



Millennium Challenge Corporation: Creating Opportunities for Growth

Millennium Challenge Corporation (MCC) is funding a \$434 million, five-year compact grant with the Philippines that is expected to benefit millions of Filipinos. The partnership is focused on reducing poverty through economic growth and comprises three projects: rehabilitating 222 kilometers of a key road in Samar; empowering local communities to identify and implement small-scale infrastructure projects; and improving the effectiveness of government revenue collection and reducing opportunities for corruption by streamlining and computerizing tax administration at the Bureau of Internal Revenue.

Revenue Administration Reform Project

A key constraint to economic growth in the Philippines is the lack of growth enhancing investments in public goods such as infrastructure and social services. The Revenue Administration Reform Project addresses the need to raise tax revenues and reduce tax evasion and revenue agent-related corruption. This project focuses on increasing the efficiency and sustainability of revenue collection through a redesign and computerization of business processes at the Bureau of Internal Revenue. The project will narrow the gap between potential and actual collections by reducing the discretion of individual revenue collection officers, and help improve the predictability and impartiality with which revenue laws and regulations are enforced.

Kalahi-CIDSS

The Kalahi-CIDSS project will improve lives in rural areas by targeting communities where poverty exceeds the national average through implementation of small-scale, community-driven development projects. Through this project, local communities and citizens become partners in the development process and learn how to identify, design, implement (using local labor), and sustain projects at the municipal and barangay levels. The grants for the community sub-projects are provided directly to the local communities and result in providing critical infrastructure such as schools, health stations, footpaths, roads, and water systems. The project, in partnership with the Department of Social Welfare and Development (DSWD), builds on and supports DSWD's participatory planning, implementation, and evaluation methodology. The project also will strengthen the link between community priorities and local governments' development programs and promote greater transparency and accountability. DSWD implements the project in collaboration with local governments and communities and with oversight by MCA-Philippines and a National Steering Committee.

Secondary National Roads Development Project

The Secondary National Roads Development Project is designed to reduce transportation costs through the rehabilitation of an existing 222 kilometer road segment in Samar. By bringing about savings in vehicle operating costs and time for both passengers and goods, and by reducing road maintenance costs, the investment will increase commerce in and between the provinces of Samar and Eastern Samar, and ultimately increase incomes. The project incorporates enhanced safety measures in the final road designs including paved shoulders, construction of sidewalks and curbs where pedestrian activity is higher, improved gateway treatments to indicate where lower speeds are required, and increased use of road narrowing, median islands, and traffic humps to slow traffic speeds.



FACT SHEET



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Administration

The compact grant is managed by a Philippine accountable entity called Millennium Challenge Account – Philippines (MCA-P) and with careful oversight by MCC. MCA-P is led by and staffed with talented Filipino professionals who are complemented with competitively-hired private sector resources. Management and oversight of the funds are in accordance with strict administrative, financial, and procurement controls established by MCC. MCA-P manages and updates a website to provide updates throughout implementation of the compact (www.mcap.ph).

Expected Results

The compact projects are expected to have robust and demonstrable impacts on incomes of Filipinos—particularly the poor—and on overall economic growth. The Kalahi-CIDDS project is expected to benefit over 5 million people by 2030 and the road project is expected to directly impact nearly 300,000 people while spurring overall economic development in Samar. The Revenue Administration Reform Project is expected to have broad impacts throughout the economy, thus making nearly all citizens project beneficiaries.