



# Integrated Country Strategy

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## Philippines

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**Table of Contents**

1. Chief of Mission Priorities ..... 2

3. Mission Strategic Framework ..... 4

4. Mission Goals and Objectives ..... 6

5. Management Objectives..... 15

## 1. Chief of Mission Priorities

The 1951 Mutual Defense Treaty is the foundation of strong United States-Philippines defense and security ties, and the United States remains the Philippines' most important defense partner. People-to-people ties remain a crucial link, while two-way trade and travel between the United States and the Philippines continue to grow due to the deep affinity between our two English-speaking populations. Despite episodic tensions, the relationship remains broad and deep. We intend to capitalize on the continued strength of that relationship's underlying foundations to pursue an expansive United States foreign policy agenda.

The Philippines faces significant national and geopolitical challenges, and the U.S. government must be equipped to remain ahead of that curve. The Mission's 27 agencies and sections remain focused on important bilateral concerns: improved internal and external peace and stability; sustainable and inclusive economic growth; higher levels of engagement from the Philippines in regional and international fora; and strengthened democratic processes, increased transparency, and a clear commitment to rule of law and respect for human rights. Each of those four goal areas directly relates to elements of the ten objectives in this Integrated Country Strategy. To achieve these objectives, strong diplomatic relations with the Philippines are crucial to advancing and protecting the interests of the United States, as well as the Philippines, in the vibrant Southeast Asia region.

The Philippines also offers major opportunities. It has emerged as one of the fastest growing economies in Asia, with eleven consecutive quarters of growth above six percent through the first quarter of 2018. The Philippines climbed by one spot in the World Economic Forum Competitiveness ranking in 2017, to 56th out of 137 economies, though it remains behind all six of its Southeast Asian neighbors. In the face of endemic corruption, the country fell ten spots in Transparency International's 2017 Corruption Perceptions Index, to 111 out of 180. Still, the Philippines has maintained an investment-grade credit rating since 2013, and Fitch Ratings upgraded its rating again in December 2017 to BBB. The Philippines' impressive economic activity has faltered in the area of inclusive growth. According to the World Bank, more than 33.7 percent of the population still lives in poverty (\$3.20/day), although that number is beginning to decline. A weak job market continues to drive nearly 10 percent of the Philippine population to find work outside the country. President Duterte's administration has made reducing the poverty rate to 14 percent by 2022 one of its goals.

We will continue to encourage the Philippines to play a more prominent role in advancing ASEAN integration and finding regional solutions to some of the challenges facing ASEAN member states. As a founding member of ASEAN, and with a history of using diplomacy to

address regional and global problems, the Philippines is well-positioned to play a leadership role in ASEAN and its subsidiary bodies. The Philippines' growing economy and economic ties to other ASEAN members make it a logical champion for ASEAN economic integration and cooperation on security issues, including territorial disputes in the South China Sea and the emerging threat of transnational terrorism in the Sulu Sea area bordered by the Philippines, Malaysia, and Indonesia. We will seek to inform the Philippines' approach to its role as ASEAN China Country Coordinator from 2018 to 2021 and to persuade the Philippines to use the 2016 ruling by the Permanent Court of Arbitration on the Philippines' South China Sea claims to inform and buttress its approach to the ASEAN-China South China Sea Code of Conduct negotiations.

The challenges that have confronted the Philippines for years remain. Despite extensive anti-corruption efforts, poor governance and graft are still pervasive from the national to the local level, and serve as a drag on the economy. A highly entrenched elite hinders major economic reform and, coupled with poor infrastructure and high energy costs, leaves the Philippines lagging far behind its neighbors in attracting foreign direct investment. Judicial reform lags, with cases often taking years and even decades to resolve. The Philippine government has made significant strides in combatting trafficking in persons, but these efforts must rise to match the growing problem. We remain concerned over the Philippines' handling of labor rights, freedom of the press, due process, and human rights, while the conduct of the ongoing anti-drug campaign has raised rule of law issues and human rights concerns. These remaining and important concerns, collectively, affect the Philippines' future, and therefore that of the United States. Our Integrated Country Strategy will advance the opportunities and address the challenges of the Philippines, helping to provide both security and trade benefits for the United States, in a more stable region.

## 2. Mission Strategic Framework

**Mission Goal 1** The Philippines improves its security, defense, and civilian capabilities to deter aggression and illegal maritime activities, reduce the threat of terrorism, encourage peaceful resolution of territorial and maritime disputes, and advance peace and stability in conflict-affected areas.

**Mission Objective 1.1** Increase the capability of Philippine security forces to deter external aggression, to address illegal maritime activities, and to prevent and respond to terrorist threats.

**Mission Objective 1.2** Improve peace and stability in conflict-affected areas, particularly in Mindanao, by addressing drivers of and increasing resilience to conflict and extremism in vulnerable communities. *(Incorporates USAID Country Development Cooperation Strategy (CDCS) Development Objective (DO) 2)*

**Mission Objective 1.3** Increase the capacity of the Philippines' civilian and military agencies to address illegal activities in a transparent and effective manner consistent with the rule of law.

**Mission Goal 2** The Philippines enjoys strong, sustainable, resilient, and inclusive economic growth and social development, and provides greater opportunities for bilateral trade and U.S. investments, while supporting environmental stewardship.

**Mission Objective 2.1** The Philippines promotes interagency programs and policy advocacy efforts that accelerate and sustain broad-based and inclusive growth. *(Incorporates CDCS DO1)*

**Mission Objective 2.2** The Philippines advances economic governance reforms, ensuring a level playing field and opportunities for U.S. companies, while improving free, fair, and reciprocal trade practices.

**Mission Objective 2.3** The Philippines improves environmental resilience. *(Incorporates CDCS DO3)*

**Mission Goal 3** The Philippines more capably and more frequently contributes to resolving regional and global challenges.

**Mission Objective 3.1** The Philippines becomes a more active and engaged partner in international fora, with a focus on UN, ASEAN and APEC engagement, adhering to international agreements and commitments.

**Mission Objective 3.2** The Philippines increases leadership on regional maritime issues, and expands partnerships.

**Mission Goal 4** The Philippines enjoys strengthened democratic processes, increased transparency and accountability in government, and enhanced respect for the rule of law and the full spectrum of human rights.

**Mission Objective 4.1** The Philippines promotes resilient and accountable democratic institutions at the local, regional, and national levels that engage civil society.

**Mission Objective 4.2** The Philippines supports a strengthened, independent justice system that is efficient, fair, transparent, and protects human rights.

**Management Objective 1** The Embassy manages Mission growth during major renovation and projected expansion.

**Management Objective 2** The Philippines upgrades and replaces housing units.

**Management Objective 3** The Embassy refines responsibilities and authorities for management support to the Pacific Island posts.

### 3. Mission Goals and Objectives

**Mission Goal 1** The Philippines improves its security, defense, and civilian capabilities to deter aggression and illegal maritime activities, reduce the threat of terrorism, encourage peaceful resolution of territorial and maritime disputes, and advance peace and stability in conflict-affected areas.

**Description and Linkages** The Philippines faces a range of internal and external threats, from territorial disputes and terrorism to instability in Mindanao and challenges to governance and the rule of law. Our military-to-military partnership will continue to support the modernization of the Armed Forces of the Philippines (AFP) to enhance its territorial defense and counterterrorism capabilities. Our law enforcement partnerships will focus on enhancing community-police relations and internal security, including stopping terrorist operations, movement and funding, more effective terrorism investigations and prosecutions, and building capacity for law enforcement to counter violent extremism. Our work to reduce the threat of terrorism and foster peace and stability will continue to address drivers of conflict and extremism by strengthening governance, civic engagement, and community cohesion and resilience; increasing educational and economic opportunities, particularly for at-risk youth, women, and other vulnerable populations; improving basic social service delivery; and countering violent extremist recruitment. Finally, we will use these opportunities, and others, such as our joint WWII POW/MIA accounting mission, to demonstrate the value and resiliency of the U.S.-Philippines alliance, based on shared values and commitment to a shared purpose.

This Goal directly supports Pillar 1 of the 2017 National Security Strategy (NSS), Strategic Objectives 1.2, 1.3, 1.4, and 1.5 of the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 1 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Security and Governance & Cooperation categories in the Indo-Pacific Strategy. The NSS specifically mentions re-energizing the U.S. alliance with the Philippines, while the 2018 National Defense Strategy discusses strengthening alliances and partnerships in the Indo-Pacific.

**Mission Objective 1.1** Increase the capability of Philippine security forces to deter external aggression, to address illegal maritime activities, and to prevent and respond to terrorist threats.

**Justification** The Armed Forces of the Philippines (AFP) continues to transition from an internally-focused organization to one that handles more traditional external defense activities, such as enhanced territorial defense capability and peaceful resolution of territorial disputes, while other security forces, including police, coast guard, and immigration authorities, are

increasingly able to execute counterterrorism operations and other internal security functions with decreasing support from the military in most areas of the Philippines. Risks associated with not achieving this mission objective include a Philippine territorial defense capability that is unable to keep pace with evolving regional threats, weakened interoperability between U.S. and Philippine forces, and a resurgent terrorist threat.

**Mission Objective 1.2** Improve peace and security in conflict-affected areas, particularly in Mindanao, by addressing drivers of and increasing resiliency to conflict and extremism in vulnerable communities. (Incorporates CDCS D02)

**Justification** Conflict and terrorist activity in vulnerable communities throughout the Philippines have broad implications for Philippine and U.S. security. The southern Philippine island of Mindanao and the Sulu Archipelago have traditionally been areas of particular concern, as the region is home to the majority of the country's poorest provinces and is plagued by corruption, lawlessness, criminality, conflict, and terrorist activity, including the five-month siege of Marawi City by ISIS-inspired and funded groups from May to October 2017, which displaced more than 350,000 people and imposed economic costs estimated in the billions of dollars. This objective seeks to address root causes of conflict and extremism in Mindanao and throughout the Philippines by strengthening governance, civic engagement, and community cohesion; addressing the lack of educational and economic opportunity, particularly for at-risk youth and girls, women, and other vulnerable populations; improving service delivery; and countering violent extremist recruitment, reducing the threat of terrorism, and improving peace and stability. Risks associated with not achieving this mission objective include continued instability in Mindanao.

**Mission Objective 1.3** Increase the capacity of the Philippines' civilian and military agencies to address illegal activities in a transparent and effective manner consistent with the rule of law.

**Justification** The capability of Philippine civilian and military agencies to fulfill their law enforcement and internal security functions in accordance with the rule of law and with the necessary training and equipment is fundamental to their ability to effectively fight crime and terrorism and strengthen governance. Risks associated with not achieving this mission objective include increased criminal and terrorist activity, weakened governance, and an erosion of the rule of law.

**Mission Goal 2** The Philippines enjoys strong, sustainable, resilient, and inclusive economic growth and social development, and provides greater opportunities for bilateral trade and U.S. investments, while supporting environmental stewardship.



**Description and Linkages** For the Philippines to become a more stable, prosperous, and well-governed nation, its economy must continue to grow rapidly and on a sustained path. Such growth is a necessary, if not sufficient, condition to create more and better jobs, raise per capita incomes, improve income distribution, and achieve greater prosperity for all Filipino men and women. For the Philippine economy to continue to grow rapidly, economic competitiveness must improve, and the level of trade and investment – both foreign and domestic – must dramatically increase. Accelerating broad-based and inclusive economic growth not only requires a more competitive economy, but also more competitive human capital.

This Goal directly supports Pillars 1, 2, and 4 of the 2017 National Security Strategy (NSS), Strategic Goals 2 and 3 of the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 3 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Economic and Governance & Cooperation categories of effort in the Indo-Pacific Strategy. The NSS specifically described the Philippines as an important market for Americans.

**Mission Objective 2.1** The Philippines promotes interagency programs and policy advocacy efforts that accelerate and sustain broad-based and inclusive growth. (*Incorporates CDCS DO1*)

**Justification** For the Philippines to become more stable, prosperous, and well-governed, its economy must continue to grow rapidly and on a sustained path. Such growth is a necessary, if not sufficient, condition to create more and better jobs, raise per capita incomes, improve income distribution, and achieve greater prosperity for all Filipino men and women. Without increased wealth and the revenue that wealth produces, the Philippines cannot expand essential social services throughout the archipelago.

For the Philippine economy to continue to grow rapidly, economic competitiveness must improve, and the level of trade and investment – both foreign and domestic – must increase dramatically. Such investments lag not because of an intrinsic lack of potential in the Philippines, which is richly endowed with resources and people, but rather because the Philippine business environment for foreign companies remains inadequate. Some of the main reasons for the economy's lack of competitiveness, and the main challenges to accelerating economic growth in the Philippines, are weak governance and lack of fiscal space. Additionally, pervasive corruption, a poor regulatory environment, weak rule of law, and lack of human capacity underlie and reinforce these problems.

Accelerating broad-based and inclusive economic growth not only requires a more competitive economy but also more competitive human capital. In particular, for the youth, women and men to take advantage of growth opportunities – for growth to be truly broad-based and

inclusive – all Filipinos must have the necessary knowledge, skills, and abilities to compete in the modern workplace. Education in the Philippines largely fails in this regard. Despite policy, curricular, and programmatic changes, and increased access to education in the Philippines over the past decade, key indicators of basic education quality have either stagnated or declined. Of particular concern are reading skills, the foundation for other learning, and a major determinant of learning outcomes, retention rates, and future income employment. Additionally, higher education faces great challenges in the Philippines. The scale, scope, and quality of programs in science and technology – so critical to modern economic growth – are particularly weak. An education system that advances growth and is based on science and technology will help to move the Philippines into the 21st century, stimulate the growth of manufacturing and industry, and accelerate employment generation needed to foster inclusive growth. It will also help address issues with underemployment.

To take advantage of a more competitive economy, human capital must not only be better educated, but also healthier. Improved family health is critical to broad-based and inclusive economic growth. Just as importantly, the cost of illness – both immediate financial costs and longer-term loss of productivity – can pose a major drain on public and family resources. Risks associated with not achieving this objective include increased inequality, fewer economic opportunities for the Philippine workforce, reduced social services, poorer health outcomes, and decreased international competitiveness.

**Mission Objective 2.2** The Philippines advances economic governance reforms, ensuring a level playing field and opportunities for U.S. companies, while improving free, fair, and reciprocal trade practices.

**Justification** The Philippines is one of the fastest-growing economies in Asia, with average GDP growth of more than six percent over the last six years. This country of 105 million people, which has strong ties to the United States, could improve even more if it followed international standards and best practices. Our close trade ties are the ballast of our overall relationship. The Philippines' top exporter (Texas Instruments), top employer (Convergys) and one of its biggest taxpayers (Chevron) are all U.S. companies. There are plenty of growth opportunities for U.S. investors in the Philippines, an English-speaking country, to deliver products throughout ASEAN and the region more broadly. However, corruption and inefficiencies continue to be a huge drag on the economy. To ensure a level playing field for American companies, the Philippines will need to enact broad economic reforms, including possibly undoing protectionist measures written into the Philippine constitution. Following President Duterte's state visit to China in 2016, there has been a significant increase in interest by Chinese firms to invest in the Philippines, and a rise in Chinese soft power. This impacts the investment climate and will increase competition for U.S. firms.

The Mission will enhance the Philippines' capacity to carry out necessary economic reforms by supporting the adoption of international standards and best practices. The Philippines already has World Trade Organization commitments, and wants to formally expand the bilateral trade relationship with the United States. The United States is the Philippines' third-largest trading partner. If the Philippines continue its record GDP growth, it could possibly become an upper middle-income country by 2020, thereby losing Generalized System of Preferences (GSP) eligibility and benefits after an additional three years. The Mission will work through those commitments, as well as our Trade and Investment Framework and through Public Affairs, to spread acceptance of free, fair, and reciprocal trade in the Philippines, which will help the Philippines improve its economy. Risks associated with not achieving this objective include fewer opportunities for U.S. firms, weakened protection of intellectual property rights, and a less robust bilateral trade relationship.

**Mission Objective 2.3** The Philippines improves environmental resilience. *(Incorporates CDCS DO3)*

**Justification** Improving environmental resilience through stronger natural resource management is essential to advancing sustainable development. Pursuing this objective, together with sustained broad-based and inclusive growth in the Philippines and enhanced peace and stability in conflict-affected areas of Mindanao, will help make the Philippines a more stable, prosperous, and well governed nation. Natural resources, including agriculture, fisheries, and forestry, represent about nine percent of GDP (2012) and account for nearly one-third (32.2%) of total employment (NSO 2012). The Philippines' natural capital provides energy, water, flood control, storm mitigation, and other environmental services that are essential for human and economic growth. USAID's 2011 Biodiversity and Tropical Forestry Analysis concluded that biodiversity, natural resources, and environmental services in the Philippines are highly threatened and degraded due to weak governance and incorrect or missing economic or financial valuations.

The Mission will help mitigate the negative impacts of natural disasters and increase environmental resilience by reducing disaster risks, and improving natural and environmental resource management. Crosscutting these sub-objectives are efforts to address issues of governance, corruption, and accountability that undermine the management of natural resources for the public good. Improved planning, preparedness, and mitigation measures will reduce the vulnerability of communities and infrastructure. In addition, better managed ecosystems will foster stronger, more sustainable resources-based industries. Ecosystems will also be more resilient and better able to withstand extreme weather events (e.g., typhoons, earthquakes, volcanic activity).

USAID's environment and biodiversity programs support this Mission objective and are described in more detail under DO3 in USAID's 2012-2019 CDCS. The Mission's activities are consistent with those of other donors, and are coordinated through donor coordination mechanisms. In addition, disaster risk reduction measures are coordinated closely with USAID's Office of U.S. Foreign Disaster Assistance (OFDA). These objectives are supported by the 2012 bilateral Science and Technology Agreement through which the Philippines and U.S. share technology to address problems of resource management and disaster resilience. Risks associated with not achieving this objective include reduced ability to manage, conserve, and sustainably utilize natural resources; increased vulnerability to natural disasters; and increased likelihood of energy insecurity.

**Mission Goal 3**        The Philippines more capably and more frequently contributes to resolving regional and global challenges.

**Description and Linkages**        As one of the five founding members of ASEAN and one of only four Asian countries to sign the UN Charter in 1945, the Philippines has a proud history of addressing regional and global challenges through international frameworks. Our whole-of-government diplomatic engagement will focus on encouraging the Philippines to take a leadership role in advancing regional integration through the ASEAN Community. Our engagement will continue to emphasize the importance of multilateral diplomacy and the 2016 Arbitral Tribunal ruling to addressing the South China Sea disputes. We will continue to encourage the Philippines to remain active in UN organizations and to expand their role in UN Peacekeeping operations. We will also focus on expanding the Philippines' role in regional maritime fora, especially the trilateral cooperative agreement with Indonesia and Malaysia.

This Goal directly supports Pillars 1, 2, and 4 of the 2017 National Security Strategy (NSS), Strategic Objectives 2.1 and 3.2 the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 5 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Governance & Cooperation category of effort in the Indo-Pacific Strategy. The NSS specifically mentions ASEAN and APEC as "centerpieces of the Indo-Pacific's regional architecture and platforms for promoting an order based on freedom." This Goal directly supports Pillars 1, 2, and 4 of the 2017 National Security Strategy (NSS), Strategic Objectives 2.1 and 3.2 the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 5 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Governance & Cooperation category of effort in the Indo-Pacific Strategy. The NSS specifically mentions ASEAN and APEC as "centerpieces of the Indo-Pacific's regional architecture and platforms for promoting an order based on freedom."

**Mission Objective 3.1** The Philippines becomes a more an active and engaged partner in international fora, with a focus on UN, ASEAN and APEC engagement, adhering to international agreements and commitments.

**Justification** As one of ASEAN's five founding members, the Philippines is well-positioned to further regional integration. The Philippines, in the near term, plans to advance the goals that it pursued during its successful 2017 ASEAN Chairmanship. As his administration has evolved, President Duterte has shown a greater appreciation for the role ASEAN plays in Southeast Asian regional relations as well as a willingness to make it a key plank of his independent foreign policy, where the emphasis is on increasing Philippine engagement with historically non-traditional partners.

In one key area, however, the Duterte administration broke with recent tradition when it decided to abandon a multilateral approach to resolving South China Sea disputes in favor of bilateral discussions with China. Despite a favorable 2016 Tribunal Ruling, the Philippines is unwilling to push China on the South China Sea disputes, even with the cooperation of other claimant states. This will impact how the Philippines approaches its role as China's ASEAN Country Coordinator from 2018-2021, which has important ramifications for the ASEAN-China South China Sea Code of Conduct negotiations.

With respect to UN participation, the Duterte administration has distanced itself from the body due to human rights criticism of President Duterte's drug war. In pursuit of Duterte's independent foreign policy, the Philippines has made overtures toward China and Russia while publicly distancing itself from the United States and other partners. Nevertheless, the Philippines still sees the value in numerous regional partnerships, and the U.S. is positioned to help foster this engagement. Risks associated with not achieving this Mission Objective include the prospect of a weaker rules-based order in the Asia-Pacific region.

**Mission Objective 3.2** The Philippines increases leadership on regional maritime issues, and expands partnerships.

**Justification** Although the Duterte administration has decided to forego a multilateral approach towards the South China Sea disputes, the Philippines, as an archipelagic nation, continues to play a leadership role on regional maritime issues. The Philippines remains extremely active in regional maritime fora such as the ASEAN Regional Forum (ARF) Maritime Security Pillar and the East ASEAN Maritime Forum (EAMF). Moreover, the East Asia Summit (EAS) included maritime security as one its priority areas during the Philippines' 2017 ASEAN Chairmanship. The Philippines, Indonesia and Malaysia completed a trilateral cooperative agreement in 2017 and the three nations are now conducting joint air and sea patrols in the Sulu and Celebes Seas. Risks associated with not achieving this Mission Objective include the

persistence of piracy and cross-border terrorism threats that raise the prospect of instability in Southeast Asia.

**Mission Goal 4** The Philippines enjoys strengthened democratic processes, increased transparency and accountability in government, and enhanced respect for the rule of law and the full spectrum of human rights.

**Description and Linkages** The Philippines' status as a key U.S. ally in Asia depends not only on its military might, but on the strength of its democracy, the effectiveness of its governance, and its respect for the rule of law.

This Goal directly supports Pillar 4 of the 2017 National Security Strategy (NSS), Strategic Goal 3 of the FY2018-2022 State-USAID Joint Strategic Plan, and Goal 5 of the EAP/Asia Joint Regional Strategy. This Goal is consistent with and supportive of the Governance & Cooperation categories of effort in the Indo-Pacific Strategy.

**Mission Objective 4.1** The Philippines promotes resilient and accountable democratic institutions at the local, regional and national levels that engage civil society.

**Justification** Poor governance, corruption, and weak enforcement of the rule of law are longstanding problems that undermine the Philippine government's ability to deliver basic services, uphold democratic values, and promote the welfare and protect the rights of its citizens. The U.S. and Philippine governments have a shared interest in working together to strengthen Philippine national and local institutions as a safeguard of Philippine democracy. Empowering civil society members, the media, and independent democratic institutions is the surest path to supporting needed political reforms, good governance, respect for human rights, and anti-corruption. Efforts toward this objective would increase the Philippine government's ability to be a reliable U.S. partner, including its viability as a trade partner and investment destination. A key risk associated with not achieving this Mission Objective would be democratic backsliding that undermines the government's ability and authority to properly protect and govern its people.

**Mission Objective 4.2** The Philippines supports a strengthened, independent justice system that is efficient, fair, transparent, and protects human rights.

**Justification** Weaknesses in the Philippine criminal justice system continue to hamper the fair and transparent delivery of justice. The system is widely viewed as corrupt, often allowing the wealthy and well-connected to escape justice. Inefficiencies in the system limit the timely execution of justice and many cases languish in pretrial procedures with the accused frequently serving more time in pre-trial detention than the maximum possible sentence of the alleged crime. Inadequate training and the lack of resources limit the professional competence of

criminal justice sector staff. President Duterte came to power on a pledge to root out corruption and the current government has publically stated its desire to institute reforms. Accordingly, this objective seeks to enhance engagement with the Philippine government and civil society to promote democratic values, effective rule of law, due process, and respect for human rights.

The objective also aims to enhance the efficiency and effectiveness of the judiciary, the Philippine Department of Justice, the Office of the Ombudsman (the constitutionally-created anti-corruption body), the Commission on Human Rights, and the Department of Interior and Local Government to protect and support victims. It remains important to improve awareness among law enforcers, judges, prosecutors, the military, and the police of human rights, extra-judicial killings, human trafficking, and environmental crime. Through collaboration with the Philippine government, the United States plans to support stronger interagency actions to investigate and prosecute cases; protect victims; combat the trafficking of illicit drugs, money, and goods; deprive criminals of proceeds from illicit activities; support the modernization and professionalization of law enforcement entities; improve cooperation on mutual extradition requests; and support anti-corruption legislation. While substance abuse and trafficking of illicit drugs have been a prevailing issue in the Philippines, the government's war on drugs has brought the issue to the forefront. The government is taking steps to address illicit drug use holistically, moving beyond a strict law enforcement approach. The United States is supporting efforts to reduce the demand for drugs through treatment and prevention and criminal justice sector reform. A key risk associated with not achieving this Mission Objective would be deterioration in the rule of law and the justice system's ability to deliver efficient, fair, and transparent justice to the Philippine people.

## 4. Management Objectives

**Management Objective 1** The Embassy manages Mission growth during major renovation and projected expansion.

**Justification:** Embassy Manila's Chancery rehabilitation project will double the size of the current CAA space by adding two new modern wings, while preserving the Chancery's historic features. Current tenants in the CAA will be temporarily compressed in smaller spaces or moved to non-CAA space. This restriction in space, along with the desired programmatic growth that already surpasses the projected increase of office space after the completion of this project, will require coordination in planning and approving new agencies at Post or any expansion of existing agencies.

**Management Objective 2** The Philippines upgrades and replaces housing units.

**Justification:** Rental prices are projected to increase by three percent per year over the next four years, potentially pricing the Embassy out of appropriate housing. Traffic, aging housing, and security issues will also be increasing factors in housing decisions. With these particular factors in mind, it is important to upgrade and replace existing housing to meet future Mission requirements.

**Management Objective 3:** The Embassy refines responsibilities and authorities for management support to the Pacific Island posts.

**Justification:** Embassy Manila's ICASS service providers and regional offices provide direct management and security operational support to the three Pacific island U.S. Embassies: Koror, Palau; Kolonia, Micronesia; and Majuro, Marshall Islands. ICASS support includes HR, GSO, FAC, IT, FMC, and MED staff resources based in Manila as well as Manila ICASS staff TDY travel to the islands. This support has increased over recent years. Currently most of the TDY travel support from Manila is dependent upon approval from the islands and their ability to fund that travel. This has on occasion prevented or delayed vital support. During FY 2018 Manila took action to transfer the ICASS costs that Manila ICASS serviced agencies pay for this direct island support to the islands. To further improve this support, a well-defined support platform should be created that receives direct funding from the bureau.