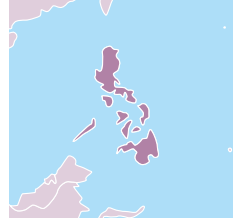




Environmental Infrastructure Support Credit Program (2)

Promoting environmental investment with medium- and long-term financing that contributes to industrial pollution control

Asia **Philippines****[External evaluator]**

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Rating

Effectiveness, Impact	a	Overall rating A
Relevance	a	
Efficiency	a	
Sustainability	a	

Project Objectives

To provide medium- and long-term financing to private enterprises of mainly to small and medium size of in the Philippines through DBP and provide technical assistance to end users and private financial institutions (PFIs) as well as DBP for the purpose of promoting investment activities that will help improve the environment; thereby contributing to the prevention and mitigation of industrial pollution

Outline of the Loan Agreement

- Loan amount / disbursed amount: 20,529 million yen / 20,529 million yen
- Loan agreement: December 1999
- Terms and conditions: 0.75% interest rate; 40-year repayment period (including a 10-year grace period); general untied (or bilateral tied in parts)
- Final disbursement date: March 2006
- Executing agency: Development Bank of the Philippines (DBP)
- Website URL: <http://www.devbankphil.com.ph/>

* This project was evaluated jointly with the DBP.

Pollution control and environmental benefits of this program

Improved field	Asset
Amount of water pollutants reduced	BOD: 470,100 kg/year COD: 940,000 kg/year TSS: 1,012,600 kg/year Cr ⁶⁺ : 6kg/year
Amount of air pollutants reduced	Particulates: 857 MT (metric ton)/year NOx: 1,286 MT/year SO ₂ : 3,690 MT/year CO: 117 MT/year
Amount of resources saved (efficient use of energy; recycling)	Energy: 6,930 MWh/year Water: 20,498,700 m ³ /year Raw materials: 21,200 MT/year
Amount of solid waste managed	28,100 MT/year
Amount of hazardous waste/materials treated	12,236 MT/year

Source: Technical Assistance Component Final Report
Notes: BOD: Biochemical Oxygen Demand; COD: Chemical Oxygen Demand; TSS: Total Suspended Solids; Cr⁶⁺: hexavalent chromium; NOx: nitrogen oxides; SO₂: sulfur dioxide; CO: carbon monoxide

Effects of Project Implementation (Effectiveness, Impact)

This project has produced the expected outcomes by (i) encouraging investment in facilities and equipment which contributes to preventing industrial pollution, such as water pollutants treatment, natural resources conservation, and waste treatment, through medium- and long-term financing using two-step loan framework, and (ii) offering technical assistance to the DBP, the end-users, and PFIs through consulting services. A major outcome of this project is that DBP has established technical and environmental assessment procedures, including Project Evaluation and Endorsement Reporting (PEER),*¹ Environmental Performance Monitoring (EPM),*² and Environmental Management Information System (EMIS).*³ These procedures and systems have been adopted for financing other programs implemented by the DBP as well, indicating that this project has had a broader impact on the bank as a whole.

As in the first phase of this project, industrial associations, chambers of commerce, and other organizations have mounted information campaigns on environmental investment for private enterprises.

Therefore, this project has largely achieved its objectives and its effectiveness is high.

Relevance

This project has been highly relevant with the Philippines' national policies and development needs at the times of both appraisal and ex-post evaluation. At both points in time, environmental improvements in such fields as air quality, water quality, and waste management are required. It is an important challenge to relieve the shortage of environmental investment funds that are needed by SMEs.

Efficiency

Both project period and costs were almost as planned; therefore, efficiency of the project is high.

Sustainability

No major problems have been observed in the capacity of the executing agency nor its operation and maintenance system; therefore sustainability of this project is high. DBP has a well-established operational framework for each financing program, with a clearly defined division of duties. DBP also enjoys a sound financial base as a bank.

Conclusion, Lessons Learned, Recommendations

In light of the above, this project is evaluated to be highly satisfactory. It is recommended that SMEs continue to be motivated to make investments in the environmental sector. For this purpose, it is important for DBP to continue information campaigns under public-private partnership, and to further raise the awareness of enterprises about environmental investment.

*1. A standardized system for information and documents required for the screening process for environmental loans. PEER has allowed DBP to standardize a set of procedures, information and documents that are needed to evaluate and analyze the environmental and technical aspects and subsequently approve loan applications.

*2. A standardized system for procedures for environmental monitoring and reporting by enterprises who have received a loan from DBP, including a reporting format. Loan recipients are required to submit such a report to DBP quarterly.

*3. A corporate on-line system for environmental information. EMIS allows DBP employees to access a wide range of information, including lending manuals for environmental assessment, document formats, learning materials that were used in environmental training courses, data on environmental technologies, and information on sub-projects.