

# Philippines-Australia Public Financial Management Program



Creating connections for successful infrastructure delivery

The Philippines-Australia Public Financial Management Program (PFMP) is a **long term partnership between the Governments of Australia and the Philippines** to improve the efficiency, accountability and transparency of public fund use in the Philippines. The Australian Government committed A\$30 million to assist the Philippine Government implement a range of budgeting and other PFM reforms.

**PFMP is now in a one year extension phase. PFMP continues to support key PFM reforms, while at the same time it is expanding its focus to transport infrastructure,** reflecting the priorities of both the Philippines and Australian Governments.

## *From public financial management to transport infrastructure*

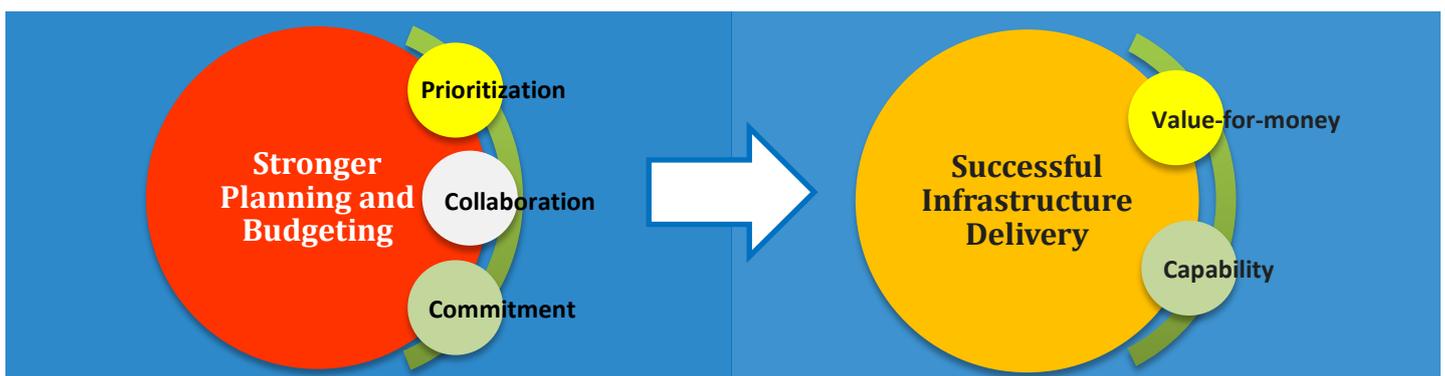
One of the critical challenges now facing the PFM system is the ability of oversight and spending agencies to meet the ambitious spending targets for public infrastructure. Many of the obstacles to better and more efficient spending lie in PFM in its broadest sense – including planning, procurement, and other key management functions.

To meet its infrastructure spending target of 7% GDP, the Government will need not only robust and efficient processes, but also strong coordination between and amongst oversight and spending agencies. PFMP is well-placed to assist with these challenges, given its in-depth understanding of the PFM system, well-established relationships with oversight agencies, and its ability to access the best experts from the Philippines and internationally.

## *PFMP assistance to the Department of Transportation (DOTr)*

The Department of Transportation lies at the center of the Government's infrastructure challenge. Analysis undertaken by PFMP early in 2016 identified opportunities to address spending obstacles by strengthening planning and project preparation at the Department.

As the new administration is moving to fast-track implementation of critical projects, PFMP is responding. We are providing assistance for planning – by making sure that the *right* projects are being implemented, and helping streamline procurement and mobilization through rigorous but efficient processes.



*Linking plans to delivery with the right resources*

We are also effective in assisting and addressing underlying organizational issues, such as strengthening the Department's information systems.

With the shift in focus from traditional public financial management to transport infrastructure, PFMP remains true to its original commitment to support the Philippines towards improved efficiency, accountability and transparency. With increasing public and Government pressure to deliver results, PFMP will continue to work with its partners to help them meet those expectations.

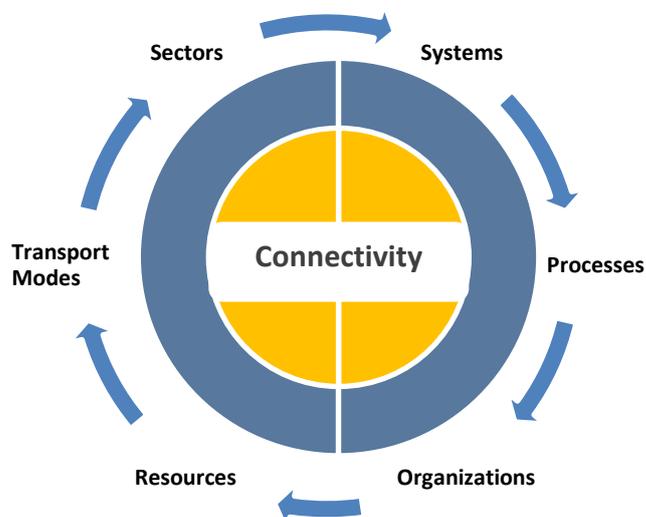
### *Australia's investment in the transport sector*

Australia is the second largest provider of bilateral grants to the Philippines.

Australia's successful track record working in the areas of transport and infrastructure include recent assistance in supporting the Philippines Public-Private Partnership (PPP) program harness more private sector financing to deliver infrastructure in roads, rail and ports. In 2015-2016, Australia helped the Philippine Government to tender and award two projects worth US\$631 million, and assisted in developing systems for provincial roads management.<sup>1</sup>

Gaps in both the quantity and quality of the country's transport infrastructure—roads, ports, airports, urban mass transit—hamper the efficient and effective movement of people, goods and services. Local and international studies have already shown the real economic costs of these gaps, as well as their impact on ordinary citizens in terms of access to social services and basic utilities, and people's quality of life.

Addressing these problems is high on the new Administration's priority list, and Australia can support the Government's transport priorities, recognizing the enormous benefits that sound investments can deliver. The Philippines is in a strong fiscal position, and Australia can assist by helping to ensure that the right systems are in place to take advantage of that position.



<sup>1</sup><http://dfat.gov.au/geo/philippines/development-assistance/Pages/development-assistance-in-philippines.aspx>

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