



Completion Report

Project Number: 45370-001
Technical Assistance Number: 7912
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Philippines: Strategic Policy Actions for Successful Structural Transformation and Inclusive Growth

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TA No., Country and Name			Amount Approved: \$225,000.00	
TA 7912-PHI: Strategic Policy Actions for Successful Structural Transformation and Inclusive Growth			Revised Amount: N/A	
Executing Agency: Asian Development Bank		Source of Funding Technical Assistance Special Fund (TASF-other sources)	Amount Undisbursed: \$224,412.83	Amount Utilized: \$587.17
TA Approval Date: 24 October 2011	TA Signing Date: 24 October 2011	Fielding of First Consultant{s}: None fielded	TA Completion Date Original: 30-Nov-12 Actual: 30-Nov-14 Account Closing Date Original: 30-Nov-12 Actual: 17-Apr-15	
Description				
<p>A new government administration came into power in 2010, and the Philippine Development Plan was launched in 2011. The Plan's vision was to achieve inclusive growth, generate quality jobs, and bring the economy to a higher growth path of 7 to 8% in the medium term. During the Plan preparation, various development partners provided policy and advisory support to examine sector and macroeconomic issues that are deemed critical to address inclusive and sustained growth for the country. One major development puzzle discussed was the economic performance of the Philippines in East Asia. It is widely known that the country was an early leader in East Asia in the 1950s and 1960s with a relatively advanced manufacturing sector and well-developed human capital base. But despite the favorable initial conditions, the country's long-term growth performance has been disappointing. In the 70s and 80s, the economy went through a boom and bust cycle, leading to drops in the per capita GDP in the 90s.</p> <p>To address these issues under its economic thematic and sector work for the Philippines, ADB supported a series of studies through ADB TA 7654 (Structural Transformation Study of the Philippine Economy) which started implementation in January 2011. From the findings and stakeholder dialogue supported by TA 7654, an interested policy constituency was built led by the Department of Trade and Industry, the Board of Investments, the National Economic Development Authority, the Department of Budget and Management, academe, and business associations. The S-PATA 7912 (the TA) was to build on the major findings of country diagnostics and economic assessments under TA 7654. The TA is expected to build on this policy dialogue, and develop more concrete policy reform measures needed for successful structural transformation leading to a higher sustainable and inclusive growth path. TA 7912 aimed at organizing a series of knowledge sharing events and focus group discussions to generate a broader dialogue and awareness among stakeholders in the Philippines of the strategic importance of industrial development.</p>				
Expected Impact, Outcome and Outputs				
<p>The desired impact of the TA was to enhance internal discussions within the Government on policy actions for successful structural transformation. The expected outcome was to inform policymakers about the strategic importance of the manufacturing sector development for inclusive growth. The output was a strategic policy paper that summarized the research findings from economic developments in the Philippines and other emerging Asian economies and recommends concrete policy actions for successful structural transformation as a <i>sine qua non</i> of inclusive growth in the Philippines.</p>				
Delivery of Inputs and Conduct of Activities				
<p>The TA output includes the submission of a strategic policy paper on structural transformation. It was also envisioned that a series of workshops and conferences will be conducted to enhance the policy dialogue. Activities to enhance the policy dialogue involved public officials, research institutions, academe, and private sector, and included: (i) a half day retreat with the management team of the National Economic Development Authority chaired by the Socioeconomic Planning Secretary; (ii) seminars for the Department of Trade and Industry attended by its Secretary and senior officials; and (iii) joint economic forums with the Philippine Institute of Development Studies and economic faculty of major universities. The TA originally provided for 5 person months of an international consultant and 12 person months of national consultants.</p> <p>Resources from TA 7654 were used to undertake the policy dialogue so that funds under the TA were preserved to support primarily the envisioned output.</p>				

Delayed implementation of TA 7654 however affected the activities under TA 7912. Consultants were not fielded, and an extension was sought and granted for TA 7912 from 30 November 2012 to 30 November 2013. Further delay caused another request for extension of the TA to 30 November 2014. The EA's performance under the TA is deemed less than satisfactory.

Evaluation of Outputs and Achievement of Outcome

The envisioned policy papers were not prepared. However, policy dialogues were conducted based on key recommendations under TA 7654. The key output of TA 7654 was a report titled "Taking the Right Road to Inclusive Growth: Industrial Upgrade and Diversification in the Philippines" (released on 18 April 2012). The report clarified that the main reason behind the country's lagging growth performance and development outcomes in the regional context lies in a sluggish transformation of the economy, in particular stagnant industrialization. The report then proposes more targeted public sector support, which focuses on specific industries and products for industrial upgrading and diversification. The report served as a key reference document for the economic analysis in ADB's CPS 2011-2016. Except for a few expenses related to the policy dialogue, the TA resources remained generally unutilized. While TA 7654, the TA predecessor, was successful, the TA outputs intended to build on earlier work were not realized. Due to staff changes, the next round of analytical work did not have the desired highly specialized technical guidance to produce the desired generation of recommended policy actions that would have sustained and deepen the policy dialogue.

Overall Assessment and Rating

The S-PATA is rated as unsuccessful. The TA strategic positioning and objective is relevant to the Philippine Government, however, it was ineffective and inefficient.

Major Lessons

The TA had strong implementation links to a prior technical assistance, but the approach was not flexible enough to allow for changes in TA team leadership, since the output desired was of a highly technical and specific nature.

Recommendations and Follow-Up Actions

The generation of the relevant studies under TA 7654 provided the ground work to deepen the policy dialogue and form the basis for further analytical work on a highly technical topic relevant to the Philippine economy. Future technical assistance support should allow for more flexibility in its design to allow for changing demands from the government and team leadership within ADB.

Prepared by: Joven Balbosa

Designation: Principal Country Specialist, PhCO