

**ASIAN DEVELOPMENT BANK**

**COUNTRY STRATEGY AND PROGRAM UPDATE  
(2002-2004)**

**PHILIPPINES**

**October 2001**

## CURRENCY EQUIVALENTS

(as of 29 June 2001)

Currency Unit	–	Peso (₱)
₱1.00	=	\$0.019
\$1.00	=	₱52.281

## ABBREVIATIONS

ADB	–	Asian Development Bank
BIMP-EAGA	–	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
COS	–	country operational study
GDI	–	gender-related development index
GDP	–	gross domestic product
GNP	–	gross national product
IMF	–	International Monetary Fund
MTPDP	–	Medium-Term Philippine Development Plan
ODA	–	official development assistance
SME	–	small- and medium-sized enterprise
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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# COUNTRY STRATEGY AND PROGRAM Annual Update

## I. DEVELOPMENT SITUATION

### A. Recent Political and Social Developments

1. The new Government assumed office in January 2001 and has finalized an agenda that addresses problems of poverty and unemployment, and aims to improve political and economic governance. This is embodied in the Medium-Term Philippine Development Plan (MTPDP) 2001-2004, which was approved by the administration and will be endorsed to the coming legislature. This agenda needs to be enunciated in the next few months to ensure the achievement of its development objectives as outlined in the MTPDP. Efficient measures to deal with the hostage crisis and security problems are necessary to strengthen investors' confidence.

2. Social indicators for the Philippines have improved in recent years despite the slowdown of economic growth. According to the 2000 United Nations Human Development Report, the Philippines ranked 70<sup>th</sup> out of 162 countries in terms of human development, as measured by the human development index,<sup>1</sup> a significant improvement from 82<sup>nd</sup> in 1998. During 1985-1997, the proportion of Filipino families living below the poverty line decreased from 44.2 percent in 1985 to 31.8 percent in 1997. The general decline in poverty incidence notwithstanding, income inequality worsened, with the Gini Coefficient reaching 48.7 in 1997. Moreover, rural-urban disparities persist and poverty remains largely rural. However, increasing urbanization has been exacerbated by rural to urban migration in search of employment opportunities. The growing number of urban poor living in informal settlements has severely strained the ability of urban centers to provide basic services, particularly housing.

### B. Economic Assessment and Outlook

3. In 2000, the economy continued to recover from the Asian crisis with gross domestic product (GDP) growth of 4.0 percent, compared with 3.4 percent in 1999. The agriculture, industry, and service sectors grew in 2000 by 3.3, 3.9, and 4.4 percent, respectively. However, gross national product (GNP) per capita in US dollar terms decreased from \$1,045.0 in 1999 to \$1,007.3 in 2000, mainly due to the depreciation of the peso coupled with high population growth (2.36 percent in 2000). While gross domestic investment declined marginally from 17.8 percent in 1999 to 16.9 percent of GNP in 2000, gross domestic savings increased from 27.3 percent in 1999 to 28.3 percent, leaving a savings-investment surplus of 11.4 percent of GNP derived from the large current account surplus. The economic growth for 2001 is expected to be lower with the slowdown of the United States (US) and Japanese economies. The Government has adjusted the growth targets to 3.3–3.8 percent for 2001. The inflation rate was 6.6 percent at the end of 2000, compared with 6.7 percent in 1999. The unemployment rate increased from 9.8 percent in 1999 to 11.2 percent in 2001. The economic indicators of the Philippines are given in Appendix 1.

4. The Government budget deficit of P134.2 billion in 2000 far exceeded the stipulated fiscal deficit target of P62.5 billion agreed under the International Monetary Fund (IMF) program.<sup>2</sup> The fiscal deficit continued to widen from 1.9 percent of GDP in 1998 to 4.1 percent of GDP in 2000. While part of the deficit was due to some sectors that were lightly taxed, a deterioration of tax effort from 17 percent in 1997 to just 13.6 percent in 2000 should cause

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<sup>1</sup> The 2001 Human Development Report presented the human development index for 1999.

<sup>2</sup> Therefore, the Government decided not to apply for the release of the last tranche of the IMF program. The Government and IMF subsequently agreed to a post program monitoring arrangement that will be limited to regular assessments by IMF without entailing any performance criteria.

concern. The Government expected to keep the fiscal deficit to 4.0 percent of GDP or P145 billion in 2001. On the monetary side, political instability in the last quarter of 2000 affected the interest rate level and the exchange rate. After a temporary rise in the last quarter of 2000, interest rates gradually dropped 600 basis points to 9.0 percent for the overnight borrowing and 11.25 percent for overnight lending in May 2001. Since the end of June 2001, the peso depreciated to about P52 to one US dollar in line with the movement of the currencies in the region. Due to poor portfolio management by the commercial banks, the non-performing loans ratio continued to increase from 14 percent in early 2000 to 16.7 percent in May 2001.

5. With imports remaining slow, the current account surplus reached 11.5 percent of GNP in 2000. While medium-term loans and direct investment flows were positive in 2000, portfolio and other capital outflows increased sharply. Thus, the overall balance of payments was in deficit by \$512 million, equivalent to 0.6 percent of GNP, which is not significant. In 2001, the external current account is expected to continue to be in surplus, but the decrease in imports and exports will make the prospect of the external trade uncertain and this may lower economic growth. At the same time, the outlook for the capital account, which depends on investor confidence in portfolio and direct investment, will likely remain weak.

6. The economic outlook for 2001 is modest and activity could slow further if the demand exports continue to decline more than anticipated due to a prolonged slowdown of the US and Japanese economies. Prospects for the Philippine economy to move forward depend on several key factors. Political stability is an important element to promote economic growth and restore investors' confidence. To accelerate sustainable growth, economic fundamentals including prudent budget management, control of inflation, stable exchange rate, and low interest rate setting need to be improved to strengthen investors' confidence. Economic policy reforms, including reforming the tax collection system, strengthening governance, implementing institutional reforms, and enabling economic security, should be carried out in a timely manner. Strategic policies need to be formulated to address structural weakness, strengthen public sector services, and maintain sustainable growth for the country.

7. The MTPDP spells out the strategies for poverty reduction and formulates the development framework for the Government. The MTPDP is anchored on four strategies: (i) macroeconomic stability and equitable growth by undertaking well-coordinated fiscal, monetary, and exchange rate policies to achieve a low inflation rate and a sound balance of payments position and to avoid unexpected surges in unemployment and declines in income; and modernization of all sectors through human resource development and technological progress; (ii) poverty reduction and comprehensive human development by accelerating the asset reform program; providing human development services, particularly basic education, health, shelter, water, and electricity; strengthening social protections for the most vulnerable sectors through the social welfare system, local safety nets, and social security; and promoting the participation of the poor in governance and protection against violence; (iii) agriculture modernization with social equity by accelerating agrarian reforms, improving rural infrastructures, and implementing land reforms; and (iv) good and effective governance by improving transparency, implementing measures to reduce graft and corruption, strengthening partnerships with civil society and business, carrying out consultation with people, and promoting peace and security.

### **C. Implications for the Country Strategy and Program**

8. Despite the political events of 2000, culminating in the change in the administration, the basic tenets embodied in the MTPDP have remained consistent with those of the previous administrations. The new Government has extensively reviewed the MTPDP to ensure its relevance, particularly to prioritize and optimize public investment in view of the fiscal deficit. The country operational strategy (COS) of the Asian Development Bank (ADB) for the

Philippines was prepared in 1998 and aims to reduce poverty, promote equity growth, improve social services delivery, protect the environment, and promote good governance. The COS is closely aligned with the Government's development objectives elaborated in the updated MTPDP. In mid-2002, ADB will complete a new CSP, which will define ADB's strategy for its assistance to the Philippines for 2003-2007 and support the Government's priorities stated in the MTPDP. ADB recognizes the current budget constraint and is working with the Government to improve the situation, help restore investor confidence, and facilitate economic growth. Under the poverty partnership agreement to be signed in October 2001, ADB and the Government will focus their efforts to minimize inequality by directing resources to the poor in the most needed area.

## **II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM**

### **A. Poverty Reduction**

9. Progress in poverty reduction has been uneven across the regions, with stagnant or increasing poverty in parts of the Visayas and Mindanao. Slow economic growth combined with a still high population growth has kept the Philippines' per capita income lagging behind that of its regional neighbors. The incomplete decentralization agenda has also hampered the progression of poverty reduction efforts. The importance of sustained growth in poverty reduction is underscored by the observation that the greater part of the decline in poverty incidence in 1985-1997 occurred during the early and later parts of the period, when the economy experienced positive growth. Recurring armed conflict in Mindanao has exacerbated disparity in development, caused pronounced poverty, and undermined growth. In the aftermath of the Asian financial crisis and the El Niño phenomenon in 1997-1998, previous gains in poverty reduction have been eroded.

10. The Philippine Government and ADB agreed that reducing poverty in the Philippines calls for measures that will promote sustained economic growth, reduce inequalities in income and wealth, improve the delivery of basic social services, and reform the system of governance. This is articulated in the poverty partnership agreement between the Government and ADB, that will be signed in October 2001. The ADB strategy is based on socially inclusive development that should result from (i) pro-poor, sustainable economic growth; (ii) social development, under which specific, targeted programs for the poor are envisioned; and (iii) good governance.

### **B. Thematic Priorities**

#### **1. Economic Growth**

11. Promoting equitable growth will require (i) increased attention to rural development; (ii) more balanced regional development, with special emphasis on the southern Philippines; and (iii) policies and programs to promote a stable macroeconomic environment, improve the competitiveness of Philippine industries and labor force, improve the country's infrastructure (especially rural roads and electrification), and emphasize greater private sector participation. ADB's support to strengthen financial markets and economic and corporate governance will help boost productivity by improving resource allocation and strengthening the monitoring of resource usage. Improving the environment for small- and medium-sized enterprises (SMEs), particularly through strengthening their ability to access finance and export markets, will allow SMEs to contribute more efficiently to economic growth. Regional cooperation will stimulate private sector participation and local employment opportunities in the southern Philippines, which is a part of the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) Region.

## 2. Human Development

12. While key development indicators (Appendix 2) have improved over the past 10 years, life expectancy and health indicators could improve further. Rapid population growth contributed to the strain on the already limited budgetary resources, impeding the expanded provision and delivery of quality basic social services. This led to the declining quality of basic education and reduced access to health care services, primarily for primary health care, family planning, immunization, and feeding programs.

13. ADB will continue to support initiatives to improve the quality of basic social services and expand their coverage, especially in Mindanao. It will help strengthen the Government's capacity to support and implement health services programs, social protection programs, and other safety nets for vulnerable sectors in rural and urban areas. To upgrade skills and raise productivity for global competition, ADB will support programs to increase access to and quality of basic education, enhance teacher development, improve resource allocation across the sector, and rationalize and strengthen higher education.

## 3. Gender and Development

14. According to the 2001 Human Development Report, the Philippines ranked 62<sup>nd</sup> out of 146 countries in the gender-related development index (GDI).<sup>3</sup> The Philippines ranked 46<sup>th</sup> of 64 countries in the gender empowerment measure (GEM).<sup>4</sup> Woman's participation in the labor force is high, compared to other Asian countries.

15. Although overall gender equity is high, regional disparities exist, particularly in the southern Philippines where ADB operations aim to help close gender gaps in key areas such as access to basic social services including education, health, and water as well as to productive means, financing, and opportunities. The proposed Mindanao basic education development project and the education sector development program will try to narrow gender gaps in education. The proposed Mindanao community-based forest resources management project will address women's needs as providers and caretakers of the environment. The proposed upland communities development and rural microfinance projects will assist in the income generation for poor women, who are expected to participate prominently in the activities supported by these projects. By extending basic municipal services to households, the proposed development of poor urban communities project will greatly ease the domestic burden of women. Women's health issues are being addressed through ADB's ongoing Women's Health and Safe Motherhood Project and will be addressed through a targeted component on reproductive health under the health sector development program.

## 4. Good Governance

16. The current ADB strategy identifies four priorities: (i) improving transparency and accountability in public sector functioning, and tackling corruption; (ii) strengthening the decentralization and devolution process; (iii) enhancing participation of civil society and stakeholders in policy making, public investment decisions, and monitoring of the quality of public services; and (iv) improving peace and development, especially in the southern Philippines. During 2001, ADB will initiate a comprehensive governance assessment to review performance in governance reform and to identify, jointly with Government, priority areas for future support to improving governance. The assessment, expected to be completed in

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<sup>3</sup> 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.

<sup>4</sup> This measures the relative empowerment of women and men in economic and political life.

February 2002, will form an important component of the country strategy and program. ADB will collaborate with the Government and the World Bank in conducting a public expenditure review.

17. ADB will continue to support Government efforts to (i) reduce the incentives for corruption, (ii) reform the public expenditure management and procurement system, (iii) improve financial and corporate governance, (iv) increase the effectiveness of national and local government, and (v) complete policy reforms. Successful reform requires strong partnership between the Government, the private sector, civil society, external agencies, and ADB will play a key role in facilitating these partnerships. Attention is being focused on improving the functioning of the Commission on Audit, improving the independence of the judiciary, improving revenue generation of the Bureau of Internal Revenue, and the strengthening the monitoring of official development assistance (ODA) projects. ADB support for improving the performance of the public administration focuses on strengthening the capacity of regulatory agencies such as the Housing and Urban Development Coordinating Council, Commission on Higher Education, Securities and Exchanges Commission, Philippine Deposit Insurance Corporation, and Professional Regulations Commission.

## **5. Private Sector Development**

18. Increasing private sector participation in the economy and in social and infrastructure development, is a key element of ADB strategy. Government privatization programs and sector policy reforms will create an environment enabling greater private sector involvement. ADB will conduct a private sector assessment in 2001 to identify areas that need to be strengthened, including policies, regulations, and public institutions, to promote greater private sector participation.

19. 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. ADB has been focusing its assistance to (i) support the development of the SME sector; (ii) increase private sector participation in rural infrastructure, railroads, tollways, telecommunications in rural areas, power and renewable energy, water supply, and waste management; and (iii) support the restructuring of the Philippine National Railways and privatization of the National Power Corporation.

## **6. Environmental Protection**

20. The Government has been increasingly concerned about deteriorating environmental conditions and the effects on the development of the country. In the 1998 COS, ADB identified its environmental concerns in the Philippines in five areas: (i) urban air quality, (ii) surface water quality, (iii) solid waste management, (iv) forest resources, and (v) coastal resources.

21. The effects of environmental degradation, whether in the countryside or the urban centers, are always felt more disproportionately by the poor, who do not have the means to mitigate the decline in their resources, living conditions, or health. ADB will support the Government to undertake specific measures to address environmental protection, sustainability, and rehabilitation.

## **7. Regional Cooperation**

22. The scope for reviving and developing regional cooperation in the BIMP-EAGA has improved considerably in the recent past. This results from the receding Asian Crisis and the governments' revived ownership of regional cooperation as a means to accelerate growth. However, investment flows in the region have not been significant due to inadequate infrastructure development and the dampening of economic activity by the weak economic

recovery and unstable peace and order situation. Action to improve regional transport infrastructure linkages, particularly in air transport and shipping, is being implemented. ADB will ensure that the country program and the regional cooperation are fully complementary. Further, in the near term, direct regional support will be focused on strengthening the environment for SME activity, considering their capacity to contribute to poverty reduction through job creation and revenue enhancement. Other subregional economic cooperation initiatives involving the Philippines are being explored.

### III. PORTFOLIO MANAGEMENT ISSUES

#### A. Portfolio Performance Implementation

23. ADB had approved 183 loans (169 for public and 14 for private sector projects) totaling \$7.9 billion to the Philippines since 1966, when the Philippines became a member country. This constitutes 8.9 percent of total ADB lending. Of these projects, 60 are still active. In addition, 274 TA grants amounting to \$97 million have been approved. Contract awards totaled \$176.6 million in 2000, bringing the cumulative total to \$4.6 billion. The contract award ratio for 2000 was 11.1 percent lower than the ADB-wide average of 21 percent. Total disbursements for the year amounted to \$228.0 million and cumulative disbursements reached \$4.9 billion. The disbursement ratio for 2000 was 11.3 percent, lower than the ADB-wide average of 20.5 percent. The ratio of public sector projects rated as unsatisfactory and partially satisfactory remains about 30 percent of loan projects portfolio in 1999 and 2000. The overall performance of projects in the Philippines is still not satisfactory. Detailed portfolio performance indicators are given in Appendix 3.

24. During the year, the Government, however, achieved several of the targets established during ADB's 2000 country portfolio review (CPRM), notably (i) adopting a set of project preparedness filters<sup>5</sup> by the Investment Coordination Committee in June 2000, as agreed on by the Government, ADB, Japan Bank for International Cooperation (JBIC), and World Bank during the first Joint ODA Portfolio Review in 1999; (ii) disbursing \$228 million (63 percent of the \$360.5 million target), almost double the \$128 million (38 percent of original target) disbursed in 1999; and (iii) putting in place measures to address implementation problems. However, progress in resolving many other issues was mixed. The total cumulative undisbursed funds stood at \$1.9 billion in December 2000. Concrete steps initiated by the 2001 CPRM included restructuring of a number of project subcomponents and cancellation of \$138.2 million of unutilized loan surplus (about 8% of the outstanding loan portfolio). The most common problem is implementation delays—delays in effectivity, recruitment of consultants, procurement, establishment of the project management office, cumbersome government approval procedures, and progress of reforms under policy-based program lending—resulting in slow disbursement. The importance of complying with policy reforms associated with lending operations and their implications on portfolio performance is particularly emphasized.

#### B. Counterpart Funding

25. In view of current deteriorating budget deficits, the Government has conducted an intensive internal discussion to prudently prioritize ongoing and new loans and aimed at better portfolio performance and a more focus pipeline. The Government, during the Country Programming Mission, stressed that budget allocations for ongoing and foreign-assisted projects depend on agencies' capacity to accommodate the activities within their budget

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<sup>5</sup> A project has to meet preparedness criteria before approval: (i) quality conditions are met, (ii) monitoring and evaluation indicators are determined, (iii) budget for the first year is allocated, (iv) land acquisition plan is completed, (v) bidding documents are prepared, (vi) project implementation office is established, and (vii) procurement and financial management requirements are met.

ceilings, thus forcing them to realign resources to high priority activities. In 2003, the budget situation is expected to improve, given the current Government effort to improve revenue collection. The Government has also started to assure that a project meets certain criteria before being programmed and approved, as part of the action plan to improve portfolio performance. However, considering the current budget situation, ADB is reviewing its cost sharing policy at the request of the Government.

### **C. Monitoring and Evaluation**

26. To improve the monitoring and evaluation of ADB projects, a time-bound action plan was agreed with the Government. This resulted from activities taken under an ADB technical assistance to Strengthen Results Monitoring and Evaluation (RME), the discussion during the Country Portfolio Review Mission, and the quarterly joint portfolio review meetings with the Government, JBIC, and World Bank. The joint portfolio review has also allowed greater collaboration among the funding agencies and the key oversight agencies of the Government. Special emphasis has been placed on reducing underperforming projects, speeding up disbursement, and improving quality control at entry. Initiatives have been instituted to improve project preparedness before loan approval and to cancel nonperforming loans or loan components whenever these are identified. In response, the Government has taken several important initiatives to improve and resolve portfolio performance such as: (i) appoint Government Agency Undersecretaries as Project Implementation Officers (PIOs) to be held responsible for facilitating the implementation of foreign-assisted projects of their respective agencies, and to raise issues beyond the EA's control to the Oversight Agencies (OAs); (ii) include civil society participation in RME by expanding the existing institutional arrangement of the Regional Development Councils (RDC) to incorporate NGOs; and (iii) increase monitoring of submission of the EA's audited statements by the Commission on Audit (COA). The establishment of the Philippines Country Office in September 2000 was aimed at improving the quality of ADB's operations and strengthening coordination and partnership with the Government, civil society, and other funding agencies.

## **IV. COUNTRY PERFORMANCE AND LENDING LEVELS**

### **A. Lending Level Proposed**

27. For 2002-2004, the proposed lending program includes 18 projects totaling \$945 million against an indicative planning figure of \$300 million annually for three-year period.<sup>6</sup> The annual figure for the Philippines was scaled down from \$350 million in 2000 to \$300 million, taking into account disbursement performance and absorptive capacity.

### **B. Loan Program**

28. The loan program supports the Government's development priorities elaborated in the updated MTPDP and aligns with the COS for the Philippines, revised in 1998, which aims to reduce poverty, promote equity, improve social services delivery, protect the environment, and promote good governance. The program has been well balanced among these priorities and shows an emphasis on socioenvironmental development and poverty alleviation. About half of the 18 projects are core poverty interventions or poverty intervention. The identified priority projects are in the areas of basic education and health services; urban services development, especially housing; electrification; rural roads; rural development; natural resources and environmental management; governance; and enhancement of industrial competitiveness. The loan program for 2002-2004, as agreed with the Government, is shown in Appendix 4.

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<sup>6</sup> Overprogramming remains within 20 percent (\$1.08 billion).

29. Project selection has also considered past implementation performance and capacities of executing agencies. Though predominantly project loan based, the program contains a mix of all lending modalities: project loans, a TA loan, program loans, sector development program loans, and loans through government financial institutions. Components of several loans, particularly in the social sector, are being channeled through the national Government or its financial institutions to local government units.

30. In conjunction with its lending program, ADB will continue to actively pursue cofinancing from official and commercial sources (including export credit agencies) to effectively address the important thematic priorities for ADB operations in the Philippines. ADB will maintain its dialogue with the Government to identify the best financing solutions to the projects, specifically the use of its credit enhancement products.

### **C. Technical Assistance and Economic and Sector Work Program**

31. The 2002 TA program consists of 12 projects totaling \$7.6 million. Nine other TAs, totaling \$4.9 million, are programmed for 2003-2004. The TA program is balanced between project preparatory and advisory TA. The advisory TA program will support the (i) structural and policy reforms in governance, power and energy, trade policy, rural roads, and environment; and (ii) capacity building and institutional strengthening programs for national agencies and local governments in ODA project processing and monitoring, housing development, education, and governance.

32. ADB, in close collaboration with the Government and other external agencies, will conduct economic and sector work (Appendix 5) focusing on (i) macroeconomic and public sector analysis, including country economic review and updates, public finance review, governance assessment, private sector assessment, and civil service review; and (ii) assessments of sectors where ADB has been or will be involved, including microfinance, health, energy, and irrigation.

### **D. Summary of Changes**

33. Project selection briefs and TA concept papers for ADB assistance are given in Appendix 6. Major changes in the composition of the loan program shown in the Country Assistance Plan (2001-2003) are summarized in the table:

**Major Changes in the Loan Program**

<b>Year</b>	<b>Project</b>	<b>Summary of Proposed Changes</b>
2002	SME Export Development Program	Increase loan size from \$50 million to \$80 million
	Education Sector Development Project	Postpone to 2003
	Rural Electrification Project	Postpone to 2003
	MWSS TA loan	New project
2003	Strengthening Transmission Systems for Rural Electrification	Postpone to 2004
	LGU Infrastructure Development Facility	Postpone to 2004
	Health Sector Development Program	Postpone to 2004
	Solid Waste Management for Metro Manila Program	New project
	PNR South Rail Project	New project
2004	Irrigation Sector Development Project	New project
	Upland Communities Development Project	New project

**APPENDIXES**

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### Economic Indicators

Item	1995	1996	1997	1998	1999	2000
<b>A. Income and Growth</b>						
1. GNP per Capita (\$, current)	1084.1	1200.4	1166.8	911.8	1045.0	1007.3
2. GDP Growth (% , in constant prices)	4.7	5.8	5.2	-0.6	3.4	4.0
Agriculture	0.9	3.8	2.9	-6.4	6.5	3.3
Industry	6.7	6.4	6.1	-2.1	0.9	3.9
Services	5.0	6.4	5.4	3.5	4.0	4.4
3. GNP Growth (% , in constant prices)	4.9	7.2	5.2	0.4	3.7	4.5
<b>B. Saving and Investment (current)</b> <span style="float: right;">(percent of GNP)</span>						
1. Gross National Savings	17.5	18.5	18.7	21.6	27.3	28.3
2. Gross Investments	21.8	23.1	23.8	19.3	17.8	16.9
<b>C. Money and Inflation</b> <span style="float: right;">(annual percent change)</span>						
1. Consumer Prices (1994=100, annual average)	8.0	9.1	5.9	9.7	6.7	4.4
2. Broad Money (M3)	25.3	15.8	20.9	7.4	19.3	4.6
<b>D. Government Finance</b> <span style="float: right;">(percent of GDP)</span>						
1. Revenues	19.0	18.9	19.4	17.4	16.1	15.6
2. Expenditures and Net Lending	18.4	18.6	19.4	19.2	19.8	19.7
3. Overall Surplus/Deficit (-)	0.6	0.3	0.1	-1.9	-3.8	-4.1
<b>E. Balance of Payments</b>						
1. Merchandise Trade Balance (% of GNP)	-11.7	-13.1	-13.0	0.0	6.2	8.8
2. Current Account Balance (% of GNP)	-4.3	-4.6	-5.1	2.3	9.2	11.5
3. Exports, \$ (annual percent change)	29.4	17.7	22.8	16.9	19.1	9.0
4. Imports, \$ (annual percent change)	23.7	20.8	14.0	-18.8	4.2	3.8
<b>F. External Payments Indicators</b>						
1. International Reserves (\$ billion, end of period)	7.8	11.7	8.8	10.8	15.0	15.0
(months of imports)	2.6	3.2	2.0	3.1	4.4	4.4
2. External Debt Service	15.8	12.7	11.6	11.7	13.4	12.6
(% of exports of goods and services)						
3. External Debt (% of GNP)	51.7	48.5	53.0	69.8	65.0	65.9
<b>G. Memorandum Items:</b>						
1. GDP (current prices, billion pesos)	1906.0	2171.9	2426.7	2665.1	2976.9	3302.6
2. GNP (current prices, billion pesos)	1958.6	2261.3	2528.3	2802.1	3136.2	3491.1
3. Exchange Rate (P/\$, annual average)	25.7	26.2	29.5	40.9	39.1	44.2
4. Population (million)	70.3	71.9	73.5	75.2	76.8	78.4

GDP = gross domestic product, GNP = gross national product .

Sources: National Statistical Coordination Board, Bangko Sentral ng Pilipinas, and National Economic and Development Authority.

## SOCIAL AND ENVIRONMENT INDICATORS

### Table A.2.1: Population and Social Indicators

Item	1985	1990	Latest Year
<b>Population Indicators</b>			
Total Population (million)	54.7	60.7	76.5 (2000)
Annual Population Growth Rate (%)	2.50	2.35	2.36 (2000)
<b>Social Indicators</b>			
Total Fertility Rate (births per woman)	4.4 (1984)	3.9	3.4 (2000)
Maternal Mortality Rate (per '000,000 live births)	213 (1980-1986)	209	172.0 (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	71.6 (2000)
Male	61.3	63.6	66.3 (2000)
Adult Literacy Rate (%)	83.3 (1980)	94	94.8 (1998)
Primary School Enrollment (% of school age population)		84.6 (1990-1991)	96.9 (1999-2000)
Secondary School Enrollment (% of school age population)		56.8 (1992-1993)	65.4 (1999-2000)
Child Malnutrition (% of under age 5)	33 (1982)	34	30 (1998)
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	3.4 (2000)
Public Health Expenditure as % of GDP	0.6	0.8	0.5 (2000)
Human Development Index	0.603 (1980)	0.677 (1992)	0.749 (1999)
Human Development Ranking	92	100	70 (1999)

GDP = gross domestic product, GNP = gross national product.

Sources: National Statistical Coordination Board, Philippine Statistical Yearbook, Human Dev't Report, World Dev't Report.

### Table A.2.2: Environmental Indicators

Item	1985	1990	Latest Year
Annual Deforestation	-	3.4 (1980-1990)	3.5 (1990-1995)
Nationally Protected Area (% of land area)	1.3	-	4.9 (1996)
Land Use: Permanent Cropland (% of land area)	14.8 (1980)		14.8 (1997)
Forest Land (percent of total land area)	51.13	52.9	52.9 (2000)
Aggregate Legal Cut of Timber (cubic meters)	-	806,359 (1992)	726,000 (1999)
Water: Coverage of Coastal Environmental Program (ha)	-	-	278,244 (1996)
Industrial Pollution:			
Solid Waste Disposal Sites (number)	-	-	648 (1996)
Consumption of Unleaded Gasoline (thousand barrels)	-	1,047 (1994)	4,843 (1999)
Per Capita Carbon Dioxide emissions (metric tons)	-	0.70	0.9 (1996)
Air Pollution in Manila (total suspended particulates, micrograms/cubicmeter)	80 (1980)	260	215.2 (2000) (EDSA/ave.)

Sources: National Statistical Coordination Board, Philippine Statistical Yearbook, Human Dev't Report, World Dev't Report.

## ADB PORTFOLIO PERFORMANCE INDICATORS

**Table A3.1: Implementation, Disbursement Performance, and Postevaluation Results of Public Sector Projects**  
(as of 31 December 2000)

A. Project Portfolio	Net Loan Amount		Rating (No.) <sup>a</sup>										
			Total		Implementation Progress				Development Objectives				
	\$ million	%	No.	%	HS	S	PS	U	HS	S	PS	U	
Agriculture and Natural Resources	631.8	21.2	18	35.3	-	18	-	-	-	-	18	-	-
Energy	933.8	31.4	6	11.8	-	1	4	1	-	5	1	-	
Finance and Industry	2.8	0.1	1	2.0	-	1	-	-	-	1	-	-	
Social Infrastructure	810.5	27.2	20	39.2	1	12	7	-	-	17	3	-	
Transport and Communications	301.0	10.1	3	5.9	-	1	2	-	-	1	2	-	
Others/Multisector	297.8	10.0	3	5.9	-	2	1	-	-	3	-	-	
<b>Total</b>	<b>2,977.7</b>	<b>100.0</b>	<b>51</b>	<b>100.0</b>	<b>1</b>	<b>35</b>	<b>14</b>	<b>1</b>	<b>-</b>	<b>45</b>	<b>6</b>	<b>-</b>	

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	2,528.7	275.9	2,858.6
(2) Disbursed amount (\$ mn, cumulative, active loans only)	964.5	146.9	1,111.4
(3) Percentage disbursed [(2)/(1)] (%)	37.3	53.2	38.9
(4) Disbursements (\$ mn, active loans only, latest year)	195.0	33.0	228.1
(5) Disbursement ratio (%) <sup>b</sup>	10.6	18.3	11.3

C. Net Transfer of Resources (\$ million)	OCR	ADF	Total
Net transfer in 1996	(160.5)	38.1	(122.4)
Net transfer in 1997	(9.9)	41.2	31.3
Net transfer in 1998	(1.9)	13.8	11.9
Net transfer in 1999	(278.3)	15.3	(263.0)
Net transfer in 2000	(177.5)	13.7	(163.8)

D. Postevaluated Projects (by Year of PPAR Circulation)										1996 - 2000			
1. Postevaluation Rating										No.	%		
Highly Successful (HS)										-	-		
Successful (S)										5	38.5		
Partly Successful (PS)										6	46.2		
Unsuccessful (U)										2	15.4		
No Rating (NR)										-	-		
<b>Total</b>										<b>13</b>	<b>100.0</b>		
2. Postevaluation Rating by Sector 1996-2000		HS		S		PS		U		NR		Total	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources		-	-	2	40.0	2	33.3	-	-	-	-	4	30.8
Energy		-	-	1	20.0	-	-	-	-	-	-	1	7.7
Finance and Industry		-	-	1	20.0	1	16.7	-	-	-	-	2	15.4
Social Infrastructure		-	-	-	-	3	50.0	2	100.0	-	-	5	38.5
Transport and Communications		-	-	-	-	-	-	-	-	-	-	0	0.0
Others/Multisector		-	-	1	20.0	-	-	-	-	-	-	1	7.7
<b>Total</b>		<b>-</b>	<b>-</b>	<b>5</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>100.0</b>

ADF = Asian Development Fund, OCR = ordinary capital resources, PPAR = project/program performance audit report

<sup>a</sup> HS = highly successful, S = successful, PS = partly successful, U = unsuccessful, NR = no rating.

<sup>b</sup> 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.

Source : ADB's Programs (East) Department (A), Controllers Department (B & C), Operations Evaluation Department (D).

**Table A3.2: Status of Project Implementation of Public Sector Projects**  
(as of 31 December 2000)

Sector	Loan No.	Project Title	Net Loan Amt.		Approval Date	Effectivity Date	Project Progress (% completed)	Cum.		Implemen- tation Progress	Develop- ment Objective
			OCR (\$ million)	ADF				Contract Awards (\$ million)	Disbursement (\$ million)		
AGR	0999	Low Income Upland Communities Project		22.8	Dec-89	Feb-90	99	20.5	21.4	S	S
AGR	1136	Kabulnan Irrigation and Area Development Project		41.4	Nov-91	Mar-92	90	38.2	35.0	S	S
AGR	1191	Forestry Sector Project		18.1	Nov-92	May-93	95	17.4	17.4	S	S
AGR	1192	Forestry Sector Project	21.0		Nov-92	May-93	95	15.8	19.2	S	S
AGR	1332	Rural Infrastructure Development Project		14.1	Nov-94	May-95	89	8.3	7.0	S	S
AGR	1365	Second Irrigation Systems Improvement Project	15.0		Aug-95	Mar-97	38	3.3	5.0	S	S
AGR	1366	Second Irrigation Systems Improvement Project		12.7	Aug-95	Mar-97	38	5.3	6.3	S	S
AGR	1421	Cordillera Highland Agricultural Resource Management Project	8.3		Jan-96	Jun-97	50	0.8	1.9	S	S
AGR	1422	Cordillera Highland Agricultural Resource Management Project		7.6	Jan-96	Jun-97	50	3.1	3.7	S	S
AGR	1435	Rural Microenterprise Finance Project		18.0	Apr-96	Apr-97	-	16.9	7.1	S	S
AGR	1453	Bukidnon Integrated Area Development Project		18.1	Jul-96	Oct-97	34	1.6	1.8	S	S
AGR	1562	Fisheries Resource Management Project		14.4	Oct-97	Sep-98	24	2.6	1.2	S	S
AGR	1563	Fisheries Resource Management Project	17.2		Oct-97	Sep-98	24	2.4	2.4	S	S
AGR	1667	Agrarian Reform Communities	93.2		Dec-98	Jul-99	10	2.2	4.5	S	S
AGR	1668	Southern Philippines Irrigation Sector Project	60.0		Dec-98	Oct-99	3	5.4	1.9	S	S
AGR	1739	Grains Sector Development Program	100.0		Apr-00	Aug-00	-	30.0	30.0	S	S
AGR	1740	Grains Sector Development Project	75.0		Apr-00	Aug-00	-	0.0	0.9	S	S
AGR	1772	Infrastructure for Rural Productivity Enhancement Sector	75.0		Oct-00	-	-	0.0	0.0	S	S
ENE	1207	Meralco Distribution Project <sup>a</sup>	129.6		Dec-92	Apr-93	90	116.3	125.6	PS	S
ENE	1288	Power Transmission Project	127.5		Dec-93	Sep-94	91	92.4	119.7	PS	PS
ENE	1398	Northern Luzon Transmission & Generation Project	180.0		Nov-95	May-96	99	137.1	161.7	PS	S
ENE	1474	Leyte-Mindanao Interconnection Engineering Project	5.3		Sep-96	Feb-97	50	5.0	4.4	PS	S
ENE	1590	Power Transmission Reinforcement Project	191.4		Dec-97	Apr-98	2	2.0	1.9	S	S
ENE	1662	Power Sector Restructuring Program	300.0		Dec-98	Dec-98	-	100.0	100.0	U	S
F&I	1729	LGU Private Infrastructure Project Development Facility	2.8		Dec-99	Jun-00	0	0.0	0.0	S	S
OTH	1664	Metro Manila Air Quality Improvement Sector Development Program (Air Pollution Control Facility)	26.8		Dec-98	Dec-98	-	0.00	0.00	S	S
OTH	1663	Metro Manila Air Quality Improvement Sector Development Program	200.0		Dec-98	Dec-98	-	100.00	100.00	PS	S
OTH	1665	Metro Manila Air Quality Improvement Sector Development Program	71.0		Dec-98	Dec-98	4	2.33	2.66	S	S

Sector	Loan No.	Project Title	Net Loan Amt.		Approval Date	Effectivity Date	Project Progress (% completed)	Cum.		Implementation Progress	Development Objective
			OCR (\$ million)	ADF				Contract Awards (\$ million)	Disbursement (\$ million)		
SOC	0986	Angat Water Supply Optimization Project	130.0		Nov-89	Jan-90	90	72.58	84.50	PS	S
SOC	1150	Manila South Water Distribution Project	31.4		Dec-91	Jun-92	78	17.70	4.78	PS	S
SOC	1254	Non-Formal Education Project		21.2	Sep-93	Jul-94	75	18.05	16.11	S	S
SOC	1269	Municipal Water Supply	28.2		Nov-93	Jun-94	87	19.51	17.08	S	S
SOC	1331	Women's Health and Safe Motherhood Project		39.2	Nov-94	May-95	75	21.95	19.32	S	S
SOC	1367	Regional Municipal Development Project	20.2		Aug-95	Mar-97	39	5.29	5.44	PS	PS
SOC	1379	Umiray-Angat Transbasin Project	92.0		Sep-95	May-96	90	55.11	61.30	HS	S
SOC	1396	Integrated Community Health Services Project		23.2	Oct-95	Mar-97	47	8.43	7.55	S	S
SOC	1440	Rural Water Supply and Sanitation Sector Project	18.5		Jun-96	Nov-97	28	1.84	2.75	PS	PS
SOC	1441	Rural Water Supply and Sanitation Sector Project		16.7	Jun-96	Nov-97	28	1.97	2.51	PS	PS
SOC	1472	Small Towns Water Supply Sector Project	50.0		Sep-96	Oct-97	38	4.43	3.51	S	S
SOC	1599	Subic Bay Area Municipal Development Project	19.4		Dec-97	Sep-98	37	0.00	0.19	PS	S
SOC	1606	Early Childhood Development Project	15.7		Jan-98	Sep-98	10	0.61	1.27	S	S
SOC	1607	Early Childhood Development Project		8.5	Jan-98	Sep-98	10	0.71	0.52	S	S
SOC	1654	Secondary Education Development and Improvement Project	53.0		Dec-98	May-99	15	2.97	0.58	S	S
SOC	1658	Clark Area Municipal Development Project	24.3		Dec-98	Jun-99	14	0.00	0.08	PS	S
SOC	1745	Pasig River Environmental Management and Rehabilitation Sector Development Program	100.0		Jul-00	Aug-00	-	40.00	40.00	S	S
SOC	1746	Pasig River Environmental Management and Rehabilitation Sector Development Program	75.0		Jul-00	Aug-00	3	0.00	0.30	S	S
SOC	1750	Technical Education and Skills Development Project	25.0		Aug-00	-	-	0.00	0.00	S	S
SOC	1751	Fund for Technical Education and Skills Development	19.0		Aug-00	-	-	0.00	0.00	S	S
T&C	1333	Airport Development Project	41.00		Nov-94	Apr-95	60	28.54	24.64	PS	PS
T&C	1473	Sixth Road Project	167.00		Sep-96	Dec-97	35	71.19	31.51	S	S
T&C	1536	Third Airports Development Project	93.00		Sep-97	Nov-98	9	9.80	4.73	PS	PS

ADF = Asian Development Fund, AGR = agriculture, COPP = Project Coordination and Procurement Division, ENE = energy, F&I = finance and industry, OCR = ordinary capital resources, OTH = others, SOC = social services, PPR = project performance report, T&C = transportation and communications.

<sup>a</sup>Project was completed in October 2000, but per COPP record, the loan is not yet financially closed.

Source: COPP, PPRs

## LOAN AND TECHNICAL ASSISTANCE PROGRAM

**Table A4.1: Lending Program 2002**

Sector/Project Name	Poverty Classification	Thematic Priority	Responsible Division	Year of PPTA	Project Cost (\$ million)					Cofinancing/ Others
					Total	ADB		Total	Govt	
						OCR	ADF			
<b>Agriculture and Natural Resources</b>										
Mindanao Community-Based Forest Resource Management Project	CPI	ENV	AEFN	1999	100.0	40.0	-	40.0	60.0	TBD
<b>Subtotal</b>					<b>100.0</b>	<b>40.0</b>	<b>-</b>	<b>40.0</b>	<b>60.0</b>	<b>-</b>
<b>Finance and Industry</b>										
SME Export Development Program	NC	PSD	IEFI	1999	125.0	80.0	-	80.0	45.0	-
<b>Subtotal</b>					<b>125.0</b>	<b>80.0</b>	<b>-</b>	<b>80.0</b>	<b>45.0</b>	<b>-</b>
<b>Social Infrastructure</b>										
Mindanao Basic Education Development Project	CPI	HD	AEEH	1997	125.0	50.0	-	50.0	75.0	TBD
Development of Poor Urban Communities Project	CPI	HD	AEWU	2000	125.0	50.0	-	50.0	25.0	50.0
MWSS TA Loan Project	NC	PSD	AEWU	2000	12.5	5.0	-	5.0	7.5	
<b>Subtotal</b>					<b>262.5</b>	<b>105.0</b>	<b>-</b>	<b>105.0</b>	<b>107.5</b>	<b>50.0</b>
<b>Transport and Communications</b>										
Rural Roads Development Project	NC	GG	IETC	2000	187.5	75.0	-	75.0	112.5	-
<b>Subtotal</b>					<b>187.5</b>	<b>75.0</b>	<b>-</b>	<b>75.0</b>	<b>112.5</b>	<b>-</b>
<b>Total</b>					<b>675.0</b>	<b>300.0</b>	<b>-</b>	<b>300.0</b>	<b>325.0</b>	<b>50.0</b>

ADB = Asian Development Bank, ADF = Asian Development Fund, CPI = core poverty intervention, ENV = environmental protection, GG = good governance, HD = human development, MWSS = Metropolitan Water and Sewerage System, NC = not classified, OCR = ordinary capital resources, PPTA = program/project preparatory technical assistance, PSD = private sector development, SME = small- and medium-sized enterprise, TA = technical assistance.

**Table A4.2: Lending Program 2003**

Sector/Project Name	Poverty Classification	Thematic Priority	Responsible Division	Year of PPTA	Project Cost (\$ million)					Cofinancing/ Others
					Total	ADB		Total	Govt	
						OCR	ADF			
<b>Agriculture and Natural Resources</b>										
Integrated Coastal Resources Management Project	CPI	ENV	AEFN	2001	100.0	40.0	-	40.0	60.0	TBD
Rural Microfinance II Project	CPI	HD	AEAR	2002	100.0	40.0	-	40.0	60.0	-
<b>Subtotal</b>					<b>200.0</b>	<b>80.0</b>	<b>-</b>	<b>80.0</b>	<b>120.0</b>	<b>-</b>
<b>Energy</b>										
Rural Electrification Project	PI	PSD	IEEN	2000	150.0	60.0	-	60.0	90.0	-
<b>Subtotal</b>					<b>150.0</b>	<b>60.0</b>	<b>-</b>	<b>60.0</b>	<b>90.0</b>	<b>-</b>
<b>Social Infrastructure</b>										
Education Sector Development Program	NC	HD	AEEH	2000	210.0	75.0	-	75.0	60.0	75.0
Metro Manila Urban Services for the Poor Project	CPI	HD	AEWU	2001	125.0	50.0	-	50.0	75.0	-
<b>Subtotal</b>					<b>335.0</b>	<b>125.0</b>	<b>-</b>	<b>125.0</b>	<b>135.0</b>	<b>75.0</b>
<b>Others</b>										
Metro Manila Solid Waste Management Project	NC	ENV	AEWU	2001	125.0	50.0	-	50.0	75.0	-
PNR South Rail Project	NC	PSD	IETC	2001	100.0	40.0	-	40.0	60.0	-
<b>Subtotal</b>					<b>225.0</b>	<b>90.0</b>	<b>-</b>	<b>90.0</b>	<b>135.0</b>	<b>-</b>
<b>Total</b>					<b>910.0</b>	<b>355.0</b>	<b>-</b>	<b>355.0</b>	<b>480.0</b>	<b>75.0</b>

ADB = Asian Development Bank, ADF = Asian Development Fund, CPI = core poverty intervention, ENV = environmental protection, HD = human development, NC = not classified, OCR = ordinary capital resources, PI = poverty intervention, PNR = Philippine National Railways, PPTA = program/project preparatory technical assistance, PSD = private sector development.

**Table A4.3: Lending Program 2004**

Sector/Project Name	Poverty Classification	Thematic Priority	Responsible Division	Year of PPTA	Project Cost (\$ million)					Cofinancing/ Others
					Total	ADB		Total	Govt	
						OCR	ADF			
<b>Agriculture and Natural Resources</b>										
Irrigation Sector Development Program	PI	ECO	AEFN	2002	150.0	50.0	-	50.0	100.0	TBD
Upland Communities Development Project	CPI	ECO/ENV	AEFN	2002	100.0	40.0	-	40.0	60.0	TBD
<b>Subtotal</b>					<b>250.0</b>	<b>90.0</b>	<b>-</b>	<b>90.0</b>	<b>160.0</b>	<b>-</b>
<b>Energy</b>										
Strengthening Transmission Systems for Rural Electrification Project	NC	PSD	IEEN	2003	250.0	100.0	-	100.0	150.0	-
<b>Subtotal</b>					<b>250.0</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>	<b>150.0</b>	<b>-</b>
<b>Finance and Industry</b>										
LGU Infrastructure Development Facility Project	NC	PSD	IEFI	1999	62.5	25.0	-	25.0	37.5	-
<b>Subtotal</b>					<b>62.5</b>	<b>25.0</b>	<b>-</b>	<b>25.0</b>	<b>37.5</b>	<b>-</b>
<b>Social Infrastructure</b>										
Health Sector Development Program	PI	HD	AEEH	2002	210.0	75.0	-	75.0	60.0	75.0
<b>Subtotal</b>					<b>210.0</b>	<b>75.0</b>	<b>-</b>	<b>75.0</b>	<b>60.0</b>	<b>75.0</b>
<b>Total</b>					<b>772.5</b>	<b>290.0</b>	<b>-</b>	<b>290.0</b>	<b>407.5</b>	<b>75.0</b>

ADB = Asian Development Bank, ADF = Asian Development Fund, CPI = core poverty intervention, ECO = economic growth, ENV = environmental protection, HD = human development, LGU = local government unit, NC = not classified, OCR = ordinary capital resources, PI = poverty intervention, PPTA = program/project preparatory technical assistance, PSD = private sector development.

**Table A4.4: Technical Assistance Program 2002**

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			ADB	Others	Total
<b>Agriculture and Natural Resources</b>					
Rural Microfinance II	AEAR	PP	500.0	-	500.0
Irrigation Sector Development Project, Package II	AEFN	PP	900.0	-	900.0
Upland Communities Development	AEFN	PP	900.0	-	900.0
<b>Subtotal</b>			<b>2,300.0</b>	<b>-</b>	<b>2,300.0</b>
<b>Energy</b>					
Implementing Rules & Regulation on Power Sector Restructuring Program	IEEN	AD	800.0	-	800.0
<b>Subtotal</b>			<b>800.0</b>	<b>-</b>	<b>800.0</b>
<b>Social Infrastructure</b>					
Health Sector Development Program	AEEH	AD	600.0	-	600.0
Institutional Strengthening of the Proposed Department of Housing and Urban Development	AEWU	AD	500.0	-	500.0
<b>Subtotal</b>			<b>1,100.0</b>	<b>-</b>	<b>1,100.0</b>
<b>Finance and Industry</b>					
Trade Policy and Economic Governance	IEFI	AD	600.0	-	600.0
<b>Subtotal</b>			<b>600.0</b>	<b>-</b>	<b>600.0</b>
<b>Transport and Communications</b>					
Rural Roads Development (Policy Framework)	IETC	AD	600.0	-	600.0
<b>Subtotal</b>			<b>600.0</b>	<b>-</b>	<b>600.0</b>
<b>Others (Governance, Environment)</b>					
Promotion of Cleaner Production Technologies	ENVD	AD	700.0	-	700.0
Strengthening of Government ODA Monitoring and Facilitation Capability	PhCO	AD	400.0	-	400.0
SME Development in the EAGA Region	PE1	AD	500.0	-	500.0
Capacity Building for an Expanded ARMM	PhCO	AD	600.0	-	600.0
<b>Total</b>			<b>7,600.0</b>	<b>-</b>	<b>7,600.0</b>

AD = advisory technical assistance, ADB = Asian Development Bank, ARMM = Autonomous Region in Muslim Mindanao, EAGA = East ASEAN [Association of South East Asian Nations) Growth Area, ODA = official development assistance, PP = program/project technical assistance, SME = small- and medium-sized enterprise, TA = technical assistance.

**Table A4.5: Technical Assistance Program 2003-2004**

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			ADB	Others	Total
<b>Energy</b>					
Institutional Strengthening of DOE in Managing the Development of the Natural Gas Industry	IEEN	AD	800.0	-	800.0
Strengthening Transmission Systems for Rural Electrification	IEEN	PP	500.0	-	500.0
Renewable and Remote Area Electrification	IEEN	PP	600.0	-	600.0
Development of Small-Scale Gas Field and Marsh Gas in the Philippines	IEEN	AD	200.0	-	200.0
<b>Subtotal</b>			<b>2,100.0</b>	<b>-</b>	<b>2,100.0</b>
<b>Social Infrastructure</b>					
Teacher Education Program	AEEH	PP	600.0	-	600.0
Capacity Building for CHED	AEEH	AD	500.0	-	500.0
<b>Subtotal</b>			<b>1,100.0</b>	<b>-</b>	<b>1,100.0</b>
<b>Others</b>					
Poverty Reduction through Biodiversity Conservation and Environmental Rehabilitation	ENVD	AD	600.0	-	600.0
Regional Cities Air Quality Improvement/Industrial Pollution Prevention and Management	IEOD	PP	700.0	-	700.0
Support for COA/BIR	PhCO	AD	400.0	-	400.0
<b>Subtotal</b>			<b>1,700.0</b>	<b>-</b>	<b>1,700.0</b>
	<b>Total</b>		<b>4,900.0</b>	<b>-</b>	<b>4,900.0</b>

AD = advisory technical assistance, ADB = Asian Development Bank, BIR = Bureau of Internal Revenue, CHED = Commission on Higher Education, COA = Commission on Audit, DOE = Department of Energy, PP = program/project technical assistance, TA = technical assistance.

### Economic and Sector Work Program

Type of ESW	Strategic or Operational Objective	Modality
<b>Economic Work</b>		
Country Strategy and Program	To define ADB's strategy and program of development assistance for the Philippines for 2003-2007.	Staff / Staff consultant
Country Economic Review/ Updates	To provide the Board, Management, and staff with an updated review and assessment of the economic and political situation in Philippines.	Staff
Public Expenditure Review	To review and assess revenue and expenditure and to recommend improvement to Government public finance, in close consultation with the World Bank.	Staff / Staff consultant
<b>Thematic Work</b>		
Civil Service Review	To review the current civil service system to recommend improvement of Government service to the public.	Staff / Staff consultant
Governance Assessment	To review current governance practices in the Philippines.	Staff / Staff consultant
Private Sector Assessment	To review the policy toward private sector development and recommend measures to promote private sector.	Staff / Staff consultant
<b>Sector Work</b>		
Education Sector Update	To update the reform and development situation in education in the Philippines and design an appropriate an appropriate structure for an education sector development program in 2003.	PPTA
Health Sector Study	To acquire a deep understanding of health sector issues including the convergence of reproductive health and tuberculosis services (specifically for children) for application of developed local health systems, and lay the foundation for a health sector development program in 2004	ADTA
Irrigation Sector Study	To gain a better understanding of irrigation sector issues, study two pilot projects for irrigation modernization and management including the rehabilitation and improvement of the systems, and lay the basis for an irrigation sector development program in 2004.	PPTA
Microfinance Sector Study	To update the microfinance sector, evaluate the result of the previous program, and prepare for the project in 2003.	PPTA
Energy Sector Study	The study will cover (i) financial and economic evaluation and regulation of pipelines and other infrastructures; (ii) environmental and safety regulation; (iii) gas technologies; (iv) engineering and procurement cost monitoring and evaluation; and, (v) cost control management on the various aspects of the Malampaya Natural Gas project.	ADTA

ADB = Asian Development Bank, ADTA = advisory technical assistance, PPTA = project/program preparatory technical assistance.

## PROJECT SELECTION BRIEFS AND TECHNICAL ASSISTANCE CONCEPT PAPERS

**Table A6.1: Mindanao Community-Based Forest Resources Management Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Agriculture and Natural Resources
Subsector:	Forestry and Natural Resources
Project Division:	AEFN
Contact Person in Projects Division:	Sivaguru Sahajanathan, Forestry Specialist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$40 million
Proposed Lending Modality:	OCR
PPTA:	Community-Based Forest Resources Management Project
Proposed PPTA Amount:	\$840,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Pre-design Phase:	2001 (3rd quarter)
Start Design Phase:	2001 (4th quarter)
Approval Year According to CSP:	2002
Proposed Executing Agency:	Department of Environment and Natural Resources (DENR)
Contact Person in Proposed EA:	Mr. Philip Obieta, Director, Foreign-Assisted Project Office
<b>B. Project Description</b>	
Brief Rationale of Project:	Some of the critical strategies to alleviate poverty among forest communities are to increase productivity of denuded timberlands, promote short-term income generating activities, and create opportunities for employment. In the past, the uplands, home to many forest communities, received little attention for public investment. These lands, however, could have moderate to high potential for forest production, and could yield high returns. With adequate soil conservation measures, these lands could also be used for agroforestry and help meet the short-term needs of the communities. Therefore, a combination of short- and long-term forestry strategies with adequate emphasis on activities for meeting their minimum basic needs could help increase self-reliance of the upland communities and stimulate income and employment opportunities. The objective is to promote sustainable forest resources development and thereby help reduce poverty and foster sustainable livelihood for forest dependent rural poor. The project will be implemented in the provinces of Bukidnon, Davao del Norte, Davao del Sur, Sarangani, and Zamboanga del Sur.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	Lessons learned by implementing forestry projects in the Philippines have been considered in the formulation of the project.
Comparative Advantage of ADB in Proposed Project:	ADB has extensive experience in implementing forestry and rural development projects in the Philippines and in several developing member countries.
Rationale and Scope of Attached ADTA:	TBD
Development Objective (thematic priority)	Core Poverty Intervention (Environmental Improvement)
Environmental Classification:	B
Social Issues:	The targeted project areas include a large community of indigenous people having claims on a large extent of ancestral lands and domains. All investment programs will have to be compatible and acceptable to the indigenous culture.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, DENR = Department of Environment and Natural Resources, ESW = economic and sector work, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.2: SME Export Development Program**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Finance and Industry
Subsector:	SME
Project Division:	IEFI
Contact Person in Projects Division:	Asa Malmstrom, Financial Economist, IEFI
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$80 million
Proposed Lending Modality:	LBL
PPTA:	Strengthening Export Competitiveness
Proposed PPTA Amount:	\$1 million
Attached ADTA:	Trade Policy and Economic Governance
Proposed ADTA Amount:	\$600,000
Start Pre-design Phase:	
Start Design Phase:	Third quarter 2001
Approval Year According to CSP:	2002
Proposed Executing Agency:	Department of Trade and Industry
Contact Person in Proposed Executing Agency:	
<b>B. Project Description</b>	
Brief Rationale of Project:	<p>SMEs account for an estimated 24 percent of industrial value added in the Philippines, but the sector is rather small in terms of registered establishments, 10.5 percent of total, and employment, less than 1 million. The constraints to SME growth and development include difficulties in accessing finance and markets, cumbersome registration and licensing procedures, shortage of skilled labor, inadequate business skills, and lack of supporting policies.</p> <p>The Government has included SME development as a priority in its medium-term plan and the program aims to support SME development by creating an enabling policy environment, facilitating access to finance, strengthening business skills, and developing trade finance for export-oriented SMEs.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	<p>TA Strengthening Export Competitiveness to be completed by the end of June 2001. The TA covers trade policy, investment policy and promotion, competition policy, trade finance, SME policy and credit, labor policies, and customs administration. The preliminary results indicate a need to strengthen the policy environment for SMEs, facilitate access to credit, streamline the registration and licensing procedures, and develop trade finance for export-oriented firms. Furthermore, the TA has outlined methods to improve formulation of trade and investment policies and plans, and strengthen investment promotion. The TA provides in-depth analysis of labor policies, identifies skill shortages and makes recommendations to improve tertiary education. Finally, it assesses competition, and presents detailed recommendations for formulation of competition policy and associated legislation.</p>
Comparative Advantage of ADB in Proposed Project:	<p>ADB has extensive experience in SME development and finance in several DMCs. In the Philippines, ADB has provided extensive support to develop capital markets and nonbank financial institutions, which contribute to building a stronger financial sector that can support SMEs. Furthermore, ADB is active in supporting SME development in the BIMP-EAGA region.</p>

Rationale and Scope of attached ADTA:	To support implementation of policy reforms for SME development
Development Objective (thematic priority)	Economic Growth and Private Sector Development
Environmental Classification:	C
Social Issues:	

ADB = Asian Development Bank, ADTA = advisory technical assistance, BIMP-EAGA = Brunei Indonesia Malaysia Philippines East ASEAN Growth Area, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, LBL = LIBOR-based (London interbank offered rate] loan, PPTA = project/program preparatory technical assistance, SME = small- and medium-sized enterprise.

**Table A6.3: Mindanao Basic Education Development Project**

<b>A. Data</b>	
Project Number:	PHI Loan 29662-01
Country:	Philippines
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	AEEH
Contact Person in Projects Div.	W. Duncan, Education Specialist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	OCR
PPTA:	1997
Proposed PPTA Amount:	\$370,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Pre-design Phase:	2001
Start Design Phase:	2001 (4 <sup>th</sup> quarter)
Approval Year According to CSP:	2002
Proposed Executing Agency:	Department of Education, Culture and Sports
Contact Person in Proposed Executing Agency:	
<b>B. Project Description</b>	
Brief Rationale of Project:	Mindanao's socioeconomic development has been constrained by insurgency and low level of investment in both human and physical development. Achieving universal participation in basic education that is relevant to students representing diverse sociocultural background, will contribute to poverty reduction, restoration of peace, and sustainable socioeconomic development of Mindanao.,
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	DECs will first implement the AusAID-assisted BEAM project to undertake some preparatory activities before the ADB loan. Planned loan fact-finding mission will be in July 2001 and appraisal mission in January 2002.
Comparative Advantage of ADB in Proposed Project:	The proposed project complements current education subsector programs of DECS by improving the delivery of basic education services to depressed, disadvantaged, and underserved areas of Mindanao, thus furthering the sector goal of promoting equitable access to quality basic education on sustainable basis while upholding peace and development.  The Project will cover the six regions of Mindanao.
Rationale and Scope of attached ADTA:	
Development Objective (thematic priority)	Human Development
Environmental Classification:	
Social Issues:	The expected social benefits include (i) fostering peaceful coexistence of multicultural population groups, (ii) enhancing basic education and skills development opportunities and improving employability of graduates, and (iii) improving the human resource base to promote and sustain socioeconomic development. Illiterate adults and children from poor families, vulnerable groups, and cultural minorities will be the main beneficiaries.

ADB = Asian Development Bank, ADTA = advisory technical assistance, BEAM = Basic Education Assistance for Mindanao Project, CSP = country strategy and program, DECS = Department of Education, Culture and Sports, DMC = developing member country, ESW = economic and sector work, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.4: Development of Poor Urban Communities Project**

<b>A. Data</b>	
Project Number:	32499 (Loan)
Country:	Philippines
Sector:	Social Infrastructure
Subsector:	Urban Development and Housing
Project Division:	AED/AEWU
Contact Person in Projects Div.:	K. Choe, Urban Economist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	Sector Loan
PPTA:	Development of Poor Urban Communities
PPTA Amount:	\$850,000
Attached ADTA:	Integrated Development Guideline of Poor Urban Communities —Participatory Approach
Proposed ADTA Amount:	\$850,000
Start Pre-design Phase:	May 2000
Start Design Phase:	September 2001
Approval Year According to CSP:	2002
Proposed Executing Agency:	National Housing Authority, Land Bank of the Philippines, and Development Bank of the Philippines. Housing and Urban Development Coordinating Council as oversight sector agency.
Contact Person in Proposed Executing Agency:	Ms. Lucille Ortile Asst. Secretary, HUDCC
<b>B. Project Description</b>	
Brief Rationale of Project:	Poverty reduction through the provision of low-cost shelter is at the center of the Government's development agenda. The proposed Project is to address the issues related to the inadequate provision of shelter for informal urban settlers, up to the fifth income decile, who are largely excluded from the formal housing sector. An enabling framework for decentralizing the shelter delivery and financing mechanism will be emphasized.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	National Shelter Program, MTPIP, Institutional Strengthening of Urban and Housing Sector Analysis, and Housing Sector Profile
Comparative Advantage of ADB in Proposed Project:	Institutional strengthening technical assistance (TA) and housing sector profiles have been prepared to assess the sector comprehensively, and a very limited number of international agencies are involved in working on this subsector.
Rationale and Scope of attached ADTA:	As a sector project, the proposed project will require coordination of various agencies, reflecting the complexity of current sector conditions, such as the national housing authority, land administration authority, regional housing authority, local government units, and microfinance and community organizations. To assist the executing agencies to involve stakeholders for project preparation by the time of project loan effectiveness, a TA is proposed to enhance readiness for the program.

Development Objective (thematic priority)	Human Development
Environmental Classification:	B
Social Issues	TBD

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, HUDCC = Housing and Urban Development Coordinating Council, MTPIP = Medium-term Philippines' Investment Plan, PPTA = project/program preparatory technical assistance, TA = technical assistance, TBD = to be determined.

**Table A6.5: MWSS TA Loan Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Social Infrastructure
Subsector:	Water Supply
Project Division:	AEWU
Contact Person in Projects Division:	TBD
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$5 million
Proposed Lending Modality:	OCR
PPTA:	N/A
Proposed PPTA Amount:	N/A
Attached ADTA:	N/A
Proposed ADTA Amount:	N/A
Start Predesign Phase:	2001
Start Design Phase:	2002
Approval Year According to CSP:	2002
Proposed Executing Agency:	MWSS
Contact Person in Proposed Executing Agency:	Mr. Jose Mabanta Administrator, MWSS
<b>B. Project Description</b>	
Brief Rationale of Project:	Development of new water resources is urgently necessary because the water supply to Metro Manila is forecasted to be short in 2005. Among several possible water resources, the Marikina River and the Laguna de Bay are thought to be immediate solutions. Comprehensive feasibility study and bidding preparation is necessary for the Marikina River project. Bidding preparation is necessary for the Laguna de Bay project.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	<p>Involves preparatory activities (feasibility study and bidding preparation) for private sector participation implementation of the identified two projects.</p> <p>The Marikina River project has feasibility studies (Manila North East Water Supply Project in 1992 and Study of the Marikina River Project in 1979) that need to be validated and updated because the current basin targeted is different from those in the past studies.</p> <p>On the other hand, the Laguna de Bay project, which is an interim arrangement for the laiban dam or agos multipurpose project, has a ready integrated feasibility study.</p>
Comparative Advantage of ADB in Proposed Project:	MWSS has used ADB loan for several projects in the past but ongoing projects will be over in 2001. It is important to formulate another loan project.
Rationale and Scope of attached ADTA:	N/A
Development Objective (thematic priority)	Private Sector Development
Environmental Classification:	A
Social Issues	The Marikina River project is thought to contain less social issues such as resettlement than other schemes. The Laguna de Bay project might have a social issue with the fishery sector.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, MWSS = Metropolitan Water and Sewerage System, N/A = not applicable, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.6: Rural Roads Development Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Transport
Subsector:	Roads
Project Division:	IETC
Contact Person in Projects Div.:	Pierre Poinsignon, Project Specialist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$75 million
Proposed Lending Modality:	OCR
PPTA:	TA 3524-PHI: Rural Road Development Project
PPTA Amount:	\$1.0 million
Attached ADTA:	
Proposed ADTA Amount:	
Start Predesign Phase:	
Start Design Phase:	PPTA implementation will start by mid June 2001.
Approval Year According to CSP:	2002
Proposed Executing Agency:	Department of Interior and Local Government
Contact Person in Proposed Executing Agency:	Mr. Normando Toledo Director, Office of Project Devt. Services, DILG
<b>B. Project Description</b>	
Brief Rationale of Project:	<p>About 77 percent of the Philippines' 20.1 million poor reside in rural areas, and most of them depend on agriculture. In poorer provinces, which have lower road densities and a lower proportion of paved roads, inadequate rural road infrastructure contributes to the difficulty of the rural poor by increasing marketing costs for their agricultural products and limiting their access to social services and economic opportunities. By opening new markets and subsequently encouraging higher agricultural production, rural roads allow larger rural income streams that contribute significantly to reducing poverty. Rural infrastructure should be combined with action that empowers local communities and promotes good governance through decentralization and institutional strengthening of local governments. ADB's country operational strategy for the Philippines emphasizes (i) the importance of rural infrastructure development, including rural roads, (ii) the need for a more balanced regional socioeconomic development, with a focus on the southern Philippines, and Mindanao in particular, and (iii) the need to decentralize and strengthen LGUs' technical, administrative, and financial capabilities. Significant improvements are required in the management of the road network in rural areas and development of the capacity of LGUs to perform devolved road management activities. To raise performance standards, clear the backlog of rehabilitation and maintenance work, and tap additional funding, opportunities for public-private partnership in rehabilitation, operation, and maintenance of national and local roads will also be explored.</p>

	The project will aim at reducing poverty and enhancing economic development in poor rural provinces of the southern Philippines by (i) improving critical national and provincial road links; (ii) improving the management of the road network in rural areas through policy initiatives and institutional strengthening of national government agencies and LGUs; and (iii) exploring new modalities and alternative funding sources for road rehabilitation, operation, and maintenance through public-private partnership.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The Local Road Study, April 2000, was financed by the World Bank. The project design will take into consideration the findings of the study.
Comparative Advantage of ADB in Proposed Project:	ADB has gained an in-depth knowledge of the Philippine road sector through 11 loans totaling \$745 million for improvement of about 3,800 km of national roads and 1,500 km of rural roads, as well as a \$100 million program loan focusing on the policy environment.  ADB's intervention will combine hard infrastructure and policy reform.
Rationale and Scope of attached ADTA:	Although management of local roads has been devolved to LGUs since 1991, only 25 percent of the funds allocated to local roads are administered directly by LGUs. Investment in local roads is mostly funded by national Government agencies, as part of broader national Government projects. This project-by-project approach with fragmented administrative responsibilities favors construction of new roads, and does not give due consideration to the overall integration of the road network. In addition, under existing financing schemes, only better-off LGUs in developed regions have sufficient debt-servicing capacity to borrow at high interest rates for local road projects. Lastly, despite the bad condition of their road network, LGUs spend only about 10 percent of their annual road budget maintenance.
Development Objective (thematic priority)	Poverty Intervention Good Governance
Environmental Classification:	B
Social Issues:	Land Acquisition and Resettlement Indigenous People

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DILG = Department of Interior and Local Government, DMC = developing member country, ESW = economic and sector work, km = kilometer, LGU = local government unit, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance.

**Table A6.7: Integrated Coastal Resources Management Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Agriculture and Natural Resources
Subsector:	Forestry and Natural Resources
Project Division:	AEFN
Contact Person in Projects Div.:	Weidong Zhou, Project Specialist
Programs Division:	PhCO
Tent. Loan Amount Accdg to CSP	\$40 million
Proposed Lending Modality:	OCR
PPTA:	Integrated Coastal Resource Management
Proposed PPTA Amount:	\$933,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Predesign Phase:	2001 (Third quarter)
Start Design Phase:	2002
Approval Year According to CSP:	2002
Proposed Executing Agency:	Department of Environment and Natural Resources (DENR)
Contact Person in Proposed Executing Agency:	Mr. Philip Obieta Director, Foreign-Assisted Project Office
<b>B. Project Description</b>	
Brief Rationale of Project:	<p>At present, the coastal zones in Philippines are beset with problems: resource and habitat degradation, overfishing, pollution, siltation, and pervasive poverty. Recognizing the problems of extensive poverty along the coastal areas, degradation of natural resources, unbalanced use of aquatic resources, and pollution, there have been at least 45 CRM programs and projects spread over 150 sites all over the country since the mid-1980s. Although these projects promote ICRM, they have had limited impact on resource use patterns, poverty, and the institutional set-up for resource management.</p> <p>The proposed project will support the Government to (i) implement national policy, management strategy, and a master plan for coastal resource management; (ii) strengthen the legal framework and develop the implementation guidelines and procedures for ICRM; (iii) establish an administrative office and central information system within DENR for ICRM; (iv) strengthen and improve the capabilities and governance of national and local government agencies, NGOs, and communities on ICRM and social development; (v) conduct social, resource, and environment assessment; (vi) implement ICRM measures to manage and conserve coastal resources; (vii) organize local communities to participate in ICRM and microenterprise and livelihood development; and (viii) provide technical assistance, and social services to poor coastal communities. The project will be implemented nationwide.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	Coastal Resource Study and CRM Policy Framework reports prepared by USAID, Project performance report of ADB Fisheries Sector Program and lessons identified learned by implementing the Fisheries Sector Program will be major inputs for the proposed project.
Comparative Advantage of ADB in Proposed Project:	Compared with other international development organizations, ADB has extensive experience in implementing coastal, marine fisheries, and natural resource management, and rural development projects in the Philippines and a wide range of other member countries.
Rationale and Scope of attached ADTA:	TBD

Development Objective (thematic priority)	Core Poverty Intervention (Environmental Improvement)
Environmental Classification :	B
Social Issues	More than 60 percent of coastal municipalities in Philippines are poor municipalities. The extensive coastal areas are home to (last resorts) many poor communities and people. Participatory consultation will involve target beneficiaries, people's organizations, NGOs, and the local governments.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CRM = coastal resource management, CSP = country strategy and program, DENR = Department of Environment and Natural Resources, DMC = developing member country, ESW = economic and sector work, ICRM = integrated coastal resource management, NGO= nongovernmental organizations, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined, USAID = United States Agency for International Development.

**Table A6.8: Rural Microfinance II Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Agriculture and Natural Resources
Subsector:	Agriculture
Project Division:	AEAR
Contact Person in Projects Div.	S. M. Scheierling, Project Economist, AEAR
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$40 million
Proposed Lending Modality:	OCR
PPTA:	Rural Microfinance II
Proposed PPTA Amount:	\$500 million
Attached ADTA:	
Proposed ADTA Amount:	
Start Predesign Phase:	2001
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	Land Bank of the Philippines (LBP)
Contact Person in Proposed Executing Agency:	Ms. N.H. Veran Vice President, Program Lending Group, LBP
<b>B. Project Description</b>	
Brief Rationale of Project:	The main constraint facing the entrepreneurial poor is often the lack of access to formal financial institutions that can provide working capital for starting or expanding livelihood activities. The provision of microfinance services can offer the poor the opportunity to engage in income-generating activities and generate savings. Rural microfinance II will address the demand for credit and other financial services by rural microenterprises.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	LBP and the PCFC, which is envisaged as the wholesale financial institution for onlending operations through microfinance institutions, are currently discussing the details of the project proposal.
Comparative Advantage of ADB in Proposed Project:	Rural microfinance II is planned as a follow-up project to the ongoing Rural Microenterprise Finance Project supported by ADB, which involves both LBP and PCFC.
Rationale and Scope of attached ADTA:	
Development Objective (thematic priority)	Poverty Intervention (Human Development)
Environmental Classification:	
Social Issues	

ADB = Asian Development Bank, ADTA = advisory technical assistance, LBP = Land Bank of the Philippines, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, OCR = ordinary capital resources, PCFC = People's Credit and Finance Cooperation, PPTA = project/program preparatory technical assistance.

**Table A6.9: Rural Electrification Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Energy
Subsector:	Power and Electrification
Project Division:	IEEN
Contact Person in Projects Division:	Geoffrey Wilson, Sr. Financial Analyst
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$60 million
Proposed Lending Modality:	OCR
PPTA:	2000
Proposed PPTA Amount:	\$600,000
Attached ADTA:	
Proposed ADTA Amount:	
Start Predesign Phase:	2001
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	DOE/NEA/GFIs
Contact Person in Proposed Executing Agency:	TBD
<b>B. Project Description</b>	
Brief Rationale of Project:	The project will assist in poverty alleviation in selected rural areas through rural electrification to increase the efficiency of existing operations, accelerate electrification and link electrification programs to livelihood and rural development projects that will ensure sustainable development. The specific objectives include to (i) determine the priority villages for electrification/energization using both grid and NRE systems; (ii) install NRE systems for electrification and energization of villages in remote rural areas; and (iii) promote associated livelihood projects.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	A PPTA is ongoing in 2001 to help the Government prepare the project.
Comparative Advantage of ADB in Proposed Project:	ADB has been active in the energy sector, with 27 loans (including 1 for rural electrification) and 28 TA grants covering various subsectors including rural electrification.
Rationale and Scope of attached ADTA:	N/A
Development Objective (thematic priority)	Poverty Intervention (Private Sector Development)
Environmental Classification:	TBD
Social Issues:	TBD

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, DOE = Department of Energy, ESW = economic and sector work, GFI = government financial institution, N/A = not applicable, NEA = National Electrification Administration, NRE = new and renewable energy, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.10: Education Sector Development Program**

<b>A. Data</b>	
Project Number:	PHI Loan 33279-01
Country:	Philippines
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	AEEH
Contact Person in Projects Div.	W. Duncan, Education Specialist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$75 million
Proposed Lending Modality:	OCR
PPTA:	2000
Proposed PPTA Amount:	\$998,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Predesign Phase:	2001 (4 <sup>th</sup> quarter)
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	Commission on Higher Education (CHED)
Contact Person in Proposed Executing Agency:	
<b>B. Project Description</b>	
Brief Rationale of Project:	<p>The project aims to implement the recommendations of the Presidential Commission on Educational Reform (PCER) in an effort to institutionalize sectorwide improvements in the higher education system. It will cover policy and project measures to improve the efficiency, equality, and quality of the system of education and training. EDSP will support the implementation of key policies and system interventions.</p> <p>Estimated benefits include (i) greater efficiency in higher education financing, (ii) improved access to higher education among low-income groups, (iii) improved higher education quality, (iv) protection of budget for basic education, and (v) reduced dropout in lower primary grades.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	CHED to officially submit proposal to NEDA for ICC processing and provide budget picture for the project.
Comparative Advantage of ADB in Proposed Project:	Potential sector development loan involving a combination of a policy and investment components with focus on higher education. Processing is subject to results of PPTA. Draft report and tripartite review by end September 2001.
Rationale and Scope of attached ADTA:	
Development Objective (thematic priority)	Human Development
Environmental Classification:	
Social Issues:	Continuing concern over the low quality and efficiency of Philippine education has led to renewed calls for fundamental system reform, illustrated by the establishment of the PCER.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CHED = Commission on Higher Education, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, ICC = Investment Coordination Council, NEDA = National Economic and Development Authority, OCR = ordinary capital resources, PCER = Presidential Commission on Educational Reform, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.11: Metro Manila Urban Services for the Poor Project**

<b>A. Data</b>	
Project Number:	31658 (PPTA and Loan)
Country:	Philippines
Sector:	Social Infrastructure
Subsector:	Urban Development and Housing
Project Division:	AEWU
Contact Person in Projects Division:	M. Westfall, Sr. Urban Development Specialist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	
PPTA:	Metro Manila Urban Services for the Poor
Proposed PPTA Amount:	\$1 million
Attached ADTA:	N/A
Proposed ADTA Amount:	N/A
Start Predesign Phase:	
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	Housing and Urban Development Coordinating Council (HUDCC)
Contact Person in Proposed Executing Agency:	Hon. Michael Defensor Secretary, Housing and Urban Development
<b>B. Project Description</b>	
Brief Rationale of Project	<p>The proposed project will support the policy reform agenda, and initiate a phased, multiyear slum eradication and upgrading program in support of decentralization and devolution where local governments, in partnership with communities and the private sector, assume responsibilities for urban renewal and regeneration.</p> <p>The proposed TA will assist the Government to (i) prepare a comprehensive, phased, prioritized metropolitan-wide 15-year plan for slum eradication and urban upgrading in Metro Manila; (ii) initiate a process for formulating LGU-level integrated urban development interventions in support of the strategy, including support for the transfer of national government lands to concerned local governments; and (iii) prepare, for possible external funding, an investment package of high-priority components with strong economic and environmental justification. The planned investment will be relatively modest compared with the overall investment required to address Metro Manila in its entirety, but should have high impact and serve as a demonstration of achievable urban sector improvements and related poverty reduction. A component will include establishing project-based GIS for rapid land use assessments and longer term urban planning, urban upgrading, and renewal activities and a review and assessment of appropriate value capture approaches such as tax increment financing, a widely used tool in developed country cities for revitalization of blighted areas.</p>

	The proposed policy agenda will (i) improve the efficiency and effectiveness of shelter delivery to the poor; (ii) improve targeting of government resources to the urban poor; (iii) encourage local governments to develop their own shelter strategies and programs; (iv) unblock the urban land market; (v) enhance the level of service and infrastructure provision to urban poor communities; (vi) improve access of urban poor to low cost building materials and techniques; (vii) provide urban planning and zoning standards, and a building ordinance environment conducive to development of shelter for urban poor communities in Metro Manila; (viii) encourage increased private sector participation in urban renewal and regeneration activities; (ix) enable LGUs to promote urban renewal and regeneration through innovative mechanisms such as special community revitalization and redevelopment zones with associated private sector incentives; and (x) strengthen LGU urban planning and the provision of critical municipal infrastructure.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	Government: National Shelter Program, Medium-Term Philippine Investment Plan, Urban Sector Strategy  ADB: Institutional Strengthening of Urban and Housing Sector Analysis (SSTA), PHI: Urban Sector Profile, PHI: Housing Sector Profile, ADB Urban Sector Strategy
Comparative Advantage of ADB in Proposed Project:	ADB has built extensive expertise in housing, integrated urban development and urban upgrading, and has launched the complementary Payatas and Muntinlupa JFPR Projects. ADB is processing the Development of Poor Urban Communities Project (\$50 million), which addressed similar issues outside of Metro Manila. Additionally, ADB is processing a complementary TA for ADB participation in the Cities Alliance, a multidonor coalition formed to address urban poverty and slum upgrading. ESW work has been prepared, and ADB is well positioned to be a leading international agency in the sector.
Rationale and Scope of attached ADTA:	N/A
Development Objective (thematic priority)	Human Development
Environmental Classification:	B
Social Issues:	TBD

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, GIS = geographic information system, HUDCC = Housing and Urban Development Coordinating Council, JFPR = Japan Fund for Poverty Reduction, N/A= not applicable, PPTA = project/program preparatory technical assistance, TA = technical assistance, TBD = to be determined.

**Table A6.12: Metro Manila Solid Waste Management Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Social Infrastructure
Subsector:	Solid Waste/Urban Development
Project Division:	AEWU
Contact Person in Projects Division:	TBD
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	OCR
PPTA:	2001
Proposed PPTA Amount:	\$600,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Predesign Phase:	2002
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	DENR/MMDA
Contact Person in Proposed Executing Agency:	TBD
<b>B. Project Description</b>	
Brief Rationale of Project:	The dramatic health and economic hazards caused by the current poor solid waste management situation in Metro Manila requires urgent action for solid waste management infrastructure, institutional strengthening, capacity building, and governance.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The follow-up project will build upon analysis and recommendations given under the 2001 ADTA to solve the garbage problem in Metro Manila. The Government and ADB are currently undertaking dialogue.
Comparative Advantage of ADB in Proposed Project:	ADB can provide transparent procurement systems that will ensure sound technical, environmental, economic and financial sustainability of the Project, thus establishing its legitimacy necessary to gain support of diverse stakeholders.
Rationale and Scope of attached ADTA:	If ADTA is attached, it would focus on institutional development and capacity building needs.
Development Objective (thematic priority)	Environmental Improvement
Environmental Classification:	TBD
Social Issues	TBD

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DENR = Department of Environment and Natural Resources, DMC = developing member country, ESW = economic and sector work, MMDA = Metro Manila Development Authority, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.13: PNR South Rail Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Transportation
Subsector:	Railways
Project Division:	IETC
Contact Person in Projects Division:	Charles Melhuish, Sr. Policy Specialist, IEOD
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$40 million
Proposed Lending Modality:	OCR
PPTA:	2001 (TA Loan)
Proposed PPTA Amount:	\$5 million
Attached ADTA:	
Proposed ADTA Amount:	
Start Predesign Phase:	2002
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	DOTC/PNR
Contact Person in Proposed Executing Agency:	TBD
<b>B. Project Description</b>	
Brief Rationale of Project:	To finance possible public sector component of the South Rail Project to be developed under the combined PPTA and TA Loan.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	ADB prepared a Transport Sector Strategy for the Philippines in 1997. Under TA 2968-PHI: Transport Infrastructure and Capacity Development, ADB assisted the Government in preparing a prefeasibility study for this project.
Comparative Advantage of ADB in Proposed Project:	ADB has assessed policy issues in this sector.
Rationale and Scope of attached ADTA:	
Development Objective (thematic priority)	Private Sector Development
Environmental Classification:	B
Social Issues:	

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, DOTC = Department of Transportation and Communications, ESW = economic and sector work, OCR = ordinary capital resources, PNR = Philippine National Railways, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.14: Irrigation Sector Development Program**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Agriculture and Natural Resources
Subsector:	Irrigation
Project Division:	AEFN
Contact Person in Projects Div.:	Tetsuro Miyazato, Senior Project Engineer
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	OCR
PPTA:	Irrigation Management Sector Development Program
Proposed PPTA Amount:	\$900,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Pre-design Phase:	2002 (1 <sup>st</sup> quarter)
Start Design Phase:	2002
Approval Year According to CSP:	2004
Proposed Executing Agency:	National Irrigation Administration
Contact Person in Proposed Executing Agency:	Mr. Hondurade Deputy Administrator
<b>B. Project Description</b>	
Brief Rationale of Project	Presently, irrigation water is poorly managed in the majority of NIS in the Philippines. Upstream farmers use too much water, leaving too little for downstream farmers. The failure of the ISF mechanism to recognize the scarcity of water along with poor system O&M are direct causes of the up-stream-downstream imbalances. The main problems of irrigation management affecting NIA include (i) inadequate watershed management in critical watersheds, (ii) inadequate water availability at the lowest outlets, (iii) inadequate system condition and management, (iv) high level of system degradation affecting water distribution, and (v) inadequate flow measurement devices and too many control structures. The proposed PPTA will study measures to enhance the performance of NISs, using a participatory approach with the beneficiaries. The TA will assist the Government in preparing an investment project for improving performance of these systems and NIA on a sustainable basis while protecting and improving the environment.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	Based on the recommendation from the outcome of ADTA: Review of Cost Recovery Mechanisms for National Irrigation Systems, the policy dialogues on ISFs and Irrigation Management Transfer to the irrigators' association will be started shortly. The legal status of NIA and the Government position on ISF must be updated.
Comparative Advantage of ADB in Proposed Project:	ADB has extensive experience in implementing irrigation projects, especially in Mindanao, and has a good relationship with the executing agency.
Rationale and Scope of attached ADTA:	TBD

Development Objective (thematic priority)	Poverty Intervention (PI)
Environmental Classification:	B
Social Issues	To be identified during the PPTA.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, ISF = Irrigation Service Fee, NIA = National Irrigation Administration, NIS = National Irrigation System, O&M = operation and maintenance, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.15: Upland Communities Development Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Agriculture and Natural Resources
Subsector:	Forestry and Natural Resources
Project Division:	AEFN
Contact Person in Projects Div.:	Emile Gozali, Project Economist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$40 million
Proposed Lending Modality:	OCR
PPTA:	Upland Communities Development
Proposed PPTA Amount:	\$900,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Predesign Phase:	2002 (1 <sup>st</sup> quarter)
Start Design Phase:	2002
Approval Year According to CSP:	2004
Proposed Executing Agency:	Department of Environment and Natural Resources (DENR)
Contact Person in Proposed Executing Agency:	Mr. Philip Obieta Director, Foreign-Assisted Project Office
<b>B. Project Description</b>	
Brief Rationale of Project:	<p>The Loan 999-PHI: Low Income Upland Communities Project (LIUCP) was closed in 2000 after a 10 year implementation period in Mindoro. Positive feedback has been received from the beneficiary communities and LIUCP has largely exceeded its physical targets. Key lessons from LIUCP and other upland watershed improvement and rural development projects in the Philippines are being assessed at present. The Government is, therefore, requesting a follow-on project that supports interventions similar to those provided under LIUCP, with improved beneficiary participatory arrangements and innovative natural resource management initiatives. The tentative project areas are regions IV and V of the Philippines.</p> <p>The objective of project is to establish a sustainable natural resource management and reduce poverty in the targeted upland areas.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	<ul style="list-style-type: none"> <li>• Project completion and monitoring &amp; evaluation reports for LIUCP, which outlined the implementation experience and identified lessons learned for the proposed project.</li> <li>• Studies and project completion and evaluation report on the past and ongoing forestry and upland agricultural development projects undertaken by DENR and Department of Agriculture</li> </ul>
Comparative Advantage of ADB in Proposed Project:	ADB has extensive experience implementing forestry, upland natural resource management, and rural development projects in the Philippines and a wide range of other member countries.
Rationale and Scope of attached ADTA:	TBD
Development Objective (thematic priority)	Core Poverty Intervention (Environmental Improvement)

Environmental Classification:	B
Social Issues:	The targeted project areas (regions IV and V) include upland areas that are homes to indigenous communities. Intensive and systematic consultations will be required during the preparation and implementation of the TA to design a project consistent with the indigenous peoples development plan. Participatory consultation will involve target beneficiaries, people's organizations, nongovernmental organizations, and the local governments .

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DENR = Department of Environment and Natural Resources, DMC = developing member country, ESW = economic and sector work, LIUCP = Low Income Upland Communities Project, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.16: Strengthening Transmission Systems for Rural Electrification Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Energy
Subsector:	Power and Electrification
Project Division:	IEEN
Contact Person in Projects Division:	Geoffrey Wilson, Sr. Financial Analyst
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$100 million
Proposed Lending Modality:	OCR
PPTA:	2003
Proposed PPTA Amount:	\$500,000
Attached ADTA:	
Proposed ADTA Amount:	
Start Predesign Phase:	2003
Start Design Phase:	2004
Approval Year According to CSP:	2004
Proposed Executing Agency:	Department of Energy
Contact Person in Proposed Executing Agency:	TBD
<b>B. Project Description</b>	
Brief Rationale of Project:	The objective is to expand the subtransmission system to accelerate the rural electrification and ensure sustainable development.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	A PPTA will be carried out in 2003 to assist the Government in preparing the project.
Comparative Advantage of ADB in Proposed Project:	ADB has been active in the energy sector, with 27 loans (including 1 for rural electrification) and 28 TA grants covering various subsectors including rural electrification.
Rationale and Scope of attached ADTA:	N/A
Development Objective (thematic priority)	Pro-poor economic growth
Environmental Classification:	TBD
Social Issues:	TBD

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, N/A = not applicable, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.17: LGU Infrastructure Development Facility Project**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Infrastructure
Subsector:	Finance
Project Division:	IEFI
Contact Person in Projects Division:	Sean M. O'Sullivan,
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$25 million
Proposed Lending Modality:	OCR
PPTA:	N/A
Proposed PPTA Amount:	N/A
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Pre-design Phase:	2003
Start Design Phase:	2003
Approval Year According to CSP:	2004
Proposed Executing Agency:	LBP
Contact Person in Proposed Executing Agency:	
<b>B. Project Description</b>	
Brief Rationale of Project:	The Local Government Code of 1991 devolved a large number of national government functions, including infrastructure provision to LGUs. However, LGU resources including ODA, internal revenue allotments, and local taxes are insufficient to meet their infrastructure needs. The Government is pursuing an LGU financing framework that will expand financing sources for LGU-level infrastructure needs. Under this framework, revenue-generating infrastructure projects, particularly those sponsored by the more creditworthy LGUs, should be opened to the private sector thereby freeing up traditional infrastructure funding for less creditworthy LGUs and projects with primarily social and environmental objectives. A credit line is proposed for government financial institutions that are expected to catalyze access to capital markets for LGU infrastructure. The proposed project will support private sector development and poverty reduction.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The proposed project follows Loan 1729-PHI LGU Project Development Facility, which is under implementation, with the objective of preparing and tendering projects for private sector participation. In addition TA 3349: Capacity Building in LGU Financing has supported credit rating for LGUs, provided training on private sector modalities, and has proposed the features of the proposed credit line.
Comparative Advantage of ADB in Proposed Project:	ADB has been active in support for decentralization and urban development in the Philippines.
Rationale and Scope of attached ADTA:	TBD
Development Objective (thematic priority)	Private Sector Development
Environmental Classification:	A
Social Issues:	Will be considered in review of subprojects.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, LGU = local government unit, N/A = not applicable, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.18: Health Sector Development Program**

<b>A. Data</b>	
Project Number:	
Country:	Philippines
Sector:	Health and Education
Subsector:	Health
Project Division:	AEEH
Contact Person in Projects Division:	Cecile Gregory, Sr. Health Specialist
Programs Division:	PhCO
Tentative Loan Amount According to CSP:	\$75 million
Proposed Lending Modality:	OCR
PPTA:	2002
Proposed PPTA Amount:	\$600,000
Attached ADTA:	TBD
Proposed ADTA Amount:	TBD
Start Pre-design Phase:	2003
Start Design Phase:	2003
Approval Year According to CSP:	2004
Proposed Executing Agency:	Department of Health
Contact Person in Proposed Executing Agency:	
<b>B. Project Description</b>	
Brief Rationale of Project:	Main problems to be addressed by the project. Indicate linkage of project with developmental and sector objectives outlined in the CSP.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	<p>DOH has taken initiatives to rationalize its central and regional offices to strengthen decentralized management and delivery of health services. A health sector reform agenda (HSRA) has also been drawn up, identifying critical sectoral issues to be addressed and outlining a general framework of reform strategies and mechanisms to implement the reform process.</p> <p>The health sector development program (HSDP) is based on the HSRA with particular focus on local health systems development (LHSD). The focus on LHSD is necessary for the development of national systems and preparation of efficient local health delivery systems. The HSDP also involves the convergence of reproductive health and tuberculosis services (specifically for children) for application of developed local health systems.</p>
Comparative Advantage of ADB in Proposed Project:	Two ADB-assisted health projects are ongoing. Implementation of these projects provides ADB with a better understanding of the Philippine health sector performance and these projects are addressing some of the key issues on the HSRA. Further involvement in health sector reform will help sustain the impact of the ongoing projects and contribute to the definition of national objectives of health, and redirection of the Philippine health sector policies and improvement of the quality of health services.

Rationale and Scope of attached ADTA:	
Development Objective (thematic priority)	Poverty Intervention (Human Development)
Environmental Classification:	
Social Issues	

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = economic and sector work, HSDP = Health Sector Development Program, HSRA = health sector reform agenda, LHSD = local health systems development, OCR = ordinary capital resources, PPTA = project/program preparatory technical assistance, TBD = to be determined.

**Table A6.19: TA Concept Paper for Implementing Rules and Regulation on Power Sector Restructuring Program**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	IEEN
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	
Country/Region (as applicable):	Philippines
Sector/Subsector:	Power and Electrification
Poverty Classification and Thematic Priorities: <sup>a</sup>	Good Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	June 2002
Estimated Completion Date:	December 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Support to the follow-up actions to the Power Reform Bill such as the formulation of the Power Development Plan by DOE and IRR for the Energy Regulatory Commission.
2. Relation to Strategic Objectives (How the TA addresses the following.)  <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The IRR will promote good governance in the sector.
3. Scope (specific major components, e.g., capacity building)	TBD
4. Expected Outcome and Monitorable Indicators	Improved ODA project performance.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)  <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	Study on Electricity Pricing and Regulatory Practice in a Competitive Environment (TA).
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Department of Energy
7. Cost and Financing Plan  (i) ADB Financing (JSF,TASF) (ii) Sources other than JSF/TASF	\$800,000
8. Country,RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy program, DOE = Department of Energy, IPF = indicative planning figure, IRR = implementing rules and regulations, JSF = Japan Special Fund, ODA = official development assistance, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund, TBD = to be determined.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.

**Table A6.20: TA Concept Paper for Institutional Strengthening of Housing and Urban Development**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AED/AEWU
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	
Country/Region (as applicable):	Philippines
Sector/Subsector:	Urban Development and Housing
Poverty Classification and Thematic Priorities: <sup>a</sup>	Good Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	June 2002
Estimated Completion Date:	December 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The proposed ADTA will provide necessary capacity including support to HUDCC and the shelter agencies to improve their ability to prepare a strategic shelter plan, program, and investment plan that will set targets for the national shelter program.
2. Relation to Strategic Objectives (How the TA addresses the following.)  <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The TA will help improve the efficiency of delivering service to the poor.
3. Scope (specific major components, e.g., capacity building)	The proposed plan will establish the framework for determining and integrating the participation of the shelter agencies and the private sector in the program. Institutionalization of the planning process will serve as an integrating mechanism for the activities of the shelter agencies and provide the impetus to bring the LGUs and the private sector in as major participants in the delivery of housing for the poor.
4. Expected Outcome and Monitorable Indicators	Policy framework for shelter program is developed.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)  <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional Strengthening of Housing and Urban Development Sector, ADTA (2000)/\$1,500,000/Final Report submission due on 30 June.</li> <li>• Assisted draft bill for proposed new department of housing and urban development, as a measure of institutional strengthening; the Government plans to go through consultation with various stakeholders and relevant agencies for the proposed draft bill.</li> </ul>
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	HUDCC
7. Cost and Financing Plan  (i) ADB Financing (JSF,TASF) (ii) Sources other than JSF/TASF	\$500,000
8. Country,RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy program, HUDCC = Housing and Urban Development Coordinating Council, IPF = indicative planning figure, JSF = Japan Special Fund, LGU = local government unit, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.

**Table A6.21: TA Concept Paper for Rural Roads Development (Policy Framework)**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	IED/IETC/Pierre Poinsignon
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	N/A
Country/Region (as applicable):	Philippines
Sector/Subsector:	Transport/Roads
Poverty Classification and Thematic Priorities: <sup>a</sup>	Other Development Interventions Good Governance
Program Year: <sup>b</sup>	2002 (standby 2001)
Expected Approval Date (mo/yr):	February 2002 (this date could be advanced to November 2001 if the TA is financed in 2001).
Estimated Completion Date:	June 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	<p>Although management of local roads has been devolved to LGUs since 1991, only 25 percent of the funds allocated to local roads are administered directly by LGUs. Investment in local roads is mostly funded by national Government agencies, as part of broader national Government projects. This project-by-project approach with fragmented administrative responsibilities favors construction of new roads, and does not give due consideration to the overall integration of the road network. In addition, under existing financial schemes, only better-off LGUs in developed regions have sufficient debt-servicing capacity to borrow at high interest rates for local road projects. Lastly, despite the bad condition of their road network, LGUs spend only about 10 percent of their annual road budget maintenance.</p> <p>To give LGUs full responsibility for the development and management of their roads, strengthen their capabilities, and improve sustainability of local road projects, including the proposed rural roads development project, scheduled for 2002, a local roads policy framework needs to be prepared.</p>
2. Relation to Strategic Objectives (How the TA addresses the following.)	<ul style="list-style-type: none"> <li>• Local road development, which will require a sound policy framework, is necessary to foster rural development and thereby reduce rural poverty.</li> <li>• The COS for the Philippines promotes good governance through devolution of national government activities to LGUs, and strengthening of LGUs' capacity in planning, financing and implementing development activities.</li> <li>• The 2001-2003 CAP mentions that in the road subsector, ADB will support the formulation of a policy framework for a rural road investment program, to promote rural development and reduce poverty.</li> <li>• The draft PPA indicates that ADB will support the Government's initiative to complete decentralization and rural development through rural infrastructure.</li> </ul>
3. Scope (specific major components, e.g., capacity building)	<p>The scope of the TA will include:</p> <ul style="list-style-type: none"> <li>• Identifying the necessary legal steps to complete devolution of local road financing and management of LGUs;</li> <li>• Reviewing existing policies and funding mechanisms for local roads, and developing (i) appropriate financing mechanisms that will enable LGUs in poor rural areas to improve their roads, and (ii) sustainable funding mechanisms and adequate incentives for better maintenance of local roads;</li> </ul>

	<ul style="list-style-type: none"> <li>• Recommending strategies to strengthen planning, programming, and monitoring at local level to improve integration and efficiency of the transport network, and consistency with development and land use plans;</li> <li>• Formulating a plan to develop the road management capabilities of LGUs by (i) improving coordination between national government agencies and LGUs, (ii) optimizing the use of available human and material resources in national government agencies and LGUs on a territorial basis, and (iii) identifying the needs for capacity building and training.</li> </ul>
4. Expected Outcome and Monitorable Indicators	<p>Local roads policy framework including:</p> <ul style="list-style-type: none"> <li>• necessary amendments to the Local Government Code to complete decentralization;</li> <li>• appropriate financing policy and mechanisms to enable LGUs with limited financial resources to benefit from road improvement;</li> <li>• new funding mechanisms and incentives to improve maintenance of local roads (including local road maintenance funds and public-private partnership projects);</li> <li>• necessary processes and tools (classification, inventory and quality monitoring systems) to improve local road planning; and</li> <li>• LGU road management capacity development plan.</li> </ul>
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)	None
<ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Department of Interior and Local Government
7. Cost and Financing Plan	\$700,000
<ul style="list-style-type: none"> <li>(i) ADB Financing (JSF,TASF)</li> <li>(ii) Sources other than JSF/TASF</li> </ul>	ADB financing in 2002. However, a bilateral cofinancing will be sought for 2001 or 2002.
8. Country, RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, CAP = country assistance plan, COS = country operational strategy, CSP = country strategy program, IPF = indicative planning figure, JSF = Japan Special Fund, LGU = local government unit, PPA = Poverty Partnership Agreement, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.

**Table A6.22: TA Concept Paper for Promotion of Cleaner Production Technologies**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	OESD/ENVD/Dingding Tang
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	N/A
Country/Region (as applicable):	Philippines
Sector/Subsector:	Environment/Industry
Poverty Classification and Thematic Priorities: <sup>a</sup>	Environmental Improvement
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	June 2002
Estimated Completion Date:	June 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	<p>The Government of the Philippines has placed high priorities for economic growth in its developmental plans. However, the rapid industrialization and the continued expansion of the population lead to strains on its environmental resources. Hence, despite its modest achievements in industrialization, the country experienced environmental degradation brought about by industrial, agricultural, and domestic activities.</p> <p>Hence, the growing public concern over pollution has given birth to the development of strategies, policy options, and technologies that could help establish a framework for a more rational industrial waste management scheme. Cleaner production has slowly begun to take shape in the country although much has still to be desired in increasing the pace of its implementation.</p> <p>Cleaner production made industries to become more aware of their roles in preserving the environment while increasing their productivity. Companies have started to move toward this direction by implementing good manufacturing practices to improve their efficiency and reduce waste generation at the same time.</p> <p>However, the industry sector has yet to realize the full benefits of cleaner production. Industry can further cleaner production through technology change, i.e., utilization of more efficient equipment and processes, automation, process optimization, and/or layout changes. Most Philippine industries, particularly the SMEs, need more than good operating practices to remain competitive in domestic and international markets. They need to upgrade their processes and equipment. In certain instances, their clients may even require that they produce their goods in an environment-friendly manner, i.e. wastes are minimized or treated prior to discharge to the surroundings.</p> <p>Industries will need guidance in the selection of appropriate clean technologies. Thus, to assist SMEs on this matter, the Integrated Program on Clean Technologies will focus on the technical hardware of the processes and environmental technologies. This will be achieved through evaluation of technologies around the world for their appropriateness to Philippine conditions. Furthermore, the transfer of clean technologies to SMEs will culminate these efforts.</p>

<p>2. Relation to Strategic Objectives (How the TA addresses the following.)</p> <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	<p>A number of studies and regulations in the Philippines have promoted the adoption of cleaner production. These activities assisted industries to conduct waste minimization assessments, prepared policy studies, and identified needs for further assistance.</p> <p>The Investments Priority Plan in 1999 enumerates priority economic areas eligible for incentives under the Omnibus Investments Code of 1987. It identifies the promotion of environmental activities like upgrading of facilities to minimise waste, establishment of toxic and hazardous waste facilities, measuring services for emission and effluent and other environmental parameters as eligible under the 1999 IPP.</p> <p>The Medium-Term Philippine Development Plan (MTPDP) for 1999-2004 guides any proposed project or program in the country. Among the strategies being pursued under the MTPDP is strengthening the competitiveness of Philippine industries in global and domestic markets, complemented by programs aimed at encouraging investments in education, science, and technology to raise the country's productivity to international benchmarks.</p>
<p>3. Scope (specific major components, e.g., capacity building)</p>	<p>To achieve the objectives, the TA will include the following components and scope:</p> <p>(i) guidelines and policies for clean technologies, to formulate guidelines and policies to promote clean technologies, including incentive policies for cost-effective selection, project identification for long-term investment loans, and the implementation of highly profitable cleaner production projects;</p> <p>(ii) clean technology assessment center (CTAC), to provide information, decision support, and implementation assistance to SMEs, and collaborate with Development Bank of Philippines and Land Bank of Philippines to provide financial mechanism to SMEs, in adopting cleaner production techniques and clean technologies. (SMEs need information and awareness on the environmental impacts of their operations, root cause(s) of their productivity and pollution problems, possible cost-effective solutions to these problems, and related technical assistance for implementation of solutions);</p> <p>(iii) regional network for clean technology transfer (RNCTT) will be the industrial extension services arm of the CTAC in the regions, for dissemination of information, promotion of clean technologies and TA; and</p> <p>(iv) environmental management through clean technologies, to assess the economic and environmental impacts of adopting clean technologies and cleaner production.</p>
<p>4. Expected Outcome and Monitorable Indicators</p>	<p>The TA will achieve the following:</p> <ul style="list-style-type: none"> <li>• develop guidelines and policies for the promotion of clean technologies in the fields of research and development and technology transfer;</li> <li>• review and evaluate at least 150 clean technologies;</li> <li>• produce five best management practices manuals;</li> <li>• establish a clean technology assessment center that will provide information and TA to SMEs;</li> </ul>



**Table A6.23: TA Concept Paper for Strengthening of ODA Monitoring and Facilitation Capability**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	PhCO
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	
Country/Region (as applicable):	Philippines
Sector/Subsector:	Others
Poverty Classification and Thematic Priorities: <sup>a</sup>	Good Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	June 2002
Estimated Completion Date:	December 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The Investment Coordination Committee (ICC) and Development Budget Coordinating Committee (DBCC), committees of the NEDA Board, want to improve their ODA monitoring and facilitation mandates. The ICC-DBCC reviews and monitors programs and project loans and requests for loan extension and cancellation.
2. Relation to Strategic Objectives (How the TA addresses the following.)  <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Improved mechanisms for the ICC-DBCC monitoring of ongoing programs and projects will serve as an important input in the review of new projects.
3. Scope (specific major components, e.g., capacity building)	Capacity Building
4. Expected Outcome and Monitorable Indicators	Improved ODA project performance
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)  <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	The TA will complement the ongoing TA for Strengthening Results Monitoring and Evaluation, which assists the Government to improve efficiency of government expenditure by providing feedback on project impact into the planning and management process.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	NEDA
7. Cost and Financing Plan  (i) ADB Financing (JSF, TASF) (ii) Sources other than JSF/TASF	\$400,000
8. Country, RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy program, DBCC = Development Budget Coordinating Committee, ICC = Investment Coordination Committee, GOP = Government of the Philippines, IPF = indicative planning figure, JSF = Japan Special Fund, LGU = local government unit, NEDA = National Economic and Development Authority, ODA = official development assistance, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.

**Table A6.24: TA Concept Paper for SME Development in the EAGA Region**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	PED/PE1/Jacques M. Ferreira
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	
Country/Region (as applicable):	Philippines
Sector/Subsector:	Others
Poverty Classification and Thematic Priorities: <sup>a</sup>	Private Sector Development
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	June 2002
Estimated Completion Date:	December 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	To support SME development in southern Philippines and promote the development in BIMP-EAGA region.
2. Relation to Strategic Objectives (How the TA addresses the following.)  <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Promote private sector participation in the economy.
3. Scope (specific major components, e.g., capacity building)	The integrated SME support program as formulated under an ADB RETA covers the following components: (i) policy, (ii) business support services, (iii) linkage with markets, technology and partners, (iv) SME finance, (v) infrastructure, and (vi) coordination and integration. The program will initially focus on the territories of Mindanao and Palawan (Philippines) and Kalimantan and Sulawesi (Indonesia).  The proposed TA will support the implementation of some of these activities in the Philippines.
4. Expected Outcome and Monitorable Indicators	Increased activities of SMEs in the region.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)  <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	RETA 5880: TA for Small and Medium-Scale Enterprise Development in BIMP-EAGA, \$300,000, approved on December 1999. Completed, fully satisfactory. Endorsed by stakeholders. Proposed TA will implement parts of RETA 5880.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	MEDCO, DTI
7. Cost and Financing Plan  (i) ADB Financing (JSF, TASF) (ii) Sources other than JSF/TASF	\$500,000
8. Country, RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, BIMP-EAGA = Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN [Association of South East Asian Nations] Growth Area, CSP = country strategy program, DTI = Department of Trade and Industry, EAGA = East Asean Growth Area, IPF = indicative planning figure, JSF = Japan Special Fund, LGU = local government unit, MEDCO = Mindanao Economic Development Council, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, SME = small- and medium-scale enterprise TA= technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.

**Table A6.25: TA Concept Paper for Capacity Building for an Expanded ARMM**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	PhCO
Type of TA (ADTA/PPTA/RETA):	ADTA
Name of Loan Project to follow (if PPTA):	
Country/Region (as applicable):	Philippines
Sector/Subsector:	Others
Poverty Classification and Thematic Priorities: <sup>a</sup>	Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	June 2002
Estimated Completion Date:	December 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	To support project development in the region.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Increase efficiency of development projects in the region.
3. Scope (specific major components, e.g., capacity building)	The TA has the following objectives: (i) assessing gaps in policy formulation and legislation, regional planning, revenue generation, and resource mobilization of ARMM; (ii) enhancing policy formulation and legislation; (iii) increasing revenue generation and resource mobilization; (iv) improving regional planning and project/program implementation; (v) strengthening regional project monitoring; (vi) strengthening the regional management information system; (vii) facilitating stakeholders participation in regional planning and project/program implementation premised on bottom-up approach involving partnership among the public sector, business and civil society (from the regional, provincial and pilot municipalities); and (viii) facilitating linkages and coordination from the ARMM to the national government agencies.
4. Expected Outcome and Monitorable Indicators	Increased efficiency and number of projects in the ARMM region.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	SSTA No. 3076-PHI: Capacity Building in the Special Zone for Peace and Development (SZOPAD) supported the planning and project preparation in SZOPAD area.

6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	ARMM-RPDO
7. Cost and Financing Plan  (i) ADB Financing (JSF,TASF) (ii) Sources other than JSF/TASF	\$600,000
8. Country,RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, ARMM = Autonomous Region in Muslim Mindanao, CSP = country strategy program, IPF = indicative planning figure, JSF = Japan Special Fund, LGU = local government unit, NEDA = National Economic and Development Authority, ODA = official development assistance, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, RPDO = Regional Planning and Development Office, SZOPAD = Special Zone for Peace and Development, TA= technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.

**Table A6.26: TA Concept Paper for Teacher Education Program**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AED/AEEH/W. Duncan, Education Specialist
Type of TA (ADTA/PPTA/RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Teacher Development Program
Country/Region (as applicable):	Philippines
Sector/Subsector:	Education/Higher Education
Poverty Classification and Thematic Priorities: <sup>a</sup>	Others (Human Development)
Program Year: <sup>b</sup>	2003
Expected Approval Date (mo/yr):	2003
Estimated Completion Date:	2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Teachers are the most important resource in any education system, but the preparation of teachers in the Philippines has been sorely neglected. As a result, only about 30 percent of teacher education graduates are able to pass the licensing examination each year. CHED, DECS, and NEDA are therefore urging that a program to address these issues be implemented as a matter of priority.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The TA will promote human development and support the CAS strategy of improving the quality of basic social services.
3. Scope (specific major components, e.g., capacity building)	The TA will aim to strengthen the quality of basic education by addressing the policy, managerial, and technical issues that affect the performance of school teachers. Specifically it would: <ul style="list-style-type: none"> <li>(i) strengthen pre- and inservice training for teachers and education managers by upgrading selected teacher education institutions;</li> <li>(ii) develop clear teacher competencies and appropriate performance standards and performance assessment systems for teachers;</li> <li>(iii) develop a new teacher career structure that provides adequate incentives for high performance and continuing career opportunities;</li> <li>(iv) establish an institutional framework for improving the governance, management and quality of teacher education programs, including a rationalization of the TEI network; and</li> <li>(v) establish a framework covering diverse program offerings for teacher and school manager upgrading.</li> </ul>
4. Expected Outcome and Monitorable Indicators	Improvement of the quality of teachers. Performance assessment systems and performance-based compensation systems are established.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	TA 3500-PHI: Education Sector Development Program (2000) for \$998,000.  The TA and subsequent SDP support the rationalization and strengthening of the higher education system, including support for increased cost recovery from higher income groups, more effective financial support for lower income groups and overall quality and efficiency improvements in public and private higher education institutions, including TEIs.

6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	CHED will be the lead Executing Agency. There will be close cooperation with DECS as the main client of the teacher education system.
7. Cost and Financing Plan  (i) ADB Financing (JSF,TASF) (ii) Sources other than JSF/TASF	\$600,000
8. Country,RETA IPF for relevant year	\$6.5 million

ADB = Asian Development Bank, ADB = advisory technical assistance, CAS = country assistance strategy, CHED = Commission on Higher Education, CSP = country strategy program, DECS = Department of Education, Culture and Sports, IPF = indicative planning figure, JSF = Japan Special Fund, NEDA = National Economic and Development Authority, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA= technical assistance, TASF = Technical Assistance Special Fund, TEI = teacher education institution.

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period.