

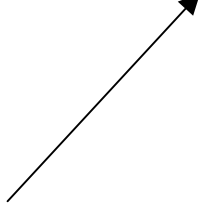
PLANS AND PROJECTS

for Mindanao

Hon. ROMULO L. NERI
Socioeconomic Planning Secretary and Director-General
National Economic and Development Authority

A SELF-FEEDING VICIOUS CYCLE

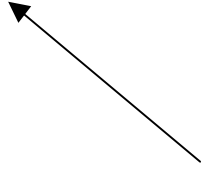
Ideology,
Attitudes



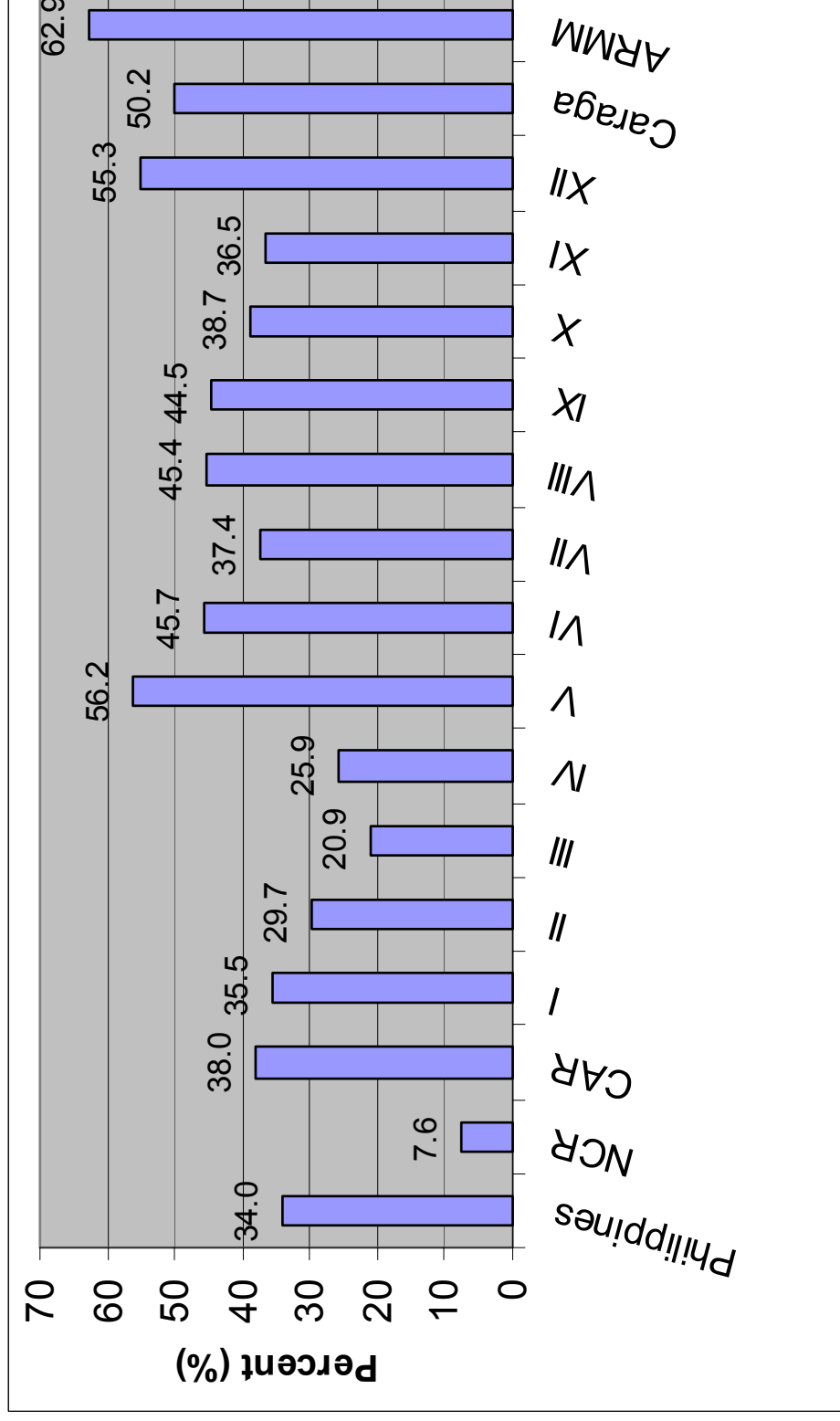
Socio-Political,
Institutional



Economic,
Quality of Life



Poverty Incidence of Population In Percent, 2000



Source: NSCB

Poverty Incidence (Population)

In Percent

Region	1997	2000
Philippines	33.0	34.0
NCR	6.5	7.6
CAR	42.8	38.0
I	37.7	35.5
II	32.6	29.7
III	16.8	20.9
IV	26.9	25.9
V	53.8	56.2
VI	43.2	45.7
VII	34.7	37.4
VIII	47.4	45.4
IX	37.1	44.5
X	43.3	38.7
XI	37.1	36.5
XII	51.6	55.3
Caraga	51.0	50.2
ARMM	55.6	62.9

Source: NSCB

Participation and Completion Rates, Elementary/Secondary Levels SY 2001-

Region	Participation Rate 2002		Completion Rate	
	Elementary	Secondary	Elementary	Secondary
Philippines	97	73.4	66.3	71
NCR	98.1	85.7	76.6	70.6
CAR	95.2	82.5	65.4	72.7
I	97.9	94.2	76.8	76.4
II	96.1	77.9	70.8	76.5
III	98.5	80.1	77.6	73.6
IV	99.2	83.7	74.5	75.4
V	97.1	75.4	66.3	70.1
VI	98	78	64.3	74.4
VII	99.8	76.7	67.6	68.9
VIII	94.7	67	57.3	64.8
IX	90.9	56.8	44.4	63.5
X	95.1	42.8	61.4	67.9
XI	94	57.1	62.4	62.1
XII	93.2	62.6	56.1	76.7
CARAGA	97.9	63.7	64.1	64.1
ARMIM	95.2	32.4	34.51	59.9

Percent of Underweight Children and Infant Mortality

Data 1998		
Region	% Underweight among Children 0-5 Years Old	Infant Mortality Rate (Per 1,000 live births)
Philippines	32	35
NCR	26.5	23.7
CAR	26.7	42.7
I	36.2	41.5
II	32.3	37.1
III	26.7	28.7
IV	26.3	35.3
V	36.5	31.4
VI	39.6	26
VII	33.8	23.6
VIII	37.8	60.8
IX	34.4	44.6
X	29.8	41
XI	32.9	40.9
XII	32.4	48.4
CARAGA	34.1	53.2
ARMM	29.1	55.1

Source: Food and Nutrition Research Institute, 1998

National Demographic and Health Survey, 1998

REMEDIES

1. All encompassing:

- a. Education**
- b. Health**
- c. Land Rights**
- d. Peace and Order**

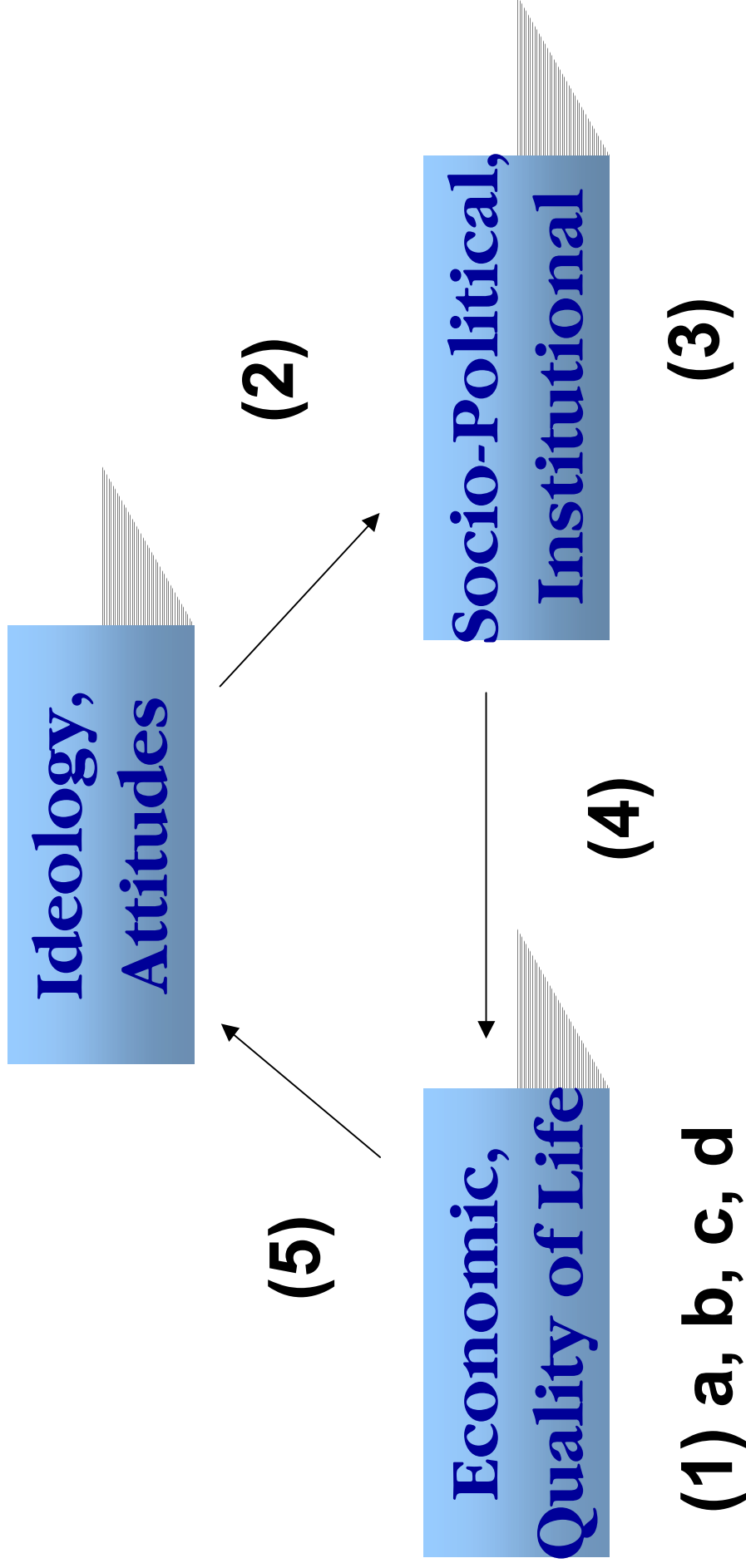
2. Build social capital for mutual understanding

3. Build up institutional capital by developing Muslim bureaucrats for effective governance

4. Grassroots-based community mobilization for economic productivity

5. Physical capital (Infrastructure) based mainly on needs identified by local communities

REMEDIES



PBSP RECOMMENDATIONS

Broad Strokes of a Catch-up Plan

- Investing in Human Capital Development: literacy, health, and entrepreneurship
- Enhance productivity through infrastructure investments in irrigation, farm to market roads, port facilities, and credit
- Governance: Capability-Building for Better Governance
- Establish a land tenure improvement program

USAID-assisted Projects in Mindanao

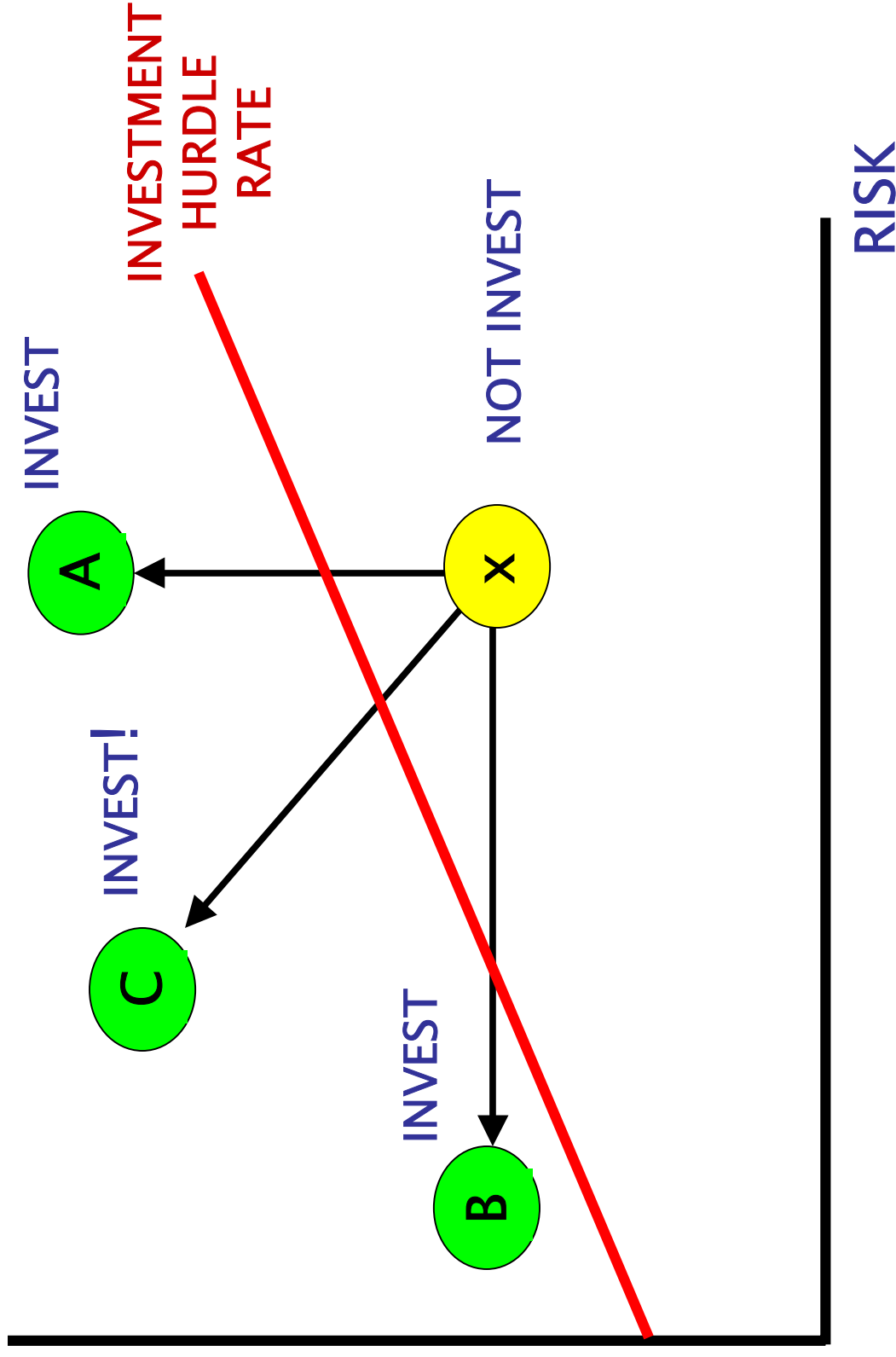
- Microfinance Access to Banking Services (MABS)
 - Technical assistance to Mindanao Rural Banks and provide services to Microenterprises
- Livelihood Enhancement and Peace (LEAP)
 - Livelihood assistance to former MNLF combatants
- Growth with Equity in Mindanao-2 (GEM-2)
 - Community & Mid-Scale Infrastructure Program
 - Targeted Commodity Expansion Program
 - Business Support Organization (BSO) Development
 - ARMM Governance Improvement
 - ARMM Education Improvement

DEVELOPMENT APPROACHES

	BUREAUCRATIC	FREE ENTERPRISE	MASS-BASED/ GRASSROOTS	REVOLUTIONARY
AGENT OF DEVELOPMENT	Bureaucracy	Business Corporations	Community	Party
PERSONNEL NEEDS	Outside Experts, Government Bureaucrats	Entrepreneurs, Business Executives	Community Organizers Local Leaders	Party Cadres Local Sympathizers
BASIS FOR APPROACH	Inducing Economic Dev't.	Market Forces	Self-Help	Class Struggle
STARTING POINT	Planning	Market, Technology, Finance, Viability	Needs, Problem Identification	Class Analysis
MAJOR CONCERN	Implementing Programs	Linkages; Spread Effects Employment	Problem Solving	Raising Consciousness, Ideology
EMPHASIS	Infrastructure and Production Projects	Capital Investments, Technology Transfer		
TIME HORIZON	2-5 years	1-3 years	3-10 years	5-50 years
ADVANTAGES	High degree of control over dev't. inputs	Profit Maximization, Optimal economic use of resources	High sustainability, Lower investments required	High level of commitment, Emphasis on equality
DISADVANTAGES	Expensive, Low level of commitment, Prone to graft and corruption	Uncertainty of investments, Economic inequality	Lack of Community Organizers, Slow process, Economic impact not immediately felt	Violent methods, Inappropriate ideology, Economic stagnation

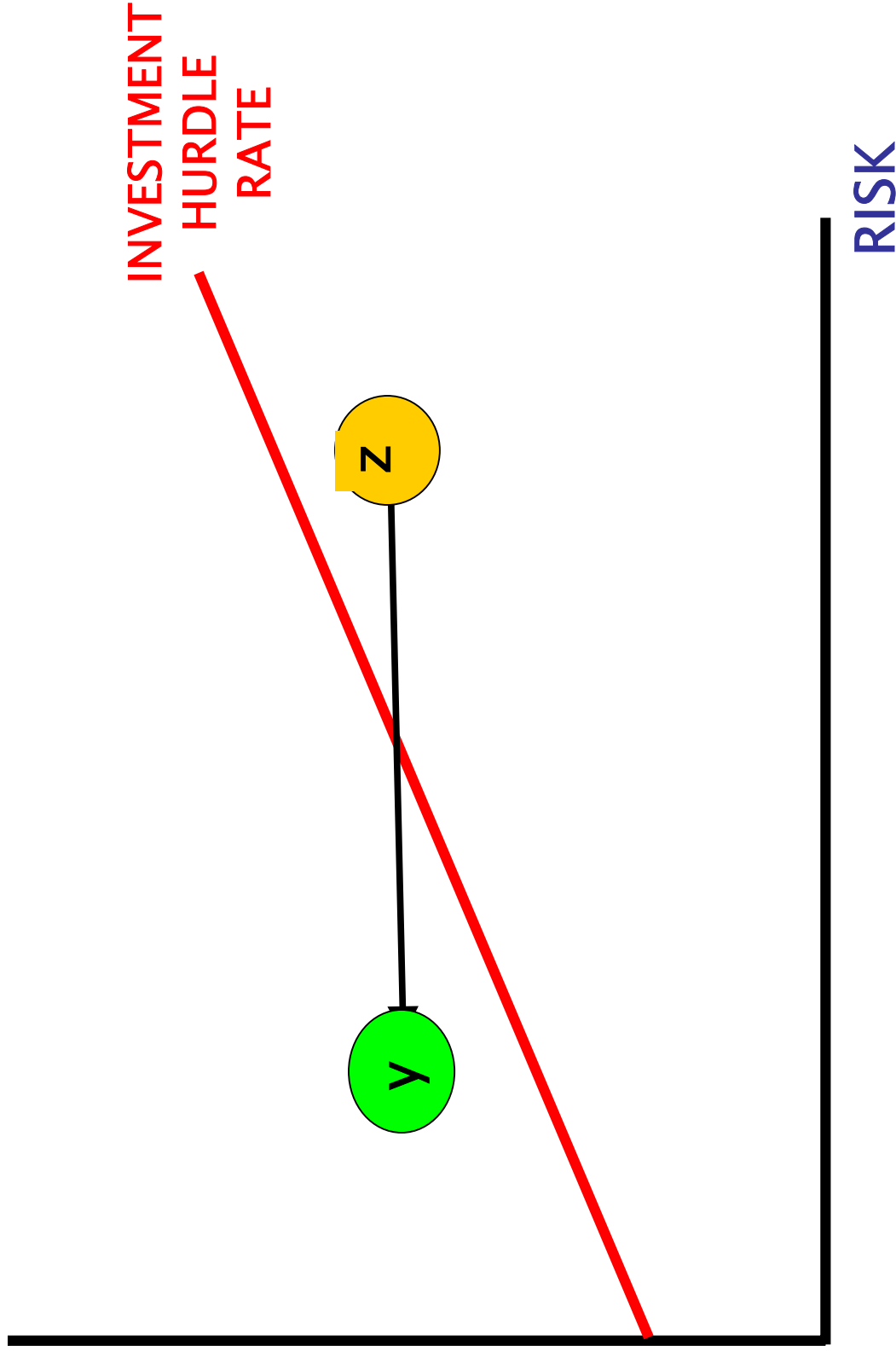
INVESTMENT HURDLE RATE

$$\text{RETURN} = f(P, C, G)$$



INVESTMENT HURDLE RATE

RETURN = $f(P, C, G)$



Ongoing Projects in Mindanao

ON-GOING PROJECTS IN MINDANAO

- Distribution of ODA Commitments
in Mindanao (**by Region**)

REGION	No. of Loans	Commitments (US\$ M)
IX	2	18
X	3	109
XI	3	98
XII	1	35
CARAGA	3	125
ARMM	2	121
Mindanao-wide	12	351
TOTAL	26	856

ON-GOING PROJECTS IN MINDANAO

- Distribution of ODA Commitments
in Mindanao (by Sector)

SECTOR	No. of Loans	Commitments (US\$ M)
Transportation	10	448
Rural Development	10	310
Power	2	10
Urban Infrastructure	3	79
Health	1	9
TOTAL	26	856

ON-GOING PROJECTS IN MINDANAO

- **TRANSPORTATION**

1. Salam (Peace) Bridges
2. Second Magsaysay Bridge and Butuan City Bypass Roads Construction
3. Mindanao Container Terminal
4. Davao International Airport Development
5. Laguindingan Airport Development
6. Metro Iligan Regional Infrastructure Development
7. Phil-Japan Friendship Highway Mindanao Section Rehabilitation
8. Mindanao Second Roads Improvement
9. Sixth Roads Project

ON-GOING PROJECTS IN MINDANAO

- **RURAL DEVELOPMENT**

1. Western Mindanao Community Initiative
2. Mindanao Sustainable Settlement Area Development
3. Mindanao Rural Development
4. Southern Mindanao Integrated Coastal Zone Mgt
5. Malitubog-Maridagao Irrigation I
6. Lower Agusan Development, Phase I & II (Irrigation and Flood Control Component)

ON-GOING PROJECTS IN MINDANAO

- **POWER**

Mindanao Power Transmission

- **URBAN INFRASTRUCTURE**

Mindanao Basic Urban Services Sector

- **HEALTH**

Upgrading of Zamboanga City Medical Center

- **SOCIAL WELFARE AND COMMUNITY**

Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHATI-CIDSS)

SALAM (PEACE) BRIDGES PROJECT/ARMM-DPWH/UK

- **Loan Amount (\$M)** – 81.2
- **Description** – involves the construction of 163 bridges in ARMM and provision of training/livelihood thru construction cooperatives to former MNLF combatants
- **Status** – 88 bridges completed and passable to the public, 44 have ongoing construction of substructure and 31 have yet to be started
 - Loan already closed (no appropriation in 2003 GAA)

SECOND MAGSAYSAY BRIDGE AND BUTUAN CITY BYPASS ROADS CONSTRUCTION/DPWH/JBIC

- **Loan Amount (\$M)** – 81
- **Description** – involves the construction of steel cable-stayed type of bridge and bypass road
- **Status** – DE and pre-construction activities started in June 2001 while bidding for civil works component to start in Sept. 2003
 - DE on original alignment 99%
 - Design work for proposed realignment is 22%
 - Construction scheduled to start in Jan. 2004
 - ICC approved the increase in cost on 3 June 2003
 - Target completion date: July 2006

MINDANAO BASIC URBAN SERVICES SECTOR

PROJECT/LBP/DILG/ADB/NORDIC

- **Loan Amount (\$M)** – 36 (ADB – 30/NORDIC – 6)
- **Description** – LGU infrastructure investment and institutional capacity building program
- **Status** – Relatively new project (loan became effective on 13 September 2002). Subproject proposals from LGUs under review
 - Target completion date: 31 December 2007

KAPIT-BISIG LABAN SA KAHIRAPAN- COMPREHENSIVE AND INTEGRATED DELIVERY OF SOCIAL SERVICES (KALAHI-CIDSS)/DSWD/WB

- **Loan Amount (\$M)** – 100
- **Description** – involves empowering communities to access better services from local governments, strengthening local institutions and providing resources for community investment programs
- **Status** – Social preparation activities ongoing; Phase I launched in Zamboanga del Norte, Sarangani, Lanao del Norte, Agusan del Norte, Davao del Norte (1 municipality each)
- Target Completion date – December 2008

MINDANAO CONTAINER TERMINAL/PHIVIDEC/JBIC

- **Loan Amount for Phase I (\$M)** – 76.5
- **Description** – construction of a new container terminal in Tagoloan to promote economic development in Mindanao particularly the Cagayan de Oro-Iligan Corridor
- **Status** – Phase I: 37% complete (ahead by 4%)
 - Target completion date: December 2003
 - Phase II: for GOJ processing if GOP resubmits proposal of delineation of responsibility between Phividec Industrial Authority (PIA) and PPA
 - Target completion date: 2008

DAVAO INT'L. AIRPORT DEVELOPMENT/DOTC/ADB/EIB

- **Loan Amount (\$M)** – 41.0/31.3
- **Description** – involves upgrading of the Davao Airport to International Civil Aviation Organization standards
- **Status** – 92% complete
 - Issue: Retrofitting works in the Passenger Terminal building
 - Issue resolved with the issuance of Notice of Reinstatement to consultants on 8 April 2003
 - Required Action: DOTC to facilitate acquisition of remaining properties and coordination with SSS on condonation of penalties on housing loans
 - ROW acquisition of the remaining 70 properties and request for SSS condonation of penalties for the affected families' housing loans
 - Target completion date: 30 August 2003

LAGUINDINGAN AIRPORT DEVELOPMENT/DOTC-ATO/KOREA

- **Loan Amount (\$M)** – 25
- **Description** – involves the preparation of a detailed engineering design, based on the completed corridor airport master plan, and the construction of a new airport at Laguindingan, Misamis Oriental
- **Status** – ICC approved the new scope and additional cost
 - NORDIC already approved US\$12M loan subject to identification of mutual interest in the project from GOP and NORDIC countries
 - FOA currently being secured prior to signing of loan agreement
 - Per DOF-IFG, DBM is likely to defer issuance of FOA to 2004; this may delay implementation start
 - Target completion date: December 2009

METRO ILIGAN REGIONAL INFRASTRUCTURE DEVELOPMENT/ DOF, LANA O DEL NORTE/JBIC

- **Loan Amount** (\$M) – 40.1
- **Description** – involves provision of essential off-site infrastructure facilities (Provincial Roads & Liangan River Basin Small Hydropower Facility) supportive of the development of the Metro Iligan Regional Agri-Industrial Center (MIRAIC) located in Linamon, Lanao del Norte
- **Status** – pre-construction activities ongoing (road component); D/E ongoing, with 9% accomplishment (power component)
 - Inadequate budget cover (gap of P300M)
 - Possibility of implementing hydropower using (BOT etc) proposed to LGU
 - Target completion date: January 2008

PHIL-JAPAN FRIENDSHIP HIGHWAY MINDANAO SECTION REHABILITATION,

PHASE I /DPWH/JBIC

- **Loan Amount** (\$M) – 71.1
- **Description** – rehabilitation and improvement of about 100 km. of road covering the provinces of Agusan del Sur/Norte and Davao del Norte with road sections in:
 - 1) Tabon-tabon-Bayugan
 - 2) Bayugan-San Francisco
 - 3) Langkilaan-Monkayo; and
 - 4) Tagum-Carmen
- **Status** – 69% complete
 - Civil works contract for Bayugan-Awa-San Francisco was terminated in July 2002 due to poor performance of contractor; contract was renegotiated with the next lowest bidder; awaiting DOJ opinion and NEDA clearance for the new contract
 - Target completion date: June 2004

PHIL-JAPAN FRIENDSHIP HIGHWAY MINDANAO SECTION REHABILITATION, **PHASE II** /DPWH/JBIC

- **Loan Amount (\$M)** – 68.8
- **Description** – improvement/rehabilitation of the following road sections:
 - 1) Alegria-Santiago
 - 2) San Francisco-Rosario-Bunawan
 - 3) Monkayo Bypass-Monkayo covering the provinces of Agusan del Sur/Norte and Davao del Norte
- **Status** – completed pre-construction activities
 - Tentative start of civil works in April 2003
 - Target completion date: March 2006

MINDANAO SECOND ROADS IMPROVEMENT/DPWH/KUWAIT

- **Loan Amount (\$M)** – 20
- **Description** – involves the construction/rehabilitation of 115 km
- **Status** – For presentation to ICC-TB (loan extension/increase in cost)
 - Total bid amount of 4 contract packages is 22% higher (P2.51 B) than the Approved Agency Estimate of P2.05B
 - Loan is closing December 2003; Proposed extension : December 2006
 - Expected completion date: 23 July 2006

SIXTH ROAD PROJECT (Zamboanga-Pagadian Road)/DPWH/ADB

- **Total Loan Amount (\$M)** – 167 (ADB)/160 (JEXIM)/10 (OPEC)
- **Description** – involves improvement of 840 km of national roads
- **Status** – Pagadian City-Buug – 59%
 - Kabasalan-Ipil – 73%
 - Ipil-Licombo – 60%
 - Quiniput-Zamboanga City – 64%
 - Licombo-Quiniput – 59%
- Expected completion date of all packages: April 2004
- Issue: threat of suspension of loan disbursements of ADB due to conflict on resettlement policy between ADB and GOP

LOWER AGUSAN DEVELOPMENT I & II (FLOOD CONTROL & IRRIGATION COMPONENT)/NIA/DPWH/JBIC

- **Loan Amounts (\$M)** – 37.4/73.9
- **Description** – will irrigate some 8,000 ha. of farmlands in Agusan del Norte, construct a levee embankment in Butuan City and dredge the Agusan River
- **Status** – 94 % complete (irrigation)
 - (flood control) contract signed in May 2003 for package 1, bidding ongoing for package 2, 86% complete for package 3, 35% for package 4
- Target completion date: December 2003 (irrigation component); June 2005 (flood control component)

MALITUBOG-MARIDAGAO

IRRIGATION/NIA/JBIC

- **Loan Amount (\$M)** – 45.1
- **Description** – aims to improve the living conditions and increase incomes of farmer beneficiaries in Central Mindanao through the irrigation of about 11,000 ha. of land
- **Status** – 86% complete
 - JBIC loan closed in May 2003; GOP financing until completion
 - Target completion date: December 2003

MINDANAO RURAL DEVELOPMENT/DA/WB

- **Loan Amount (\$M)** – 27.5
- **Description** – aims to improve food security, increase rural incomes in a sustainable manner, and provide sustainable mechanism for rural development through improved institutional services delivery by LGUs and agencies concerned
- **Status** – 48% complete
 - For possible extension by a year
 - Target completion date: June 2004

MINDANAO SUSTAINABLE SETTLEMENT AREAS DEVELOPMENT PROJECT/DAR/JBIC

- **Loan Amount (\$M)** – 55.2
- **Description** – involves development of 8 settlement areas involving LGUs through provision of rural infrastructures, post harvest facilities, institutional development for irrigation and farmers associations and other support services
- **Status** – Recently started with award of consultancy contract in March 2003
 - Target completion date: October 2008

SOUTHERN MINDANAO INTEGRATED COASTAL ZONE MGT PROJECT/DENR/JBIC

- **Loan Amount (SM)** – 27.1
- **Description** – aims to undertake the implementation of an integrated environmental protection and management of critical ecosystems as imperative to sustainable development
- **Status** – Environmental Conservation and Protection Center completed; validation of 5,460 ha for reforestation completed
 - Issue: Site acquisition for Sewerage Treatment Plant (STP) in General Santos still not resolved
 - Target completion date: January 2006

WESTERN MINDANAO COMMUNITY INITIATIVE/DAR/IFAD

- **Loan Amount (\$M)** – 14.8
- **Description** – aims to increase incomes of about 16,000 farm and fisherfolks households in selected areas in Region IX through community and institutional development resource management for the production of cops and fisheries
- **Status** – 39% complete
 - Issue: Need for increased LGU support in project areas
 - Some areas affected by peace and order problem
 - Target completion date: December 2004

GRANTS IN MINDANAO

1. Philippines-Australia Local Sustainability
2. Upland Development Program in Southern Mindanao
3. UN Multidonor Program
4. Basic Education Assistance for Mindanao
5. Local Government Support Program

PHILIPPINES-AUSTRALIA LOCAL SUSTAINABILITY PROGRAM/ PROV'L. GOV'T. OF MISAMIS OCCIDENTAL/AUSAID

- **Grant Amount** – A\$12.0 M
- **Description** – aims to strengthen participatory planning process & local management of resources for the promotion of sustainable community livelihood
- **Status** – 75% complete
 - All 131 target barangays have functioning barangay development councils, and majority formulated their development plans
 - Strengthened 129 vulnerable groups and 387 POs
 - 144 subprojects (small infrastructure and community livelihood) are ongoing
 - Target completion date: May 2004

UPLAND DEVELOPMENT PROGRAM IN SOUTHERN MINDANAO/DA, DENR, NCIP/EC

- **Grant Amount** – Euro 18.3 M
- **Description** – aims to develop a replicable model for sustaining the upland resource base & improving living standards of communities who derive most of their income from upland farming
- **Status** – 38% complete
 - Issue: Provision of GOP counterpart
 - Expected Completion Date: December 2006

LOCAL GOVERNMENT SUPPORT PROGRAM/DILG/CIDA

- **Grant Amount** – US\$32.43M
- **Description** – involves strengthening the capacity of national and local authorities in developing and implementing policies and programs with focus on capacity building
- **Status** – Executive Agenda formulated by local officials and constituencies being implemented
 - Local resource partners more effective now in assisting LGUs
 - Inter-LGU cooperation for common concerns (e.g. coastal resource management) ongoing
 - Target completion date: March 2005

Pipeline projects for Mindanao

Pipeline Projects – Mindanao Specific

Per Sector, MTPIP-NGA 2001 – 2004

Sector	Total 2001-2004 Requirements (in PhP M)
Agriculture, Natural Resources & Agrarian Reform	4,049.58
Infrastructure Development	6,908.70
Social Reform and Development	2,993.00
Total for Mindanao-Specific Projects	13,841.28

Pipeline Projects – Nationwide or Interregional with Identified Mindanao Component

Per Sector, MTPIP-NGA 2001 – 2004

Sector	Total 2001-2004 Requirements (in PhP M)
Agriculture, Natural Resources & Agrarian Reform	10,568.29
Governance and Institutional Development	6,535.04
Infrastructure Development	11,065.96
Social Reform and Development	934.84
Total for National / Inter-regional Projects with Identified Mindanao Component	29,104.13

Pipeline Projects

Sector	Total 2001-2004 Requirements (in PhP M)
Mindanao-Specific Projects	13,841.28
National / Inter-regional Projects with Mindanao Component	29,104.13
TOTAL	42,945.41

PROJECTS IN ARMM

A. *Loans*

1. Ongoing

- Salam (Peace) Bridges Project (UK/US\$85.3 M)

2. Newly-approved

- ARMM Social Fund (WB/US\$33.60 M; JBIC/\$25.18 M)
- Central Mindanao Road Project (JBIC/US\$26.792 M)
- Mindanao Roads Improvement Project Phase I (Saudi Fund/US\$52.240 M)

PROJECTS IN ARMM

B. Grants: (newly-approved)

- Environmental Protection in Support to Sustainable Livelihood Component in Lake Lanao (Netherlands contribution to MDP 3)/US\$742,060)
- Technical Assistance on Regional Capability and Governance for an Expanded ARMM (ADB/US\$670,000)

SELECTED ONGOING GRANT FACILITIES FOR MINDANAO

- **Multi-Donor Programme, Phase III (UN Agencies, Australia, New Zealand, the Netherlands and Spain; US\$25M)**
- **Growth with Equity in Mindanao, Phase 2 (USAID; US\$ 54.78M)**
- **Livelihood Enhancement and Peace Program (USAID; US\$4.983M)**
- **Upland Development Program in Southern Mindanao (EU; \$20M)**

SELECTED GRANT FACILITIES FOR MINDANAO

Philippine-Canada Development Fund (CIDA)

- Development Partnership for Armed Conflict Victims (DSWD; US\$ 0.76M approx.)
- Integrated Return and Rehabilitation Program for Civilian War Victims of Mindanao (Assisi Development Foundation-Tabang Mindanaw; US\$ 0.46M approx)
- Mindanao Program for Peace and Development (PDAP; US\$ 0.9M approx)
- Upgrading of Hospitals in the Provinces of Sulu and Basilian (DOH-ARMM; US\$0.6M approx)
- Upland Farming Model Villages Project (DA-DIDP; US\$0.90M approx)

LGU CAPACITY BUILDING PROGRAMS FOR MINDANAO

- Philippines-Australia Local Sustainability (PALS) Program/Provincial Government of Misamis Occidental; AusAID; US\$7.1 Million
- Local Government Support Program, Phase II; CIDA; US\$8.6 Million