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Series: Meeting and event briefing materials

Dates: 03/02/1998 – 04/08/1998

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President Wolfensohn - Briefing Book for President's Meetings - Meeting Material
Pre-Brief, Photo-Op and Luncheon - President Fidel V Ramos - Philippines - April

Pre-Brief: President Ramos Visit

Wednesday, April 8, 1998
12:40 - 1:00 p.m.
Meeting Room (MC12-755)

Photo-OP: President Fidel V. Ramos
Philippines

Wednesday, April 8, 1998
1:00 - 1:15 p.m.
JDW Office

Luncheon: Hosted by Mr. Wolfensohn/
In Honor of President Fidel V. Ramos
Philippines

Wednesday, April 8, 1998
1:20 - 2:30 p.m.
JDW's Private Dining Room



Record Removal Notice

File Title President Wolfensohn - Briefing Book for President's Meetings and Events - Photo-Op and Luncheon - President Fidel V Ramos - Philippines - April 8, 1998		Barcode No. 30490069		
Document Date {1998}	Document Type diskette			
Correspondents / Participants				
Subject / Title Visit '98 CD-ROM Highlights from the 1998 visit of World Bank President James D. Wolfensohn				
Exception(s)				
Additional Comments Information on the computer disk is not accessible.		 The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.		
		<table border="1"><tr><td>Withdrawn by Kayla Cunningham</td><td>Date 08/12/2025</td></tr></table>	Withdrawn by Kayla Cunningham	Date 08/12/2025
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Archive Management for the President's Office

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1 RPS

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A. CLASSIFICATION

☒	Meeting Material
☐	Trips
☐	Speeches

☐	Annual Meetings
☐	Corporate Management
☐	Communications with Staff

☐	Phone Logs
☐	Calendar
☐	Press Clippings/Photos

☐	JDW Transcripts
☐	Social Events
☐	Other

B. SUBJECT: PRE-BRIEF: PRESIDENT RAMOS VISIT (B) (N) TIME: 12:40 - 1:00 P.M. // VENUE: MC-12-755 (MTG. ROOM) // ATTENDEES: JDW, SVEN, MMB, KHALILZADEH-SHIRAZI & V. BHARGAVA (FOR SEVERINO-MISSION TRAVEL), MACLEOD-IFC, MARISELA // (B) EAPVP // DUE: MONDAY, APRIL 6 EXC: MM // ALI (4/1)

DATE: 04/08/98

2. PHOTO-OP: PRESIDENT FIDEL V. RAMOS, PHILIPPINES (B) (N) <NOTE: MS. AMATONG TO MEET DELEGATION AT MC LOBBY AND ESCORT THEM TO JDW'S OFFICE> TIME: 1:00 - 1:15 P.M. // VENUE: MC-12-750 (OFFICE) / OR EXTERIOR DEPENDING ON NUMBERS // CONTACTS: ED- MS. AMATONG (MYRIAM BAHIMAN) @ 80094 // EXT. CYNTHIA CASE @ 32243 // SECURITY - FRANCIS ROBINSON @ 84513 // STATE DEPARTMENT CONTACT: MS. TANYA TURNER @ 647-3172 // WB ATTENDEES: JDW, SVEN (MD), MMB (EXT), KHALILZADEH-SHIRAZI (EAP), J. AMATONG (ED), MICHEL CAMDESSUS (IMF), MARISELA MONTOLIU // PHILIPPINE DELEGATION: PRESIDENT FIDEL V. RAMOS, SECRETARY DOMINGO SIAZON JR., DEPT. OF FOREIGN AFFAIRS SECRETARY SALVADOR ENGRIGUEZ JR., DEPT. OF FINANCE, SECRETARY CESAR BAUTISTA, DEPT. OF TRADE AND INDUSTRY, GOVERNOR GABRIEL SINGSON, CENTRAL BANK OF THE PHILIPPINES, AMBASSADOR RAUL CHE. RABE, EMBASSY OF PHILIPPINES, SECRETARY HECTOR VILLANUEVA, PRESS SECRETARY, PHILIPPINE PRESS CORP.: (TO BE HANDLED BY CYNTHIA CASE, EXT), Rossano Hernandez, Official Presidential Photographer Alfredo Francisco, Official Presidential Photographer, Golfo Delfiosc, Official Note-Taker of the President, Wilfredo Hugo, Manila TV, Lelecia Roquo, Manila Bulletin Newspaper, PRESS POOL FROM EXT INVITATION <Note: Only three questions will be allowed from the pool> : Scott Apple-White, AP Photo Adam Entous, Reuters Wire Service, Scott Payre and Anne Buffington, APTV (B) EAPVP -- SAME AS ABOVE, EXC: MM // ALI (4/1)

3. LUNCHEON: HOSTED BY MR. WOLFENSOHN // IN HONOR OF PRESIDENT FIDEL V. RAMOS, PHILIPPINES // (B) (N) <NOTE: GROUP TO BE ESCORTED BY SECRET SERVICE & WORLD BANK SECURITY // ELEVATORS TO BE ON RESERVE> <GRAND TOTAL: 19> TIME: 1:20 - 2:30 P.M. // VENUE: JDW'S PRIVATE DINING ROOM // CONTACTS: ED - MS. AMATONG (MYRIAM BAHIMAN) @ 80094 // EXT. CYNTHIA CASE @ 32243 // SECURITY - FRANCIS ROBINSON @ 84513 // EMBASSY CONTACT: AMB. BASILIO @ 202-467-9372, STATE DEPARTMENT CONTACT: MS. TANYA TURNER @ 647-3172, WB ATTENDEES: JDW, SVEN (MD), MMB (EXT), KHALILZADEH-SHIRAZI (EAP), J. AMATONG (ED), MICHEL CAMDESSUS (IMF), MARISELA MONTOLIU / IN ADDITION: GREGORY TAYLOR (ED PHILIPPINES - IMF), < J. STIGLITZ (DEC)-MISSION CANNOT ATTEND>, MACLEOD (IFC), HEIDI HENNRICH-HANSON (EAP), IIDA (MIGA) / ADDED V. BHARGAVA (EAP) <TOTAL: 12> PHILIPPINE DELEGATION <TOTAL: 7>: PRESIDENT FIDEL V. RAMOS, SECRETARY DOMINGO SIAZON JR., DEPT. OF FOREIGN AFFAIRS, SECRETARY SALVADOR ENGRIGUEZ JR., DEPT. OF FINANCE SECRETARY CESAR BAUTISTA, DEPT. OF TRADE AND INDUSTRY GOVERNOR GABRIEL SINGSON, CENTRAL BANK OF THE PHILIPPINES AMBASSADOR RAUL CHE. RABE, EMBASSY OF PHILIPPINES SECRETARY HECTOR VILLANUEVA, PRESS SECRETARY NOTES: NO DIETARY RESTRICTIONS AS ADVISED BY MS. AMATONG'S OFFICE (4/6) (4/7) CIHAT : 19 // (B) EAPVP -- SAME AS ABOVE // EXC: MM // ALI (4/1)

Brief includes:

- Agenda, List of Attendees
- Objectives & Background
- Proposed Topics
- Letter to President Fidel Ramos from JDW, Apr. 1
- Status of Assistance Program
- Overview of Recent Macroeconomic Developments
- CAS Progress Report, Asian Markets Overnight News
- East Asia Update - Recent Developments
- OED Note
- Basic Facts & Figures
- Letter to JDW from V. Bhargava, Apr. 2

C. VPU

Corporate

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D. EXTERNAL PARTNER

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☐	Part I
☒	Part II
☐	Other

E. COMMENTS:**File Location**

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04/09/98

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VINAY K. BHARGAVA
Country Director, Philippines
East Asia & Pacific Region

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President Has Seen

April 2, 1998

OFFICE OF THE PRESIDENT

Mr. James D. Wolfensohn
President
World Bank

"Log Out"

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JDW's archives,
at his request
MMM
4/17

Dear Mr. Wolfensohn:

Greetings from Manila Resident Mission staff. I am currently in Headquarters and will be joining your luncheon meeting with President Ramos next week.

On behalf of the staff, I want to thank you for taking the time to sign the group photograph taken during your visit. More particularly, we want to thank you for the very warm and complimentary notation you scribbled.

I am sending two items emanating from your visit which we thought you and Mrs. Wolfensohn may find interesting.

- (a) A CD ROM we have produced on your visit which we are using in our internal and external communications. The CD ROM contains selected video footage from your visit. The events of the visit are categorized into seven segments, which may be viewed individually; and
- (b) The March 1998 issue of our InTouch Newsletter which has a mailing list of over 700 persons/organizations in the Philippines. The cover story in this issue is your visit.

I can be reached on Ext.87331 or through Dharshani de Silva (Ext.80427).

With best regards,

Sincerely,



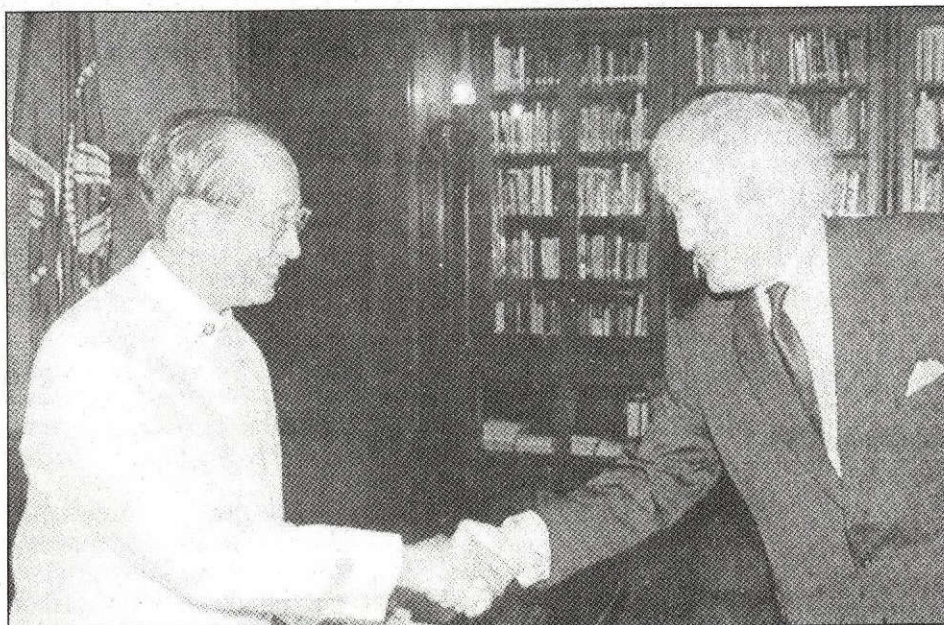
Enclosures

cc (without CD ROM): Messrs. Malloch Brown (EXTVP); Severino,
Shirazi, Barrett (EAPVP)

RMP Files



WB President Visits the Philippines



Two Presidents. WB President James D. Wolfensohn pays a courtesy call to President Fidel V. Ramos in Malacañang during his two-day visit to the Philippines last February. Mr. Wolfensohn later met with government economic and social sector managers, business leaders, and other representatives from civil society.

During his first official visit to the Philippines last February, World Bank President James D. Wolfensohn said he was particularly concerned about the impact of the Asian financial crisis on the poor.

"What I've been doing on this trip is to focus not just on the financial aspects but also on the social and human aspects, which are real," the President said.

Mr. Wolfensohn said the crisis had created social tensions in varying degrees throughout the region. "That's a serious issue," he stressed, citing problems like rising unemployment and food shortage.

He observed that people who lost their jobs in the cities were going back to the rural areas. "Labor migration from urban to rural areas usually disrupt the existence of poor families, especially women and children," he explained.

"Some of the children are being forced to leave school and engage in activities that we hope our kids would not get into," he added.

To help rural families cope with the difficulties brought about by the crisis, Mr. Wolfensohn said the Bank has been providing support to the rural areas.

"We're fast-disbursing employment support to government projects, particularly in infrastructure and environment. We want to send poor people to work," he said.

Further, he said the Bank wants to ensure that people have enough food to eat at affordable prices.

WB OKs 3 Projects to Help the Poor

A month after WB President Wolfensohn visited the Philippines and announced a \$1-billion package for the Philippines in 1998, three new projects were approved by the Bank's Board of Executive Directors.

These projects, worth \$79 million, aim to increase the incomes of the poor and provide basic services to them. These are the Special Zone of Peace and Development (SZOPAD) Social Fund, \$10M; Early Childhood Development (ECD), \$19M; and

Community-Based Resource Management (CBRM), \$50M.

To respond to the Government's efforts to refocus development assistance in support of the Peace Accord between the Philippine Government and the Moro National Liberation Front, the WB approved a loan of \$10M to help finance the SZOPAD Social Fund project.

The project will increase access of the poor and those affected by the conflict to basic economic and

Please turn to Page 2

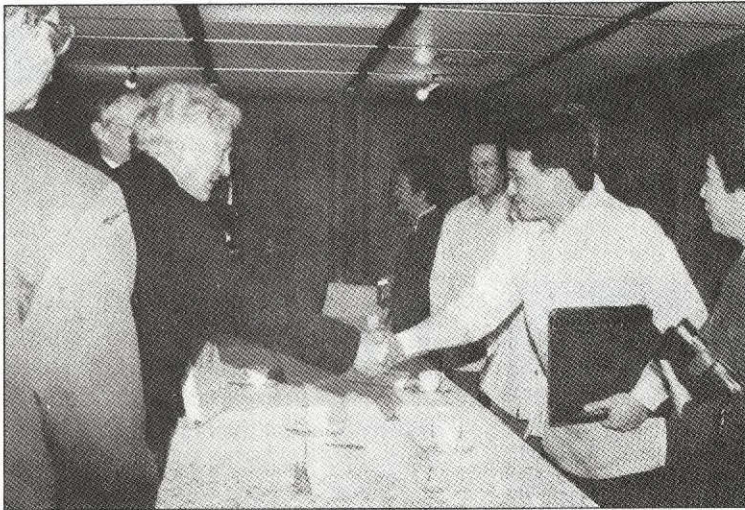
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IN THIS ISSUE

The Club of 29 News	3	Small Grants Program	6	Global Dev't Finance '98	7
The President's Visit	4-5	Dialogue with Civil Society	7	The Asia Development Forum	8

WB President Visits RP

Continued from Page 1



Remarkable Democratic Spirit. Mr. Wolfensohn meets Socio-economic Planning Secretary Cielito Habito and Social Welfare and Development Secretary Lina Laigo, along with NGO representatives.

"Open, Democratic Society"

Mr. Wolfensohn also said he was deeply impressed by the Philippines' open, democratic society. "I have to pay enormous tribute to what has been done in the last 10 years in terms of linking government, civil society and trade unions together," he said.

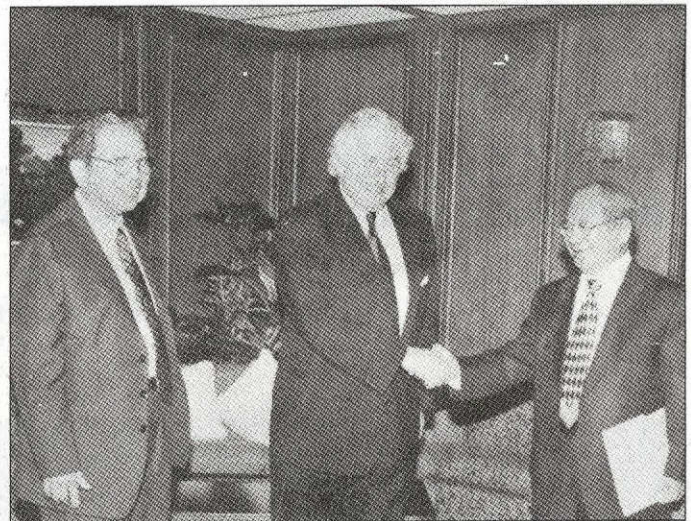
Aside from finance officials and business leaders, Mr. Wolfensohn met with representatives from non-government organizations and trade unions, along with government officials managing the country's social services. He described these

that the Philippine model is a model that many could follow," he said.

\$1-B Commitment

Mr. Wolfensohn announced during his visit that for 1998, the Bank is preparing a \$1-billion package of financial assistance to various government projects. The first three of these projects will raise incomes of the poor and provide them with basic services. (Please see **WB OKs 3 Projects...**)

Other projects scheduled for submission to the Bank's Board later this year will improve infrastructure and protect and



Discussions. Mr. Wolfensohn shares light moments with Finance Secretary Salvador Enriquez (left) and Bangko Sentral ng Pilipinas Gov. Gabriel Singson (right) after discussing vital finance and monetary issues.

meetings as "very unusual." "This is rare in terms of my visit to 65 countries. I think

enhance the environment. These projects are Local Government Water and Sanitation, \$60M; Solid Waste Environment Enhancement, \$100M; and Local Government Finance, \$100M.

The Bank has also committed credit lines estimated at \$150M for agriculture and industry, particularly for small and medium enterprises and export-oriented activities.

The Bank is also discussing with the the Government a package of \$500M for quick-disbursing loans and technical assistance for structural reforms in the financial and public management sectors.



WB OKs Projects for the Poor

Continued from Page 1

social infrastructure, services and employment opportunities in the SZOPAD areas.

Through the Social Fund, grant financing will be provided through local government units (LGUs), non-government organizations (NGOs), and community-based groups which will carry out sub-projects. These sub-projects may include rural access roads, rural water supply and sanitation, small-scale irrigation schemes, and communal clinics and schools. The project will be implemented by a Social Fund Agency created under the Office of the President.

The ECD project will improve the health, nutritional, educational, and psychological status of pre-school children from poor communities. The years, 0-6, are the formative years of the child, where failure to meet physical, mental, social, and psychological

needs could lead to serious negative effects on the child's overall development. The project will also improve the parents' capacity to understand and take action to meet the needs of their children. The capacities of local communities and community-based groups to plan, manage and finance child development interventions in an integrated manner will also be enhanced.

Similarly, the capacity of central government agencies responsible for child development to support LGUs in planning, managing, financing, monitoring, and evaluating ECD programs will also be improved. Project implementation will be carried out by the Departments of Social Welfare and Development, Health, and LGUs.

The CBRM project will address rural poverty and degradation of natural resources through support for locally generated and implemented natural resource management

projects.

Since half of the country's population of 67.5 million live in the rural areas where the incidence of poverty remains high, this project is expected to create a positive impact on millions of Filipinos.

The project aims to enhance the capacity of low-income rural LGUs and communities to plan, implement and sustain priority natural resource management projects; strengthen the higher levels of government systems to transfer finance and environmental technology and improve implementation of environmental policies; and provide resources to LGUs to finance natural resource management projects. The project will be supervised by the Department of Finance and implemented by LGUs with assistance from national agencies.



The challenge for the Club of 29 and the World Bank during the second half of fiscal year (FY) 1998 is to intensify the supervision of Bank-assisted projects and the implementation of measures that will improve procurement, disbursement and financial management, according to the FY '98 Mid-Year Portfolio Review Report.

As of December 1997-the end of the first half of FY 1998-the Bank's portfolio in the Philippines comprising 26 projects had total commitments of US\$2.4 billion.

During the first half of FY 1998, actual disbursements amounted to \$190 million, about 60% of the target of \$323 million. However, this was 11% lower than the \$213 million disbursements during the same period in FY 1997.

Large disbursements flowed to five projects- Transmission Grid Reinforcement, Leyte-Luzon Geothermal, Highway Management, Coconut Farms Development and Rural Finance II.

The Report said 24 projects satisfactorily met development objectives while 22 projects had a satisfactory performance during the period.

It also identified four projects in the portfolio that need improvement in performance. These are Highway Management, Rural Electrification and Revitalization and Urban Health and Nutrition (which encountered persistent procurement problems) and Manila Second Sewerage, which has been delayed due to the privatization of the Metropolitan Waterworks and Sewerage System.

Gov't, WB to Intensify Supervision of Projects

Action Plan

From January to June this year, the Club of 29, Government oversight agencies, and the Bank have outlined a five-point action plan:

- Maintain rigorous approach to closing dates for actual problem projects in the absence of realistic action plans that could be monitored.

- Raise the proportion of new projects with satisfactory quality at entry- consistent with the Bank's country assistance strategy- to 85% or higher.

- Meet the disbursement target of \$323 million by the end of FY 1998.

- Continue to implement the procurement and financial management initiatives.

Progress in the action plans will be assessed during the joint Government-Bank FY 1998 Country Portfolio Performance Review (CPPR), which is scheduled in May this year.

Decentralization

The role of the Bank's Resident Mission staff in overseeing projects will also be strengthened.

With the decentralization of field offices, the Resident Mission now directly oversees five projects-Subic Bay Freeport projects I and II, Urban Health and Nutrition, Health

WB-Assisted Projects FY 1998

Agrarian Reform Communities Development
Coconut Farms Development
Communal Irrigation II
Conservation of Priority Protected Areas
Engineering & Science
Environment & Natural Resources Mgmt
First Water Supply, Sewerage & Sanitation
Health Development
Highway Management
Irrigation Operations Support II
Leyte-Cebu Geothermal
Leyte-Luzon Geothermal
Manila Second Sewerage
Municipal Development III
Ozone Depleting Substances-MP
Power Transmission & Rehabilitation
Rural Electrification
Rural Finance II
Subic Bay Freeport I
Subic Bay II
Tax Computerization
Third Elementary Education
Transmission Grid Reinforcement
Urban Health & Nutrition
Vocational Training II
Water District Development
Water Resources Development
Women's Health & Safe Motherhood

Development and Third Elementary Education.

Before decentralization in July 1997, only Subic Bay Metropolitan Authority projects were being directly supervised from the Resident Mission Office.

The Report noted that "experience with decentralization has been positive with more collaborative and constant interaction between RMP staff and the project managers."

Further, it observed that the portfolio continued to benefit from increased supervision resources.

The supervision budget for FY 1998, for instance, amounts to \$1.7 million, 21% higher than the \$1.4 billion budget in FY 1997.



Project Visit. Country Director Vinay Bhargava and staff during last year's retreat visited an irrigation project under the National Irrigation Administration's Communal Irrigation II Project.

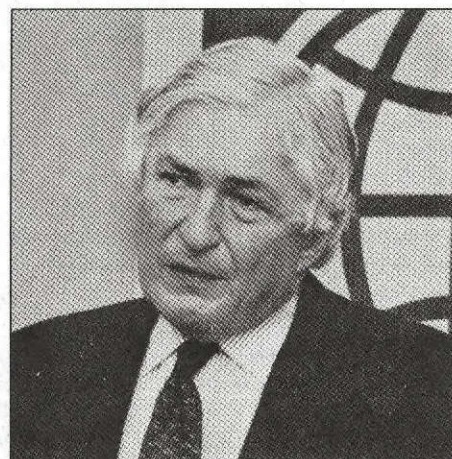


A Photo Album Of

The President's V I S I T

February 5-6, 1998

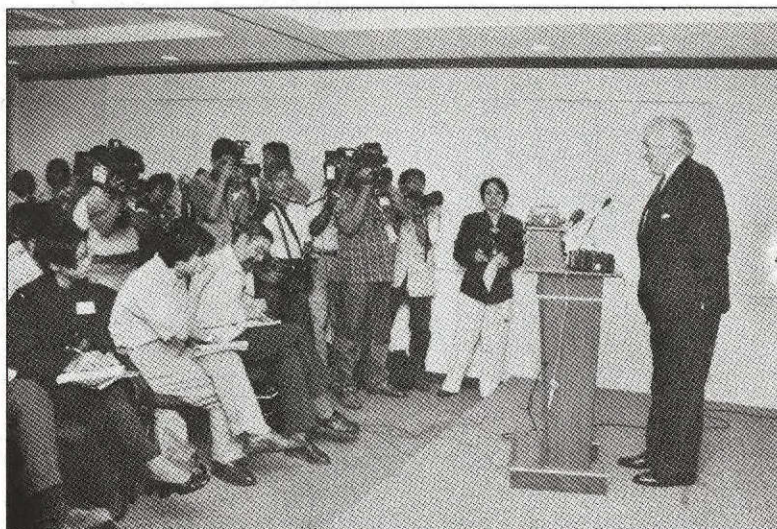
"It's been a very good visit. I don't think anyone is immune from the problems of a financial turmoil but I really do feel that the team here is working very well together and got the right priorities."



Good Listener. Mr. Wolfensohn listens intently to queries from the press.



Face-to-face. Mr. Wolfensohn meets Mr. Mitsuo Sato, President of Asian Development Bank. Looking on is Mr. Peter Sullivan, ADB's Vice President.



'Game.' Mr. Wolfensohn gamely answers questions thrown by Manila-based media, both print and broadcast.



With Civil Society. The President joins representatives from NGOs and trade unions.

"What I've been doing on this trip is to focus not just on the financial aspects but also on the social and human aspects, which are real."



All in the Family. 'Twas a picture of the WB family in the Philippines with Mr. Wolfensohn and his wife, Elaine—a memento of a memorable occasion.

Cocktails. Mr. Wolfensohn, a former investment banker, chats with Filipino bankers Octavio Espiritu and Deogracious Vistan.



WB's Small Grants Program Now Managed at Country Level

The World Bank's Small Grants Program (SGP) is now being managed at the country level.

At least 20 of the Bank's Resident Missions in developing countries now administer the program. They respond to inquiries, accept and evaluate applications, and award and monitor grants.

Formed in 1983, the SGP supports activities of non-profit, non-government organizations (NGOs) through grants. It promotes dialogue and dissemination of information on international development in forums outside the Bank's operations.

The initiative is part of the Bank's decentralization efforts to bring the Bank's products and services closer to

clients.

"The initiative will help improve Bank-NGO communication at the country level and grant decision-making based on a country level assessment of priority needs and NGO professionalism," said Gloria Davis, director of the Bank's Social Development Department.

She added that the move also aims to create simple, systemic and low-cost tool for improved Bank-NGO relationships and provide better service to the Bank's clients.

For FY 1998 (July 1997 to June 1998), the Bank's Small Grants Committee has approved a fund of \$25,000 for each of the 20 Resident Missions all over the world, including the Philippines.

As of March this year, the Resident Mission in the Philippines has fully approved requests for funding from its \$25,000 fund for the following activities:

- \$10,000 for the **Caucus of Development NGOs** for the conduct of its Second National Congress and Forum Series during the Social Development Week from February 2-8, 1998;
- \$3,750 for the holding of the **National Confederation of Cooperatives' Think Tank Meeting**;
- \$2,700 for the capacity-building training activity of **Kapunungan Alang sa Kauswagan sa Kasadpan-Sugbu, Inc.**; and
- \$8,550 for NGO participation in the Regional Consultation for the UN Commission on Sustainable Development (UNCSD) in Bangkok and the 6th Session of the UNCSD in New York, organized by the **Philippine Institute of Alternative Futures**.



About the Program

The Small Grants Program was created in 1983 to provide a way for the Bank to promote dialogue and dissemination of information on international development in forums outside its operations. Starting fiscal year 1998, the management and administration of the SGP has been decentralized to country offices. A total of \$25,000 has been allotted for the Philippines' Resident Mission.

Who Can Apply?

Any single or a coalition of non-stock, non-profit, non-governmental, voluntary organizations established primarily to work for development. Examples are cooperatives or a broad coalition of cooperatives, NGOs, foundations and people's organizations which are based in the Philippines and managed by Filipinos. The organization should be registered with the Securities and Exchange Commission or any accrediting institution by the Philippine Government.

What Sort of Activities Are Supported?

The Program supports activities that promote networking, dialogue and dissemination of information about local, regional and international development among various stakeholders. These may include conferences, seminars, special editions or start-up costs of publications, audio-video materials, or other innovative networking efforts that non-profit organizations find difficult to fund through their regular program budgets. The focus could be on development issues such as poverty reduction, environmental protection, human resource development and private sector development.

What Size of Grants Are Awarded?

Most grants are in the range of \$5,000 to \$10,000. Smaller grants are possible, but larger grants are rare. The grant should not be used to

The Small Grants Program Philippines 1998

finance the whole activity but should cover only a portion of it. A cash or in-kind counterpart from the grantee of less than 25% of total cost required and should be reflected in the proposed budget. Contributions from other donors or sources will be highly encouraged.

How Are Grants Awarded?

Applications will be screened, reviewed and evaluated by a committee of Resident Mission Staff appointed by the Country Director. Short-listed proposals will be recommended to the Country Director who will make the final decision. Letters will be sent out to applying organizations to inform them of the Bank's decision.

How Are Applications Evaluated?

- Will the grant promote relevant development issues and concerns among non-governmental institutions, the World Bank, Government and other members of civil society?
- Will the grant contribute to the creation of enabling environment for civil society participation?
- Is the grant intended for a specific activity?
- Will the activity be completed within one year?
- Does the proposal have clearly stated objectives, expected activities and outputs?
- Could the grant generate additional support from other donors and sources?
- Were previous grants (from the Bank or other donors) to the organization well used?
- Is the organization suitable for World Bank support?
- Was the application received six to twelve months in advance of the proposed activity?
- Has there been a recent grant from the Program

to the applying organization? (Organizations are not eligible for two grants in one fiscal year.)

Which Grant Activities Are Given Priority?

- Activities which focus on lessons from other countries relevant to Philippine setting.
- Activities that promote regional representation or the participation of people from the provinces or regions.
- Activities which promote linkages with and cooperation among diverse groups of stakeholders such as NGOs, government, donors, business community, private sector, local people, women and children.
- Activities which focus not only on identifying a problem but also on finding an indigenous solution to the problem.
- Activities which can show that early World Bank support will help generate additional support from other donors.

How to Apply for a Grant

Applicant organizations should apply at least six months before the date of the grant activity. Competition for grants is intense, and with a limited budget, the Program cannot support all of the many worthwhile activities for which applications are received. Applications should be brief and concise, no more than four (4) pages.

Applications should be sent by mail or faxed to:

Ms. Leonora A. Gonzales
External Relations Officer
The World Bank
Resident Mission in the Philippines
23/F The Taipan Place
Emerald Ave., Ortigas Center
Pasig City
Tel. 637-5855 to 64
Fax. 917-3050/914-2835

GDF '98 Focuses On East Asian Crisis

World Bank's latest publication, *Global Development Finance (GDF) 1998*, is now available.

GDF focuses on the causes and implications of the East Asian financial crisis, as well its evolution and prospects.

GDF, the most comprehensive and detailed publication on developing countries' external debt and financial flows, explores the following East Asian issues:

- Problems that led to the financial crisis, including large current account deficits, real exchange rate, misallocation of investment
- Severity of the crisis, which was exacerbated by hesitant policy responses and political uncertainties
- Difficulties mainly arising from private sector financial decisions and the small sector of public sector borrowing
- Impact of the crisis beyond East Asia and the international community's role in supporting the affected countries

With consolidated statistics for all developing countries, GDF continues to be an indispensable reference guide for economists, bankers, country risk analysts, financial consultants, and others involved in investment lending and capital flows worldwide.

GDF consists of two volumes. The first volume, *Analysis and Summary Tables*, examines recent development flows from international capital markets to developing countries.

It also provides expert commentary on trends in net official finance and aid allocation, efforts to assist the heavily indebted developing countries, and the increasing volume and scope of guarantee activities.

Further, it has appendices which cover debt burden indicators, country classification, official and commercial debt restructuring, privatization, and external financing and debt of the geographic regions.

The second volume, *Country Tables*, provides statistical data from the 138 countries that report public and publicly guaranteed debt under the World Bank Debt Reporting System.

The tables are designed to facilitate

"Can Asian Societies Be Caring and Competitive?"

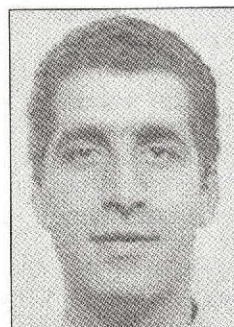
This was the main focus of discussion in a dialogue-forum initiated by the World Bank's Resident Mission in the Philippines with representatives from civil society in Westin Philippine Plaza, Manila last March 13.

The dialogue-forum was attended by representatives from non-government organizations (NGOs), trade unions, academe and the media.

The discussions were led by Country Director for the Philippines Vinay Bhargava and two World Bank economists-Ishac Diwan, Manager of Macroeconomic Management Network of the Bank's Economic Development Institute, and Michael Walton, Director of the Bank's Poverty Reduction and Economic Management Network.

Mr. Bhargava said the dialogue was an opportunity for the Bank and representatives from civil society to interact on important socio-economic issues.

The holding of the dialogue on



Ishac Diwan



Michael Walton

this issue was prompted by the recent visit of WB President James D. Wolfensohn to the Philippines.

During his visit, Mr. Wolfensohn expressed the Bank's support to the adoption by East Asian governments of wide-ranging reforms in the corporate and financial sector, improvement of quality and transparency of key government institutions and strengthening of social protection for the poor.

cross-country comparison of key statistics, including summary statistical tables for income and regional groups.

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The Poor Worst Hit By East Asian Crisis

The crisis in East Asia poses risks to the poorest in society, according to two economists who spoke at the recent Asia Development Forum on East Asian economies in Manila.

Michael Walton, a senior World Bank poverty specialist, said the most affected by the crisis are the poor and the workers in the informal sector, who now suffer from job losses, rising prices and cuts in public services.

Mr. Walton said the crisis could significantly derail social progress in the region. "If distribution patterns in East Asian economies worsen, poverty increases would be magnified," he warned.

He suggested that Asian governments continue support for small-farm production and adopt a policy of "greater transparency to reduce unfair wealth acquisition."

Hardships

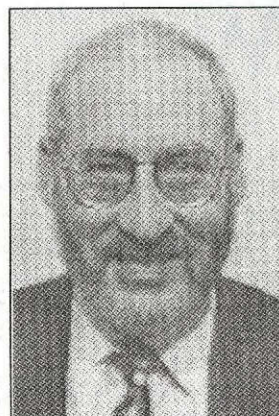
Philippine Socioeconomic Planning Secretary Cielito Habito said the cost of the crisis to poor Filipino families is exacting, pointing to layoffs, budget cuts and increasing food prices.

He said the Philippine government alone had received notices of 19,000 layoffs. "Spending constraints will affect health budgets, and budget pressures will hit schools, teacher training and education programs," he added.

Mr. Habito also feared a worsening of environmental problems due to the crisis. "There would be more pressure to chop local forests to generate export earnings. Laid-off workers would turn to

"The financial crisis was the result of a number of factors which have made these economies especially vulnerable to a sudden withdrawal of confidence. Restoring growth in East Asia requires restoring confidence. This means establishing an effective regulatory system, improving corporate governance and enhancing transparency more broadly."

Joseph E. Stiglitz
WB's SVP & Chief Economist



fishing for livelihood, adding to overfishing pressures to coastal waters," he said.

Reforms

Despite the crisis, President Fidel V. Ramos said during the opening of the four-day conference that Asian economies should pursue financial reforms and liberalization.

Mr. Ramos noted some "glaring weaknesses" in the financial systems of East Asian countries, among them, crony capitalism, which contributed to "questionable government contracts, corruption and cost overruns."

He said the Philippines was partly "buffered from the storm" because of the financial reforms it had undertaken in the past.

He said, for example, that only 11.6% of the Philippine commercial banks' loan portfolio went to the risky real estate sector compared with Thailand's 94%.

World Bank's Chief Economist Joseph Stiglitz emphasized that estab-

lishing an effective regulatory system is one way to restore and sustain the growth of East Asian economies.

Mr. Stiglitz, the lead author of the Bank's *Rethinking the East Asian Miracle* study, also pointed to the need to improve corporate governance and enhance transparency.

Organizers

The Asia Development Forum was organized by the World Bank's Economic Development Institute and the Asian Development Bank, in cooperation with the National Economic and Development Authority.

The conference (March 9-12) was attended by over 350 people from governments, universities, think tanks, the private sector and the media in Asia.



intouch



InTouch is a quarterly newsletter of the World Bank Resident Mission in the Philippines. All correspondence may be addressed to:

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Pasig City

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**BRIEFING NOTE FOR
LUNCHEON MEETING WITH PHILIPPINE PRESIDENT FIDEL V. RAMOS**

Time and Place: 1:00pm on April 8, 1998 at your office

Agenda: Pre-briefing at 12:40pm
Photo-op*: 1:00pm to 1:15pm (Room MC 12-750)
Luncheon : 1:20pm

* The government delegation has suggested that President Wolfensohn and President Ramos may wish to articulate brief remarks for the media.

Attendance:

GOP: Secretary Domingo Siazon, Jr., Department of Foreign Affairs
Secretary Salvador Enriquez, Jr., Department of Finance
Secretary Cesar Bautista, Department of Trade and Industry
Governor Gabriel Singson, Central Bank of the Philippines
Ambassador Raul Che. Rabe, Ambassador of the Philippines
Secretary Hector Villanueva, Press Secretary

IMF/Bank: Mr. Michel Camdessus, Managing Director, IMF
Mr. Gregory Taylor, Executive Director for Philippines, IMF
Mr. Sven Sandstrom, Managing Director
Mr. Joseph Stiglitz, Snr. Vice President & Chief Economist
Mr. Mark Malloch-Brown, Vice President, EXT
Mr. Javad Khalilzadeh-Shirazi, Acting Vice President, EAP
Mr. Vinay Bhargava, Country Director, Philippines
Ms. Heidi Hennrich-Hanson, Country Program Coordinator, Philippines
Ms. Marisela Montoliu Munoz, Assistant to the President
Mr. Akira Iida, Executive Vice President, MIGA
Mr. Scott MacLeod, Manager, Division 1, IFC
Mrs. J. Amatong, Executive Director for the Philippines

OBJECTIVE OF THE VISIT/MEETING

President Ramos is on a state visit to the U.S. and will make an official call on President Clinton. We anticipate that, with the presence of Mr. Camdessus and the recent approval of the IMF standby arrangement for the Philippines, the proposed assistance from the Bank and Bank/IMF assessment of the regional crisis would be high on President Ramos' agenda. Your meeting with President Ramos is also an opportune time to follow-up on the business matters mentioned in your April 1, 1998 letter to him (**Attachment 1**). This briefing note has sections on :

- Recent Political and Macroeconomic Developments
- External Financing Situation
- Proposed Bank Assistance
- Social Impact of the Crisis and Poverty Reduction
- Suggested Topics for you to raise
- Topics likely to be raised by President Ramos

RECENT POLITICAL AND MACROECONOMIC DEVELOPMENTS

- Campaigning is in full swing for the May 11 Presidential elections. Candidate supported by President Ramos (current House Speaker--Mr. Joe De Venecia) is still lagging in opinion polls but his rating is improving. The investor community is wary of the front runner so far (Vice President Joseph Estrada); his advisors are seeking to assure investors (home and abroad) that Mr. Estrada is fully committed to the market friendly economic policies of the Ramos administration.
- On the economic front, in consonance with other countries in the region, the financial indicators have improved during March:
 - * The Peso has appreciated marginally from P40.90:\$1 on February 6 to P38.5:\$1 on April 6, 1998. Stock prices rose by 6% during the same period.
 - * The yield on the 91-day Treasury Bill has fallen from a February 1998 average of 17.8% to this week's 15.5%.
 - * Prime lending rates of banks have also declined from an average of 27% in January to 19% at the end of March.

but the crisis is still taking its toll on the real economy.....

- * Unemployment rate for January 1998 increased to 8.4% compared to 7.7% in January 1997.
- * Inflation increased to 7.3% through March 1998 compared to 6.4% through January 1998 and 5.1% average for 1997.
- * In the past week, markets have weakened, reportedly reflecting concerns about the Japanese economy.

Attachment II provides background details.

EXTERNAL FINANCING SITUATION

- External financing requirements for 1998 and 1999, excluding \$9-\$10 billion of short-term debt rollover, are estimated as follows:

	<u>1998</u>	<u>1999</u>
Requirements (\$ billion)	5.9	9.4
Sources (\$ billion)	<u>5.9</u>	<u>9.4</u>
Foreign Investment	0	1.4
MLT loans and bonds	5.6	7.4
ST, Commercial Banks	0.3	0.6

- The above financing plan includes disbursements under the proposed adjustment loans from the Bank and the ADB. Last week, a \$500 million sovereign bond at 337.5 basis points above LIBOR was issued in New York--the first such issue by the Philippines since the regional crisis. In addition, on April 3, 15 foreign banks provided a \$750 million club loan to the Central Bank (\$50 million each) for three years at 2% above LIBOR.
- Nevertheless, the situation remains somewhat precarious given that investor reaction to the forthcoming elections on May 11 is difficult to predict (particularly if frontrunner Estrada wins). Adjusted gross reserves of about \$9 billion are slightly below short-term debt, and equivalent to only 1.8 months of imports.

PROPOSED BANK ASSISTANCE

- Status of the \$1 billion package of assistance in response to the crisis, which you announced during your visit, is covered in the letter sent to President Ramos (**Attachment 1**). Three loans (\$79 million) for poverty reduction and social development were approved by the Board on March 24 and are scheduled for signing on April 8th. A \$300 million Banking System Reform Loan (an adjustment loan based on joint WB-IMF assessment) is planned for Board consideration in June 1998. Another \$300 million in lines of credit for agriculture and industry are planned for Board consideration in September/October 1998. The remaining \$321 million is planned for consideration before the end of 1998 and includes a possible adjustment loan to support housing finance and pension sector reforms and/or public sector management reforms.
- A CAS Progress Report (CASPR) was discussed at the Board on March 24, 1998. A copy of the Executive Summary of the CASPR and Chairman's Concluding remarks are attached (**Attachment III**).
- IFC's response to the crisis for the corporate sector has been: (i) close monitoring of portfolio clients to assist them weather the current difficulties with appropriate and timely financial restructuring; (ii) timely support of new clients in need of financial restructuring with provision of new longer term loans as well as new equity investments from IFC (more specifically, IFC currently is reviewing some 10 such companies in need of restructuring for potential new investments); and (iii) support further privatization efforts building on IFC's success with the Metropolitan Waterworks and Sewerage System (MWSS) (IFC will begin shortly an advisory mandate to structure a water supply and treatment project related to the MWSS privatization). In the financial sector, IFC's activities include: (a) monitor portfolio clients to assist as warranted; (b) work with larger banks to strengthen their balance sheets and improve their operating discipline and transparency (eg. to obtain market-based credit rating); (c) work with selected local smaller banks to develop/modernize them including playing honest broker role in mergers with foreign partners; (d) increase involvement in other financial intermediary activities: a municipal bond guarantee vehicle, a new credit rating agency, a leasing/factoring joint-venture; a micro-finance institution for Mindanao; and (e) implement technical assistance of World Bank and ADB in the areas of securitization and development of local currency bond market. In early 1998, IFC has approved an investment (US\$7.5 million) in a new venture capital fund with Hambrecht & Quist targetting small and medium enterprises. On April 9, IFC will submit for Board approval a US\$60 million credit line to Far East Bank and Trust Company (FEB).

SOCIAL IMPACT OF THE CRISIS AND POVERTY REDUCTION

- During February 1998, we carried out an assessment of social impact of the crisis, and the draft report will be sent to the government this month. Our assessment indicates that the adverse impact in the Philippines due to El Niño and the financial crisis are becoming increasingly visible, and will intensify in the coming months, particularly in the southern Philippines We are hoping that the report will be instrumental in reaching agreement on the nature of the problems, and on the broad options for addressing them. We have offered our assistance to help design and fund specific programs of action but so far the government has not requested such assistance
- During the meeting you may wish to reiterate our deep concern about social and poverty reduction issues which you had articulated in your recent visit to the Philippines You may also wish to highlight that almost half (\$1.2 billion) of our current portfolio of ongoing projects (\$2.4 billion) is focused on poverty reduction in rural areas and social development. Out of this \$1.2 billion about half (\$600 million) is still available for disbursement. This under disbursed amount together with the proposed new lending of about \$300 million in 1998 for poverty reduction and infrastructure development in poor local government units provides ample resources to the government to address poverty reduction issues.

SUGGESTED TOPICS FOR YOU TO RAISE

- You may wish to begin by inquiring how President Ramos sees the Philippines' political and economic situation evolving in the coming months.
- You may wish to express our deep concern about the short- as well as medium-term impact of the crisis on the poor and the poverty reduction effort and inquire about how a strong effort can be sustained.
- Please reiterate our resolve to help the authorities design and implement further structural reforms and provide quick disbursing assistance. In this context, please emphasize that the Board will need to be assured that the new President elect is committed to the Bank/IMF supported reform programs. Please seek an understanding with President Ramos on how this may be accomplished.
- Please congratulate President Ramos on his outstanding leadership and inclusive approach to country management which, as you had said in Manila, is a fine example for his successor and others in the region to follow. Please mention that we are proud and honored to be partners with the Philippines development effort. Please suggest that President Ramos may wish to arrange a special briefing session for the President elect on the World Bank's assistance programs in the Philippines and the role the

World Bank can play, in its capacity as Chairman of the Consultative Group for the Philippines, to mobilize ODA support for the Administration's development programs.

TOPICS LIKELY TO BE RAISED BY PRESIDENT RAMOS

- President Ramos may inquire how you and Mr. Camdessus see the regional financial crisis evolving in the coming months. (**Attachment IV** presents the latest East Asia Region Brief.)
- President Ramos may inquire about the timing of the Banking System Reform loan and press for approval in May and disbursements in June. He may press for a single tranche loan or a front loaded multi-tranche loan.
- You may wish to respond that we are on schedule for a June Board approval subject to: (a) government completing actions identified for implementation by mid-May; (b) endorsement of the program by the President elect; and (c) continued adherence to the government program supported by the IMF standby. As regards single tranching, please say that it is not appropriate for the proposed program which has many sequenced actions. For the same reason, front-loading would not be appropriate either.

JAMES D. WOLFENSOHN
President

April 1, 1998

His Excellency
Fidel V. Ramos
President of the Republic of the Philippines
Malacañang Palace
Manila
PHILIPPINES

Dear Mr. President: *My dear friend*

Further to my earlier letters, I would like to thank you again for the opportunity to meet with you during my February visit to the Philippines. I am delighted to learn that you will be in Washington DC next week, and am looking forward to our lunch meeting on Wednesday, April 8th. This letter updates you on some business matters we discussed, and draws your attention to some issues we may discuss in the meeting next week.

I am happy to advise you that our assistance strategy, covering the \$1 billion package of assistance to the Philippines for 1998, as outlined during my visit to Manila, was presented to the Executive Directors on March 24, 1998, and was unanimously supported. In that meeting, echoing my own views, they commended your government for the swift and effective response to the regional crisis and urged the government to pursue further reforms, in particular to prevent a deterioration of the social conditions and the real sectors of the economy. They suggested that poverty reduction through investments in rural development, health, and education deserve stronger emphasis in the government's program, and the World Bank's assistance strategy. The Executive Directors also expressed concern about the effect of the crisis on the portfolio of ongoing World Bank assisted projects and urged quick action to address issues as they emerge.

With regard to the specific loans under the \$1 billion package, according to our procedures, each loan in the assistance package has to be approved individually by the Board. I am pleased to advise you that the first three loans included in this package were approved by the Board on March 24. The Attachment to this letter provides status reports on the processing of the proposed loans and technical assistance, and highlights the key issues which need to be resolved.

I am pleased that the IMF Board also approved the IMF assistance to the Philippines. Congratulations on the successful completion of the IMF program and the leadership and vision you have shown in putting in place the precautionary standby arrangement for the next two years. This should provide a basis for a continuation of policies in the crucial transition period. It also clears the way for negotiations of the proposed banking sector reform loan from the World Bank in early May (following appraisal in late April). It appears that by the time the proposed loan is considered by our Board, which is expected in early June, the outcome of the elections would be known. The Board will need to be assured that the new President is committed to the banking sector reform program. I would be interested in hearing your views on this matter.

As you know, we are deeply concerned about the social impact of the financial crisis in East Asia, and are dedicated to helping governments in the region address the effects. For the Philippines, field work was done in February and the mission's report will be sent to the government shortly. The key findings of the team are:

- (a) adverse social impacts have not been dramatic, but are more pronounced outside the national capital region, and are likely to intensify in the coming months;
- (b) real incomes of poor households and low income of wage earners are declining due to price increases and increasing unemployment;
- (c) social services from the government are being reduced due to budget cuts; and
- (d) many social problems existing prior to the crisis are being exacerbated due to economic hardship.

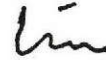
The report recommends a number of short and long term strategies to address the issues. I hope it will be instrumental in reaching agreement on the nature of the problems, and on the broad options for addressing them. The World Bank is ready to help design and fund specific programs of action.

Your visit may also be an opportune time to discuss a strategy for briefing the newly elected President on the continuing World Bank assistance programs in the Philippines and the role the World Bank can play, in its capacity as chairman of the Consultative Group, to support the administration's development programs. As you may recall, a similar process was undertaken when you assumed office in 1992. I would very much welcome your thoughts on how the Bank can assist again in such an effort. Our Philippine Country Director, Mr. Vinay Bhargava (who is also the chairman of the Consultative Group) will be available to spearhead this effort from the field.

I look forward to seeing you in Washington to talk about these and other matters you may wish to discuss.



Sincerely yours,



James D. Wolfensohn

cc: Mr. Salvador M. Enriquez, Secretary, Department of Finance, Philippines
Mrs. J. Amatong, Executive Director, Philippines, World Bank
Ma. C. Soriano, Undersecretary, Department of Finance, Philippines

bcc: Messrs./Mmes.: Severino, Shirazi (EAPVP); Bhargava, Funck, Ordu, Zonaga
(EACPF); Hennrich-Hanson (EACPQ)
Sector Managers, EAP
Task Managers, Philippines

Asia Files
RMP Files

Bhargava/Zonaga:dds

**A NOTE ON THE STATUS OF THE
WORLD BANK ASSISTANCE PACKAGE TO THE PHILIPPINES**

Note: During his February, 1998 visit to the Philippines, Mr. James D. Wolfensohn, President of the World Bank Group, outlined a \$1 billion of assistance, which would be proposed to the World Bank Board of Directors. This note provides status reports on processing of activities included in the package as of March 31, 1998.

I. Loans under the Regular Program

1. Three new loans worth **\$79 million**, all aimed at increasing incomes of the poor and providing basic services, were approved by the Board and are to be signed in Washington on April 8, 1998. These are:

SZOPAD Social Fund	\$ 10 million
Community-Based Resources Management (CBRM)	\$ 50 million
Early Childhood Development (ECD)	\$ 19 million

The SZOPAD Social Fund will support the rehabilitation of economic and social infrastructure in SZOPAD through the financing of subprojects generated, prepared and implemented by local government, communities and NGOs. The CBRM Project will support the introduction of sustainable resource management and poverty alleviation in four regions of the country. The ECD Project, being co-financed with the Asian Development Bank, will support an integrated national program which will improve the health, nutritional, educational and psycho-social development of pre-school children, as well as strengthen the capacity of central and local governments (LGUs) to plan and manage early childhood development programs.

2. In addition, another two loans are expected to be submitted for Board approval in the second half of 1998. These projects, worth **\$130 million**, are primarily for infrastructure development. They will also increase job opportunities and access to basic services for relatively poor local government units:

Local Government Urban Water and Sanitation ^{a/}	\$30 million
Local Government Finance and Development	\$100 million

a/ This is proposed as an adaptable program loan of \$190 million over the next 3-5 years, with a first installment of \$30 million in 1998. The new arrangement will allow funding as demand builds up and sectoral reforms are put in place .

II. New Policy-Based (Program)Loans

3. In addition to the regular projects, two policy based loans in an aggregate amount of \$500 million are proposed for Board approval in 1998, in response to the government's request. Three high-priority reform packages are being prepared, as discussed below, with the understanding that two of these packages will be supported by program loans while the third package will be supported by other lending (e.g. TA) or policy dialogue.

4. A *Banking System Reform Loan* is being prepared for presentation to the Bank's Board in early June 1998, subject to successful appraisal and negotiations which are proposed for late April/early May. This work was initiated by a joint World Bank-IMF mission to the Philippines in February 1998, and will support reforms already under way to strengthen the banking system and enable it to better cope with the regional financial market turbulence. The major areas that need to be resolved prior to finalizing the loan documents are as follows: (i) Agreement between the Government and Bank on the strategy and specific actions for intervention in and resolution of insolvent or near-insolvent banks. Discussions on this topic took place in February (and our views are summarized in the February Bank-Fund aide memoire), but will need to be deepened in the Bank's forthcoming mission, with understandings reached on appropriate responses to a number of scenarios; (ii) We will need to agree on the nature and scope of audits of government owned or controlled banks--we believe that these need to be tailored to individual bank circumstance and the extent of rehabilitation that might subsequently be required; and (iii) There is a need to prepare legislation, at least in draft form, to support the objectives of the reform package.

5. A *Housing Finance and Contractual Savings Reform Package* is being considered based on the analytical work carried out by the World Bank at the request of the Department of Finance, and other government agencies in the areas of housing finance and contractual savings. The reform measures identified through these studies have become even more relevant due to the findings that the recent financial crisis across the region was, in great part, due to over-reliance on foreign as opposed to domestic financing, excessive term transformation undertaken by financial institutions, and excessive dependence of enterprises on short term debt as opposed to long term debt and equity finance. The housing finance and contractual savings institutions (CSIs), by mobilizing domestic long term savings, will contribute to reduce the Philippines' vulnerability to these risks; hence to macroeconomic and financial stability. The reforms will focus on improving competition, solvency and efficiency in the sector. Reforms will aim to enhance access to housing finance by the low income households. They will also address the adverse impact on public pension agencies of below-market returns on housing loans and weak loan recovery performance in the Government's housing program. A comprehensive document outlining the objectives, contents, and timetable of the recommended reforms is under preparation for submission to the authorities by May

30, 1998. After its review by the government, the next steps including a possible loan to support the reforms could be discussed.

6. A *Public Sector Management Reform Package* is being prepared which would seek to help the public sector adjust to its new role alongside the private sector, as well as to the challenges emerging from the financial turmoil. The reform package would involve the implementation of reforms in the relations of the national government with its own corporations (e.g., privatization of the Philippines National Railways, restructuring of the Philippines Port Authority, the revamping of the corporate, regulatory and financing structure of the water sector), as well as with local government units (e.g., reform of the Municipal Development Fund, strengthening of LGU financial accountability). As these relations evolve, the need to reform the machinery of government itself is becoming more pressing, particularly the implementation of the "Streamlining the Bureaucracy" and "Better Road Philippines" programs as well as the proposed introduction of a Medium-Term Expenditure Framework for budget programming. But such reforms alone are unlikely to be sufficient to put the finances of the national government on a strong enough footing that they can adequately respond to legitimate demands for public expenditure. This will require renewed effort at mobilizing fiscal revenues. Taking into account a secular trend toward declining customs and privatization revenues, the best hope in this respect now lies in a broadening of the tax base through a streamlining of existing tax incentives for investment. The Bank is prepared to discuss with Government a specific package of reforms covering these issues. A comprehensive document outlining the objectives, contents, and timetable of the recommended reforms is under preparation for submission to the authorities by May 30, 1998. After its review by the government, the next steps including a possible loan to support the reforms could be discussed.

III. Lines of Credit for the Industry and Agriculture sectors

7. In response to Government request, two missions just completed reconnaissance work in the Philippines exploring the possibility of extending lines of credit for agriculture and industry, particularly for export-oriented activities. The missions have confirmed that availability of credit to the private sector has become more difficult as access to international capital markets is constrained and the demand for loans has gone up due to devaluation and higher payables and costs of inventories.

8. Processing of a credit line for the Development Bank of the Philippines, which would be provided through a Private Enterprise Credit Support Project, is awaiting the Government's decision by April 30, 1998 on an acceptable arrangement for on-lending rate, foreign exchange risk coverage, and strengthening finances of DBP. In addition, the Government needs to inform the Bank of its interest in partial credit guarantee if and when it is interested in such an operation to mobilize long-term financial resources. A pre-appraisal/appraisal mission is tentatively scheduled for May/June 1998, targeting

completion of Board approval by August/September 1998. An amount of **\$150 million** is being considered for this project.

9. A mission completed work in mid-March on identification of a Third Rural Finance Project which would build on an ongoing Second Rural Finance Project and would provide a credit line to the LandBank for financial support to the rural economy. The Project would address the critical but temporary difficulties of firms that remain economically viable but face financially-related problems brought about by the regional financial crisis. As support to the Bank's commitment to poverty alleviation, a micro-finance component to address unfulfilled demand for credit by micro- and small-scale enterprises may be considered under the Project. The key issues which are to be resolved are: on-lending interest rates; arrangements for coverage of foreign exchange risks, external audit of LBP, and measures to strengthen LBP finances. Subject to the Bank management's approval, a pre-appraisal/appraisal mission is tentatively scheduled for May/June 1998, targeting completion of Board approval by August/September 1998. An amount of **\$150 million** is being considered for this project.

IV. Technical Assistance Grants

10. A **\$1 million** technical assistance grant for advisory services and training is being provided to the BSP, PDIC and SEC to strengthen supervision and regulation of the banking and corporate sectors. In particular, the technical assistance will support increasing the capacity of banks to absorb shocks, improving bank performance monitoring, strengthening regulators' capacity to handle troubled banks, and developing effective debt resolution and claims procedures.

11. A **\$300,000** grant is also being provided to the Department of Budget and Management for institutional development, particularly in improving public expenditure management through the preparation of a multi-year expenditure framework which will be linked to performance measurement and monitoring.

PHILIPPINES OVERVIEW OF RECENT MACROECONOMIC DEVELOPMENTS

The Philippine economy experienced an impressive turnaround in the mid-1990s, based on rising levels of private investment through 1996 and strong export growth. Even if real GNP growth is estimated to have decelerated somewhat in 1997 (to about 5.8% from 6.9% in 1996), reflecting the impact of the regional currency crisis, real per capita income and private consumption still rose at rates higher than the population growth rate. Indeed, the fourth quarter of 1997 saw the nineteenth consecutive quarter of positive growths in these per capita indicators.

This turnaround brought about a substantial improvement in social welfare. About 3.9 million jobs were generated during 1993-97, reducing the unemployment rate to 7.9% by end-October 1997 from over 10% in 1991-92. Home ownership among lower income families has sharply increased. Functional literacy has risen to 88% from 75% in 1989. Life expectancy increased from 62.5 in 1992 to 69.5 in 1997. Over the same period, the infant mortality rate declined from 54 to 46 per thousand live births. The officially measured poverty rate declined from 40% in 1991 to 36% in 1994; and the trend of other welfare indicators since 1994 suggests a further subsequent decline. But, in contrast with the rest of East Asia, the absolute number of poor has yet to decline. The incidence of poverty remains therefore a major development issue, particularly in rural areas.

By Spring 1997, however, financial markets began to exhibit increased anxiety over the Philippines' rising trade deficit, rapid credit expansion, and the impact of a possible correction in property prices on banks and real estate developers. The Philippines was among the first of Thailand's neighbors impacted by that country's intensifying crisis. Faced with sustained speculative attacks and declining reserves, the central bank shifted to a floating exchange rate. It also undertook a number of restrictive measures to prevent the emergence of an inflationary spiral. As a result of these measures and reflecting gloomy market sentiments, the peso depreciated by 61% against the US\$ between July 11, 1997 and end-January 1998, interest rates escalated to historically high levels, while the stock exchange plummeted to three-, then five year-lows.

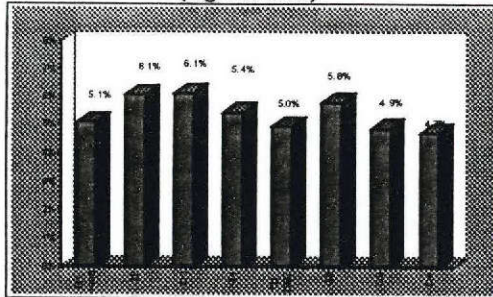
Since your visit to Manila in early February, both the peso and stock market have strengthened by about 6% each, while the yield on the 91-day T-bill has gone down to 15.5%, as have prime lending rates of banks which declined from average highs of 26.8% in January to 18.82% as of March 30, 1998. The combined effect of the depreciation and the economic slowdown contributed to: (i) an improvement in trade performance, as exports soared (+22% in 1997) while imports decelerated (+10% in 1997); and unfortunately (ii) to a sharp deterioration in the Government's financial position, which barely stayed in the black in 1997.

But the crisis is also taking its toll on the real economy, with the unemployment rate rising to 8.4% in January 1998, compared to 7.7% a year earlier, and inflation accelerating to 7.3% through March. Although economic growth has held up relatively well through the fourth quarter of 1997, it is expected to decelerate significantly during the first half of 1998, as corporations and banks strain under the pressures from the peso depreciation, still high interest rates, and the reduced availability of private capital flows into the Philippines in light of the regional crisis.

OVERVIEW OF RECENT MACROECONOMIC DEVELOPMENTS

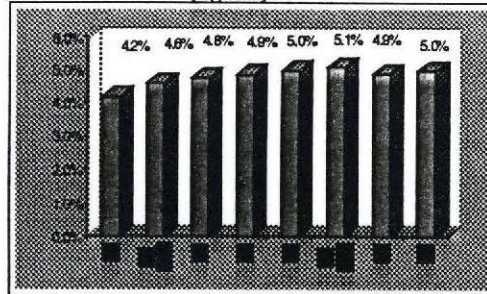
Growth slows down...

Gross Domestic Product (GDP)
(% growth rate)



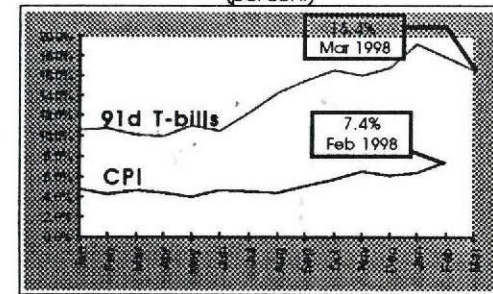
... but private consumption is strong

Private Consumption
(% growth)



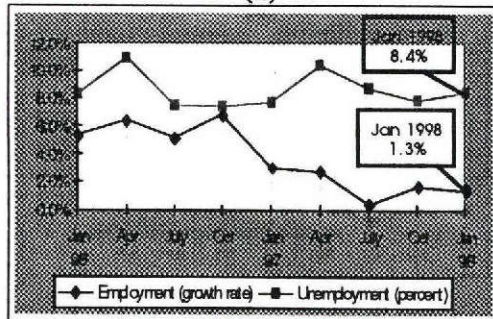
and real interest rates begin to ease,

Inflation Rate and Interest Rate
(percent)



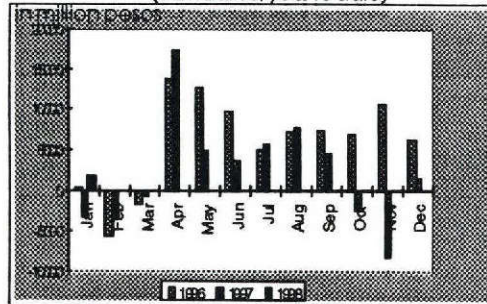
...as does employment creation

Labor Market
(%)



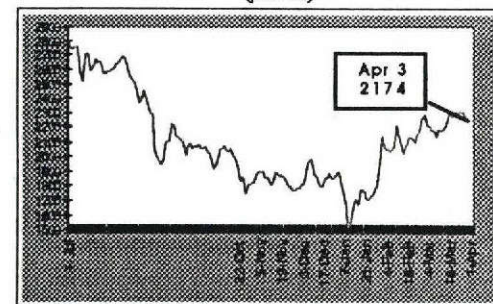
...the budget remains in surplus,

National Government Surplus/Deficit
(cumulative, year to date)



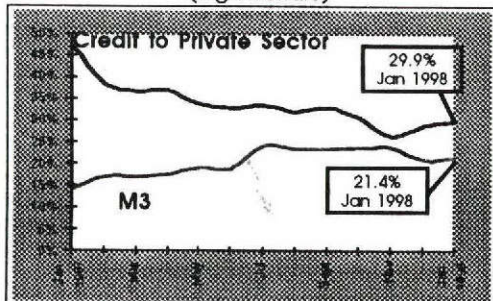
the stock market rallies,

Stock Exchange
(points)



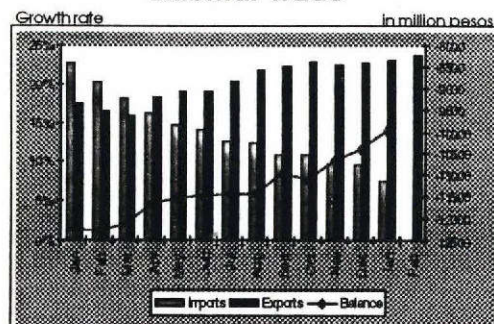
...in response to tighter credit

Money and Credit
(% growth rate)



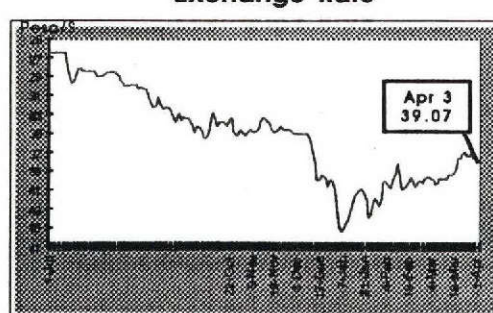
and the trade deficit shrinks

External Trade



and the exchange rate seems to stabilize

Exchange Rate



TRE-INVESTMENT MANAGEMENT DEPARTMENT

4/8/98

									GOV'T EUROBONDS		
COUNTRY	INTERBANK		STOCKS			F/X (vs USD)			Bps over 10y US T-Bond		
	1 WEEK	overnight		% CHANGE			% CHANGE		CLOSE	CHANGE (bps)	
	RATES %	change	CLOSE	overnight	7/1/97	Current	overnight	7/1/97	Tsy +	overnight	7/1/97
CHINA			1,398	1.6%	7%	8.28	0.0%	0%	145	0	75
HONG KON	4.75%	-0.38%	11,314	2.4%	-26%	7.75	0.0%	0%	205	5	115
INDONESIA	45.73%	-0.18%	530	0.7%	-28%	8350	0.6%	-71%	600	25	515
JAPAN	0.55%	0.01%	16,377	2.5%	-21%	132.8	1.4%	-13%	n/a	n/a	n/a
KOREA	22.00%	0.00%	455	-1.0%	-40%	1409	4.5%	-37%	360	-15	305
MALAYSIA	11.00%	0.00%	664	0.1%	-38%	3.71	0.3%	-32%	280	10	195
PHILIPPINE	17.63%	-0.25%	2,193	0.5%	-22%	38.08	-0.9%	-31%	320	0	235
SINGAPOR	5.38%	-0.38%	1,573	1.5%	-21%	1.60	0.9%	-11%	n/a	n/a	n/a
TAIWAN	6.64%	0.00%	9,263	0.0%	3%	33.023	-0.1%	-16%	n/a	n/a	n/a
THAILAND	19.50%	1.50%	444	3.3%	-33%	40.20	-0.7%	-39%	295	15	215

OVERNIGHT NEWS

REGION--Regional stock markets rallied due to surge in Nikkei and anticipation of the IMF/Indonesia agreement to be announced tonight.

JAPAN--Stock market rally led by banks on anticipation of greater tax cuts and relaxation of fiscal policy. TOPIX bank index is up 11% since Thursday while Nikkei is up 5.5%. Expectations that PM Hashimoto will make Y2tn in tax cuts permanent and indicate further cuts of up to Y3tn in presentation of 1998 budget tonight. Currently there is strong disagreement within LDP whether to revise Fiscal Reform Bill to allow for further fiscal expansion. IMF's Stan Fischer in Tokyo urging government to make tax cuts center piece of Y16tn fiscal stimulus package and discouraging public works spending.

INDONESIA--Details of IMF/Indonesia agreement expected tonight followed by rapid resumption of emergency lending. Market expects new agreement to be more performance-based with smaller more frequent disbursement tranches tied to implementation of plan. Japan will lend Indonesia \$2bn in untied aid.

KOREA--Stock market bucked the regional trend as a default by Hyundai Paint Co. reignited concerns that many companies may be unable to repay debts. Korea issued \$1bn five-year and \$4bn 10 year bonds at UST+345 and UST+355, respectively. Issues are reported to be heavily oversubscribed at 2-3X the issue size. Currency is currently tracking USD/JPY and rallied along with yen.

		7:00 AM	Change
UK	FTSE	6044	-0.83%
GERMAN	DAX	5253	-1.94%
US			
DOW		8956	-0.85%
BONDS		7:00 AM	
2 Year		5.43%	+1bp
30 Year		5.83%	+1bp

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From: The President

March 2, 1998

Philippines
Country Assistance Strategy (CAS)
Progress Report

Executive Summary

- i. This Progress Report reviews the impact of the East Asian financial crisis on the Philippine economy and proposes some modifications in the 1996 CAS. A full CAS is scheduled for FY99 following elections in May 1998 and finalization of the 1998-2004 medium-term plan by the new government.
- ii. A decade long structural adjustment effort and a relatively shorter period of rapid credit growth and reliance on private capital inflows have moderated the impact of the East Asian financial crisis in the Philippines. The market has also up to now regarded Philippine problems to be of a different order of magnitude than those of Indonesia, South Korea and Thailand.
- iii. The near-term outlook is for a sharp reduction in the growth (to about 3 percent in 1998) and a slight increase (to 8 percent in 1998) in inflation.
- iv. There are significant risks which, if not managed properly, may lead to a deterioration of the situation. These risks emanate from: increasing corporate and banking stress; rise in inflation and unemployment; reduced foreign exchange reserves; continuation of the regional turmoil; and impending change of government administration.
- v. The authorities have requested quick disbursing assistance from the Bank, the IMF and the Asian Development Bank on an urgent basis since the next few months are most risky. At this time, the authorities are discussing a stand-by arrangement with the IMF. Recent and ongoing Bank missions will help prepare financial sector and public sector management reforms and assess social impact of the crisis. (Up-to-date information will be provided at the Board meeting.)
- vi. The focus of Bank assistance in FY98-99 will be to help the authorities define and implement structural reforms to mitigate the economic and social consequences of the crisis while continuing support for long-term investments in people, rural development, infrastructure and environmental protection to enable a resumption of stronger growth.
- vii. The specific adjustments proposed in the FY98-99 program at this time are the following:
 - Adjustment lending and technical assistance for financial and public sector reforms, the former contingent on agreements with the IMF on a stand-by program and with the Bank on a comprehensive reform package and strong up front actions.
 - Rapid social impact assessment and interventions to protect vulnerable groups.
 - Monitoring of, and policy dialogue on, economic, financial, and poverty situation.
 - Lines of credit for businesses to adjust to the changed market environment.
 - Support for development efforts in Mindanao following the peace agreement.
 - Reassessment of the existing Bank portfolio in light of the financial crisis.
 - IFC is developing specific transactions in financial and corporate sectors.

PHILIPPINES: COUNTRY ASSISTANCE STRATEGY PROGRESS REPORT

CHAIRMAN'S CONCLUDING REMARKS

Meeting of Executive Directors

March 24, 1998

The Executive Directors welcomed the Philippine CAS Progress Report reviewing the impact of East Asia's financial crisis on the Philippines, and proposing modifications in the 1996 CAS. They noted favorably that the report reflected recommendations of the recent OED Country Assistance Review for the Philippines.

Directors commended the authorities for their swift and effective response to the regional crisis, and urged them to pursue the remaining agenda of structural reforms and take measures to prevent deterioration of the social conditions. They also urged that attention be given to corporate sector issues.

Directors noted the satisfactory progress made in many areas identified in the CAS, and were gratified that the Bank's assistance program was going forward despite the crisis. Directors agreed that the Bank should help the authorities define and implement reforms to mitigate the economic and social consequences of the crisis, and to continue support for long-term investment in people, rural development, infrastructure and environmental protection. Directors welcomed the efforts to assess the social impact of the crisis and to identify interventions to protect the poor and other vulnerable groups. It was also suggested that poverty reduction and rural development, in particular through education and health, deserved stronger emphasis in the CAS and in the Bank's program. The need for analysis of current labor practices in the Philippines was also underscored.

Directors were supportive of the amendments to the Bank's assistance strategy in response to the crisis, including the triggers and the increases in technical assistance and lending, including adjustment lending. They noted that many of the operations had a strong focus on poverty reduction and environmental protection. Directors were also supportive of the inclusion of lines of credit for agriculture and industry as a short-term measure to promote economic activity in a crisis situation. It was suggested, however, that the credit lines should be used with caution.

Directors expressed concern about the effect of the crisis on the Bank's portfolio, and welcomed the strengthening of the Bank's local office. The importance of regional coordination was also stressed.

Directors noted favorably IFC and MIGA activities in the Philippines and asked that they be fully covered in the forthcoming CAS. Directors were pleased with the good collaboration between the Bank and the IMF, and stressed the importance of improved collaboration with other donors to build on comparative advantages, particularly in lending to the social sectors.

Finally, Directors looked forward to the next full participatory CAS in the Spring of 1999.

APRIL 6, 1998

WEI DING EXT 89105

DOMINIQUE DWOR-FRECAUT EXT 32970

ILKER DOMAC EXT 30032

EAST ASIA UPDATE

	Indonesia		Korea		Thailand		Philippines		Malaysia	
	% Chg.		% Chg.		% Chg.		% Chg.		% Chg.	
	Latest	7/1/97	Latest	7/1/97	Latest	7/1/97	Latest	7/1/97	Latest	7/1/97
Exchange rate per US\$,	8400	-71%	1472	-40%	39.9	-38%	37.75	-30%	3.72	-32%
Stock Market Index	526	-28%	436	-42%	443	-33%	2160	-23%	664	-38%
IBRD Debt Outstanding (Dec. 97, bn\$)	10				1.7		4.18		0.8	
Short Term Debt (bn\$) 1	18.8		68.4		28		8.5		17	
Total Debt (bn\$) 2	136.1		151.2		94.9		46.2		41.8	
Reserves (bn\$) 3	16.3		20.0		26		7.6		21.7	
GNP/GDP (bn\$) 4	216.3		443.2		161		87.1		97.6	

1. As of Dec. 97, except Malaysia - Jan. 98 2. Indonesia, Philippines, Thailand - Dec 97; Korea, Malaysia - Jan 98

3. Indonesia - Mar. 3, 98; Korea - Mar. 10 98; Philippines - Dec. 97; Malaysia - Jan. 98; Thailand - Feb. 98

4. Korea, Thailand - GDP 1997; Philippines, Malaysia - GNP 1997; Indonesia - GNP 1996

INDONESIA

Recent developments

The IMF's letter of intent is likely to be signed on Wednesday. The IMF Board discussion has tentatively been scheduled for April 24. One major unresolved agenda item is corporate debt restructuring. The steering committee may meet on Friday this week in New York to consider the Government's proposal.

Bank Indonesia Governor Sjahril Sabirin said the monetary authority will not create a "New Rupiah" to stabilize the currency as proposed by Steve Hanke. Sabirin said the monetary authorities have only one alternative to stabilizing the rupiah, and that is to reintroduce a managed floating rate system.

The Finance Minister Fuad Bawazier announced over the weekend the freezing of the operations of 7 banks and the placement of a further 7 banks under management control by the Indonesian Bank Restructuring Agency. All "legitimate" depositors have the full protection of the Government's guarantee.

Today, there was a reported rush for deposit withdrawals from Bank Danamon in Jakarta and from a number of banks in Surabaya and Padang. Witnesses also reported large numbers of former customers of suspended banks queuing at Bank Negara Indonesia's main office to register for their new accounts.

The March CPI rose by 5.49 percent bringing inflation in the first three months of this year to 27.13 percent. Inflation over the last twelve months was 39.1 percent.

Australia's Prime Minister John Howard said the government would activate US\$300 million out of the US\$1 billion loan in standby credit for Indonesia following a request from the IMF.

The Malaysian government will guarantee US\$500 million worth of Indonesian letters of credit. The Singapore government has also pledged US\$3 billion of trade credit guarantees to Indonesia.

Japanese banks announced that they have provisioned US\$1.5 billion against loan losses in Indonesia.

Our view

The move to suspend 7 banks and take over the management of another 7 (large) banks constituted the first steps of what will prove to be a long and difficult road to restoring Indonesia's banking system to health.

The announcement of this action was done at a full scale press conference on Saturday and after significant preparation with the help of a professional public relations firm.

EAST ASIA UPDATE

On the critical path for the Bank

Since discussions between the Fund and the Government appear to be progressing well and an agreement is likely, the Indonesia team has placed the structural adjustment loan on the critical path. This loan can be presented to the Board shortly after the Fund presents its documents to its Board. Provided implementation of the reform is satisfactory, the Country Team proposes to proceed with an agriculture adjustment loan to finance imports of food and support critical reforms in the agricultural sector.

KOREA

Recent developments

South Korea's usable foreign reserves expanded to US\$24.15 billion at the end of March from US\$18.54 billion at the end of February. Reserves are still well below short term debt that, after the successful roll over agreement, amounts to about US\$50 billion, out of total debt of US\$150 billion.

Preliminary trade numbers for March show a surplus of \$3.7 billion, for the fifth consecutive month. Exports rose 7.0% year-on-year to \$12.12 billion, while imports plunged 35.8% to \$8.38 billion. Declining imports of raw materials, at a rate of over 30% since the beginning of this year, could signal a future slowdown in exports growth.

Moody's upgraded Korea's long-term creditworthiness from 'Negative Watch' to 'Stable' on March 31 -- indicating that there is no possibility that the nation's credit rating will be lowered for several months. However, it maintained the national credit rating at 'Ba1' where it was set last January.

The IMF board meeting on the review of the program is scheduled May 15. The government is expected to seek a revision in major macroeconomic targets. Discussions in the field begin on April 20.

Current account deficit swung to a current account surplus of US\$4.05 billion in February from a deficit of US\$2.42 billion a year ago.

The unemployment level reached 5.9% in February, up from 4.5% in January.

The CPI rose 9% in March over a year ago, compared to February's 9.5%.

The vice chairman of Citibank said that they were taking a close look at the Korea's financial market, hinting their interests in a takeover bid for Korea's two main ailing banks, i.e., Korea First Bank and Seoul bank. Both Chase Manhattan Bank and HSBC have also expressed interest in the two banks.

On the critical path for the Bank

The Country Director has moved to Seoul to start our office there. ERL and SAL are being implemented.

THAILAND

Recent developments

Exports fell 7.9 percent and manufacturing production 16.4 percent yoy in January. The drop in exports is attributed to the lack of trade financing as well as to the large share of Thai exports--50 percent-- going to ASEAN countries or Japan.

Moody's has downgraded further the long-term subordinated debt ratings and financial strength ratings of Thailand top five commercial banks, that were already rated below investment grade.

The Bank of Thailand has announced stricter regulations on loan loss provisioning and accounting treatment of interest income regulations.

The new bankruptcy law has been formally enacted. Thai judges are being briefed on the new proceedings, which are not expected to come into force until early 1999.

Our view

The Thai government is on the right reform path. Market confidence is returning, as seen in the stability of the baht. Confidence is rooted in the credibility of the

EAST ASIA UPDATE

economic team and its commitment to reform. The failure of exports to pick up is however worrying.

On the critical path for the Bank

The government and the Bank have agreed in principle on the parameters of a partial credit guarantee operation to support bond issues by EGAT, the public energy company.

The preparation of a project to address the adverse social impacts of the crisis and increasing employment opportunities is proceeding on a fast track. OECF has expressed interest in cofinancing.

A structural adjustment loan focusing on corporate and financial restructuring is currently under appraisal and is expected to be submitted to Board in June.

The Government is discussing with the Bank and the Fund a plan for the speedy recapitalization of non intervened banks.

MALAYSIA

Recent developments

Bank Negara Malaysia said that all finance companies have responded to its call to submit merger plans by the deadline of end March. While these mergers should reduce the potential for a systemic problem, distress borrowing and fast credit growth could continue. Furthermore, the issue of recapitalization of the larger banks remains unresolved.

Moody's rated Malaysia's RHB bank below-investment grade to reflect its concerns over the capital deficiency of the bank, following the announced merger between RHB and Sime Bank, as well as the risk that RHB Bank will be burdened by a need to absorb other smaller institutions which are undercapitalized.

Malaysia's trade balance came in further into the black in February, at US\$691 million with exports at US\$6.223 billion, up 14.3% (oya) and imports at US\$5.532 billion, up 4.4% (oya), although the oya figures have been

distorted by base effects. The trade balance is expected to continue to improve as domestic conditions worsen.

IMF's Stanley Fischer said that Malaysia's latest 1998 economic growth forecasts are in line with IMF estimates. The Malaysian authorities revised downward their projections for economic growth to 2-3% from 4-5%. Fischer commended Malaysia's latest efforts to consolidate its financial sector, saying 'they are a good set of measures' in reference to the country's merger program.

Our view

Notwithstanding a recent recovery in financial markets, risks of further financial shocks remain, given external vulnerability and weakness in the domestic markets.

The recent CEM mission was quite concerned about the potential deterioration of the financial sector this year due to its exposure to property and stock markets - equivalent to 38 percent of credit portfolio. It is estimated that nonperforming loans could rise to 20 percent later this year, which according to official sources is currently 5 percent.

On the critical path for the Bank

The Malaysian government feels that it does not need a formal IMF/Bank economic program, but it is conducting close policy dialogue with both the Bank and the Fund. The Bank should assist the Government in fleshing out and implementing its broad policy objectives in consultation with the Fund.

No adjustment lending for financial sector is envisaged at this moment. Under consideration is a \$1 billion social sector loan later this year.

PHILIPPINES

Recent developments

The Central Bank said that gross international reserves totaled US\$9.6 billion at April 2.

EAST ASIA UPDATE

As part of an effort to help boost the country's currency reserves by a further US\$3 billion, the Philippines issued US\$500 million in 10-year global bonds at 337.5bps over Treasuries and signed a 3 year club loan for US\$750 million with 15 international banks.

Consumer prices in the Philippines came in up 7.3% (oya) in March. Food prices were up a mild 4.5% (oya) while non-food prices came in up 9.8% (oya).

The Philippines exports in February came in strong, up 22.9% (oya) and up 0.6% (m/m). Philippines exports have continued to outperform the rest of the ASEAN region -- helped by the less-stressed banking system on the supply side -- while the demand side looks to be strong due mainly to its relatively small exposure to the anemic Asian region.

On the critical path for the Bank

A Financial Sector Adjustment Loan mission has completed its work and the loan package has been prepared. The Decision Meeting was held on March 26, 1998.

A social impact assessment mission to the Philippines has also been completed. The draft report has been circulated for review and has been discussed in the Bank on April 2, 1998.

Lines of credit to help businesses adjust to the changed market environment are being explored with DBP and Landbank. Reconnaissance missions have completed their work and have recently circulated their aide memoirs.



THE PHILIPPINES : FROM CRISIS TO OPPORTUNITY



The Philippines is "hanging tough" in the financial turmoil which has engulfed the Region. The resilience of the economy and the commitment of the authorities to sound fundamentals offer an opportunity to move the Bank's country assistance strategy to a higher plane.



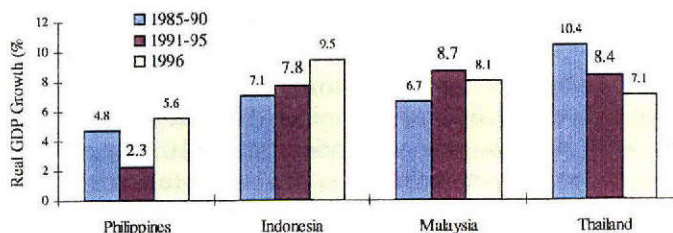
OED proposes a participatory CAS process involving the Government, the development community and the civil society towards the achievement of deeper reform, faster poverty reduction, more vigorous private sector development and increased infrastructure and human capital investment.

A TUMULTUOUS DEVELOPMENT DECADE

Despite civil unrest, political turmoil, natural calamities, external shocks — and reform fatigue in the early 1990s — the Philippines has scored substantial economic and social gains since 1986. Within a decade, GNP per capita more than doubled and the share of the population living below the poverty line dropped by 7 percent — to below 26 percent. This was achieved through sound monetary and fiscal management, substantial structural reforms, an increase in private investment by 6 percentage points (as a share of GDP), sustained educational investments and land reform.

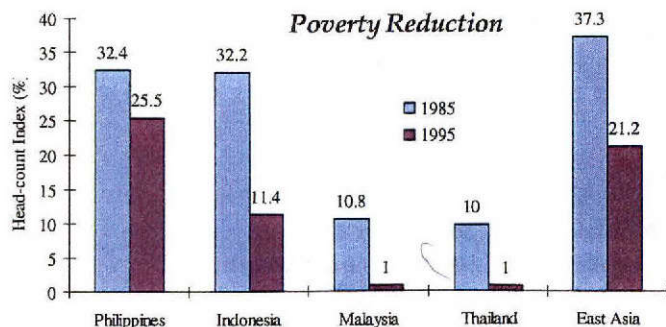
These positive features notwithstanding, the Philippines still fares below the norm for the East Asia Region — with lower national savings and investment,

Economic Growth



higher import duties, more rapid population growth, inadequate infrastructure and an inefficient bureaucracy and judicial system. Some social indicators, such as the incidence of communicable diseases and access of the poor to social services, have regressed in recent years.

Poverty Reduction



BANK OPERATIONS : SATISFACTORY BUT BELOW POTENTIAL

Ratings for completed projects are almost up to the East Asia average for outcome and sustainability and better for institutional development impact. Remarkably, all adjustment loans since the mid-1980s received

favorable ratings. Bank performance has been somewhat below the Bank's average but it is improving. QAG portfolio ratings are close to East Asia averages.

Most economic and sector work has been of good quality and aid coordination has been effective. However, the strong intellectual contribution of the Bank has been constrained until very recently by inadequate participation and communication vis-a-vis civil society. In lending, competition among donors have been excessive and the quality and impact of Bank operations has been below par in energy, agriculture and human resources.

In the last three years, surging private capital inflows and a lower appetite for reform reduced the Bank's role and the volume of Bank commitments. IMF, Bank and OED warnings about macroeconomic weaknesses, including the rising exposure to short-term capital flows, went only partially heeded until the crisis erupted.

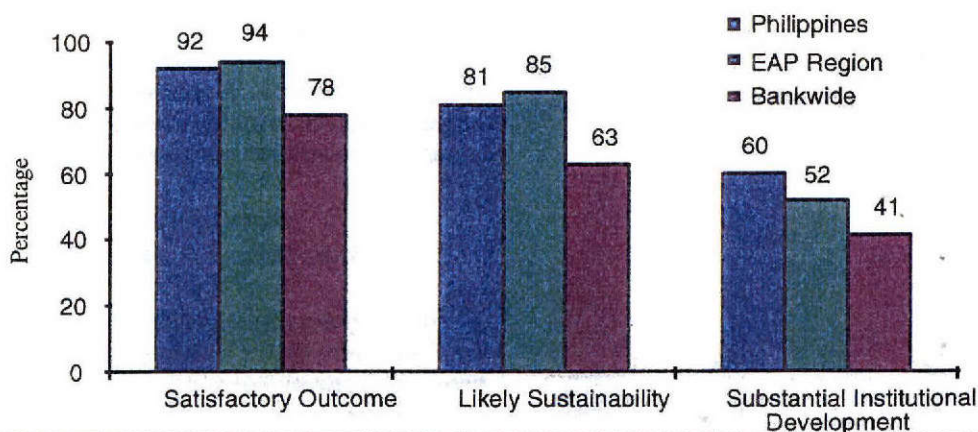
TOWARDS A NEW COUNTRY ASSISTANCE STRATEGY

To help the economy reach its growth potential, fortify its resilience to shocks and deliver greater benefits to the poor, the unfinished reform agenda must be tackled and poverty reduction programs must target the truly needy. Investment levels must be raised and sustained with higher domestic savings and foreign savings with less volatile financing sources. The Bank should help in the design, financing and coordination of a medium-term, broad-based development effort. To this end, it should make use of a diversified tool kit (ESW; technical assistance; quick-disbursing operations; financial intermediary loans; sector investment loans; adaptable lending instruments; guarantees; and aid coordination).

The challenge for the Bank is fivefold :

- help the Government address known macro-economic and governance weaknesses (in the banking system, capital markets, public sector management and judicial system);
- mount an integrated Bank/IFC/MIGA assistance program for private sector and infra-structure development (including the completion of the regulatory framework, further privatization of power and water supply and through scaling-up lending for municipal development);
- adjust human development strategies and programs (leave lending to donors providing concessional funds as preferred by government, while maintaining its leading analytical and advisory role);
- mobilize efforts for a rural action program and an improved agriculture policy framework (including support for import tariff reductions on grains and the completion of land reform);
- improve selectivity of Bank lending and non-lending assistance and strengthen partnerships with donors and the NGO community (through a joint CAS with all major donors by 1999 and expanded NGO participation in strategy, ESW and project preparation).

OED Ratings for Approved and Completed Projects since FY 1986



Based on *The Philippines: Country Assistance Review*, No. 17417, March 1998, by Gianni Zanini (202) 458-5747, distributed to the Executive Directors on March 4th in advance of a Code meeting on the Philippines on March 11, and a CAS Progress Update Board discussion on March 24th.

Philippines at a glance

4/7/98

POVERTY and SOCIAL

	Thailand	East Asia	Lower-middle-income
Population mid-1996 (millions)	70.0	1,726	1,125
GNP per capita 1996 (US\$)	1,190	890	1,750
GNP 1996 (billions US\$)	83.3	1,542	1,967

Average annual growth, 1990-96

Population (%)	2.2	1.3	1.4
Labor force (%)	2.7	1.3	1.8

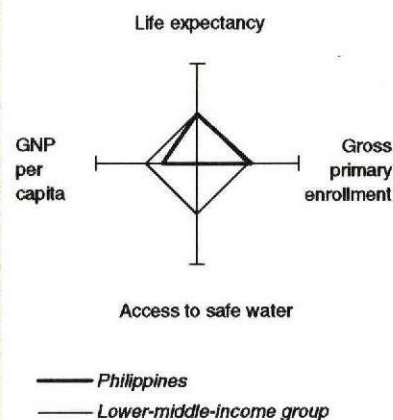
Most recent estimate (latest year available since 1989)

Poverty: headcount index (% of population)	54	..	..
Urban population (% of total population)	54	31	56
Life expectancy at birth (years)	66	68	67
Infant mortality (per 1,000 live births)	39	40	41
Child malnutrition (% of children under 5)	30	..	..
Access to safe water (% of population)	85	77	..
Illiteracy (% of population age 15+)	5	17	..
Gross primary enrollment (% of school-age population)	111	117	104
Male	110	120	105
Female	111	116	101

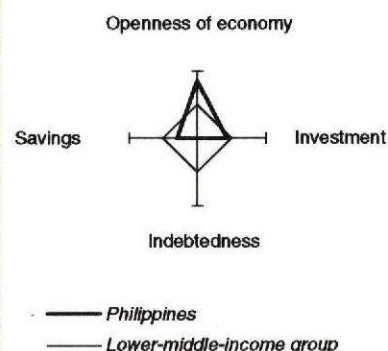
KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996	
GDP (billions US\$)	15.0	30.7	74.2	83.8	
Gross domestic investment/GDP	30.9	15.3	22.2	24.2	
Exports of goods and services/GDP	21.0	24.0	36.4	42.0	
Gross domestic savings/GDP	24.8	17.4	14.4	14.4	
Gross national savings/GDP	26.6	15.9	17.8	19.7	
Current account balance/GDP	-6.2	-0.1	-4.4	-4.7	
Interest payments/GDP	0.8	3.1	2.6	2.1	
Total debt/GDP	27.8	86.6	53.2	49.2	
Total debt service/exports	14.4	31.6	16.5	14.4	
Present value of debt/GDP	..	..	..	..	
Present value of debt/exports	..	..	..	..	
	1975-85	1986-96	1995	1996	1997-05
(average annual growth)					
GDP	3.0	3.1	4.8	5.7	..
GNP per capita	0.3	1.5	2.6	4.7	..
Exports of goods and services	7.6	8.8	12.0	20.3	..

Development diamond*



Economic ratios*

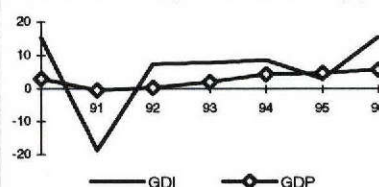


STRUCTURE of the ECONOMY

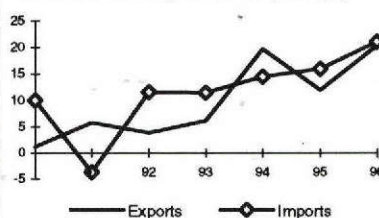
	1975	1985	1995	1996
(% of GDP)				
Agriculture	30.3	24.6	21.6	21.4
Industry	34.6	35.1	32.1	31.7
Manufacturing	25.7	25.2	23.0	22.6
Services	35.0	40.4	46.3	46.9
Private consumption	64.5	75.0	74.2	73.9
General government consumption	10.7	7.6	11.4	11.7
Imports of goods and services	27.1	21.9	44.2	51.7

	1975-85	1986-96	1995	1996
(average annual growth)				
Agriculture	2.2	1.8	0.8	3.0
Industry	2.6	3.2	7.0	6.3
Manufacturing	1.8	3.1	6.8	5.6
Services	3.8	3.8	5.0	6.5
Private consumption	3.3	3.9	8.5	5.3
General government consumption	0.4	4.2	5.4	5.2
Gross domestic investment	-0.4	6.7	3.0	15.6
Imports of goods and services	3.9	12.0	16.0	21.1
Gross national product	2.7	3.8	5.0	6.9

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

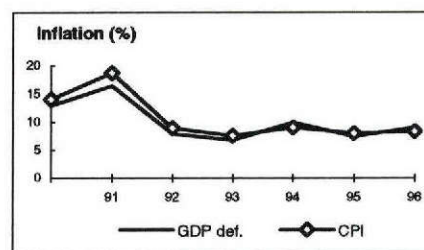


Note: 1996 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

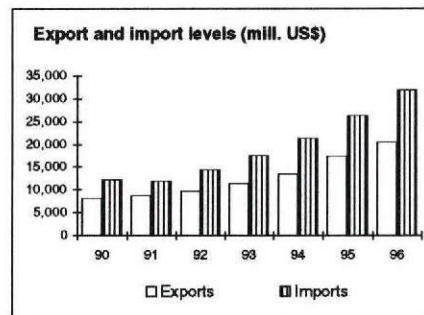
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices				
(% change)				
Consumer prices	6.8	23.1	8.1	8.4
Implicit GDP deflator	9.3	17.6	7.5	9.0
Government finance				
(% of GDP)				
Current revenue	..	12.1	18.9	18.7
Current budget balance	..	2.4	3.8	..
Overall surplus/deficit	..	-2.0	0.6	0.3



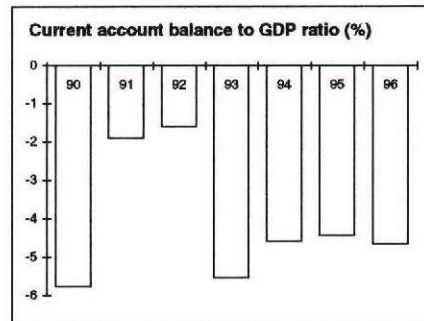
TRADE

	1975	1985	1995	1996
(millions US\$)				
Total exports (fob)	..	4,629	17,447	20,543
Coconut oil	..	347	826	571
Sugar	..	185	66	136
Manufactures	..	2,539	13,868	17,106
Total imports (cif)	..	5,111	26,391	31,885
Food	..	256	1,204	1,578
Fuel and energy	..	1,452	2,461	3,008
Capital goods	..	769	8,029	10,472
Export price index (1987=100)	..	81	124	124
Import price index (1987=100)	..	63	124	126
Terms of trade (1987=100)	..	127	100	99



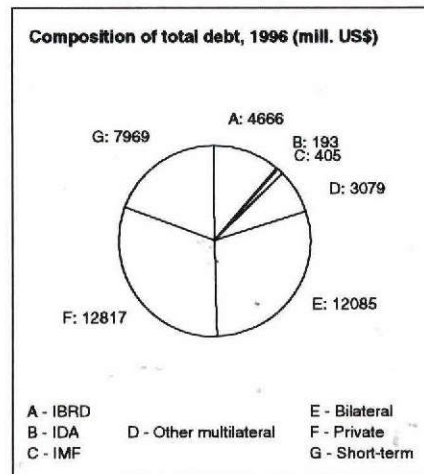
BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	3,000	6,864	21,978	27,627
Imports of goods and services	4,116	5,961	33,329	41,371
Resource balance	-1,116	903	-11,351	-13,744
Net income	-126	-1,317	7,172	9,241
Net current transfers	318	379	882	589
Current account balance, before official capital transfers	-923	-35	-3,297	-3,914
Financing items (net)	912	867	3,928	8,021
Changes in net reserves	11	-832	-631	-4,107
Memo:				
Reserves including gold (mill. US\$)	1,458	1,098	7,762	11,745
Conversion rate (local/US\$)	7.2	18.6	25.7	26.2



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	4,171	26,637	39,446	41,214
IBRD	238	2,420	5,002	4,666
IDA	17	84	183	193
Total debt service	457	2,534	5,337	5,778
IBRD	26	285	789	766
IDA	0	1	3	3
Composition of net resource flows				
Official grants	72	139	276	246
Official creditors	185	360	-626	-310
Private creditors	348	796	1,141	1,859
Foreign direct investment	98	12	1,478	1,408
Portfolio equity	0	0	1,961	1,333
World Bank program				
Commitments	114	104	168	528
Disbursements	94	276	402	457
Principal repayments	12	110	415	426
Net flows	82	166	-13	31
Interest payments	14	176	377	343
Net transfers	68	-10	-390	-312



Key Economic & Program Indicators - Change from Last CAS

	<i>Forecast in Last CAS</i>				<i>Actual</i>		<i>Current CAS Forecast</i>			
<i>Economy (CY)</i>	<i>1994 a</i>	<i>1995 b</i>	<i>1996 b</i>	<i>1997 b</i>	<i>1995 c</i>	<i>1996 c</i>	<i>1997 a</i>	<i>1998 b</i>	<i>1999 b</i>	<i>2000 b</i>
Growth rates (%)										
GDP	4.3	5.0	5.5	5.5	4.8	5.7	5.1	2.8	3.8	4.8
Exports (FOB) <i>e</i>	18.5	28.6	14.3	17.0	29.4	17.7	22.0	16.4	15.6	14.9
Imports (FOB) <i>e</i>	21.2	21.9	11.5	12.8	23.7	20.8	13.8	4.7	12.2	13.0
Inflation (%) (CPI)	9.1	9.0	12.3	6.7	8.1	8.4	5.1	7.8	6.5	6.0
National accounts (% GDP)										
Current account balance	-3.2	-3.4	-4.0	-4.4	-4.3	-4.7	-4.5	-4.1	-3.2	-2.9
Gross investment	25.3	25.4	27.1	27.7	27.2	24.7	24.5	23.6	24.1	24.5
Public finance (% GDP)										
Fiscal balance	-0.3	-0.1	0.0	0.0	0.6	0.3	-0.1	-0.4	0.4	0.5
International reserves (as months of imports)	3.1	3.1	3.1	3.4	2.6	3.1	2.0	2.0	2.1	2.2
<i>Program (Bank's FY)</i>	<i>FY96 a</i>	<i>FY97 b</i>	<i>FY98 b</i>	<i>FY99 b</i>	<i>FY96 c</i>	<i>FY97 c</i>	<i>FY98 a</i>	<i>FY99 b</i>	<i>FY00 b</i>	<i>FY01 b</i>
Lending (\$ million)	515	366	500	520	457.0	281.4	395.8	860.0	400.0 <i>d</i>	400.0 <i>d</i>
Gross disbursements (\$ million)	307	340	380	428	376.9	313.2	432.0	635.0	505.0	400.0

a. Estimated year

b. Projected year

c. Actual outcome

d. Details to be discussed with new administration in July 1998

e. / Dollar value

Philippines - Selected Indicators of Bank Portfolio Performance and Management

Indicator	FY1995	1996	1997	1998 ^f
<i>Portfolio Assessment</i>				
Number of Projects under implementation ^a	29	30	28	26 ^g
Average implementation period (years) ^b	3.86	4.43	4.11	4.24
Percent of problem projects ^{a, c}				
by number	13.79	3.33	10.71	15.38
by amount	13.19	3.73	16.25	15.08
Percent of projects at risk ^{a, d}				
by number	29.63	3.33	16.00	17.39
by amount	30.49	3.73	28.00	16.20
Disbursement ratio (%) ^e	17.27	24.76	21.18	14.54
<i>Portfolio Management</i>				
CPPR during the year (yes/no)	No	Yes	Yes	Planned
Supervision resources (total US\$ thousands)	1,678.74	1,442.23	1,533.18	803.16
Average Supervision (US\$/project)	57.89	48.07	54.76	32.13

Memorandum item	Since FY80	Last five FYs
Projects evaluated by OED		
by number	97	24
by amount (US\$ millions)	5,014.4	1,778.5
Percent rated U or HU		
by number	25	4
by amount (US\$ millions)	1,214.2	87.2

- a. As shown in the Annual Report on Portfolio Performance (except for current FY)
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.
- f. As of mid-FY98.
- g. Excludes 1 MP and 2 GEF projects.

Philippines - Bank Group Program Summary, FY 1998-2000

Proposed IBRD/IDA Base-Case Lending Program, FY 1998-2000^a

<i>FY</i>	<i>Project</i>	<i>US\$(M)</i>	<i>Strategic rewards^b (H/M/L)</i>	<i>Implementation^b risks (H/M/L)</i>
1998	WATER DISTRICT DEV.	56.8	H	H
	SZOPAD SOCIAL FUND	10.0	H	M
	COMMUNITY BASED RES. MGMT.	50.0	H	M
	EARLY CHILDHOOD DEV.	19.0	H	M
(S)	ADJUSTMENT LENDING	250.0	H	H
	LEARNING AND INNOVATION LOANS (LIL) ^c	10.0	H	M
	Subtotal	395.8		
1999	H'WAY MANAGEMENT II ^d	150.0	H	M
	LGU FINANCE AND DEV ^d	100.0	H	M
	LGU URB&WATER SANITA ^d	60.0	M	M
	SOLID WASTE MNGMNT ^d	100.0	H	H
	TEACHER DEVELOPMENT	50.0	M	L
	ADJUSTMENT LENDING	250.0	H	H
(S)	DEVELOPMENT FINANCE PROJECT ^e	150.0	H	H
	Subtotal	860.0		
2000	CALABARZON URB DEV&E	60.0	H	H
	MANILA URB TRANSPORT	100.0	H	M
	MINDANAO INT RUR INF ^d	50.0	H	M
	Subtotal^f	210.0		
	Total, FY 1998-2000	1,465.8		

a. This table presents the proposed program for the next three fiscal years.

b. For each project, indicate whether the strategic rewards and implementation risks are expected to be high (H), moderate (M), or low (L).

c. Currently under active consideration are LILs for (i) Metro Manila Transport and (ii) Youth Development.

d. These operations are being considered for APLs; amounts may be reduced for the FY shown if we proceed with APLs.

e. Lines of credit for agriculture and industry under consideration to help address the effects of the financial crisis on businesses.

f. Pipeline projects will be discussed with the new administration in July 1998.

Philippines - Key Economic Indicators

Indicator	Actual				Estimate		Projected ^f	
	1992	1993	1994	1995	1996	1997	1998	1999
National accounts (as % GDP at current market prices)								
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	21.8	21.6	22.0	21.6	21.4	20.9	20.4	20.0
Industry	32.8	32.7	32.5	32.1	31.7	31.9	32.2	32.4
Services	45.3	45.7	45.5	46.3	46.9	47.2	47.4	47.6
Total Consumption	85.1	86.2	85.1	85.4	84.4	84.1	85.2	83.8
Gross domestic fixed investment ^a	20.9	23.8	23.6	22.2	23.2	24.5	23.6	24.1
Government investment	4.9	5.8	4.9	4.8	4.7	5.0	4.6	5.4
Private investment (includes increase in stocks)	16.5	18.2	19.1	17.5	20.0	19.5	19.0	18.8
Exports (GNFS) ^b	29.1	31.4	33.8	36.4	42.0	51.4	74.7	76.8
Imports (GNFS)	34.0	39.8	40.1	44.2	51.7	60.0	83.5	84.8
Gross domestic savings	14.9	13.8	14.9	14.6	15.6	15.9	14.8	16.2
Gross national savings	19.7	18.4	19.5	17.8	20.0	20.0	19.5	21.0
<i>Memorandum items</i>								
Gross domestic product (US\$ million at current prices)	52,977	54,368	64,085	74,136	83,788	82,779	63,224	68,670
Gross national product per capita (US\$, Atlas method)	800	830	910	1,020	1,160	1,230	1,100	1,020
Real annual growth rates (%, calculated from 1985 prices)								
Gross domestic product at market prices	0.3%	2.1%	4.4%	4.8%	5.7%	5.1%	2.8%	3.8%
Real annual per capita growth rates (%, calculated from 1985 prices)								
Gross domestic product at market prices	-1.8%	0.0%	2.2%	2.4%	3.5%	2.9%	0.7%	1.8%
Total consumption	-0.1%	1.3%	0.1%	5.8%	3.1%	2.6%	0.8%	1.8%
Private consumption	0.2%	1.0%	-0.3%	6.1%	3.1%	2.8%	0.9%	2.0%

(Continued)

Philippines - Key Economic Indicators (Continued)

Indicator	Actual				Estimate		Projected ^f	
	1992	1993	1994	1995	1996	1997	1998	1999
Balance of Payments (US\$m)								
Exports (GNFS) ^b	13,303	14,368	17,436	21,978	28,566	36,147	40,766	45,855
Merchandise FOB	9,824	11,375	13,483	17,447	20,543	25,061	29,180	33,741
Imports (GNFS) ^b	16,827	20,687	25,987	33,314	42,254	49,654	52,823	58,220
Merchandise FOB	14,519	17,597	21,333	26,391	31,885	36,290	37,992	42,621
Resource balance	(3,524)	(6,319)	(8,551)	(11,336)	(13,688)	(13,507)	(12,057)	(12,365)
Net current transfers (including official current transfers)	817	699	936	882	589	602	675	716
Current account balance (after official capital grants)	(858)	(3,016)	(2,950)	(3,297)	(3,914)	(3,742)	(2,579)	(2,187)
Net private foreign direct investment	737	864	1,289	1,361	1,338	1,195	1,178	1,308
Long-term loans (net)	633	2,455	1,313	1,276	2,690	3,706	2,317	1,989
Official	2,020	1,521	569	(149)	132	..	..	..
Private	(1,387)	934	744	1,425	2,558	..	..	..
Other capital (net, including errors and omissions)	980	(469)	2,150	1,291	3,993	(4,533)	(365)	244
Change in reserves ^c	(1,492)	166	(1,802)	(631)	(4,107)	3,374	(551)	(1,354)
<i>Memorandum items</i>								
Resource balance (% of GDP at current market prices)	-6.7%	-11.6%	-13.3%	-15.3%	-16.3%	-16.3%	-19.1%	-18.0%
Real annual growth rates (1985 prices)								
Merchandise exports (FOB)	..	7.9%	15.2%	16.2%	9.3%	..	..	..
Merchandise imports (CIF)	..	10.8%	14.9%	15.9%	16.6%	..	..	..
Public finance (as % of GDP at current market prices) ^d								
Current revenues	18.0	17.7	19.9	18.9	18.7	18.8	19.0	19.3
Current expenditures	15.9	15.4	15.8	14.5	15.0	15.0	15.2	15.3

(Continued)

Philippines - Key Economic Indicators (Continued)

Indicator	Actual				Estimate		Projected ^f	
	1,992	1,993	1,994	1,995	1,996	1,997	1,998	1,999
Current account surplus (+) or deficit (-)	2.1	2.3	4.0	4.4	3.7	3.8	3.8	4.0
Capital expenditure and net lending	3.2	3.8	3.1	3.8	3.4	3.9	3.4	3.6
Foreign financing	1.1	0.9	(0.7)	(0.7)	(0.3)	(0.3)	(0.6)	(0.8)
Monetary indicators								
M2/GDP (at current market prices)	28.5	32.6	35.9	39.9	40.1	..	..	..
Growth of M2 (%)	11.0	24.6	26.5	25.3	15.8	..	..	..
Private sector credit growth / total credit growth (%)	8.2	0.3	1.4	1.4	1.3	..	..	..
Price indices (1985 =100)								
Merchandise export price index	157.6	177.8	178.1	193.1	211.6	..	..	..
Merchandise import price index	149.9	172.5	173.9	185.5	196.9	..	..	..
Merchandise terms of trade index	105.1	103.1	102.4	104.1	107.4	..	..	..
Real exchange rate (US\$/LCU) ^e	72.3	92.5	111.5	113.5	112.4	..	..	..
Real interest rates	7.1%	4.8%	3.7%	3.7%	3.9%			
Consumer price index (% growth rate)	8.9%	7.6%	9.0%	8.1%	8.4%	5.1%	7.8%	6.5%
GDP deflator (% growth rate)	7.9%	6.8%	10.0%	7.5%	9.0%	6.1%	10.3%	6.7%

a. Gross Domestic Investment data for 1997 onwards.

b. "GNFS" denotes "goods and nonfactor services." In the balance of payments, peso conversions of FCDUs are treated as factor receipts.

c. Includes use of IMF resources.

d. National Government

e. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

f. Projections are tentative, pending ongoing discussion between government, and IMF and Bank missions.

Philippines - Key Exposure Indicators

Indicator	Actual				Estimate		Projected	
	1992	1993	1994	1995	1996	1997	1998	1999
Total debt outstanding and disbursed (TDO) (US\$m) ^a	32,999	35,931	40,000	39,446	41,753	46,150	49,514	52,779
Net disbursements (US\$m) ^a	614	1,441	2,426	-284	1,789	4,397	3,364	3,264
Total debt service (TDS) (US\$m) ^a	4,301	4,906	4,632	5,337	5,832	5,680	6,109	6,418
Debt and debt service indicators (%)								
TDO/XGS ^b	187.7	187.3	163.4	122.3	105.6	96.5	94.2	90.3
TDO/GDP	62.3	66.1	62.4	53.2	49.8	55.8	78.3	76.9
TDS/XGS	24.5	25.6	18.9	16.5	14.7	11.9	11.6	11.0
IBRD exposure indicators (%)								
IBRD DS/public DS	15.9	15.3	18.1	16.8	16.0	18.2	18.2	18.2
Preferred creditor DS/public DS (%) ^c	29.1	25.9	35.9	35.7	30.9	31.9	30.6	31.8
IBRD DS/XGS	3.6	3.5	2.9	2.4	1.9	1.8	1.6	1.4
IBRD TDO (US\$m) ^d	4,179	4,598	4,855	5,002	4,666	4,451	4,527	4,503
Share of IBRD portfolio (%)	4.1	4.2	4.2	4.6	4.3	4.1	4.1	4.0
IDA TDO (US\$m) ^d	166	167	174	183	193	..	..	..

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

Status of Bank Group Operations in Philippines
IBRD Loans and IDA Credits in the Operations Portfolio
(as of December 31, 1997)

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/			Last ARPP Supervision Rating b/		
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm	Rev'd	Dev	Obj	Imp
Number of Closed Loans/credits: 175														
Active Loans														
PH-PE-4552	IBRD 32040	1990	R.P.	COCONUT FARMS DEVT.	121.80	0.00	.85	41.11	41.97	5.57		S		S
PH-PE-4558	IBRD 33600	1991	GOVT. OF PHILS.	ENV. & NAT. RES. MGT	158.00	0.00	0.00	20.77	13.57	0.00		S		S
PH-PE-4572	IBRD 32610	1991	ROP	COMMUNAL IRRIG. II	46.20	0.00	0.00	20.27	20.29	0.00		S		S
PH-PE-4592	IBRD 34550	1992	GOP	MUNICIPAL DEV III	68.00	0.00	0.00	39.34	30.84	1.34		S		S
PH-PE-4590	IBRD 34390	1992		RURAL ELECTRIFICATIO	91.30	0.00	0.00	40.11	40.13	12.83		S		U
PH-PE-4591	IBRD 34350	1992	GOP	ENGINEERING & SCIENC	85.00	0.00	24.00	9.08	33.08	9.08		S		S
PH-PE-4597	IBRD 34300	1992	GOP	HIGHWAY MANAGEMENT P	150.00	0.00	0.00	73.32	55.33	0.00		U		U
PH-PE-4538	IDA 23920	1992	GOP	SECOND VOCATIONAL TR	0.00	36.00	0.00	12.18	10.72	0.00		S		S
PH-PE-4589	IBRD 36070	1993	GOP	IRRIG OPER SUPP II	51.30	0.00	0.00	26.61	18.33	0.00		S		S
PH-PE-4599	IBRD 36030	1993	GOVT. OF PHILIPPINES	TAX COMPUTERIZATION	63.00	0.00	0.00	30.59	29.32	0.00		S		S
PH-PE-4568	IDA 25060	1993	GOP	URB HEALTH & NUTRITI	0.00	70.00	0.00	55.88	25.40	0.00		U		U
PH-PE-4607	IBRD 37470	1994	GOV OF PHILIPPINES	LEYTE LUZON GEOTHERM	114.00	0.00	0.00	67.03	65.72	0.00		S		S
PH-PE-4607	IBRD 37460	1994	GOV OF PHILIPPINES	LEYTE LUZON GEOTHERM	113.00	0.00	0.00	28.59	65.72	0.00		S		S
PH-PE-4609	IBRD 37450	1994	SBMA	SUBIC BAY FREEPORT	40.00	0.00	0.00	4.75	2.36	0.00		HS		S
PH-PE-4584	IBRD 37020	1994	NPC AND PNOC	LEYTE CEBU GEOTHERMA	64.00	0.00	0.00	15.21	38.69	0.00		S		S
PH-PE-4584	IBRD 37000	1994	NPC AND PNOC	LEYTE CEBU GEOTHERMA	147.00	0.00	0.00	23.49	38.69	0.00		S		S
PH-PE-4567	IBRD 38520	1995	GOVT OF THE PHILS	WOMENS HEALTH & SAFE	18.00	0.00	0.00	17.49	2.89	0.00		S		S
PH-PE-4611	IBRD 40190	1996	GOP	MNLA 2ND SEWERAGE PR	57.00	0.00	0.00	57.00	19.00	0.00		S		U
PH-PE-4571	IBRD 39970	1996	GOP	TRANS GRID REINFORCE	150.00	0.00	0.00	112.51	-39.50	0.00		S		S
PH-PE-4571	IBRD 39960	1996	GOP	TRANS GRID REINFORCE	100.00	0.00	0.00	72.48	-39.50	0.00		S		S
PH-PE-4614	IBRD 39400	1996	LBP	RURAL FINANCE II	50.00	0.00	0.00	15.83	-20.18	0.00		S		S
PH-PE-4614	IBRD 39390	1996	LBP	RURAL FINANCE II	50.00	0.00	0.00	22.06	-20.18	0.00		S		S
PH-PE-4614	IBRD 39380	1996	LBP	RURAL FINANCE II	50.00	0.00	0.00	25.93	-20.18	0.00		S		S
PH-PE-40981	IBRD 41110	1997	GOP	SECOND SUBIC BAY	60.00	0.00	0.00	60.00	0.00	0.00				
PH-PE-4613	IBRD 41100	1997	GOP	WATER RESOURCES DEVE	58.00	0.00	0.00	56.90	6.90	0.00		S		S
PH-PE-37079	IBRD 41090	1997	GOP	AGRARIAN REFORM COMM	50.00	0.00	0.00	48.00	0.00	0.00		S		S
PH-PE-4602	IBRD 41080	1997	REP OF PHILS.	THIRD ELEM EDUCATION	113.40	0.00	0.00	113.40	18.16	0.00		S		S
PH-PE-4576	IBRD 42280	1998	GOP	WATER DISTRICT DEV.	54.50	0.00	0.00	54.50	0.00	0.00				
PH-PE-4576	IBRD 42270	1998	GOP	WATER DISTRICT DEV.	2.30	0.00	0.00	2.30	0.00	0.00				
Total					2,125.80	106.00	24.85	1,166.73	437.57	28.82				

	Active Loans	Closed Loans	Total
Total Disbursed (IBRD and IDA):	1,040.92	6,778.10	7,819.02
of which has been repaid:	25.49	3,399.97	3,425.46
Total now held by IBRD and IDA:	2,181.45	3,385.82	5,567.27
Amount sold :	0.00	31.35	31.35
Of which repaid :	0.00	31.35	31.35
Total Undisbursed :	1,166.73	11.37	1,178.10

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Philippines
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Dec-97
(In US Dollar Millions)

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1967/88	MERALCO	10.75	0.00	0.00	0.00	10.75	0.00	0.00	0.00
1970/86/88/89	PLDT	23.16	0.00	0.00	14.89	23.16	0.00	0.00	14.89
1974/79	Maria Cristina	0.00	.44	0.00	0.00	0.00	.44	0.00	0.00
1979/90	General Milling	0.00	1.73	0.00	0.00	0.00	1.73	0.00	0.00
1980/82/89/90/94/95	AACT	25.00	2.73	0.00	0.00	21.50	2.73	0.00	0.00
1989	H&QPV-I	0.00	1.00	0.00	0.00	0.00	1.00	0.00	0.00
1989	Navotas	0.00	.95	0.00	0.00	0.00	.95	0.00	0.00
1990	Avantex Mill	5.63	1.98	0.00	0.00	5.63	1.98	0.00	0.00
1991	Best Chemicals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	Bacnotan	5.60	5.63	0.00	4.00	5.60	5.63	0.00	4.00
1992	Pilipinas Shell	0.00	0.00	11.63	0.00	0.00	0.00	11.63	0.00
1993	H&QPV-II	0.00	2.50	0.00	0.00	0.00	2.40	0.00	0.00
1993	Pagbilao	57.00	10.00	0.00	10.20	57.00	10.00	0.00	10.20
1993/94	Mindanao Power	0.00	4.50	0.00	0.00	0.00	4.26	0.00	0.00
1994	Walden Mgmt	0.00	.05	0.00	0.00	0.00	.05	0.00	0.00
1994	Walden Ventures	0.00	3.75	0.00	0.00	0.00	1.88	0.00	0.00
5	Sual Power	30.00	0.00	0.00	196.00	5.90	0.00	0.00	71.20
1996	All Asia Growth	0.00	4.00	0.00	0.00	0.00	4.00	0.00	0.00
1996	All Asia Manager	0.00	.04	0.00	0.00	0.00	.04	0.00	0.00
1996	All Asia Venture	0.00	.01	0.00	0.00	0.00	.01	0.00	0.00
1997	Far East Bank	25.00	0.00	0.00	50.00	17.99	0.00	0.00	35.98
Total Portfolio:		182.14	39.31	11.63	275.09	147.53	37.10	11.63	136.27
Approvals Pending Commitment									
		Loan	Equity	Quasi	Partic				
1997	BATAAN P/E	30.00	0.00	10.00	163.00				
1997	MAGSAYSAY LINES	8.00	3.00	0.00	26.50				
1967	MANILA ELECTRIC	0.00	0.00	0.00	.36				
1997	PT&T	30.00	5.00	0.00	30.00				
1995	SUAL THERMAL PWR	0.00	17.50	0.00	0.00				
Total Pending Commitment:		68.00	25.50	10.00	219.86				