

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
(2000-2002)**

PHILIPPINES

January 2000

FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank for the Philippines covering the three-year period 2000-2002. It includes loan and technical assistance projects, as well as possible cofinancing from other donors. The CAP was prepared by the ADB between April and June 1999, in close consultation with the Government of the Philippines, and other stakeholders, including non-government organizations. The CAP was discussed with the Board of Directors in October 1999. The assistance plan described in the CAP is only indicative and may be revised to reflect more recent developments.

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CURRENCY EQUIVALENTS

(as of 31 January 2000)

Currency Unit	–	Peso (₱)
P1.00	–	\$0.0247
\$1.00	–	₱40.535

ABBREVIATIONS

ADF	-	Asian Development Fund
ADTA	-	Advisory Technical Assistance
ARC	-	Agrarian Reform Community
BIMP-EAGA	-	Brunei Darussalam, Indonesia, Malaysia, Philippines- East Asia Growth Area
BOO	-	Build-Operate-Own
BOT	-	Build-Operate-Transfer
CG	-	Consultative Group
COA	-	Commission on Audit
COS	-	Country Operational Strategy
DOH	-	Department of Health
GDP	-	Gross Domestic Product
HDI	-	Human Development Index
JBIC	-	Japan Bank for International Cooperation
J-EXIM	-	Export-Import Bank of Japan
IMF	-	International Monetary Fund
LCF	-	Local Cost Financing
LFPR	-	Labor Force Participation Rate
LGU	-	Local Government Unit
MNLF	-	Moro National Liberation Front
MTPDP	-	Medium-Term Philippine Development Plan
MWSS	-	Manila Water Supply and Sewerage
NFA	-	National Food Authority
NGO	-	Non-Government Organization
NMI	-	New Miyazawa Initiative
OCR	-	Ordinary Capital Resources
OECD	-	Overseas Economic Cooperation Fund
PESS	-	Philippines Education Sector Study
TA	-	Technical Assistance

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this Report, "\$" refers to US dollars.

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PHILIPPINES

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PHILIPPINES

I. Country Economic Performance

A. Economic Performance Assessment

1. The economic crisis had interrupted a phase of steady growth being experienced since the mid-1990s. Gross domestic product (GDP) growth dropped sharply from 5.2 percent in 1997 to -0.5 percent in 1998. This was the result of weak industrial sector performance, which contracted by 1.7 percent in 1998, and a severe contraction of the agriculture sector by 6.6 percent due to the El Niño phenomenon. The economic slowdown in 1998 led to increased unemployment and a fall in savings and investment. In 1999, however, GDP growth has picked up with agricultural recovery and stood at 2.6 percent in the first three-quarters of the year.

2. The fiscal situation deteriorated in 1998 with the consolidated public sector as well as the national Government budget showing significant deficits. This was caused by higher debt servicing costs due to currency depreciation and reduced revenues resulting from slower growth. Inefficiencies in public sector spending over the years appear to have aggravated the problem. The 1999 budget projects a deficit to provide a fiscal stimulus. Monetary policy was tightened following the currency depreciation in July 1997 which led to high interest rates. Following the stability in the exchange rate and decline in inflation, the authorities have been successful in lowering interest rates which fell to pre-crisis levels by May 1999, but investor confidence is yet to recover. Domestic credit growth has been weak in 1999 indicating subdued economic activity. Inflation has been showing a downward trend partly due to weak overall demand and partly due to revival of agricultural production in 1999, and reached around 5 percent towards the end of 1999.

3. The export growth momentum that had provided the much-needed demand stimulus in 1998 is continuing but at a reduced pace in 1999. This, along with the import contraction as a result of the economic downturn, resulted in a surplus in the current account in 1998, which is again likely in 1999. Moreover, the authorities have been successful in accessing the international capital markets for funds as well as mobilizing resources from bilateral and multilateral sources which resulted in foreign exchange reserves being built up to pre-crisis levels (\$12 billion) by March 1999. The Consultative Group Meeting held in March 1999 at Tokyo pledged \$4.5 billion in assistance for the Philippines in 1999. Despite the crisis, external debt and its servicing remained at manageable levels. Though external debt had risen to \$48.1 billion by June 1999 from \$42 billion at the end of 1996, the share of short-term debt then was 13.6 percent while the debt service ratio stood at 12.5 percent in August 1999.

4. The policy pronouncements of the new administration have emphasized macroeconomic stability; encouraging economic revival through lowering interest rates, maintaining the competitiveness of the peso, and promoting exports. Commitment to continued reforms in areas of financial and capital markets, deregulation and privatization of infrastructure services, and liberalization of foreign investments have been stressed. High priority has been accorded to agriculture and rural development and strengthening of safety nets. Governance issues, particularly anticorruption activities have been emphasized. These measures, if implemented, will help in boosting investor confidence and restoring capital inflows. Quick passage of the several pieces of pending priority legislation¹ will also help in confirming Government's commitment to reforms.

¹ Such as the Securities Act, the amendments to the General Banking Act and the Omnibus Power Industry Bill.

5. Successful recovery hinges both on skillful economic management and exogenous factors such as the weather and regional and global developments. Government can play a major role by providing a fiscal stimulus to revive demand; though inflation must also be controlled. A close watch over the non-performing loans situation will have to be kept so as to prevent declining asset quality from fatally infecting the banking and corporate sectors. If developments are favorable, the recovery process that has begun in 1999 can be sustained. The principal sources of growth could originate from agricultural recovery, continued export growth, a revival of private investments, and higher public developmental outlays. A GDP growth rate of 2.7-3.2 percent in 1999 is likely.

6. Revival of growth and sustaining it would require further reforms in several areas. In the area of macroeconomic management, additional revenue generation measures and greater productivity of expenditures are called for. Strengthening of social safety nets calls for larger allocations to the social sectors. The finances of local government units (LGUs) which play an important role in this regard need attention. With the exchange rate stabilizing, monetary policy should focus more on revival of the domestic economy while being mindful of the dangers of inflation. While the balance of payments situation has eased, foreign exchange reserves must be built up to adequate levels to provide not only for imports but also movements of short-term capital.

7. Regular reviews of overall macroeconomic performance are being undertaken by the International Monetary Fund (IMF) under the two-year Standby Arrangement entered into by the Government with the IMF in March 1998. The Government has begun a program of structural reforms assisted by the Asian Development Bank (ADB) and World Bank, which supports the Standby Arrangement.

B. Assessment of Socio-Economic Performance

1. Poverty Issues

8. High incidence of poverty continues to persist in the Philippines and may have increased as a result of the crisis. In the decade prior to the crisis, poverty had been on a declining trend. The Family Income and Expenditure Survey of 1997 showed that poverty incidence declined from 49.3 percent in 1985 to 40.6 percent in 1994 and to 37.5 percent in 1997, the latest year for which such information is available.² The impact of the financial crisis was exacerbated by the El Niño phenomenon. Hence both the urban and rural sectors suffered severe shocks. Rising prices and a weakening labor market resulted in declining real income and an increase in poverty. The combination of continued high population growth rate of 2.2 percent along with a decline of GDP in 1998 and prospects of low GDP growth in 1999 also suggest that an increase in the incidence of poverty is likely. Bank surveys carried out in January 1999 indicate that self-rated poverty incidence increased from 40 percent in 1997 to 43 percent in 1998.

9. The improvement in poverty incidence prior to the crisis was more of an urban than rural phenomenon. Between 1994 and 1997 urban poverty incidence of population declined from 28 percent to 22.5 percent while rural poverty incidence fell only from 53.1 percent to 51.2 percent,³ thus more than half the rural population is still poverty stricken. While in 1994 there were twice

² The corresponding figures for incidence of poor *families* dropped from 44.2 percent in 1985 to 35.5 percent in 1994 and to 32.1 percent in 1997.

³ The corresponding incidence of poor *families* dropped from 24 percent to 18.5 percent in urban areas while the reduction was from 47 to 44.4 percent in rural areas.

as many rural families that were poor than urban, in 1997 there were 2.4 times as many. This emphasizes the need for concerted poverty reduction efforts aimed at revitalizing rural areas. The lowest incidence of poverty is in the National Capital Region and surrounding areas. The highest levels of poverty, exceeding 50 percent, are in the Autonomous Region for Muslim Mindanao, the Central and Northern Regions of Mindanao and the Bicol Region. The poor in rural areas tend to be self-employed in agriculture and related activities and casual laborers of all types in urban and rural areas. There is a strong link between rural and urban poverty as the urban poor are mainly rural migrants. Nonetheless urban poverty has its own specific characteristics and needs special instruments of interventions. Policies for poverty reduction will therefore require both improved sustainable rural income generation as well as targeted interventions in both urban and rural areas. Difficulties in identifying the poor and providing monitorable and effective interventions will have to be overcome. Both the Government's medium term development plan and ADB's country operational strategy emphasize poverty reduction through measures such as promoting equitable growth, rural development and higher investments in social sectors (see Section II). Poverty redressal should not only be viewed from the income angle, but should also consider the broader aspects of human deprivation, development and quality of life in both urban and rural areas.

2. Gender Issues

10. According to the 1998 Human Development Report, the Philippines ranked 82nd out of 165 countries in the Gender-related Development Index (GDI).⁴ The Philippines ranked 46th out of 102 countries in the Gender Empowerment Measure.⁵ In general, in comparison with regional comparators, the Philippines ranks slightly better in gender empowerment than gender development.

11. In the Philippines, as elsewhere in Asia, women are the last resort of household survival. They hold the last primary responsibility to feed the family, to care for children and the elderly. The impact of the drought and economic crisis, of rising food prices, cost of school supplies, and lower household wages, has fallen squarely on the shoulders of women who must still put food on the table. To meet these needs more women have entered the labor force to supplement household income. This is reflected in a 0.3 percent percentage point increase in the female labor force participation rate (LFPR) between January 1997 and January 1999 as against a 0.3 percent decline in the male LFPR during the same period. Special women's issues in the Philippines include the impact of globalization on women workers and the need for skill improvement, protection of domestic and home workers, and access to contraceptives.

3. Human Development

12. According to the 1998 Human Development Report, the Philippines ranked 98th out of 174 countries in the Human Development Index (HDI). In comparison with regional comparators, the Philippines lags in terms of human development. The Philippine Human Development Report for 1994 indicates that provincial and regional HDIs have tended to follow the regional distribution of poverty. This highlights the need to redress regional inequity. While the Philippines has recorded improvements in key development indicators over the past 10 years, there is scope for improvement in life expectancy and health indicators such as low birth

⁴ The GDI uses the same variables as the HDI (life expectancy; adult literacy; first, second and third level gross enrolment ratio; and per-capita GDP) but adjusts the variables to account for the differences in achievements between men and women.

⁵ The Gender Empowerment Measure measures the relative empowerment of women and men in economic and political life.

weight infants, crude death rate, infant and maternal mortality, and access to sanitary facilities. Moreover, in the face of limited budgetary resources, rapid population growth has limited the expansion of basic services. Insufficient investment in education had led to declining student-teacher ratios, increased dropouts in basic education and low achievement scores in recent years. In addition, a Bank study on the social impact of the recent crisis found that the crisis resulted in lower enrolment rates and higher dropout rates in education; caused reduced availability of medicines and vaccines and affected the Government's immunization program. The inadequate budgetary provisions for education and health in 1998 and 1999 will further affect the quality of education and reduce expansion of much needed primary health care services and undermine support for family planning, immunization, and feeding programs.

4. Environment

13. Environmental degradation and its impact on the population and economic growth continues to be a major challenge. All the major environmental concerns (e.g., urban water and air pollution, degradation of forests and watersheds, and deterioration of marine and coastal resources) are exacerbated by increased population pressure and intensified economic activities. To address these environmental concerns and to meet its international commitment to sustainable development, the Government adopted in September 1996 the Philippine Agenda 21 as its national action plan to further integrate environmental considerations into decision making for social and economic development. Despite the economic difficulties caused by the crisis, the new administration is placing emphasis on addressing environmental concerns of immediate concern, such as air quality improvement and better environmental management of the Pasig river system.

14. It is increasingly recognized that to address its environmental problems, the country needs not only increased financial investment for environment rehabilitation and improvement but also far-ranging policy reforms and enforcement measures. The major issues to be addressed include: (i) further improving the legal framework for environmental management; (ii) strengthening the institutional structure both at the national and local levels for environmental planning and management; (iii) strengthening the institutional capacity for environmental monitoring and enforcement; (iv) introducing more market-based instruments for environmental management; (v) undertaking environmental awareness and education programs; (vi) introducing demand management techniques for services such as electricity and water supply; and (vii) refining and expanding the use of "polluter pays" principle. ADB has been actively involved in policy dialogue on the reform initiatives in these areas. Upon the request of the Government, more financial and staff resources have been directed towards addressing the environmental concerns of the country. Special attention will be placed on ensuring timely and effective implementation of the policy reforms adopted by the Government.

C. Governance: Sound Development Management

15. Among the important governance issues in the Philippines that need attention are: (i) improving efficiency, transparency and accountability in public sector functioning and tackling corruption; (ii) strengthening the decentralization and devolution process; (iii) enhanced participation of civil society in policy making and public investment decisions; and (iv) improvement of peace and development, especially in the Southern Philippines.

16. Public sector functioning can be improved through measures such as simplification of procedures and adoption of strategic planning and performance-based management systems. Concerns about size and functioning of the civil service resulted in the 1992 Streamlining of the

Bureaucracy Plan. The size of the civil service has, however, continued to grow. Privatization and deregulation have improved service delivery. Apart from telecommunications, electricity distribution and water supply in Metro Manila have been privatized. The Government has embarked on a program of privatization in several other areas such as the National Food Authority (NFA) and power generation. Transparency in government will continue to improve with progress in the functioning of institutions such as the Commission on Audit (COA) and the Ombudsman. A more effective legal system and the setting up of effective regulation are also crucial to this process.

17. Although considerable progress in devolution has been made since the 1991 Local Government Code, the process is incomplete and problems have surfaced. These relate to inconsistencies in pay structures between national government and devolved staff, lack of capacities and finance of LGUs, complaints about inadequate revenue allotments from the national government, and overlap in the functions of the three levels of government.

18. The Government has initiated frequent consultations with the private sector on issues relating to economic policy and private sector participation through mechanisms such as the joint public-private business councils. The public sector is also opening itself up to participation by civil society groups such as the non-government organizations (NGOs) and people's organizations.

19. Though the Government had embarked on a major peace and development initiative in the Southern Philippines following the peace settlement with the Moro National Liberation Front (MNLF), the development process is yet to gather momentum. The main constraints are poor capacities amongst LGU staff especially in the areas earlier affected by strife, multiplicity of government organizations with overlapping functions, and continuance of unstable peace and order conditions in certain areas.

20. The new Government has recently adopted a comprehensive approach towards governance viz., (a) economic governance, (b) political governance, and (c) administrative governance. Economic governance would encompass better economic management, speedier privatization, and better regulation. Political governance will comprise furthering the devolution process, introducing greater transparency and consistency in government decision-making and eliminating graft and corruption. Better administrative governance is to be attained through re-engineering and streamlining the bureaucracy; enhancing public service for better public satisfaction; establishing performance indicators and benchmark standards to judge efficiency of government performance; expanding use of information technology; and sustaining an ethical bureaucracy.

D. Implementation Assessment

1. The Portfolio

21. As of 31 December 1998, ADB had approved 172 loans – 161 for public sector projects and 11 for private sector projects at \$7.29 billion. This constitutes 14.3 percent of total Bank lending. One hundred thirty-two loans amounting to \$6.18 billion were sourced from ADB's ordinary capital resources (OCR) and 40 loans at \$1.11 billion were from the Asian Development Fund (ADF). Of the 161 public sector loans approved for the Philippines, 112 have been closed as of 31 December 1998. All the private sector projects have been fully disbursed. Following the country portfolio review of 1998, \$55.83 million was cancelled from ADB's

undisbursed portfolio. A spring cleaning exercise was carried out in June 1999, in which ADB and the Government agreed to cancel up to \$150 million further, from the undisbursed portfolio.

22. As of 31 December 1998, ADB had provided technical assistance (TAs) for 253 projects amounting to \$103.6 million. Of the 253 TAs, 115 were for project preparation and 138 were advisory technical assistance (ADTAs). A large percentage share both in terms of amount and number of total TAs approved has been extended to the agriculture and natural resources and the social infrastructure sector.

23. A comparison between all TAs approved since the beginning of operations and ongoing TAs shows a sharp increase in the share of TAs in the social infrastructure sectors both by number and amount, in keeping with the greater emphasis on social infrastructure in the country strategy. While the share of this sector by number is 21 percent of all TAs approved so far, for ongoing TAs the share has increased to 40 percent. The corresponding figures by amount also show this trend: 24 percent to 41 percent. Other sectors that remain important, though with smaller shares are agriculture and agro-industry, and physical infrastructure sectors. In recent years, the TA program has emphasized capacity building for development management and for strengthening planning, policy formulation and administrative capacities of development agencies. A cluster of three TAs for development of capacity building in LGUs is being provided; the first of which, for improving public finance and planning capacity, is currently ongoing.

2. Issues in Project Implementation

24. Fifty-seven ADB-assisted projects in the Philippines have been reviewed in postevaluation studies. Of these, 26 projects (45.6 percent) were rated as generally successful and 18 as partly successful (31.6 percent). Thirteen (22.8 percent) of the postevaluated projects were rated as "unsuccessful". In comparison, the Bankwide average is around 11.2 percent. Of these 13, seven were in the natural resources/agriculture sector, two in the finance and industry sector, two in the social infrastructure sector, and two in the transport and communications sector. Projects in the energy sector were generally more successful. The major reasons for the "unsuccessful" projects were: (i) agriculture – inadequate preparation and design, lack of beneficiary participation, institutional weaknesses, inadequate maintenance, and external factors such as natural calamities and falling agricultural prices in world markets; (ii) finance – development banking projects were initiated during the recession in the 1980s, and participating institutions lacked autonomy and expertise in loan appraisal and supervision; (iii) social infrastructure – a systemwide approach is necessary to remedy situations of high non-revenue water and this was not recognized in designing water supply projects; and (iv) transport and communications – institutional weaknesses and lack of commitment by the executing agency resulted in major delays in implementation, cost overruns, inadequate technical appraisal, and poor maintenance performance. Inadequate consumer demand for services also contributed to poor implementation performance.

25. Efforts to improve project implementation of ongoing projects have been intensified in recent years through annual portfolio reviews and adoption of action plans to improve portfolio performance. Efforts are also being made to encourage local ownership and adoption of participatory approaches in project design and preparation and through institutional capacity building. Recent portfolio review exercises have, however, revealed that some projects continue to experience implementation delays caused by land acquisition and right-of-way problems, avoidable legal and administrative issues, and slow processing of documentation. The passage of the Local Government Code and subsequent devolution of responsibilities for development activities to local governments have resulted in new implementation issues such as delays in

provision of counterpart funds, submission of financial statements and implementation of project components. The success of devolved development projects will, to a large extent, depend on the continuity of commitments of successive LGU administrations and their planning and financing capacities. Good design; avoidance of startup delays; advanced coordinated action for anticipated implementation problems such as land acquisition and quick resolution of new problems encountered; closer monitoring; and timely submission of financial statements are critical for project success and are being stressed in dialogue with the Government.

26. Following the economic crisis, project implementation has encountered further difficulties owing to the Government's adoption of economy measures to overcome fiscal difficulties arising from the currency turmoil. Cuts in budgeted non-personnel expenditures of all Government agencies and withholding 10 percent of internal revenue allotments to LGUs led initially to severe difficulties in provision of counterpart budgets in 1998. Similar difficulties may also arise in future. This is a subject of continuing dialogue with the Government.

II. Country Operational Strategy

A. Government's New Medium Term Development Plan

27. The new Government is preparing the new Medium-Term Philippine Development Plan (MTPDP) 1999-2004. The priority areas in development strategy as enunciated by the Government are: modernization of agriculture; delivering basic social development services; accelerating infrastructure development; enhancing global competitiveness; ensuring macroeconomic stability; and improving governance (see para. 20 also).

28. The macroeconomic targets are an acceleration of GDP growth rate to 4.7 to 5.3 percent in the medium-term while reducing the incidence of poverty to a range of 25-28 percent by 2004. The major policy thrusts include: (a) improving tax collections and rationalizing spending through measures such as re-engineering the bureaucracy; (b) ensuring macroeconomic stability; (c) strengthening the banking and corporate sectors; (d) continuing tariff reform; (e) improving infrastructure; (f) increasing the domestic savings rate; and (g) increasing productivity and competitiveness.

29. The Government views rural and social development as key elements in its poverty alleviation program. In agriculture, the national objectives are to promote a small-holder oriented, modernized agriculture and a diversified rural economy. In January 1999, the Government adopted the Convergence Towards Sustainable Rural Development framework which sets ecology and community empowerment as the basis for countryside development. Convergence sites in various parts of the country are being identified for development. The Government has adopted short-term goals to achieve competitiveness. The medium term program includes emphasis on (i) completion of Comprehensive Agrarian Reform Program; (ii) expansion of Agrarian Reform Communities (ARCs); (iii) encouraging coordination between ARC beneficiaries and processors-distributors to promote agribusiness; and, (iv) re-engineering of the bureaucracy for better delivery of government programs.

30. For more effective provision of social development services, Government resources will be prioritized towards health and nutrition, education and training, housing, social welfare and social security and other social safety net programs. The most vulnerable will be protected in accordance with the Social Reform Agenda and economically empowered. Other priorities are to raise skills to achieve global competitiveness, and a population program which is sensitive to cultural and religious beliefs. The social services sector is accorded high priority in the 1999

budget with a share of 33.7 percent of total Government expenditure compared with 5.2 percent for military expenditures. The share of social services in the budget increased from 26.9 percent in 1995 to 33.7 percent in 1998 while the share of military expenditures declined from 7.4 to 5.6 percent in the same period.

31. For infrastructure, the medium term strategy will (a) emphasize institutional reforms for more efficient utilization of resources; (b) strike a balance in investment between growth and the pro-poor strategy which requires greater attention to infrastructure in rural areas; (c) adopt a multisectoral approach and require broad based consultation and public-private partnership; (d) develop a seamless intermodal mass transit system; (e) interconnect telecommunication networks; (f) promote market-based pricing structures and mechanisms; and (g) maximize private sector participation.

32. The Government proposes to continue market-oriented policies on privatization, deregulation, and liberalization in order to promote the private sector as an engine of growth as part of its strategy to enhance global competitiveness. Emphasis on human capital investments and encouraging foreign investment and technology are also a part of the strategy.

B. Country Operational Strategy

33. ADB's Country Operational Strategy (COS), which was revised in 1998, conforms closely to the Government's new development priorities. The strategy places increased importance on poverty reduction and social development. In particular, the strategy envisages that ADB's assistance program should concentrate on promoting equitable growth, better provision of basic social services such as health care and basic education, and management and protection of the environment. Promotion of equitable growth would require increased attention to rural development, more balanced regional development, with special emphasis on the Southern Philippines (provinces in Mindanao and parts of the Visayan region), and policies and programs to improve the country's infrastructure, with emphasis on greater private sector participation. Efforts to improve the quality of health services and education should focus mainly on improving the people's access to primary health care and basic education. Environmental protection should focus on the management of natural resources and the urban environment. Since many of these subjects are now devolved to the LGUs, it would necessitate greater interaction between ADB and the local governments. The strategy also addresses, through its sectoral focus, issues relevant to the currency turmoil including capital market development. Sectoral reform initiatives will also assist private sector participation and restore investor confidence.

34. Given the equity and social development focus of the strategy and the increased importance of ADB's policy related operations in the traditional infrastructure sectors, ADB should aim to change its lending composition towards poverty reduction and social development objectives. Although the incidence of poverty has been declining, progress has been slow and emphasis on poverty reduction is therefore considered crucial. Sectorally, the share of traditional infrastructure projects, especially power generation and construction of airports, ports and communications, will decrease in number and volume over the next few years. Correspondingly, the share of irrigation, roads, especially rural roads, primary health care, basic education, environmental management, and urban social services including urban water supply and sanitation should increase.

III. Sector Strategies

35. Under ADB's strategy, the policy support program will address: (i) poverty reduction and the promotion of regional socioeconomic equity, with a special emphasis on project development in Mindanao; (ii) social sector development including health (population assistance, women's social welfare, etc.), education (early childhood development, etc.), and basic municipal services (sanitation, water supply, etc); (iii) Government's decentralization program under the Local Government Code of 1991; (iv) sustainable natural resources management, including support for conservation activities and air and water pollution regulation; and (v) capacity building in development administration in key national agencies and in LGUs throughout the country to promote institutional development and sector efficiency. Increasing the role of the private sector in the provision of basic infrastructure development of the domestic capital market and liberalizing the trade and investment regime are other areas of priority for policy support.

A. Agriculture

1. Agriculture and Rural Development

36. Key constraints in the agriculture sector are lack of an appropriate policy environment and inadequate rural infrastructure. Present Government policy is reflected most cogently in the Agriculture and Fisheries Modernization Act 1997 as it will assist in its overarching thrusts of poverty reduction, food security and sustainability. Key strategic interventions must encompass both policy and institutional reform and appropriate investments. The former must focus on (i) reform of trade policy relating to grains, sugar, livestock etc.; (ii) review and rationalization of the institutional framework, particularly the roles of government agencies; strengthening LGUs and enhancing their contact with the national government agencies; expansion of NGO involvement; (iii) rationalization of land reform policy including adjustments to the Comprehensive Agrarian Reform Program; developing tenurial instruments for uplands and market-based instruments for improved management of environment and natural resources; formulation of landuse and watershed management policies; (iv) a strategy for uplands development; and (v) strengthening agricultural research and extension including through private sector participation. On investments, priorities are: (i) increased public investment in rural infrastructure; (ii) channeling additional resources to LGUs for devolved activities; (iii) establishing an effective financing mechanism for perennial crops; and (iv) encouraging private sector investments in rural and agro-industry. The program will address these priorities.

2. Forestry and Natural Resources

37. The key issues in the sector are: instituting an appropriate policy environment; capacity building in environmental management; and broadening community participation. ADB will continue to assist the Government in addressing these issues, and provide policy and investment support for rehabilitation, conservation and management of forest, water and aquatic resources, and assist capacity building of relevant agencies at the national and local government levels for undertaking investment programs. ADB will provide institutional support to local communities in resources management and infrastructure facilities. ADB has been active in policy reform in the *forestry sector*. Future support will consolidate past gains and promote policies for sustainable forestry resources management. An integrated process-oriented approach will be adopted in selected provinces, on poverty reduction and the management of upland/forest areas where about 30 percent of the population (mostly poor) live. ADB has also played a key role in the management of *fisheries resources*, including rehabilitation of coastal

ecosystem and development of inland fisheries and aquaculture. ADB will continue to focus on (i) policy and institutional measures to rehabilitate the ecological status of the country's coastal zones; (ii) enhance production and productivity within the sector on a sustainable basis; and (iii) alleviate the extensive poverty prevalent in the sector. Emphasis will be on an integrated community-based approach to coastal resources management. A holistic approach will be adopted in identifying projects to promote sustainable natural resources and environment management, including coral reef restoration and resource regeneration, in key bays. For *water resources development*, whose importance was highlighted by the recent El Niño episode, ADB will emphasize physical, institutional and policy measures to achieve water use efficiency. Inefficient water use in irrigation systems is due to inadequate infrastructure for water conveyance and control and poor maintenance, and has been a major constraint to achieving substantial increases in the productivity of agriculture, particularly rice. ADB assistance will focus on (i) upgrading and rehabilitation of existing, and selective construction of new irrigation systems; (ii) watershed management; (iii) rationalization of cost recovery (particularly the irrigation service fee) and operations and maintenance; and (iv) strengthening of irrigator associations.

B. Infrastructure

1. Energy

38. In the energy sector, one of the major ongoing structural reforms is the restructuring and privatization of the electric power industry. Government plans include (i) the divestment of NPC's power generation functions to newly created government-owned companies to be offered for sale to the private sector; (ii) introducing competition in power generation; (iii) formation of a separate transmission company, shares of which will eventually be offered to a strategic investor; (iv) creation of a market mechanism which will cater to bilateral contracts between buyers and sellers of bulk electric power, a spot market for short-term transactions, and a power exchange to bridge the supply/demand gap in power; (v) unbundling of distribution operations and the introduction of retail wheeling; and (vi) consolidation of rural electric cooperatives to achieve economies of scale. An ongoing program loan, approved in 1998, is providing assistance in these areas. ADB also supports key sector policy reform programs in the areas of: (i) rural electrification with an emphasis on renewable energy development; (ii) sub-transmission and distribution and in consolidation of small distribution utilities, particularly the rural electric cooperatives, into larger viable units; and (iii) implementation of demand side management and energy conservation programs. Bank support for the energy sector also includes improving the policy and regulatory framework for the gas sector.

2. Transport and Communications

39. Key concerns of the strategy in the transport sector include: (i) raising quality and levels of investment in transport infrastructure and ensuring proper maintenance; (ii) improved intermodal and modal planning to ensure that plans and projects are appropriate to meet national development needs and contribute to poverty reduction particularly in rural areas; (iii) appropriate institutional restructuring and capacity building within mainline government agencies; (iv) enhancement of transport safety; and (iv) increased participation by the private sector. These will require (i) formulating a development framework indicating clear priorities for implementation during the 1999-2004 MTPDP including designing plans for institutional reforms and capacity building; (ii) updating national safety programs particularly for the road and maritime sectors; (iii) planning improvements in rural road networks; and (iv) devising an effective strategy for private sector participation.

40. In the road subsector, ADB's policy concerns include: (i) improvement of quality assurance measures through training and provision of essential equipment; (ii) strengthening road maintenance activities through assessment of the problems associated with the funding, implementation, and management of road maintenance; (iii) identification of activities required to enforce legal axle loads to reduce overloading; (iv) strengthening capacity for highway planning; (v) establishment of performance indicators for effective monitoring of performance and impact of operations; and (vi) improved sector management and operations. Support for formulation of a policy framework for a rural roads investment program, to promote rural development and reduce poverty, is an important element of ADB strategy and program. In the Metro Manila area, ADB is providing capacity building assistance in traffic engineering, management and enforcement capability and transport planning. ADB has also provided assistance to prepare an intermodal national transport strategy and transport policy action plan, which identifies future assistance to the sector and highlights the critical need for private sector participation.

41. ADB will also continue providing capacity building assistance to the maritime and civil aviation subsectors to streamline operations and identify investment priorities. In the telecommunications subsector, the Government has strongly promoted private sector participation in development of the sector and has pursued a policy of deregulation and liberalization within the telecommunication industry. The railway subsector could also offer opportunities for Bank involvement in promoting regulation and public-private partnership in the future.

3. Industry and Finance

42. The Philippines will need to actively pursue reforms in the finance, corporate, trade and investment sectors if it is to sustain recovery and remain competitive. Improving external and domestic competitiveness will be the crucial test of the effectiveness of the reforms. ADB's strategy in this sector envisages support for two main areas: financial sector reforms with particular focus on non-bank financial sector development; and industry and trade development with a focus on fostering greater competitiveness including development of small and medium enterprises. In addition, support for corporate and financial restructuring will also be considered. In the *financial sector*, concerns include development of the capital market, systemic risk, regulatory consistency, strengthening prudential regulations and better supervision. Improving the efficiency of financial intermediation is also necessary. Of crucial significance is the role of capital markets in efficient resource mobilization and risk diversification requiring improved governance and rationalization of regulatory and institutional structures. Capital market development will focus on reforms in equity and debt markets, mutual funds and other non-bank financial institutions. Attention to developing financial markets for responding to private sector provision of infrastructure at the local government level is also an important objective. Considerable progress has been made in liberalizing the *industry and trade* sector, but several distortionary and protectionist practices remain. Trade liberalization needs to be pursued such as in the agriculture sector to improve competitiveness, promote efficiency in resources allocation and reduce poverty. Increasing value addition in exportables is another important objective requiring SME development, including attention to the financial structure for export activities and enhanced business advisory services. Creating a level playing field by providing effective investment incentives and instruments to efficiently allocate resources beyond special economic zones; and developing an appropriate competition policy to promote contestable markets through removal of entry barriers and restrictive trade practices are other important objectives which should be pursued. These issues are part of an ADTA study being processed in 1999 whose findings could provide the basis for a sector development program in the future.

C. Social Infrastructure and Environment

43. The Government has recognized that without a robust population management program, it will be difficult to sustain the gains achieved in social development. ADB has emphasized the significance of population control as a crucial policy for underpinning planned development in its ongoing policy dialogue with the Government. As the Government's commitment to this policy becomes more explicit, there will be greater opportunities for ADB to intensify policy dialogue in this area, possibly through technical assistance for capacity building activities. While exploring the scope for Bank's more intensive involvement in policy dialogue in population control, ADB's sector strategies in the social sector, including the environment, will aim at preserving and further improving the advances made in the key socioeconomic indicators, over the medium term.

1. Education

44. ADB's operations in the sector will pursue the twin themes of poverty reduction and enhancing global competitiveness. Greater private sector involvement in education will be an important element in support of these objectives. ADB will target improvement in basic education in poverty-affected areas. A major means for alleviating disparities in basic education services will be through support to the fledgling decentralization process at division, district and school level. The capacity to plan and effectively manage a better-integrated and more responsive local education system will be strengthened. Special attention will be paid to equity issues and provision of educational opportunities to children from remote areas, low-income families, indigenous communities and religious minorities (as in the 2001 Mindanao Basic Education Development project). The thrust will be upon improving access to quality formal education and expanding formal and nonformal learning opportunities. Mechanisms will be sought for more effective partnerships between the public and private sectors in the provision of secondary education. Skills training will be supported to build a more highly-skilled and productive workforce. The emphasis will be upon fostering greater private sector involvement in skills training. Through the Technical Education and Skills Development project being currently processed, the Technical Education and Skills Development Authority will be encouraged to withdraw from the direct provision of training; in parallel, its capacity to more effectively develop policy, set standards and maintain flexible regulation of the sector will be enhanced. The recently completed Philippines Education Sector Study (PESS) highlights the need for fundamental reform in sector management and finance. As policy weaknesses in these areas undermine efforts to improve the education system, policy dialogue and reform in these areas must be a central focus of future ADB support. ADB sector work and policy dialogue will support, build upon, and further, the work of the Presidential Commission on Education Reform which is due to complete its work by the end of 1999. The proposed Education Sector Development Program (TA 2000, loan 2002) will provide support for essential, basic sector reforms.

2. Health and Nutrition

45. New challenges have emerged as a result of changes in the pattern of diseases and institutional structure. The high population growth rate is affecting development and contributing to high poverty. While infectious disease remains a threat, non-communicable diseases such as cancer and cardiovascular disease have emerged as important causes of mortality. The devolution of health services to LGUs requires intensive efforts to strengthen their planning and management skills. At the national level, the Department of Health (DOH) needs to provide technical leadership for national health programs, develop national health policies and introduce

efficient monitoring. There has been over-emphasis on curative rather than preventive health care services and health promotion. Serious geographic inequities also exist. Attention to social insurance reform is required owing to the high costs of treatment of chronic illnesses for the poor and the inadequacy of the social security system. Health care financing initiatives, including improved cost recovery, better targeting of subsidies, closer cooperation with the private sector, and development of health insurance and other risk sharing schemes, are needed. The high population growth rate of 2.2 percent has contributed to deteriorating quality of education and health services, accelerating urbanization, pollution and environmental degradation. There is evident need for reproductive health services and demonstrated unmet demand for family planning services. Increased attention to population issues and related programs is therefore necessary and will be achieved through intensified dialogue with the Government and civil society and through focused investments. In the medium-term, the Government must manage: (i) the transition of DOH from top-down service provider to catalyst of preventive and promotive services for the poor, with special attention to prevention of chronic diseases and occupational illnesses; (ii) the transition of public health personnel to LGUs through local health partnerships, with attention to the reorganization of the public health service and merit-based career paths; and (iii) the transition to more accessible and affordable health care through prudent health financing reform. These priorities have been highlighted in the 1999 Philippine Health Sector Study (PHSS) jointly undertaken by ADB/World Bank/Government and are reflected in the loan and technical assistance projects in the forward program.

3. Urban Development

46. The Philippines has one of the highest rates of urbanization in the developing world, with an annual urban growth rate of over 5 percent. ADB will therefore continue to support the Government's urban sector policy reforms. This will include (i) assistance for the Government in preparing a national strategy and policies to guide the development of the sector; (ii) support for decentralization through institutional strengthening and capacity-building for local government units; (iii) development of public-private partnerships for the delivery and management of water and urban infrastructure services; and (iv) the adoption of an integrated approach to urban development initiatives. Poverty alleviation and environment upgrading will provide a key focus in the formulation, design and implementation of urban sector projects. Improving urban poor communities' access to municipal services, housing and land tenure, and improving the urban environment will operationalize this strategy through loan and TA projects in the program.

4. Environment

47. ADB will take a more systematic approach to help the Government address the environmental concerns in the course of sustainable development stipulated in the Philippines Agenda 21. In particular, emphasis will be placed on supporting the reform initiatives needed for establishing a more effective legal and institutional system for environmental management. While continuing its support for restoration, rehabilitation and better management of natural resources, ADB will direct part of its lending to support the Government's efforts in tackling the serious urban environmental problem, including both urban air and water pollution. Initially, ADB's lending operations for pollution control will be focused on the environmental problems in Metro Manila where environmental changes are urgently warranted as a special national priority. ADB will also focus on improving the effectiveness of the overall environmental management system through technical assistance and promoting the active participation of all stakeholders of environmental concerns.

D. Governance Dimensions of ADB Operations

48. ADB is using its operations to address each of the concerns on governance which have been highlighted in Section I.C.

49. In the area of improved public services, ADB is providing support in the following areas: (i) privatization and regulation of public enterprises such as National Power Corporation, NFA, Manila Water Supply and Sewerage (MWSS) etc. which are expected to improve quality of public services; and (ii) assistance for improving capacity of regulatory agencies such as the Energy Regulatory Board, Air Transport Office, MWSS, Securities and Exchanges Commission, Philippine Deposit Insurance Corporation etc.

50. An important element in ADB's effort to improve public services is its anticorruption initiative. In the Philippines attention will be focused on improving the functioning of the COA in order that it can play a more effective role in improving productivity and accountability of public expenditures and prevent corruption. Particular attention will also be paid to improving transparency in public sector procurement.

51. To assist the decentralization process, ADB is providing a "cluster" of TA projects to promote devolution of national government activities, improve the transparency and predictability of transfer of development funds from the national to local governments, strengthen the capacity of local governments in project implementation and in planning and financing development activities. ADB is undertaking an increasing number of projects involving participation of local governments which will further strengthen the process of decentralization.

52. ADB is encouraging greater participation by the private sector, NGOs and civil society groups in matters of public concern. This is being achieved through their participation in the design and implementation of ADB projects in the country, in country strategy formulation and in arranging seminars and workshops on important development issues, such as a proposed seminar on poverty in 2000.

53. ADB is actively engaged in furthering the development efforts in the Southern Philippines. It has been one of the most active donors in the area and its ongoing and forward program has several initiatives focusing specifically in the area's development. Projects are being taken up, despite difficulties, particularly in areas previously affected by civil strife that are greatly lagging behind in development.

E. Gender Dimensions of ADB Operations

54. ADB operations are increasingly based on strong community participation, particularly that of women. This is facilitated by the dynamic role played by women in community based organizations. Although overall gender equity is high, regional disparities exist, particularly in the southern Philippines. ADB operations will assist in closing gender gaps such as through the proposed Mindanao Basic Education Development Project. The Community Based Forest Resources Management Project will address women's needs as providers and caretakers of the environment. The Upland Communities Development and the Rural Microfinance Projects will assist in the income generation needs of poor women as they are expected to participate prominently in the activities supported by these projects. By extending basic municipal services to households, the Mindanao Basic Urban Services Project and the Development of Poor Urban Communities Project will greatly ease the domestic burden of women. Women's concerns about the impact of globalization on the labor force will be addressed through the Technical Education

and Skills Development Project which prepares workers through formal technical education and provides the opportunity to female workers who are unlikely to go back to school with the opportunity to increase their skills through non-formal education. This is of increasing importance to older female workers who are more likely to be unskilled and more easily displaced in an increasingly competitive labor market. Women's health issues are being currently addressed through ADB's ongoing Women's Health and Safe Motherhood Project, and further requirements will be assessed after its completion and can be addressed through the planned Health Sector Development Program.

F. Private Sector Operations

55. ADB's COS accords increased importance to poverty reduction and social development. To ensure promotion of equitable growth, which is considered crucial, improvement of infrastructure is required. Increased private sector involvement in the economy and in infrastructure development, in particular, is considered a key element of the strategy. Hence, the strategy places considerable emphasis on assisting the Government in its privatization program and in creating the necessary enabling environment for greater private sector participation.

56. Basic prerequisites for the efficient functioning of the private sector are the development of the capital market and financial infrastructure, deregulation of industry, trade and investment, and adoption of appropriate policies conducive to efficient market functioning. No private initiative will be forthcoming unless an appropriate legal framework and sectoral policy reforms, including deregulation and for privatization, are in place. ADB will consider financial assistance and advisory services to catalyze the privatization of selected state-owned enterprises. Privatization of the public sector, especially in areas where private entities can perform better such as power, transport, water and municipal services, is a key issue and needs careful monitoring and facilitation. A need has also been identified to prove capacity at the regional level to identify infrastructure projects for Build-Operate-Own/Build-Operate-Transfer (BOO/BOT) financing and to attract sponsors to undertake these projects. ADB has engaged in policy dialogue in these areas in the past and proposes to continue the process.

57. Since the initiation of ADB's unguaranteed operations in 1986, 16 projects have been financed, with loan, complementary loan, and equity investments amounting to \$229.4 million. The Philippine unguaranteed operations, one of the most active in ADB's private sector program have provided support for development finance and capital market development, infrastructure (power generation and telecommunications), agro-industry, mining, and manufacturing. Channeling it effectively in the most productive and high priority areas such as infrastructure is necessary especially in view of the scarcity of private foreign private capital and limitations on availability of foreign official sources of funds. Hence, the strategic thrust of ADB's unguaranteed operations program for the Philippines is on (i) infrastructure projects; (ii) capital market operations; and (iii) development of regional capacity to identify and attract financing for infrastructure projects. In infrastructure, BOO/BOT projects in the power, water, and transport sectors will be considered such as the new international terminal at the Ninoy Aquino International Airport, and a privatized MWSS project.

58. ADB will continue to review its existing unguaranteed operations portfolio with a view to disposing of selected loans and investments. Divestment will be subject to the following consideration: (i) ADB's development role in the project concerned is complete; and (ii) market conditions are appropriate for the divestment.

IV. Subregional Economic Cooperation

59. In 1994, the Brunei Darussalam, Indonesia, Malaysia, Philippines–East Asia Growth Area (BIMP-EAGA) was founded. In the Philippines, BIMP-EAGA participation concentrates on Mindanao and Palawan. BIMP-EAGA was set to enhance regional cooperation by making use of (i) cross-border complementarities and economies of scale in production, (ii) joint infrastructure provision, and (iii) closer cooperation in trade and finance. Mindanao's numerous small- and medium-scale entrepreneurs are provided new opportunities for international trading through BIMP-EAGA. However, the physical infrastructure in the region is still largely inadequate; major investments in BIMP-EAGA, apart from tourism, are yet to come. Economic complementarities are actually constrained and capacities to enhance regional economic cooperation among the member countries are still weak.

60. It is too early to make an assessment of the economic impact of the BIMP-EAGA initiative. It has aroused considerable interest among private investors, including foreign investors, although actual investment flows have not been very significant so far, basically due to inadequate progress in infrastructure development. The economic crisis has, also, temporarily dampened investor activity in the area, both private and public. Plans to improve transport infrastructure linkages, particularly in air transport and shipping, are now under implementation. ADB is assisting the Government in the development of roads and airports, in social development, and in capacity building initiatives for local governments in the area.

V. Donor Activities and Aid Coordination

61. The consensus among donors is to promote a more equitable sharing of the benefits of economic growth, reducing poverty at a faster pace, and enhancing self-reliance and service delivery capacities of local governments. As of September 1998, there were 194 ongoing donor assisted projects in the Philippines involving investment of \$10.2 billion. The transportation sector is the biggest recipient (27 percent) of external official assistance, followed by the energy sector (23 percent) though their shares are declining. Other important sectors supported are water resources (15.4 percent) and agro-industry (15.4 percent). Out of total commitments, Japan accounts for 48 percent, and ADB and the World Bank for 24.9 and 23.5 percent, respectively.

62. Japan provides official development loans through the Overseas Economic Cooperation Fund (OECF), grants and technical assistance through the Japan International Cooperation Agency and untied loans for revenue generating projects through the Export-Import Bank of Japan (J EXIM). Japan is gradually shifting its emphasis from infrastructure to social sectors, partly by participating in the projects and programs financed by ADB and the World Bank. The OECF and J EXIM merged into a single entity, the Japan Bank for International Cooperation (JBIC), in 1999. Japan's country strategy for official development assistance emphasizes: (i) building up economic infrastructure especially in power, transport, and telecommunications; (ii) economic reforms in and expansion of export-oriented and supporting industries, (iii) poverty alleviation and basic social services, and (iv) environmental conservation and disaster management. The Philippines is a beneficiary of Japan's New Miyazawa Initiative (NMI). Table 1 summarizes the commitment of Japan to the Philippines under the NMI.

Table 1
New Miyazawa Initiative
J EXIM and OECF Commitments
(amounts in \$ million)

Project	Amount	Financing Agency
1. Power Sector Restructuring Program (cofinanced with ADB)	300	JBIC (J EXIM)
2. Banking System Reform Program	300	JBIC (J EXIM)
3. Private Sector Development (DBP)	500	JBIC (J EXIM)
4. United Guarantee for Power	500	JBIC (J EXIM)
5. Metro Manila Air Quality	300	JBIC (OECF)
6. ODA Loan (13 projects)	1,100	JBIC (OECF)
<i>Total</i>	3,000	

63. The main thrust of the World Bank's current country assistance strategy for the Philippines is reducing poverty through restoring economic growth and improving equity. The following seven areas have been identified as its operational priorities: (i) crisis and economic recovery, (ii) human development and social services for the poor, (iii) sustainable rural development, (iv) sustainable urban development and urban poverty, (v) infrastructure development (particularly in the provinces), (vi) private sector development, and (vii) governance including anticorruption.

64. The UN agencies (UNDP, UNCF, and UNPF) are active in poverty alleviation, environmental improvement, good governance, human development, child welfare, and family planning. The European Union supports agriculture and rural development. Other multilateral institutions, such as the IFAD, OPEC, Kuwait Fund for Arab Economic Development, and the EIB, provide cofinancing support. Among bilateral donors, German assistance gives priority to natural resources management and rural development, social development and public sector reform, economic development and employment promotion, and industrial and urban environmental management. USAID emphasizes Mindanao development and focuses on governance, democratization, devolution, health and environment. It is also involved in policy work in capital market development and power sector restructuring. AUSAID mainly assists basic education, health and population, and environment, and supports the social reform agenda. France is active in telecommunications, power, health, environment and public administration. Canada, through CIDA, supports local governance, building private sector capabilities and democratic institutions, NGOs and POs, focusing activities geographically on Western Visayas and Mindanao. Spain mainly supports environment, telecommunications and capacity building, while Netherlands focuses on agriculture, rural development, and nutrition. Denmark (DANIDA) provides assistance in environment projects, while Belgium supports agrarian reform, women's welfare, power and education projects. New Zealand, the United Kingdom, Italy, Austria, Sweden and Norway also provide development assistance to the Philippines. Republic of Korea became a new donor in 1996, focusing on infrastructure, technology transfer and health.

65. Annual consultative group (CG) meetings provide opportunities for the Government and donors to conduct policy discussions on the Government's socioeconomic management of the economy and coordinate foreign development assistance. The 1999 CG meeting was held in Tokyo in March 1999 where donors pledged a total of \$4.5 billion in assistance.

VI. Cofinancing and Catalyzing External Resources

66. The Philippines cofinancing strategy for the medium term is to maximize cofinancing from market sources for revenue-generating projects while continuing official cofinancing to the extent possible for projects in social sectors. This meshes well with the current COS focusing more on the social sectors and less on commercially viable sectors, such as energy and urban water supply, which can rely on market cofinancing. However, commercial cofinancing may temporarily be difficult owing to the financial crisis making ADB's role as a catalyst in obtaining official cofinancing even more important, though efforts to obtain commercial cofinancing are vigorously being made. The New Miyazawa Initiative and the Asian Growth and Recovery Initiative have provided important sources of cofinancing which the Philippine Government is keen to utilize to the maximum extent feasible.

67. Significant cofinancing has been a regular feature of the annual programs in the past. This has included both official and commercial cofinancing. In 1998 official cofinancing under the New Miyazawa Initiative of \$300 million each was arranged from J EXIM and OECF respectively for the Power Sector Restructuring Program and Metro Manila Air Quality Improvement SDP. Possibilities of commercial cofinancing will be explored for future projects in the energy sector where high commercial returns make such cofinancing investments attractive. The Transmission Interconnection and Reinforcement Project (2000) is likely to be cofinanced by JBIC in the amount of \$100 million and commercial cofinancing of \$350 million is also being sought. Other projects for cofinancing in the forward program are Rural Electrification Project (2001), Strengthening Subtransmission and Distribution Systems (2002). Cofinancing is also expected to be arranged for the Grains Sector Development Program (2000), the Pasig River Environmental Management and Rehabilitation SDP (2000) and Mindanao Basic Urban Services Project (2000). Cofinancing will also be explored for both physical infrastructure and social and environmental projects in the forward program, for which there is considerable scope. Projects in areas such as water supply can be considered for possible cofinancing, including commercial cofinancing, if suitable institutional arrangements can be made to ensure the timely servicing of cofinanced funds. Considerable cofinancing is also expected to be generated in ADB's private sector projects in the Philippines partly using ADB's Complementary Financing Facility.

VII. ADB's Operational Program

68. For 2000-2002, the proposed lending program includes 20 projects for a total amount of \$1,565 million against an indicative planning figure of \$1,420 million. While the projects in the 2000-2002 pipeline are based on the current COS, some projects and TAs, particularly in the financial sector, have been programmed specifically to address the economic vulnerabilities revealed by the currency crisis.

69. The proposed project mix in the program shows a balance between projects addressing growth and those addressing human development, environmental protection, and other cross-cutting concerns. For the year 2000, economic growth projects comprise 33 percent by number and 44.4 percent by amount. For 2001-2002, economic growth projects account for 35.7 percent by number and 39.7 percent by amount. The sectoral distribution reflects the emphasis on agriculture and natural resources and social infrastructure sectors. Projects in these sectors comprise 83.3 percent by number in 2000 and 83.9 by amount; in 2001-2002 the corresponding projects account for 57.1 percent by number and 52.4 percent by amount.

70. The program addresses poverty reduction both through a strategic emphasis on areas lagging in development and through incorporation of strong anti-poverty features on project design. The program gives priority to the development of Southern Philippines which has high incidence of poverty. It includes several projects which will have significant anti-poverty components. For example, rural poverty will be addressed through development of Infrastructure for Rural Productivity Enhancement Sector Project (2000), Community-based Forest Resources Management (2000) and Rural Microfinance (2002). Proposed Upland Community Development Project (2002) will draw on the lessons of earlier ADB projects for upland development and aim at sustainable development of upland communities. The Rural Electrification Project (2001) will support rural development in general and help to reduce the high incidence of rural poverty. Attention is given in the program addressing urban poverty. Development of Poor Urban Communities Project (2001) and Metro Manila Basic Services for Poor Communities (2002), in particular, will address this concern. ADB will continue to attach high priority to the needs of the poor and poor communities in its social sector projects including health and education.

71. The forward TA program is balanced between project preparatory assistance and advisory assistance. Of the latter, areas covered include policy and capacity building assistance to the national government. Policy areas being considered are in the grains, irrigation, finance, taxation, industry and exports sectors. Capacity building assistance is proposed to assist the Government undertake strategic planning in agriculture, health, development of onshore gas infrastructure, rural electrification and urban services for the poor; provide expertise to Government Financial Institutions for handling private infrastructure projects; and strengthen the regulatory capacity of MWSS. In addition, ADTAs will assist Government in strengthening good governance and in improving the capacities of local governments.

72. The proposed loan and TA pipeline for 2000-2002 is summarized in Table 2. Detailed lists of the pipeline projects are in Appendix 4, and a breakdown by type and sector in Appendix 5. Project profiles for firm 2000 loans are attached as Appendix 6.⁶

Table 2: Lending and Technical Assistance Program, 2000-2002

A. Public Sector Lending Program										
	1998 (Actual)		1999 (Actual)		2000		2001		2002	
	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)
Lending Program ^a	8	851.0	1	3.0	6	620.0	7	475.0	7	470.0
ADF	1	8.8	-	-	-	-	-	-	-	-
OCR	7	842.2	1	3.0	6	620.0	7	475.0	7	470.0
Lending Pipeline ^b	-	-	-	-	7	720.0	7	475.0	7	470.0
ADF	-	-	-	-	-	-	-	-	-	-
OCR	-	-	-	-	7	720.0	7	475.0	7	470.0

B. Technical Assistance Program								
	1998 (Actual)		1999 (Actual)		2000		2001	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program ^a	11	6,688.0	16	7,100.0	16	9,050.0	12	7,600.0
TA Pipeline ^b	11	6,688.0	16	7,100.0	16	9,050.0	12	7,600.0

^a The Program is comprised of firm projects.

^b The Pipeline consists of the Program (firm projects) and standby projects. In 2001 and 2002, there is no distinction between firm and standby categories.

⁶ As the Philippine 2000 Country Programming Mission was completed at the time of printing this document, the new list of loans and TAs agreed to with the Government for 2000-2003 is placed in Appendix 7.

VIII. Economic and Sector Work Program

73. Economic work will focus on (i) issues relating to the financial sector and fiscal and monetary management which have become critical following the onset of the currency turmoil; and (ii) other areas of priority according to the country strategy. As regards issues relating to the economic crisis, several key initiatives are being undertaken. First, closer monitoring and study of the economy, particularly the vulnerable sectors such as the banking and corporate sectors, is being conducted. Annual Country Economic Reviews and country chapters in the Asian Development Outlook will provide critical assessments of policies and performance based on these. On the financial sector, an ADTA has been approved in 1999 to strengthen the non-banking financial sector. This will examine issues crucial for the development of the capital market. To sustain the export growth momentum and enable the economy take advantage of the peso depreciation, an ADTA is under process in 1999. The TA is also expected to study and address issues on industrial competitiveness and corporate governance. Finally, management of national Government's finances, which have been under severe stress during this period, will be assisted by an ADTA under implementation that will help in the devolution process and reduce national government expenditures. An ADTA on financial sector taxation (2000) will also assist this process.

74. In addition to the above, key sectoral studies relating to the priority sectors in ADB's country strategy will be prepared. These include (i) an agriculture sector strategy study; (ii) grains sector policy and institutional reform; (iii) a study on developing an urban sector policy framework; (iv) an ongoing study on rural credit. Several initiatives are being taken to study and find solutions for the crucial poverty issue, including preparatory work for a joint Bank/World Bank/UNDP assisted symposium on poverty. Local governments' capacities, figuring prominently as an important area of concern in the strategy, will be addressed through a cluster of ADTAs which are an important component of the economic and sector work program. An ADTA was approved in 1998, the LGU Capacity Building-I (Public Finance and Planning), for assisting in devolution of responsibilities from the national government and delineation of activities among the three levels of government. The LGU Capacity Building-II programmed for 2000 is for project financing and social services delivery, while the LGU Capacity Building-III in 2001/2002 is for financial management and resource mobilization.

IX. Local Cost Financing

75. In 1998, ADB approved nine loans amounting to \$851 million. Of this amount, \$326 million went to six project loans. As overall project cost (excluding program loans) amounted to \$663.7 million, ADB's financing share in total project cost is 49.1 percent. The six projects with local cost financing (LCF) are the following: Early Childhood Development (\$14.3 million), Secondary Education Development and Improvement (\$24 million), Clark Area Municipal Development (\$8.7 million), Metro Manila Air Quality Improvement SDP (Investment Loan) (\$9.3 million), Agrarian Reform Communities (\$52.9 million) and Southern Philippines Irrigation Sector (\$15.4 million). Since the total LCF is \$124.6 million, ADB's local cost financing supports 37 percent of total local cost.

PHILIPPINES
COUNTRY PERFORMANCE INDICATORS

Item	1994	1995	1996	1997	1998	1999 Latest	
ECONOMIC INDICATORS							
A. Income and Growth							
1. GNP per Capita (\$, current)	958.1	1083.6	1200.4	1164.0	909.0	759.4	Qtr 1-Qtr3
2. GDP Growth (%) (in constant prices)	4.4	4.7	5.8	5.2	-0.5	2.6	Qtr 1-Qtr3
a. Agriculture	2.6	0.9	3.8	2.9	-6.6	6.3	Qtr 1-Qtr3
b. Industry	5.8	6.7	6.4	6.1	-1.9	-0.8	Qtr 1-Qtr3
c. Services	4.2	5.0	6.4	5.4	3.5	3.8	Qtr 1-Qtr3
3. GNP Growth (%) (in constant prices)	5.3	4.9	7.2	5.2	0.1	3.0	Qtr 1-Qtr3
B. Saving and Investment (at current market prices)							
	(percent of GNP)						
1. Gross Domestic Saving (NEDA)	19.0	17.5	18.5	18.8	21.3		
2. Gross Domestic Investment	23.5	21.6	23.0	24.0	19.4		
C. Money and Inflation							
	(annual percent change)						
1. Consumer Prices (1994=100)	8.3	8.0	9.1	5.9	9.8	6.9	(Jan-Nov)
2. Broad Money (M3)	26.5	25.3	15.8	20.9	7.4	10.3	(Jul)
D. Government Finance							
	(percent of GDP)						
1. Revenue	19.4	18.4	18.2	18.7	16.6	16.6	Sem 1
2. Expenditure	18.4	17.9	17.9	18.6	18.3	20.1	Sem 1
3. Overall Surplus/Deficit (-)	0.9	0.6	0.3	0.1	-1.7	-3.5	Sem 1
E. Balance of Payments							
1. Merchandise Trade Balance (% of GNP)	-11.9	-11.7	-13.1	-13.0	0.00	1.8	Sem 1
2. Current Account Balance (% of GNP)	-4.5	-4.3	-4.6	-5.1	1.9	5.9	Sem 1
3. Export (\$) Growth (annual percent change)	18.5	29.4	17.7	22.8	16.9	14.7	(Jan-Aug)
4. Import (\$) Growth (annual percent change)	21.2	23.7	20.8	14.0	-18.8	1.7	(Jan-Aug)
F. External Payments Indicators							
1. International Reserves (\$ million)	7.1	7.8	11.7	8.8	10.8	14.6	(Oct)
2. External Debt-service (% of exports of goods and services)	17.4	15.8	12.7	11.7	11.7	12.5	(As of Aug)
3. External Debt (% of GNP)	58.9	51.7	48.6	53.1	70.0		
Memorandum Items:							
GDP (current prices, billion pesos)	1,692.9	1,906.0	2,171.9	2,421.3	2,667.1	2,140.0	Qtr 1-Qtr3
GNP (current prices, billion pesos)	1,736.4	1,958.6	2,261.3	2,522.9	2,794.1	2,253.0	Qtr 1-Qtr3
Population (million)	68.6	70.3	71.9	73.5	75.2	76.8	Qtr 1-Qtr3

Source: National Statistics Coordination Board, Bangko Sentral ng Pilipinas, and National Economic and Development Authority.

PHILIPPINES
COUNTRY PERFORMANCE INDICATORS

	1985	1990	Latest Year
POPULATION INDICATORS			
Total Population (millions)	54.7	62	75.2 (1998)
Annual Population Growth Rate (% change)	2.50	3.16	2.22 (1998)
SOCIAL INDICATORS			
Total Fertility Rate (births per woman)	4.4 (1984)	4.1 (1993)	3.7 (1998)
Maternal Mortality Rate (per hundred thousand live births)	213 (1980-1986)	209 (1987-1993)	180.0 (1998)
Infant Mortality Rate (below 1 year; per '000 live births)	45.3	36.8	35.3 (1998)
Life Expectancy at Birth (years)			
Female	64.9	68.8	71 (1996)
Male	61.3	63.6	65 (1996)
Adult Literacy (%)	83.3 (1980)	94 (1990)	94 (1994)
Primary School Enrollment (% of school age population)		84.6 (1990-1991)	89.2 (1995-1996)
Secondary School Enrollment (% of school age population)			
Female	65	-	75 (1996)
Male	64	-	71 (1996)
Child Malnutrition (% of under age 5)	33 (1982)	34	30 (1993)
Population Below Poverty Line (%)	49.3	45.3 (1991)	37.5 (1998)
Income Ratio of Highest 20% to Lowest 20%	10	11 (1991)	13 (1997)
Population with Access to Safe Water (%)	71	81	81 (1998)
Population with Access to Sanitation (%)	68	70	74 (1998)
Public Education Expenditure as % of GNP	1.8	3.1	3.9 (1998)
Public Health Expenditure as % of GDP	0.6	0.8	0.516 (1998)
Human Development Index	0.603 (1980)	0.677 (1992)	0.677 (1995)
Human Development Ranking	92	100	98 (1995)
ENVIRONMENTAL INDICATORS			
Annual deforestation	-	-	3.4 (1980-1990)
Nationally protected area as % of land area	1.3	-	2 (1994)
Land Use: Cropland; permanent pasture (hectares)	0.18	-	0.14 (1995)
Forest Land (percent of total land area)	51.13	52.9	52.9 (1996)
Aggregate legal cut of timber (cubic meters)	-	806,359 (1992)	771,543 (1996)
Water: Coverage of coastal environmental program (hectares)	-	-	278,244 (1996)
Industrial pollution:			
Solid waste disposal sites (number)	-	-	648 (1996)
Gasoline stations selling unleaded gasoline (number)	-	-	567 (1996)
Per capita carbon dioxide emissions (metric tons)	-	0.66 (1989)	-
Air pollution in Manila (total suspended particulates, micrograms/cubicmeter)	80 (1980)	260	-

PHILIPPINES
PORTFOLIO PERFORMANCE

Table 1 : Implementation, Disbursement Performance and Postevaluation Results
Public Sector Projects only
(as of 31 December 1998)

A. Project Portfolio ^b	Net Loan Amount		Rating (No.) ^a										
			Total		Implementation Progress				Development Objectives				
			\$ million	%	No.	%	HS	S	PS	U	HS	S	PS
Agriculture and Natural Resources	493	16.1	18	36.7	-	15	2	1	-	15	2	1	
Energy	1,161	37.9	7	14.3	-	7	-	-	-	7	-	-	
Finance and Industry	150	4.9	1	2.0	-	-	1	-	-	1	-	-	
Social Infrastructure	636	20.7	16	32.7	-	14	-	2	-	14	-	2	
Transport and Communications	597	19.5	6	12.2	-	5	1	-	-	6	-	-	
Others/Multisector	29	0.9	1	2.0	-	1	-	-	-	1	-	-	
Total	3,066	100.0	49	100.0	0	42	4	3	0	44	2	3	

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	2,706.75	414.90	3,121.65
(2) Disbursed amount (\$ mn, cumulative, active loans only)	1,244.37	173.48	1,417.85
(3) Percentage disbursed [(2)/(1)] (%)	45.97	41.81	45.42
(4) Disbursements (\$mn, active loans only, latest year)	337.68	26.00	363.68
(5) Disbursement ratio (%) ^c	18.75	10.18	17.68

C. Net Transfer of Resources ^d (\$ million)	OCR	ADF	Total
Net transfer in 1995	-282.26	41.70	-240.56
Net transfer in 1996	-162.79	38.10	-124.69
Net transfer in 1997	-31.52	41.20	9.68
Net transfer in 1998	-15.37	13.77	-1.60

D. Post-Evaluated Projects	1968 - 1977		1978 - 1987		1988 - 1998		1968 - 1998	
	No.	%	No.	%	No.	%	No.	%
1. Postevaluation Rating								
Rated Generally Successful (GS)	17	63.0	7	29.2	2	33.3	26	45.6
Rated Partly Successful (PS)	8	29.6	7	29.2	3	50.0	18	31.6
Rated Unsuccessful (US)	2	7.4	10	41.7	1	16.7	13	22.8
No Rating	-	-	-	-	-	-	-	-
Total	27	100.0	24	100.0	6	100.0	57	100.0
2. Postevaluation Rating by Sector								
1968-1998	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	7	26.9	5	27.8	7	53.8	-	-
Energy	5	19.2	4	22.2	-	-	-	-
Finance and Industry	4	15.4	4	22.2	2	15.4	-	-
Social Infrastructure	2	7.7	3	16.7	2	15.4	-	-
Transport and Communications	7	26.9	2	11.1	2	15.4	-	-
Others/Multisector	1	3.8	-	-	-	-	-	-
Total	26	100.0	18	100.0	13	100.0	0	0.0

^a HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

^b Active loans only (excluding closed loans during the year).

^c Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

^d Includes private sector projects for countries with private sector operations.

PHILIPPINES
PORTFOLIO PERFORMANCE

Table 2 : Status of Project Implementation
(as of 31 December 1998)

Sector ^a	Project Title	Net Loan Amount		Approval Date	Effectivity Date	Closing Date		Physical Progress (% complete)	Cum. Contract Awards (\$ million)	Cumulative Disbursement (\$ million)	Project Performance Rating ^b	
		OCR	ADF			Original	Revised				Implementation	Development
		(\$ million)		(mm/yy)	(mm/yy)	(mm/yy)		Progress	Objectives			
AGR	Second Palawan	33.00		Sep-90	Jan-91	Jun-97	Dec-98	85	24.45	25.35	S	S
AGR	Second Palawan		26.18	Sep-90	Jan-91	Jun-97	Dec-98	85	29.78	31.31	S	S
AGR	Rural Infrastructure Development	16.73		Nov-94	May-95	Jun-01	-	50	3.96	3.42	S	S
AGR	Rural Microenterprise Finance	19.14		Apr-96	Apr-97	Jul-02	-	-	3.05	2.78	S	S
AGR	Bukidnon Integrated Area Development	19.45		Jul-96	Oct-97	Jun-04	-	9	-	0.87	S	S
AGR	Mt Pinatubo Damage Rehabilitation	8.99		Apr-92	Sep-92	Sep-94	Jun-98	100	9.06	8.99	S	S
AGR	Agrarian Reform Communities	93.16		Dec-98	-	Dec-05	-	-	-	-	S	S
AGR	Small Farmers Credit	75.00		Dec-92	Mar-93	Sep-96	Mar-98	-	75.00	75.00		closed
AGR	Low-Income Upland Communities		26.56	Dec-89	Feb-90	Jun-98	Dec-99	91	16.70	18.39	S	S
AGR	Irrigation Systems Improvement	8.19		Nov-90	Mar-91	Jun-95	Mar-98	-	7.05	8.19		closed
AGR	Irrigation Systems Improvement		19.69	Nov-90	Mar-91	Jun-95	Mar-98	-	19.13	19.69		closed
AGR	Industrial Forest Plantations Sector	18.22		Oct-91	Mar-92	Jun-98	Dec-98	24	11.50	15.72	U	U
AGR	Kabulnan		49.40	Nov-91	Mar-92	Jun-98	Dec-99	77	31.07	26.10	S	S
AGR	Forestry Sector		18.27	Nov-92	May-93	Jun-98	Dec-99	83	15.96	14.66	S	S
AGR	Forestry Sector	21.00		Nov-92	May-93	Jun-98	Dec-99	83	14.20	16.06	S	S
AGR	Second Irrigation System Improvement	15.00		Aug-95	Mar-97	Dec-02	-	14	1.23	1.31	S	S
AGR	Second Irrigation System Improvement		13.50	Aug-95	Mar-97	Dec-02	-	14	2.22	1.80	S	S
AGR	Cordillera Highland	9.50		Jan-96	Jun-97	Sep-03	-	5	0.02	1.11	PS	PS
AGR	Cordillera Highland		8.90	Jan-96	Jun-97	Sep-03	-	5	1.54	1.65	PS	PS
AGR	Fisheries Resource		15.52	Oct-97	Sep-98	Jun-04	-	0	-	-	S	S
AGR	Fisheries Resource	20.22		Oct-97	Sep-98	Jun-04	-	0	-	-	S	S
AGR	Southern Philippines Irrigation Sector	60.00		Dec-98	-	Jun-06	-	0	-	-	S	S
SOC	Angat Water Supply Optimization	130.00		Nov-89	Jan-90	Dec-95	Mar-97	78	55.57	75.10	S	S
SOC	Metro Cebu Water Supply		14.23	Nov-90	Oct-91	Jun-94	Aug-98	100	14.00	14.23		closed
SOC	Metro Cebu Water Supply	2.71		Nov-90	Oct-91	Jun-94	Aug-98	100	2.29	2.71		closed
SOC	Manila South Water Distribution	31.40		Dec-91	Jun-92	Jun-96	-	1	-	1.28	U	U
SOC	Municipal Water Supply	43.20		Nov-93	Jun-94	Dec-99	-	30	17.03	11.31	S	S
SOC	Regional Municipal Development	26.96		Aug-95	Mar-97	Jun-01	-	8	1.76	3.06	S	S
SOC	Umiray-Angat Transbasin	92.00		Sep-95	May-96	Jun-00	-	15	36.44	28.71	S	S
SOC	Rural Water Supply and Sanitation	18.50		Jun-96	Nov-97	Feb-02	-	8	1.86	0.16	S	S
SOC	Rural Water Supply and Sanitation		17.96	Jun-96	Nov-97	Feb-02	-	8	2.01	0.14	S	S
SOC	Small Towns Water Supply	50.00		Sep-96	Oct-97	Jun-02	-	4	4.96	0.98	S	S

^a Sector
AGR: Agriculture and Natural Resources
ENE: Energy
SOC: Social Infrastructure
I&F: Industry and Finance
T&C: Transport and Communications
OTH: Multisector/Others

^b HS: Highly Satisfactory; S: Satisfactory; PS: Partially Satisfactory; U: Unsatisfactory

PHILIPPINES
PORTFOLIO PERFORMANCE

Table 2 : Status of Project Implementation
(as of 31 December 1998)

Sector ^a	Project Title	Net Loan Amount		Approval Date (mm/yy)	Effectivity Date (mm/yy)	Closing Date		Physical Progress (% complete)	Cum. Contract Awards (\$ million)	Cumulative Disbursement (\$ million)	Project Performance Rating ^b	
		OCR	ADF			Original	Revised				Implementation Progress	Development Objectives
		(\$ million)				(mm/yy)						
SOC	Subic Bay Municipal Development	22.00		Dec-97	Sep-98	Jun-03	-	2	-	0.02	S	S
SOC	Clark Area Municipal Development	24.30		Dec-98	-	Jun-05	-	0	-	-	S	S
SOC	Non-Formal Education		25.39	Sep-93	Jul-94	Jun-99	-	35	11.87	4.41	S	S
SOC	Women's Health and Safe Motherhood		51.82	Nov-94	May-95	Jun-01	-	18	10.08	5.47	U	U
SOC	Integrated Community Health		24.77	Oct-95	Mar-97	Jun-02	-	13	3.82	2.03	S	S
SOC	Early Childhood Development	15.70		Jan-98	Sep-98	Jan-05	-	0	-	-	S	S
SOC	Early Childhood Development		9.13	Jan-98	Sep-98	Jan-05	-	0	-	-	S	S
SOC	Secondary Education Devt & Improvmnt	53.00		Dec-98	-	Dec-06	-	0	-	-	S	S
I&F	Capital Market Development Program	150.00		Aug-95	Mar-97	Dec-97	Dec-98	-	75.00	75.00	PS	S
ENE	Sixteenth Power	200.00		Oct-90	Dec-94	Jun-95	Nov-98	98	194.07	190.66	S	S
ENE	Meralco Distribution	132.58		Dec-92	Apr-93	Jun-97	Mar-99	80	103.39	93.82	S	S
ENE	Power Transmission	127.50		Dec-93	Sep-94	Dec-96	Dec-98	89	92.63	101.36	S	S
ENE	Northern Luzon Transmission and Generation	204.00		Nov-95	May-96	Jun-99	-	90	137.93	127.06	S	S
ENE	Leyte Mindanao Interconnection	5.35		Sep-96	Feb-97	Nov-98	-	50	4.89	3.63	S	S
ENE	Power Transmission Reinforcement	191.40		Dec-97	Apr-98	Jun-02	-	0	1.10	0.24	S	S
ENE	Power Sector Restructuring Program	300.00		Dec-98	Dec-98	Sep-00	-	-	100.00	100.00	S	S
T&C	Airport Development	41.00		Nov-94	Apr-95	Sep-99	-	5	26.97	8.45	PS	S
T&C	Sixth Road	167.00		Sep-96	Dec-97	Jun-02	-	5	36.61	5.77	S	S
T&C	FRIP	144.18		Nov-90	Mar-91	Jun-96	Jan-98	-	124.68	144.18		closed
T&C	Fourth Road Improvement	22.14		Sep-94	Apr-95	Dec-96	May-98	-	20.64	22.14		closed
T&C	MM Air Quality (Program Loan)	200.00		Dec-98	Dec-98	Dec-02	-	-	100.00	100.00	S	S
T&C	Air Pollution Control	25.00		Dec-98	Dec-98	-	-	-	-	-	S	S
T&C	MM Air Quality (Investment)	71.00		Dec-98	Dec-98	Dec-03	-	-	-	-	S	S
T&C	Third Airports	93.00		Sep-97	Nov-98	May-03	-	-	-	-	S	S
OTH	Mt. Pinatubo Damage		29.28	Apr-92	Sep-92	Sep-94	Jun-98	100	26.62	24.01	S	S
	TOTAL	2,937.21	414.90						1,472.11	1,418.31		

^a Sector

AGR: Agriculture and Natural Resources

ENE: Energy

SOC: Social Infrastructure

I&F: Industry and Finance

T&C: Transport and Communications

OTH: Multisector/Others

^b HS: Highly Satisfactory; S: Satisfactory; PS: Partially Satisfactory; U: Unsatisfactory

PHILIPPINES
OVERALL EXTERNAL ASSISTANCE

External Source (\$ million)	1993-1997 (annual average)		1998 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
A. Multilateral Assistance				
ADB	293.2	6.3	846.6	6.7
UN System	-	15.0	-	18.7
World Bank	325.1	0.0	90.0	0.0
Subtotal	618.3	21.2	936.6	25.4
B. Bilateral Assistance				
Australia	21.1	30.2	66.0	-
Canada	3.1	-	-	-
France	47.0	0.2	-	-
Germany	24.8	18.0	9.3	2.8
Italy	-	2.3	-	-
Japan	884.2	113.5	1,054.3	51.7
United Kingdom	15.9	-	-	-
United States	11.0	51.5	-	19.3
Subtotal	1,007.1	215.7	1,129.6	73.8
Total	1,625.4	236.9	2,066.2	99.1

Source: National Economic and Development Authority
The Bank

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002
(Amounts in \$ million)

Sector/Project Name	Strategic		Responsible Division	Year of PPTA	PROJECT COST					
	Dev't Objectives ^a				TOTAL	Bank		Gov't	Cofinancing (Others)	
	Primary	Secondary				OCR	ADF			Total
2000 FIRM LOANS										
Agriculture and Natural Resources										
1. Grains Sector Development Program	ECO	-	AEAR	1996	234.7	175.0	-	175.0	59.7	
2. Infrastructure for Rural Productivity Enhancement Sector Project	ECO	POV	AEAR	1999	150.0	75.0	-	75.0	75.0	
Subtotal					384.7	250.0	-	250.0	134.7	-
Energy										
1. Transmission Interconnection and Reinforcement	ECO	-	IEEN		100.0	100.0	-	100.0	-	
Subtotal					100.0	100.0	-	100.0	-	-
Social Infrastructure										
1. Pasig River Environmental Mgmt. And Rehab SDP	ENV	HD	AEWU	1997	250.0	175.0	-	175.0	75.0	
2. Technical Education and Skills Development	HD		AEEH	1996	50.0	50.0	-	50.0		
3. Mindanao Basic Urban Services Sector	HD	POV	AEWU	1998	90.0	45.0	-	45.0	10.0	35.0
Subtotal					390.0	270.0	-	270.0	85.0	35.0
Total					874.7	620.0	-	620.0	219.7	35.0
2000 STANDBY LOANS										
Finance and Industry										
1. Non-bank Financial Intermediation	ECO	-	IEFI		100.0	100.0	-	100.0		
Subtotal					100.0	100.0	-	100.0	-	-
Total					100.0	100.0	-	100.0	-	-
2001 LOAN PIPELINE										
Agriculture and Natural Resources										
1. Community-Based Forest Resource Management	POV	ENV	AEFN	1999	141.7	50.0	-	50.0	91.7	
Subtotal					141.7	50.0	-	50.0	91.7	-
Energy										
1. Rural Electrification Project	ECO	-	IEEN	1999	197.2	75.0	-	75.0	122.2	
Subtotal					197.2	75.0	-	75.0	122.2	-
Finance and Industry										
1. Non-bank Financial Intermediation	ECO	-	IEFI		100.0	100.0	-	100.0		
2. LGU Infrastructure Development Facility	ECO	-	IEFI	1996	58.0	25.0	-	25.0	33.0	
Subtotal					158.0	125.0	-	125.0	33.0	-
Transport and Communications										
1. Transport Infrastructure and Capacity Development	ECO	HD	IETC	1997	170.0	75.0	-	75.0	95.0	
Subtotal					170.0	75.0	-	75.0	95.0	-
Social Infrastructure										
1. Mindanao Basic Education Development	HD	-	AEEH	1997	112.0	50.0	-	50.0	62.0	
2. Development of Poor Urban Communities	POV	-	AEWU	1999	222.2	100.0	-	100.0	122.2	
Subtotal					334.2	150.0	-	150.0	184.2	-
Total					1,001.1	475.0	-	475.0	526.1	

^a ECO = Economic Growth; HD = Human Development; and POV = Poverty Reduction.

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002
(Amounts in \$ million)

Sector/Project Name	Strategic		Responsible Division	Year of PPTA	PROJECT COST					
	Dev't Objectives ^a				TOTAL	Bank		Gov't	Cofinancing (Others)	
	Primary	Secondary				OCR	ADF			Total
2002 LOAN PIPELINE										
Agriculture and Natural Resources										
1. Upland Communities Development	POV	-	AEFN	2000	150.0	60.0	-	60.0	90.0	
2. Rural Microfinance/Microcredit	ECO	POV	AEAR	2000	150.0	60.0	-	60.0	90.0	
Subtotal					300.0	120.0	-	120.0	180.0	-
Energy										
1. Strengthening Subtransmission and Distribution Systems	ECO	-	IEEN	2000	250.0	100.0	-	100.0	150.0	
Subtotal					250.0	100.0	-	100.0	150.0	-
Social Infrastructure										
1. Health Sector Development	HD	-	AEEH	2000	125.0	50.0	-	50.0	75.0	
2. Education Sector Development Program	HD	-	AEEH	2000	75.0	75.0	-	75.0	-	
3. Metro Manila Basic Services for Poor Communities	POV	-	AEWU	2001	125.0	50.0	-	50.0	75.0	
Subtotal					325.0	175.0	-	175.0	150.0	-
Transport and Communications										
1. Seventh Road (National and Provincial Roads)	ECO	-	IETC	1999	225.0	75.0	-	75.0	150.0	
Subtotal					225.0	75.0	-	75.0	150.0	-
Total					1,100.0	470.0	-	470.0	630.0	-

^a ECO = Economic Growth; HD = Human Development; and POV = Poverty Reduction.

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002

Sector/Project Name	Responsible Division	Type of TA	Amount ('000)		
			Bank	Others	Total
2000 TECHNICAL ASSISTANCE PROGRAM					
Agriculture and Natural Resources					
1. Rural Microfinance / Microcredit	AEAR	PP	500.0	-	500.0
2. Integrated Coastal Resources Management	AEFN	PP	600.0	-	600.0
3. Low Income Upland Communities-II	AEFN	PP	600.0	-	600.0
4. Small Commercial Farming / High Value Crops Dev / Integ. Pest Mgt	AEAR	PP	700.0	-	700.0
	<i>Subtotal</i>		<u>2,400.0</u>	<u>-</u>	<u>2,400.0</u>
Energy					
1. Institutional Strengthening of DoE and Onshore Gas Infrastructure	IEEN	AD	500.0	-	500.0
2. Strengthening Subtransmission and Distribution Systems	IEEN	PP	600.0	-	600.0
	<i>Subtotal</i>		<u>1,100.0</u>	<u>-</u>	<u>1,100.0</u>
Industry and Finance					
1. Support for Financial and Corporate Sector Development	IEFI	AD	800.0	-	800.0
	<i>Subtotal</i>		<u>800.0</u>	<u>-</u>	<u>800.0</u>
Social Infrastructure					
1. Health Sector Development	AEEH	PP	600.0	-	600.0
2. Education Sector Development Program	AEEH	PP	700.0	-	700.0
3. Metro Manila Urban Dev. and Basic Services for Poor Communities	AEWU	PP	600.0	-	600.0
4. LGU Capacity Building II(Project Financing and Social Services Delivery)	AEEH	AD	600.0	-	600.0
5. Institutional Development for Metropolitan Areas	AEWU	AD	600.0	-	600.0
6. Capacity Building for the Regulatory Office of MWSS	AEWU	AD	600.0	-	600.0
7. Private Sector Participation in Education	AEEH	AD	500.0	-	500.0
8. Laiban Dam	AEWU	AD	150.0	-	150.0
	<i>Subtotal</i>		<u>4,350.0</u>	<u>-</u>	<u>4,350.0</u>
Others (Governance)					
1. Capacity Building for Audit Agencies	PE2	AD	400.0	-	400.0
	<i>Subtotal</i>		<u>400.0</u>	<u>-</u>	<u>400.0</u>
	Total		<u>9,050.0</u>	<u>-</u>	<u>9,050.0</u>

NB: Some TAs slipped from 1999 may be included in the 2000 program subject to confirmation of the Government during country programming.

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002

Sector/Project Name	Responsible Division	Type of TA	Amount ('000)		
			Bank	Others	Total
2001/2002 TECHNICAL ASSISTANCE PROGRAM					
Agriculture and Natural Resources					
1. Integrated Area Management Project	AEAR	PP	600.0	-	600.0
2. Cadastral Survey and Land Registration	AEAR	PP	600.0	-	600.0
3. Irrigation Sector Project	AEFN	PP	600.0	-	600.0
	<i>Subtotal</i>		<u>1,800.0</u>	<u>-</u>	<u>1,800.0</u>
Transport and Communications					
1. Eighth Road (Provincial Roads)	IETC/AEAR	PP	700.0	-	700.0
	<i>Subtotal</i>		<u>700.0</u>	<u>-</u>	<u>700.0</u>
Social Infrastructure					
1. Capacity Building in Education	AEEH	PP	600.0	-	600.0
2. Early Childhood Development II	AEEH	PP	600.0	-	600.0
3. Capacity Building for Health and Nutrition	AEEH	AD	600.0	-	600.0
4. Water Supply and Sanitation	AEWU	PP	600.0	-	600.0
5. Regional Municipal Sector Project -II	AEWU	PP	800.0	-	800.0
6. LGU Capacity Building III (Financial Mgt. Resource Mobilization)	AEWU	AD	600.0	-	600.0
7. Regional Cities Air Quality Improvement/Industrial Pollution Prevention and Management	IEOD	PP	700.0	-	700.0
8. Small Towns Water Supply and Sanitation Sector II	AEWU	PP	600.0	-	600.0
	<i>Subtotal</i>		<u>5,100.0</u>	<u>-</u>	<u>5,100.0</u>
	Total		<u>7,600.0</u>	<u>-</u>	<u>7,600.0</u>

PHILIPPINES
LENDING PROGRAM BY TYPE AND SECTOR, 2000-2002

Classification	2000 (Firm)		2001-2002	
	No.	% ^a	No.	% ^a
I. By Type				
A. Economic Growth	2	33.3	5	35.7
B. Projects Directly Aimed at Social Concerns	2	33.3	7	50.0
C. Projects Directly Aimed at Environmental Concerns	1	16.7	-	-
D. Economic Growth-oriented Projects with Social and/or Environmental Concerns	1	16.7	2	14.3
Total	6	100.0	14	100.0
II. By Sector				
A. Agriculture and Natural Resources	2	33.3	3	21.4
B. Energy	1	16.7	2	14.3
C. Finance and Industry	-	-	2	14.3
D. Transport and Communications	-	-	2	14.3
E. Social Infrastructure	3	50.0	5	35.7
F. Others/Multisector	-	-	-	-
Total	6	100.0	14	100.0

^a rounded off.

PHILIPPINES

PROJECT PROFILE				
1. Project Name: Infrastructure for Rural Productivity Enhancement Sector		2. Sector/Subsector: Agriculture Support Services		
3. Dev. Objective: GRO Secondary: POV Primary:				
4. Rationale & Objectives: Agriculture dominates the Philippine rural economy and plays a significant role in the country's overall economic performance in terms of direct contribution to production and employment as well as activities in the manufacturing and service sectors. The Project is aimed at increasing rural incomes and relieving rural poverty through the provision of rural communal infrastructure.		5. Beneficiary Participation/Consultation Needs: The design of the proposed Project will require extensive consultation with the concerned target areas to address their socioeconomic interests.		
6. Scope: The proposed Project aims to determine the potential to enhance smallholder agricultural production through the provision of rural infrastructure (farm-to-market roads, in particular) in targeted areas. The targeted areas will have agricultural potential and a certain level of existing or pipelined investment. The combination of agricultural potential and existing investment will serve as a springboard from which the Project can provide targeted synergistic investment that will result in sustainable increases in productivity and reductions in poverty. The focus of the Project will be on poorer areas with unrealized agricultural potentials in Regions V (Southeastern Luzon), VIII (Eastern Visayas), Mindanao (with particular focus on Regions 9, 10, 12, and ARMM), and the island provinces of Region IV (Mindoro).				
7. Estimated Cost & Financing Plan (\$): Amount: 75.0 Source: OCR Loan Project Cost (\$m) 75.0				Remarks
Financing (Source)	FC	LC	Total	
Bank	75.0	TBD	75.0	
Cofinancing	TBD	TBD	TBD	
Borrower	TBD	TBD	TBD	
Total	75.0	TBD	TBD	
8. Estimated Benefits and Beneficiary Groups: TBD				
9. Executing Agency: Department of Agriculture		11. Project Implementation Period: Start: End:		
10. Previous Bank Experience with EA (Good, Fair, Poor)				
12. Portfolio Feedback:		13. Expected Issues:		
14. Environmental Category:		16. Processing Year:		TA
15. Input Date: 21-Jul-1999				1999
				Loan 2000

PHILIPPINES

PROJECT PROFILE					
1. Project Name: Non-Bank Financial Intermediation Program			2. Sector/Subsector: Finance/Capital Market Development		
3. Dev. Objective: ECO Primary: Secondary:					
4. Rationale & Objectives: The Project will support financial sector reform, particularly the development of capital market with a view to improve the access of private enterprises to equity capital and long-term finance, and to encourage domestic resource mobilization. The Project will focus on the development of the bond market and capital market institutions such as the institutional investors, including pension funds, insurance companies and mutual funds, and securities and brokerage companies which mobilize and provide long-term financial for economic development especially in the industry sector.			5. Beneficiary Participation/Consultation Needs:		
6. Scope: To be determined during project processing.					
7. Estimated Cost & Financing Plan (\$):			Remarks		
Loan Project Cost (\$m)					
Financing (Source)	FC	LC			Total
Bank	150.0	-			150.0
Cofinancing	-	-			-
Borrower	-	-			-
Total	150.0		150.0		
8. Estimated Benefits and Beneficiary Groups: An effective and efficient SEC is vital to the proper functioning of the country's capital market – both savers (investors), market participants issuers will benefit.					
9. Executing Agency: Department of Finance			10. Project Implementation Period: Start: 2000 End: 2002		
11. Environment Category:			12. Processing Year: 1999/2000		

PHILIPPINES

PROJECT PROFILE					
1. Project Name: Mindanao Basic Education Development Project			2. Sector/Subsector: Education		
3. Dev. Objective: HD Secondary: POV Primary:					
4. Rationale & Objectives: Mindanao's socioeconomic development has been constrained by insurgency and low level of investment in both human and physical development. Widening access to basic education that is relevant to students representing diverse socio-cultural background will contribute to both restoration of peace and to sustainable socioeconomic development of Mindanao.			5. Beneficiary Participation/Consultation Needs: Project preparation has been involving representatives of Islamic communities and schools, as well as indigenous Cultural Communities (ICC) and schools.		
6. Scope: The Project will support improvement of elementary and secondary education in socially and economically disadvantaged areas in Mindanao. The Project will support: (i) strengthening private education, especially the Madaris and ICC schools, (ii) improving quality and relevance of public basic education thereby making public schools more accessible to students with broader socio-cultural backgrounds, and (iii) improving standards of basic education in Mindanao.					
7. Estimated Cost & Financing Plan (\$):			(c) Remarks A number of agencies have expressed interest in cofinancing the Project. Nordic Development Fund, Overseas Economic Cooperation Fund and OPEC Fund have informally indicated interest.		
(a) TA: Amount: \$680,000 Source: JSF and Belgium Trust Fund					
(b) Loan Project Cost (\$m)					
Financing (Source)	FC	LC			Total
Bank	10.0	40.0			50.0
Cofinancing					
Borrower					
Total					
8. Estimated Benefits and Beneficiary Groups: The expected social benefits include: (i) fostering peaceful co-existence of multicultural population groups, (ii) enhanced basic education opportunities and widened choice of schools for Mindanao children, and (iii) improved human resource base to promote and sustain socioeconomic development.					
9. Executing Agency: Department of Education, Culture and Sports Implementing Agency in Mindanao to be determined.			11. Project Implementation Period: Start: 2 nd Semester 2000 End: 2006		
10. Previous Bank Experience with EA (Good, Fair, Poor): Good					
12. Portfolio Feedback:			13. Expected Issues: Policy and legal framework to facilitate support to private schools.		
14. Environmental Category: C			16. Processing Year:		
15. Input Date: 21-Dec-1998					TA
			1997	2000	

PHILIPPINES

PROJECT PROFILE																							
1. Project Name: Mindanao Basic Urban Services Sector		2. Sector/Subsector: Social Infrastructure/Urban Development																					
3. Dev. Objective: Primary: HD Secondary: POV																							
4. Rationale & Objectives: <p>The demand for basic urban services in Mindanao is outstripping the ability of local governments to deliver and sustain adequate levels of municipal services, particularly for the urban poor. Accordingly, there is an urgent need to address in a comprehensive approach the inadequacy of basic urban infrastructure in Mindanao through upgrading and expansion of basic urban infrastructure and strengthening the capability of LGUs to provide and manage these essential services.</p> <p>The Project aims to improve the quality of life of urban residents by enabling the provision, upgrading and rehabilitation of basic municipal infrastructure and services. The Project will strengthen the participating LGUs' capacity to plan, provide, manage and maintain municipal investments and services. The Project will improve poor communities' access to affordable basic infrastructure and services. In addition to poverty alleviation, the Project will contribute to economic development and improvement to the urban environment. The Project's primary classification is human development while its secondary classification is poverty reduction.</p>		5. Beneficiary Participation/Consultation Needs: Central Government agencies, LGUs, private sector, NGOs, and community groups will participate in project design and implementation.																					
6. Scope: The Project will comprise two parts, Part A: Infrastructure Investments, and Part B: Project Preparation, Management and Institutional Development Support. Part A will consist of the construction, upgrading, and rehabilitation of basic urban infrastructure and service facilities of subprojects in cities and municipalities, covering any of the following components: (i) water supply; (ii) flood control and drainage; (iii) sewerage and sanitation; (iv) solid waste; (v) urban roads, bridges, and traffic management; and (vi) public facilities such as public markets, bus terminals and slaughterhouses. The Project will be based on a demand driven and integrated approach to urban development. Part B will include (i) assistance to prepare subprojects, including feasibility studies and detailed engineering design; (ii) project management support to assist in overall project management and subproject implementation; and (iii) institutional development and capacity building covering urban management, financial management, enhancing revenue generation, corporatization of the economic units, training for GIS, and public-private partnerships.																							
7. Estimated Cost & Financing Plan (\$): (a) TA: Amount: 1,000,000 (PP) Source: JSF (b) Loan Project Cost (\$m)		(c) Remarks Cofinancing possibilities will be explored.																					
<table border="1"> <thead> <tr> <th>Financing (Source)</th> <th>FC</th> <th>LC</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td>47.0</td> <td>3.0</td> <td>50.0</td> </tr> <tr> <td>Cofinancing</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Borrower</td> <td></td> <td>40.0</td> <td>40.0</td> </tr> <tr> <td>Total</td> <td>47.0</td> <td>43.0</td> <td>90.0</td> </tr> </tbody> </table>				Financing (Source)	FC	LC	Total	Bank	47.0	3.0	50.0	Cofinancing				Borrower		40.0	40.0	Total	47.0	43.0	90.0
Financing (Source)	FC			LC	Total																		
Bank	47.0			3.0	50.0																		
Cofinancing																							
Borrower		40.0	40.0																				
Total	47.0	43.0	90.0																				
8. Estimated Benefits and Beneficiary Groups:																							
The Project will benefit about one million urban residents, in terms of improved access to municipal services and higher environmental standards. In addition, as the urban population usually represents 30 to 40 percent of the city/municipal population, an additional one to two million rural residents will also benefit from selected improved municipal infrastructure and service in the city center. The Project will address about 20 percent of the total urban infrastructure investment program for Mindanao. In addition to the improvement of the physical urban infrastructure, the LGUs will benefit from the institutional development and capacity building program which aims at strengthening their managerial, technical and financial capacity.																							
9. Executing Agency: Department of Interior and Local Government (DILG)		11. Project Implementation Period: Start: 2000 End:																					
10. Previous Bank Experience with EA (Good, Fair, Poor): Good																							
12. Portfolio Feedback:		13. Expected Issues:																					
14. Environmental Category: B		16. Processing Year: <table border="1"> <thead> <tr> <th>TA</th> <th>Loan</th> </tr> </thead> <tbody> <tr> <td>1998</td> <td>2000</td> </tr> </tbody> </table>		TA	Loan	1998	2000																
TA	Loan																						
1998	2000																						
15. Input Date: 6-Jul-1999																							

PHILIPPINES

PROJECT PROFILE					
1. Project Name: Transport Infrastructure and Capacity Development		2. Sector/Subsector: Transport and Communications/Roads			
3. Dev. Objective: ECO Primary: Secondary:					
4. Rationale & Objectives: To assist the Government in institutional restructuring and capacity building for sector efficiency and enabling private sector participation.		5. Beneficiary Participation/Consultation Needs: The ultimate beneficiaries will be the public who use transportation services. There will be discussions held with representatives of such groups, NGOs, and elected/selected government officials.			
7. Scope: (i) Definition of required reforms and policy changes in the transport sector and an agreed timetable for such reforms and changes; (ii) provision of training/retraining of staff for undertaking necessary reforms; and (iii) investment in specific areas where public sector funding could support or play a catalytic role for private sector participation.					
7. Estimated Cost & Financing Plan (\$): TA: \$1 million Loan Project Cost (\$m)				Remarks The final cost estimates including cofinancing are yet to be determined. However, cofinancing is expected in this project.	
Financing (Source)		FC	LC		Total
Bank		75.0	TBD		75.0
Cofinancing		TBD	TBD		TBD
Borrower		TBD	TBD		TBD
Sub-borrowers		TBD	TBD		TBD
Total		TBD	TBD		TBD
8. Estimated Benefits and Beneficiary Groups: TBD					
9. Executing Agency: NEDA			10. Project Implementation Period: Start: 2000 End: 2003		
11. Environment Category: B			12. Processing Year: 2000		

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2003
(Amounts in \$ million)

Sector/Project Name	Strategic Dev't Objectives ^a		Responsible Division	Year of PPTA	PROJECT COST					
	Primary	Secondary			TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
2000 FIRM LOANS										
Agriculture and Natural Resources										
1. Grains Sector Development Program	ECO	-	AEAR	1996	234.7	175.0	-	175.0	59.7	-
Subtotal					234.7	175.0	-	175.0	59.7	-
Energy										
1. Transmission Interconnection & Reinforcement	ECO	-	IEEN	1996	626.0	100.0	-	100.0	76.0	450.0
Subtotal					626.0	100.0	-	100.0	76.0	450.0
Social Infrastructure										
1. Pasig River Environmental Mgmt. & Rehabilitation SDP	ENV	HD	AEWU	1997	250.0	175.0	-	175.0	75.0	-
2. Technical Education and Skills Development	HD	-	AEEH	1996	90.0	45.0	-	45.0	45.0	-
Subtotal					340.0	220.0	-	220.0	120.0	-
Total					1,200.7	495.0	-	495.0	255.7	450.0
2000 STANDBY LOANS										
Agriculture and Natural Resources										
1. Infra. for Rural Productivity Enhancement Sector	ECO	POV	AEAR	1999	145.0	70.0	-	70.0	75.0	-
Finance and Industry										
1. Non-bank Financial Intermediation	ECO	-	IEFI	1998	100.0	100.0	-	100.0	-	-
Social Infrastructure										
1. Mindanao Basic Urban Services Sector	HD	POV	AEWU	1998	90.0	45.0	-	45.0	10.0	35.0
Standby Total					335.0	215.0	-	215.0	85.0	35.0
Total Including Standby					1,535.7	710.0	-	710.0	340.7	485.0
2001 LOAN PIPELINE										
Agriculture and Natural Resources										
1. Infra. for Rural Productivity Enhancement Sector	PPGI	-	AEAR	1999	155.6	70.0	-	70.0	85.6	-
Subtotal					155.6	70.0	-	70.0	85.6	-
Finance and Industry										
1. Non-bank Financial Intermediation	PPGI	-	IEFI	1998	100.0	100.0	-	100.0	-	-
Subtotal					100.0	100.0	-	100.0	-	-
Social Infrastructure										
1. Mindanao Basic Education Development	CPI	-	AEEH	1997	111.1	50.0	-	50.0	61.1	-
2. Mindanao Basic Urban Services Sector	PI	-	AEWU	1998	100.0	45.0	-	45.0	20.0	35.0
Subtotal					211.1	95.0	-	95.0	81.1	35.0
Total					466.7	265.0	-	265.0	166.7	35.0
2001 STANDBY LOANS										
Agriculture and Natural Resources										
1. Mindanao Comm-Based Forest Resource Management	CPI	-	AEFN	1999	88.9	40.0	-	40.0	48.9	-
Energy										
1. Rural Electrification Project	PPGI	-	IEEN	2000	133.3	60.0	-	60.0	73.3	-
Standby Total					222.2	100.0	-	100.0	122.2	-
Total Including Standby					688.9	365.0	-	365.0	288.9	35.0

^a ECO = Economic Growth; ENV = Environmental Protection; HD = Human Development; and POV = Poverty Reduction.
CPI = Core Poverty Intervention; PPGI = Pro-poor Growth Intervention; PI = Poverty Intervention.

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2003
(Amounts in \$ million)

Sector/Project Name	Strategic Dev't Objectives ^a		Responsible Division	Year of PPTA	PROJECT COST					
	Primary	Secondary			TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
2002 LOAN PIPELINE										
Agriculture and Natural Resources										
1. Mindanao Comm-Based Forest Resource Management	CPI	-	AEFN	1999	100.0	40.0	-	40.0	60.0	-
Subtotal					100.0	40.0	-	40.0	60.0	-
Energy										
1. Rural Electrification Project	PPGI	-	IEEN	2000	150.0	60.0	-	60.0	90.0	-
Subtotal					150.0	60.0	-	60.0	90.0	-
Finance and Industry										
1. SME Export Development	PPGI	-	IEFI	1996	125.0	50.0	-	50.0	75.0	-
Subtotal					125.0	50.0	-	50.0	75.0	-
Social Infrastructure										
1. Education Sector Development Program	PI	-	AEEH	2000	135.0	75.0	-	75.0	60.0	-
2. Development of Poor Urban Communities	CPI	-	AEWU	2001	125.0	50.0	-	50.0	25.0	50.0
Subtotal					260.0	125.0	-	125.0	85.0	50.0
Transport and Communications										
1. Rural Roads Development	PPGI	-	IETC	2000	187.5	75.0	-	75.0	112.5	-
Subtotal					187.5	75.0	-	75.0	112.5	-
Total					822.5	350.0	-	350.0	422.5	50.0
2003 LOAN PIPELINE										
Agriculture and Natural Resources										
1. Integrated Coastal Resources Management	CPI	-	AEFN	2000	100.0	40.0	-	40.0	60.0	-
2. Rural Microfinance	CPI	-	AEAR	2001	100.0	40.0	-	40.0	60.0	-
Subtotal					200.0	80.0	-	80.0	120.0	-
Energy										
1. Strengthening Transmission Systems for Rural Electrification	PPGI	-	IEEN	2000	250.0	100.0	-	100.0	150.0	-
Subtotal					250.0	100.0	-	100.0	150.0	-
Finance and Industry										
1. LGU Infrastructure Development Facility	PPGI	-	IEFI	1999	62.5	25.0	-	25.0	37.5	-
Subtotal					62.5	25.0	-	25.0	37.5	-
Social Infrastructure										
1. Health Sector Development	PI	-	AEEH	2000	150.0	75.0	-	75.0	75.0	-
2. Metro Manila Urban Services for the Poor	CPI	-	AEWU	2001	125.0	50.0	-	50.0	75.0	-
Subtotal					275.0	125.0	-	125.0	150.0	-
Total					787.5	330.0	-	330.0	457.5	-

^a CPI = Core Poverty Intervention; PPGI = Pro-poor Growth Intervention; PI = Poverty Intervention

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2003

Sector/Project Name	Responsible Division	Type of TA	Amount ('000)		
			Bank	Others	Total
2000 TECHNICAL ASSISTANCE PIPELINE					
Agriculture and Natural Resources					
1. Integrated Coastal Resources Management	AEFN	PP	900.0	-	900.0
2. Grains Policy and Institutional Reform (Piggy backed to Grains Sector)	AEAR	AD	870.0	-	870.0
	Subtotal		1,770.0	-	1,770.0
Energy					
1. Rural Electrification Project	IEEN	PP	600.0	-	600.0
2. Rural Electrification Institutional Strengthening	IEEN	AD	750.0	-	750.0
	Subtotal		1,350.0	-	1,350.0
Social Infrastructure					
1. Education Sector Development Program	AEEH	PP	700.0	-	700.0
2. Health Sector Development	AEEH	PP	800.0	-	800.0
3. Reproductive Health	AEEH	AD	400.0	-	400.0
4. Strengthening the Proposed Dept. of Housing and Urban Development	AEWU	AD	600.0	-	600.0
5. Capacity Building for the Regulatory Office of MWSS	AEWU	AD	600.0	-	600.0
	Subtotal		3,100.0	-	3,100.0
Transport and Communications					
1. Rural Roads Development	IETC	PP	600.0	-	600.0
2. Railway Restructuring Program	IETC	AD	500.0	-	500.0
	Subtotal		1,100.0	-	1,100.0
Others (Governance/Environment/Poverty)					
1. Strengthening of the Audit System	OGA	AD	400.0	-	400.0
2. Establishment of ODA Unit in Flagship Committee	PE2	AD	100.0	-	100.0
3. Strengthening of Flagship Committee's Monitoring Capacity	PE2	AD	400.0	-	400.0
4. Implementation of the Convention on Biological Diversity	ENVD	AD	120.0	-	120.0
5. Stakeholder Consultation for Poverty Alleviation	PE2	AD	100.0	-	100.0
6. Improving Poverty Monitoring	EDSD	AD	300.0	-	300.0
	Subtotal		1,420.0	-	1,420.0
	TOTAL		8,740.0	-	8,740.0
TAs for Support Under Asian Currency Crisis Support Facility (ACCSF)					
1. NPC's Privatization Master Plan	IEEN	AD	2,000.0	-	2,000.0
2. Prevention of Market Dominance and Anti-Competitive Behavior in the Energy Sector	IEEN	AD	1,000.0	-	1,000.0
3. Support for Financial & Corporate Sector Dev. (Piggybacked to NBF)	IEFI	AD	1,000.0	-	1,000.0
4. Strengthening Mgmt Cap. & Improving Quality of TESD (Piggybacked to TESD)	AEEH	AD	1,000.0	-	1,000.0
5. Institutional Capacity Building Support for Pasig River (Piggybacked to Pasig River Env. Mgmt. & Rehab. SDP)	AEWU	AD	1,000.0	-	1,000.0
	Subtotal		6,000.0	-	6,000.0

^a This includes a component for strengthening employment planning and related market structures.

PHILIPPINES
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2003

Sector/Project Name	Responsible Division	Type of TA	Amount ('000)		
			Bank	Others	Total
2001 TECHNICAL ASSISTANCE PIPELINE					
Agriculture and Natural Resources					
1. Rural Microfinance	AEAR	PP	500.0	-	500.0
2. Upland Communities Development	AEFN	PP	900.0	-	900.0
3. Irrigation Sector	AEFN	PP	900.0	-	900.0
	Subtotal		2,300.0	-	2,300.0
Energy					
1. Strengthening Transmission Systems for Rural Electrification	IEEN	PP	500.0	-	500.0
2. Inst'l Strengthening of DOE in Natural Gas Reg. and Cost Control	IEEN	AD	800.0	-	800.0
	Subtotal		1,300.0	-	1,300.0
Social Infrastructure					
1. Private Sector Participation in Formal & Non-Formal Education	AEEH	AD	700.0	-	700.0
2. Metro Manila Urban Services for the Poor	AEWU	PP	800.0	-	800.0
3. Regionalized Urban Services	AEWU	PP	800.0	-	800.0
	Subtotal		2,300.0	-	2,300.0
Others (Governance/Environment)					
1. Improved Municipal Governance	AEWU	AD	400.0	-	400.0
2. Promotion of Cleaner Production Technologies	ENVD	AD	700.0	-	700.0
3. Judicial Reform	OGC	AD	600.0	-	600.0
4. LGU Capacity Building II (NG-LGU Financial Relations)	PE2/AEWU	AD	600.0	-	600.0
5. Power Sector Compliance w/ Clean Air Act	IEEN	AD	150.0	-	150.0
	Subtotal		2,450.0	-	2,450.0
	Total		8,350.0	-	8,350.0
2002/2003 TECHNICAL ASSISTANCE PROGRAM					
Agriculture and Natural Resources					
1. Rural Development	AEAR	PP	900.0	-	900.0
	Subtotal		900.0	-	900.0
Energy					
1. Renewables and Remote Area Electrification	IEEN	PP	600.0	-	600.0
	Subtotal		600.0	-	600.0
Finance and Industry					
1. Capacity Bldg. For PDIC II	IEFI	AD	600.0	-	600.0
2. Trade Policy and Econ. Governance (Piggy Backed to SME Export Devt. SDP)	IEFI	AD	600.0	-	600.0
	Subtotal		1,200.0	-	1,200.0
Transport and Communications					
1. Provincial Roads Development	IETC	PP	700.0	-	700.0
	Subtotal		700.0	-	700.0
Others (Governance/Environment)					
1. Regional Cities Air Quality Improvement/Industrial Pollution Prevention and Management	IEOD	PP	700.0	-	700.0
2. Poverty Reduction thru Biodiv. Cons. & Env. Rehabilitation	ENVD	AD	600.0	-	600.0
3. LGU Capacity Building III (Financial Mgt. Resource Mobilization)	AEWU	AD	600.0	-	600.0
4. Capacity Building for an Expanded ARMM	PE2	AD	600.0	-	600.0
	Subtotal		1,800.0	-	1,800.0
	Total		5,200.0	-	5,200.0