



# Integrated Country Strategy

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**PHILIPPINES**

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## 1. Chief of Mission Priorities

The U.S. Mission advances American interests by helping the Philippines succeed as a secure, prosperous, and democratic country at peace with its neighbors and more closely integrated with the Indo-Pacific community.

The United States aims to demonstrate the adaptability and growing relevance of the bilateral relationship to secure our position as the Philippines' leading partner for national development. The Mission's 28 agencies remain focused on advancing U.S. foreign policy interests: improved internal and external security; sustainable and inclusive U.S. and Philippine economic growth; increased leadership in addressing regional challenges; and strengthened democratic processes, increased transparency, and respect for rule of law and human rights. Each of those four goal areas directly relates to the 13 objectives in this Integrated Country Strategy.

The 1951 Mutual Defense Treaty (MDT) is the foundation of strong bilateral defense and security ties, and the United States remains the Philippines' most important defense partner. The recently restored Visiting Forces Agreement (VFA) underpins strategic defense cooperation. Despite episodic tensions and the challenges created by the COVID-19 pandemic, the relationship remains broad and deep, allowing us to partner with the Philippine military, law enforcement agencies, government bodies, and civil society groups to counter violent extremism, corruption, and transnational crime. As we look toward and beyond the May 2022 election, we will build on strong relationships throughout the Philippines to engage effectively with the new administration on U.S. priorities. The United States remains the partner of choice across much of the Philippine government and popular among its public, even in the face of increased regional competition. We intend to capitalize on these foundations to expand the full scope of our cooperation in support of U.S. national and economic security.

As a top trading partner and foreign investor, the United States seeks to remain a leading partner as the Philippines progresses toward economic recovery and upper middle-income status. The Philippines entered its first recession in nearly two decades in 2020, yet its macroeconomic fundamentals remain strong due to its investment-grade credit rating and

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competent monetary and fiscal policy management. Still, corruption, protectionist trade policies, high energy costs, poor infrastructure, and control of key industries by a small group of families continue to distort markets and hamper the Philippines' economic growth potential. Health and economic impacts from the COVID-19 pandemic have also threatened economic growth. Following a 9.6 percent economic contraction in 2020, the Philippines' gross domestic product (GDP) rebounded from recession to expand by 5.6 percent in 2021, beating the government's 5 to 5.5 percent target. To support the Philippines' economic recovery and strengthen the U.S. position as the country's preferred partner, the United States will establish itself as the leading source of trusted, safe, and effective COVID-19 assistance and vaccines. In the longer-term, addressing growing energy needs while mitigating climate threats will be among the central challenges to sustainable economic growth and quality of life in the Philippines. We will provide the training and resources needed for the Philippines to develop a sustainable future.

The United States aims to secure a free and open Indo-Pacific by strengthening the Philippines' role as a constructive partner on regional challenges, including upholding international law and norms, resisting coercion in the South China Sea (SCS), combating transnational terrorism, and strengthening the Association of Southeast Asian Nations' (ASEAN) role in defending a rules-based order in Southeast Asia in the face of pressure from other powers. Responses to the January 2022 Limits in the Seas study and the September 2021 statements by Secretaries Blinken and Austin supporting the Philippines' SCS rights were overwhelmingly positive. We will build on this enthusiasm to uphold the Philippines' 2016 Permanent Court of Arbitration victory. We will continue to encourage Filipinos to take the lead in protecting their territory, natural resources, and democratic space from malign influence. Moreover, we will continue to engage with consistency in scheduled dialogues (2+2, Bilateral Strategic Dialogue, Trade and Investment Framework Agreement, Quad at Ambassadorial level, and more). To counter regional competitors making inroads in the provinces, we propose expanding our U.S. presence in Cebu.

We support the aspirations of millions of Filipinos who want to live in a society characterized by good governance and the rule of law, and we remain concerned about the Philippines' handling

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of labor rights, freedom of the press, due process, and human rights. The awarding of the 2021 Nobel Peace Prize to journalist Maria Ressa for her efforts to safeguard freedom of expression raised the profile of these issues in the Philippines, but the shutdown of leading broadcaster ABS-CBN remains a key concern. Strengthening broad-based democratic processes remains key to achieving other Mission goals. To support this end, the Mission is committed to advancing diversity, equity, inclusion, and accessibility (DEIA) as critical components of building the capacity of the justice sector, increasing accountability to the public, and protecting human rights. The Mission will integrate DEIA into our management, partnerships, and programming, in recognition of the fact that the diversity of our workforce, our Filipino partners, and our program beneficiaries models the value of equity and inclusivity.

With strategic competitors actively seeking to undercut the U.S.-Philippine relationship, the headwinds of COVID-19, and differences over human rights priorities, we must work to deepen the roots of the longstanding friendship between our two democracies, upgrade and modernize our alliance to face new challenges, expand U.S. trade and investment, and support the rule of law and good governance. Our Integrated Country Strategy will advance the opportunities and address the challenges of the Philippines, helping to provide both national and economic security benefits for the United States in a more stable region.

## 2. Mission Strategic Framework

**Mission Goal 1:** The Philippines, in a manner consistent with the rule of law and in alignment with U.S. interests, deters foreign aggression, reduces the threat of terrorism, secures its maritime domain, increases protection of U.S. and Filipino citizens, and advances peace and security in conflict-affected areas.

- **Mission Objective 1.1:** Philippine security forces can deter foreign aggression and prevent and respond to terrorist threats, including those that target U.S. interests.
- **Mission Objective 1.2:** Philippine military, law enforcement, and civilian agencies extend maritime domain awareness through, and can deter and counter coercive activity in, its EEZ and other areas of interest.
- **Mission Objective 1.3:** The GPH improves peace and security, particularly in conflict-affected areas, by addressing drivers of and increasing resilience to conflict and extremism in vulnerable communities, including through people-to-people exchanges.

**Mission Goal 2:** The Philippines increases inclusive prosperity and resilience through closer economic ties with the United States.

- **Mission Objective 2.1:** Increase opportunities for U.S. business trade and investment in the Philippines.
- **Mission Objective 2.2:** Advance U.S. or partner country/institution expertise, technology, and assistance to support secure critical, inclusive, and sustainable infrastructure development. (Incorporates USAID CDCS DO2)
- **Mission Objective 2.3:** Promote the United States as the Philippines' lead partner in support of equitable human capital development, climate action, and environmental resilience to promote inclusive, sustainable socioeconomic growth. (Incorporates USAID CDCS DO2 and DO3)

**Mission Goal 3:** The Philippines is a proactive partner and regional leader in addressing global and multilateral challenges in support of a free and open Indo-Pacific region.

- **Mission Objective 3.1:** The Philippines more actively controls its maritime domain and makes informed decisions regarding use of its maritime resources that protect sovereignty and promote sustainability.
- **Mission Objective 3.2:** Philippine civil society actors expand their engagement on inclusive security, economic, and governance issues that support a free and open Indo-Pacific region. (Incorporates USAID CDCS DO1)

**Mission Goal 4:** The Philippines strengthens equitable democratic processes, increases public accountability, and upholds rule of law and human rights.

- **Mission Objective 4.1:** The Philippines practices accountable and transparent governance at the local, regional, and national levels. (Incorporates USAID CDCS DO1)
- **Mission Objective 4.2:** The Philippines has a strong, independent justice system that is efficient, fair, transparent, and protects human rights of both Philippine and U.S. citizens.

**Management Objective 1:** The Mission increases its preparedness posture for disasters of all kinds that takes into account a range of accessibility issues in planning and for stakeholders in a measurable and executable manner within the next 12 to 18 months.

**Management Objective 2:** The Mission increases its rental benchmark, obtaining leases and incorporating housing that better aligns with the space allowance established for mid- and senior-level officers. At the same time, the Mission

upgrades its housing pool safety and security, including accessibility considerations, in the next 18 months.

**Management Objective 3:** The Mission obtains the necessary resources and backing from the Department to establish a platform to support an expanded U.S. presence in Cebu.



### 3. Mission Goals and Objectives

**Mission Goal 1** | The Philippines, in a manner consistent with the rule of law and in alignment with U.S. interests, deters foreign aggression, reduces the threat of terrorism, secures its maritime domain, increases protection of U.S. and Filipino citizens, and advances peace and security in conflict-affected areas.

**Description** | 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 support the modernization of the Armed Forces of the Philippines (AFP) to enhance its territorial defense, maritime security, and CT capabilities. Our law-enforcement partnerships will focus on enhancing community-police relations and internal security, including stopping terrorist operations, movement, and funding, improving the effectiveness of terrorism investigations and prosecutions, and building capacity for law enforcement to counter violent extremism and transnational crime, including at sea and on the borders. 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 security partnerships to strengthen the U.S.-Philippine alliance, manage the challenges the PRC, Russia, and other outside actors pose to the alliance, ensure the durability of our foundational bilateral agreements, and reinforce our commitment to address common challenges.

**Objective 1.1** | Philippine security forces are better equipped in the next 12 -18 months to deter foreign aggression and prevent and respond to terrorist threats, including those that target U.S. interests.

- **Justification** | The AFP continues to transition from an internally focused organization to one that defends Philippine sovereignty and peacefully resolves territorial disputes,

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while other security forces – including police, coast guard, and immigration authorities – are increasingly able to execute CT operations and other internal security functions without military support.

- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance priorities to “protect the security of the American people” and “to promote an equitable distribution of power to deter and prevent adversaries from directly threatening the United States and our allies,” the 2020 Guidance for Development of Alliances and Partnerships, the 2020 U.S. policy regarding Philippine claims in the SCS, Strategic Objectives 1.2, 1.3, 1.4, and 1.5 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 3.1 and 3.4 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to “bolster Indo-Pacific Security.”
- **Risks** | The inability of Philippine security forces to deter foreign aggression or prevent and respond to terrorist threats will lead to both internal and regional instability, which will in turn jeopardize the safety of U.S. citizens and the security of U.S. economic interests. Recently, political leaders in the Philippines have inconsistently responded to foreign aggression in territorial waters. To mitigate these risks, the Mission will engage Philippine security forces across a broad range of agencies and focus on building interoperability to enable future cooperation when new challenges arise.

**Objective 1.2** | Philippine military, law enforcement, and civilian agencies extend maritime domain awareness and can deter and counter coercive activity in its EEZ and other areas of interest.

- **Justification** | Increasing unlawful PRC claims to and presence in Philippine areas of the SCS challenge Philippine authorities’ ability to monitor and protect their EEZ and archipelagic sea lanes. In addition, the Philippines faces low-intensity, non-state, violent extremist organization threats in its southern archipelagos and porous territorial waters on the Sulu and Celebes Seas. A mobile, aware, and capable Philippine maritime security enterprise that works effectively as part of the interagency and with close

partners is essential to ensuring a free and open Indo-Pacific region and a secure Philippines.

- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance priority to work with partners to “deter our adversaries and defend our interests” in the Indo-Pacific, the 2020 Guidance for Development of Alliances and Partnerships, the 2020 U.S. policy regarding Philippine claims in the SCS, Strategic Objectives 1.2, 1.3, and 1.4 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 3.1 and 3.3 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objectives to “advance a Free and Open Indo-Pacific” and “bolster Indo-Pacific Security.”
- **Risks** | The Philippines has a baseline capability to address many aspects of these threats. However, long-term deployments, increasingly distant maritime patrols, and asset and infrastructure degradation weaken the capacity to respond effectively. Failure to extend the Philippines maritime domain awareness will lead to increased risk of terrorist activity, weakened governance and vulnerability to trafficking, compromise of Philippine sovereignty, and externally imposed restrictions on maritime traffic. To mitigate these risks, the mission will provide technology and training needed to increase Philippine effectiveness and will publicly reinforce the United States’ commitment to its Mutual Defense Treaty obligations.

**Objective 1.3** | The GPH improves peace and security, particularly in conflict-affected areas, by addressing drivers of and increasing resilience to conflict and extremism in vulnerable communities, including through people-to-people exchanges.

- **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 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, marginalized or underserved populations; improving service delivery; and countering violent extremist recruitment, reducing the threat of terrorism, and improving peace and stability.

- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance priority of countering violent extremism with “collective action,” the 2020 Guidance for Development of Alliances and Partnerships, Strategic Objectives 1.2, 1.3, 1.4, and 1.5 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 3.4 and 4.1 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to “bolster Indo-Pacific Security.”
- **Risks** | Failure to improve peace and security in these regions constrains the Mission’s core mandate to protect and serve U.S. citizens in these regions, increases the possibility that U.S. citizens become targets either as victims of terrorism or as new recruits into terrorist groups, and creates a risk of terrorism and instability spreading to other parts of the country. The Mission is mitigating these risks by creating inclusive public messaging campaigns and building strong relationships with like-minded civil society actors in the region.

**Mission Goal 2** | The Philippines increases inclusive prosperity and resilience through closer economic ties with the United States.

**Description** | The Philippines, once on track to achieve upper-middle income status, experienced its first recession in three decades in 2020 as a result of the worldwide COVID-19 pandemic, which significantly impacted five years of the country’s sustained economic progress in reducing unemployment, hunger, and poverty levels. For the Philippines to rebound from recession and become a more valued and reliable trading partner with the United States,

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increased socioeconomic stability and prosperity within the country must be achieved at all levels. Reducing trade and investment barriers to facilitate market-based, fair, and reciprocal trade will allow for better access for U.S. goods and services to the Philippine market; open greater opportunities for U.S. investments in the country's infrastructure development; and facilitate cooperation toward deeper trade cooperation. Improving the Philippines' ability to curb endemic corruption, enforce rule of law, and foster transparent regulatory processes will create a more competitive business climate for private sector investment to contribute to productive economic growth. U.S. partnership on economic development will also help the Philippines identify ways to ensure its growth is sustainable and consistent with its ambition to reduce or avoid greenhouse gas emissions.

Accelerating broad-based and inclusive economic growth not only requires a more competitive economy but also vastly upgraded critical infrastructure, more competitive human capital, and a natural environment capable of weathering the frequent climate-induced disasters which impact the archipelago. Ensuring high-quality and sustainable infrastructure development, particularly in the critical sectors of energy and information/communication technology, will lead to increased growth and productivity, better mobility and connectivity of people and goods, greater trade and investment, more resilient supply chains, reduced greenhouse gas emissions, and more job opportunities contributing to stable growth. The Mission also considers the importance of investments that will sustain the United States as the partner of choice in economic, health, and education cooperation. This has become increasingly important as the GPH has increased cooperation in these areas with regional strategic competitors whose soft power diplomacy strategies and business interests do not always align with international norms and standards.

**Objective 2.1 |** Increase opportunities for U.S. business trade and investment.

- **Justification |** Prior to the COVID-19 pandemic, the Philippines was one of the fastest-growing economies in Asia, with an investment-grade credit rating and a succession of competent government economic managers steering sound fiscal and monetary policies to maintain economic stability. U.S. firms across a range of sectors have supported the

Philippines' exemplary economic growth through quality investment and human capital development. U.S. companies have successfully operated in the Philippines for decades and are the biggest employer, electronics exporter, and among the top taxpayers in the country. However, regulatory barriers, corruption, and a lack of fiscal space have significantly contributed to the economy's weak competitiveness and remain obstacles to accelerating economic growth in the Philippines. Weak governance and rule of law underlie and reinforce these challenges. Following President Duterte's multiple state visits to the PRC since 2016, there has been a significant increase in interest by PRC firms to invest in the Philippines and a rise in PRC soft power including PRC officials stationed in the Philippines' larger provincial cities. The widespread nature of PRC investments throughout the country, at the national and sub-national levels, has reinforced opaque competitive processes and increased competition for U.S. firms. The Philippines' ranking of 64 of 141 countries in the World Economic Forum's 2019 Global Competitiveness Report reflects its position well behind regional peers Malaysia (27), Thailand (40), and Indonesia (50).

For U.S. companies operating in the country to achieve enhanced economic trade and competitiveness in a post-pandemic future, the Philippines must adopt reforms that eliminate barriers to free U.S. goods trade flows and eliminate regulations limiting foreign investment to nurture a more open, transparent, and competitive business climate. Acceptance of free, fair, and reciprocal trade in the Philippines that conforms to international standards and best practices and promotes a regional leadership role for the Philippines in strategic trade control will also help the country improve its economy and capacity to carry out necessary economic reforms. The Philippines already has World Trade Organization commitments and wants to expand our Trade and Investment Framework Agreement into a formal bilateral or regional free trade relationship with the United States.

- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance priority to expand "economic prosperity and opportunity," Strategic Goals 2 and 3 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 5.1 and

5.2 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to “drive regional prosperity.”

- **Risks** | Failure to increase U.S. trade and investment opportunities will disadvantage U.S. firms not only in the Philippines but also regionally, as competitors not committed to free and fair competition will expand their influence. This, in turn, threatens the key soft power advantage that U.S. companies bring to Philippine cities, which reinforces the U.S. as a partner of choice, due to the linkage between U.S. companies and transparency, just and fair labor practices, and community investment. Restrictions on international travel due to ongoing global COVID-19 pandemic also pose a particular challenge to Mission initiatives in this area. To mitigate these risks, the Mission will promote modernization and reform efforts at the policy level while also taking all steps possible to facilitate legitimate travel between the Philippines and the United States.

**Objective 2.2** | Advance U.S. or partner country/institution expertise, technology, and assistance to support secure critical, inclusive, and sustainable infrastructure development.

- **Justification** | The Philippine’s infrastructure deficit has been a significant impediment to the country’s prosperity and its efforts to accelerate long-term economic growth and reduce poverty. Horrific traffic, degraded roads, poor public transportation, limited connectivity between islands, expensive electricity, periodic brownouts, and the slowest internet connectivity in the region are defining characteristics of the Philippine economy. Underdeveloped infrastructure also puts many Filipinos at greater risk of casualty, property damage, or involuntary resettlement due to the effects of natural disasters and climate change as extreme weather causes tens of millions of dollars in damage annually. Increased flooding and high winds regularly knock out telecommunications infrastructure and render roads impassable. This has impeded equal access to markets and employment, as well as access to schools and social services, and taken a toll on the pace of the country’s socioeconomic development. However, this has also created a huge opportunity for development and investment.

The government's Build, Build, Build infrastructure development program raised public spending on infrastructure development to its highest level in ten years, advancing transportation, public utility, and flood-risk management projects at the national and subnational levels. Sustained investment in infrastructure development will be important for connecting regions and markets, generating jobs, transitioning to variable clean energy sources, and spurring economic growth. The COVID-19 pandemic has further reinforced the Duterte administration's emphasis on infrastructure spending as a vital component of the government's economic recovery strategy, which has expanded to include priorities for better infrastructure in the health and education sectors.

PRC state-owned companies' investments in infrastructure, courted by the Duterte administration, have included several key investments in critical infrastructure sectors, including power and energy, communications, and transportation (roads, airports, ports, etc.). These investments have raised questions among some Filipino public and private sector stakeholders about the quality of construction and vulnerability of systems and equipment deployed in these critical sectors by state-run PRC firms. While U.S. firms have found it difficult to participate in transportation infrastructure projects and compete against Official Development Assistance (ODA) lending terms, ODA from partner countries and financial institutions, including the Japanese, Asian Development Bank (ADB), World Bank, and Korea, have advanced high-quality infrastructure investments. The growth of the digital economy in the country, coupled with new consumer demand patterns, is also creating widespread business opportunities for U.S. expertise and technology. Cyber continues to be a prime avenue for bilateral cooperation, especially to counter malign actors seeking to exploit vulnerabilities. The Mission's successful Joint Cybersecurity Working Group with several Philippine government entities, and multiple initiatives to shape cyber and digital economy policy, will position the United States to be a partner of choice in providing its expertise and assistance to support this development.



- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance commitment to “join with like-minded democracies to develop and defend trusted critical supply chains and technology infrastructure, and to promote pandemic preparedness and clean energy,” Strategic Goals 2 and 3 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 5.1 and 5.3 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to “drive regional prosperity.” The objective also incorporates USAID CDCS DO2.
- **Risks** | Failure to secure critical, inclusive, and sustainable infrastructure development will increase the Philippines’ vulnerability to climate change, food insecurity, cyber-attacks, and energy instability. Without sufficient renewable energy generation, the Philippines’ expected energy deficit, projected to increase significantly with the depletion of main oil and gas field Malampaya by 2027, will drive the Philippines to generate energy from high-emissions sources and further exacerbate the destabilizing effects of climate change. These vulnerabilities have the potential to affect the safety of U.S. citizens and interests, and to undermine the ability of the United States to count on the Philippines as a reliable partner in the region. The Mission will mitigate these risks by supporting modernization efforts through direct engagement as well as through international partners and by facilitating private-sector involvement in addressing underlying infrastructure needs.

**Objective 2.3** | Promote the United States as the Philippines’ lead partner in support of equitable human capital development, climate action, and environmental resilience to promote inclusive, sustainable socioeconomic growth.

- **Justification** | Investments in human capital and environmental and climate resilience are necessary for long-term national development, a more competitive economy, and sustainable development. Pursuing this objective, together with sustained, broad-based, and inclusive growth in the Philippines will enable a more stable, prosperous, and well-governed nation, which will create more and more equitable economic opportunities as well as investment opportunities for the United States. Supporting a

socially inclusive sustainable approach to Philippine economic development and incorporating climate adaptation measures will reduce disaster risks and ensure Filipinos can lead healthy, productive lives in harmony with the country's diverse natural environment.

With regards to human capital development, the United States is the Philippines' partner of choice for health and education investments and partnerships. These investments strengthen overall competitiveness and economic opportunity for the Philippine population, which creates a stronger enabling environment for U.S. private sector investment.

USG education investments are comprehensive, including basic education, higher education, workforce development, academic exchanges, and long-term training programs. Given the large and growing youth population, specific attention will be placed on workforce development, which matches the needs of the private sector with skills development initiatives. Continued investment in human capital will result in high quality job creation, per capita incomes raised, income distribution improved, and greater prosperity achieved. Improved educational outcomes, including for learners with disabilities, and an educated workforce will develop more productivity that attracts a higher level of investment, increased competitiveness of the Philippines, and creation of more U.S. private sector investment opportunities.

Pursuit of quality health care for all Filipinos is another avenue for building human capital. The United States will invest in public, private, and community-based health care provision, improving the quality of services, and supporting health-sector financing to expand equitable and affordable access to continuum quality of care to the most vulnerable. Health initiatives meet specific needs and priorities of the Philippine health system, to include addressing Tuberculosis (TB), targeted support to address HIV/AIDS, reduce unmet needs for reproductive health services and teenage pregnancies, expand community-based drug rehabilitation, as well as support for health financing, health system strengthening, and universal health care. The USG will

continue to support the GPH with COVID-19 vaccine donations through the COVAX facility and promote U.S. vaccines in the country. The USG will also support the development of systems for LGUs to better detect and mitigate COVID-19 in their communities.

The United States will also pursue improving Philippine environmental resilience through stronger natural resource management to advance sustainable development. The Philippines is designated as one of the world's mega-biodiverse countries. Its wealth of natural resources sustains the livelihoods of one-third of Filipinos, including entire communities that are dependent upon them, as well as support growth across the agriculture, fisheries, and industrial and services sectors. However, over-extraction of resources weakens the ability of ecosystems to recharge and absorb carbon from the atmosphere, and it threatens the livelihoods of communities and the longer-term profitability of industries that are dependent upon them. The Philippines' natural capital also provides energy, water, flood control, storm mitigation, and other environmental services that build climate resilience and support human and economic growth. USAID's 2018 Biodiversity and Tropical Forestry Analysis concluded that the management of biodiversity, natural resources, and environmental services have improved in recent years, but significant threats still exist, including habitat conversion from agriculture and mining expansion, unsustainable resource use and extraction, poaching, pollution, and poor natural resource governance.

The Philippines ranks as the ninth-most climate-vulnerable country globally and has a high level of social vulnerability. Understanding the Philippines' vulnerability to extreme weather events linked to climate change, the United States will strengthen the Philippine's disaster response capacity as well as provide direct U.S. humanitarian assistance when required. The U.S. will bolster climate resilience of vulnerable coastal cities by linking science to local climate action, helping stakeholders access greater amounts of climate finance, and implementing nature-based solutions to build resilience. 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 and inclusive planning, preparedness, and mitigation measures will reduce the vulnerability of communities and infrastructure. Intentional approaches to engage diverse, non-traditional local organizations have proven to address often neglected community needs and can also broaden the partnership base.

- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance emphasis on international cooperation “to tackle the climate crisis,” Strategic Goals 2 and 3 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 2.1, 2.2, 2.3, and 5.4 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objectives to “drive regional prosperity” and “build regional resilience to transnational threats.” This objective also incorporates USAID CDCS DO2 and DO3.
- **Risks** | The failure of the United States to establish itself as the Philippines’ lead partner in human capital development, climate action, and environmental resilience will lead to the Philippines falling under the influence of regional competitors that do not share similar values related to long-term sustainable development, respect for established international norms related to human rights and democratic practices, and a free and open market competition. This will lead to increasingly negative impacts from natural disasters that could ripple throughout the region and the world. The political will to invest in long-term projects is an ongoing challenge to meeting this objective. To mitigate these risks, the Mission will build bridges between U.S. and Filipino leaders at multiple levels of society to exchange knowledge and reinforce shared values.

**Mission Goal 3** | The Philippines is a proactive partner and regional leader in addressing global and multilateral challenges in support of a free and open Indo-Pacific region.

**Description** | The PRC is becoming increasingly aggressive in the SCS, and the GPH has not actively enforced its 2016 victory at the international tribunal. President Duterte’s decision to downplay the arbitral ruling and embrace an “independent foreign policy” that incorporates

PRC perspectives on global affairs affects not only the Philippines' strategic interests but also those of other claimant countries, the Indo-Pacific region, and the United States. In addition to threatening free and fair access to some of the most heavily utilized shipping lanes in the world, PRC aggression in the SCS has immediate, practical consequences for Filipinos. Maritime degradation represents an existential threat to Filipino livelihoods, and PRC behavior is directly responsible for endangering the country's unique marine biodiversity on which its tourism and fishing industries rely. Without active protection and conservation, the Philippines, and the world, are at risk of losing the country's maritime riches. Our work to support civilian engagement on SCS issues and to enhance the Philippines' ability to lead positive, sustainable partnerships with regional states will reduce the threats from the PRC and shape a regional paradigm governed by international law and evidence-based best practices for shared resource management. By working with marine law enforcement to counter illegal activity, building academic connections, supporting civil society programs, and promoting regional linkages, the Mission will improve food security, economic, and research outcomes for the Philippines while building a more stable region.

**Objective 3.1** | The Philippines more actively controls its maritime domain and makes informed decisions regarding use of its maritime resources that protect sovereignty and promote sustainability.

- **Justification** | Despite the 2016 UN Permanent Court of Arbitration ruling recognizing the Philippines' sovereign right to their EEZ in the SCS, practical, political, and security roadblocks have prevented the Philippines from fully accessing their maritime domain and benefiting from its resources. Island reclamation and activity by PRC vessels contributes to coral reef and ecosystem degradation. Fear of PRC harassment deters hydrocarbon exploration, marine research, and tourist and cargo passage. President Duterte described the Philippines as "inutile [useless]" in standing up to the PRC and exercising its full rights, citing the PRC's military capabilities, but lack of government action to secure the Philippines' SCS domain has already led to marine habitat destruction, fish population losses, and lost opportunities to obtain energy resources.

Key activities are designed to benefit everyday Filipinos by ultimately improving food security and maritime livelihoods while securing the unique marine environment that underpins Philippine national pride.

- **Linkages** | This objective directly supports the 2021 Interim National Security Guidance priority to work with partners to “deter our adversaries and defend our interests” in the Indo-Pacific and its recognition that “our vital national interests compel the deepest connection to the Indo-Pacific,” Strategic Objectives 1.4, 2.1, and 3.2 the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 3.3, 5.2, and 6.2 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objectives to “advance a free and open Indo-Pacific,” “bolster Indo-Pacific security,” and “build regional resilience to transnational threats.” This goal directly supports Principal 4 of the 2019 Department of Defense’s Indo-Pacific Strategy Report (IPSR): “Adherence to international rules and norms, including those of freedom of navigation and overflight.” It also buttresses the IPSR’s lines of effort 4.2 and 4.3 to achieve the goal of “Sustaining U.S. Influence to Achieve Regional Objectives.”
- **Risks** | If the Philippines does not exert more control over its maritime domain, the PRC will increase and strengthen its presence in the SCS, undermining regional peace and stability and jeopardizing U.S. national security interests. This will also detrimentally affect Philippine livelihoods, fishing stocks, energy resources, and environmental sustainability, and interrupt vital international shipping lanes used by the United States and like-minded countries. The Mission will mitigate these risks by collaboratively building the capacity of Philippine government partners.

**Objective 3.2** | Philippine civil society actors expand their engagement on inclusive security, economic, and governance issues that resist malign regional actors and support a free and open Indo-Pacific region.

- **Justification** | Most Filipinos lack sufficient, credible, and relatable information about the reality of what is occurring in their seas, which, ultimately, affects their food and energy security. Awareness of marine issues tends to be local, and most people are

unaware that other Philippine communities and ASEAN nations are experiencing similar threats to their marine resources, such as illegal, unreported, and unregulated fishing. This hyper-local focus prevents more concerted and harmonized national efforts, and cross-border regional engagements that could create international and multilateral coalitions.

By increasing awareness of threats to Philippines coastal communities from external actors, through the use of credible Filipino and third-party voices, the Philippine public and key civil society actors will become encouraged to push for increased national leadership to protect marine resources and fisherfolk.

While marine sustainability is a national problem, certain communities are more affected than others. By sparking regional connections and networks, we can catalyze national and regional linkages between individuals and organizations focused on maritime issues, who will speak out about the full scope of marine challenges facing the Philippines and other ASEAN nations, develop broader regional strategies, and implement harmonized cross-border programs and messaging campaigns.

- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance objective of deepening our partnership with ASEAN member states to advance shared objectives, Strategic Objectives 1.4, 2.2, and 3.3 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 1.1, 1.2, 5.1, and 6.3 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to “advance and free and open Indo-Pacific” and “build connections within and beyond the region.” This objective incorporates USAID CDCS DO1.
- **Risks** | Failure to expand the scope of Philippine engagement on Indo-Pacific issues will weaken the ability of Filipinos to mount a cohesive and united effort to control key national riches and resources. This weakness will be exploited by regional competitors to undermine key economic, security, and environmental priorities for the Philippines, which could in turn create regional and possibly global instability. The Mission will

mitigate this risk by promoting a broader view of maritime ownership, sovereignty, and national maritime identity among the Philippine public.

**Mission Goal 4** | The Philippines strengthens equitable democratic processes, increases public accountability, and upholds the rule of law and human rights.

**Description** | The Philippines' effectiveness as a key U.S. ally in Asia depends not only on its military capabilities but also on the strength of its democracy, effective participatory governance, and respect for the rule of law and human rights.

**Objective 4.1** | The Philippines practices accountable and transparent governance at the local, regional, and national levels.

- **Justification** | In recent years, the Philippines has experienced democratic backsliding. The United States and GPH have a long-term shared interest in working together to uphold democratic values, promote the welfare and protect the rights of the Filipino and American people, and strengthen the country's national and local institutions to safeguard Philippine democracy. Empowering civil society, the media, a strong political party system, and independent democratic institutions is the surest path to supporting needed political reforms, good governance, respect for human rights, and anti-corruption efforts. However, we expect resistance from entrenched elements of the political elite. Philippine implementation of key international agreements, such as the Hague Convention on the Civil Aspects of International Parental Child Abduction, will increase the GPH's ability to be a reliable U.S. partner that leads the region in upholding and enforcing international law.
- **Linkages** | This objective directly supports the 2021 Interim National Security Guidance priority of joining "with likeminded allies and partners to revitalize democracy the world over," Strategic Goal 3 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 4.2, 4.3, 4.4, and 6.3 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to "advance a free and open Indo-Pacific." This objective is



consistent with and supportive of the Governance & Cooperation categories of effort in the Indo-Pacific Strategy. This objective also incorporates USAID CDCS DO1.

- **Risks** | Dynastic and family-based politics, disinformation campaigns, and abuse of libel laws all impede the implementation of accountable and transparent governance. Without more political accountability and transparency, the Philippines will be more susceptible to corruption and to third-country efforts to undermine national unity and sovereignty.

**Objective 4.2** | The Philippines has a strong, independent justice system that is efficient, fair, transparent, and protects human rights of both Philippine and U.S. citizens.

- **Justification** | Weaknesses in the Philippine criminal justice system continue to hamper the fair and transparent delivery of justice, as well as the country's ability to support cross-border law enforcement cooperation and security. The system is widely viewed as corrupt, often allowing the wealthy and well-connected to escape justice. Inefficiencies 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, including a significant number of U.S. citizen detainees. Inadequate training and lack of resources limit the professional competence of criminal justice sector staff. This objective seeks to enhance engagement with the GPH 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 Anti-Money Laundering Council (AMLC), the Office of the Ombudsman (the constitutionally created anti-corruption body), the Commission on Human Rights, the Department of Labor and Employment (DOLE), and the Department of Interior and Local Government to protect and support citizens. It remains important to improve awareness among law enforcers, judges, prosecutors, the military, and the police of human rights violations, extra-judicial killings, human trafficking, and environmental crime. Through collaboration with the GPH, the United

States plans to support stronger interagency actions to investigate and prosecute cases; protect victims, including U.S. citizen 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, and adopting instead a public health approach through drug demand reduction interventions that focuses on treatment, prevention, and aftercare.

- **Linkages** | This objective directly supports the 2021 Interim National Security Guidance priority of joining “with likeminded allies and partners to revitalize democracy the world over,” Strategic Goal 3 of the FY2018-2022 State-USAID Joint Strategic Plan, Bureau Objectives 4.1, 4.4, and 6.7 of the EAP/Asia Joint Regional Strategy, and the Indo-Pacific Strategy objective to “advance a free and open Indo-Pacific.”
- **Risks** | Public support for harsh, and even extrajudicial, government responses to perceived public-safety crises such as drug abuse or the COVID-19 pandemic can undermine protections of human rights and rule of law. Deterioration in the rule of law threatens the justice system's ability to deliver efficient, fair, and transparent justice to the Philippine people and U.S. citizens within its borders. Failure to uphold rule of law and human rights in the Philippines, one of the United States' closest regional allies, could also embolden other countries to further curtail democracy and personal freedoms without concern about consequences.

## 4. Management Objectives

**Management Objective 1** | The Mission increases its preparedness posture for disasters of all kinds that takes into account a range of accessibility issues in planning and for stakeholders in a measurable and executable manner within the next 12 to 18 months.

- **Justification** | The Philippines is geographically located in one of the most disaster-prone areas in the world. Each year the Philippines averages 20 named typhoons, causing flooding and mudslides throughout the country and in Metro Manila. Also located on the Ring of Fire, there is threat of earthquakes, volcanic eruptions, and possible tsunamis. In addition to natural disaster, terrorist activity or political unrest could also pose a threat. The Mission should be ready for any disaster that occurs.
- **Linkages** | This objective directly supports the Mission's Emergency Action Plan and 12 FAH-1.
- **Risks** | The potential loss of life or property, as well as the short-to medium-term degradation of the Embassy's ability to perform its core functions. These risks can be mitigated through a consistent, graduated, and inclusive approach to planning, preparation, and informing the community, along with sustained support from senior leadership.

**Management Objective 2** | The Mission increases its rental benchmark, obtaining leases and incorporating housing that is more appropriate and aligned with the space allowance established for mid- and senior-level officers. At the same time, the Mission upgrades its housing pool safety and security, including accessibility considerations, in the next 18 months.

- **Justification** | Rental prices are projected to increase by three percent per year over the next four years and yet the rental benchmark for Manila remained static between 2013 and 2022. As a result, most residences in the housing pool are significantly below the square footage maximums. Approximately 90 percent of the housing pool are apartments, condominiums, and small government-owned townhouses, wherein approximately 80 percent of which are significantly smaller than the space allowance for MID- or EXEC-level officers.
- **Linkages** | This objective directly supports the ICASS policy and 15 FAM.
- **Risks** | If post cannot obtain authorization for a higher rental benchmark, we will remain stalled in the current situation of a housing pool with many units that are well below the maximum space allocation for mid- and senior-level officers. This risk may be mitigated through sustained, high-level engagement with OBO leadership and a data-driven negotiation strategy.

**Management Objective 3** | Obtain the necessary resources and backing from the Department to establish a platform to support an expanded U.S. presence in Cebu.

- **Justification** | This objective directly supports the Chief of Mission priority "to counter regional competitors making inroads in the provinces, we propose expanding our U.S. presence in Cebu," which is in line with the Administration's broader goal of countering competitors in the region across numerous domains and lines of effort.
- **Linkages** | This objective directly supports the 2021 Interim National Security Strategic Guidance, the Indo-Pacific Strategy, and recent policy statements made by the Secretary of State, such as his "Free and Open Indo-Pacific" speech delivered in Jakarta on December 14, 2021.
- **Risks** | Failure to obtain sufficient and timely resources to expand U.S. influence in Cebu will leave the central Philippines vulnerable to third-country influence. A lack of increased presence will mean fewer consular services for the large population of

American citizens and fewer opportunities for other forms of outreach that could advance Mission goals. This risk may be mitigated by explicitly linking the resource requests to support this expansion to the Administration's revised Indo-Pacific strategic framework.