



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

QUARTERLY STATUS REPORT



Philippines Compact

AS OF JUNE 2015

COMPACT GOAL

The Compact intends to support: (i) reforms and investments to modernize the Bureau of Internal Revenue to increase fiscal space for public investment and to reduce opportunities for corruption in tax administration; (ii) expansion and enhancement of a community-driven development project, Kalahi-CIDSS; and (iii) rehabilitation of a secondary national road connecting the provinces of Samar and Eastern Samar.

COMPACT AT A GLANCE

Compact Signed	09-23-2010
Entry Into Force	05-25-2011
Compact End Date	05-25-2016
Compact Total	\$433,910,000
Amount Committed	\$378,203,289
Amount Expended	\$249,179,500
Estimated Program Beneficiaries	125,822,000
Estimated Increase in Household Income	\$649,300,000

	% OF TOTAL COMPACT	BUDGET (USD MILLIONS)
Kalahi-CIDSS Community Development Project	28%	\$120.0
Secondary National Roads Development Project	49%	\$214.4
Revenue Administration Reform Project	13%	\$54.3
Monitoring and Evaluation	2%	\$8.2
Program Administration & Control	9%	\$36.9



■ Project Preparation ■ Project Implementation

Kalahi-CIDSS Community Development Project

Improve the responsiveness of local governments to enhance economic self-reliance in rural areas by targeting poor communities for small-scale, community-driven development projects. Empower and strengthen capacity of communities by helping them prioritize, design, and implement development projects.

Projected Long-Term Results
(Up to 20 years)

ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME
5,215,000	\$118,100,000
	Residents of barangays in municipalities selected for the sub-projects.

	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES*
	\$120,000,000	\$115,779,204	\$91,882,978



PROJECTED RESULTS BY END OF COMPACT

Depending on the priorities identified by each community, results are expected to include savings in transport costs, reduced post-harvest losses, time savings, decreased morbidity from waterborne diseases, and higher education enrollment rates and lower dropout rates.

PROGRESS TO DATE

2,089 K-C sub-projects have been completed. These include classrooms, health clinics, water systems and farm-to-market roads. 2,941 barangays in over 160 municipalities and 24 provinces have received training in sub-project management and implementation. The Gender-Incentive Grant has funded 43 sub-projects. MCC-funded K-C subprojects have benefitted 605,000 households, significantly exceeding the estimated compact target of 500,000 households.

PROJECT ACHIEVEMENTS

MCA-Philippines signed an amendment to the Memorandum of Understanding (MOU) with Peace Corps, which extends the partnership until the end of the Compact. As part of this partnership, three (and eventually six) Peace Corps Response Volunteers (PCRVs) are in country to provide monitoring and oversight support of K-C subprojects.

Secondary National Roads Development Project	PROJECT COST \$214,440,000	TOTAL CONTRACT COMMITMENTS \$211,581,394	TOTAL PROJECT EXPENDITURES [†] \$118,175,997								
<p>Reduce transportation costs and improve access to markets and social services through the rehabilitation of an existing 222 km road segment on the island of Samar.</p> <hr/> <p>Projected Long-Term Results (Up to 20 years)</p> <table border="0"> <tr> <td data-bbox="191 573 350 590">ESTIMATED BENEFICIARIES</td> <td data-bbox="412 556 553 590">ESTIMATED INCREASE IN HOUSEHOLD INCOME</td> </tr> <tr> <td data-bbox="228 615 315 642">282,000</td> <td data-bbox="412 615 553 642">\$205,100,000</td> </tr> </table>	ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME	282,000	\$205,100,000	 <table border="0"> <tr> <td data-bbox="600 573 850 590">PROJECTED RESULTS BY END OF COMPACT</td> <td data-bbox="889 573 1008 590">PROGRESS TO DATE</td> <td data-bbox="1175 573 1325 590">PROJECT ACHIEVEMENTS</td> </tr> <tr> <td data-bbox="600 615 850 789">Savings in time and lower vehicle operating costs and road maintenance costs are intended to increase commerce in and between the provinces of Samar and Eastern Samar, and ultimately increase incomes.</td> <td data-bbox="889 615 1149 890">16.0 km of Construction Package 1, a 16.3 km road segment, and one of four civil works packages, has been completed, with enhanced safety features that were incorporated into the design. Work is progressing on the remaining construction packages. As of the end of June, over 270 km of the total project roadwork are vehicle-passable.</td> <td data-bbox="1175 615 1435 942">Phase 2 of the community outreach campaign on MCA-P's Trafficking in Persons Campaign is underway. The objective is to increase awareness in communities along the road on detecting and preventing trafficking in persons. The campaign will build upon the community outreach and capacity-building activities started in 2013 in 14 municipalities and 1 city that will directly benefit from the project.</td> </tr> </table>	PROJECTED RESULTS BY END OF COMPACT	PROGRESS TO DATE	PROJECT ACHIEVEMENTS	Savings in time and lower vehicle operating costs and road maintenance costs are intended to increase commerce in and between the provinces of Samar and Eastern Samar, and ultimately increase incomes.	16.0 km of Construction Package 1, a 16.3 km road segment, and one of four civil works packages, has been completed, with enhanced safety features that were incorporated into the design. Work is progressing on the remaining construction packages. As of the end of June, over 270 km of the total project roadwork are vehicle-passable.	Phase 2 of the community outreach campaign on MCA-P's Trafficking in Persons Campaign is underway. The objective is to increase awareness in communities along the road on detecting and preventing trafficking in persons. The campaign will build upon the community outreach and capacity-building activities started in 2013 in 14 municipalities and 1 city that will directly benefit from the project.
ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME										
282,000	\$205,100,000										
PROJECTED RESULTS BY END OF COMPACT	PROGRESS TO DATE	PROJECT ACHIEVEMENTS									
Savings in time and lower vehicle operating costs and road maintenance costs are intended to increase commerce in and between the provinces of Samar and Eastern Samar, and ultimately increase incomes.	16.0 km of Construction Package 1, a 16.3 km road segment, and one of four civil works packages, has been completed, with enhanced safety features that were incorporated into the design. Work is progressing on the remaining construction packages. As of the end of June, over 270 km of the total project roadwork are vehicle-passable.	Phase 2 of the community outreach campaign on MCA-P's Trafficking in Persons Campaign is underway. The objective is to increase awareness in communities along the road on detecting and preventing trafficking in persons. The campaign will build upon the community outreach and capacity-building activities started in 2013 in 14 municipalities and 1 city that will directly benefit from the project.									
<p>Address the need to raise tax revenues and reduce tax evasion and revenue agent-related corruption by increasing the efficiency and sustainability of revenue collection through a redesign and computerization of business processes.</p> <hr/> <p>Projected Long-Term Results (Up to 20 years)</p> <table border="0"> <tr> <td data-bbox="191 1354 350 1371">ESTIMATED BENEFICIARIES</td> <td data-bbox="412 1337 553 1371">ESTIMATED INCREASE IN HOUSEHOLD INCOME</td> </tr> <tr> <td data-bbox="204 1396 337 1423">125,000,000</td> <td data-bbox="412 1396 553 1423">\$160,100,000</td> </tr> </table>	ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME	125,000,000	\$160,100,000	 <table border="0"> <tr> <td data-bbox="600 1354 850 1371">PROJECTED RESULTS BY END OF COMPACT</td> <td data-bbox="889 1354 1008 1371">PROGRESS TO DATE</td> <td data-bbox="1175 1354 1325 1371">PROJECT ACHIEVEMENTS</td> </tr> <tr> <td data-bbox="600 1396 850 1520">Filipinos who enjoy an increase in material welfare arising from increased public expenditure or investment due, in turn, to the RARP.</td> <td data-bbox="889 1396 1149 1520">Tax revenue growth continues to outpace GDP growth, attesting to the government's sustained commitment to improved tax administration.</td> <td data-bbox="1175 1396 1435 1724">The TRS module of the Bureau of Internal Revenue's (BIR) Electronic Tax Information System (eTIS), has been implemented in 6 of the 13 BIR offices selected as pilot sites. Development of additional modules and improvements in the tax administration platform continue. The BIR has agreed to expand three programs initiated with the help of IMF technical assistance, two of which have shown strong revenue growth in pilots phases.</td> </tr> </table>	PROJECTED RESULTS BY END OF COMPACT	PROGRESS TO DATE	PROJECT ACHIEVEMENTS	Filipinos who enjoy an increase in material welfare arising from increased public expenditure or investment due, in turn, to the RARP.	Tax revenue growth continues to outpace GDP growth, attesting to the government's sustained commitment to improved tax administration.	The TRS module of the Bureau of Internal Revenue's (BIR) Electronic Tax Information System (eTIS), has been implemented in 6 of the 13 BIR offices selected as pilot sites. Development of additional modules and improvements in the tax administration platform continue. The BIR has agreed to expand three programs initiated with the help of IMF technical assistance, two of which have shown strong revenue growth in pilots phases.
ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME										
125,000,000	\$160,100,000										
PROJECTED RESULTS BY END OF COMPACT	PROGRESS TO DATE	PROJECT ACHIEVEMENTS									
Filipinos who enjoy an increase in material welfare arising from increased public expenditure or investment due, in turn, to the RARP.	Tax revenue growth continues to outpace GDP growth, attesting to the government's sustained commitment to improved tax administration.	The TRS module of the Bureau of Internal Revenue's (BIR) Electronic Tax Information System (eTIS), has been implemented in 6 of the 13 BIR offices selected as pilot sites. Development of additional modules and improvements in the tax administration platform continue. The BIR has agreed to expand three programs initiated with the help of IMF technical assistance, two of which have shown strong revenue growth in pilots phases.									

[†]Expenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.