MEMORANDUM AND RECOMMENDATION

OF THE

PRESIDENT OF THE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

TO THE

EXECUTIVE DIRECTORS

ON A

PROPOSED LOAN

IN AN AMOUNT EQUIVALENT TO US$150 MILLION

TO THE

REPUBLIC OF THE PHILIPPINES

FOR A

HIGHWAY MANAGEMENT PROJECT

NOVEMBER 4, 1991
CURRENCY EQUIVALENTS  
(As of July 1991)

Currency Unit = Philippine Peso (P)  
1 P = US$0.036  
US$1.00 = P 28  

WEIGHTS AND MEASURES

1 kilometer (km) = 0.62 mile (mi)

ABBREVIATIONS AND ACRONYMS

CIAP = Construction Industry Authority of the Philippines  
DPWH = Department of Public Works and Highways  
EIA = Environmental Impact Assessment  
EMB = Environmental Management Bureau  
EMK = Equivalent Maintenance Kilometer  
ERR = Economic Rate of Return  
IEE = Initial Environmental Examination  
RMS = Road Management System

FISCAL YEAR

January 1 - December 31
PHILIPPINES

HIGHWAY MANAGEMENT PROJECT

Loan and Project Summary

Borrower: Republic of the Philippines

Amount: US$150 million equivalent

Terms: 20 years, including five years of grace, at the Bank's standard variable interest rate

Financing Plan:

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(US$ million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>48.7</td>
<td>-</td>
<td>48.7</td>
</tr>
<tr>
<td>IBRD</td>
<td>35.1</td>
<td>114.9</td>
<td>150.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>83.8</td>
<td>114.9</td>
<td>198.7</td>
</tr>
</tbody>
</table>

Economic Rate of Return: 19% to 126% for individual subprojects to begin in 1992/93, with a weighted average return of 33%

Staff Appraisal Report: Report No. 9439-PH

Map: IBRD No. 22787
MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT
OF THE IBRD TO THE EXECUTIVE DIRECTORS
ON A PROPOSED LOAN TO THE REPUBLIC OF THE PHILIPPINES
FOR A HIGHWAY MANAGEMENT PROJECT

1. I submit for your approval the following memorandum and recommendation on a proposed loan to the Republic of the Philippines for the equivalent of US$150 million to help finance a Highway Management Project. The loan would be at the Bank's standard variable interest rate, with a maturity of 20 years, including five years of grace.

2. **Country/Sector Background.** The condition of the Philippine road network is generally poor due to factors such as inadequate designs, substandard construction, and inadequate maintenance. The Government recognizes that roads are the backbone of the country's transport system and that a reduction of the currently high road transport costs will be crucial to improving the country's competitiveness in the international market. The Department of Public Works and Highways (DPWH) is addressing this situation through investments to improve the network's condition, policy reforms to improve the quality and timeliness of works, and measures to develop a sustainable institutional capacity to manage the network. It is focusing these efforts on the arterial highway network (13,650 km), which carries about 40% of total domestic traffic and, as indicated by a recent survey, requires substantial improvement. DPWH has therefore developed an arterial highway investment program for 1990-96, with an emphasis on rehabilitation. Organizationally, the Department has decentralized responsibility for the arterials to its regional staff in order to increase their responsiveness to network needs.

3. To improve maintenance, the Department is making a transition from force account works, which have been poor, to greater private sector participation, under a phased program. In 1990, DPWH carried out 40% of its road maintenance responsibilities by contract and by 1994 expects to contract out about 80% of these operations. Pilot projects testing the effectiveness of contract maintenance indicate that costs are much less than the standard cost of force account works, and the quality is superior. In view of the staffing implications of its move to contract maintenance, DPWH is implementing a manpower and equipment reduction plan aimed at a 25% cut in permanent maintenance staff and a gradual lay-off of all casual employees by 1994 through early retirement and attrition. Maintenance operations are also benefitting from a 24% increase in the 1991 budgetary allocation for recurrent road maintenance, which is based on a formula known as the Equivalent Maintenance Kilometer (EMK). The current allocation for routine maintenance of arterial highways is not satisfactory. The Government has also instituted a separate item in the budget proposal for periodic road overlays.

4. The proposed project would support investments as well as policy and institutional changes benefitting the arterial highways. In particular, it would assist DPWH to develop and implement a Road Management System (RMS) for improved planning and budgeting of arterial maintenance and rehabilitation, which will be an important adjunct to the Department's move to contracted maintenance. At present, due to the absence of factual information, decisions on maintenance and rehabilitation works are largely based on the subjective judgements of local staff. The RMS would allow DPWH to plan these works on rational engineering and
economic grounds, thus ensuring more effective use of funds. The RMS comprises a road data base, a road and bridge monitoring system and decision models for programming rehabilitation and routine maintenance activities. The system would enable DPWH to evaluate the economic effects of various maintenance, rehabilitation and improvement strategies, determine optimal budgetary requirements, and select appropriate standards for maintenance intervention that optimize the use of available budgetary resources.

5. The project would also address problems in the local construction industry, including its underdeveloped technical capabilities and constraints created by government contracting procedures.

6. Project Objectives. The project's main aim is to improve the quality of the arterial highway network and thereby to reduce transport costs and increase the country's economic competitiveness. Toward this goal, the project would: (a) support selected subprojects included in the arterial highway investment plan; (b) institute a nationwide road management system to improve the planning, budgeting and implementation of maintenance and rehabilitation works; (c) encourage increased private sector participation in road maintenance; (d) strengthen the capabilities of road subsector staff through technical assistance and training; and (e) improve the effectiveness of the Philippine construction industry.

7. Project Description. The project would finance: (a) development and implementation of a management system for DPWH's annual and multiyear programming and budgeting of pavement and bridge works; (b) civil works subprojects to begin in 1992/93 and 1993/94 to upgrade, rehabilitate, strengthen or resurface some 1,400 km of deteriorated or damaged arterial highways and substandard bridges; (c) consulting services to assist DPWH to (i) coordinate project activities, (ii) improve road design procedures and construction quality, (iii) initiate a road accident reduction program, (iv) develop a manpower planning and training program to meet DPWH's changing staff needs due to decentralization and contract maintenance, and (v) increase DPWH's capacity to produce environmental impact statements for its projects; and (d) consulting services to assist the Construction Industry Authority of the Philippines (CIAP) to carry out studies and implement measures to strengthen the local construction industry. The project would be carried out over a seven-year period by DPWH and CIAP. Its cost is estimated at US$198.7 million equivalent, 58% of which would be foreign exchange. A Bank loan of US$150 million equivalent is proposed. A breakdown of costs and the financing plan are shown in Schedule A. Amounts and methods of procurement and of disbursement, and the disbursement schedule, are shown in Schedule B. A timetable of key project processing events and the status of Bank Group operations in the Philippines are given in Schedules C and D, respectively. A map is also attached. The Staff Appraisal Report, No. S439-PH dated October 4, 1991 is being distributed separately.

8. Sustainability. The main sustainability issue for this project is the future operation and maintenance of the road network, including the roads improved under the project. This has been addressed by a combination of technical, institutional and financial interventions, including a commitment for an adequate maintenance budget, improving the delivery of maintenance by contracting out to the private sector, and improved quality of construction by
providing technical assistance to develop DPWH control capacity and to develop the construction industry. The primary emphasis is on the institutional strengthening of DPWH through a more focussed role, of which a key element is RMS to be introduced under the project. This comprehensive approach begins to address the issue of sustainability, but will require follow-up efforts by the Bank and the Government to ensure long term success.

9. **Lessons Learned from Previous Bank Operations.** The Bank Group has helped finance five highway and two rural road projects in the Philippines: four of the highway projects have been completed. Assessments of the completed projects have identified inadequate maintenance, both as regards budget and execution capability, and lack of timely pavement strengthening and upgrading as the principal weaknesses. DPWH concurs with these conclusions, and has addressed them by establishing a budget commitment with the Department of Budget and Management, instituting a new strategy of contracting out 80% of maintenance to the private sector, and focussing on improved management of the network, including planning, design and construction quality, with the assistance of the RMS to be installed under the project.

10. **Rationale for Bank Involvement.** The proposed project is important to renewed economic growth in the Philippines, to the responsiveness of the country's overall transport sector, and to the institutional development of DPWH. The project would support investments targeted toward making the best use of the existing arterial highway network, which, in its deteriorated condition, is constraining attempts to restart the economy. It is also one of four coordinated projects through which the Bank is addressing major issues in the transport sector: a recently-approved Industrial Restructuring Project is addressing the lack of financing available to the private sector for vehicle fleet renewal, while a maritime project and a sector policy adjustment operation are also being prepared. Most important, the project supports DPWH's institutional development toward comprehensive management of the arterial highway network. Given the time required for such development, this is expected to be one of a series of projects for that purpose.

11. **Agreed Actions.** During negotiations, assurances were obtained from the Government on: (a) implementation of agreed modules of the RMS by June 30, 1995; (b) formulation and adoption of a three-year rolling arterial highway investment program by March 31, 1992 in consultation with the Bank and updating of the program by March 31 of each subsequent project year in consultation with the Bank, applying appropriate economic and technical criteria; (c) selection of the project's 1993/94 civil works program by March 31, 1992 based on criteria satisfactory to the Bank; (d) regarding maintenance: (i) allocation of about 80% of the total maintenance budget to contract works by 1994 and, in consequence, adjustment of the number of DPWH maintenance staff in accordance with a plan and timetable satisfactory to the Bank; (ii) maintenance in real terms of the 1991 routine maintenance budget for national roads; (iii) retention of an item in the recurrent budget for periodic overlay works; and (iv) by March 31 of each year commencing 1992, preparation, in consultation with the Bank, of the maintenance program for the next fiscal year, including the program and budget for periodic road overlays; (e) appointment of a consultant to assist DPWH with project coordination by June 30, 1992; (f) initiation of an agreed training program by September 30, 1992; (g) maintenance of the Project Management Office to
coordinate project activities until project completion; and (h) by June 30, 1992 revision of DPWH design standards and contract documents for project civil works to ensure that they are environmentally sound. An understanding was also reached with the Government on its local procurement procedures to be used for the project.

12. **Environmental Impact.** Training provided under the project to DPWH's central environmental protection unit is expected to initiate development of the staff's capabilities to manage environmental impact assessments (EIAs) and to monitor construction and maintenance works for compliance with environmental legislation. DPWH will submit an Initial Environmental Examination (IEE) on all subprojects to the Government's Environmental Management Bureau (EMB). For those subprojects which the EMB considers would have a significant environmental impact, an Environmental Impact Statement will be prepared. When EMB approves a subproject, they then issue an Environmental Compliance Certificate and the subproject may proceed to implementation. DPWH road design standards and contract documents for project works will also be revised to include measures such as siltation protection, anti-erosion works, etc. to ensure that designs and construction techniques are environmentally sound.

13. **Program Objective Categories.** With regard to the Bank's Program Objective Categories (POCs), in addition to the environmental aspects described above, the project focuses on private sector development through its emphasis on contract, maintenance and its technical assistance for the development of the local construction industry. The project also supports the country's poverty alleviation program by addressing regional imbalances in road infrastructure, especially in lower income areas.

14. **Benefits.** The main benefits expected from the project are lower road transport costs and savings in road maintenance costs. Benefits accruing to competitive truck and bus companies will ultimately be passed on to producers and consumers through lower prices of goods and services. Economic evaluations carried out for individual road subprojects to begin in 1992 indicate economic rates of return (ERRs) ranging from 19% to 126%, with an overall weighted ERR of 33%, which is considered satisfactory. Subprojects with ERRs in the lower end of the range are in areas like Negros and Mindanao and were selected in line with the Government's objectives for regional development and poverty alleviation. Subprojects to begin in 1993/94 would be selected on the basis of agreed criteria, including an ERR of at least 15%.

15. **Risks.** The main project risk relates to the Government's commitment to, and the pace of, institutional reforms being supported. However, actions already taken by the Government to decentralize its operations, increase private sector participation in maintenance, and reduce its maintenance staff indicate a level of commitment warranting Bank support for expansion of the reforms. In addition, civil works under previous projects have been delayed and construction quality has sometimes been poor. Under the proposed project, these potential problems would be addressed by appointing consultants to help ensure project coordination and technology transfer, completion of actions already begun by DPWH for timely subproject preparation, and strengthened quality assurance measures.
16. **Recommendation.** I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank and recommend that the Executive Directors approve the proposed loan.

Lewis T. Preston  
President  

By Ernest Stern  

Attachments  

Washington, D.C.  
November 4, 1991
### PHILIPPINES

#### HIGHWAY MANAGEMENT PROJECT

#### Estimated Costs and Financing Plan

(US$ million)

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Project Costs /a</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arterial highways subprojects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992/93 program</td>
<td>30.2</td>
<td>41.7</td>
<td>71.9</td>
</tr>
<tr>
<td>1993/94 program</td>
<td>22.4</td>
<td>30.9</td>
<td>53.3</td>
</tr>
<tr>
<td>Subtotal civil works</td>
<td>52.6</td>
<td>72.6</td>
<td>125.2</td>
</tr>
<tr>
<td>Technical assistance - DPWH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction supervision</td>
<td>8.1</td>
<td>4.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Project coordination</td>
<td>1.0</td>
<td>1.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Capacity building</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road management system</td>
<td>1.0</td>
<td>1.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Training</td>
<td>0.9</td>
<td>1.6</td>
<td>2.5</td>
</tr>
<tr>
<td>EIA strengthening</td>
<td>0.3</td>
<td>0.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Road safety</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Quality assurance</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Technical assistance - CIAP</td>
<td>1.3</td>
<td>0.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Subtotal technical assistance</td>
<td>12.8</td>
<td>10.8</td>
<td>23.6</td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road management system</td>
<td>0.2</td>
<td>3.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Quality assurance</td>
<td>0.1</td>
<td>1.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Subtotal equipment</td>
<td>0.3</td>
<td>4.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Base Cost</td>
<td>65.6</td>
<td>88.4</td>
<td>154.0</td>
</tr>
<tr>
<td>Physical contingencies</td>
<td>6.6</td>
<td>8.8</td>
<td>15.4</td>
</tr>
<tr>
<td>Price contingencies</td>
<td>11.6</td>
<td>17.7</td>
<td>29.3</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td>83.8</td>
<td>114.9</td>
<td>198.7</td>
</tr>
</tbody>
</table>

#### Financing Plan:

<table>
<thead>
<tr>
<th></th>
<th>Government</th>
<th>IBRD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>48.7</td>
<td>114.9</td>
<td>163.6</td>
</tr>
<tr>
<td>IBRD</td>
<td>35.1</td>
<td>114.9</td>
<td>150.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>83.8</td>
<td>114.9</td>
<td>198.7</td>
</tr>
</tbody>
</table>

/a Including taxes and duties equivalent to about US$28.1 million.
### PHILIPPINES

#### HIGHWAY MANAGEMENT PROJECT

### Procurement Method and Disbursements

**Procurement Method and Disbursements (US$ million)**

<table>
<thead>
<tr>
<th>Project Element</th>
<th>ICB</th>
<th>ICB</th>
<th>Other</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil works</td>
<td>131.1</td>
<td>30.8</td>
<td>-</td>
<td>161.9</td>
</tr>
<tr>
<td></td>
<td>(91.8)</td>
<td>(21.5)</td>
<td></td>
<td>(113.3)</td>
</tr>
<tr>
<td>Equipment and vehicles</td>
<td>2.4</td>
<td>0.4</td>
<td>3.7</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>(2.4)</td>
<td>(0.3)</td>
<td>(3.7)</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Consulting services</td>
<td>-</td>
<td>-</td>
<td>30.3</td>
<td>30.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(30.3)</td>
<td>(30.3)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>133.5</td>
<td>31.2</td>
<td>34.0</td>
<td>198.7</td>
</tr>
<tr>
<td></td>
<td>(94.2)</td>
<td>(21.8)</td>
<td>(34.0)</td>
<td>(150.0)</td>
</tr>
</tbody>
</table>

### Disbursements

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil works</td>
<td>113.3</td>
<td>70% of total expenditures</td>
</tr>
<tr>
<td>Equipment and vehicles</td>
<td>6.4</td>
<td>100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 65% of local expenditures</td>
</tr>
<tr>
<td>Consulting services and training</td>
<td>30.3</td>
<td>100% of total expenditures</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>150.0</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated IBRD Disbursements:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual</strong></td>
<td>0</td>
<td>9</td>
<td>23</td>
<td>30</td>
<td>30</td>
<td>29</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td><strong>Cumulative</strong></td>
<td>0</td>
<td>9</td>
<td>32</td>
<td>62</td>
<td>92</td>
<td>121</td>
<td>143</td>
<td>150</td>
</tr>
</tbody>
</table>

* Figures in parentheses are the respective amounts financed by the Bank and include contingencies.*
PHILIPPINES

HIGHWAY MANAGEMENT PROJECT

Timetable of Key Project Processing Events

(a) Time taken to prepare the project: 21 months

(b) Prepared by: DPWH and consultants

(c) First Bank mission: February 1989

(d) Appraisal mission departure: November 1990

(e) Negotiations: September 30 to October 1, 1991

(f) Planned date of effectiveness: March 15, 1992

(g) List of relevant PCRs and PPARs: First Highway Project: Loan 731-PH (PPAR No. 2249); Second Highway Project: Loan 950-PH (PPAR No. 4757); Third Highway Project: Loan 1353-PH (PPAR No. 7316); Fourth Highway Project: Loan 1661-PH (PCR No. 3053).
THE STATUS OF BANK GROUP OPERATIONS IN THE PHILIPPINES

A. STATEMENT OF BANK LOANS AND IDA CREDITS (a)
(As of June 30, 1991)

<table>
<thead>
<tr>
<th>Loan or Credit Number</th>
<th>Fiscal Year</th>
<th>Borrower</th>
<th>Purpose</th>
<th>Amount (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Bank</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ninety-three loans and six credits fully disbursed</td>
<td></td>
<td></td>
<td></td>
<td>3,637.49</td>
</tr>
<tr>
<td>Of which SECALs, SALs, and Program Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1903</td>
<td>1981</td>
<td>Rep. of the Philippines</td>
<td>SAL I</td>
<td>199.98</td>
</tr>
<tr>
<td>2268</td>
<td>1983</td>
<td>Rep. of the Philippines</td>
<td>SAL II</td>
<td>302.25</td>
</tr>
<tr>
<td>2489</td>
<td>1985</td>
<td>Rep. of the Philippines</td>
<td>Agriculture Sector Inputs</td>
<td>150.00</td>
</tr>
<tr>
<td>2787</td>
<td>1987</td>
<td>Rep. of the Philippines</td>
<td>Economic Recovery Program</td>
<td>320.00</td>
</tr>
<tr>
<td>Sub-Total</td>
<td></td>
<td></td>
<td></td>
<td>952.21</td>
</tr>
<tr>
<td>2173</td>
<td>1982</td>
<td>Rep. of the Philippines</td>
<td>Communal Irrigation</td>
<td>38.50</td>
</tr>
<tr>
<td>2200</td>
<td>1983</td>
<td>Rep. of the Philippines</td>
<td>Industrial Training</td>
<td>16.40</td>
</tr>
<tr>
<td>2257</td>
<td>1983</td>
<td>Rep. of the Philippines</td>
<td>Regional Cities Development</td>
<td>42.08</td>
</tr>
<tr>
<td>2277</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Environment &amp; National Resource Mgt.</td>
<td>66.00</td>
</tr>
<tr>
<td>2360</td>
<td>1984</td>
<td>Rep. of the Philippines</td>
<td>Central Visayas Regional Dev.</td>
<td>24.97</td>
</tr>
<tr>
<td>2418</td>
<td>1984</td>
<td>Rep. of the Philippines</td>
<td>Highways V</td>
<td>102.00</td>
</tr>
<tr>
<td>2435</td>
<td>1984</td>
<td>Rep. of the Philippines</td>
<td>Municipal Development</td>
<td>40.70</td>
</tr>
<tr>
<td>2576</td>
<td>1986</td>
<td>Rep. of the Philippines</td>
<td>Manila Water Distribution</td>
<td>38.00</td>
</tr>
<tr>
<td>2716</td>
<td>1986</td>
<td>Rep. of the Philippines</td>
<td>Rural Roads II</td>
<td>82.00</td>
</tr>
<tr>
<td>2927</td>
<td>1987</td>
<td>Rep. of the Philippines</td>
<td>Provincial Ports</td>
<td>32.00</td>
</tr>
<tr>
<td>*2956</td>
<td>1988</td>
<td>Rep. of the Philippines</td>
<td>Program for Government Reform</td>
<td>200.00</td>
</tr>
<tr>
<td>2989-I</td>
<td>1988</td>
<td>Rep. of the Philippines</td>
<td>Bacon-Manito Geothermal Power</td>
<td>59.00</td>
</tr>
<tr>
<td>2974</td>
<td>1988</td>
<td>Rep. of the Philippines</td>
<td>Housing Sector</td>
<td>160.00</td>
</tr>
<tr>
<td>3038</td>
<td>1989</td>
<td>Rep. of the Philippines</td>
<td>SMI IV</td>
<td>60.00</td>
</tr>
<tr>
<td>*3049</td>
<td>1989</td>
<td>Rep. of the Philippines</td>
<td>Financial Sector</td>
<td>300.00</td>
</tr>
<tr>
<td>3084</td>
<td>1989</td>
<td>Dev. Bank of the Phil.</td>
<td>Manila Power Distribution</td>
<td>85.30</td>
</tr>
<tr>
<td>3099</td>
<td>1989</td>
<td>Rep. of the Philippines</td>
<td>Health Development</td>
<td>70.10</td>
</tr>
<tr>
<td>3123</td>
<td>1990</td>
<td>Dev. Bank of the Phil.</td>
<td>Industrial Investment Credit</td>
<td>65.00</td>
</tr>
<tr>
<td>3124</td>
<td>1990</td>
<td>Metro. Waterworks &amp; Sew.</td>
<td>Angat Water Supply</td>
<td>40.00</td>
</tr>
<tr>
<td>3146</td>
<td>1990</td>
<td>Rep. of the Philippines</td>
<td>Municipal Development II</td>
<td>40.00</td>
</tr>
<tr>
<td>3149</td>
<td>1990</td>
<td>Rep. of the Philippines</td>
<td>Debt Management Loan</td>
<td>200.00</td>
</tr>
<tr>
<td>3162</td>
<td>1990</td>
<td>Phil. National Power Corp.</td>
<td>Energy Sector Loan</td>
<td>200.00</td>
</tr>
<tr>
<td>3164</td>
<td>1990</td>
<td>Phil. National Oil Co.</td>
<td>Energy Sector Loan</td>
<td>150.00</td>
</tr>
<tr>
<td>3165</td>
<td>1990</td>
<td>Rep. of the Philippines</td>
<td>Energy Sector Loan</td>
<td>40.00</td>
</tr>
<tr>
<td>3204</td>
<td>1990</td>
<td>Rep. of the Philippines</td>
<td>Coconut Farms Development</td>
<td>121.80</td>
</tr>
<tr>
<td>3242</td>
<td>1990</td>
<td>Rep. of the Philippines</td>
<td>WS/Sewer/Sanitation</td>
<td>85.00</td>
</tr>
<tr>
<td>3244</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Second Elementary Education</td>
<td>200.00</td>
</tr>
<tr>
<td>3251</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Communal Irrigation</td>
<td>46.20</td>
</tr>
<tr>
<td>3283</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Earthquake Reconstruction</td>
<td>125.00</td>
</tr>
<tr>
<td>3287</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Industrial Restructuring</td>
<td>175.00</td>
</tr>
<tr>
<td>3312</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Cottage Enterprise</td>
<td>15.00</td>
</tr>
<tr>
<td>3356</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Rural Credit</td>
<td>150.00</td>
</tr>
<tr>
<td>3360</td>
<td>1991</td>
<td>Rep. of the Philippines</td>
<td>Environment &amp; National Resource Mgt.</td>
<td>158.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>6,843.54</td>
</tr>
<tr>
<td>of which has been repaid</td>
<td></td>
<td></td>
<td></td>
<td>1,634.35</td>
</tr>
<tr>
<td>Total now held by Bank and IDA</td>
<td></td>
<td></td>
<td></td>
<td>5,189.19</td>
</tr>
<tr>
<td>Amount sold</td>
<td></td>
<td></td>
<td></td>
<td>31.35</td>
</tr>
<tr>
<td>of which repaid</td>
<td></td>
<td></td>
<td></td>
<td>31.35</td>
</tr>
<tr>
<td>Total undisbursed</td>
<td></td>
<td></td>
<td></td>
<td>2,114.27</td>
</tr>
</tbody>
</table>

(a) The status of the projects listed in Part A is described in a separate report on all Bank/IDA- financed projects in execution, which is updated twice yearly and circulated to the Executive Directors on April 30 and October 31.

* SAL, SECAL or Program Loan
### B. STATEMENT OF IFC INVESTMENTS

(As of June 30, 1991)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Obligor</th>
<th>Type of Business</th>
<th>Original Commitments</th>
<th>Total Held by IFC (at cost)</th>
<th>Undisbursed Including Participants' Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Loan</td>
<td>Equity</td>
<td>Total US$ million</td>
</tr>
<tr>
<td>1963/73</td>
<td>Private Dev. Corp. of the Phil.</td>
<td>Development Finance</td>
<td>15.0</td>
<td>0.4</td>
<td>15.4</td>
</tr>
<tr>
<td>1967/69</td>
<td>Manila Electric Company</td>
<td>Utilities</td>
<td>36.1</td>
<td>4.0</td>
<td>40.1</td>
</tr>
<tr>
<td>1970/66</td>
<td>Philippine Long Distance</td>
<td>Utilities</td>
<td>127.7</td>
<td>0.8</td>
<td>128.5</td>
</tr>
<tr>
<td>1968/90</td>
<td>Telephone Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970/72</td>
<td>Marikina Mfg. Company</td>
<td>Constory materials</td>
<td>0.8</td>
<td>0.4</td>
<td>1.2</td>
</tr>
<tr>
<td>1970</td>
<td>Paper Industries Corp.</td>
<td>Pulp and Paper</td>
<td>-</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>1971/77</td>
<td>Philippine Petroleum Co.</td>
<td>Chemicals</td>
<td>6.2</td>
<td>2.1</td>
<td>8.3</td>
</tr>
<tr>
<td>1972</td>
<td>Marinduque Mining &amp; Ind. Corp.</td>
<td>Mining</td>
<td>15.0</td>
<td>-</td>
<td>15.0</td>
</tr>
<tr>
<td>1973</td>
<td>Victorias Chemical Corp.</td>
<td>Chemical</td>
<td>1.9</td>
<td>0.3</td>
<td>2.2</td>
</tr>
<tr>
<td>1974</td>
<td>Pilipinas Synthetic Fiber Corp.</td>
<td>Textiles and fibers</td>
<td>1.5</td>
<td>-</td>
<td>1.5</td>
</tr>
<tr>
<td>1974/79</td>
<td>Maria Cristina Chemical Ind.</td>
<td>Electro-chemicals</td>
<td>1.6</td>
<td>0.6</td>
<td>2.2</td>
</tr>
<tr>
<td>1974</td>
<td>RPM Corporation</td>
<td>Food &amp; Food Processing</td>
<td>1.2</td>
<td>-</td>
<td>1.2</td>
</tr>
<tr>
<td>1975</td>
<td>Philippine Polyamide Ind. Corp.</td>
<td>Textile &amp; fibers</td>
<td>7.0</td>
<td>-</td>
<td>7.0</td>
</tr>
<tr>
<td>1976</td>
<td>Pilagro Edible Oils, Inc.</td>
<td>Coconut Oil and Copra</td>
<td>2.7</td>
<td>0.2</td>
<td>2.9</td>
</tr>
<tr>
<td>1977</td>
<td>Samiento Industries</td>
<td>Plywood</td>
<td>3.5</td>
<td>-</td>
<td>3.5</td>
</tr>
<tr>
<td>1977</td>
<td>Acme Mining Company, Inc.</td>
<td>Mining</td>
<td>3.2</td>
<td>0.5</td>
<td>3.7</td>
</tr>
<tr>
<td>1978</td>
<td>Cebu Shipyard and Eng. Works</td>
<td>Ship-repairing</td>
<td>2.1</td>
<td>-</td>
<td>2.1</td>
</tr>
<tr>
<td>1979/90</td>
<td>General Milling Corporation</td>
<td>Food &amp; Food Processing</td>
<td>4.0</td>
<td>1.7</td>
<td>5.7</td>
</tr>
<tr>
<td>1980</td>
<td>Ventures in Industry and Business Enterprises Inc.</td>
<td>Venture Capital</td>
<td>-</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>1980/85</td>
<td>All Asia Capital and Leasing</td>
<td>Equipment Leasing</td>
<td>11.1</td>
<td>0.8</td>
<td>11.9</td>
</tr>
<tr>
<td>1980</td>
<td>Consolidated Ind. Gas, Inc.</td>
<td>Industrial Gases</td>
<td>4.5</td>
<td>-</td>
<td>4.5</td>
</tr>
<tr>
<td>1981</td>
<td>Filipinos Associated Smelting &amp; Refining Corp.</td>
<td>Copper Smelting</td>
<td>-</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>1981</td>
<td>Daveo Union Cement Corp.</td>
<td>Cement</td>
<td>16.0</td>
<td>-</td>
<td>16.0</td>
</tr>
<tr>
<td>1981</td>
<td>Loans to Small &amp; Medium Scale Enterprises (SMSE)</td>
<td>Capital Markets</td>
<td>18.0</td>
<td>1.1</td>
<td>19.1</td>
</tr>
<tr>
<td>1983</td>
<td>NDC-Guthrie Plantations, Inc.</td>
<td>Agriculture</td>
<td>11.0</td>
<td>-</td>
<td>11.0</td>
</tr>
<tr>
<td>1985</td>
<td>Philippine Overseas Contractors</td>
<td>Construction</td>
<td>38.0*</td>
<td>-</td>
<td>38.0</td>
</tr>
<tr>
<td>1986/91</td>
<td>Purefoods</td>
<td>Food Processing</td>
<td>-</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>1988</td>
<td>BPI Agribank</td>
<td>Financial Institution</td>
<td>-</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>1989</td>
<td>Kewatram Philippines, Inc.</td>
<td>Textiles &amp; Fibers</td>
<td>3.0*</td>
<td>-</td>
<td>3.0</td>
</tr>
<tr>
<td>1988</td>
<td>Philtung</td>
<td>Debt Conversion Fund</td>
<td>-</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>1989</td>
<td>AG &amp; P</td>
<td>Construction</td>
<td>10.0*</td>
<td>-</td>
<td>10.0</td>
</tr>
<tr>
<td>1989</td>
<td>Hambrecht &amp; Quist</td>
<td>Capital Fund</td>
<td>-</td>
<td>2.2</td>
<td>2.2</td>
</tr>
<tr>
<td>1990</td>
<td>Hopewell</td>
<td>Power</td>
<td>10.0</td>
<td>1.1</td>
<td>11.1</td>
</tr>
<tr>
<td>1990</td>
<td>Manila Fund</td>
<td>Money &amp; Capital Markets</td>
<td>-</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>1990</td>
<td>First Ph. Fund</td>
<td>Money &amp; Capital Markets</td>
<td>-</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>1990</td>
<td>Avantex Mill Corporation</td>
<td>Textile</td>
<td>11.3</td>
<td>2.3</td>
<td>13.6</td>
</tr>
<tr>
<td>1991</td>
<td>Best Chemicals</td>
<td>Chemicals</td>
<td>6.5</td>
<td>2.3</td>
<td>8.8</td>
</tr>
<tr>
<td>1991</td>
<td>Automated Microelectronics</td>
<td>Electronics</td>
<td>9.0</td>
<td>2.6</td>
<td>11.6</td>
</tr>
<tr>
<td>1991</td>
<td>Makati Shangri-La</td>
<td>Tourism</td>
<td>59.5</td>
<td>-</td>
<td>59.5</td>
</tr>
<tr>
<td>1991</td>
<td>PCI Bank</td>
<td>Financial Institution</td>
<td>20.0*</td>
<td>-</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>457.2</td>
<td>63.2</td>
<td>522.4</td>
</tr>
<tr>
<td>Approved but not yet signed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>Luzon Petrochemical Corp.</td>
<td>Petrochemicals</td>
<td>90.0</td>
<td>15.0</td>
<td>105.0</td>
</tr>
<tr>
<td>1991</td>
<td>Makati Shangri-La</td>
<td>Tourism</td>
<td>24.0</td>
<td>-</td>
<td>24.0</td>
</tr>
<tr>
<td>1991</td>
<td>Philinc Nickel</td>
<td>Mining</td>
<td>60.0</td>
<td>15.0</td>
<td>105.0</td>
</tr>
<tr>
<td>Total Gross Commitments</td>
<td></td>
<td></td>
<td>661.2</td>
<td>95.2</td>
<td>756.4</td>
</tr>
</tbody>
</table>

(a) Subsequently cancelled
(b) Subsequently dropped
* Guarantees