



The Philippines

17 Environmental Infrastructure Support Credit Program

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This project's objective was to enhance disposal capacity of private companies in gas emissions, waste water and solid waste by encouraging environmental investment through provision of the loans for investment in pollution control facilities, thereby contributing to improvements in environmental quality and the efficient use of resources.

Loan Amount/Disbursed Amount: 5,158 million yen/5,058 million yen

Loan Agreement: March 1996

Terms and Conditions: Interest rate 2.5% (2.1% for consulting services);

Repayment period 30 years (grace period 10 years); General untied

Final Disbursement Date: July 2002

Executing Agency: Development Bank of the Philippines (DBP)



External Evaluator: Taro Tsubogo (KRI International Corp.)

Field Survey: December 2004

Evaluation Result

In this project, loans for installation of pollution control facilities were provided to 18 companies (21 cases) almost as planned. The project period and project costs were almost as planned.

11 of the 13 companies that received loans primarily to fund emissions reductions or treatment projects have succeeded in cutting the volume or concentration of emissions, and they are now in compliance with emission standards. Also, 5 companies that received loans primarily to fund efficient use of raw materials or resources achieved reuse of oil and asphalt and reduction in water use. As a result of various training programs to strengthen DBP's capacity, the average number of days to conduct loan appraisal has been reduced from 10 on average to 5 in 2004.

According to the results of interviews with residents living in the vicinity of the loan recipient companies, 51% stated that "the local environment has improved during the past 5 years", specifically mentioning improvements in water quality, in solid waste management and in reducing foul smells.

There is no problem with technical capacity, financial status, or the operation and maintenance system of DBP. However,

the ratio of past-due loans to total loans provided under this project has been rising. In this project, the number of loans extended to large corporations outweighs those granted to small and medium-sized enterprises. For the future, it is advisable to enhance and continue activities to encourage environmental investment by small and medium-sized enterprises and to disseminate information on the loans for installation of pollution control facilities in collaboration with agencies such as chambers of commerce and industry.

Third-Party Evaluator's Opinion

This project produced steady environmental improvements. On the other hand, many companies think paying fines would be cheaper than making environmental investments. Revision of penal regulations will be necessary.

Third-Party Evaluator: Mr. Ruperto Alonzo (academia)

Obtained a doctoral degree in economics from the University of Chicago. Presently holds the posts of Professor at the School of Economics, University of the Philippines and Commissioner of UNESCO National Commission of the Philippines. Former Deputy Director General of the National Economic and Development Authority. Specializes in poverty reduction, economic analysis, etc.

Interview with a local resident



Structure of the project

In this project, DBP provides support for investment in pollution control facilities by Philippine companies.

Flow of funds

