



# Asian Development Bank & Philippines

## FACT SHEET

**Table 1. Philippines: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)**

Loans		Technical Assistance		Grants	Total
Sovereign	Nonsovereign	Assistance	Grants		
900.00	75.00	5.44	-	980.44	

- = nil.  
Note: Grants and technical assistance include cofinancing.

**Table 2. Philippines: Cumulative Lending, Grant, and Technical Assistance Approvals<sup>a, b</sup>**

Sector	No.	Total Amount (\$ million) <sup>c</sup>	% <sup>c</sup>
Agriculture, Natural Resources, and Rural Development	170	2,075.55	13.21
Education	36	967.34	6.16
Energy	74	3,412.06	21.72
Finance	66	1,394.68	8.88
Health	25	376.52	2.40
Industry and Trade	33	596.22	3.79
Multisector	24	706.95	4.50
Public Sector Management	73	3,548.15	22.58
Transport	73	1,559.25	9.92
Water and Other Urban Infrastructure and Services	70	1,074.31	6.84
<b>Total</b>	<b>644</b>	<b>15,711.03</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Total may not add up because of rounding.

**Table 3. Philippines: Cumulative Nonsovereign Financing by Product**

Number of Projects	Amount (\$ million)
Loans	670.32
Equity Investments	64.85
Guarantees	18.40
B Loans	113.58
<b>Total</b>	<b>867.15</b>

The Philippines is among the fastest-growing economies in Southeast Asia, with upgrades to sovereign investment ratings confirming improvements in the country's macroeconomic fundamentals. The Government of the Philippines has defined its development objectives as driving rapid but inclusive economic growth, accelerating employment on a massive scale, and reducing poverty.

Since 1966, the Asian Development Bank (ADB) has been a strong partner in the development of the Philippines, its host country. The ADB country partnership strategy (CPS), 2011–2016 for the Philippines focuses on improving the investment climate, more effectively delivering social services, and minimizing disaster risks. Weight is also given to strengthening governance, and developing infrastructure through public channels, as well as building on the successes of the government's public-private partnerships.

Regional priorities include recovery in the Visayas after Typhoon Haiyan (known locally as Typhoon Yolanda), and the need to support the Bangsamoro Peace Agreement in Mindanao by accelerating development in the area.

Cumulative disbursements to the Philippines for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$11.70 billion.

### ADB-Supported Projects and Programs

In 2014, ADB approved funding of \$350 million to support reforms aimed at developing competitive labor markets in the Philippines. These reforms include a youth employment program, a program to develop skills and services in the tourism industry, and longer-term labor policy reforms. A policy-based loan of \$250 million will contribute to inclusive growth via more efficient service delivery by local governments. Meanwhile, a results-based loan of \$300 million will help the government establish an effective senior high school system, and enhance youth employment opportunities, benefiting about 5.9 million students over 3 years. Technical assistance, totaling \$5.05 million, was also approved for six projects in preparatory and capacity development.

Assistance to the Philippines after Typhoon Haiyan has been extensive. Full implementation of the ADB program in communities affected by the typhoon began in 2014 and will continue through 2016. This follows on from the assistance of \$900 million provided in 2013 for livelihood restoration, infrastructure reconstruction, and climate resilience initiatives, as well as budget support to the government. ADB has also established an extended mission in Tacloban to coordinate with regional offices on aid activities related to the recovery. ADB administers the Typhoon Yolanda Multi-Donor Trust Fund, as a channel for contributions from bilateral and multilateral institutions, and the private sector.

In Mindanao, ADB is supporting the Comprehensive Agreement on the Bangsamoro to help increase investment and foster economic development. ADB provided advisory assistance to formulate the Bangsamoro Development

**Table 4. Philippines: Project Success Rates**

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	33.33	6
2008	–	1
2009	80.00	5
2010	20.00	5
2011	50.00	2
2012	100.00	1
2013	50.00	2
<b>Total</b>	<b>45.45</b>	<b>22</b>

– = nil.

Note: “Year” refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years’ fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

**Table 5. Philippines: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014**

	Number of Ongoing Loans (as of 31 Dec 2014)	
	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	110.6	409.4
Disbursements <sup>a</sup>	122.9	683.5
Number of Ongoing Grants (as of 31 Dec 2014) <sup>c</sup>		
	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments <sup>a,b</sup>	–	3.0
Disbursements <sup>a</sup>	1.7	0.1
Actual Problem Projects (%)	14	

– = nil.

Note: Totals may not add up because of rounding.

<sup>a</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>b</sup> Excludes policy-based lending/grants.

<sup>c</sup> Includes only Asian Development Fund and other ADB special funds.

Plan, which focuses on improvements to quality of life, infrastructure, education, social services, environment, issues of culture and identity, security, and normalization. ADB will also support adult literacy and productivity enhancement programs in Bangsamoro, while technical assistance includes the Improving National Roads for Inclusive Growth in Mindanao Project, and updating of the Mindanao Transport Network Master Plan.

## Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$867.15 million in financing for 28 private sector projects in the Philippines. Total outstanding balances and commitments of ADB’s private sector transactions in the country as of 31 December 2014 was \$72.99 million, representing 0.92% of ADB’s total nonsovereign portfolio.

ADB’s Trade Finance Program (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. The TFP has done over 10,300 transactions supporting over \$20.5 billion in trade and over 6,000 small and medium-sized enterprises since 2004. In 2014, the TFP supported \$3.8 billion in trade through over 1,900 transactions. In the Philippines, the TFP works with

two banks and has supported over \$185 million in trade between 36 transactions. In addition to filling market gaps, the TFP’s objective is to mobilize private sector capital/involvement in developing Asia. In the Philippines, 51.34% of the \$185 million in trade supported through the TFP was cofinanced by the private sector.

## Cofinancing

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB’s TFP.

By the end of 2014, cumulative direct value-added (DVA) official cofinancing for the Philippines amounted to \$3.40 billion for 53 investment projects, and \$84.9 million for 61 technical assistance projects. Cumulative DVA commercial cofinancing for the Philippines amounted to \$379.06 million for eight investment projects.

In 2014, the Philippines received \$629.0 million loan cofinancing from the Government of France and the World Bank.

**Table 6. Philippines: Projects Cofinanced, 1 January 2010–31 December 2014**

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	13	1,276.98
Grants	6	32.50
Official loans	7	979.00
Commercial cofinancing	2	265.48
Technical Assistance Grants	28	62.83

<sup>a</sup> A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at [www.adb.org/countries/philippines/cofinancing](http://www.adb.org/countries/philippines/cofinancing)

## Partnerships

Along with the Japan International Cooperation Agency and the World Bank, ADB makes up the top three development partners to the Philippines, providing assistance amounting to an average of \$600 to \$700 million annually. While ADB funding has mostly been in program or policy loans that provide direct budget support to the government, the share of investment lending at the sector level has increased in recent years. Significant assistance has been provided through partnerships with other bilateral and multilateral institutions, in line with ADB’s long-term strategic framework, Strategy 2020.

In 2014, two major collaborative cofinancing arrangements were approved for the Philippines. Provision of \$479 million was made by the World Bank for the Kapit-Bisig Laban sa Kahirapan (Linking Arms Against Poverty)–Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) National Community-Driven Development, and \$150 million from Agence Française de

## Procurement

### Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

**Table 7. Philippines' Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects**

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	104.82	1.59	107.84	1.26	5,302.14	3.92
Consulting Services	21.20	4.15	24.59	4.43	401.94	4.03
<b>Total Procurement</b>	<b>126.02</b>	<b>1.77</b>	<b>132.43</b>	<b>1.45</b>	<b>5,704.08</b>	<b>3.93</b>

### Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 17,287 contracts were awarded to contractors and suppliers from the Philippines worth \$5.30 billion.

**Table 8. Top 5 Contractors/Suppliers from the Philippines Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Fumaco, Inc.	ENE	11.18
R.D. Interior Junior Construction	TRA	9.30
Alcatel-Lucent Philippines, Inc.	TRA	5.17
Vicente T. Lao Construction	TRA	3.86
R.D. Policarpio & Co., Inc.	TRA	3.40
Others		685.08
<b>Total</b>		<b>717.99</b>

ENE = Energy, TRA = Transport.

## Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 5,477 contracts were awarded to consultants from the Philippines worth \$401.94 million.

**Table 9. Top 5 Consultants from the Philippines Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014**

Consultant	Sector	Contract Amount (\$ million)
Renardet S.A. Consulting Engineers	TRA	20.58
Pacific Rim Innovation & Management Exponents	ANR, EDU, HLT	17.13
Angel Lazaro & Associates	TRA	10.09
Plan International, Inc.	MUL	8.00
Lahmeyer IDP Consult, Inc.	ANR, PSM, WUS	6.23
Individual consultant/s		49.00
Others		30.74
<b>Total</b>		<b>141.78</b>

ANR = Agriculture, Natural Resources, and Rural Development; EDU = Education; HLT = Health; MUL = Multisector; PSM = Public Sector Management; TRA = Transport; WUS = Water and Other Urban Infrastructure and Services.

## Operational Challenges

As of 31 December 2014, the ADB portfolio in the Philippines consisted of 11 loans totaling \$2.5 billion. These projects were mostly in the sectors of education; public sector management; industry and trade; energy; agriculture, natural resources, and rural development; and transport.

The CPS, 2011–2016 for the Philippines emphasizes the need to improve portfolio management. Portfolio performance has been affected by slow project start-ups, delays in implementation, and weak capacity in project management. ADB has therefore aligned its portfolio management with the government's official development assistance portfolio review process, working with other development partners to analyze systemic bottlenecks. ADB has also applied project readiness filters to improve quality at entry, and has completed a comprehensive review of the country's official development assistance management systems, including the channeling of funds to local government units. ADB regularly provides national government agencies and local government units with workshops on capacity development in procurement and disbursement, with special attention to susceptible projects. Increasing use of the results-based lending modality is also expected to identify investment projects that make better use of country systems to increase implementation efficiency.

## Future Directions

ADB will continue to combine policy-based lending with capacity development, supporting the creation of an enabling economic environment and broader governance

reforms. ADB will also gradually expand sector-level policy and investment lending. The ADB funding strategy in the Philippines is shifting away from stand-alone projects and toward segments of national programs. ADB continues to provide technical assistance to further add to the knowledge value of loan financing. Stakeholder consultations and systematic engagement with the government will continue to strengthen partnerships and facilitate strong country ownership of operations.

The country operations business plan (COBP), 2015–2017 will focus on creating jobs, developing labor skills, enhancing education, driving infrastructure development, and improving the investment climate. The COBP will support national programs as well as regional development in the Visayas and Mindanao. These are consistent with the priorities of ADB's CPS, 2011–2016 and the Philippine Development Plan, 2011–2016.

## About the Philippines and ADB

### ADB Membership

Joined 1966

### Shareholding and Voting Power

Number of shares held:	252,912 (2.393% of total shares)
Votes:	292,342 (2.213% of total membership, 3.399% of total regional membership)
Overall capital subscription:	\$3.66 billion
Paid-in capital subscription:	\$183.18 million

**Muhammad Sami Saeed** is the Director and **Gaudencio Hernandez, Jr.** is the Alternate Director representing the Philippines on the ADB Board of Directors.

**Richard Bolt** is the ADB Country Director for the Philippines. The Philippines Country Office was opened in 2001, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The country office engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in the Philippines.

The Philippine government agency handling ADB affairs is the Department of Finance.

### About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

## Contacts

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

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