'Better Future for the Youth'

Government, WB Launch Partnership for Out-of-School Youth

Filipino out-of-school youth deserve a better future. Giving them opportunities to go back to school and to become self-reliant and productive members of society will help secure that future.

This is the goal of the Partnership for Philippine Out-of-School Youth, which was launched recently by the Philippine Government, the Children and Youth Foundation, and the Ayala Corporation with the support of the World Bank.

Grants from Japan Social Fund and ASEM Trust Fund

World Bank Country Director Vinay Bhargava said the Government of Japan and the World Bank had approved a grant of $1 million for the Out-of-School Children and Youth Project (OSCY), which will be implemented until 2003.

This new grant follows an earlier $1 million grant from Asia-Europe Meeting (ASEM) Trust Fund. Both grants are administered by the World Bank. Mr. Bhargava and Philippine Government representatives thanked the Government of Japan and members of the ASEM Trust Fund for their contributions.

President Gloria Macapagal Arroyo, the guest of honor at the signing of the grant agreement of the Japan Social Development Fund, said her administration would give the youth access to education, employment and entrepreneurial activities through various forms of technical assistance under the OSCY Project.

She emphasized that the fate of the country depends on the education of young Filipinos. “We cannot achieve lasting and sustainable progress if we leave out all of those millions of out-of-school youth from the fruits of development.”

In This Issue

- GOP ODA Agencies Adopt Measures to Improve Project Performance p2
- Government Economic Managers, Donors Gear Up to Fight Poverty p3
- On the Frontline: Touching the Lives of Filipinos pp4-5
- Capacity Building Workshops for NGO’s p7
- WB Publications p8
The Government of the Philippines (GOP) and three Official Development Assistance (ODA) funding agencies—Asian Development Bank (ADB), Japan Bank for International Cooperation (JBIC), and World Bank (WB)—recently held the first joint ODA portfolio review under the Arroyo administration.

The meeting, aimed at improving the implementation of ODA-funded projects in the Philippines, was attended by officials of Philippine government agencies, representatives from the three ODA funding agencies, and the Japanese Embassy.

The country’s current ODA loan portfolio consists of 184 active loans with net commitments of US$12.5 billion. Of these loans, 178 are project-type worth US$11.2 billion while six are program-type worth US$1.3 billion.

Ensuring large, positive benefits to society

Socioeconomic Planning Secretary Dante B. Canlas, who chaired the meeting, said the review would make sure that the ODA-funded programs and projects of the government yield large and positive benefits to society despite the obstacles accumulated over the past two years.

“The new administration is eager to demonstrate its capacity to dismantle the obstacles that beset the respective programs of the three ODA funding agencies,” he said.

Finance Secretary Alberto Romulo said the government has embarked on a comprehensive assessment of foreign-assisted projects that will minimize unnecessary cost and waste arising from poor design. “For new projects, the government is instituting a screening process to ensure that project quality at entry is achieved,” he added.

Budget and Management Secretary Emilia Boncodin said that with the ballooning fiscal deficit, the government had to operate on a reenacted budget and focus on results and outputs within available resources.

“Some realignments and reallocation will have to be done to accommodate priority activities and projects. This means that some activities will have to be deferred,” she said. The government was committed to allocate at least P60 billion for foreign-assisted-projects in 2002.

“The basic framework for foreign-assisted projects over the medium-term is to improve the utilization of budget appropriation to at least 80 percent,” Boncodin said.

Need for government to take proactive role

For their part, ODA funding agencies commended the Philippines for the initiatives done by the Arroyo administration in improving its ODA portfolio performance. Still they pointed out the need for the government to take a more proactive role in ODA portfolio management.

ADB Country Director for the Philippines Gunter Hecker said the government’s implementing and oversight agencies should take a more proactive and facilitative stance to ensure that projects are done and benefits are realized without delay.

Focusing on sound portfolio management, Hecker said these agencies should have greater accountability, ownership, and commitment to the projects’ successful implementation.

Counsellor Takashi Hoshiyama of the Embassy of Japan stressed the importance of making appropriate development and investment allocations to reduce the budget deficit and ensure effective development in the Philippines.

The JBIC Senior Representative Yasuo Fujita informed the group that the Philippines had recorded the highest disbursement rate of Y65.8 billion in
its 20-year history of availing of Japanese ODA during the Japanese fiscal year 2000 (April 2000-March 2001). "We see this as a good achievement but there is still room for further improvement," he said.

Unique ODA review

The World Bank underscored the uniqueness of the Philippines in terms of the government initiating regular joint review meetings to improve portfolio performance.

According to WB Principal Operations Officer Aloysius Ordu, the GOP-led partnership with ADB-JBIC-WB aimed at resolving ODA problems, is unique to the Philippines in the East Asia region "since no other country in the region has successfully done it in a systematic way."

"This is indeed a ‘best practice’ in partnering for development effectiveness and should be scaled up beyond portfolio reviews to the programming exercise," he noted.

He added that the new administration has ushered in a more vigorous and rigorous Investment Coordination Committee (ICC) and Development Budget Coordination Committee (DBCC).

"We are confident that the apparent strength of the GOP's commitment to resolve the long-standing ODA problems in a business-like manner will soon bring about good results," Ordu said.

Other agreements reached by the GOP and the ODA funding agencies to improve portfolio performance were:

- Joint ICC and DBCC will be the oversight body for ODA.
- Loan proceeds will be used for capacity building.
- Civil society’s participation in ODA results monitoring will be expanded.
- ICC will review the operations of the Municipal Development Fund Office of the Department of Finance.

Of the country's 184 active loans, JBIC has the lion's share with 87 loans worth US$7.2 billion, comprising 58 percent of net commitments. ADB has loans worth US$2.9 billion (23 percent), World Bank has 26 loans worth US$1.8 billion (14 percent), and other bilateral ODA funding agencies have loans worth US$628 million (5 percent).

Gov’t Economic Managers, Donors Gear Up to Fight Poverty

Goverment economic managers and representatives from the Official Development Assistance (ODA) donor community met for the first time in what could be described as a gesture by both sides to work together in pursuing the country's anti-poverty goals within the decade.

Finance Secretary Alberto Romulo said the Arroyo administration has been vigorously putting together a credible socio-economic development plan. "The plan spells out the various policies and programs aimed at achieving the development goals set by the Arroyo administration, anchored on winning the war against poverty within the decade," he said.

Speaking on behalf of the donor community, World Bank Country Director Vinay Bhargava thanked the Arroyo administration for the opportunity to dialogue with its economic managers. He also commended the new administration for its "solid start" despite the lack of the usual transition period between administrations.

"We are pleased to note that the foreign investors who had turned their backs on the Philippines in the last two years are giving the Philippines a second look, and the domestic business confidence has risen," Bhargava said.
On the Frontline: Touching the Lives of Filipinos

The Country Director for the Philippines Vinay Bhargava and his staff have brought the Bank closer to many Filipinos through decentralized field operations. It was Vinay who was at the helm of the Manila office when the Bank decided to decentralize its operations in the Philippines and the Asia-Pacific region.

The Bank's decentralization strategy required Washington-based staff to work directly and closer with the people they serve and the institutions they deal with. With decentralization came empowerment and accountability. More responsibilities were complemented with authority. Vinay empowered the Filipino staff at the Manila office by shifting a large number of tasks from Washington D.C. to Manila so they could effectively meet the needs of the Bank's clients.

Helping fight poverty in the field

Help the world – the governments of many countries and their people – reduce, if not eliminate, poverty. This is the battle cry of every World Bank staff, gearing up and fighting poverty in the field, in any country in the world. This is the mission and the passion of the Bank's Country Director for the Philippines Vinay Bhargava, as well as his team of highly competent and very dedicated staff at the Bank's Manila office.

Vinay, who leaves for a new post in July after leading the Bank's operations in the Philippines for five years and six months, has found a way to make every undertaking of the Bank meaningful to the government, the civil society, the donor community, and the business sector.

As a development expert who has been with the Bank for 25 years, Vinay knows and understands the needs of developing countries like the Philippines where many people, especially the rural folk, despite their substantial contribution to the economy, remain poor. That’s why in the past five years the Bank has focused its expertise and resources on rural development and poverty alleviation projects. Over US$804 million has been approved for 10 projects that will help reduce poverty and more than US$500 million has been committed to 10 projects that will help develop the rural areas.

Participation of civil society

These projects were designed with the participation of the stakeholders, including NGOs and the civil society. One of Vinay’s major accomplishments was the broadening of participation of the civil society in the design, implementation, and evaluation of the Country Assistance Strategy.

Evidently, this was the result of Vinay’s consultative and participatory style of leadership and management, which earned him not only the respect of clients but also his peers in the Bank. In 1998 he received the Staff Association’s Good Manager Award for excellence in managing the Bank’s Manila office and the Bank’s activities in the Philippines.

Under Vinay’s leadership, friendly and harmonious working relations between the Bank’s visiting mission and the staff at the Manila office was fostered.

What Vinay did was to ask the two groups to put themselves in each other’s shoes. He told his national staff: “Look, everyone who comes on a mission is in a hurry to get their work done and get back to their families. So if we can do anything to help them, we should.” At the same time, he counseled the visiting mission staff: “For you, this mission is your overriding task, so you want the field office staff to work weekends or evenings – but they see many missions. Respect their weekend time.”

Subsequently, Vinay developed guidelines for what services a mission could expect and what services it could not. The guidelines, which were later printed and observed, set the tone that was both friendly and cautionary. For finding a way around friction, Vinay was commended by the Bank, citing his emotional intelligence as a manager.

An innovator, Vinay pioneered a unique partnership of the Bank with the government, the civil society, and the business sector to help improve the lives of out-of-school youth and children. For this project, he mobilized grants of close to US$2 million from the Asia-Europe Meeting Trust Fund and Japan Social Development Fund.

Vinay also encouraged the mobilization of other grants for capacity building such as the Global Environment Facility, the Montreal Protocol and the Institutional Development Fund.
The Country Director-Front Office Team: The Vital Link Between the Bank and Its Clients

The Country Director-Front Office Team is a crucial part of the Bank's operations in the Philippines, serving as the link between the Bank and its stakeholders.

In particular, the Country Director-Front Office Team provides overall direction for implementing the Bank's policy in the Philippines, including formulating and managing the Country Assistance Strategy (CAS), coordinating and programming aid activities among donors, managing external affairs, library and records management functions, and supporting the financial sector.

Nine major functions

- Coordinates overall policy dialogue with the Government and other stakeholders, including the formulation of the CAS
- Manages the implementation of the CAS
- Responsible for aid coordination and programming activities
- Manages knowledge-sharing activities
- Overseas the management of Bank-assisted projects
- Formulates and carries out external affairs activities in the Philippines
- Handles central filing, public information control and communications with the World Bank headquarters, management and clients
- Responsible for liaison and client relations in the financial sector
- Provides support for task team members and visiting missions for the financial sector

Open, accessible

The public – students, professionals, businessmen – get to know the Bank indirectly through the newspapers and other publications, or directly by calling its Manila office located at the 23rd floor of The Taipan Place on Emerald Avenue, Ortigas Center, Pasig City and visiting its Public Information Center (PIC).

The PIC offers the public a wealth of information on the Bank’s worldwide operations. It has an information kiosk, which presents the Bank’s operations in the Philippines and its staff in multimedia format. In the kiosk, researchers can browse over the various Bank-assisted projects; they can also see and hear each of the staff welcoming them to the Bank.

Manning the PIC is Char Cabalong-Sanillas, Public Information Assistant, who is always ready to assist researchers who want to know more about the Bank. She also helps in keeping the Bank's clients and stakeholders informed of ongoing activities in the Philippines and events and programs at the Bank’s headquarters in Washington D.C. “My work is challenging because it allows me to deal with different kinds of people and handle different types of queries,” she says.

Another valuable member of the team, Bei Zonaga, Operations Officer for Programs, finds working with the Bank challenging. “Being in the Front Office and being known as the NOTA Officer (officer for none-of-the-above), I get to handle a lot of work that is not routine. So there’s always something new and interesting for me to do, which I think brings out the best in me in terms of testing my resourcefulness and innovativeness,” she says.

Bei’s supervisor is Vinay, whom she considers “a terrific boss in many ways, who gives me the right balance of freedom and guidance to do my work.” “I have a high respect for him as a person and as a manager, and that contributes a lot to why I enjoy my work at the Bank,” she adds.

Efficient support

The Front Office Team provides a lot of support to the Country Director. The effectiveness of Vinay as a manager and a leader is partly attributed to Brenda Bermudez, Executive Assistant to the Country Director. She ensures that meetings and other activities are properly scheduled and coordinated, tasks are appropriately executed, deadlines are met, and documents are properly distributed.

For Brenda, joining the Bank in 1993 was just another exciting job in a more prestigious organization, which offers better opportunity for personal and professional growth. “Today, my job is still as exciting. But more than that is the thought that I have been part of the Bank’s efforts to fight poverty and improve the lives of the people.” She says working closely with Vinay is an achievement in itself. “Vinay is the manager anyone can wish for. He is also a mentor, a colleague, a friend, all in one,” she relates.

If Brenda works directly with the Country Director, Loida Faustino and Ludy Anduenta provide support to the staff of the Front Office Team. Loida, an Information Assistant who has been with the Bank for six years, says being part of the team gives her “a sense of involvement in the Bank’s mission of alleviating poverty and making the lives of the Filipinos better.” To Loida, Vinay is a mentor. “He lets you grow professionally and helps you develop your skills,” she says.

Ludy, Communications Assistant, says working with the Bank gives her self-fulfillment, security, and a sense of accomplishment. “My job provides me an opportunity to develop my skills, as well as a chance to be a part of the Bank’s mission of alleviating poverty in my country.”

Building relations with stakeholders

Leonora Gonzales, or Nor to most friends from the NGO and media circles, is the Bank’s External Relations Officer and NGO Liaison Officer. She sees to it that the Bank carries out an effective strategy for building relations with various stakeholders. “I remember that when I joined the Bank in 1995, when we were formulating our communications strategy, we spent much time discussing who our client was. Because at that time, the usual dealings would be mainly with the Government, or even more specifically, the Department of Finance. Now, of course, while the Government is still very much part of our stakeholders, we now define clients as the Filipino people. Hence, my work is to help build bridges of communication and eventually strategic relationships with civil society, business groups, media, community organizations, academic institutions and others.”

On Vinay, Nor says, “He has so much energy and passion for any work that will translate to the improvement of the lives of the people. And his passion is very contagious. That’s what I like about him. But while he is dead serious about work, he would always remind us to put priority to our families.” As with the other staff working directly with him, I would say, it was a privilege to work with them. In our recent staff retreat, when the staff were asked, ‘What was the best that had happened in the past five years?’ Many staff members simply said, ‘VINAI.”
Gov’t Economic Managers, Donors Gear Up to Fight Poverty

Socioeconomic Planning Secretary Dante B. Canlas said the greatest challenge that the administration faces today is the need to eliminate poverty. The anti-poverty program of government is embodied in the Medium-Term Philippine Development Plan for 2001-2004.

Market reliance, good governance

Canlas said the administration anchors its socioeconomic policies on market reliance and good and effective governance. “Much of the growth in income and employment will come from the reliance on the ability of markets to direct resources like capital, labor and credit to their most valued uses,” he explained.

“One aspect of good governance is to concentrate the efforts of the government in correcting the inadequacies of market outcomes. This is indicated in the areas of public safety, quality basic education, agriculture modernization, and investment in technological advances,” he added.

Canlas assured the donor community that the administration is committed to improving ODA portfolio performance consistent with President Arroyo’s commitment to good governance.

Bhargava emphasized the need for effective implementation of laws and policies governing private investments, public and corporate sector governance, ODA-assisted projects, environmental safeguards, and poverty reduction programs.

“We are heartened by the President’s statements that her government would operate on the principles of transparency and effective implementation,” he said.

Canlas said various measures have been put in place to minimize inefficiencies from the use of ODA. The administrative order that recently transferred to the NEDA Board the review of major contracts and projects of government agencies and government corporations has resulted in the approval of 11 contracts, most of them in infrastructure and social development.

“Together with these measures, we will also work towards a more strengthened relationship with the donor community,” he said.

Critical issues: budget and implementation

Budget and Management Secretary Emilia T. Boncodin identified two critical issues which should be addressed and on which concrete policy actions should be adopted:

- **Budget availability.** While the 2001 Budget as reenacted provided only some P28 billion for foreign-assisted projects (FAPs), appropriation for FAPs will be restored to at least P60 billion in 2002.

However, the allocation for the distribution of this appropriation hinges on the cleaning-up of the existing portfolio. This will be directed towards maximum utilization of existing ODA funds.

- **Implementation problems.** To improve project implementation and intensify the clean-up of the existing portfolio, two measures will be undertaken—continued joint oversight agency quarterly performance review and consolidation of monitoring efforts through a Joint Investment Coordination Committee-Development Budget Coordination Committee.

Boncodin added that the monitoring of government corporations should be restored through the reactivation of the Government Corporate and Coordination Committee.

To support the cleaning-up of existing portfolio, budgetary flexibilities on reallocation and realignment will continue to be adopted, she said. “The objective is to achieve a maximum utilization of the budget appropriation to at least 80 percent.”

The donor community expressed full support for the government’s priority for peace and development in Mindanao, reduction of the medium-term budget, improvement of governance, and updating of the medium-term plan.

Disbursement Seminar

In conjunction with a disbursement mission from World Bank Headquarters, two disbursement seminars were recently held at the World Bank Office. The seminars were attended by government disbursement officers and agents who discussed the Bank’s disbursement policies and processes and how these relate with relevant government practices, disbursement actions, monitoring, and project termination. A total of 53 participants attended the seminars.
Government, WB Launch Partnership for Out-of-School Youth

Tri-sector collaboration

The Partnership for Out-of-School Youth was formed by the Children and Youth Foundation of the Philippines, the Department of Social Welfare and Development, and the Ayala Corporation. It is a pioneering effort of the World Bank's Global Partnership for Youth Development, which supports and promotes tri-sector collaboration.

The three sectors—government, civil society, and business—were represented during the launch of the partnership by Social Welfare and Development Secretary Corazon Soliman, Chairman-President of the Children and Youth Foundation of the Philippines Patty Lyons, and Ayala Corporation President and CEO Jaime Agusto Zobel de Ayala.

The pilot phase of the OSCY Project will focus on priority areas in Zambales and Olongapo City, Batangas, Cavite, Laguna, Leyte, and the Autonomous Region for Muslim Mindanao.

"It is the youth of today who will inherit this country from us, and no matter how hard we work to bring about peace and development today, everything will go to naught if a significant portion of the youth are unable to productively participate in peace and development."

— Pres. Gloria Macapagal-Arroyo

Capacity Building Workshops for NGOs

Learning Across Borders, a series of four workshops from January 2001 to June 2001, aims to improve the knowledge, skills, and organizational capacity of Japanese and other Asian Pacific NGOs.

The workshops will help NGOs effectively support national development and poverty alleviation processes, particularly in collaboration with the World Bank and other donor agencies.

The second of the four workshops, Enhancing Skills for Operations, held in Manila from February 26 to March 2, 2001, built on the first workshop and provided participants with the opportunity to learn from the World Bank and see its operations first hand. The participants also met local and national NGOs which have formed effective partnerships with the World Bank.

Cooperation. The Partnership for the Out-School-Youth is a collaboration of three sectors—government, civil society, and business.
Global Development Finance 2001
May 2001
286 pages

This publication provides a comprehensive view of prospects from the global economy along with the implications for developing countries' external finance. It examines in detail recent developments and prospects for private and public global development finance. The complete print edition includes the Analysis and Summary Tables and Country Tables. Analysis and Summary Tables offers expert commentary on prospects for global economic growth, private capital flows to developing countries, and trends in net official finance. There are over 30 summary tables, which provide a statistical overview. Analysis and Summary Tables may be purchased separately. Country Tables presents detailed data for 137 countries that report public and publicly guaranteed debt under the World Bank Debtor Reporting System. Internal debt stocks and flows, major economic aggregates, and debt restructuring are provided for 1970, 1980, 1990, and 1993 through 1999.

Further, this year's edition presents an overview of developments in capital flows in 1999 along with summary tables designed to facilitate cross-country comparisons of key debt statistics, and tables on debt and resource flows for selected country groups. Global Development Finance 2001 is also available on a Windows-based CD-ROM, which contains data from both the Analysis and Summary Tables and Country Tables and allows users to work interactively with the data. The CD-ROM also provides content from the complete print edition in a searchable page format.

Global Economic Prospects and the Developing Countries 2001
January 2001
208 pages

Global Economic Prospects and the Developing Countries 2001 discusses three issues that are central to the challenges facing developing countries as they participate in the global trading system.

- Many developing countries, particularly some of the poorest ones, have had little success sharing in the expansion of global trade, because of both protectionist policies and inappropriate macroeconomic and trade policies.
- In trade negotiations, the global economy faces the critical governance issue of adequate standards for health and safety, labor practices, environmental protection, and intellectual property rights. It will be equally important to ensure that the standards are appropriate and nondiscriminatory, that the developing countries participate fully in their formulation, and that compliance is monitored.

This edition also includes detailed statistical tables and an analysis of development for each developing country region.