



The promise of a bright tomorrow

Annual Report 2021



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Vision

ZFF is a catalyst for the achievement of better health outcomes for all Filipinos.

Mission

ZFF enables local health systems to achieve better health outcomes for all Filipinos through effective leadership and governance in partnership and cooperation with key stakeholders.



Location: Alabel, Sarangani

About the cover

The Zuellig Family Foundation (ZFF) wants Filipinos to trust in their local government's capacity to provide quality health care. ZFF's partner local government units (LGUs) overcame the difficulties of providing health services amid COVID-19 surges and dwindling resources thanks to improved leadership capacities, collaboration, and innovation. In 2022 and in years to come, ZFF will work with more leaders and decision-makers from government and the private sector to ensure implementation of reforms and to develop the resilience and inclusiveness of health systems.



In memoriam Roberto R. Romulo

Dec. 9, 1938–Jan. 23, 2022

Our founding chairman, Ambassador Roberto R. Romulo, was the driving force behind the expansion and mainstreaming of the Foundation's programs beyond initial pilot projects. This was a reflection of his faith in the abilities of committed "health leaders" and his desire for all Filipinos, especially the disadvantaged, to enjoy healthier lives. In his honor, we have established the Roberto R. Romulo Fellowship for Public Health Leadership and Governance. Its purpose is to provide provincial health officers with the knowledge and skills to implement Universal Health Care.

Looking forward to the next 10 years



ERNESTO D. GARILAO

ZFF addresses persistent, current, and emerging challenges with a strategic focus on proven approaches and partnerships

After two decades, some Philippine health indicators have shown no substantial improvements. These include the maternal mortality ratio (MMR)¹, stunting prevalence rate, and tuberculosis (TB) detection rate. Stunting is a primary indicator of a country's state of nutrition. From 2003 to 2019, the stunting prevalence rate among children below two years of age has not gone below 20%. The TB prevalence rate increased further during the pandemic, when fewer TB cases were detected due to limited health manpower.

As a response, the Zuellig Family Foundation (ZFF) piloted its development strategy, the ZFF Health Change Model (ZFF-HCM), to improve health outcomes, using MMR to measure program effectiveness. We saw consistent declines in the MMR of pilot municipalities two years after program implementation. In participating provinces,

maternal deaths declined in public hospitals when ZFF helped them become Comprehensive Emergency Obstetrics and Newborn Care providers. We have since introduced our ZFF-HCM to 776 municipalities, 28 cities, and 26 provinces.

Last year, we expressed fears that adolescent births and stunting prevalence would worsen because of the pandemic. Contrary to our expectations, we observed improvements in our partner local government units (LGUs).

As documented in this Annual Report, in the city of Tacurong and the provinces of Samar and Sarangani, the percentual reduction in stunting rates was higher than the country's average decline. Likewise, the cities of Cagayan de Oro and Dipolog reported a faster decline in adolescent birth rate compared with the national rate of change.

These developments prove that if officials are given the relevant leadership training and coaching on the proper application of resources, local health systems can continue functioning even in challenging times, laying the foundation for a resilient health system.

We need a long-term perspective as we address complex health challenges in the next decade. In 2021, we shifted to a project life cycle approach with health challenges identified, theory of change articulated, proof of concept established, and scale-up and dissemination strategy pursued. This requires higher leadership and governance competencies from our staff and their local government counterparts. We prepared by improving our hiring and staff development processes. For the LGUs, we designed capacity-building programs based on documented success factors.

We identified challenges we must face in 2022 and beyond, beginning with the local and national leadership transitions after the May elections. We must continue to reform health systems fractured by the COVID-19 pandemic. Our programs are designed to increase investments in efficient health system, and combating stunting and teenage pregnancies.

Our opportunities will focus on areas where we have gained credibility and legitimacy to provide evidence-based programs and approaches that produce faster improvements of health outcomes by (1) making local health systems responsive to provide Universal Health Care coverage, (2) improving nutrition by focusing on the first 1,000 days of life to prevent stunting, and (3) establishing adolescent-friendly communities to reduce teenage pregnancies.

Our approaches must not only produce faster results, but also be scaled up to more LGUs through collective action, so more Filipinos benefit from accessible health and nutrition services. We have begun by reengaging our alumni LGUs. Concurrently, we need to expand our existing co-financing partnerships to include the private sector. We also need to broaden and deepen our partnerships with academic and training institutions.

Let me thank our government and development partners for their continuing support. I acknowledge our staff's dedicated assistance to partner LGUs amid the pressures and constraints of the pandemic. And I also thank the Board of Trustees for their continued guidance, commitment, and support. Finally, on behalf of the board, management, and staff, I express our deep appreciation for the vision and leadership of our late Chairman Emeritus Roberto R. Romulo, who made the foundation what it is now.

¹MMR is maternal death for every 100,000 livebirths.

Achieving better health outcomes for all



AUSTERRE A. PANADERO

Health is a weighty matter. Before the pandemic, unplanned pregnancies in the Philippines, particularly among 10- to 14-year-olds, were described as a silent crisis. Through our Youth Leadership and Governance Program, we have been strengthening the capacities of the presidents of the Sangguniang Kabataan to engage their senior leaders, design relevant programs and policies for teenagers, and actively engage youth leaders. These endeavors have increased opportunities for adolescents to discuss and receive sexual and reproductive health education and services. As a result, teenage pregnancy cases decreased. Likewise, cities in our co-managed and co-funded program, The Challenge Initiative, reported impressive reductions in adolescent birth rates in 2021 after implementing proven approaches in preventing teenage pregnancies.

Our partner local government unit (LGU) under the recently concluded City Nutrition Governance Program sustained better nutrition outcomes through continuous nutrition services amid the pandemic. Because we actively engaged the

regional offices of the Department of Health (DOH) and the National Nutrition Council, our partner provinces under the Provincial Nutrition Governance Program received regular and coordinated support from the government.

From all indications, COVID-19 and vaccination will still require primary attention in 2022. We will work with local leaders and public health officials to overcome these specific challenges. Through the technical training and community-engaged interventions of the Zuellig Family Foundation's (ZFF) Provincial Leadership and Governance Program (PLGP), Agusan del Sur, Aklan, and Bataan now have improved health systems to respond better to the pandemic. PLGP has also capacitated local leaders to improve their primary health care (PHC) to serve all, especially the vulnerable, ensuring that Universal Health Care (UHC) is within reach sooner than expected.

The DOH and the PLGP provinces accepted our recommendations, contained in two policy papers, because of their relevance to achieving UHC. The policy paper on Bataan's local health system identified improvements in their barangay-based incentive program to ensure health services reach the vulnerable. The paper on Agusan del Sur cited the importance of health literacy and local health promotion officers in the efforts to empower families and individuals to improve their health status.

These developments in the LGUs would not have been possible without competent staff running our programs. We prioritize staff development.

Each staff member underwent specific training to improve his/her leadership skills and technical knowledge.

We donated medical equipment to increase the capacities of hospitals in several of our partner LGUs and to keep their health care workers safe.

Spurred by the pandemic, our capacity-building technologies are now available online, and are constantly being updated to keep up with the latest developments. Through our knowledge management group, which synthesizes institutional learnings and shares information, alumni LGUs, ZFF staff, and even the general public can access a wide range of ZFF knowledge products in the form of resource materials, webinars, videos, and online courses. We have academic and training partners, so more local government leaders and officials can undergo ZFF-derived health and nutrition leadership and governance programs.

What we set out to do in the next 10 years will be crucial, not just to the LGUs that we work with but for the entire nation. To scale up our programs, we will pursue our relationships with existing and potential partners, especially in the private sector. The expanded partnerships have great potential to intensify and broaden our impact.

ZFF's work will continue to evolve and expand. In these exciting and trying times, we need to be agile in the implementation of our focused interventions. Our mission-driven and competent teams are ready to meet these challenges with professionalism and personal commitment.

Good governance as the key to stronger local health systems

By Dr. Manuel M. Dayrit

Enhanced leadership and capacity are crucial to bringing health care to disadvantaged Filipinos



The Philippines' COVID-19 experience taught us that before we demand interventions, we must first design governance.

How do you design local governance—from the provinces down to the barangays—in order to establish a coherent service delivery system? It is crucial to improve local leadership and build health capacities, beginning with primary health care (PHC).

As the first contact of care, rural health units (RHUs) and district hospitals must be properly supplied and connected to referral hospitals in the provinces. At present, however, more than half (51.6%) of the country's RHUs and city health units are not equipped to standard, and district hospitals in the provinces are poorly staffed and set up. This prevents indigent patients who rely on public facilities from obtaining health care, according to a study by the Asian Development Bank.

Improving PHC delivery is at the heart of Universal Health Care (UHC) and requires the integration of barangay, municipal, and provincial health systems. This is only possible through strong and systematic governance at all local levels.

In many areas where the Zuellig Family Foundation (ZFF) operates, provincial and municipal governments have set up integrated systems for health service delivery; established model inter-local health zones; improved health facilities; hired additional health workers; and identified funding sources for health emergencies. ZFF's capacity building in health leadership and governance must be further scaled up to prepare more local government units (LGUs) for UHC implementation.

Within this integrated health system, LGUs must work to develop the capacities of their human resources. Good governance entails good human resources management. It is important for local leaders to acknowledge and reward front-line workers who are struggling not just with their workload, but with understanding their own pain points and areas for improvement.

Good managers must provide an employment package that will attract more doctors, nurses, and other public health personnel to work in

municipalities and cities outside the National Capital Region. The promise of fair pay and tenure, especially for municipal, city, and provincial health officers, encourages accountability at work.

The challenge of devolution

Faced with increasing responsibilities as a result of the full devolution of public health care to the LGUs and UHC implementation amid the pandemic, local governments must step up capacity building. Over the last two years, the varying capacities of LGUs were revealed as they struggled to follow national guidelines on COVID-19 management. Some adapted better than others; most could barely keep their heads above water.

The Mandanas-Garcia ruling, which gives LGUs a share in all national taxes, is expected to increase local government revenue by 27% to 30% starting in 2022. This will provide much-needed resources, but will also entail the devolution of more government services, putting a greater burden on LGUs. A strong governance system will thus help LGUs move UHC implementation forward under this new normal.

Competence and responsibility among health personnel will be crucial as LGUs create a network of public health laboratories for disease monitoring. A functioning epidemiology and surveillance unit (ESU), for example, is a key component under UHC, but no ESU currently meets the standards. It would then be worthwhile to explore the clustering of provinces, with each ESU staffed with experts and equipped with digital surveillance capacity for better health promotion, serving the LGUs in one cluster.

The national government, meanwhile, must ensure that the Philippine Health Insurance Corp. (PhilHealth) provides the financial oxygen needed by local hospitals to reduce patients' out-of-pocket expenses—an important goal of the UHC Act.

Local leaders should apply the principles of Bridging Leadership to rally all stakeholders and inspire them to co-own and co-create solutions to pressing problems. At its core, governance is more than just managing responsibilities—it is about managing relationships, especially in a personalistic society like the Philippines.

Dr. Manuel Dayrit, a former Secretary of Health, is a trustee of the Zuellig Family Foundation.

Implementing primary health care for universal coverage



In Agusan del Sur, Gov. Santiago Cane Jr.'s political capital and strong multistakeholder engagement enabled the province to implement Universal Health Care (UHC) while managing the challenges of the pandemic.

Cane acknowledges that collaborative partnership through community engagement results in more effective policy outcomes.

Despite restrictions due to COVID-19, the governor has gone around the province four times (and gotten swabbed at least 30 times) to meet with mayors, health officers, hospital managers, and barangay leaders while delivering medicines, supplies, and personal protective equipment. His presence in addressing the needs of exhausted health workers has uplifted people's morale.

To increase ground-level support, Agusan del Sur established a health promotion system office for health literacy. This will be headed by a health education promotion officer (HEPO) who is a community health worker advocating primary health care (PHC), which focuses on disease prevention and brings the highest level of care to the community as early as possible.

Agusan del Sur is improving its PHC by building the capacities of its four inter-local health zones (ILHZs) to deliver better health services to TaLaSan (Talacogon, La Paz, San Luis), which accounts for a largely indigenous population of 103,535.

TaLaSan was chosen as the model ILHZ for the implementation of the UHC Act in the province, because the mayors and health officers of its

Agusan del Sur's Health Indicators

Health Indicators	2022 National Target	2019	2020	2021
Live births	-	13,134	11,820	10,506
Maternal Mortality Ratio	90	61	42	60.5
Infant Mortality Rate	15	2	2	1.9

Source: Field Health Services Information System

Total Cases	Active Cases	COVID-19 Status		Risk Classification
		Last 2 Weeks, December 2021	Cases ADAR*	
12,296	73	41	0.39	MINIMAL

Vaccine Implementation Status, as of DECEMBER 31, 2021

Municipalities	Hypertensive/CVD Patients			Hypertensive/CVD Deaths		
	2019	2020	2021	2019	2020	2021
Talacogon	110	107	1,524	32	4	27
La Paz	24	167	8*	7	8	19
San Luis	498	369	618	7	11	16

Source: Field Health Services Information System

CVD: Cardiovascular diseases

*Available data for Q1 2021 only

*ADAR: Average daily attack rate - number of new cases in a city or province over a two-week period, divided by the population of the city or province

Sources: Provincial COVID-19 Vaccination Operation Center Updates, Provincial Health Office

three municipalities have been trained in Bridging Leadership. This means they understand the importance of ownership, co-ownership, and co-creation in improving PHC, which is at the center of health reforms under UHC.

"As governor, I must strengthen my collaboration with local chief executives to make this happen," said Cane. "However, we must be strategic and work with fast adapters who can generate quick wins. TaLaSan leaders completely understood the challenges of their ILHZs, and not just of their respective local government units (LGUs)."

Building partnerships

In TaLaSan, the mayors formed a noncommunicable disease (NCD) technical working group to review existing programs and services, and to see how NCDs can be better diagnosed and treated through a PHC approach.

A baseline assessment made with the help of ZFF has revealed that from 2016 to 2020, the top causes of morbidity and mortality in TaLaSan were respiratory infections, stroke, cancer, hypertension, diabetes, and cardiovascular diseases. A master list of priority targets for primary care, comprised of seniors and adults aged 20-59, gave a more accurate picture of NCD cases in 2021. (See tables above.)

To improve PHC amid the pandemic, skilled professionals attended to home deliveries. Aside from teleconsultations, two patient transport vehicles per municipality were procured to deliver PHC services in hard-to-reach areas.

With the League of Corporate Foundations as partner in implementing UHC, barangay health workers in TaLaSan received laptops and training to connect patients in barangays with doctors in health centers or local hospitals for consultations. Patients were then given doctor-prescribed medicines, completing the delivery of equitable and quality health care at the community level.

These efforts by the province and two other ZFF partners—Aklan and Bataan—complete the required governance structure set by the national government under its UHC guidelines. This means they have functional provincial health boards, restructured provincial health offices, provincial health investment plans, and management and health promotion committees. This puts the three ZFF provinces on the fast lane toward attaining UHC, and possibly serving as models for the rest of the country when Congress reviews the UHC law's implementation in 2025.



Preventing child malnutrition: Integrated actions for access to healthy nutrition

By Dr. Cecilia S. Acuin

The “first 1,000 days” of life are the window of opportunity for optimal and cost-effective intervention

mild and moderate undernutrition, however, may be transmitted to succeeding generations. Childhood stunting is associated with cognitive delays, poor school performance, and later, lower adult productivity. This means more adult illnesses, costlier health care, and additional strain on social safety nets.

It is during the first 1,000 days of life, from conception to the age of two years, that nutrition-based interventions have maximum impact, although factors such as agricultural productivity, gender equality, women’s education, safe water and sanitation, health services access, and moderated fertility rates must also be addressed.

Access to safe and nutritious food necessitates the connectivity of actions in a food systems framework, which also encourages stakeholder ownership. More important, this approach highlights accountability for addressing problems, such as with the 2020 disruptions to food supply following COVID lockdowns.

Based on the experiences of countries that successfully managed to reduce stunting², targets are achieved faster by aligning the politics, getting the policies right, and changing behaviors—all of which the Zuellig Family Foundation (ZFF) is addressing in its various health initiatives.

Aligning the politics means holding the government accountable for focusing on nutrition through successive administrations, ensuring that programs continue despite changes in leadership. This also means supporting less capable LGUs.

Getting the policies right emphasizes not just evidence-based interventions, but stronger mechanisms, including performance incentives so that things get done, and done well.

At no time in our nation’s decentralized history have challenges in nutrition been more formidable. The COVID-19 pandemic has engendered the highest rates of hunger and joblessness ever recorded by the Social Weather Stations, and both continue to be higher than pre-pandemic levels. As the Department of Science and Technology—Food and Nutrition Research Institute works to update metrics, there is trepidation that food insecurity and diminished affordability of nutritious diets have eroded whatever gains the country may have had before the pandemic. Improvements in the nutritional status of Filipino children are likely to be negligible.

Consequences of severe undernutrition include higher morbidity and mortality. The lesser-known effects of

Dr. Cecilia Acuin is a published author of several research papers on nutrition. She worked in various capacities at the Department of Science and Technology—Food and Nutrition Research Institute, International Rice Research Institute, and the University of the Philippines, Manila.

²Bhutta, Z. A., Akseer, N., Keats, E. C., Vaivada, T., Baker, S., Horton, S. E., Katz, J., Menon, P., Piwoz, E., Shekar, M., Victora, C., Black, R. (2020). How countries can reduce child stunting at scale: Lessons from exemplar countries. *The American Journal of Clinical Nutrition*, 112 (Supplement_2), 894S-904S. https://academic.oup.com/ajcn/article/112/Supplement_2/894S/5874566

Feature story

Tacurong and Sarangani

Committed leadership to combat stunting



In Tacurong City, the number of stunted children declined despite the pandemic through active tracking and monitoring of pregnant women and children 0-23 months old.

the message of his health campaign was "Ugyong Tacurong, Kontra Malnutrisyon, First 1,000 Days (F1KD) Law, Suportado Ko."

In less than two years, thanks to people working together, figures showed that the city achieved the desired results in its fight against malnutrition. (See table on page 13.)

Tacurong has become a model LGU for nutrition governance with its continuous services despite the pandemic, integrated F1KD nutrition system, nutrition investments at both city and barangay levels, and trained and added front-line health and nutrition workers.

The LGU created clustered community kitchens, provided nutrition education through one-on-one counseling, conducted house-to-house visitations, and gave livelihood assistance to mothers and caregivers of malnourished children.

Its annual Search for the Cleanest and Greenest Barangay promotes community and household backyard gardens. Produce from these gardens is sold in markets, generating much-needed income for families.

Mayor Roncal succumbed to COVID-19 in June 2021, leaving the unfinished business in the hands of his brother, then-Vice Mayor Lino O. Montilla, who shared his commitment to ending malnutrition.

Before the implementation of the City Nutrition Governance Program (CNGP) of the Zuellig Family Foundation (ZFF) and Nutrition International in September 2019, Tacurong City had already been a recipient of multiple awards in health governance, including the 2019 Best Performing Local Government Unit (LGU) for Local Health Systems.

But Mayor Angelo "Roncal" O. Montilla's deep-dive into the CNGP revealed multiple gaps in Tacurong's nutrition system. It had no full-time personnel focused on nutrition governance, no proper tracking systems for pregnant women's nutritional status, and an inadequate nutrition budget.

Montilla declared that he would step down if he failed to end malnutrition and reduce the incidence of stunting and wasting. His election slogan and

Conceding that the city's feeding programs, dietary supplementation, and cooking contests were only Band-Aid solutions, Mayor Lino increased the city's health budget to ₱40 million or by 5% annually, beginning in 2022. He hired three additional nurses and upgraded the contractual status of 20 barangay health workers (BHWs) and barangay nutrition scholars (BNSs), to add to the five BHWs and five BNSs promoted by his late brother.

Health and Nutrition Indicators	2022 National Targets	Tacurong City			Sarangani		
		2019	2020	2021	2019	2020	2021
Proportion of pregnant women assessed to be nutritionally at-risk (NAR)	5%	32%	6.2%	11.3%	7.9%	4.1%	16.4%
Proportion of newborns with low birth weight (LBW)	15%	7.9%	8%	7.4%	1.2%	1.1%	2.73%
Stunting prevalence*	21.4%	7.8%	6.9%	4.3%	9.3%	7.2%	5.2%
Wasting prevalence*	5%	4.6%	2.8%	2.8%	2.6%	1.9%	1.2%

Sources: Field Health Services Information System, Operation Timbang Plus (OPT+)

*Data for 0-23 months old in Tacurong City, while 0-59 months old in Sarangani

Fast action in Sarangani

The same committed leadership was seen in the neighboring province of Sarangani. Before taking part in the Provincial Nutrition Governance Program (PNGP) of ZFF and the Kristian Gerhard Jebsen Foundation, Gov. Steve Chiongbian Solon had been championing health since 2012, when, during his term as vice governor, his province became part of the ZFF-United Nations Population Fund program. This was followed by ZFF-United States Agency for International Development's Institutionalization of Health Leadership and Governance Program (IHLGP) in 2017.

Three local health initiatives of Sarangani were recognized by the regional office of the Department of Health. The programs improved the delivery of maternal health services, retrained BHWs, and taught women from indigenous people (IP) groups to serve as health workers in geographically isolated and disadvantaged areas (GIDAs).

During a deep-dive activity for the IHLGP, Solon realized that many of his constituents were unaware of available health services. He met a B'laan single mother who had lost two children due to poor health, and had four other children suffering from undernutrition. The province needed to act fast to curb malnutrition.

Sarangani had the worst malnutrition rate in the Soccsksargen (South Cotabato, Cotabato, Sultan Kudarat, Sarangani, and General Santos) region in 2018. Since indigenous people comprise at least

37% of the population, and most live in GIDAs, Solon prioritized nutrition interventions promoting positive health behavior, improved food availability, and community participation—all in line with the PNGP's objectives.

Initiatives include training IP communities on organic and upland farming, teaching halal livestock breeding to Muslims, and improving the referral system for severely malnourished children.

These programs and partnerships with civil society and private sectors helped Sarangani sustain a decrease in stunting and wasting rates despite the pandemic. (See table above.)

Challenges remain, though, as Sarangani still recorded increases in the number of nutritionally at-risk pregnant women, and in rates of low birth weight, in 2021, partly due to the belief of some mothers that processed food has more nutritional value. A behavioral change campaign is in place to address such issues.

The experiences of Tacurong and Sarangani with ZFF interventions proved that adequate funding and integration of nutrition programs in the health system ensures the LGU will remain accountable for the nutrition outcomes of its constituents despite difficulties. Forging partnerships also helps the LGUs sustain their gains and reinforce positive changes in the nutrition-related decisions of their communities, and ultimately, reducing stunting and wasting rates faster than national averages.

Collaborative action and proactive policies to prevent teenage pregnancies

By Dr. Esperanza I. Cabral



Cagayan de Oro City Mayor Oscar Moreno (rightmost), shown with the city's youth council members, has been providing resources to improve the capacities of youth leaders to implement programs preventing adolescent pregnancies.

When an adolescent girl discovers she's pregnant, it immediately sets off a chain of events with life-long, irreversible consequences. She will most likely drop out of school, instantly affecting her chances of earning decent wages—"up to ₱83,000 annually assuming she

could have started working at the age of 20," says the United Nations Population Fund (UNFPA). She will also depend on her parents to see her through her pregnancy and beyond, thus adding to the family's daily expenses.

Dr. Esperanza Cabral, a former secretary of the Department of Health and the Department of Social Welfare and Development, is a trustee of the Zuellig Family Foundation.

If she comes from a low-income family, she may not have the resources for a healthy, balanced diet. This will have a direct effect on her and her baby, whose growth may become stunted. And if she remains idle in an environment rife with domestic violence and sexual abuse, she will most likely become pregnant again.

The pandemic exacerbated this vicious cycle. Citing studies conducted by the UNFPA and the University of the Philippines in the early stages of the pandemic, the Commission on Population and Development (PopCom) estimated that from 2019 to 2020, 18,000 more Filipino teenage girls will be pregnant because of the indirect effects of the pandemic.

Particularly vulnerable during the pandemic are girls as young as 10 years old, and girls from poor, dysfunctional families with little to no knowledge of sexual and reproductive health.

Numerous factors contribute to the persistent problem of adolescent pregnancies. In the age of the internet, tech-savvy teenagers have unlimited access to information and online interactions. While the landmark Responsible Parenthood and Reproductive Health Act (or RH Law) of 2012 mandates that reproductive health education "shall be taught by adequately trained teachers in an age-appropriate manner," this and other school-based interventions are not sustained after graduation.

Of late, various sectors have stepped up to prevent teenage pregnancy with concrete, proactive solutions. On June 25, President Rodrigo Duterte signed Executive Order (EO) 141, making the prevention of teenage pregnancy a national priority. The EO mobilizes different government agencies to identify and implement practical strategies in the prevention of adolescent pregnancy. The order also encourages youth leaders of the Sangguniang Kabataan (SK) to get involved and develop interventions.

Empowering adolescents and encouraging the youth to help the youth are essential success factors

Adolescent pregnancy is a national social emergency. But it can be prevented when various sectors, including the youth, work together

for the programs of the Zuellig Family Foundation (ZFF) to reduce teenage pregnancies. Through its Youth Leadership and Governance Program (YLGP), an initiative of ZFF in partnership with the UNFPA, presidents of SK federations in Sarangani, Sultan Kudarat, and Lanao del Sur were capacitated with leadership knowledge and skills to help reduce the incidence of teenage pregnancy in their respective provinces. Significant drops in the adolescent birth rates between 2019, when YLGP was introduced, and the third quarter of 2021 show that peer education in adolescent-friendly health facilities, as well as the delivery of health and non-health services—counseling, alternative learning, livelihood and life skills programs—can prevent teen pregnancies.

Under The Challenge Initiative (TCI)³, engaging youth leaders was also among the strategies cities employed to successfully bring down their adolescent birth rates.

The initiatives are promising, but the country still has a long way to go, and all sectors need to work together to ensure lasting changes. Key to this is integrating adolescent sexual and reproductive health (ASRH) efforts in primary health care and Universal Health Care. In this way, a teenage mother, along with her baby, will always have access to basic health services, and will know and understand health care better to keep her from getting pregnant again and again.

While bills for the social protection of young mothers remain pending in Congress, local government units can institute policies to protect the well-being of teenage parents so they become economically independent and productive members of the community. They must be given the opportunity to go back to school, or be provided with financial aid until they are able to secure stable jobs and income.

Everything begins at home. For parents, that means acknowledging that their children do not just develop physically, mentally, and emotionally, but sexually, as well. With this in mind, mothers and fathers can ultimately take better care of their families.

Reducing teenage pregnancies in Cagayan de Oro City



Since assuming office as mayor of Cagayan de Oro City (CDO) in 2013, Oscar S. Moreno has wasted no time pushing for better health services. He transformed the Justiniano R. Borja General Hospital from a notorious "death chamber" into a premier government hospital in the region. He also upgraded 19 urban health centers with modern facilities and Philippine Health Insurance Corp. accreditation.

However, reducing the rate of teenage pregnancy in CDO was more challenging. A 2013 study conducted by the University of the Philippines Population Institute revealed that at least one in five youths in Northern Mindanao (Region 10) engaged in premarital sex before the age of 18. Moreover, nine out of 10 youths' first experience of premarital sex was unprotected against sexually transmitted infections, HIV/AIDS, and pregnancy. Little change was seen in a November 2019 report by the Commission on Population and Development (PopCom) Region 10. After the Davao region,

Northern Mindanao ranked second highest in teenage pregnancies in the Philippines.

"'Shocking' is the word," Moreno says of the figures. "We were the highest in the region, and I wanted to dig deeper."

He certainly wasn't buying the rationale that CDO was the Hospital Care Center of the Region, and thus treated people who were not necessarily locals. "It's a burden we carry as a city," he says. "We just have to level up."

Partnering with ZFF

Leveling up meant participating in the Institutionalization of Health Leadership and Governance Program (IHLGP), a partnership between Zuellig Family Foundation (ZFF) and the United States Agency for International Development (USAID), in 2014. Since then, ZFF's interventions, including its regular coaching and

Health Indicators	2022 National Target	TCI Target ^A	2018	2019	2020	2021
Adolescent Birth Rate ^B	37	34	61.3	57.8	43	33
Modern Contraceptive Prevalence Rate (mCPR) ^C	30	39	65	79	29	34

Source: Field Health Services Information System
A: TCI – targets after one year of implementation

B: Adolescent birth rate = (live births among 15-19 years old/total 15-19 female population) x 1,000
C: The drop in mCPR is the result of the national government's change in the formula that the city adopted in 2020.

mentoring, improved Moreno's and the local health officers' capacities to manage their health system and address priority health issues.

In November 2020, CDO became one of three cities committed to reducing teenage pregnancy through The Challenge Initiative (TCI). Co-managed in the Philippines by ZFF, TCI aims to lower the incidence of teenage pregnancies in the country by transforming cities into adolescent- and youth-friendly places, improving access to modern contraceptives, and developing positive behavior among adolescents and youth. CDO allotted ₱6.5 million for TCI's 2021 implementation.

Among the high-impact approaches adopted by TCI was the Youth Leadership and Governance Program (YLGP) of ZFF, in partnership with the United Nations Population Fund. The YLGP improved the capacities of 10 Sangguniang Kabataan (Youth Council) Federation presidents to participate in local government planning and spearhead adolescent sexual and reproductive health (ASRH) activities. As a result, there was an increased demand for ASRH services and a consequent decrease in adolescent birth rates.

Following the YLGP approach, Moreno involved the youth in solving their own problems. CDO's Oro Youth Development Council (OYDC) has representatives from student bodies, out-of-school youths, faith-based and community-based sectors, and other advocacy groups.

Youth engagement is fostered through programs that speak this generation's language. A population

and development (POPDEV) club and social media campaign of national high schools in CDO, TEENcredibles, delivers clear information on adolescent and youth sexual and reproductive health (AYSRH). Likewise using lively sounds and visuals on social media is TEENsights, which shares important facts and figures on AYSRH.

Moreno spearheaded the Technical Education, Skills Development, and Employment Committee (TESDEC), which offers skills development and employment facilitation to fresh graduates, out-of-school youth, recovering drug dependents, and other disadvantaged groups.

Proud of his city's efforts in addressing youth issues, Moreno describes CDO's youth as "smart, more discerning. They listen and are aware of the risks. They know better."

Cagayan de Oro City showed that it does not back down from the challenges of being the health care and education center of Northern Mindanao.

Mayor Moreno and his team were open to adopting various proven ways to address youth-related challenges, and that decision brought a substantial decrease in adolescent birth rate. Other local chief executives can take Moreno's lead when he recognized the potential of the youth, put resources behind efforts to upgrade their leadership and governance knowledge, and welcomed and used their ideas. Soon, this adolescent-friendly city will also have an AYSRH plan that is fully integrated with its Universal Health Care program.

Scaling up

In the next 10 years, the Zuellig Family Foundation (ZFF) will forge more partnerships to bring its programs to more communities, so that more Filipinos can enjoy access to effective public health services.

Sustain effective programs

- Develop resilient local health systems in support of Universal Health Care (UHC)
- Keep young children healthy and safe through inclusive and integrated health systems in the community
- Establish adolescent-friendly communities in local government units

Build partnerships for results

- Department of Health
- National Nutrition Council
- Commission on Population and Development
- Funding groups (e.g. United Nations Children's Fund, United Nations Population Fund)
- Private sector (e.g. Kristian Gerhard Jebsen Foundation, Philippine Business for Social Progress, League of Corporate Foundations)

Keep ZFF's leading edge as "force multiplier" for health system transformations

- Invest in internal staff development
- Invigorate learning and knowledge sharing
- Forge more agreements with academic and training institutions to reach scale

Improve health outcomes

- Focus on health indicators
- Institutionalize UHC
- Improve primary health care
- Ensure resilient local health systems
- Reduce adolescent birth rate
- Increase use of modern contraceptive methods
- Reduce stunting and wasting



ZFF Organization

Board of Trustees	Janet G. Clemente <i>Expert</i>	Provincial Nutrition and Governance Program (Kristian Gerhard Jebsen Foundation Partnership)	The Challenge Initiative	Institute for Health Leadership	Partnerships, Policies and Coalition Building
Roberto R. Romulo + <i>Chairman Emeritus</i>	Fiona Rose A. Norada <i>Associate</i>	Charisse C. Malbacias, M.D. <i>Manager</i>	Dorie Lyn O. Balanoba, M.D. <i>Director</i>	Ramir Anthony T. Blanco, M.D. <i>Director</i>	Sealdi C. Gonzales <i>Director</i>
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Edgar O. Chua	Janette M. Rojas <i>Deputy Project Manager</i>	Karen Cristine T. Condeno <i>Associate</i>	Marjorie Francia O. Bañares <i>Associate</i>	Pamela Bianca L. Mangilin <i>Manager</i>	Wesley T. Villanueva <i>Administrative and Finance Director</i>
Manuel M. Dayrit, M.D.		Bianca Isabel P. Ferido, R.N.D. <i>Associate</i>	Pearl Joy M. Catingub, R.N. <i>Associate</i>	Faith F. Narvasa, R.N. <i>Manager</i>	Gilmer D. Cariaga <i>Administrative Associate</i>
Reiner W. Gloor	Khairodin L. Amerol <i>Associate</i>	Philma T. Mohamad, R.N.D. <i>Associate</i>	Maria Teresa P. Ferrolino <i>Associate</i>	Rio Fe G. Del Valle <i>Associate</i>	Barbara S. Jamili <i>Administrative Associate</i>
Kasigod V. Jamias	Miko G. Miguel, R.N. <i>Associate</i>	Rachel J. Paradiang <i>Associate</i>	Yetzer R. Tamparong, R.N.D. <i>Associate</i>	Rosarie V. Gabuya, R.N. <i>Associate</i>	Joel C. Mondido <i>Finance Manager</i>
Ma. Antonia Yulo-Loyzaga	Minimum Initial Service Package for Sexual and Reproductive Health			Katrina Faye T. Magloyo-an <i>Associate</i>	Reynan C. Balisacan <i>Finance Associate</i>
Daniel Zuellig	Lucille B. Isnani, R.N. <i>Manager</i>	Provincial Nutrition and Governance Program (United Nations Children's Fund Partnership)		Alizza B. Mistades <i>Associate</i>	Jannela Krishna Galias <i>Finance Associate</i>
David Zuellig	Jasmine Therese B. Arcilla, M.D. <i>Associate</i>	Joyce Ann A. Viar, M.D. <i>Manager</i>	Jocelyn Z. Toledo <i>Expert</i>	Aimee B. Valenzuela <i>Associate</i>	Patricia Angeline E. Nable <i>Finance Associate</i>
Executive Office		Jasmin J. Ahmad, R.N. <i>Manager</i>	Alphonse Raphael V. Guevarra, M.D. <i>Associate</i>	Knowledge Management Group	
Austere A. Panadero <i>Executive Director</i>	Ma. Ysabel Leanne P. Brual, R.N.D. <i>Associate</i>	Alvin B. Acidre, R.N. <i>Associate</i>	Julie Anne A. Llavore, R.N. <i>Associate</i>	Jerry C. Agbayani, Jr. <i>Manager</i>	Ivy S. De Leon <i>Finance Assistant</i>
Gil T. Salazar <i>Treasurer</i>	City Nutrition and Governance Program			Nerissa N. Dimapilis <i>Manager</i>	Maria Donna Faye O. Divinagracia <i>Finance Assistant</i>
Anthony Rosendo G. Faraon, M.D. <i>Deputy Executive Director</i>	Jescir A. Crescencio <i>Manager</i>	Ray Anthony B. Banglos, R.N. <i>Associate</i>	Anjelica Joy G. Nacnac, M.D. <i>Manager</i>	Mary Rose Jean A. Poa <i>Manager</i>	Roberto I. Nazal <i>Human Resource Director</i>
Melanie B. Reyes <i>Executive Assistant to the Chairman Emeritus</i>	Ma. Romina P. Feliciano <i>Associate</i>	Lou Ann R. Buenaventura- Alterado, R.N. <i>Associate</i>	Keane Jim T. Agravante, R.N. <i>Associate</i>	Ronalyn B. Briones <i>Associate</i>	Danielle Anne A. Cada <i>Human Resource Associate</i>
Provincial Leadership and Governance Program		Sherill R. Cutin <i>Associate</i>	Ilaw L. Rosimo <i>Assistant</i>	Ilaw L. Rosimo <i>Assistant</i>	Anne Marie E. Largo <i>Human Resource Associate</i>
Catherine A. Chung, M.D. <i>Director</i>	Jenilyn Ann V. Dabu, M.D. <i>Manager</i>	Ma. Jerry V. Elopre, R.N. <i>Associate</i>	Muamir H. Alingan, R.N. <i>Associate</i>	Corporate Communications Manager	
Angeli A. Comia, M.D. <i>Manager</i>	Maria Melissa D. Domingo <i>Manager</i>	Eusebeia Joy B. Mendoza, R.N.D. <i>Associate</i>	Ma. Donna Renee S. Medina, R.N. <i>Associate</i>	Corporate Communications Associate	

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
 The Zuellig Family Foundation, Inc.
 Km. 14, West Service Road corner Edison Avenue
 Brgy. Sun Valley, Parañaque City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Zuellig Family Foundation, Inc. (a nonstock, nonprofit corporation) (the "Foundation"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2021 and 2020, and the statements of revenues and expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021 and 2020, and financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRSs for SEs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs for SEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

THE ZUELLIG FAMILY FOUNDATION
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2021	2020
Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and Revenue Regulations 34-2020		
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and 34-2020 in Note 14 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of The Zuellig Family Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.		
SYCIP GORRES VELAYO & CO.		
SIGNED		
Maria Pilar B. Hernandez		
Partner		
CPA Certificate No. 105007		
Tax Identification No. 214-318-972		
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024		
SEC Partner Accreditation No. 105007-SEC (Group A)		
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions		
SEC Firm Accreditation No. 0001-SEC (Group A)		
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions		
BIR Accreditation No. 08-001998-116-2022, January 20, 2022, valid until January 19, 2025		
PTR No. 8853500, January 3, 2022, Makati City		
April 26, 2022		
ASSETS		
Current Assets		
Cash (Note 4)	₱48,735,561	₱87,043,158
Receivables (Note 5)	12,670,026	318,670
Prepayments and other current assets	875,636	915,165
Total Current Assets	62,281,223	88,276,993
Noncurrent Assets		
Property and equipment (Note 6)	3,331,472	3,361,046
Retirement asset (Note 13)	3,862,011	5,002,370
Refundable deposit	37,500	37,500
Total Noncurrent Assets	7,230,983	8,400,916
TOTAL ASSETS	₱69,512,206	₱96,677,909
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other payables (Note 7)	₱12,466,645	₱15,403,733
Deferred donations (Note 8)	23,945,818	54,177,185
Total Current Liabilities	36,412,463	69,580,918
Noncurrent Liability		
Deferred donations (Note 8)	–	1,665,961
Total Liabilities	36,412,463	71,246,879
Fund Balance	33,099,743	25,431,030
TOTAL LIABILITIES AND FUND BALANCE	₱69,512,206	₱96,677,909

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF REVENUES AND EXPENSES

	Years Ended December 31	
	2021	2020
REVENUES		
Donations (Note 10)	₱199,226,312	₱206,600,358
Unrealized foreign exchange gain	124,719	—
Interest (Note 4)	12,115	46,655
Others	31,262	—
	199,394,408	206,647,013
EXPENSES (Note 11)		
Salaries, wages and other benefits (Note 12)	84,297,951	75,203,812
Donations and contributions	42,311,441	78,073,267
Utilities	17,883,349	15,634,266
Trainings and seminars	15,717,709	7,432,106
Professional fees	14,579,329	15,527,266
Materials and supplies	5,284,162	3,208,931
Transportation and travel	4,884,839	4,536,359
Representation and entertainment	2,132,164	1,680,379
Depreciation and amortization (Note 6)	1,715,502	1,609,973
Retirement cost (Note 13)	1,140,359	1,138,871
Unrealized foreign exchange loss	—	930,904
Taxes and licenses (Note 14)	59,214	152,741
Others	1,719,676	1,471,482
	191,725,695	206,600,357
EXCESS OF REVENUES OVER EXPENSES	₱7,668,713	₱46,656

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF CHANGES IN FUND BALANCE

	Years Ended December 31	
	2021	2020
Balance at beginning of year	₱25,431,030	₱25,384,374
Excess of revenues over expenses	7,668,713	46,656
	₱33,099,743	₱25,431,030

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION
(A Nonstock, Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	₱7,668,713	₱46,656
Adjustments for:		
Depreciation and amortization (Notes 6 and 11)	1,715,502	1,609,973
Movements in retirement asset (Note 13)	1,140,359	1,138,871
Unrealized foreign exchange loss (gain) - net	(124,719)	930,904
Interest income (Note 4)	(12,115)	(46,655)
Revenues (expenses) before working capital changes:		
Decrease (increase) in:		
Receivables	(12,351,356)	(190,528)
Prepayments and other current assets	39,529	(104,317)
Increase (decrease) in:		
Deferred donations	(31,897,328)	52,250,457
Accrued expenses and other payables	(2,937,088)	961,262
Net cash provided by (used in) operations	(36,758,503)	56,596,623
Interest received	12,115	46,655
Net cash provided by (used in) operating activities	(36,746,388)	56,643,278
CASH FLOWS FROM AN INVESTING ACTIVITY		
Additions to property and equipment (Note 6)	(1,685,928)	(684,970)
NET INCREASE (DECREASE) IN CASH		
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	124,719	(930,904)
CASH AT BEGINNING OF YEAR	87,043,158	32,015,754
CASH AT END OF YEAR (Note 4)	₱48,735,561	₱87,043,158

See accompanying Notes to Financial Statements.

THE ZUELLIG FAMILY FOUNDATION
(A Nonstock, Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

The Zuellig Family Foundation, Inc. (the “Foundation”) is a nonstock, nonprofit corporation registered with the Philippine Securities and Exchange Commission (SEC) on February 27, 1997. Its registered office address is Km. 14, West Service Road corner Edison Avenue, Brgy. Sun Valley, Parañaque City. The primary purpose of the Foundation is to act as a modernizing force in shaping sound and effective policies in public health and nutrition in the Philippines. The Foundation has 19 and 23 regular employees in 2021 and 2020, respectively.

The Foundation’s certification for good governance and accountability from Philippine Council for Non-Government Organization Certification (PCNC) lapsed on October 26, 2020. Due to the Coronavirus Disease-2019 (COVID-19) pandemic, the processing of the Foundation’s PCNC accreditation was moved in 2021. The PCNC accreditation was renewed on June 30, 2021 which is valid for 5 years and will last until June 29, 2026.

The Bureau of Internal Revenue (BIR) issued the Certificate of Registration for donee institution status on February 17, 2021 that is valid from December 16, 2020 until June 30, 2021. A renewed Certificate of Registration for donee institution status was issued on August 16, 2021 which is valid until September 30, 2022. In accordance with the provision of Revenue Regulations (RR) No. 13-98 dated January 1, 1999, the donations received shall entitle the donor/s to full or limited deduction pursuant to Section 34(H)(I) or (2), and exemption from donor’s tax pursuant to Section 101(A)(3) of the National Internal Revenue Code (NIRC) of 1997.

The BIR has issued a certificate of tax exemption on November 5, 2019 which is valid for three (3) years. Being a nonstock, nonprofit corporation, it is not subject to income tax under Section 30 of the NIRC with respect to income received such as donations, gifts or charitable contributions. However, income from any of its properties, real or personal, or from any of its activities conducted for profit shall be subject to regular corporate income tax.

The financial statements were authorized for issuance by the Board of Trustees (BOT) on April 26, 2022.

Impact of COVID-19

COVID-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the World Health Organization (WHO) on March 11, 2020. This resulted in the implementation of different classification of community quarantine to slow the spread of COVID-19 have had a significant impact on the global economy.

Management has assessed that the COVID-19 pandemic did not significantly affect the Foundation during the year since the field activities were adjusted from face-to-face to online depending on the COVID 19 restrictions at the municipalities, cities or provinces where the Foundation operates.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements of the Foundation have been prepared in accordance with the Philippine Financial Reporting Standards for Small Entities (PFRSs for SEs) issued by the Financial Reporting Standards Council (FRSC).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso which is the Foundation's functional and presentation currency and all values are recorded to the nearest peso, except when otherwise indicated.

Current versus Noncurrent Classification

The Foundation presents assets and liabilities in the statements of assets, liabilities and fund balance based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Foundation classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments.

The Foundation's basic financial instruments consist of cash, receivables, refundable deposit, accrued expenses and other payables (excluding due to government agencies). The Foundation does not have complex financial instruments.

Basic Financial Instruments

Initial measurement. On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement. The Foundation's debt financial instruments are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Impairment of financial instruments measured at amortized cost. At each financial reporting date, the Foundation reassesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in the statement of revenues and expenses.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original EIR.

Derecognition of financial assets. An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities. Financial liabilities are derecognized only when these are extinguished – that is, when the obligation is discharged, cancelled or has expired.

Basic financial instruments measured at amortized cost consists of cash, receivables, refundable deposit and accrued expenses and other payables (excluding due to government agencies).

Cash

Cash includes cash on hand and in banks. No restriction is attached to cash account.

Receivables

Receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the EIR method. A provision for impairment of receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.

If there is any objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in statement of revenues and expenses for the period.

Prepayments and Other Current Assets

Prepayments and other current assets are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expenses either with the passage of time or through use or consumption.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation, amortization and any accumulated impairment loss. The initial cost of property and equipment comprises its purchase price, and other directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. It excludes the costs of day-to-day servicing.

Depreciation of property and equipment is charged so as to allocate cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives of the Foundation's depreciable assets are as follows:

Asset Type	Number of Years
Transportation equipment	5 years
Office equipment	3-5 years
Furniture and fixtures	3-5 years
Office improvements	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of revenues and expenses in the year the asset is derecognized.

Impairment of Property and Equipment

Property and equipment are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Foundation estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the group.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Foundation will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher than had no impairment loss been recognized in the prior years.

Accrued Expenses and Other Payables

Accrued expenses and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Foundation is established or when the corresponding assets or expenses are recognized.

Accrued expenses and other payable are recognized initially at the transaction price.

It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

Fund Balance

Fund balance includes all current and prior period results of operation as disclosed in the statement of revenues and expenses. The amount is partially restricted for retirement obligations.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefit associated with the transaction will flow to the Foundation and the amount of the revenue can be measured reliably. Revenue is measured at fair value of the consideration received.

The following specific recognition criteria must also be met before revenue is recognized:

Donations. The Foundation recognizes donations, including unconditional promises to give, as revenue in the period received. Donations which are restricted and deferred for future projects are shown separately in the statement of assets, liabilities and fund balance as "Deferred donations".

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Revenue is recognized when earned.

Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in fund balance. Expenses are recognized in the statement of revenues and expenses in the year these are incurred on the basis of:

- a. a direct association between the costs incurred and the earning of specific items of income
- b. systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
- c. immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance

Retirement Costs

The Foundation has a funded, non-contributory defined benefit plan covering all regular employees. The Foundation recognizes post-employment benefits using the accrual approach in accordance with the Foundation's retirement benefits policy or the minimum retirement benefits required under Republic Act (RA) No. 7641 otherwise known as The Philippine Retirement Pay Law, whichever is higher. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

Provisions

Provisions are recognized when: the Foundation has an obligation as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

When the effect of time value is material, provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate(s) that reflect(s) current market assessments of the time value of money and the risks specific to the obligation. Changes in the provision due to passage of time are recognized in the statement of revenues and expenses.

When the Foundation expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Foreign Currency Transactions

Items included in the financial statements of the Foundations are measured using the currency of the primary economic environment in which the Foundation operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at the financial reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of revenues and expenses.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Events after the Financial Reporting Period

Post year-end events that provide additional information about the Foundation's financial position as of the reporting period (adjusting events) are reflected in the financial statements.

Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments and Estimates

The Foundation's financial statements prepared in accordance with PFRSs for SEs require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes.

Judgment

Management makes judgments in the process of applying the Foundation's accounting policies. Judgment that has the most significant effect on the reported amounts in the financial statements is discussed in the next page.

Classification of Expenses. The Foundation classifies and allocates its expenses between project and general and administrative expenses according to their nature. Project expenses are expenses which are directly incurred for the completion of the Foundation's activities relating to community health partnership programs, training and capability programs and other projects. General and administrative expenses are expenses which are not directly related to project expenses.

Project expenses in 2021 and 2020 amounted to ₦154.2 million and ₦179.0 million, respectively, while general and administrative expenses in 2021 and 2020 amounted to ₦37.5 million and ₦27.6 million, respectively (see Note 11).

4. Cash

This account consists of:

	2021	2020
Cash on hand	₦100,000	₦100,000
Cash in banks	₦48,635,561	86,943,158
	₦48,735,561	₦87,043,158

Cash in banks earn interest at the respective bank deposit rates.

Interest income earned from cash in banks amounted to ₦12,115 and ₦46,655 in 2021 and 2020, respectively.

5. Receivables

This account consists of:

	2021	2020
Donation receivables	₦12,426,496	₦-
Loans and advances to officers and employees	195,589	194,085
Other receivables	47,941	124,585
	₦12,670,026	₦318,670

Donation receivables pertain to accrual of unbilled donations revenue from donors.

Loans and advances to officers and employees pertain to loans due for settlement within the following year and cash advances which are subject to liquidation.

Other receivables pertain to receivables from donors and statutory deductions from employees which will be deducted from their payroll in the succeeding year.

6. Property and Equipment

	Transportation Equipment	Office Equipment	Furniture and Fixtures	Office Improvements	Total
Cost					
Balance at beginning of year	₦5,957,140	₦17,906,464	₦3,332,102	₦8,667,118	₦35,862,824
Additions	-	1,685,928	-	-	1,685,928
Balance at end of year	5,957,140	19,592,392	3,332,102	8,667,118	37,548,752
Accumulated Depreciation and Amortization					
Balance at beginning of year	4,743,870	15,774,428	3,316,433	8,667,047	32,501,778
Depreciation and amortization (see Note 11)	571,400	1,130,765	13,266	71	1,715,502
Balance at end of year	5,315,270	16,905,193	3,329,699	8,667,118	34,217,280
Net Book Values	₦641,870	₦2,687,199	₦2,403	₦-	₦3,331,472

	2020				
	Transportation Equipment	Office Equipment	Furniture and Fixtures	Office Improvements	Total
Cost					
Balance at beginning of year	₱5,957,140	₱17,264,514	₱3,332,102	₱8,667,118	₱35,220,874
Additions	–	684,970	–	–	684,970
Disposal	–	(43,020)	–	–	(43,020)
Balance at end of year	5,957,140	17,906,464	3,332,102	8,667,118	35,862,824
Accumulated Depreciation and Amortization					
Balance at beginning of year	4,172,470	14,829,499	3,265,809	8,667,047	30,934,825
Depreciation and amortization (see Note 9)	571,400	987,949	50,624	–	1,609,973
Disposal	–	(43,020)	–	–	(43,020)
Balance at end of year	4,743,870	15,774,428	3,316,433	8,667,047	32,501,778
Net Book Values	₱1,213,270	₱2,132,036	₱15,669	₱71	₱3,361,046

7. Accrued Expenses and Other Payables

	2021	2020
Accrued expenses:		
Payable to contractors	₱3,802,209	₱2,577,752
Professional fee	2,355,368	5,951,050
Salaries, wages and other benefits	2,296,456	1,457,988
Trainings and seminars	896,140	1,016,427
Transportation	83,470	590,819
Utilities	–	527,827
Others	313,540	350,298
Due to government agencies	2,587,899	2,489,773
Other payables	131,563	441,799
	₱12,466,645	₱15,403,733

Accrued expenses, due to government agencies and other payables are normally settled within one (1) year. Other accrued expenses consist of accruals of communication, representation expenses, among others which are to be reimbursed to employees via petty cash fund.

8. Deferred Donations

This account consists of donations received by the Foundation from various donors in 2021 and 2020 which were recorded under “Deferred Donations” account presented as liabilities in the statements of assets, liabilities and fund balance. Activities and programs linked to these funds were postponed to 2022 due to the disruptions caused by the COVID-19 pandemic. These deferred donations will be utilized in 2022 and future operations.

Current	2021	2020
Support Group (Zuellig Group)	₱17,530,234	₱36,321,366
Kristian Gerhard Jebsen Foundation (KGJF)	3,829,623	5,880,983
Adolescent Sexual Reproductive Health (Pascal)	947,584	804,934
Adolescent Sexual Reproductive Health (Romulo Group)	₱920,000	₱410,000
Xiong An International Health Forum	718,377	–
Nutrition International (NLIFT)	–	10,759,902
	₱23,945,818	₱54,177,185

In 2021, noncurrent deferred donations were reclassified to current deferred donations after management determined that these amounts will be utilized in 2022.

Noncurrent	2021	2020
Adolescent Sexual Reproductive Health (Pascal)	₱–	₱947,584
Xiong An International Health Forum	–	718,377
	₱–	₱1,665,961

9. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes entities that are under common control with the Foundation, its donors, the BOT and their close family members. Related party transactions are normally settled in cash.

In the ordinary course of operations, the Foundation is engaged in the following transactions with entities that are considered related parties.

Related Party	Nature of Transaction	Year	Volume of Transactions (Amount in millions)	Outstanding Balance	Terms	Conditions
Roberto R. Romulo	Donations	2021	₱0.51	₱–	None	Restricted
Roberto R. Romulo	Donations	2020	0.41	–	None	Restricted
Ernesto D. Garilao	Donations	2021	0.03	–	None	Restricted
Ernesto D. Garilao	Donations	2020	–	–	None	Restricted

Donations from Mr. Roberto Romulo were restricted and earmarked for adolescent sexual and reproductive health projects and were recorded as part of the “Deferred donations” account presented as liabilities in the statements of assets, liabilities and fund balance.

Donation from Mr. Ernesto Garilao was restricted and earmarked to support the victims of typhoon Odette. This is included as part of the “Donations” account in the statements of revenues and expenses.

Total compensation to key management personnel amounted to ₱5.4 million and ₱10.1 million in 2021 and 2020, respectively.

10. Donations from the Zuellig Group

Donations from the Zuellig Group are treated as internal funds. These are allocated to specific programs and projects by the BOT. Donations received amounting to ₱119.3 million and ₱170.8 million were recorded as part of the “Donations” account in the statements of revenues and expenses in 2021 and 2020, respectively.

11. Expenses

	2021		
	General and Project Expenses	Administrative Expenses	Total
Salaries, wages and other benefits	₱71,022,894	₱13,275,057	₱84,297,951
Donations and contributions	34,523,425	7,788,016	42,311,441
Utilities	11,424,202	6,459,147	17,883,349
Trainings and seminars	15,220,897	496,812	15,717,709
Professional fees	13,291,816	1,287,513	14,579,329
Materials and supplies	3,007,172	2,276,990	5,284,162
Transportation and travel	3,923,929	960,910	4,884,839
Representation and entertainment	1,612,830	519,334	2,132,164
Depreciation and amortization (Note 6)	–	1,715,502	1,715,502
Retirement cost (Note 13)	–	1,140,359	1,140,359
Taxes and licenses	–	59,214	59,214
Others	173,574	1,546,102	1,719,676
	₱154,200,739	₱37,524,956	₱191,725,695

	2020		
	General and Project Expenses	Administrative Expenses	Total
Donations and contributions	₱77,764,310	₱308,957	₱78,073,267
Salaries, wages and other benefits	62,915,204	12,288,608	75,203,812
Utilities	10,228,266	5,406,000	15,634,266
Professional fees	14,423,049	1,104,217	15,527,266
Trainings and seminars	6,369,408	1,062,698	7,432,106
Transportation and travel	3,782,221	754,138	4,536,359
Materials and supplies	1,622,790	1,586,141	3,208,931
Representation and entertainment	1,075,154	605,225	1,680,379
Depreciation and amortization (Note 6)	–	1,609,973	1,609,973
Retirement cost (Note 13)	–	1,138,871	1,138,871
Unrealized foreign exchange loss	–	930,904	930,904
Taxes and licenses	–	152,741	152,741
Others	850,334	621,148	1,471,482
	₱179,030,736	₱27,569,621	₱206,600,357

General and administrative expenses is 20% and 13% of the total expenses in 2021 and 2020, respectively.

Project expenses were incurred due to the following activities:

a. *Integrated Provincial Health System Development Program (also the Provincial Leadership and Governance Program ver. 3)*

The third version of the Provincial Leadership and Governance Program (PLGP-3) continues its purpose of helping provinces fix their health systems. The main difference with the previous version is that work now involves helping provinces fulfill the requirements under the Universal Healthcare (UHC) law.

b. *Provincial Leadership and Management Program*

After the passage of the UHC law, there was a clamor from DOH regional offices and previously-engaged local governments to assist them in the transition. The Foundation responded by offering the Provincial Leadership and Management Program (PLMP). Under the three-year program, ZFF provides training, and the Department of Health (DOH) regional offices provide coaching and monitoring, but ZFF can be tapped to also source coaches. The PLMP was designed based on ZFF's past and existing programs including the PLGP and Institutionalization of Health Leadership and Governance Program (IHLGP).

c. *Provincial Nutrition Leadership and Governance Program*

(partner: Kristian Gerhard Jebsen Foundation (KGJF))

Undernutrition within the first 1000 days of life can affect motor and cognitive development of children. The first partnership with KGJF established a proof of concept showing how an integrated and holistic approach to the nutrition challenge can fast track improvements in nutritional outcomes in municipalities. The second partnership with the KGJF focuses on improving nutritional outcomes of 0-to-5-year old's and pregnant women. The leadership and governance program will work to create an integrated provincial system for nutrition service delivery and food diversity. The project aims to reduce nutritionally-at-risk pregnant women, low birth weight and stunting among children under five (5) years. The project will focus on two (2) provinces in Mindanao - Saranggani in Central Mindanao and Basilan in the Bangsamoro Autonomous Region in Muslim Mindanao.

d. *City Nutrition Governance Program*

(partner: Nutrition International (NI))

Before the KGJF pilot project ended in 2019, NI partnered with ZFF to improve nutrition governance in three cities. The NI project adopted the KGJF interventions but tweaked them to fit the needs of cities and incorporate lessons learned from the pilot project.

The NI project has three goals: (1) increase high level integration of non-health sectors into health and nutrition; (2) increase the competencies of local government unit (LGU) officials on nutrition governance; and (3) build competencies of health and nutrition frontline.

e. *Integrated Provincial F1KD Leadership Governance Program*

(partner: United Nations Children's Fund (UNICEF))

The Foundation collaborates with UNICEF to improve service delivery and access to services in the first 1000 days in the provinces of Northern Samar, Samar, and Zamboanga del Norte. These provinces were previously enrolled in ZFF's Provincial Leadership and Governance Program. ZFF works closely with DOH Centers for Health Development of Eastern Visayas and Zamboanga Peninsula, and the regional offices of the National Nutrition Council in developing regional coaching and mentoring capacities.

f. *Strengthening Puerto Princesa's ASRH interventions*

(partner: Pascal Gueissaz)

Since 2018, the Pascal Gueissaz grant has been used to (1) increase awareness of adolescents and their parents on adolescent sexual reproductive health (ASRH) and rights and (2) improve Puerto Princesa City's policy environment for health and development programs on adolescents.

g. *Youth Leadership and Governance Program*
 (partner: United Nations Population Fund (UNFPA))

The partnership program with the UNFPA is called the Youth Leadership and Governance Program (YLGP). It involves 10 target municipalities from Sarangani, Sultan Kudarat and Lanao del Sur. Engaged participants are Sanggunian Kabataan Federation presidents and their identified core group namely: mayor, municipal health officer (MHO), local youth development officers, and youth leaders from organized local youth organizations.

The YLGP is focused on increasing demand for ASRH services among adolescent and youth. It is assumed that target municipalities have already increased access to services through strengthened and improved health system since all had leaders who had undergone either the Municipal Leadership and Governance Program or the Community Health Partnership Program.

h. *Minimum Initial Service Package for Sexual and Reproductive Health*
 (partner: UNFPA)

It is difficult for LGUs to establish systems to provide sexual and reproductive health (SRH) services during emergencies and pandemics. Little progress has been made to institutionalize Minimum Initial Service Package (MISP) for SRH at the local level despite legal requirements. To build leadership competencies for the complex task, ZFF, in partnership with the UNFPA and support from the Australian government, developed a health leadership and governance executive course based on ZFF's Health Leadership and Governance Program and the YLGP.

MISP-SRH requires a resilient health system to ensure basic reproductive health services are always available despite disruptions.

The project is located in three provinces: Catanduanes, Laguna and Maguindanao.

i. *Bangsamoro Autonomous Region in Muslim Mindanao Health*
 [Partner: University Research Co. (a sub-agreement for a U.S. Agency for International Development program)]

Through leadership and governance training, the BARMM Health project in Maguindanao and Basilan aims to strengthen the capacity of the Ministry of Health (MOH) and governors and mayors to develop, implement, and scale up high impact interventions and client-centered care approaches in family planning (FP), maternal and child health, and adolescent reproductive health services. It also aims to increase access to FP and ASRH information and services by improving province's supply chain management, human resource development, and financing for FP, as well as by encouraging regional support for the local implementation of reproductive health (RH) and programs. The project aims to promote appropriate birth spacing and family planning methods to reduce unwanted pregnancies, sexually transmitted infections, and improvements in maternal and child health.

The project covers the following areas: Basilan (5 municipalities), Maguindanao (5municipalities), MOH and Population Commission-BARMM

j. *The Challenge Initiative (TCI)*
 (partner: Gates Institute at Johns Hopkins University)

The 5-year TCI-ZFF partnership aims to reduce teenage pregnancies by strengthening and advocating adolescent-health friendly cities. ZFF is a co-investor of TCI and will have a cost-sharing ratio of 1:1 for the period 2020-2024. The ZFF partner cities of Puerto Princesa, Dipolog and Cagayan de Oro were selected based on their political commitment, resource contribution, health system readiness, size for potential impact and stakeholder engagement.

k. *Knowledge Management*

ZFF documents its learnings and experiences in program implementation and funds research studies on program innovations, effectiveness, and its effects on LGUs. ZFF creates public health advocacy activities to share information, promote health programs and policies, and learn about upcoming health developments.

l. *ZFF Institute*

The core of ZFF's health leadership training for public health officers is to foster the understanding of the complexities of the healthcare system to enable health officers to realize their roles in addressing existing challenges, and to collaborate with others to address them. The programs underscore the importance of health leadership and governance in establishing and sustaining pro-poor healthcare systems and policies. The programs are for mayors, municipal health officers, governors, provincial health officers, and DOH officials to promote a systemic mindset for overcoming challenges and redress inequities in community healthcare.

12. Salaries, Wages and Other Benefits

This account consists of payroll and non-payroll related accounts as follows:

	2021	2020
Salaries and wages	₱65,192,727	₱58,731,838
13 th month pay	9,550,163	7,950,381
Rice and laundry allowance	1,724,004	1,470,019
Service incentive leave	566,354	1,583,162
Uniform allowance	485,079	360,258
Transportation allowance	36,001	36,001
Total payroll related account	77,554,328	70,131,659
Medical insurance	2,186,004	1,370,448
SSS	1,856,850	1,349,220
PHIC	739,019	640,032
Life insurance	386,218	347,301
Accident insurance	₱343,766	₱261,558
SSS provident expense	175,413	-
HDMF	95,100	83,000
Other benefits	961,253	1,020,594
Total non-payroll related account	6,743,623	5,072,153
Total salaries, wages and other benefits	₱84,297,951	₱75,203,812

13. Retirement Costs

The Foundation has a funded, noncontributory defined benefit plan covering all permanent employees.

The amounts included in the statements of assets, liabilities and fund balance are as follows:

	2021	2020
Fair value of plan assets	₱9,311,260	₱12,376,335
Defined benefit obligation	(5,449,249)	(7,373,965)
Retirement asset	₱3,862,011	₱5,002,370

Changes in the fair value of plan assets in 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of year	₱12,376,335	₱12,569,230
Return on plan assets	55,677	429,452
Benefits paid from the plan assets	(3,120,752)	(622,347)
Balance at end of year	₱9,311,260	₱12,376,335

Changes in the defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year, as adjusted	₱7,373,965	₱6,427,989
Retirement expense	1,196,036	1,568,323
Benefits paid	(3,120,752)	(622,347)
Balance at end of year	₱5,449,249	₱7,373,965

The allocation of the plan assets is shown below:

	2021	2020
Cash and cash equivalents	0.07%	0.07%
Investment in:		
Unit Investment Trust Fund (UITF)	32.45%	2.11%
Government securities	67.27%	97.30%
Receivables	0.30%	0.64%
Trust fee payable	(0.09%)	(0.12%)

The plan assets of the Foundation are maintained by a trustee bank.

The plan assets are composed of cash in banks, receivables - net of payables and investments in debt securities. Descriptions of each category are as follows:

- Cash and cash equivalents consist of savings deposits.
- Investments in debt securities consist of investments in government securities and UITF.
- Receivables - net of payables consist of interest receivables.

14. Supplementary Information Required Under Revenue Regulations No. 15-2010 and Revenue Regulations 34-2020

Exempt from Tax on Corporations

The Foundation being a nonstock and nonprofit charitable institution is exempted from taxation of corporation.

Below is the additional information required by RR No. 15-2010:

- The NIRC of 1997 also provided for the imposition of VAT on sales of goods and services. Accordingly, the Foundation's sales are exempt from output VAT while its importation and purchases from other VAT-registered individuals or corporations are exempt from input VAT.

- Taxes and Licenses

Taxes and licenses, local and national, include licenses and permit fees which were recorded under "Taxes and licenses" in the statements of revenues and expenses.

	Amount
Business permit	₱33,935
Annual registration fee	500
Others	24,779
	₱59,214

- Withholding Taxes

	Paid	Accrued	Total
Expanded withholding taxes	₱1,733,098	₱725,983	₱2,459,081
Withholding taxes on compensation and benefits	10,012,790	1,337,115	11,349,905
	₱11,745,888	₱2,063,098	₱13,808,986

- Tax Cases

The Foundation has no tax cases in any courts or bodies outside the BIR as at December 31, 2021.

- RR No. 34-2020

The Foundation is not covered by the requirements and procedures for related party transactions provided under RR No. 34-2020.

Abbreviations

ADAR – Average daily attack rate	mCPR – Modern Contraceptive Prevalence Rate
AIDS - Acquired immunodeficiency syndrome	NAR – Nutritionally at-risk
ASRH – Adolescent Sexual and Reproductive Health	NCD – Noncommunicable disease
AYSRH – Adolescent and Youth Sexual and Reproductive Health	OPT+ – Operation Timbang Plus
BHW – Barangay health worker	OYDC – Oro Youth Development Council
BNS – Barangay nutrition scholar	PHC – Primary health care
CDO – Cagayan de Oro	PhilHealth – Philippine Health Insurance Corp.
CNGP – City Nutrition Governance Program	PLGP – Provincial Leadership and Governance Program
CVD – Cardiovascular disease	PNGP – Provincial Nutrition Governance Program
DOH – Department of Health	PopCom – Commission on Population and Development
EO – Executive Order	PopDev – Population and Development
ESU – Epidemiology and Surveillance Unit	RH Law – Responsible Parenthood and Reproductive Health Act
F1KD – First 1,000 Days	RHU – Rural health unit
GIDA – Geographically isolated and disadvantaged area	SK – Sangguniang Kabataan
HCM – Health Change Model	Soccsksargen – South Cotabato, Cotabato, Sultan Kudarat, Sarangani, and General Santos
HEPO – Health education promotion officer	TaLaSan – Talacogon, La Paz, San Luis
HIV – Human immunodeficiency virus	TCI – The Challenge Initiative
IHLGP – Institutionalization of Health Leadership and Governance Program	TESDEC – Technical Education, Skills Development, and Employment Committee
ILHZ – Inter-local Health Zone	UHC – Universal Health Care
IP – Indigenous people	UNFPA – United Nations Population Fund
ISO - International Organization for Standardization	USAID – United States Agency for International Development
LBW – Low birth weight	YLGP – Youth Leadership and Governance Program
LGU – Local government unit	ZFF – Zuellig Family Foundation
LHS – Local health system	

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