

THIRD PARTY OPINION
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JICA Supported Projects in the Philippines
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From 1995 to 2006, JICA supported the implementation and completion of projects in the Philippines. Seven (7) of these projects were: LGU Support Credit Program; Industrial & Support Services Expansion Program Phase II; Environmental Infrastructure Support Credit Program Phase II; Special Economic Zones Environment Management Project; Metro Manila Interchange Construction Project IV; Agno & Allied Rivers Urgent Rehabilitation Project; and Pinatubo Hazard Urgent Mitigation Project.

Some of these projects had similar objectives, addressed comparable sectors, and faced common challenges and issues in design and implementation.

In general, the different projects continue to be relevant in the country's current situation and prospects. While some were started in previous administrations, the projects (except for the Pinatubo Hazard Project) were completed during the Medium-Term Philippine Development Plan (MTPDP) 2001-2004 and MTPDP 2004-2010 of President Gloria Macapagal-Arroyo (PGMA). The projects' objectives were consistent with the administration's overarching goal of eradicating poverty in the country. The projects may be grouped according to some specific development challenges and issues faced by the country.

- **GROWTH OF INDUSTRY AND SERVICES.** This development priority is addressed primarily by projects like the Industrial & Support Services Expansion Program Phase II (ISSEP II), the LGU Support Credit Program (LSCP), and the Metro Manila Interchange Construction Project IV (MICP IV). The Government's "10-Point Agenda" (or the acronym "BEAT THE ODDS") includes the creation of million jobs by supporting SMEs and the decongestion of Metro Manila by developing new centers for government, business, and housing in the regions. The "Medium-Term Public Investment Program 2006-2010" builds on the competitive advantages of the country's "Super regions", namely: North Luzon Agribusiness Quadrangle, Metro Luzon Urban Beltway, Central Philippines, and Mindanao Super Region.

Indeed, the projects had contributed to the country's strong economic growth, which rose to over 7% in 2007. But today, the country experiences an economic slowdown, a rising unemployment rate, and increasing number of retrenched OFWs (overseas Filipino workers) returnees, due to the global recession, particularly in major partners USA and Japan.

The experience from the three JICA projects will be very helpful inputs to the Government's *Economic Resiliency Program* that will assist workers (including OFWs), the SMEs, and the LGUs to cope with today's challenging economic environment. Closer collaboration with the other donors and agencies, more participation of the private sector and civil society, and the harmonization with rural-based priority programs like the "One-Town, One-Product" (OTOP-Philippines) may favor more assistance towards the SMEs and support credits to LGUs in the regions. The increase in assistance, incentives, and support credits to workers, SMEs, and LGUs in the provinces may likely induce workers and entrepreneurs to stay in the regions.

The MICP IV, coupled with other transport projects in the Metro Luzon Urban Beltway, has improved the traffic and mobility within Metro Manila as well as the accessibility of Metro Manila to and from the regions. This project result must be complemented with adequate opportunities in the provinces outside of Metro Manila through projects like ISSEP II and LSCP. Otherwise, the workers and entrepreneurs from the provinces may be attracted to move to Metro Manila for the opportunities.

This orientation may also help address the country's slow progress in achieving poverty, education, and health MDGs, as well as the regional disparities in MDGs, i.e., Metro Manila achieves the MDGs while the regions lagged behind in the MDGs.

- URGENT REHABILITATION/MITIGATION. This development issue is addressed by projects like the Agno & Allied Rivers Urgent Rehabilitation Project (ARURP) and the Pinatubo Hazard Urgent Mitigation Project (PHUMP) in two of the country's priority river basins. That the MTPDP 2004-2010 and recent State of the Nation Addresses (SONAs) cited extensions or succeeding phases for these flood control and irrigation projects may stem from their increasing roles in the spatial development of the emerging super regions.

For instance, the ARURP area supports agriculture and fishery development in the North Luzon Agribusiness Quadrangle. Meanwhile, the PHUMP area may affect a portion of the North Luzon Expressway, a major transport network in the Metro Luzon Urban Beltway.

The Agno, Sinocalan, Tarlac, Sacobia-Bamban, and Sapang-Cauayan rivers, among others, are components of major river systems in Luzon. People who live and work at these areas are usually at risk from natural hazards/ disasters like floods, lahar and mud flows, river overflows, etc. that may adversely affect their farms, homes and other properties as well as their lives and livelihoods. Based on the beneficiary surveys, many of the farmers, fishermen, and residents in the project sites felt safer, had more stable livelihoods, and earned more incomes following the completion of the projects.

Recent years saw the increased occurrences of strong storms and super typhoons in the country. The resulting big floods, heavy lahar, and mud flows damaged houses, farms, roads and other properties, and adversely affected the people's lives and livelihoods. It may be helpful for the residents in critical hazard-prone areas to be relocated to more secure or safer areas. For the rest, the projects may incorporate as capacity-building component a disaster management orientation/training for the affected LGUs and local stakeholders so they may be alerted and be ready in cases of forecasted strong storms or super typhoons.

- ENVIRONMENTAL MANAGEMENT. This development challenge is shown in projects like the Environmental Infrastructure Support Credit Program Phase II (EISCP II) and Special Economic Zones Environmental Management Project (SEMP). The former focused on assisting mainly the private SMEs while the latter covered the public special economic zones (SEZs) administered by the Philippine Export Zone Authority or PEZA.

Environment advocacy in the country was spurred by the *Philippines Agenda 21* (1997) which advocates for sustainable development or "harmonious integration of a

sound and viable economy, responsible governance, social cohesion and harmony, and ecological integrity. Among the enabling Government issuances are the *Clean Air Act* (1999), the *Solid Waste Management Act* (2001), and the *Clean Water Act* (2004).

While it was designed for private sector SMEs, the EISCP II had attracted and benefited more large end-users in terms of number and amount of loans. This may indicate that the larger firms can more likely afford environment-related investments while the SMEs generally focus on growing and improving their businesses. Many private sector firms view environment-related activities as a form of corporate social responsibility or CSR activity. Some CSR practitioners believe that they have to do well in their businesses before they do good activities for others.

For future projects, the proponent may consider collaborating with other agencies like the Laguna Lake Development Authority or LLDA overseeing environment management at the Laguna Lake area, the LGUs, industry associations and civil society, in raising environment awareness and promoting environment investments among private sector firms.

By comparison, the SEMP enabled the PEZA to set up environment management facilities in the public SEZs that may be used by the locators. This may work well in SEZs that host comparable firms or locators from similar industries, e.g., food industry, garment/textile industry, or semiconductor industry. Then, the individual locators, particularly the SMEs, availed of the common environment facilities instead of investing in separate individual facilities. In turn, PEZA gained economies of scale and efficiency in serving more firms and industries.

The lessons in the two projects may be replicated in the private SEZs. In 2008, there were four public SEZs with 536 locators and over 50 private SEZs with 897 locators. With enabling zoning regulations and incentives on environment investment, business firms, especially the SMEs, may be induced to locate in specific industrial zones or SEZs that provide environment management facilities as amenities.

Put together, the mix of subject projects continues to be relevant in the country today. Given the current situation in the domestic and global markets, country has to prioritize projects addressing growth of industry and services, particularly those supporting SMEs that generate livelihood and job opportunities to Filipinos.