

ABD-942
98

76389

**ECONOMIC SUPPORT FUND
PROGRAM
IN THE
PHILIPPINES**

JANUARY 1984

THE ESF PROGRAM IN THE PHILIPPINES

TABLE OF CONTENTS

<u>Topic</u>	<u>Page No.</u>
Executive Summary	ii
I. Basis for ESF	1
II. Background/Objectives of the ESF Program	1
III. Current Status of the Program	2
IV. Relationship of ESF Program to Other U.S. Assistance Activities	5
V. Implementation of the ESF Program	5
A. Management Advisory Committee (MAC)	5
B. The Secretariat	5
C. U.S. Agency for International Development	6
VI. Financial Arrangements	6
VII. ESF Project Summaries	
A. Project Design Project	7
B. Elementary Schools Construction Project	8
C. Municipal Development Fund Project	9
D. Regional Development Fund Project	10
E. Markets Project	11
F. Rural Energy Development Project	12
G. Clark Access/Feeder Roads Project	13

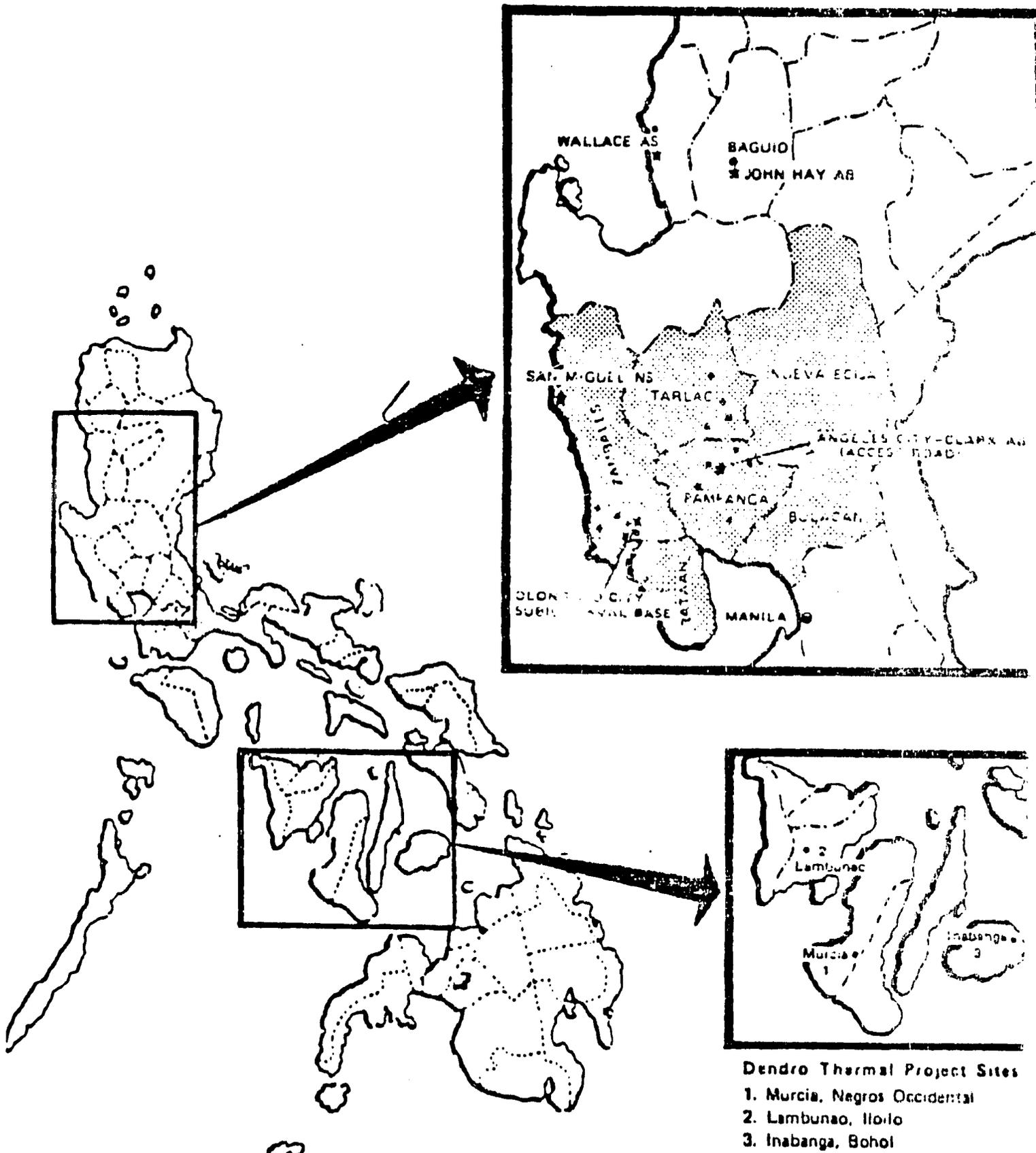
Maps, Tables and Charts

Map - Location of ESF Projects	1
Table 1 - Signed and Planned ESF Project Agreements	2
Figure 1 - Project Implementation Schedule	3
Figure 2 - Allocation of ESF Resources	4

Annexes

Subic Naval Base History	1
Clark Air Base History	2

• LOCATION OF ESF PROJECT ACTIVITIES



LEGEND

- ▣ REGIONAL DEVELOPMENT FUND (RDF) PROVINCES
- MUNICIPAL DEVELOPMENT FUND (MDF) MUNICIPALITIES
- ★ U.S. INSTALLATIONS - SUBIC NAVAL BASE
CLARK AIR BASE, CAMP JOHN HAY,
SAN MIGUEL COMMUNICATIONS CENTER,
WALLACE AIR STATION.

Note: Locations for Elementary School Construction, some Energy activities, and Markets project activities are essentially nationwide and therefore not shown above.

Executive Summary

The Economic Support Fund Program in the Philippines began in 1980. Since that time it has made available \$200 million to support development activities intended to improve local economic and social conditions, particularly in areas around the U.S. military facilities at Clark Air Base and Subic Naval Base. The funds are provided as grants through the U.S. Agency for International Development (USAID) in conjunction with the 1979 amendment to the 1947 Military Bases Agreement between the U.S. and the Philippines. A new amendment, signed in June 1983 and to begin in late 1984, will provide an additional \$475 million for implementing development projects throughout the Philippines.

Several major activities are being planned and implemented under the ESF program including: schools construction, road construction, urban development activities, regional infrastructure development, public markets development, assistance to develop baseland areas returned to the Philippines and rural energy development. Project agreements have been signed for all of the \$200 million under the 1979 amendment and more than \$115 million has been transferred to the Philippine Government as of January, 1984. A Secretariat established within the Ministry of Human Settlements provides overall management of the program for the eight-member interministerial Management Advisory Committee established by the President of the Philippines to oversee the program. U.S. Government interests are represented by the USAID Mission in Manila.

1

PHILIPPINES
ECONOMIC SUPPORT FUND PROGRAM
AN OVERVIEW

I. Basis for ESF

The Economic Support Fund (ESF) is authorized by Chapter 4 of Part II of the U.S. Foreign Assistance Act (FAA) of 1961, as amended. Under special economic, political, or security conditions the national interests of the United States may require the provision of country specific economic support which can not be justified solely under a Development Assistance rationale. In providing ESF, consideration must be given to the basic policy directions which underlie the provision of Development Assistance. These directions provide for helping less developed countries in their efforts to build and maintain social and economic institutions necessary to achieve self-sustaining growth and to provide opportunities to improve the quality of life for their people.

II. Background and Objectives of ESF in the Philippines

The Philippines ESF Program provides economic assistance in conjunction with the 1979 and 1983 amendments to the 1947 Military Bases Agreement, which governs the operation of U.S. military facilities in the Philippines. These facilities include Clark Air Base (including Wallace Air Station and Camp John Hay), and Subic Naval Base (including San Miguel Naval Station and Zambales Amphibious Training Area).

The 1979 and 1983 amendments represent a major change in the earlier agreement, although they continue the special relationship between the two countries based on a mutual interest in regional stability. In particular, the amendments stipulate that the bases are Philippine military bases over which Philippine sovereignty extends, that each base will be under the command of a Philippine base commander, and that the U.S. should have the use and effective command and control over only certain facilities and areas within the bases.

Under the 1979 amendment the U.S. Government Executive Branch agreed that it would make its best efforts to obtain, during the subsequent five years, appropriations from the U.S. Congress of \$200 million in grant Economic Support Funds, in addition to a total of \$300 million for military assistance and foreign military sales credits. The U.S. agreed that the ESF would be used to assist in improving economic and social conditions principally in the areas surrounding the bases, and that these efforts would be related to Philippine Government plans for utilization of baselands returned to the Philippines (the "reverted baselands").

Assistance also may be provided to other areas of the Philippines. The amendment provides for a thorough review every five years to assure that the Agreement continues to serve the mutual interest of both parties. Such a review was conducted in 1983 and resulted in the 1983 amendment which provides for an additional \$900 million over the ensuing five years, subject to U.S. Congressional approval and appropriation. This amount comprises \$475 million in grant Economic Support Funds and \$425 million in military assistance and credits.

III. Current Status of the Program

As of January 1984, the U.S. and Philippine governments have signed project agreements for all of the \$200 million ESF under the 1979 amendment and have dispersed more than \$115 million. Table 1 shows the amounts and dates of fund obligations for each ESF project.

Table 1: Signed and Planned ESF Project Agreements
(Millions of Dollars)

	80	81	82	83	84	TOTAL
Project Design	2	3	2	-	-	7
Elementary School Construction	18	-	-	-	-	18
Municipal Development Fund	-	22	13	20	-	55
Clark Access and Feeder Roads	-	5	-	-	-	5
Rural Energy Development	-	-	11	7	-	18
Regional Development Fund	-	-	20	15	50	85
Markets	-	-	4	8	-	12
T O T A L	20	30	50	50	50	200

Currently, the ESF Program financed under the \$200 million 1979 amendment has eight major activities. One of these, the \$18 million elementary school construction project, is essentially complete. A total of 884 typhoon resistant three-room school units and 13 larger units in typhoon susceptible areas of the Philippines have been constructed. The school allocation was biased in favor of areas around the U.S. military facilities. Other activities currently underway include a \$5 million project for construction of a limited road network for the reverted baselands north of Clark Air Base, and a \$55 million municipal development fund to assist 23 cities and municipalities in carrying out locally identified development projects.

Agreements for three other activities were signed in August 1982. One agreement authorizes a \$12 million project to support public market improvements in 12 local governments. The remaining two agreements, as currently amended, provide support for an \$18 million project to assist with three major activities in rural energy development, and an \$85 million regional development fund project that is targetted on (1) helping resolve the squatter problem in the reverted baselands and along the perimeter of the bases, (2) supporting high priority infrastructure projects in the six provinces most affected by the U.S. military facilities, and (3) implementing a nationwide \$50 million school and road construction program. Finally, a \$7.0 million project design fund provides needed resources to help identify and design ESF projects, and for support to the Ministry of Human Settlements ESF Secretariat, the GOP entity responsible for management of the ESF program. The bar chart (Figure 1) and circle diagram (Figure 2) which follow show the implementation schedule and the comparative allocation of resources for the various projects. Negotiations are currently underway between the U.S. and GOP to program the \$475 million ESF package resulting from the 1983 amendment.

Figure 1: ESF Project Implementation Schedule

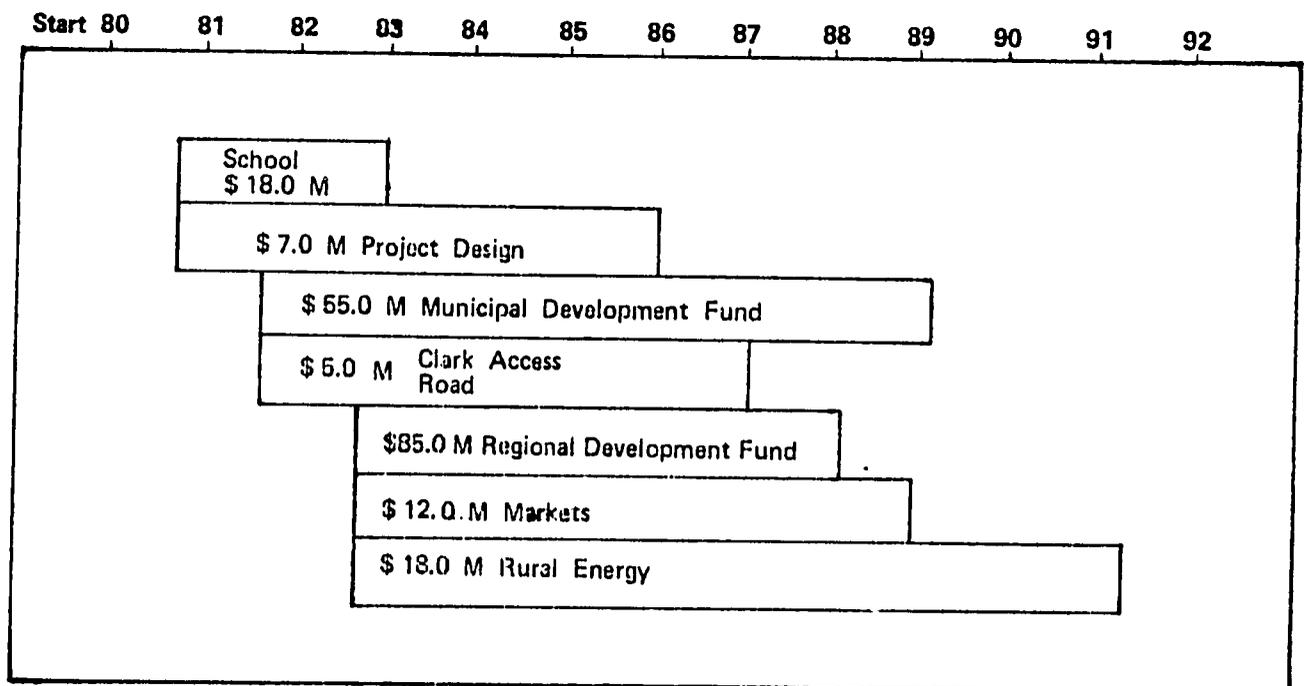
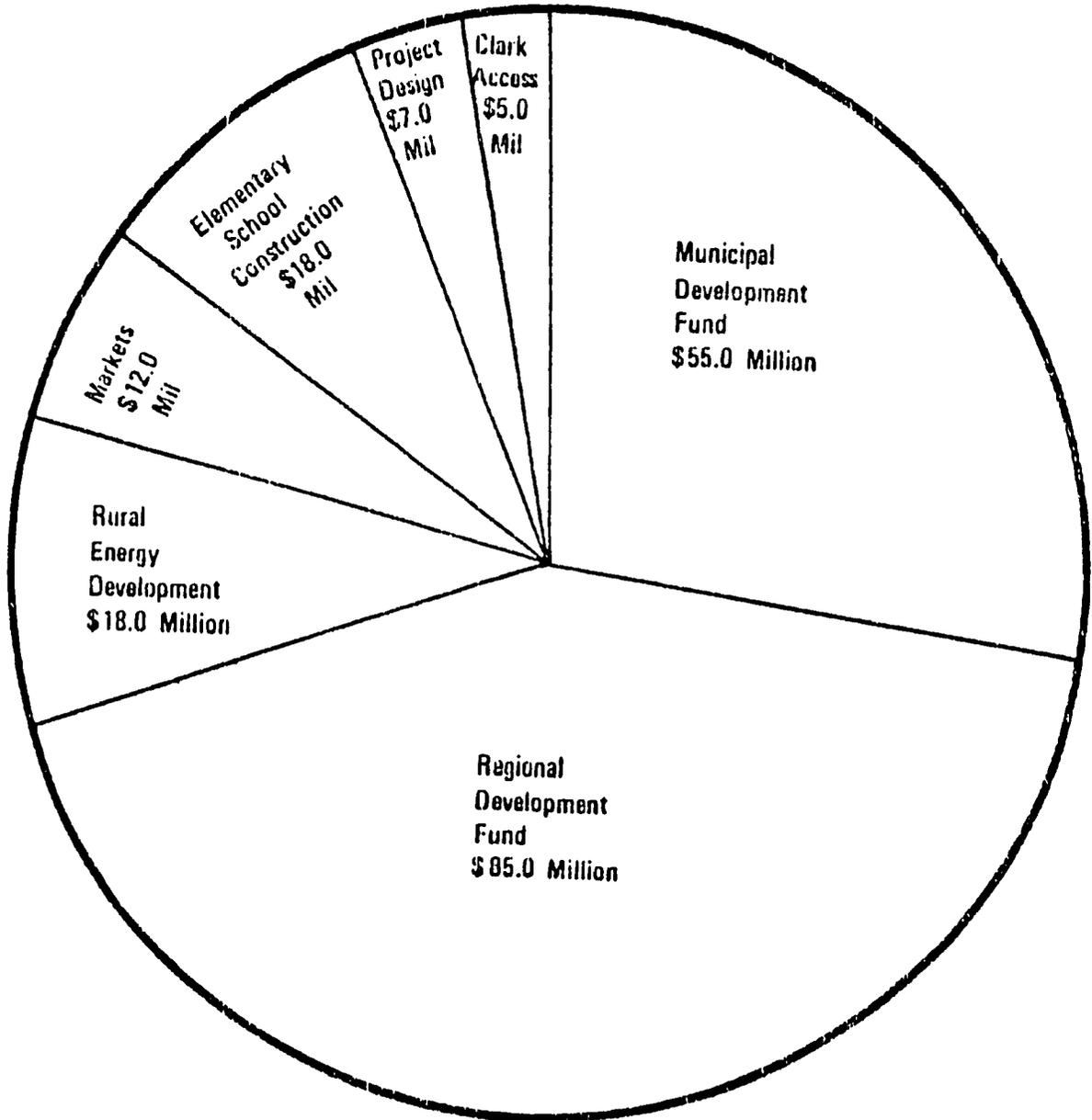


Figure 2: Allocation of ESF Resources



IV. Relationship of the ESF Program to Other U.S. Assistance Activities

Although the ESF program evolved independently from AID's overall assistance strategy in the Philippines, there has been an increasing convergence of development assistance and ESF activities. The Government of the Philippines has formulated several guidelines for developing ESF projects. These guidelines emphasize (1) strengthening local institutions to involve the poor majority, (2) increasing and diversifying agricultural production, (3) integrating agricultural, industrial, and commercial development, (4) dispersing local infrastructure and increasing access of the poor to basic services and facilities, (5) increasing employment opportunities and improving income distribution, and (6) strengthening linkages between rural and urban centers. These guidelines conform closely to AID's basic development assistance strategy of meeting basic human needs by increasing employment opportunities and improving income distribution. Thus, both ESF and development assistance seek to alleviate poverty through productive employment generation resulting from active involvement of the private sector as government's partner in development.

V. Implementation of the ESF Program

A. Management Advisory Committee

Subsequent to the 1979 amendment to the 1947 Military Bases Agreement, the Government of the Philippines initiated a thorough deliberation of the most appropriate options for determining ESF policy guidance and implementation responsibility. As a result President Marcos established the Management Advisory Committee (MAC), an interministerial body charged with advising the President on the use of the Economic Support Funds resulting from the amended Military Bases Agreement. The MAC also reviews fully developed ESF project proposals and endorses them to the President for final approval. The MAC is chaired by the Minister of Human Settlements and includes as members the Ministers of Defense; Trade and Industry; Agriculture; Education and Culture; Public Works and Highways; Budget; and the Director-General of the National Economic and Development Authority.

B. The Secretariat

In addition to creating the MAC, President Marcos authorized the establishment of a Secretariat within the Ministry of Human Settlements. The Secretariat, responsible for day-to-day planning, management and monitoring of the ESF program, is chaired by the Deputy Minister of Human Settlements. Currently, it has a staff of approximately 125 full time professional, administrative, secretarial and clerical personnel.

In concert with provincial, city and municipal governments, military and civilian entities within the GOP, the private sector, and USAID, as appropriate, the Secretariat works full time in efforts to assist in the identification, development and implementation of development projects responsive to local initiatives. The Secretariat ensures that project proposals are socially and economically sound, conform with the purposes for which ESF funds have been provided, and are properly documented for funding and presentation to the MAC and the President.

C. U.S. Agency for International Development (USAID)

Since the inception of the ESF Program in the Philippines, USAID/Manila, through its Office of Capital Development, has worked closely with the Secretariat in formulating an ESF policy framework, in preparing comprehensive implementing manuals, and in preparing necessary approval documentation.

In recognition of the capabilities of the Secretariat, and because of mutual interests in placing primary reliance for project approval and monitoring functions on the Secretariat, USAID involvement during implementation is limited. USAID's role for each project is described in the relevant Project Agreement. At a minimum USAID reviews general plans, procedures and documents related to particularly large and/or complex project activities.

VI. Financial Arrangements

At the program level, AID transfers U.S. dollars to the Treasury of the Government of the Philippines for its use as free foreign exchange in an amount equivalent to the estimated local currency requirements of the ESF activities agreed upon for the ensuing year. In exchange for this U.S. dollar transfer, the Government of the Philippines transfers into a Special Account an equivalent amount of appropriated pesos to finance the local costs of agreed on ESF activities to be undertaken during the coming year. Peso transfers from the Special Account require the concurrence of USAID. AID retains dollars to be used for foreign exchange expenditures.

VII. ESF PROJECT SUMMARIES

A. PROJECT DESIGN PROJECT

Project Data: Project Design is a \$7.0 million ESF grant project. The estimated project completion date is December 31, 1985.

Objectives: The objectives of the Project Design project are to facilitate the identification and development of a variety of projects for funding from other ESF sources and to promote the effective management of the ESF program.

Project Components: The Project will attain its objectives by financing three discrete activities. First, project funds finance technical assistance, feasibility studies, detailed site surveys and planning studies which lead to the development of sound ESF projects. Second, the Project finances pilot projects which may be replicated in other areas of the Philippines using ESF funds. Third, the Project makes funds available to defray certain costs associated with the management of the ESF program. U.S. and Philippine private sector consultants, contractors and educational institutions carry out studies, project identification and development activities.

Status: The project has financed several studies leading to the identification of new ESF projects. Principal among these studies are an Environmental Assessment of the ESF-financed Clark Access Road project, and the "Olongapo City Solid Waste Management Study". The latter study, conducted over a six month period by Filipino and U.S. private consultants, is expected to lead to an ESF project for the collection and disposal of solid waste in Olongapo City, one of the two principal cities affected by U.S. military facilities.

GOP Project Officer : Antonio M. Ollero

USAID Project Officer : William L. Riley

Principal Implementing
Entities : - Private Sector Consultants and Firms

: - Appropriate Government of the
Philippines Entities

: - The Secretariat

B. ELEMENTARY SCHOOL CONSTRUCTION PROJECT

Project Data: The Elementary School Construction Project has completed delivery of all goods and services associated with this \$18.0 million ESF grant project. The project completion date was December 31, 1983.

Objectives: The objective of the project was to increase access to basic education in the Philippines through the construction and furnishing of typhoon resistant elementary schools.

Project Activities: The Project included funding for the construction of three-room schools able to withstand winds of up to 140 miles per hour throughout the typhoon-prone regions of the Philippines. In addition, the Project financed the construction of ten- and eighteen-room elementary schools in Region III, the immediate impact area of U.S. military facilities. The Project also included funds for furnishing the classrooms, with furniture manufactured by students at public vocational schools. Finally, the Project provided financing for the construction of school sanitary facilities on a case-by-case basis.

Status: A total of 884 three-room schools were completed throughout the country. Thirteen ten-to-eighteen room schools were also completed. Furnishings were manufactured and delivered to all sites. At a standard Philippine occupancy ratio of forty children per classroom, the 2,848 new classrooms constructed and furnished under the Project benefit approximately 113,900 school children annually. Accounting action is currently being taken to formally close the project.

GOP Project Officer : Eric P. Dacanay

USAID Project Officer : James R. Meenan

Principal Implementing Agencies : - Ministry of Public Works
& Highways
(school construction)

: - Ministry of Education
& Culture
(school furnishings)

C. MUNICIPAL DEVELOPMENT FUND (MDF)

Project Data: The Municipal Development Fund is a \$55.0 million ESF grant project. The project assistance completion date is December 30, 1988.

Objective: The objective of the project is to enhance the capabilities of selected cities and municipalities to manage resources in carrying out development activities responsive to locally established priorities. Twenty-three cities and municipalities most affected by U.S. military facilities in the Philippines will be receiving MDF financing.

Project Components: The project will provide financial and technical assistance to eligible cities and municipalities in three principal areas of endeavor. These are 1) technical assistance for institutional development to improve administrative and project development and management capabilities; 2) infrastructure development, such as roads, bridges and flood control; and, 3) public enterprise development, such as markets, hospitals and slaughterhouses. During planning, design and implementation of activities, emphasis will be placed on involvement of U.S. and Philippine private sector consultants, architectural and engineering firms, and other enterprises, as appropriate.

Status: Subproject activities have been identified to fully utilize all project funds. Currently, thirteen contracts have been awarded and work has started on eight markets, four schools, and one solid waste management activity. Seven additional contracts are being bidded in January 1984. Comprehensive reviews have been completed of six municipalities' financial management practices (Angeles City, Olongapo City, Subic, San Marcelino, San Antonio and Tarlac). A project management system including periodic reporting to USAID has been initiated by the implementing parties.

GOP Project Officer : Cynthia Nunez-Ollero

USAID Project Officer : James R. Meenan

Principal Implementing Entities : - 23 cities and municipalities

- The Secretariat, Ministry of Human Settlements
- Private Sector Consultants and Firms
- Appropriate Government of the Philippines Entities

D. REGIONAL DEVELOPMENT FUND (RDF)

Project Data: The Regional Development Fund is currently authorized as a \$85.0 million ESF grant project after being amended in October, 1983 to increase funding by \$50.0 million for a new schools and roads component. The estimated project completion date is December 31, 1987.

Objectives: The objective of this project is to improve economic and social conditions in the Philippines, particularly in areas near U.S. military facilities.

Project Components: The Regional Development Fund provides technical and capital assistance to the six provinces which constitute Region III of the Philippines: Pampanga, Tarlac, Zambales, Bataan, Bulacan and Nueva Ecija. Funds are available for two types of activities: (1) supporting Philippine efforts to resettle and/or improve the conditions in existing squatter settlements within the reverted baselands and along the perimeter of the bases; and (2) supporting high priority, growth-related provincial and regional capital improvement projects. An FY 84 Schools and Roads component broadened the impact of the project to all the provinces in the country, and this component is expected to finance approximately 3200 km of local roads and 4200 school classrooms nationwide. In addition, funds are available for consulting services for provincial governments in the areas of both project design and implementation. U.S. and Philippine private sector consultants, architectural and engineering firms, and other enterprises are being involved, as appropriate.

Status: More than \$62 million had been released to the GOP by the end of 1983 for eighteen projects plus the schools and roads component. Another dozen projects were in various stages of review and approval by the end of the year, with construction underway on eight projects.

Project Officer : Bernadette Dayrit-Lopez

USAID Project Officer : William L. Riley

Principal Implementing Agencies : - Region III Provincial/Municipal Governments

- Regional Line Ministries,
as appropriate

E. MARKETS PROJECT

Project Data: The Markets Project is currently a \$12.0 million ESF grant project; however, an additional \$9.0 million grant is anticipated in FY 1985. The estimated project completion date is September 30, 1988.

Objectives: The objective of the project is to assist the Government of the Philippines to improve public market operations and construct/rehabilitate such facilities throughout the Philippines. Additionally, the project plans to assist 3-5 privately owned and operated markets on a pilot project basis.

Project Components: The Markets Project will support market improvements in cities and municipalities with populations of 40,000 or more. New facilities will be constructed and old markets will be renovated and/or enlarged. Approximately 110,000 square meters of new or improved market space will be provided. In addition, improved systems for market management and financial accounting will be introduced at each participating city or municipality. The three major project components are: (1) technical assistance, (2) credit, and (3) training. The combination of management assistance, training and infrastructure will reduce current poor market administration and the number of inadequate, unhealthy facilities, thereby contributing to a more efficient, competitive market system.

Status: President Marcos has created the Markets Infrastructure Development Council (MIDC) composed of relevant ministerial and subministerial level members of government to establish market policy and standards, to develop national programs, to improve market operations, and to advise on the allocation of project resources. Additionally, basic architectural designs for markets to be constructed on a modular basis have been completed. Eight subprojects and numerous contracts for specific training, architectural and engineering activities have been approved by AID and are in various stages of implementation. Disbursements are now \$8.2 m or 68 percent of the total project obligation. Three additional feasibility studies are under review by AID, with disbursements which will utilize the \$12 million currently available expected by the end of 1984.

GOP Project Officer : Guillermo Capati

USAID Project Officer : Mark R. Johnson

Principal Implementing Entities :- The DPF Secretariat
:- The MIDC Secretariat
- Selected Cities and Municipalities

F. RURAL ENERGY DEVELOPMENT

Project Data: The Rural Energy Development Project is a \$18.0 million ESF grant. The estimated project completion date is December 31, 1990.

Objective: The objective of the project is to assist in the development of economic and environmentally sound production and use of indigenous, renewable energy resources. The project will provide direct economic, financial and environmental benefits principally in rural areas as a result of fuel substitution, employment and income generation.

Project Components: The project will finance three distinct activities: (1) the procurement of three 5 MW wood-fired power plants, the development of tree farms, and the services of technical advisors in support of the National Electrification Administration's Wood-Fired Power Plant Program; (2) the purchase of gasifier equipment and the development of nearly 500 energy woodlots in support of a nationwide effort to reduce diesel fuel consumption in pump irrigation operations; (3) the provision of credit to develop 19,500 hectares to tree farms to grow feedstock and to construct 975 kilns for charcoal production for industrial, commercial and household use.

Status: The Project Paper for the wood-fired power plants is being amended to provide for all local cost requirements, for an expanded role by the U.S. A&E firm, and for technical assistance in planning and supervising the tree farms during the first three years of development. Accordingly, the subproject cost is being reanalyzed. Under the Gasifier Production subproject, over 226 gasifier units have been installed with over 130 ha of trees planted in approximately 113 woodlots. The Charcoal Production subproject has planted over 2,860 ha of tree farms on 10 sites and has recently prepared a handbook for developing future sites.

GOP Project Officer : Guillermo Capati

USAID Project Officers: - Lawrence Ervin (Project Officer Leader)
- Abraham Grayson (Wood-Fired Power Plants)
- Carlton Terry (Gasifier Production)
- Edward Rice (Charcoal Production)

Implementing Agencies : - National Electrification
Administration (Wood-Fired Power
Plants) and
- Farm Systems Development
Corporation (Gasifier and
Charcoal Production)

G. CLARK ACCESS AND FEEDER ROADS

Project Data: The Clark Access and Feeder Roads Project is a \$5.0 million ESF grant. The project is expected to be completed by December 31, 1986.

Project Objectives: The project will provide access and pilot soil and water improvements for an area north of Clark Air Base in Pampanga and Tarlac Provinces, which includes the Government's Sacobia Resettlement Area. The land was once part of the military reservation, but has reverted to Philippine jurisdiction. It is currently being developed for productive use.

Project Components: The project has two primary components: (1) the construction of a twelve kilometer asphalt and gravel-surfaced access road, together with a network of gravel feeder roads, into a portion of the reverted lands; and (2) refinement of soil/water conservation techniques to promote watershed stabilization and productivity.

Project Status: The Ministry of Public Works and Highways issued the notice to proceed in May 1983 for the P 16.8 million construction contract (Cuenca Construction) and in July 1983 for the P 1.9 million engineering supervisory contract (Technicks Group Corporation). Road construction has begun and is expected to take at least two years. The Soil and Water Conservation has been delayed awaiting a lease/use agreement signed between the Ministry of National Defense and the Ministry of Agriculture. The agreement is expected to be signed in January 1984 and the project implementation plan will take place over the ensuing three years, through December 1986.

GOP Project Officer : Bernadette Dayrit-Lopez
USAID Project Officer : Abraham Grayson (Access and Feeder
Roads)

Edward Rice (Soil/Water
Conservation)

GOP Implementing Agencies: - Ministry of Public Works and
Highways (Access and Feeder Roads)
- Ministry of Agriculture
(Soil/Water Conservation Pilot)

ANNEXES: HISTORY OF THE U.S. MILITARY FACILITIES

SUBIC BAY NAVAL STATION HISTORY

The first efforts to develop Subic Bay as a major port and defense outpost began with the Spanish in 1868. When the Philippines came under U.S. control as a result of the Spanish-American War, America's large Asiatic fleet needed repair facilities closer than Puget Sound and San Francisco. Thus, President Theodore Roosevelt designated Subic Bay, along with 70,000 hectares of adjacent land, as an American military reservation. In 1901 Subic Bay was designated as the principal U.S. station in the Philippines. Subic Naval Station became operational in 1907.

Prior to World War I the station was the largest U.S. marine post training facility and most of the U.S. marines who fought in World War I secured training at Subic Naval Station. Before falling into Japanese hands in January of 1942, the Subic facility was used mainly as a submarine and naval station. After World War II the base was greatly expanded and the need for a naval air station was realized during the Korean War. Consequently, Cubi Point Naval Air Station was commissioned on July 25, 1956.

With the Vietnam conflict and the Gulf of Tonkin incident in 1964, the Subic-Cubi facility grew to become the busiest port in the Western Pacific. The Subic complex, which services the U.S. Seventh Fleet (consisting of 70,000 men, 550 aircraft and 90 ships), currently is the U.S. Navy's largest logistical support base in the Western Pacific.

The Base employs some 22,000 civilians and more than 7,000 U.S. military personnel. The 30,000 person workforce is augmented by an average 9,000 fleet sailors in port at any given time, and some 6,200 dependents of military personnel.

The Base has a significant financial impact on the local communities outside the gates. Approximately \$66 million is spent by about 2 million navy and marine personnel each year in the Olongapo City area. Also, more than \$63 million is spent for civilian salaries, and approximately \$31 million is paid to procure local materials and contractors. These and other programs bring the total annual financial impact on the local Philippine economy to approximately \$185 million.

CLARK AIR FORCE BASE
HISTORY

The area now known as Clark Air Base was noticed by the U.S. 5th Cavalry in 1901 while on maneuvers during the Philippine-American War. It was attractive as a military outpost because of its location on a broad, flat plateau with natural grasslands for pasture. Thus, in 1902, Fort Stotsenburg was established by President Theodore Roosevelt, who increased the size of the military reservation to 58,000 hectares in 1908 and set the boundaries which even today outline some of the base perimeter.

In the early years military personnel at Fort Stotsenburg consisted primarily of cavalry regiments. The advent of the air age, however, was signaled in 1917 when a half-mile dirt airstrip was constructed and named Clark Airstrip in memory of Major Harold M. Clark.

With the arrival of the first B-17's in October 1941, the importance of airmen at Clark Field grew to rival that of the cavalry regiments at Fort Stotsenburg. At the outbreak of World War II, Fort Stotsenburg was garrisoned by the 26th Cavalry, the 24th Field Artillery, and air units, including the 19th Bombardment Group. During the Japanese occupation, the air base was used by the Japanese 201st Air Group and a Kamikaze base was established nearby. With the end of World War II and the beginning of Philippine Independence in 1946, Fort Stotsenburg and Clark Field were combined into Clark Air Base and the 13th Air Force moved its headquarters to the Base.

Serving as the logistics hub of U.S. forces in the Southeast Pacific, Clark Air Base has a stable population of more than 20,000 people, including 7,700 U.S. military, 650 Department of Defense civilians, and 12,000 dependents. The area also includes 17,000 Filipino employees who work on the base. The base represents a capital investment of some \$200 million and channels about \$100.0 million each year into the Philippine economy, principally to Angeles City and its environs.