 projects visited in North and South Cotabato succeeded in helping former combatants generate sustainable incomes, while this was only the case in one of five activities visited in Tawi-Tawi. Given the admittedly small sample of activities visited in island communities, the evaluators cannot draw definitive conclusions. However, it appeared that part of the problem in Tawi-Tawi was that post-input activities were not often followed up by technical support. In one case, a cooperative had been given vegetable seeds in 2008, without any consultation or needs assessment, and a one-day training, which had originally been planned to last three days but was cut back due to "transportation issues." In another case, the co-op had been given a fish cage and over 1,000 fingerlings to raise and harvest under GEM-2. Shortly before their first harvest, inclement weather destroyed their fish cage and all but 10 of their adult fish escaped. The fish cage was never rebuilt, but the cooperative did receive a

[58] Please see Annex 7 for list of communities and projects visited and Annex 9 for list of people contacted.
[59] "ELAP Assessment Survey Report." MSUFI. 2000. Pgs. 15-17.

new plastic abalone cage capable of holding around 500 abalones under GEM-3. However, the low income generated from the past, failed fish production and current abalone production was insufficient to meet the members' needs. The 100-member cooperative under GEM-2 had been reduced to just two members; the other members had taken other jobs, such as hollow block makers, construction workers, and other professions around Tawi-Tawi.[60] The two remaining members reported that while the marginal profit made from the abalone production was welcomed, it was insufficient to provide for their livelihood needs and that they also had to supplement their incomes with income-generating activities, such as hollow block making, for which they already had requisite skills.

Most Efficient and Effective FCR Component Activities

For broad-based economic growth, GEM's simple production activities under LEAP which were implemented under GEM-2, were generally appropriate for most beneficiaries, given its simple inputs, production technology, and readily available market. For more concentrated economic growth, GEM's high-value production activities, which were implemented under GEM-3, were efficient and effective for those cooperatives able to sustain production. Assessing the efficiency and effectiveness of the individual FCR activities requires a nuanced analysis of their intended results. In the paragraph below, the evaluators examined the choice between broad (to benefit a maximum number of people) and concentrated (targeted but deep) economic growth to reflect the difficult tradeoffs posed by post-conflict environments.

Activities focused on breadth of economic growth: GEM's simple-production activities, which occurred under GEM-1 and GEM-2, led to impressive results. Based on a sample size of 598 participants, the 2000 MSUFI survey found that 92% of participants had continued producing GEM-introduced crops following their graduation; 86% were able to garner savings for the purchase of future production inputs, equipment, and personal and educational expenses; and that 99.5% of participants perceived their participation as a "clear and direct benefit of the GOP-MNLF peace agreement."[61] These findings were validated by the Administrative and Financial Officer of the Bangsamoro Women's Foundation for Peace and Development, Inc. (BWFPDI), who helped oversee BWFPDI's participation in LEAP as well as their participation in nine other donor-supported FCR-focused activities.

During an interview with three MNLF former combatants who had received GEM assistance in hybrid corn and high-value vegetable and freshwater-fish production in Barangay Buna, Tupi Municipality, all three responded that of the assistance provided, their most preferred was corn production, adding that they no longer engaged in fish production and only grew vegetables for private consumption. The two other focus groups to have received all three kinds of production assistance also reported that each had sustained their LEAP corn/rice production to this day. However, it should be noted that both also reported fish cultivation and vegetable production were more profitable.

Although more substantial gains can be made from high-value agriculture and aquaculture production, demonstrated by the relative success of the Sumbakil and Polonuling Multipurpose Cooperatives, simple agriculture production of corn and rice was found to be more sustainable. None of the four groups interviewed involved in corn or rice production had experienced any difficulty in sustaining production. However, four of the ten groups interviewed engaged in high-value agriculture or aquaculture had either experienced difficulty or ceased production entirely. This difficulty was further articulated by separate key informant interviews at the Lato-Lato Hatchery, and with MinDA and GEM-3 staff. The GEM-3 staff member, who oversees GEM-3's SAFE activities in Tawi-Tawi, including the assistance provided to FCR communities, estimated that the failure rate of fish production was around 5:1. This finding is also supported by the MSUFI survey, which found that

60 It should be noted that the availability of these other income-generating activities may likely be a result of the "dividends of peace," which GEM certainly helped support, however the key informants did not mention that this was the case.
[61] MSUFI Survey, pg.16.

(although still sustainable) fish production was the *least* sustainable of the LEAP assistance activities. However, it should be noted that the survey studied fish production under GEM-1, not GEM-3, and is referenced here to demonstrate historical patterns. The grouper and milkfish production in Moro Point, Parang, for example, proved to have generated substantial financial gains to the community, but the unsustainable farming practices by the growers with adverse effects on marine environment and future productivity will likely offset the gains, resulting in a small ERR (see Annex 10).

Activities focused on depth of economic growth: GEM's high-value production (both agriculture and aquaculture) was found to be efficient and effective in significantly raising incomes in those communities who were able to sustain the activities (6 out of 10). MNLF cooperatives in Sumbakil, Polonuling, and Lake Sebu, South Cotabato; Moro Point, Maguindanao; and Balimbing, Tawi-Tawi were all particularly successful in increasing their household incomes and sustaining their production. Beneficiaries from all of these cooperatives noted that the high-value production was more complicated and required increased attention and patience, but that the benefits outweighed the costs. See Annex 10 for ERR of selected FCR projects—*Buri* weaving, milkfish and grouper fish cage production, Cardaba banana production and consolidation facility and seaweed solar dryer.

GEM-3 supported backyard vegetable farming activity. This all-women's cooperative, in a former combatant community, was able to raise over 1,000 eggplant plants on a previously unused plot of land.

In the four communities interviewed that experienced difficulty sustaining production, three of the barangays mentioned that the difficulty was due to low local market demand and high-cost of production inputs (particularly for fish feed), while the fourth found that production had been successful over two production cycles but that a non-project emergency (hospitalization of a cooperative member) had depleted cooperative funds for future production. Although the beneficiaries felt that the return was not substantial, they still intended to continue production once the funds were paid back.

Consolidating Peace and Recidivistic Tendencies

The question on the "effect of FCR programming on recidivism" is difficult to answer as GEM-3 had not set up any mechanism to track recidivism over time, either within the FCR communities or between FCR and non-GEM assisted barangays. Providing livelihood and economic activities to help former combatants reintegrate into the community is an important first step. This may encourage them to move away from using violence as a political weapon. There is no guarantee, however, that economic activities will remove former combatants' sympathy for the cause.[62] Furthermore, a study on Indonesia, including Aceh, where large amounts of foreign assistance have been provided, have shown that violence did not decrease after a peace agreement was signed, but that it shifted from large scale violence between government troops and rebels to more routine local violence.[63]

As mentioned above, information collected from field visits to FCR communities indicated that over 95% of former combatants reported that they had not engaged in major armed conflict since receiving FCR assistance. However, many of them had witnessed and/or participated in smaller-scale *rido* (clan-based) violence. The mutation of conflict is also emerging in an on-going study where data collected from January to April 2011 indicated that 77% of a total 13 violent conflict incidents involving members of the MNLF, and 40% of total 35 incidents involving members of the MILF, are *rido*-related.[64] The FCR communities may be

[62] *Leaving Terrorism Behind.* Eds. Tore Bjorgo and John Horgan. New York, Routledge, 2009.
[63] New Patterns of Violence in Indonesia: Preliminary Evidence from Six "High Conflict" Provinces. The World Bank, November 2010.
[64] World Bank-State and Peace Building Fund project 'Conflict Monitoring System' (pilot period, January to April 2011).

more peaceful than other areas with former combatants as the selection of 30 FCR sites were already Peace and Development Communities that had received project interventions from UNDP.[65] This convergence of sites may provide potential synergy for a reduction in recidivism in the long run.

Conclusions

- GEM was successful in supporting MNLF former combatants to generate economic opportunities, but the sustainability and success *appears* to vary by type of economic activity and region, with mainland Mindanao faring better than island communities visited by the evaluation team.
- GEM's simple production activities under LEAP were appropriate for most beneficiaries given its simple inputs, production technology, and readily available market. By contrast, GEM's high-value production activities were efficient and effective for those cooperatives able to sustain production.
- There is a marked absence of LGU involvement in the FCR activities.

Recommendations

- Provide additional capacity-building assistance to FCR cooperatives and associations to help sustain activities and gains made under GEM-3.
- Future assistance should be targeted towards conflict-affected communities, not individual former-combatant cooperatives, in cases where these two are not synonymous, to help ameliorate underlying conflict drivers of resentment, jealousy, or feelings of deprivation found more broadly in the community.
- Higher-value production activities should include more regular technical follow-up to ensure that appropriate practices are followed and provide rapid remedies to problematic production.
- Consider providing multi-crop production, which can help shield small-scale farmers from external shocks and crop failures.
- Involve LGUs in the implementation of this component to ensure follow up and sustainability when donor funding ends.

Lessons Learned

- The FCR beneficiaries are generally supportive of the assistance provided, but had useful suggestions for how to improve or adapt assistance, such as a more thorough needs assessments and direct consultation with the targeted community, as well as providing more frequent monitoring and technical follow-up. Beneficiaries also suggested that the range of support activities be increased and targeted at the communal, not former combatant level, possibly including the provision of entrepreneurial and skills training for women. Overall, this component provided much needed assistance to their intended beneficiaries. FCR-type projects should be continued and expanded but with a more comprehensive package of services to fully reintegrate former combatants into a peaceful society.

COMPONENT 6: COMMUNICATIONS AND PUBLIC RELATIONS (CPR)

Findings

[65] As defined in the 2011 "Act for Peace Terminal Report", a PDC is a "geographic area where opportunities for development, access to basic services, participation in governance and capability-building for managing and resolving conflict may take place." It has the following four key features: (1) marked by a convergence of peacebuilding and development activities; (2) a marginalized conflict-affected community which becomes actively engaged in a process of mainstreaming with the help of development partners; (3) a key production areas which serves as a "resource center" managed by an active cooperative or community association; and (4) serves as a complementation hub of various inputs from difference Program components as well as other donor-assisted projects.

Table 17: Communications and Public Relations Accomplishments	
ACTIVITIES	**COMPLETED SEPT. 2012**
News articles and photos releases	762
Placements in local and national dailies, magazines, news and information websites, and international publications	5502

The purpose of GEM communications and public relations (CPR) is to promote a balanced view of Mindanao through local, national, and international media in order to counter a perception of Mindanao as a "battleground" state and encourage investment in the region. It serves as GEM's "public diplomacy arm" and focuses on highlighting key success stories, investment opportunities, USG visits, instances of GRP and USG cooperation, and select GEM activities around Mindanao. See Table 19 above for the main activities of the component.

Contribution to Overall Development Objectives

CPR's contribution to the overall development objectives is indirect, but nevertheless important and facilitative. The evaluators were not able to find any evidence of CPR activities *directly* leading to broad-based, accelerated economic growth and the consolidation of peace in Mindanao. An appropriate assessment would be to focus on CPR's *indirect* contribution—how did these activities facilitate or enable other GEM components to work towards their development objectives? According to this frame of reference, the evaluators found that activities helped raise awareness of USAID presence in Mindanao through the placement of over 762 related news articles and photos, which contributed to a few significant instances of direct investment in Mindanao.

CPR far exceeded its intended targets outlined in the GEM-3 DAAD with a total of 5,502 placements placed in local and national dailies, magazines, news and information websites, and international publications."[66] With the proliferation of online media outlets and content aggregators such as the *Philippines Information Agency*, some GEM placements "take on a life of their own and have even shown up in newspapers as far away as the Middle East," according to one key informant. Another key informant pointed to the fact that, prior to GEM's efforts, not a single major news agency had a branch in Mindanao, whereas today, all the major agencies have a branch or dedicated correspondent in Mindanao.

Difficulties in measuring changes in attitudes, behaviors, and beliefs, and specifically attributing those changes to specific CPR activities, as well as limitations in the evaluation purpose and resources, resulted in the evaluators being unable to produce concrete, verifiable findings on the extent to which CPR activities have changed perceptions of Mindanao. However, in an attempt to overcome these limitations, the evaluators were able to collect anecdotal evidence of a few specific instances where CPR placements had contributed to increased investment in Mindanao. A key informant interview indicated, and was subsequently confirmed during an Internet search, that GEM CPR and BG activities helped connect the Northern Mindanao Peanut Industry Association with peanut consolidators in Luzon, resulting in the sale of nearly 80 tons of peanuts a month.[67] A Mega High-Value Multi-Species Hatchery manager also told evaluators that two of the hatchery's foreign buyers of mature abalones had heard about the hatchery through stories placed in a major international seafood magazine. The evaluators also learned that another CPR placement in an international seafood magazine led to a U.S. seafood company setting up a seafood processing plant in General Santos City. As a further indicator of CPR's success, the evaluators found that GEM twice received the *Gold Quill Merit Award* by the International Association of Business Communicators for their work promoting local

[66] "USAID'S GEM-3 Quarterly Report: April 1, 2012 - June 30, 2012." Pg.83.
[67] "Mindanao Pioneers Commercial Peanut Farming," http://www.newsflash.org/2001/03/be/be001577.htm

Mindanao businesses.[68]

Prevalence of "GEM brand"

There is a strong association between GEM and USAID/USG assistance among program beneficiaries, although only a few expressed this was a result of major CPR activities. Eighteen out of 21 beneficiary groups interviewed by the CPR team correctly associated GEM with USAID, and, when further probed, the USG or "the American people." However, all those interviewed attributed the primary reason for knowing this association to project plaques and signage found on the project sites, which although produced by the CPR team, do not constitute a major activity. Beneficiaries from only two of the 21 groups indicated that they had also heard about GEM and USAID in their local newspapers or radio stations.

During separate, key informant interviews with CPR staff in Davao and Manila, respondents were careful to emphasize that GEM had paid significant attention to making sure that CPR outputs emphasized that GEM assistance was provided "thorough USAID and 'from the American People.'" Key informants also stressed that the name Louis Berger was never mentioned in their print publications. This statement was corroborated by the evaluation team's review of 13 CPR-produced news articles. The key informants also noted that new procedures implemented last year now require that USAID's Program Resources Management (PRM) office and the Public Affairs Section (PAS) of the U.S. Embassy review and clear all written program materials, ensuring they mentioned that GEM assistance is provided by the USG.

Building on the qualitative data gathered from their structured key informant interviews, the evaluators relied on observational data to answer the more subjective evaluation questions of the "worth," synergistic effects, and implications for continued use of the GEM brand. There was a clear facilitative advantage to using the GEM name during the scheduling and conduct of interviews. The evaluators noted that respondents generally reacted positively when mentioning GEM—in the form of smiling, nodding, and otherwise receptive body language—and were more rapidly able to identify which assistance projects the evaluators were making reference to. Although 86% of respondents associated GEM with USAID when probed, it was clear to the evaluators that the GEM "brand," not the USAID "brand," was foremost in their minds. Evaluators also noted that respondents demonstrated similar positive reactions to other assistance brands, such as "Act for Peace," but that these reactions were most noticeable when mentioning specific program/project names (e.g. "GEM," "Act for Peace," etc.) compared to donors names (USAID, UNDP, etc.) which were generally associated with multiple projects. Unfortunately, given the less rigorous qualitative methods used, the evaluators are not able to confidently conclude that the GEM, or similar, project-specific name, would gain positive implications from future use; however, indications are that it would, especially since it is well-known to MLGUs who provided counterpart funding for the infrastructure projects..

Conclusions

- CPR's contribution to overall development objectives is tenuous and indirect, but nevertheless important and facilitative.
- There is a strong association between GEM and USAID/USG assistance among program beneficiaries, although only a few expressed this as a result of CPR activities.

Recommendations

- Streamline the PRM/PAS approval process so that CPR stories can be timelier and better capture audience attention by linking with topical stories of interest.
- Focus placements on interest/industry-specific publications to encourage more direct investments.

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[68] http://discovery.iabc.com/view.php?pid=1069

Lessons Learned

- The CPR far exceeded its target outputs and spurred instances of direct investment in Mindanao as a result of its activities. However, CPR staff mentioned that recent changes in the clearance process, now needing PRM and PAS approval before stories can be made publically available, has slowed their process significantly and as a result, the CPR team has to focus on less time-sensitive stories and coverage of larger events. A more streamlined approval process would facilitate the publication of more topical stories that could potentially garner more interest and attention.

COMPONENT 7: SUPPORT SERVICES

Findings

The purpose of the Support Services (SS) component is to facilitate the coordination, security, and transportation of USG officials, visitors, and representatives while in Mindanao on official business or partaking in on-request site visits to GEM or other USG development projects. SS has a fleet of 57 vehicles, including six lightly armed light trucks, with drivers in all major regions throughout Mindanao.

SS was not designed to contribute directly to the overall development objectives, but facilitated GEM-3 and other USAID/USG activities through key logistical support and local operational knowledge. As direct beneficiaries for four weeks, the evaluators were able to gain a firsthand account of the services provided. The evaluators were transported to all meetings with beneficiaries, government officials, and USAID and GEM representatives in a consistent, timely, and reliable manner. They were able to increase the number of barangays visited due to efficient planning and route knowledge, as well as access to more remote barangays than would have been possible through local transportation or taxi. They also benefitted from security bulletins: one of the evaluation sub-teams did not continue with its planned itinerary to visit volatile areas in Maguindanao where skirmishes had broken out between the Armed Forces of the Philippines and the Bangsamoro Islamic Freedom Fighters. Key informant and group interviews with GEM staff echoed the evaluators' own experience and underscored the component's key support in getting GEM staff and US visitors "out in the field" safely and efficiently.

Key informant interviews with USAID staff not directly involved in GEM-3 activities further underscored the evaluators' findings. "[SS staff] has been very professional and responsive…they are flexible when things fall apart and have good enough relationships with local contacts to explain that [last minute cancellation] are often out of our control…Gloria [USAID/Philippines Mission Director] always says 'copy GEM when we need to organize VIP visits,'" commented one USAID specialist. Another USAID staff member echoed similar views and noted that the services were in such high demand that requests for services were sometimes turned down, given the need to focus on GEM activities or other priority visits. Towards the end of the interview, both agreed that the Mission RSO officers "had very high standards" and would not choose to work with GEM if they did not think their services were efficient, safe, and effective.

GEM-3 security staff escorting evaluation team during fieldwork in Tawi-Tawi.

When asked if SS is a necessary component for USAID/USG programming success in Mindanao, *all* key informants interviewed answered "yes" and stressed the importance of being able to access remote project sites and the ability to confidently and securely arrange for high-level meetings, visits, or business activities as the key contributions of this component to USAID/USG programming in the region. The evaluators noted that the GEM-3 evaluation itself illustrated the contribution of the services to USAID

programming, as they were able to access a larger number of barangays and interviewees, many in remote and/or unsafe areas, then would have been possible through other public transportation. Although difficult to quantify and measure, SS facilitation of VIP visits also significantly contributed to the "public diplomacy" efforts of GEM, USAID, and USG. Interviewees from GEM, USAID, and even the local barangay officials told the evaluators that many visits by U.S. Ambassadors, Mission and Deputy Directors, and other higher-level officials would not be possible, certainly not with the current frequency, if not for GEM Support Services.

Conclusions

- SS was not designed to contribute directly to the overall development objectives, but facilitated GEM-3 and other USAID/USG activities through key logistical support and local operational knowledge.

Recommendations

- Continue the preparation, security and logistical arrangements for VIP visits and special events as currently implemented under SS.

Lessons Learned

- Well planned and organized field visits and events complemented by good security arrangements in conflict-affected areas are crucial in supporting the implementation of a development program, especially one that is high profile in the Philippines and in the US.

IV. CROSS-CUTTING ELEMENTS

RELEVANCE AND SELECTIVITY

Government Peace and Development Strategy for Mindanao

GEM-3 addressed relevant and priority areas in Mindanao that were consistent with the Philippine national government peace and development strategies.

The goals of the peace process as articulated in the MTPDP for 2004 to 2010 were as follows:[69]

- Completion of comprehensive peace agreements with rebel groups resulting in the permanent cessation of armed hostilities by 2010;
- Completion of implementation of all final peace agreements signed since 1986;
- Mainstreaming of rebel groups through an enhanced amnesty, reintegration, and reconciliation program;
- Rehabilitation, development, and healing of conflict-affected areas; and
- Strengthening of peace constituency and citizens' participation in the peace process on the ground

The program was also relevant to the goals of two key government organizations, namely, the Office of the Presidential Adviser on the Peace Process (OPAPP) and MinDA, who are tasked respectively to oversee, coordinate, and implement the comprehensive peace process for the country as a whole and to help integrate a development framework that is consistent with the peace and development initiatives of the national

[69] Medium-Term Philippines Development Plan (MTPDP), National Economic and Development Authority, Government of the Philippines, 2004.

government for Mindanao in particular.[70]

Relevance and Links to Peace and Development Objectives

GEM-3 was relevant and contributed to four out of five goals linked to the peace and development objectives of the national and regional governments. Among the various components of GEM-3, the infrastructure program had the most relevance for achieving the implementation of the signed peace agreements (goal #2) and the rehabilitation, development, and healing of conflict-affected areas (goal #4). The GRP had promised peace dividends to the people in the form of economic development assistance for signing peace agreements. GEM-3 infrastructure projects had the most visibility in terms of development assistance and benefited a large number of people.

GEM-3's FCR component had specific relevance for integrating former rebel groups into their communities (see goal #3). The FCR component appears to address the MNLF former combatants' priority needs for a better livelihood. For more details, see the FCR component under Findings, above.

Regarding relevance for the peace objective (goal #5), the links are more tenuous; it becomes harder to state with certainty whether GEM-3 had a direct impact in bringing about peace in Mindanao. The evaluation survey reported that when local residents were asked whether their local BIPs had helped reduce violence in their community, 70% (418 of 601respondents) acknowledged that this appeared to be the case. When asked if the BIP was helping to bring about peace in Mindanao, 60% (360 of 601 persons responding) said, "they thought it was helping," while others said, "they didn't know."[71] The FCR component, while generally seen in a positive light, was reported by interview respondents from one group as a source of conflict within their community, resulting in tension between the beneficiaries (the MNLF former combatants) and the non-beneficiaries (other community members), as the former was seen as being constantly favored by donors at the expense of the latter

Other studies have reported that improved economic conditions may not necessarily lead to reductions in conflict and violence. A study using data from the Philippines and Iraq found more occurrences of lethal attacks against security forces in areas with higher employment.[72] Another study of six provinces in Indonesia, including Aceh, where large amounts of foreign assistance have been provided, showed that conflict actors are fluid, violence did not decrease after a peace agreement was signed, and that the form of violence between government troops and rebels shifted from large scale violence to more routine violence, such as fights between neighborhood gangs, political disputes, land issues, and old conflicts.[73] A similar study has begun for Mindanao and preliminary results indicate that mutations of conflict are present—77% of a total 13 violent conflict incidents involving MNLF and 40% of a total 35 incidents involving MILF are *rido*-related during the period January–April 2011.[74] This informs us that the fluidity and mutations of conflict pose challenges for the peace and security of the region and that continued investment in peace-building programs in conflict-affected areas is necessary.

Comparative Advantage of USAID

Development and peace/security are two sides of a coin. Development assistance is necessary, but not sufficient. It is necessary to "bring security and development together first to smooth the transition from

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[70] Meetings notes with OPAPP in Manila, July 27, 2012; MinDA in Davao, August 7, 2012. OPAPP - http://opapp.gov.ph/what-is-opapp. MinDA Act of 2010.
[71] Ibid.
[72] Do Working Men Rebel? Insurgency and Unemployment in Iraq and the Philippines. Eli Berman, Joseph Felteer and Jacob Shapiro, National Bureau of Economic Research Working Paper, 155547, November 2009.
[73] New Patterns of Violence in Indonesia: Preliminary Evidence from Six "High Conflict" Provinces. The World Bank, November 2010.
[74] World Bank-State and Peace Building Fund project 'Conflict Monitoring System' (pilot period, January to April 2011).

conflict to peace and then to embed stability so that development can take hold over a decade and beyond."[75] Such is the case for Mindanao. USAID has a comparative advantage among the donors, as it assists with both development and security.

In development, USAID has already made a strong name for itself in Mindanao through the last 17 years of GEM, especially through infrastructure and private-sector assistance. GEM-3 has developed strong relationships with many LGUs in Mindanao. Combined with other USAID programs in agriculture, education, health, and governance, USAID has a strong comparative advantage of multi-sector development in Mindanao.

The concomitant side of "securing development" is a safe and secure environment in which to work. This is not a question of sequencing but of simultaneity. The fluidity and mutations of conflict pose challenges for peace and stability in Mindanao; continued investment in security in conflict-affected areas is necessary. The U.S. Joint Special Operations Task Force-Philippines (JSOTF-P) is already working with USAID, "securing development" in six priority conflict areas in Mindanao. Good baseline, strong monitoring, and regular assessments will be needed to test this framework and obtain lessons learned for a wider replication later on.

EFFECTIVENESS

Accomplishment of Objectives

The evaluation did not focus on impact but on the performance of GEM-3 as laid out in the DAAD 2006. As such, one can say GEM-3 performance has been on track and will achieve all the physical targets laid out in the project documents by end of project life in December 2012. It is too early to assess the efficacy of the program but trends can be seen as follows:

- Objective 1 on accelerating economic growth in Mindanao: while it is difficult to say whether economic growth has been accelerated, one can say that GEM-3 has facilitated and laid the foundation for economic growth in Mindanao.
- Objective 2 on helping to assure that as many people as possible participate in and benefit from the growth: one can say that this objective has been achieved in that GEM-3 has touched the lives of many people, especially rural residents, who have benefitted from infrastructure projects.
- Objective 3 on helping to bring about and consolidate peace in Mindanao: this objective is difficult to assess, especially because there is no baseline data to measure the situation of peace before and after the program. Published studies have reported that improved economic condition is necessary but not sufficient to lead to reductions in conflict and violence. The evaluation in GEM-assisted barangays indicated that residents perceived improved security in their barangays. While this perception has to be substantiated by data, say of incidences and frequency of violent actions, one can be hopeful that perception will lead to behavior of peace.

Table 18 below shows how the budget is divided among the seven components with Infrastructure Development component commanding the largest share of the GEM-3 budget (67%).

Table 18: GEM-3 Costs by CLIN

CLIN	AMOUNT (US $)	PERCENTAGE
CLIN 1: Infrastructure Development	$65,724,739	(67%)
CLIN 2: Business Development	$13,250,085 (includes FCR)	(13%)
CLIN 3: Workforce Preparation	$13,087,485	(13%)

[75] "Fragile States: Securing Development". Speech given by Robert B. Zoellick, former President of The World Bank Group at The International Institute for Strategic Studies, Geneva, Switzerland, September 12, 2008.

CLIN 4: Governance Improvement	$5,133,487	(5%)
CLIN 5: Other Activities	$1,754,317	(2%)
TOTAL	**$98,950,113**	**(100%)**

The infrastructure projects certainly assisted economic growth at the local level and promoted participation of LGUs at both the municipal and barangay levels, mainly in counterpart contribution. Other GEM-3 activities (e.g., workforce preparation, business growth, governance improvement, and FCR) made contributions to economic growth and participation in conflict-affected regions. The program generated people's perceptions of reduced violence in project-assisted barangays. Conflicts, however, continued to occur, even during the time of the evaluation; the evaluation team had to cancel planned visits to field sites deemed unsafe by the GEM security officer.

Strengths and Weaknesses of the Program

Infrastructure was a strong component of GEM-3, based on target completion data and widespread implementation that served a relatively large rural population; in the opinion of local residents, it made a difference in their perception of improved conditions for peace in the ARMM and conflict-affected areas of Mindanao.

The main weakness of the program was the incompleteness of the intervention packages of the other components, thereby, reducing their effectiveness and sustainability. For example, besides light TA and incentives for REAP, the component would have benefitted significantly from deeper TA with MLGUs, especially for better use of additional revenues collected, and from working with provincial governments to improve local revenue code and real property tax revisions.

GEM-3 could have benefitted from more comprehensive component packages and stronger linkages with verifiable indicators need to be made with economic development activities and consolidation of peace and order.

Umbrella Assistance Approach

The umbrella assistance approach reportedly worked well, especially for management. Discussions with GEM-3 staff confirmed that management and logistical costs were lower than if each GEM-3 component had to operate independently. However, no cost data by sub-components was made available to the evaluation team so this assertion is difficult to substantiate.

Technical Assistance, Training, and Partnerships

Technical assistance, training, and partnerships have been reported to target the appropriate beneficiaries to ensure the achievement of program targets. Provision of deeper TA, training and monitoring for the non-infrastructure components would have generated greater benefits and ensured better sustainability of completed projects. The US Mission found it necessary to strengthen the interagency collaboration, coordination and synchronization of its various programs in Mindanao through an internal Mindanao Working Group.[76] This is a step in the right direction.

EFFICIENCY

Program Management Structures and Implementing Tools

Interviews were conducted with the former GEM-3 chief of party (COP) as well as the Acting GEM-3 COP.

[76] US Mission Manila's Mindanao Strategy, May 2011.

Both individuals cited the added value gained by USAID's umbrella management structure. Overlapping responsibilities by managers resulted in reduced staffing levels and reduced costs with respect to sharing resources for logistical operations. However, Louis Berger, Inc. did not share any cost data on sub-components and services to validate the point. Information from another source, the USAID 2011 audit report on GEM-3, mentioned the program's high support costs. The audit's financial analysis of expenditures under the program's infrastructure component revealed that its support costs—originally expected to represent 18% of the component's total costs—was projected to double the amount planned.[77] This meant that the support costs of the infrastructure component were about 36%, a figure considered "higher than expected" by the Office of Inspector General.

Appropriate Management and Staffing of GEM-3 Program

The question of whether the various activities and projects carried out through GEM-3 have been appropriately managed and staffed is difficult to answer. The team had limited access to information on staffing levels by component areas and therefore cannot respond to whether staffing levels were appropriate. Nonetheless, the GEM-3 organizational chart indicated that, as of April 2012, the program had 370 staff members employed in management, technical, administrative and support positions. Staff distribution was skewed towards the infrastructure component, which comprised the majority (45.9%) of total staff employed, followed by overall management, administrative, accounting, contracts, security and communication (38.6%), and business growth (8.1%). In terms of intensity of staffing levels, measured by project accomplishments per staff employed (project-to-staff ratio) by component, the workforce preparation and governance components stood out where, on average, each employee handled 60.2 projects. Note, however, that the designated project accomplishments under these two components mainly referred to individual inputs (e.g., internship or scholarship recipients) as opposed to other components, which captured outputs. The FCR component, which employed only 1.9% of total staff members, had a project-to-staff ratio of 25.6—an indication that staffing level of FCR component was either highly productive or overburdened. (See Table 19).

Table 19: Staffing Levels by Components

COMPONENTS	NO. OF STAFF EMPLOYED	SHARE	PROJECT[a]-TO-STAFF RATIO
Infrastructure	170	45.9%	4.3
Business growth	30	8.1%	8.4
Workforce Preparation and Governance	27[b]	7.3%	60.2
Former Combatant Reintegration	7	1.9%	25.6
Others	143[c]	38.6%	18.2[d]
TOTAL	**234**	**100.0%**	**11.1[d]**

[a] Number of projects refer to LOP accomplishments, as of September 2012.
[b] Workforce preparation and governance component share the same management staff
[c] Includes GEM-3 overall management, contracts, accounting, administrative, security and communication staff
[d] Number of projects refers to total LOP accomplishments across all components, as of September 2012
Source: GEM-3 Program Organizational Chart, as of April 2012.

Adequacy of Management and Oversight Cost

Another question the evaluation team found difficult to answer was whether the management and oversight cost was suitable, given the number and scope of activities carried out. The implementing partner did not

[77] Audit of USAID/Philippines' Growth with Equity in Mindanao (GEM-3) Program, 2011, p 10. Support costs are defined as (1) salaries for GEM staff, (2) overhead and fringe benefits, (3) travel, per diem, and allowances, and (4) other direct costs.

allow the evaluation team to examine any cost data beyond CLIN allocations by component and basic figures provided on infrastructure average costs. MinDA could not shed light on this question either as it was not provided with management cost information by USAID or Louis Berger.

Efficiency of USAID Oversight and Management of GEM-3

How efficient was the USAID oversight and management of GEM-3 and how could it be improved? In some respects, the oversight provided by the USAID COTR over the long life of three GEM projects was quite involved and reflected a hands-on management style—even to the point of reportedly micro-managing the program.[78] In retrospect, the GEM projects became overly identified as the operational domain of a single person. No independent external evaluation of the GEM program was conducted over a 17-year period. Based on USAID's evaluation policy of 2011, all projects would now have to undertake regular evaluations. The USAID PRM unit should design a results framework with well-defined strategic objectives with verifiable indicators for anticipated new programs that will replace GEM-3.

The Philippines government also has a role in the oversight and management of GEM-3. USAID and MinDA signed an agreement (for Mindanao Peace and Development) at the beginning of GEM-3 making the latter chair of the steering and management committees. MinDA's main role is to ensure that the USAID-assisted projects are in line with the government's priorities, to approve funding under the special activity fund, to monitor the achievement of physical targets, and to follow up with LGUs regarding problems, especially related to resettlement for right of way matters in infrastructure projects. While the activities allowed MinDA to participate in GEM-3, MinDA expressed interest in a more meaningful role, such as in the design of the program (which was already set by USAID during the RFP stage), along with the ability to suggest changes in the infrastructure menu, and to receive full disclosure of financial information for transparency and to make informed recommendations.[79] Based on interviews with other national and international development agencies, USAID tended towards autonomy, with limited interaction with these organizations. Given reduction in development resources today, USAID would be prudent to work with other organizations to achieve a improved rate of investment on taxpayer's dollars.

Umbrella Project Design and Efficient Use of Program Resources and Synergies among the Different Program Components

From a management perspective, the umbrella approach worked well enough, given the scope and depth of GEM-3. Although the evaluation team lacked access to cost data beyond the CLIN allocation, it is reasonable to assume that an individual component contractor performing the same tasks as GEM-3 would have been more expensive than if undertaken by a single contractor. The umbrella approach enabled GEM-3 to share resources and to work on a larger and broader geographic scale. Since cost data on sub-components and support was not available to the evaluation team, no remarks can be made with reference to the cost-effectiveness of different components.

GENDER

Implementation of the GEM-3 Gender Action Plan

The Gender Action Plan (February 2008) addressed all program components and sub-components. A total of 51 benchmarks were established for the GEM program components; these offered a thorough treatment of potential gender issues in GEM, and guidelines for implementers were comprehensive. In practice, however, the Action Plan was incompletely implemented and monitored. In job creation, it had to be adapted to local cultural practices.

Infrastructure: Under the Infrastructure component, the Gender Action Plan promised to "ensure that

[78] Personal communication, former DCOP.
[79] Evaluation team meeting with MinDA in Davao on August 7, 2012.

women are represented equitably during all stages of project identification, design, construction, and operations." Rather than engage in site-specific consultations, the document proposed a series of four or five generic consultations with women's groups to ensure that "women's generic perspectives are represented." According to GEM Infrastructure managers, some of these discussions were held in 2008, but their implementation, along with the way in which results were incorporated into infrastructure project designs is unclear to the evaluators.

In infrastructure design, the primary equity issue is ease and quality of access for all. Women's concerns are to be "reflected in the design of all projects as appropriate and feasible." Final designs would be furnished to municipal and provincial authorities and "made available for perusal by women's groups among others." GEM Infrastructure managers and local authorities assured evaluators that discussions during initial public consultations at proposed BIP sites were occurring and that women were making design suggestions, which included shorter step size and railings on boat landings and separate toilets at trading centers. Final designs are approved by the municipalities, but they are not open to further discussion by local citizens.

The MOU signed with municipalities contains a section on commitment to gender equity. In this, the parties agree to a series of benchmarks, including: taking women's concerns into account; discussion of preliminary and final designs with women's groups; equality of access to jobs; and 30% of all new jobs created to go to women.

Temporary jobs generated by infrastructure project construction should be equally accessible to men and women. Sub-contractors have to report the number and percentage of women hired as part of the construction process; a statement to this effect is included in their contracts and this information is to be included in GEM's Quarterly Reports. GEM also pledged to ensure that any operations and maintenance employment generated by these projects would be equally accessible to men and women.

As GEM-3 progressed, further consultations with municipalities, women's groups, and construction sub-contractors revealed it culturally impossible to meet such a high level of jobs for women in a field where manual labor on infrastructure is almost entirely male, both within small construction businesses and in local communities. LGUs and sub-contractors consequently asked for this obligation to be waived. However, GEM maintains that many of their sub-contractor engineers and owners have been female.

The GAP includes a series of benchmarks for inclusion in the BUM. The benefits to women for each infrastructure project should have been identified in discussions with women and with women's groups in beneficiary communities. If projects fail to provide intended benefits to women, rectification plans should be implemented and their outcomes assessed. Moreover, project benefits to women should be quantified, if feasible and appropriate. Significant and unanticipated benefits to women should be written up as "best practices."

Quantification of women's benefits has not been noted in GEM documentation. Intended benefits to women are not included in initial project rationales and inspection results, but there is mention of women as a percentage of beneficiaries in BIP-concurrence requests to USAID and MinDA. Quarterly reports contain beneficiary numbers, but they are not disaggregated, nor is there any mention of women's special concerns and benefits. In the latest BUM report on 1,380 completed projects, information on women's participation or benefits is only occasionally included.

Workforce Preparation: Because of its many activities, the workforce preparation component had 18 benchmarks in the GAP. The various measures included in the GAP to ensure equal inclusion of female teachers and girls in the classroom for the CLIC program proved unnecessary, due to a plurality of girls and a large majority of female teachers in these schools. Visits to 10 schools by evaluators revealed that participants in the CLIC program are indeed primarily female. Of 22 teachers trained in these schools, 73% are female. Of the 500 students reported by five schools to be using the computer laboratory, 56% are female. Regarding the PTAs with which GEM worked in these schools, female membership ranged from 80% to 90%. This means that comments and recommendations provided during CLIC and matching grant discussions are mostly

women's voices. A majority of females in student bodies and the strong majority of women among school teachers and PTA members have meant that a majority of beneficiaries in the EMGP have been female.

A list of 71 PRIDE graduates from various parts of Mindanao contains a slight plurality of females (52%) over males. This is due, in part, to the preferences of hosting organizations. In service-related companies, such as hotels and restaurants, managers prefer female employees because of their perceived eye to detail, steadiness, and superiority in interacting with guests. Interns interviewed stated that to their knowledge, gender is not a factor in the selection process; rather, skills and experience qualifications are the top considerations.

JEEP was designed to assist colleges and universities throughout Mindanao to establish computer-based, English-language training programs. According to JEEP training data, between 2009 and 2012 a total of 930 teachers and technical staff were provided capacity-building support on JEEP and IT-related programs, of which 70% have been female. The same breakdown is found in the number of male and female JEEP teachers in the four schools visited. In these schools, 39 English teachers have been involved in the program, of which 69% are female. School management stated that it is a matter of school policy to ensure equal access to males and females in capacity building; however, in the final screening and evaluation process, a majority of those qualifying as regular JEEP teachers have been female.

Governance Improvement: Governance improvement activities are divided into those addressing human resource development of young leaders (CIPYML) and those focused on working with municipal institutions to generate supplementary revenue (REAP). A number of procedural benchmarks were established under GAP for CIPYML: materials publicizing the program would emphasize equal access of men and women in application; recruitment would stress a gender-blind selection process; equality of participation for men and women would be stressed; and effort would be made to ensure that each group selected for participation would include a percentage of women at least equal to that applying.

These prescriptions have been respected and efforts to include women in CIPYML have been very successful. There have been 149 intern graduates in the six cohorts of GEM-3, of which 60% are women. While sex disaggregation of graduates is reported in GEM quarterly reports, this is not the case for the regional representation and employment status of these graduates.

The GAP for the REAP program states that additional revenues generated by municipalities should be used to improve the scope and quality of municipal services and that these services should provide equal benefits to men and women. Moreover, incentives provided to LGUs had to be equally accessible to men and women. MOUs signed between GEM and LGUs do include a gender equity clause and specify the responsibilities of municipalities to employ additional revenue for development and social service ends. However, not only is this revenue inconsistently devoted to development investments, but there is no indication that municipalities pay any attention to the gender equity clause of their MOUs with GEM. The REAP benchmarks do not include references to sex disaggregation of participants in training activities nor to composition of the TWG and Tax IEC teams in participating REAP municipalities. Evaluators found that, in six municipalities, two of every three members of these groups are men (67%), but that there are more female tax collectors (53%) than male (47%).

Business Growth: The stated objective under business growth was to verify that GEM's support was "equitably available to men and women." One benchmark each referred to working with BSOs, training activities, and participation in GEM-sponsored trade fairs, exhibits, and conferences. Membership in BSOs was to be open to men and women equally and organizational activities should be equally accessible to both. To that end, BSO charters and operating guidelines were to include one or more clauses ensuring gender equity. Training provided or supported by GEM was to be available equally to men and women, and training reports would be disaggregated by gender to verify equality of access. Finally, participation in trade fairs, exhibits, and conferences would be open equally to men and women and GEM would work with

organizations to ensure that an equal number of women could participate.

Not only did GEM insert gender equity clauses into BSO charters and guidelines, but at least five of the 12 Chambers of Commerce with which GEM worked have elected women as presidents, and over half the project officers are women. It is still unclear to what degree GEM worked with BSOs to ensure equitable representation of women in trade fairs, exhibits, and conferences. Lists of participants in training and other events have been disaggregated by sex, but membership in assisted BSOs and attendance in training or other events was simply made available to all participants. No analysis was made of gender-based issues or barriers in participation or attendance. As in other GEM components, project management did not take a position in which it actively tried to redress gender imbalances in BSO membership nor access to special events, and it is not known to what degree these may or may not exist in practice.

The same GAP benchmarks applied to GEM's work with producers and producer associations to introduce high-value crops and aquaculture species and assist these organizations to expand their market share. As in the case of BSOs, while attendance in training and other events was tracked and sex-disaggregated, there is no indication that a proactive role was taken by GEM management to seek out or redress gender-based barriers to association membership, participation, access to resources, or attendance at GEM-sponsored training or other events. GEM admits that while TCEP activities are open to all, attendance at activities is limited by poor and expensive transportation, neither of which is covered by GEM. It is not clear whether this places a greater burden on female attendance than that of males, but it is likely.

Former Combatant Reintegration: The GAP under Business Growth, for its work with 50 FCR communities to supply pre- and post-harvest facilities, established three benchmarks. The GAP clearly states in its first FCR-related benchmark that information to be collected in the "generic" infrastructure focus groups was to be used to ensure that women's perspectives would be "given due consideration" in the identification, design, and location of infrastructure delivered to these communities. It is unclear to what degree these infrastructure-oriented women's focus groups were carried out and how their results were used to inform infrastructure projects.

In these 50 communities, any MOUs signed between GEM and LGUs or cooperatives should contain a clause mandating gender equality in access and use of pre- and post-harvest facilities and any employment involved in the operations and maintenance of these facilities would be open equally to men and women. Finally, any training provided by GEM would be open equally to men and women, and training reports would disaggregate attendees by sex. Beneficiaries stated that trainings were open to both men and women and that the identification, design, or location of the pre/post-harvest facilities did not overlook any unique gender concerns. The GAP does not address the 125 FCR producer associations assisted in the production of high-value horticulture commodities. However, these associations are implicitly covered by the TCEP benchmarks.

Mainstreaming of Gender Concerns into GEM-3 Activities

Beyond the 51 benchmarks of 2008 GAP and initial consultation in the infrastructure component with women's groups on generic gender issues and concerns, attention to or follow-up on these gender concerns has been mixed. In Infrastructure, benchmarks related to women's access to jobs had to be waived as culturally inapplicable. In Workforce Preparation, participants and beneficiaries in PTAs and among teachers and students all appropriately reflected a pre-existing plurality of females in each. In the CIPYML and PRIDE internship programs women also constitute a slight majority. In Governance Improvement, women predominate in tax collection teams, but the opposite is true in the TWG and IEC teams. In BG and FCR activities, women have played a prominent role in Chambers of Commerce, but their roles in various types of producer associations are unclear and unreported.

The statement made in the GAP's introduction—that progress made on each benchmark would be included in GEM's quarterly reports and that all program impact information should be disaggregated to ensure that

benefits to women can be identified, assessed, and described—generally has not been followed in practice. Moreover, the BUM has not carried out its GAP pledge to assess the degree to which that GEM-supported projects provide intended benefits to intended beneficiaries. In short, while GEM-3 appeared to mainstream gender issues and concerns into its projects and activities, it subsequently failed to carry out many of its pledged intentions.

Addressing Gender Issues

GEM-3 did disaggregate training data and placed statements on gender equity in BSO and PASS draft charters, in MOUs with producer associations, PTAs, and MLGUs, and in BIP sub-contractor contracts. Sex-disaggregated data do exist to verify a high degree of female participation in the workforce preparation component, except among students enrolled in JEEP. The degree to which women participated in governance improvement and business growth training and special events can be verified as well through these data. If sex-disaggregated data on employment during or after BIP construction exist, they have not been provided by GEM in quarterly or BUM reports. The same is true for employment generated through assistance to BSOs and producer associations.

Apart from generation of some sex-disaggregated data and insertion of gender equity language into agreements with some program partners, there is little evidence supporting discussions with women's groups or disaggregated data to identify women's issues, concerns, or even traditional barriers to equal access to GEM-sponsored training, resources, and activities. These are likely to have been subtle and linked to traditional gender social and economic roles, especially in the case of producer associations.

Elements Lacking in GEM Design and Implementation

Part of the problem in addressing gender issues in this program is that beneficiary impact data are generally not available in GEM reports, beyond anecdotal references and participant counts. Nearly two dozen life-of-program targets were tracked by GEM, but there has been little follow-up information on outcomes, beneficiaries, or linkage to higher-level objectives such as economic growth or the consolidation of peace. While the intention has been to ensure gender equality of access to benefits, only in the intern and scholarship programs are targets stated in human terms. USAID did give GEM-3 staff a gender orientation early on to enable them to prepare a Gender Action Plan. Nevertheless, the vast majority of program targets continued to be stated as physical outputs: BIPs and RIPs, chambers, associations, BSOs, export sales and volumes, expansions, resorts, facilities, communities, schools, grants, colleges/universities, and LGUs. Program results could have followed up on benefits to men and women.

In the future, a formulated GAP should be respected and followed, but it should be linked to a gender analysis up front. Since a contractor is often absorbed in achieving specified outputs and targets, USAID should ensure that attention to gender is not made subservient to target achievement. Some of the targets themselves should be gender-specific, especially in areas of possible inequality.

SUSTAINABILITY

Sustainability of the Results and Impacts of GEM-3 Activities

The most immediate elements of sustainability are the continued operation and maintenance of the equipment or systems put in place. Ultimately, sustainability also refers to the continuation or spread of the project activities themselves, in the absence of the original funder and promoter.

Except for the infrastructure, CLIC and JEEP projects implemented under GEM, for which maintenance agreements have been signed with various levels of LGUs, no formal plan has been devised by GEM and agreed upon by partners or proponents through which project equipment and activities are to be maintained in the short run, or the project model is to be continued and expanded over the longer run. In the absence of

donor contributions, the ability of even municipal governments to supply needed infrastructure projects to their populations in the future is extremely limited. This has been one reason for the highly visible and successful impact of the infrastructure component under GEM.

On the other hand, the other partner entities under GEM-3 are now casting about to ensure the maintenance and/or continuation of the various activities from which they have benefitted. This includes the Municipal Planning and Development Offices (MPDO) of municipalities, elementary and high schools and their PTAs under CLIC and EMGP, colleges and universities involved in JEEP, municipal LGUs under REAP, graduates and former interns under CIPYML and PRIDE, and BSOs and producer associations and cooperatives under the BG component.

Evaluators were able to investigate some of these partner solutions for maintenance and continuation of GEM activities. At present, there would appear to be few public or private entities willing to pick these up. With the exception of the infrastructure component and the CLIC and JEEP projects under the Workforce Component, GEM has not been active as yet in assisting partners to develop sustainability plans.

Infrastructure

The plan for sustainability in GEM projects is contained in the MOU between G'EM and the municipal government where the project will be constructed. The MOU contains an article, "Project Operation, Maintenance, and Sustainability," in which the municipality is charged with responsibility for maintenance of the structure. The same responsibility applies in MOUs with provincial governments.

This MOU pledge is drawn up subsequently in an Operation and Maintenance Plan. An annual appropriation for operation and maintenance of the structure must be included in the MLGU budget. To that effect, a Municipal Council resolution for Year 1 maintenance and supporting budget is submitted concurrently with the MOU, along with the designation of the municipal office responsible for the operation and maintenance of the structure. Following completion of the facility, the MLGU provides an approved operation and maintenance plan and a budget allocating funds for the Year 2 budget and responsible office. If compliance with these terms is not provided, the MLGU may be excluded from future projects. The MOU goes on to say that repair or rehabilitation of any major damage is the responsibility of the recipients. Since the barangay never has funds for such major repairs, the MLGU is responsible for these. To that end, it has a Disaster Fund equal to 5% of its Internal Revenue Allotment (IRA) from the national government. However, MLGUs expect barangays to provide routine maintenance, such as debris and mud removal, cleaning, painting, and minor repairs.

GEM-3 has issued implementing guidelines to assist the MLGUs in assuming their responsibilities in operating and maintaining new BIPs. There is one set for each major type of BIP. Attached to the guidelines are a maintenance plan matrix and an operation and maintenance manual. The latter contains a section on the sustainability framework, where it is noted that the Office of the Municipal Engineer is responsible for maintaining the structure. To that end, this office should "identify the operation and maintenance activities required and prepare an annual budget to fund these activities," monitor and inspect the project on a regular schedule, and perform maintenance work. Operation and maintenance procedures are outlined in the manual.

The only community organizations that have emerged to maintain, at least partially, new BIPs have been water user associations, and sometimes vendor associations to manage trading centers. In the case of product consolidation centers, solar dryers, and small warehouses, GEM insists that recipients already be organized in producer cooperatives or associations. They are the owners of these facilities and are responsible for their maintenance and repair.

Maintenance of RIPs is undertaken by appropriate national governmental departments, in collaboration with provincial governments. These projects deal with a high level of social overhead capital, one that transcends the municipality to affect a whole province or region. National roads, for example, are maintained by the

Department of Public Works and Highways, provincial roads by the provincial governments, and municipal and barangay roads by municipal governments. Airport taxes partially offset maintenance costs of airport runways, but no tolls on national or provincial highways and bridges are employed to generate either a maintenance or depreciation fund.

Workforce Preparation

The four participating universities visited by evaluators, have institutionalized the JEEP program and incorporated the JEEP program into its curriculum.

Three of the public state-funded university/colleges are as yet still struggling to financially sustain their JEEP program. One institution, a private school, is financially self-sustaining. The private institution is charging PhP 1,800 per student per semester for more than 3,000 students for both the Start and Accelerate programs. The fee is almost twice that of the fees charged by the other three public institutions (from PhP 950 to PhP 1,000 per student per semester). GEM reports that several others are financially sustainable as well.

Beyond maintaining equipment and setting up a fund to replace computers and peripherals at the end of their useful life, teachers' salaries, funded by sufficient enrollment fees is also an issue. Only one of these participating schools currently appears capable of raising fees to a level sufficient to approach financial sustainability. If this trend continues, JEEP may not be sustainable in three of the four institutions examined in this evaluation. These universities and GEM-3 have yet to formulate a sustainability plan that will enumerate objectives and strategies to increase income generation, provide allocation of a budget for teachers' incentives and maintenance of the facilities by a technical support team, ensure continuing education and training of JEEP teachers, secure a resource provider of JEEP-related educational materials, and develop promotional activities. GEM points out, however, that sustainability discussions were held with all partner institutions, during which strategies were identified and budgets proposed.

The situation in the CLIC program is rather different. Each CLIC school employs a different method of resource generation for the maintenance of its computer laboratory. Some of the schools earmark a share of their maintenance budgets to maintain their computers. Funds from the students' laboratory fee are also used for the maintenance of the computer laboratory. In most of the eight schools visited by evaluators, DepEd pays for their internet connection.

In the case of the EMGP, PTA members proposed concrete steps toward at least short-term sustainability: (1) Tap PTA dues for maintenance needs; (2) widen the scope and improve implementation of their traditional trash collection and sale drive to generate funds for the PTA; (3) solicit additional funds from the barangay, municipality, friends, and relatives; (4) partner with private sector businesses, such as mining companies; and (5) seek assistance from the local school board and other municipal government sources.

These proposed steps are already proven means of generating additional funds for schools. The exact manner of sustainability will have to be worked out individually. In some cases, PTAs feel unable to raise further support from parents in very poor communities. Not surprisingly, there are also schools/PTAs with no clear plan on how to proceed once GEM-3 phases out. To date, there has been no discussion with GEM on sustaining the project after external support has ceased. For GEM, however, this is a broad program that provides one-off grants to schools for a range of educational activities. They do not see a need to assist these schools to match monies with other potential donors.

PRIDE, an internship program funded by GEM, requires minimal participation, in the form of limited funding and staff support time, by the receiving organizations. In the absence of GEM, there is no apparent institutional or financial mechanism to sustain this activity. Certainly, none has been reported to evaluators. The obvious solution would be for the private sector to sustain this institutionally and financially, since it is not likely that any public sector entity will pick it up.

Governance Improvement

There are no current plans in place to sustain the REAP program. Participating municipalities have not indicated whether and how they will maintain the program, but they do possess the necessary institutions and skills to do so. The following have been suggested at the municipal level for sustaining the REAP program beyond GEM-3: (1) involve civil society and the public more widely in the implementation of the revenue enhancement program; (2) secure the political will of elected officials and local champions within and outside the bureaucracy to enforce local tax codes and sustain the gains already made; (3) maintain the new institutions, mechanisms, systems, and enforced policies; and (4) share the REAP experience in meetings with planners, treasurers, and LGU leagues to promote its replication in other municipalities.

The ARMM regional government is viewed by officials in ARMM as the right institution to continue the CIPYML program. This idea has been supported by the Regional Governor. He is a strong supporter of CIPYML, having been a member of the House of Representatives when CIPYML was first implemented.

In 2009, GEM-3 sponsored a first-time gathering of CIPYML alumni, and one of the expected meeting outputs was for the former interns to formulate their own action/next-step plans. Although these plans were formulated, there was no support mechanism from GEM-3 to actualize and implement them. This will require a new institutional and financial sponsor—perhaps the House, itself. As yet there is no such commitment from any public or private institution. On their own initiative, however, the CIPYML alumni have created a social network page where they can connect in real time to communicate their future plans and aspirations, work opportunities, and their advocacy for governance reforms and peace. This may provide an effective lobbying platform for continuation of the program.

Business Growth

GEM has calculated an efficiency ratio relating the cost of trade fairs to additional exports they generated ($1 generates $263). According to this calculation, these events have had positive impact in terms of revenue generation. The positive efficiency is an encouragement for businessmen to continue attending trade fairs. Aside from this, trade fairs of the type supported under GEM will likely be sustained, because this is consistent with the strategy of the government and the private sector. The project has also transferred the skills of trade fair participation to business support organizations.

Three of the nine BSOs interviewed by evaluators are certain to be sustained: the Davao City Chamber of Commerce, Mindanao Trade Expo Foundation, Inc. (MTEF), and the MBC. In each of these organizations, their sources of revenue are sufficient for their operations. Aside from membership dues, they have other sources of funds, including event fees, grants from other foreign donors, and partnership with big organizations, such as the Philippine Chamber of Commerce and the Philippine Export Association. Three other BSOs have a high probability of being sustained, because of strong leadership. However, their sustainability is contingent upon the availability of funds from external sources. Three others, that evaluators feel, are not likely to be sustained, have limited sources of funds, and appear to have weak management. Interviews revealed that those holding management positions in these unsustainable BSOs are too busy attending to their businesses. For these managers, BSO activities are incidental. Another likely reason for lack of sustainability in these marginal BSOs is the discontinuation of some GEM-3-subsidized staff after project completion.

GEM's Business Support Program team, however, feels confident that most GEM-supported BSOs will continue to function, because they have developed networks providing access to resources from government and foreign donors. The team maintains that it has worked with each chamber to introduce sustainability planning, including the design of new projects intended to attract external funding, and has provided training in project proposal writing. With one exception, according to GEM, all GEM-2 BSOs have been sustained.

Former Combatant Reintegration

The evaluators found that four out of the seven post-harvest facilities visited appeared to be sustainable. The facilities were in good working order, regularly used, and had self-sustaining revenue collection to pay for future maintenance. For the other three facilities: (1) equipment had broken down and profitability had fallen; (2) a supplier hatchery was still unprofitable because FCR aquaculture cooperatives have not been able to generate sufficient demand for its products; and (3) intended user fees to maintain a fruit and vegetable consolidation facility were not being collected and the facility was largely unused.

The evaluators found that 8 of 14 FCR cooperative development activities appeared to be sustainable. These cooperatives employed multiple cycles of production, were committed to reinvesting profits for future production inputs, and had alternate plans for receiving additional needed assistance in the event that GEM funding should cease. For six other facilities, the evaluators noted a general lack of profitability and progressive depletion of working capital in various income-generating schemes.

Judging by comments made during qualitative interviews, site visits, and a literature review of other studies, surveys, and assessments, the results and impact of FCR income-generating assistance in simple agriculture, technology transfer, and post-harvest facilities appear to be sustainable. However, assistance provided in high-value production, although still potentially sustainable, had a lower percentage of success, depended to a greater extent on the participants' skills and commitment, and was more vulnerable to external shocks. The vast majority of FCR beneficiaries felt that GEM assistance had made a noticeable difference in their lives and eased their reintegration.

Evidence for Future Host Country and LGU Ownership of GEM-3

LGUs will continue their BIP infrastructure provision activities in barangays to the extent they can find funding, because this is their traditional role. They now set aside funds to match potential donors, something they did not do traditionally. In the absence of outside funds, however, their activities will remain very limited.

Municipalities may sustain their efforts to generate additional revenues from revision of tax codes and raising land valuations. This requires concurrence from provincial governments, however, and may be difficult politically. Resistance within municipalities from landed or moneyed elites will present a barrier. Nevertheless, it is clearly in their interest to raise additional revenue, and largely within their power to do so. Replication in other municipalities is also highly likely, if many of the 12 MLGUs can continue to show positive results. These results have been mixed, though, especially after the first year.

CLIC and EMGP activities could be sustained and expanded by local municipal school boards, but there is no indication at present if this is likely, or even financially possible. JEEP will need to be maintained by the universities and colleges involved, and this will certainly require raising user fees considerably. This, in turn, will limit this program to the wealthier institutions and students. PRIDE, CIPYML, and INVESTS all require a new benefactor, as yet to be identified. It is highly unlikely that any Philippine governmental entity will step forward, except perhaps in the case of CIPYML, but PRIDE could be sustained through a private sector entity or consortium.

Business growth and FCR activities could be maintained by the national government or BSOs, but there is little indication yet of that occurring.[80]

Sustainability of Programs

A plan for sustainability of program achievements should be included in all program components in the future. In infrastructure, the concern was not to sustain a mechanism to provide future infrastructure projects, since this was already the mission of MPDOs, but to maintain the facilities put in place by GEM. In all other GEM components, the possible sustainability of the activity itself should have been explicitly

[80] It should be noted that future industry-oriented events such as the Mindanao Vegetable and the Mindanao Fruit Conference have already been scheduled by BSOs for 2013 with initial funding commitments from the government primarily DA

addressed (where applicable), not just the maintenance of the outputs delivered.

Sustainability of program impacts implies knowledge of those impacts. A mechanism to track the institutional and personal outcomes of various programmatic outputs, such as impacts on institutions and persons in schools and in municipalities, should be put in place in future programs. This would require tracking of some key elements of desired change from a baseline set of measures.

LESSONS LEARNED

Design and Implementation of GEM-3

Most of GEM-3 activities are appropriate for the Mindanao context. They have focused on the right issues for Mindanao, such as economic growth and stability and on the priority needs of conflict-affected communities; they have aimed at improving the economy and income generation; and have planned for coverage of a large swath of Mindanao, hoping to convince people to move away from conflict. The design, however, was very prescriptive, allowing little room for prospective firms to suggest complementary approaches and comprehensive component packages during the bidding process. The design was also physical target-focused and ignored outcomes and impact. The lack of a complete baseline has hampered the evaluation team.

Implementation of the program is generally sound.[81] The implementing firm, which is generally regarded as an engineering consulting firm, has been best at the infrastructure component; it has produced quality structures well appreciated by the beneficiaries. Implementation of the other components has been adequate. Based on uneven outcomes and supported by empirical evidence, TA has been spread thinly over a vast area, limiting the impact and sustainability it could have had the interventions been more substantial, especially for the workforce preparation, governance improvement and FCR.

An obvious lesson to be learned from GEM-3 (and its predecessors) is that a program of this scope and magnitude requires external evaluations at critical decision points during its operation. Indeed, the DAAD for GEM-3 stated that "in close coordination with implementing partners, the technical assistance contractors will develop a performance monitoring plan."[82] After repeated requests by the evaluation team, USAID provided a GEM-3 M&E plan developed in 2008. The document provided a list of physical targets to be completed by the implementer over the life of the program; however, well-defined performance indicators were not in evidence. The implementing firm did undertake various internal studies and reviews to examine GEM-3's own performance.[83] As a result, the current evaluation represents a "close-out" performance evaluation that has had to rely heavily on the collection of qualitative data, some quantitative data, and secondary data in order to gauge what has worked well, and not so well, over the life of GEM-3.

Socio-Economic Development Programs for Fostering Peace and Stability

Socio-economic development programs can go a long way to foster peace and stability in a region. The evaluation has shown that the majority of people appreciated the assistance and the attention they were getting and expressed that the projects provided them with economic opportunities and perceived that they were helping to reduce violence and foster peace in their barangays. Whether actual violence has been reduced is still unclear, as no baseline was collected and other studies have indicated socio-economic development programs are necessary but not sufficient to foster peace and stability.

Effective Activities in Promoting Peace

[81] GEM-3 Development Activity Approval Document, USAID, October 2006.
[82] Ibid. p-38.
[83] Personal communication, many of these studies and reviews have been mentioned earlier in this report—refer to References section in Annex 11.

The national, regional and local governments must play a very strong and key role in leading the post conflict work. Foreign assistance, including USAID and other donors, can assist government in the work, but they should not take the lead. GEM activities that work can be replicated on a wider scale in Mindanao.

There is a critical need for basic services in conflict-affected areas. These programs include large-scale, community-based public works, including in marginalized and conflicted-affected communities; addressing of infrastructure bottlenecks (in particular, electricity, which is the number one constraint for businesses in fragile and conflict-affected areas); and access to finance and investments to bring producers and markets together.[84] These are all mainly GEM-3 activities. In addition, there is the need to promote transparency and good governance in local institutions, so that the gains of the peace process and dividends can be sustained.

Donors working in Mindanao, including USAID, are reaching the conclusion that development assistance should not be scattered but needs to be focused in clusters of conflict-affected areas, either by municipalities or provinces.[85] Coordination with government is essential. Coordination among donors is critical to ensure interventions can be delivered with greater impact and convergence.

V. GENERAL RECOMMENDATIONS

USAID has a new strategy for Mindanao where both development and security assistance, will be targeted in six priority areas of conflict. This is a sound approach for many reasons, including easier coordination with a smaller number of partners, better targeting and monitoring of sites, higher possibility of success in the dual function of security and development, and improved sharing of lessons learned for wider replication by others at a later date.

This section highlights the key recommendations from the performance evaluation of GEM-3 and provides additional recommendations from the evaluation team's interviews with national and regional government agencies and donors.

INFRASTRUCTURE

Support a development framework with government to:

- Continue and expand BIP-type infrastructure all across rural barangays in Mindanao where basic services are lacking.
- Locate and construct RIPs in strategic areas, e.g., with the following links: agricultural production areas with major markets; and processing hubs with major airports and seaports.

BUSINESS GROWTH

- Focus on reducing transaction costs and increasing credit opportunities for small businesses and producer associations.

GOVERNANCE

- Involve provincial governments in updated land appraisal and evaluation to increase tax collection at municipal levels.
- Link graduates of the congressional internship program to REAP LGUs for greater synergy.

FORMER COMBATANT INTEGRATION

[84] World Development Report 2011: Conflict, Security and Development. World Bank, Washington DC.
[85] Evaluation team's interviews in 2012 with World Bank, July 27; AusAID, EU and JICA, September 14.

- Provide development assistance not only to MNLF former combatants but also to the host and/or community at large so as to minimize potential conflict situations arising from jealously or resentment.

GENDER

- Ensure that future gender action plans are followed and implemented in accordance with the Philippines' established national gender laws, USAID policies and local practices.

GENERAL RECOMMENDATIONS

- Future project designs should be less prescriptive than GEM-3, so as to afford the implementing party room to suggest new ideas and the ability to work with LGUs, local partners, and communities on priority needs.
- Keep the logistical and operations support activity as implemented by GEM-3, if USAID plans to continue working in conflict-affected areas in Mindanao.

FUTURE EFFORTS

- New initiatives by USAID in Mindanao should continue coordination and partnership with OPAPP, MinDA, ARMM Regional Government and LGUs. This partnership should be a deeper one—starting with the planning and design of the new program through implementation, monitoring, and maintenance—as expressively desired by these organizations.[86] This will also enable good models and practices to be continued after a project is over.
- Go deep, rather than wide. Focus development assistance efforts in clusters of conflict-affected areas, either by municipalities or provinces, and do not spread them too thinly across a wide geographical area.
- Coordinate among donors so that interventions can be delivered with greater impact, convergence and synergy.
- USAID's should capitalize on its comparative advantage on being able to link with other USG programs (including JSOTF-P) and its ability to help "secure" development for Mindanao.

[86] Interviews in 2012 with OPAPP, July 27; ARMM, July 25; MinDA, August 7; ARMM-RPDO, August 28; and LGUs during field visits between August 9 to 29.

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