

JBIC ODA Loan Project Mid-Term Review 2007

Evaluator: Mitsubishi UFJ Research & Consulting (Yoichi Hara, Hajime Onishi)

Time of Mid-Term Review Field Survey: August 2007

Project Title: The Republic of the Philippines “Domestic Shipping Modernization Program (II)” (L/A No. PH-P189)

[Loan Outline]

Loan Amount / Disbursed Amount: 19,990 million yen / 19,383 million yen

Loan Agreement: Entered: September 1998

Loan Expiry Date: January 2007 (9 years following the coming into force of the L/A, including the 2-year extension period)

Executing Agency: Development Bank of the Philippines

Operation and Maintenance Agency: Development Bank of the Philippines

[Project Objective]

The objective of this project is to promote modernization of vessels for domestic shipping, shipyards and ports and harbors (including cargo handling and terminal facilities) by providing medium- to long-term low-interest loans, through policy financing, to private ship owners, private shipyard companies, private port cargo handling companies and private companies and local governments that own ports and harbors, as well as to private maritime education and training institutions; thereby improving the safety, convenience and comfort of marine transport, promoting competition based on market principles, streamlining domestic shipping, and promoting regional development through marine transportation.

Consultant: Overseas Shipbuilding Cooperation Center (Japan), Norwegian Shipping Development Company - Shipdeco AS (Norway)

Contractor: None

[Mid-Term Review Result]

Item	Ex-ante evaluation (at the time of appraisal, September 1998)	Result of mid-term review and ex-post evaluation results as estimated at the time of the mid-term review
Relevance	(1) National policy level <ul style="list-style-type: none">• Since the 1998 publication of the “Recommendations on Inter Island Shipping” by a panel under the direct supervision of the President, the Philippine government had been under pressure	(1) National policy level <ul style="list-style-type: none">• “Regional development through development of transportation networks” is included in the “10-Point Agenda” President Arroyo announced in June 2004. To this end, the government formulated the concept of a “Strong

	<p>to promote competition in providing services by eliminating unnecessary regulations. In response, the government implemented the Domestic Shipping Modernization Program (I), and thereby provided funds to the relevant sector through the Development Bank of the Philippines (DBP).</p> <p>(2) Policy level</p> <ul style="list-style-type: none"> Regarding the marine transportation sector's development goals, in the Medium-Term Philippine Development Plan (1993–1998), it is clearly stated that “promotion of investment in the marine transportation business (i) promotes movement of people and distribution of commodities between regions, cities and localities; and (ii) improves the efficiency and safety of the 	<p>Republic Nautical Highway” (SRNH), an integrated network of highways and vehicular ferry routes. Based on the SRNH concept, construction of an effective land-sea highway capitalizing on domestic shipping to connect the various islands making up the Philippines is currently underway to eliminate the distribution bottleneck hampering the growth of the country. (In April 2003, some segments of SRNH were open to traffic.)</p> <ul style="list-style-type: none"> The Domestic Shipment Development Act was enacted in 2004 to provide a legal framework to the SRNH concept, after which a national policy was adopted, among other things, to provide incentives for development of a competitive investment environment and continuous growth of domestic shipping with the view to forming a strong, competitive domestic fleet. In 2003, the Act to Promote Modernization of Marine Transportation (Roll-on Roll-off Terminal System [EO170]) was established to modernize the harbor terminal facilities (in particular, the development of the Ro-Ro terminal). As noted above, from the time of the ex-ante evaluation to the present, despite the change in government, on the national policy level, the Philippine government has consistently given high priority to (i) streamlining inter island traffic through modernization of domestic shipping, (ii) improving the Philippines's competitiveness, and (iii) developing the surrounding environment including the ports and harbors. Thus, on the national policy level, the relevance of this project is judged to be extremely high. <p>(2) Policy level</p> <ul style="list-style-type: none"> The direction taken in the policy described on the left was further emphasized in the Medium-Term Philippine Development Plan (1999–2004), and regarding the development of the transportation sector, the plan states: “The government will ensure that the private sector will provide a number of options regarding passenger and cargo transport that
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	<p>transport service as a way of coping with the population increase and responding to changing market demands.”</p> <p>(3) Planning level</p> <ul style="list-style-type: none"> Phase I of the project was implemented with a view to updating, repairing and improving vessels and developing cargo handling capacity in ports and harbors. As a result, many improvements were made: (a) Decrepit vessels were updated; (b) technical guidance was provided by consultants on the premise that a designated classification of vessels would be acquired, resulting in the elimination of ships that had been converted without consideration for safety, and in the heightened awareness of the importance of observing safety standards for the entire domestic shipping sector; (c) most of the newly built vessels were built at Philippine shipyards (45 out of 46), which helped rejuvenate Philippines’ declining shipbuilding industry; and (d) fast, safe and comfortable marine transportation services have been launched on sailing routes that received financing under this project; thereby significantly changing the image of domestic shipping in the Philippines. 	<p>are price competitive, safe, reliable and ecologically friendly, and, moreover, provide services to support the government’s efforts to reach its social and economic goals.”</p> <ul style="list-style-type: none"> Furthermore, in the current Medium-Term Philippine Development Plan (2004–2010), development of SRNH utilizing Ro-Ro vessels is given top priority in the infrastructure field. Hence the importance of marine transportation sector development is clearly stated in a series of Medium-Term Philippine Development Plans spanning over three consecutive terms, and the strategy and plan for realizing it are clearly stated. Consequently, on the policy level, the project is highly relevant. <p>(3) Planning level</p> <ul style="list-style-type: none"> This project was implemented after the completion of the Domestic Shipping Modernization Program (I). It assumed the role of supporting the promotion of efforts directed toward vessels for domestic shipping (in particular Ro-Ro vessels), shipyards and ports and harbors (including cargo handling and terminal facilities) as well as education and training. Due to a number of factors (which will be taken up later in this mid-term review), loans were disbursed at a slower pace than was envisioned at the time of the ex-ante evaluation. The delay however, was not caused by any decline in the need for capital to finance the modernization of domestic shipping. The overwhelming shortage of funds indicated at the time of the ex-ante evaluation has remained unchanged. After the ex-ante evaluation of 1998, JICA implemented two studies one after another: “Study on the Master Plan for Strategic Development of a National Network of Ports and Harbors” (2002–2005) and “Study on Domestic Shipping Promotion Plan” (2004–2005).¹ Both studies
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¹ In the first study, a total of 54 ports and harbors (Ro-Ro ports and harbors for mobility enhancement) is designated as marine transportation bases that support local communities, and an initial five-year development plan is stipulated for completion in 2009 as a development plan for constructing 28 of the 54 ports and harbors that need to be built as early as possible. In the second study, a domestic shipping promotion plan is formulated for completion by 2015, in which are contained the following four proposals: (i) strategies on the policy and institutional fronts (review of regulations and incentives for improving marine transportation business); (ii) development of a domestic shipping system (introduction of cold chains, etc.); (iii) promotion of the modernization of marine business (improvement of shipbuilding

	<ul style="list-style-type: none"> • From the perspective of fund demand, phase I of the project met a certain degree of demand. However, the fund demand for development of domestic shipping infrastructure remains urgent (In phase I, more than 90% of sub loans were approved within two years after the project’s launch, and the amount of demand for vessel updating funds estimated by DBP was around 200 billion yen at the time of appraisal). Consequently, the project was faced with an overwhelming fund supply shortage. • Furthermore, private financial institutions (PFIs) were beset with a number of problems: (i) PFIs do not have sufficient medium- to long-term funds to meet the fund demands; (ii) PFIs have little experience extending loans to vessels and the like, and so have not accumulated knowhow in such areas as screening and supporting end users; (iii) the situation loomed in the aftermath of the Asian credit crisis of 1997 when interest rates remained high. • Thus, public financial institutions were strongly urged to continue providing technical assistance to end users and transferring skills and knowhow to PFIs while meeting the demand for medium- to long-term funds by implementing Phase II of the project after Phase I. 	<p>demonstrate the importance of and the need for domestic shipping infrastructure development, as well as the fact that the Philippine government continues to designate development of the domestic shipping infrastructure as a high priority area.</p> <ul style="list-style-type: none"> • DBP, the project’s executing agency, has been implementing the Sustainable Logistics Development Program (SLDP), which is derived from the project’s consulting services, since 2002, and it has disbursed a total of 12 billion pesos for 212 subprojects (in addition to domestic shipping, these subprojects focus on facilities that contribute to the promotion of the overall distribution of goods including grain processing facilities, RO-RO ports, and physical distributions bases). This is also believed to be proof that the need to modernize the domestic shipping sector remains unchanged. • A certain degree of success was achieved in transferring skills to PFIs, and under the guidance of DBP and the consultants, the expertise for screening and supporting the end users is being transferred without fail. However, from the perspective of the scale of fund demand and credit risk, at this point in time, it is difficult for PFIs alone to meet the needs of the domestic shipping sector. Thus, there is a strong need for public financial institutions, including DBP, to continue to assume the leading roles in this matter. • For the foregoing reasons, on the planning level, the relevance of the project is judged to have remained consistently high from the time of the ex-ante evaluation to the present.
Effectiveness (Impact)	<p>(1) Operation and effect indicators (i) Quantitative effects None</p>	<p>(1) Operation and effect indicators (i) Quantitative effects Breakdown by use for which sub loan funds were injected (Amount unit: million pesos)</p>

capacity, modernization of marine transport management); and (iv) enhancement of maritime financing (revision of a public maritime financing scheme based on the review of the Domestic Shipping Modernization Program (I) and (II). Moreover, regarding the initial five-year development plan related to the 28 Ro-Ro ports and harbors, JICA is currently conducting an F/S titled “Feasibility Study on RRTS Development for Improving the Maneuverability of the Philippines”. This study is scheduled to be completed in November 2007.

		Use	No. of cases	Amount	Percentage of the amount
		Vessels and facilities (new construction)	6	578	6.96%
		Vessels and facilities (expansion)	40	7,721	93.04%
		Vessels and facilities (updating)	0	0	-
		Total	46	8,299	100%
	<p>(ii) Qualitative effects</p> <ul style="list-style-type: none"> • Modernization and expansion of the marine transportation industry • Modernization and expansion of the shipbuilding industry • Expansion of physical distribution through port and harbor development • Enhancement of maritime education • Nurturing PFIs that participate in maritime financing 	<p>(ii) Qualitative effects</p> <ul style="list-style-type: none"> • Modernization and expansion of the marine transportation industry In this project, funds totaling 3,692.58 million pesos were invested to modernize vessels in a total of 21 cases. From 1999 to 2002, the number of domestic shipping companies authorized by the Maritime Industry Authority (MARINA) increased (1999: 327 → 2002: 560). Additionally, the domestic maritime passenger transportation volume increased on average by 3.0% from 1999 to 2003 (1998: approx. 28 million → 2003: approx. 33 million). • Modernization and expansion of the shipbuilding industry Under this project, one shipyard received assistance totaling 70 million pesos. From 1999 to 2003, the number of shipyards authorized by MARINA increased slightly (1999: 100 → 2003: 106). The number of small-scale shipyards increased from 73 in 1999 to 84 in 2003. • Expansion of physical distribution through port and harbor development In this project, funds totaling 4,064.84 million pesos were provided to support the development of port and harbor facilities in a total of 14 cases. Domestic maritime cargo volume increased slightly during the project period, i.e., from 1998 to 2003 (1998: approx. 44 million tons → 2003: approx. 48 million tons). • Enhancement of maritime education 			

	<p>(2) Factors which may influence the effectiveness and impact</p> <p>(3) Factors which may influence the sustainability</p>	<p>Funds totaling 193.63 million pesos were provided for maritime training schools in 8 cases.</p> <ul style="list-style-type: none"> • Nurturing PFIs that participate in maritime financing <p>In this project, there were altogether 19 cases of sub loans that were advanced through PFIs. DBP and consultants hired with ODA loans have provided PFIs with technical assistance for financing shipping vessels. From the perspective of nurturing PFIs, this project can be judged to have achieved a certain degree of success.</p> <ul style="list-style-type: none"> • Creation of a financial scheme related to marine transportation <p>In order to promote the shift from collateral-centered financing to financing centered on the leasing of vessels that does not require any collateral, in March 2005, DBP planned and supported the establishment of the Maritime Equity Corporation (MEC) under the National Development Company (NDC).</p> <p>(2) Factors which may influence the effectiveness and impact</p> <ul style="list-style-type: none"> • Given that the disbursement under this project was completed in January 2007, at this point in time, the project's effectiveness and impact are still in the process of being manifested. • Given that repayment for the sub loans will continue going forward, with regard to manifestation of the project's effectiveness on the subproject level by the end users, it is important that DBP monitor retail financing and each PFI monitor wholesale financing, including the repayment situation and the financial standing of end users. <p>(3) Factors which may influence the sustainability</p> <ul style="list-style-type: none"> • There are no problems related to the management of the revolving funds and the percentage of delinquency in the repayment of the sub loans.
Information for		

reference		
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Efficiency	<p>(1) Outputs</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Items</th> <th style="text-align: center;">Amount (million yen)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(i) Sub loan</td> <td style="text-align: center;">19,532</td> </tr> <tr> <td style="text-align: center;">(ii) Consulting services</td> <td style="text-align: center;">458</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">19,990</td> </tr> </tbody> </table> <p>• Regarding sub loans, the project set neither numerical goals nor goals for loan allocation by sector, etc.</p>	Items	Amount (million yen)	(i) Sub loan	19,532	(ii) Consulting services	458	Total	19,990	<p>(1) Outputs</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Items</th> <th style="text-align: center;">Amount (million yen)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">(i) Sub loan</td> <td style="text-align: center;">18,973</td> </tr> <tr> <td style="text-align: center;">(ii) Consulting services</td> <td style="text-align: center;">410</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">19,383</td> </tr> </tbody> </table> <p style="text-align: center;">Sub loans: actual loans advanced by sector</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Targeted sector</th> <th style="text-align: center;">No. of sub loans</th> <th style="text-align: center;">Loan amount (million pesos)</th> <th style="text-align: center;">Percentage of loan amount</th> </tr> </thead> <tbody> <tr> <td>Tankers</td> <td style="text-align: center;">8</td> <td style="text-align: center;">1,387.75</td> <td style="text-align: center;">16.72%</td> </tr> <tr> <td>Cargo ships in general</td> <td style="text-align: center;">3</td> <td style="text-align: center;">256.38</td> <td style="text-align: center;">3.09%</td> </tr> <tr> <td>Cargo-passenger ships</td> <td style="text-align: center;">8</td> <td style="text-align: center;">1,998.45</td> <td style="text-align: center;">24.08%</td> </tr> <tr> <td>Passenger ferries</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3.00</td> <td style="text-align: center;">0.04%</td> </tr> <tr> <td>Pilot vessels</td> <td style="text-align: center;">1</td> <td style="text-align: center;">47.00</td> <td style="text-align: center;">0.57%</td> </tr> <tr> <td style="text-align: center;">(vessel subtotal)</td> <td style="text-align: center;">21</td> <td style="text-align: center;">3,692.58</td> <td style="text-align: center;">44.50%</td> </tr> <tr> <td>Port and harbor facilities</td> <td style="text-align: center;">14</td> <td style="text-align: center;">4,064.84</td> <td style="text-align: center;">48.98%</td> </tr> <tr> <td>Maritime training schools</td> <td style="text-align: center;">8</td> <td style="text-align: center;">193.63</td> <td style="text-align: center;">2.33%</td> </tr> <tr> <td>Cold chain facilities</td> <td style="text-align: center;">3</td> <td style="text-align: center;">278.00</td> <td style="text-align: center;">3.35%</td> </tr> <tr> <td>Shipyards</td> <td style="text-align: center;">1</td> <td style="text-align: center;">70.00</td> <td style="text-align: center;">0.84%</td> </tr> <tr> <td style="text-align: center;">(Total)</td> <td style="text-align: center;">47 (Note)</td> <td style="text-align: center;">8,299.05</td> <td style="text-align: center;">100.00%</td> </tr> </tbody> </table> <p>Note: Although the total number of borrowers was 46, since there was one company that received two sub loans, in terms of the number of subprojects, there were 47 cases.</p> <p style="text-align: center;">Sub loans: breakdown by scale of end users' assets</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Amount of assets of borrowers¹</th> <th style="text-align: center;">No. of</th> <th style="text-align: center;">Loan amount</th> <th style="text-align: center;">Percentage</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Items	Amount (million yen)	(i) Sub loan	18,973	(ii) Consulting services	410	Total	19,383	Targeted sector	No. of sub loans	Loan amount (million pesos)	Percentage of loan amount	Tankers	8	1,387.75	16.72%	Cargo ships in general	3	256.38	3.09%	Cargo-passenger ships	8	1,998.45	24.08%	Passenger ferries	1	3.00	0.04%	Pilot vessels	1	47.00	0.57%	(vessel subtotal)	21	3,692.58	44.50%	Port and harbor facilities	14	4,064.84	48.98%	Maritime training schools	8	193.63	2.33%	Cold chain facilities	3	278.00	3.35%	Shipyards	1	70.00	0.84%	(Total)	47 (Note)	8,299.05	100.00%	Amount of assets of borrowers ¹	No. of	Loan amount	Percentage				
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	sub loans	(million pesos)	of loan amount
Large-scale (over 100 million pesos)	28	7,956	95.86%
Medium-scale (over 15 million and less than 100 million pesos)	17	334	4.03%
Small-scale (less than 15 million pesos)	1	9	0.11%
Total	46	8,299	100.00%

Sub loans: Breakdown by scale of amount of loan

Amount of sub loans	No. of sub loans	Loan amount (million pesos)	Percentage of loan amount
Large-scale (over 60 million pesos)	21	7,680	92.55%
Medium-scale (over 15 million and less than 60 million pesos)	15	551	6.63%
Small-scale (less than 15 million pesos)	10	68	0.82%
Total	46	8,299	100.00%

Sub loan: Breakdown by length of loan period

Sub loan period	No. of sub loans	Loan amount (million pesos)	Percentage of loan amount
Long-term (over 3 and less than 15 years)	44	8,286	99.84%
Medium-term (over 1 year and less than 3 year)	2	13	0.16%

	<p>(2) Project period September 1998 – May 2003 (57 months)</p>	<table border="1" data-bbox="1234 153 2098 236"> <tr> <td>Short-term (less than 1 year)</td> <td>0</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>46</td> <td>8,299</td> <td>100.00%</td> </tr> </table> <ul style="list-style-type: none"> • From the foregoing data, it can be seen that more than 90% of the total amount of sub loans went to big clients. On this point, criticisms have been voiced by MARINA and ship-owners’ associations, and the Department of Transportation and Communications (DOTC) is aware of the need in the future to examine the criticism that small and medium-sized companies find it difficult to receive DBP financing. • In terms of loan amounts, more than 99% of the loans are long-term loans over 3 years, and so the project is playing an important role as institutional financing in compensating for the shortage of medium- to long-term funds available in the market. <p>(2) Project period September 1998 – January 2007 (101 months)</p> <p>Factors responsible for the extension of the loan expiry date and the comments (at this point in time) of the evaluating team</p> <ul style="list-style-type: none"> • The loan disbursement did not advance at the same pace as was planned at the time of ex-ante evaluation, so the loan expiry date had to be extended. The reason is as follows: Accompanying the depreciation of the peso, the cost of purchasing vessels abroad with domestic currency rose so sharply that it became impossible to procure used vessels within budget and pursuant to the age and class regulations. Consequently, shipping companies began to postpone vessel purchases. In addition, even when shipping companies applied to purchase vessels, ships that met DBP 	Short-term (less than 1 year)	0	-	-	Total	46	8,299	100.00%
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		<p>stipulations (consistent with international classification of vessels) could not be found in the used ship market.</p> <ul style="list-style-type: none">• Since the strict mortgage collateral requirement imposed by DBP had already been incorporated into the project at the time of appraisal, from the perspective of managing a commercial bank, it was a necessary step to take. Furthermore, in light of the fact that DBP itself is a universal bank that, according to the General Banking Law, is subject to strict control and supervision by the central bank, the view that the loan terms should be relaxed and loans should be extended even to small and medium-sized companies that are not creditworthy is not necessarily sound.• On the other hand, to extend assistance to Philippines' small and medium-sized shipping carriers that need long-term financing at preferred interest rates is the responsibility of DBP as the country's policy finance institution. The "responsibility of a bank to ensure sound banking" and the "responsibility of a government financial institution to provide support for projects that are not very profitable or for small and medium-sized companies that are not creditworthy" are mutually exclusive. Thus, the thrust of this project is to strike a balance between these two approaches.• From this perspective, it is clear that not enough consideration was given at the time of the ex-ante evaluation to determine how small and medium-sized shipping carriers that in themselves are not bankable could be supplied with funds, or how might they be helped in ways other than by supplying them funds. From around 2002, DBP began adopting a policy of attaching importance to cash flow that did not require mortgage collateral, and hammered out measures such as supporting NDC-MEC, which were established in 2005. However, the loan expiry date came before these measures could take effect, forcing DBP to rely on advancing
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		<p>big loans.</p> <ul style="list-style-type: none"> • When it was determined that the requirement to acquire international classification was inhibiting the promotion of disbursement, DBP urged the Philippines' classification association to have Norway's Det Norske Veritas (DNV) adopt special measures for Philippine shipping carriers. This action taken by the executing agency is highly evaluated. • It is also acknowledged that it was inevitable that the loan expiry date should be delayed by other external factors including currency exchange, trends in the used ship market, etc. • The criticism that the loans were advanced so disproportionately to large-scale companies that small and medium-sized companies were left without financing runs deep especially in MARINA and among ship owners' associations. This point needs to be studied in the next program and other policy tools including causal analysis and the need for measures. • DOTC has expressed misgivings concerning this point, and takes the stance that what support should be provided for the modernization of domestic shipping by small and medium-sized companies is a question that should be addressed in the future (although DOTC gives positive evaluation to the role the Domestic Shipping Modernization Program has played in meeting the modernization needs of domestic shipping).
<p>Lessons learned and recommendations</p>	<p>(1) Lessons learned</p> <ul style="list-style-type: none"> • There are strong doubts whether the Policy Board (participated by DOTC and MARINA, which are relevant organizations outside the program), which was envisaged at the time of appraisal, adequately demonstrated its abilities in coming up with and deliberating on solutions in the face of such troubles as delays in disbursement and non-deliverance of funds to small and medium-sized companies. This is believed to be the remote cause of the criticisms lodged by MARINA and ship-owners' associations. In projects that incorporate a government-wide implementation structure, special attention should be paid to make sure that such implementation structure functions smoothly under close communication. <p>(2) Recommendations</p> <ul style="list-style-type: none"> • The need for modernization of domestic shipping and the demand for funds are expected to expand in the future. Thus, it is important to further 	

	consider putting in place a new support scheme that does not rely solely on loans but involves active participation of NDC-MEC and the like.	
Indicators set for use at the time of the ex-post evaluation	Indicators set for use at the time of the ex-post evaluation None	

¹ Definition of small and medium enterprises: At the time this project was launched, in the Philippines, small and medium enterprises were defined thus: (i) micro enterprises: those with assets of less than 1.5 million pesos; (ii) small enterprises: those with assets of more than 1.5 million pesos and less than 15 million pesos; (iii) medium enterprises: those with assets of more than 15 million pesos and less than 60 million pesos (asset value does not include the value of the land on which the relevant company's offices, plants and equipment are located). These definitions were revised in the SME Development Plan 2004–2010 (January 2003) as follows; with the upper limit for medium enterprises being raised from 60 million pesos to 100 million pesos: (i) micro enterprises: those with assets of less than 3 million pesos (excluding land capital), or those with 1–9 employees; (ii) small enterprises: those with assets of more than 3 million pesos and less than 15 million pesos, or those with 10–99 employees; and (iii) medium enterprises: those with assets of more than 15 million pesos and less than 100 million pesos, or those with 100–199 employees. However, since the number of employees was included in the ILO's definition, basically, the foregoing breakdown of small and medium enterprises is based on total assets of companies excluding land capital.

(EISCP2)

This data was verified by environmental specialists hired as part of the consulting services provided under this project in the process of loan screening and monitoring conducted by DBP and PFIs. Thus, the data is evaluated to be relevant.

(ISSEP2)

This project aims to provide support mainly to small and medium-sized companies in manufacturing and related industries, but it is also designed to meet the financial needs of companies with total pre-loan assets of up to 200 million pesos.