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THE SCIENTEX CORPORATION

CENTER FOR PRIVATIZATION

AN EVALUATION OF THE USAID/PHILIPPINES PRIVATIZATION PROJECT

August 1990

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Project No. 492-0428

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of the

USAID PRIVATIZATION PROJECT - PROJECT NO. 492-0428

Manila, Philippines

EXECUTIVE SUMMARY

Purpose, Team and Methodology

The purpose of this mid-term process evaluation is to investigate whether the planned services and institutions are in place and performing as expected and to identify constraints to progress as a tool for improved project management. A two-man evaluation team visited the Philippines for 10 days at the end of July 1990 to perform a rapid low-cost investigation using observation and interviews as necessary for collecting data. The project was reviewed within the context of the overall performance of the Government of the Philippines (GOP) privatization program. Recommendations for improvement in the performance of the project and suggestions relevant to the design of a possible second privatization project are provided.

Project Performance

The project, initiated in mid-1988, was designed to finance short-and long-term expatriate consultants and local specialized consulting services to GOP entities charged with implementation of the privatization program. Training and commodities procurement components were also included. Utilization of project-financed assistance has been low. As of the end of June 1990, commitments total slightly over $300,000, or about 6% of the $5.0 million total project grant funding. The low utilization of project funds is particularly striking in view of the level of activity in the GOP's overall privatization program.

Project Environment

One of the earliest actions of the newly-installed Aquino administration was to initiate a five-year program in December 1986 to rationalize the bloated, inefficient and debt-ridden government corporate sector which was built up during the Marcos years. The cornerstone of this effort was an ambitious privatization program which targeted the divestiture of 122 of the total 296 government owned or controlled corporations (GOCC), all 399 acquired assets of government financial institutions, and approximately 260 companies sequestered from former Marcos cronies.

A cabinet-level Committee on Privatization (COP) was established as the top policy-making body with responsibility for issuing guidelines, monitoring the program and approving the sale or disposition of assets selected for privatization. The Asset Privatization Trust (APT) was created as the principal implementing agency and all 399 acquired assets as well as 10 GOCC's (later increased to 26) were transferred to it for disposition. The responsibility for divestiture of the remaining 111 GOCC's targeted for privatization was allocated among 13 government parent corporations or departments designated as Disposition Entities (DE's). The divestiture process for the sequestered companies has not yet been initiated because of legal and political obstacles.

During the early years of implementation of the privatization program, the principal focus has been on the disposition of the acquired assets. Through June 1990, the APT had fully sold 151 acquired assets and partially sold an additional 55 for a total of Ps. 12 billion, or 48% of the initially estimated recovery value of the total acquired asset portfolio. Substantial preparatory work has been performed by APT, not only for these completed operations but also for most of the remaining acquired assets. APT has drawn upon project resources in only 4 instances, having utilized their own budgetary resources for the balance of the work.

The focus of privatization program activity is now shifting toward the divestiture of the GOCC's. So far, 30 of the 122 targeted GOCC's have been disposed of in some manner (full or partial sale, or dissolution). These divestitures were effected by eight of the DE's (including one by APT), with the National Development Corporation accounting for over one-half of the transactions. The GOCC divestitures completed account for only about 10% of the estimated Ps.70 billion total GOCC value. Included among the remaining 112 GOCC's selected for divestiture are many of the largest, most complex or potentially controversial planned privatizations. Again, during the life of the project the DE's have performed a substantial amount of preparatory work both for the completed and the planned operations; however, project assistance has been utilized only for work on five relatively small GOCC's, one of which has resulted in a completed privatization. The cost of most of this work was absorbed within the operating budgets of the respective DE's.

The principal services to be provided and financed through the project were identified to include management planning, investment banking, accounting/auditing, legal and specialized engineering services. These are precisely the types of activities which comprise the significant body of preparatory work being performed by the implementing agencies. The need for the kind of assistance the project was intended to provide clearly exists.

Evaluation Findings

There are a number of factors that have contributed to the low rate of utilization of project funding. First and foremost, there was a seven month hiatus in the implementation of the project from August 1989 through March 1990. The Department of Finance (DOF) requested a temporary suspension of project technical assistance while the COP sought to resolve procedural issues with the Commission on Audit (COA).

The COA apparently believed that project technical assistance conflicted with its mandate as auditor of government entities. This problem, however, does not fully explain the low rate of utilization of project funds, nor does its resolution ensure a higher rate in the future. Discussions with the COP and the DE's brought out other obstacles.

The initial implementation of the project emphasized the use of Indefinite Quantity Contract (IQC) arrangements. The five IQC firms selected though competitive bidding included four accounting firms and one investment advisory firm. These firms were selected on the basis of their ability to provide valuation and marketing services. The DE's, however, tended to use their own staff for these tasks more heavily than anticipated or, in some instances, to use their own budget resources to contract non-IQC firms, particularly specialized appraisal firms. There appears to have been little understanding on the part of the DE's of the fact that project funds could be accessed to finance services provided by non-IQC firms. The services of appraisal firms, for example, conceivably could be subcontracted through the existing IQC firms, or conversely, separate IQC arrangements could be established for qualified appraisal firms.

More recently, the focus of the GOP privatization program has gradually shifted from the disposal of acquired assets, where appraisal and valuation could be expected to be the principal areas of need for external assistance, to the divestiture of large and important GOCC's, where the principal area of external expertise required involves the services of investment bank-type financial advisory institutions. The DE's responsible for the divestiture of the large GOCC's have not felt that the IQC firms meet their requirements in this area, and again they have not pursued the possibility of project funding for these services.

The DE's perception that investment bank-type services is their most important area of need for external assistance appears to be valid. First, the nature and complexity of many of the pending GOCC divestitures calls for sophisticated financial engineering and market research. Second, several recent examples of failed bid offerings raise questions about the adequacy of existing privatization preparation work in precisely this area. Lastly, the DE's are looking for the credibility that internationally prominent financial advisory institutions can offer, in large part due to the need to defend their choice of divestiture options in an environment where opposing views have to be resolved by consensus before actions are taken.

Conclusions and Recommendations

It does not appear that IQC arrangements are suited for the engagement of investment banking services, since each of the large GOCC cases is unique and it will be essential in each instance to match carefully the capabilities of the potential advisor with the demands of the specific task to be addressed. The existing project appears to incorporate sufficient flexibility to deal with these circumstances. The design of the project, for example, already allows for Direct or Host Country Contracting when the beneficiaries do not feel that the available IQC firms meet their requirements.

Measures should also be taken to ensure that the staff of the DE's are kept fully informed on the type of assistance the project can provide and under what circumstances, as well as on the procedures for gaining access to project funding. In addition, the COP might consider contracting a long-term advisor with project funds who would be qualified to assist the DE's in identifying areas of need for consulting services, assist and guide them in the selection process, and help them in the processing and administrative tasks related to the use of project funds. Finally, the APT as the principal implementing agency might also consider contracting a long-term advisor with project funds who would serve as a focal point at an operational level for the exchange of information, ideas, new innovations, and actual experience between and among the APT and the other thirteen DE's. Accordingly, the evaluation team recommends the following actions:

1. Explore with the existing IQC firms the prospects and possible terms for subcontracting local specialized appraisals firms, and if this is not feasible, consider the possibility of establishing separate IQC arrangements for these appraisal firms.

2. Encourage the COP and the DE's to consider the possibility of utilizing Direct and Host Country Contracting procedures, particularly when investment bank-type financial advisory services are required.

3. Produce a professionally-published project "brochure", written in straightforward business-style marketing language, which would clearly set forth the type of assistance the project can provide and under what circumstances, and lead the reader through the step-by-step procedures for gaining access to project funding.

4. Contract two long-term advisors, one to be assigned to work with the COP and the other to work with the APT.

    a. The COP advisor's responsibility would be to assist the DE's in identifying areas of need for consulting services, to assist and give guidance to the DE's in the selection process, and to help the DE's in the processing and administrative tasks related to the use of project funds.

    b. The APT advisor's responsibility would focus on liaison between the APT and the COP, and would serve as the focal point for the exchange of information, ideas, new innovations, and actual experience between and among APT and the other DE's.

5. Continue and perhaps expand the project's training component, particularly with regard to the participation of government officials and staff at international conferences and seminars on privatization.

The project's managers are also keen to anticipate possible future directions of the privatization process and, perhaps, utilize the resources of the existing project to research areas that might be addressed through future assistance. The evaluation team found two areas in privatization activities that have emerged in other countries but appear not to have been systematically addressed in the GOP privatization program. Both areas may merit consideration for special studies which could be financed through the project. Therefore, the evaluation team further recommends that project funds be used to:

6. Prepare descriptive and analytical papers with a strong operational orientation on new developments in privatization, drawing on the experiences of other developing countries and looking at them in the perspective of the Philippine program.

   a. One study should focus on "debt for asset" swaps used exclusively to meet privatization objectives, in contrast to the widely publicized "debt for equity" swap programs.

   b. A second area of study would be the emerging trend in developing countries to adopt non-recourse project finance techniques used, for example, in such models as "build, own and operate" and "build, own and transfer" schemes, as a means of encouraging private sector investment, particularly in sectors traditionally reserved for the public sector.

August 1990

PROCESS EVALUATION

of the

USAID PRIVATIZATION PROJECT - PROJECT NO. 492-0428

Manila, Philippines

I. PURPOSE OF THE EVALUATION

This Process Evaluation focuses on the status of project implementation in order to assess the adequacy of project support for the Philippines privatization program. The purpose of the evaluation is to investigate whether the planned services and institutions are in place and performing as expected and to identify constraints to progress as a tool for improved project management. Project performance was also reviewed in the light of the overall performance of the Government of the Philippines (GOP) privatization program. In this context, the evaluation team provides recommendations on how to increase the effectiveness of the existing project, as well as suggestions relevant tc the design of a possible second privatization project.

II. TEAM COMPOSITION AND STUDGY METHODS

The evaluation team consisted of Mr. Carl W. Ludvik, representing Profile International, Ltd., an international firm contracted by the Center for Privatization, and Mr. Emmanuel D. Antonio, representing AYC Consulting, Inc., a Philippine firm sub-contracted by Profile International, Ltd. The team devoted about 10 days in the field, plus about 3 days of preparation in reviewing project and related documents. A draft report was prepared in the field and delivered to USAID/Philippines prior to departure. The Undersecretary of Finance was also briefed on the findings and recommendations of the evaluation team. The final version of the report was prepared in Washington, taking into account the comments of USAID/Philippines.

The team was instructed to perform a rapid low-cost investigation using observation and interviews as necessary for collecting data. The team worked through and closely with the USAID Private Enterprise Support Office in Manila, and all of its work was coordinated with the Undersecretary of Finance of the Department of Finance (DOF), who is Chairman of the Technical Committee of the Committee on Privatization (COP). The COP staff participated actively in the evaluation work and made important contributions to the final report.

In-depth interviews were conducted with the top executives and staff of the six principal Disposition Entities (DE) including the Asset Privatization Trust (APT), which together are responsible for about 75% of the total number of government-owned and/or controlled corporations (GOCCs) initially targeted for privatization and all of the acquired assets which were designated for disposal under the government's privatization program. Further interviews were held with three of the five firms holding Indefinite Quantity Contracts (IQC) financed by the project, as well as representatives of other official assistance agencies, financial institutions, participants and observers involved in the privatization process.

III. THE PROJECT ENVIRONMENT

Background of the Philippine Privatization Program

Philippine government intervention in the economy increased dramatically in the 1970s. The number of government owned and/or controlled corporations (GOCCs) multiplied from less than 50 to nearly 300 and the scope of their activities expanded to cover nearly every industry from manufacturing to financial and other services. Government financial institutions channelled substantial domestic and foreign funds into these GOCCs and to politically-favored private sector firms. In the process of this debt-financed growth, numerous inefficient, import-dependent and overly capital intensive investments were undertaken and monopolistic structures were created, largely benefiting associates of the former president.

By 1980, the country began to experience a financial crisis that reflected the non-viability of major investments of the 1970s. GOCCs incurred increasing liabilities and deficits that in turn significantly increased the GOP's liabilities and deficit. The 1983 economic crisis exacerbated these problems. The government assumed a number of bankrupt private corporations under GOP debt guarantees and the significant depreciation of the peso further increased the peso burden of foreign exchange-denominated loan liabilities.

When the new government headed by President Aquino took office, it faced a mammoth task of rationalizing an inefficient and debt-ridden government corporate sector. The Aquino administration initiated a five-year program to rationalize the public corporate sector in December 1986, the cornerstone of which was an ambitious privatization program. Included in the GOP's divestiture plans were 122 of the 301 GOCCs and 399 assets transferred by certain government financial institutions to the government.[1]

[1] Approximately 260 companies sequestered from former Marcos cronies were assigned to the Presidential Commission on Good Government and are not included in the privatization program.

The Presidential Proclamation launching the privatization program[2] established the Committee on Privatization (COP) and the Asset Privatization Trust (APT). The COP is a cabinet-level committee headed by the Secretary of Finance which is supported by a Technical Committee, in turn headed by the Undersecretary of Finance and composed of senior officials of the COP member departments. The COP is the top policy-making body responsible for:

- formulation of the general guidelines on privatization,
- identification of assets to be privatized for Presidential approval,
- final approval of the sale or disposition of assets selected for privatization, subject to Presidential override, and
- monitoring the progress and activities of the APT and other designated disposition entities.

The APT is the principal Disposition Entity (DE), acting as trustee for the government in the implementation of the program. The other DEs are mostly the parent government corporation or responsible government department for the corresponding GOCC. APT was assigned responsibility for disposition of all of the 399 transferred assets which came under government control through the lending operations in previous years of the Philippine National Bank and the Development Bank of the Philippines. These assets were transferred through foreclosure or when former owners failed to pay their loans. Initially, 10 GOCCs were also transferred to the APT for privatization, while responsibility for the disposition of more than a hundred GOCCs was divided among 13 parent corporations or government departments designated as DEs. Subsequently, the task of disposing of 17 of the latter GOCCs were also transferred from the other DEs to the APT.

The 399 transferred assets handled by the APT had a book value of Ps.108 billion as of June 30, 1986, and an estimated realizable sales value of about Ps.25 billion. The low average recovery rate of about 23% seemed to be a realistic assessment of the actual worth to potential buyers and indicated the general deterioration of many of these assets. The estimated value of the 122 GOCCs selected for privatization was about Ps.70 billion. Thus, while transferred assets, all assigned to the APT, were expected to account for over three-quarters of total privatization operations by number, the GOCCs, mostly assigned to other DEs, were expected to account for about three-quarters of privatization operations by value.

[2] Proclamation No. 50 issued on December 8, 1986.

Status of the Privatization Program

Transferred Assets:[3]

As of the end of March 1990, APT had fully sold 155 transferred assets for a total of Ps.10.3 billion and had partially sold an additional 55 transferred assets for Ps.1.7 billion, together amounting to 48% of the initially estimated total recovery value. A significant amount of preparatory work has been performed by APT on the remaining 231 transferred assets for disposition (including the 55 partially sold assets).

Of these remaining assets, 72 are ready for marketing action, for example, repackaging, promotion, bidding or negotiated sales. Most of these assets are legally saleable physical assets or equity investments. The privatization of these assets will depend on market perceptions of the value of these assets given their present state of condition vis-a-vis the prevailing investment climate.

A total of 68 transferred assets are subject to legal actions. These assets are not now legally saleable because of court injunctions or sequestrations, and they will have to be legally transformed into physical assets (e.g. through foreclosure) or the underlying debts collected through legal action. The legal disputes are expected to be resolved and the corresponding assets disposed by December 1991, in all but 5 of these cases.

There are also 29 transferred assets which are classified for account disposition. These are financial assets (loans and other receivables) which may be disposed of through a Direct Debt Buy-Out (DDBO) or monetized over time by monitoring and collecting amortization payments as they fall due. The disposition of these assets rests on the ability of the debtors to fully settle their accounts immediately through a DDBO or over time through compliance with existing payment terms; otherwise legal action may have to be instituted.

Another 70 have been prepared for inter-agency or special action. These assets include loans and other receivables from certain government offices, for example, public market loans to municipalities, and they will have to be disposed of in close coordination with other government agencies as they are linked to government programs such as agrarian reform.

Finally, there are five sales of transferred assets which are pending completion. These are assets whose sales have been approved but the required total deposit has not yet been received by the APT.

In addition to these 248 remaining transferred assets, the Philippine Export and Foreign Loan Guarantee Corporation has transferred nine financial assets to the APT for collection, which are also related to certain assets transferred by the Development Bank of the Philippines or the Philippine National Bank.

[3] Appendix D provides a detailed breakdown of the status of APT assets held for disposition.

Of the transferred assets fully or partially sold by APT, 144 holdings were sold through bidding for a total value of Ps.5.2 billion, 62 were resolved through Direct Debt Buy-Outs totalling Ps.3.9 billion, 50 were sold or retrieved by the relevant government financial institution for Ps.1.7 billion, and 77 disposed of through other means for Ps.1.2 billion.

GOCCs:[4]

In the case of the 122 GOCCs that the government approved for privatization, government shareholdings were fully sold in 18 cases, partially sold in 23 cases, and 7 GOCCs were targeted for dissolution. Of the 41 shareholdings fully or partially sold, 22 operations which were completed prior to the end of March 1990 produced a total sales value of Ps.6.2 billion. Data on the sales value of the 19 operations completed after March 1990 was not obtained. An additional 4 GOCCs were privatized prior to inception of the program.

APT handled three of these GOCC privatizations in the form of partial sales of shareholdings. The remaining 45 completed GOCC dispositions were handled by seven of the other thirteen DEs and involved either the full or partial sale of shareholdings in 38 cases and dissolution in 7 cases. The National Development Corporation (NDC) alone has accounted for over one-half of the total GOCC dispositions effected to date. Appendix F provides a summary list of the status of GOCC privatization.

Given time limitations, the evaluation team was not able to gather comprehensive data regarding the precise status of the privatization process for the GOCCs pending completion comparable to the data which was obtained from APT on the status of transferred assets. However, conversations with the six most important DEs (accounting for almost three-quarters of the total number of GOCCs including the largest cases) indicate that substantial preparatory work has been performed for the remaining 97 GOCCs pending disposition (including the 23 partially sold holdings). The number of completed GOCC operations does not yet reflect the large body of preparatory work that has already gone into this remaining segment of the overall privatization program. In many of these cases, furthermore, the largest, most complex or potentially controversial planned privatizations are involved, for example, the National Steel Corporation, Philippine Air Lines, Philippine Associated Smelting & Refining Corp. (PASAR) and the Philippine Cotton Corporation, for which considerable work has been performed.

Sequestered Assets:

Progress on the approximately 260 sequestered assets apparently has been stymied by legal and political disputes. Although the possibility of assistance in the disposition of these assets was contemplated in the project, these companies have not yet been included in the privatization program.

[4] Appendix E provides details on the assignmentof GOCCs to DEs and their status.

Philippine Privatization Program Problems and Prospects

Pursuant to Proclamation No. 50, the five-year life of the COP and the APT ends in December 1991. With only 17 months to go, it is questionable that the program's targets of disposing of the remaining 244 transferred assets and 97 GOCCs can be met, even given the advanced stage of preparation work. There are a variety of reasons that can explain the pace of the program.

Legal disputes have hampered progress, particularly in the case of APT disposition of transferred assets. Many of these legal cases were filed by former owners seeking to reclaim their property, or creditors eyeing an early settlement of their claims. Although the Supreme Court last year upheld the section of the 1986 Presidential Proclamation on privatization which prohibits the courts and any administrative agency from issuing writs of preliminary injunctions, such injunctions still exist. The prescribed one year redemption period on foreclosed real estate properties is another constraint to speedy disposition. Unless this redemption period is voluntarily waived by the owner (an unlikely event), there is little that can be done except to wait for the prescribed period to lapse.

The Commission on Audit (COA) and the COP held differing and conflicting views on procedural aspects of the program which also led to delays in implementation. These differences reportedly have been largely ironed out, but this development, while it is welcome, is not likely to have a dramatic effect on the overall pace of the five-year program.

Some observers of the program believe that the officials responsible for implementation of the program could have acted more aggressively. However, it should also be noted that in the Philippines case, as in all other such programs, there are privatization opponents as well as advocates and special interest groups with different perceptions on how to proceed and concerns they expect to be addressed. The Philippine style of implementation seems to be one of seeking mutually agreeable resolutions to these issues rather than to impose solutions through government authority. One could just as well argue that this approach strengthens support for the program in the long run and is well worth any cost in time for implementation.

Perhaps the best explanation for the possibility that the program's targets may not be fully met by the deadline date can be extrapolated from observations made by an IFC official at a recent privatization seminar: "There is an unfailing tendency to underestimate the time required to execute privatization transactions....Although some small and medium sized enterprises can be privatized with relative ease, this is rarely the case with larger companies.

In this latter category the transactions are complex, preparation is labor-intensive, and political as well as technical obstacles clutter the road to closure.[5] These comments would seem to be particularly applicable to the Philippine program. In the first phase of the program, the bulk of the completed operations involved the disposition of transferred assets by the APT which, despite the obstacles encountered, were on the whole the "relatively easy" operations. In the current phase of the program, the larger, more complex GOCC privatization operations have moved to the forefront where, indeed, all of the cited obstacles are likely to be present.

In summary, it can be readily inferred from this overview of the privatization program that the need for the various types of technical assistance support envisioned in the USAID project has been present throughout the life of the project. However, the precise type of technical assistance required may also have shifted in tandem with the evolution of the focus of the privatization program from the disposal of transferred assets to the divestiture of large GOCC holdings. The findings of the evaluation team presented below support this perception.

IV. EVALUATION STUDY FINDINGS

Project Background:

The USAID privatization project was authorized in May 1988, a little more than a year after the GOP initiated its privatization program. Planned obligations of up to $5,000,000 in grant funds were authorized and the life of the project was set at five years, with a scheduled completion date of December 31, 1992. The GOP agreed to contribute $4.78 million in the form of administrative and travel costs and to provide logistical support to expatriate and local contractors. The project was designed to finance short- and long-term expatriate consultants and local specialized consulting services with the objective of reinforcing the GOP's privatization policy by supporting the divestiture of selected government owned and controlled corporations and transferred assets. Support was to be provided in the following areas:

- Information and data management
- Valuation and marketing services
- Operations studies
- Commodities (computer hardware and office equipment)
- Training and seminars

[5] Roger S. Leeds; Paper presented at the 1990 International Privatization Congress in Saskatchewan, Canada, May 13-16, 1990 "Privatization in Developing Countries: Some Lessons Learned"

The principal services to be provided and financed through the project were identified by the project's designers to include management planning, investment banking and accounting services. Project assistance was to be made available to the COP, APT, and the various DEs. Primary responsibility for oversight of the project fell to the DOF, given the Secretary of Finance's role as Chairman of the COP. The Undersecretary of Finance, as Chairman of the COP's Technical Committee, assumed responsibility for coordination of project assistance to be provided to the APT and the DEs.

Contracting arrangements for the principal services to be provided by the project appear to offer an adequate degree of flexibility. Either USAID direct or host country contracts could be used. Indefinite Quantity Contracts (IQC) were awarded to five local firms to provide local technical services. The five firms were selected through pre-qualification and competitive bidding, and included four accounting firms and one medium-size investment/merchant bank. Expatriate services could be contracted on a USAID direct basis by "buying-in" to centrally-funded USAID/Washington IQC's or Private Enterprise (PRE) Bureau contracts, or the PRE Bureau-financed Center for Privatization contract. Host country contracting procedures could be used if the choice of firms available was not satisfactory to the APT or relevant DE.

Project performance indicators:

Utilization of project-financed assistance has been low. As of the end of June 1990, two years into project implementation, commitments total slightly over $300,000, or about 6% of project funding. Valuation and marketing services were provided by two of the local firms under their respective IQC's to assist in the divestiture of five relatively small GOCCs. Only one has resulted in a completed privatization. Another IQC firm provided strategy studies for the COP related to the Department of Health.

Further assistance was provided in the form of commodities (law books, computer and office equipment) procured for the APT totalling about $170,000 (included in the above total of commitments), and training was provided in the form of participation in privatization seminars and conferences in Washington, Montreal and London involving 14 APT and DE staff.

Project funds have not been utilized to finance any expatriate services. An expatriate consultant was contracted under the Center for Privatization contract with the PRE Bureau to review the scope of work for a proposed privatization strategy study for the National Development Corporation involving a copper smelter (PASAR). Four privatization strategy studies were contracted locally for APT through a "buy-in" into a USAID Economics Department IQC. APT has submitted two additional requests for assistance which are currently being processed: a complex land use study for Hacienda Looc and a development impact study on APT divestitures.

The low utilization of project funds is particularly striking in view of the level of activity in the GOP's overall privatization program. As noted in Section III, the APT had fully disposed of 155 assets out of 399 as of March 1990 and partially disposed of another 55.

Of these, 88 represented transactions completed in 1989 and the first half of 1990, while the project was in effect. A further 72 APT assets were brought to the marketing stage and another 42 were readied for inter-agency action. Of the 122 GOCCs selected for privatization, 39 had been offered for sale and 30 of these sold by the end of 1989. Much of the work on many of these completed GOCC privatizations appears to have been done prior to initiation of the project. However, substantial preparation work was performed for some of the completed privatizations and for a significant number of the remaining GOCCs during the life of the project (the precise number was not determined), particularly with respect to the largest holdings. All of this activity undoubtedly involved a significant volume of work of the type for which the project was designed to provide assistance. The problem has not been a lack of need for the kind of assistance the project was intended to provide. In its investigations, the evaluation team found that several factors contributed to the low rate of utilization of project funds.

The Commission on Audit Issue:

An issue arose with respect to the Commission on Audit (COA), the government agency responsible for auditing of government entities. Apparently, the COA tended to equate "valuation" work with "audits" and objected to the use of outside consultants. The COA questioned the use of IQC firms under the project, as well as the use of USAID Direct Contracting and Host Country Contracting. In response, the DOF asked that all project activities except for the training component be temporarily suspended until the issue with COA was resolved. This hiatus in project assistance lasted for about 7 months, from August 1989 to March 1990, when agreement was reached with the government on the appropriateness of project assistance through all of the various contracting arrangements that were initially included in the project. Further, the evaluation team understands that new legislation is being considered that, among other provisions, will clearly define the responsibility of the COA in privatization transactions and leave ample scope for contracting the services of private auditing firms.

The issue with the COA and the subsequent temporary suspension of project assistance undoubtedly was an important factor in the low rate of utilization of project funds, but it does not fully explain the problem, nor does the resolution of this issue ensure a higher rate of utilization of project funds in the future. Discussions with participants in the GOP privatization program, in particular with the DEs, brought out other obstacles.

The Disposition Entities' Perceptions of Their Assistance Needs:

A common misconception about the Philippine privatization program, as well as of the project itself, is that it is centered exclusively on the APT. However, the other thirteen DEs so far have actually been the key players in the process of divestiture of the targeted GOCCs that together account for a major component in the government's strategy of increasing capital efficiency and encouraging private sector investment.

During these first years of the privatization program, the APT's operations have tended to emphasize disposal of the transferred assets, although their attention now is increasingly turning to the GOCC holdings that have been transferred to their control. Presently, however, about six of the other DEs account for the largest share by value of the GOP's privatization program's divestiture targets. The activities of these DEs are also central to meeting the project's objectives and, accordingly, the evaluation team devoted a considerable share of the time available to gain an understanding of their views.

The National Development Corporation (NDC) had 36 GOCCs in its portfolio. So far, 15 of these holding have been successfully privatized through full or partial sale of holdings, many prior to effectiveness of the project. However, NDC is currently devoting considerable effort to the preparation of its remaining portfolio for divestiture, which includes some of the largest GOCCs, and it is covering the cost of this effort by using existing staff and contracting local and expatriate advisors almost entirely out of its own operating budget. NDC has tended to shy away from project assistance even though it could gain access to grant funding.

Given the complexity and sensitivity of the divestiture process inherent in many of its GOCC holdings, NDC perceives the need for external assistance primarily from the most highly regarded and prominent international financial institutions. It is not only a question of professional and technical competence, but also of the widely-accepted credibility that this type of firm can offer. Credibility is an important factor since any of the possible divestiture options NDC may elect to follow is likely to provoke questioning from some quarter, and an endorsement of their actions by a respected firm strengthens their position. As described in Section III, in the Philippine privatization process, conflicting viewpoints are seriously taken into account and reasonable solutions are sought. In this environment, the DEs have to be responsive to different and perhaps conflicting points of view while pursuing what they perceive to be the best course of action. Thus, credibility plays an important role in the process.

None of these perceptions rules out project assistance. However, when NDC initially looked at the prospect of using project funding they had the impression that they were limited to selecting from the list of the five local IQC firms contracted by USAID and, with respect to expatriate assistance, to the group of consulting firms participating in the PRE-financed Center for Privatization contract. NDC felt that having a wider choice of advisory firms was crucial to the success of their privatization efforts, even at the cost of foregoing grant funding.

The Government Service Insurance System (GSIS) began with major holdings in hotels, banking, meat packing and the national airline. The banking holding and one of the hotels have already been sold. The privatization process is underway for their four remaining holdings, all of which are large, complex and sensitive operations. GSIS has done most of its privatization work in-house with existing staff.

Although they feel that their own staff are fully capable of handling the valuation, marketing and negotiating tasks, they now believe that they will require external assistance in the areas of financial engineering and investment packaging. In this regard, their views parallel those of NDC in that they would also want to use a well-known, highly credible and competent investment bank-type firm, particularly in view of the nature of their remaining holdings.

The Philippine National Oil Company (PNOC) also looks to its own staff for most of the privatization work; however, they requested assistance last year from the project through the COP for three of their eight holdings. It seems that the requests were initially delayed due to the COA issue, but are now being processed. All three involve potentially contentious issues (a possible monopoly, foreign ownership questions and land use priorities) and PNOC wants to contract an expatriate investment bank of strong standing. Similarly, the Social Security System (SSS) wants to contract a good financial advisor to provide an independent view on the sale of their majority shareholding in a banking GOCC (including two subsidiaries), taking into account the implications of possible foreign ownership. In these cases, as with the NDC and GSIS, importance is attached to the standing and credibility of the advisor.

The Department of Agriculture generally uses its own staff for privatization activities, but also calls upon consultants financed through a USAID agricultural project rather than the privatization project, mostly for administrative reasons. Two of their most difficult privatization situations, Philippine Cotton and Republic Planters Bank, were entrusted to the APT for disposition.

The APT uses its own staff and own budget for almost all of the costs involved in privatization. APT has drawn on project funds in only four cases, although several requests are now pending approval and APT is currently reviewing its entire portfolio to find areas where they can take advantage of project funding. APT's substantial volume of privatization activity so far has largely involved asset sales for which the outside assistance they have called upon has largely been the services of well-regarded local firms specializing in appraisal work. Project funding was not sought for these services since the appraisal firms APT wanted to contract are not included in the list of IQC firms.

In all of the discussions with officials of the DEs, there were strong indications of a lack of understanding of the type of assistance that could be provided through the project. The IQC arrangement was intended to facilitate access to project funding by identifying and entering into long-term contractual arrangements with the firms that were expected to provide the bulk of services needed by the DEs. In practice, the DEs tended to rely more heavily on their own staff than had been anticipated and the COA tended to preempt the areas where outside assistance might have been called upon, in particular from the IQC firms.

In the project's design, however, ample scope seems to have been given in the establishment of the permissible contracting arrangements to allow the project to adapt to a changing environment.

Unfortunately, this flexibility was not fully appreciated by the DEs and many simply assumed the IQC mechanism provided the only means of access to project funding. There is no questioning of the ability of the IQC firms to deliver satisfactory services. All of the IQC firms are considered by the DEs to be highly qualified to provide advisory services and they are uniformly included among the most respected firms in the country. In the evaluation team's view, the IQC's are capable of providing a wide range of privatization services, including the financial and investment advisory work that is needed.

However, the project's clients, namely the DEs, tend to consider these IQC firms largely only for their traditional field of expertise, accounting. This is a marketing problem that has to be dealt with by the IQC firms themselves.

Now that the COA issue seems to have been satisfactorily resolved, it is reasonable to anticipate greater utilization of the varied advisory services that the IQC firms can provide. Nevertheless, steps should be taken to ensure that the DEs are fully cognizant of project's potential for providing specialized services in all aspects of the privatization process.

The Contracting of Specialized Appraisal Firms:

The two areas of need for specialized services that are most clearly defined by the DEs are (i) access to appraisal firms and (ii) the use of internationally recognized investment banks, including the investment or merchant banking affiliates of commercial banks.

In the first instance, the contracting of appraisal firms through competitive bidding for each job is not likely to be a practical or efficient process. Such firms, however, could conceivably be subcontracted through the existing IQC firms, or conversely, separate IQC arrangements could be established for appraisal firms.

The Contracting of Investment Bank-Type Advisors:

In the second instance, the IQC mechanism is not at all suited for the engagement of investment banking services. As can be inferred from the comments and experiences of the DEs, investment bank-type services are most often required for the most unique privatization operations, not for the more straightforward cases. These operations may be unique because of their sheer size, their relative importance in the economy, the strategic nature of the activity, the need for complex financial restructuring and linkages to official and private international creditors, the potential for controversy and the corresponding emphasis on the credibility of the advisor, or the need for access to international investors and an understanding of their investment criteria. In each case, a careful matching of the capabilities of a potential investment bank advisor with the demands of the specific task to be addressed is essential. The DEs are correct in their insistence on retaining full flexibility of choice when the services of an investment bank are required. It is not generally feasible to pre-select this type of advisor outside the context of the specific task.

USAID Contracting Procedures:

The competitive bidding procedures that are required by USAID for Direct Contracting or Host Country Contracting should not present any problems for the DEs. These required procedures are based on sound market practices and ought to be followed by the DEs in any event.

Furthermore, the use of competitive bidding procedures offers the COP an opportunity to assist the DEs in the selection process to help ensure the most favorable outcome. For example, in the case of selecting investment bank-type advisors experience demonstrates that it best to commence the process with informal meetings with each of the interested investment banks, first to give each a clear explanation of the task at hand and, second, to gain an appreciation of their capabilities and degree of their interest. This exercise should then lead to the selection of a short-list of, say, three to five candidates who will be given formal invitations to bid. The scope of work should be sufficiently flexible and open to allow the bidders to design their own approach to the task with adequate time given for bid preparation and, finally, the criteria for selection and relative weights assigned should be clearly spelled out. This is the kind of an approach to selection that usually proves to elicit the most serious and imaginative proposals, but it does not currently seem to be followed by the DEs. It would be useful for the COP to develop expertise in this area which could be passed on to the DEs in those instances where such services are required.

Possible Assistance Needs in the Future:

As noted earlier in Section III, the GOP privatization program has evolved (at the risk of over-simplification) from asset sales to complex divestitures. The main thrust of the project should also be continually adjusted to meet the needs of the implementing agencies. In this regard, the GOP and USAID should attempt to look farther down the road to anticipate possible future directions of the privatization process and, perhaps, utilize the resources of the existing project to research areas that might be addressed through future assistance.

The evaluation team found two areas in privatization activities that have emerged in other countries but appear not to have been systematically addressed in the GOP privatization program. Both areas may merit consideration for special studies which could be financed through the project.

A Study on the Use of Debt Swaps in Privatization:

The first area involves debt swaps. Debt swaps have been utilized in the program, particularly with regard to asset sales. However, since the suspension by the Central Bank of the debt for equity program, little attention seems to have been given to broader application of such mechanisms.

In particular, some countries have provided for special treatment of "debt for asset" swaps when they are linked to privatization since the transaction encompasses only the exchange of public sector debt for a public sector asset and no monetary impact is involved. In contrast, a "debt for equity" swap entails providing local currency to purchase a private asset in exchange for the cancellation of public sector debt. Further, in a "debt for asset" swap the country's investment priorities would implicitly have already been met in the formal process of selecting the entity to be privatized. Lastly, such mechanisms can contribute importantly to closing the often widely different valuation perceptions between the public sector seller and the private sector buyer.

A study which provides an objective analysis of the issues and implications of the use of debt swaps in the privatization program could provide useful input into the GOP decision-making process. A number of general studies on debt swaps have already been prepared by international institutions and private firms. While the proposed study should draw upon this existing body of work, it should focus more specifically on "debt for asset" swaps used in privatization and address the numerous operational and procedural details that are of utmost importance to implementing agencies.

A Study on the Use of Private Sector Project Finance Models:

The second area involves the use of non- or limited-recourse project financing with respect to the opening up to private investment of certain activities in sectors traditionally reserved for the public sector, which is another form of privatization that is beginning to emerge in several developing countries. A typical example is the introduction of "build, operate and own" or "build, operate and transfer" concessions in the power sector, usually for investment in power generation. These arrangements entail a unique blending of financial and performance commitments between public sector entities and private investors, which in turn are linked to an appropriate sharing of risks. Such techniques are widely used in the industrial countries and are beginning to appear in developing countries. Often, however, the underlying fundamental premises of these complex arrangements are poorly understood. Moreover, few implementing agencies in the developing countries are familiar with the provisions of the numerous inter-locking agreements among the parties to such financing arrangements. The evaluation team understands that the GOP is already considering such models for power sector and port terminal projects. Again, consideration might be given to utilizing project resources for an objective study and analysis of the issues and implications of these models in the Philippine context, with particular emphasis on an appropriate role for the government and on how the official assistance agencies could provide targeted support to encourage private investment. The study should also focus on the operational details of the underlying agreements that support these models.

The Project's Training Component:

Lastly, the evaluation team believes that the project should continue to support training initiatives, particularly with regard to giving key players in the privatization process exposure to the experiences of other countries. The project has already financed such training for 14 individuals. Those who were interviewed were unanimous in praising the value of such exposure.

V. CONCLUSIONS DRAWN FROM THE EVALUATION TEAM FINDINGS

Project funds that are available for technical assistance to the COP and the DEs are needed but have been greatly under utilized. There are several reasons for the low rate of utilization of project funding.

The first and most obvious impediment that confronted the project was the objection from the Commission on Audit that project assistance in the areas of appraisal and valuation conflicted with the COA's mandate as the designated auditor of all government entities. In the COP's view, which was supported by USAID/Philippines, appraisal and valuation work in privatization is an entirely different exercise than auditing with entirely different objectives. The COA eventually acquiesced in this view. Nevertheless, nearly a year in project implementation was lost while project activities were suspended pending the resolution of this issue.

The second problem encountered in project implementation stems from the evolution of the GOP privatization program itself and the corresponding changing perceptions of the areas of need for external assistance on the part of the DEs. Although the project's design allowed for sufficient flexibility to adapt to changing circumstances, the initial implementation arrangements emphasized the use of IQC firms primarily selected on the basis of their ability to provide valuation and marketing services. The DEs, however, tended to use their own staff for these tasks or to contract non-IQC firms, particularly specialized appraisal firms. There appears to have been little understanding or appreciation by the DEs of the fact that project funds could be accessed to finance services provided by non-IQC firms.

More recently, the focus of the GOP privatization program has gradually shifted from the disposal of transferred assets, where appraisal and valuation could be expected to be the principal area of need for external assistance, to the divestiture of large and important GOCCs, where the principal area of external expertise required involved the services of investment bank-type financial advisory institutions. The DEs did not feel that the IQC firms met their requirements in this area, and again did not pursue the possibility of project funding for these services.

The DEs perception that investment bank-type services is their most important area of need for external assistance appears to be valid. First, the nature and complexity of many of the pending GOCC divestitures calls for sophisticated financial engineering and market research. Second, several recent examples of failed bid offerings raise questions of the adequacy of existing privatization preparation work in precisely this area. Lastly, the DEs are looking for internationally prominent financial advisory institutions, in large part due to the need to defend their choice of divestiture options in an environment where opposing views have to be resolved by consensus before actions are taken.

From a technical perspective, the project is adequately designed to meet these changing needs. The focus of implementation efforts, however, has to be adapted to the current situation. One way of accomplishing this is to introduce improvements in the area of communications and day-to-day liaison between USAID and the COP, and between COP and the DEs, in particular the APT.

One measure, for example, would be to produce a professionally-published project "brochure", written in straightforward business-style marketing language, which would clearly set forth the type of assistance the project can provide and under what circumstances, and lead the reader through the step-by-step procedures for gaining access to project funding. This "brochure" should be widely distributed to all potential participants in the privatization process.

Another important and urgently needed measure would be to contract two long-term advisors, one to be assigned to work with the COP and the other to work with the APT. The COP advisor's responsibility would be to assist the DEs in identifying areas of need for consulting services, to assist and give guidance to the DEs in the selection process, and to help the DEs in the processing and administrative tasks related to the use of project funds. This individual should be one who has a good understanding of the operations, procedures and style, on the one hand, of the official entities involved -- USAID, DOF, COP, APT and the other DEs, and on the other hand, of the private sector firms providing the consulting and advisory services.

The APT advisor's responsibility would focus on liaison between the APT and the COP, and would serve as the focal point for the exchange of information, ideas, new innovations, and actual experience between and among APT and the other DEs. This advisor should be knowledgeable and well-versed in the all of the various aspects of the privatization process.

Project funding could also be used to prepare descriptive and analytical papers with a strong operational orientation on new developments in privatization, drawing on the experiences of other developing countries and looking at them in the perspective of the Philippine program.

One area of study that does not seem to have been fully addressed is the use of debt swaps in privatization. Such a study could focus on "debt for asset" swaps used exclusively to meet privatization objectives, in contrast to the widely publicized "debt for equity" swap programs.

A second area of study would be the emerging trend in developing countries to adopt non-recourse project finance techniques as a means of encouraging private sector investment, particularly in sectors traditionally reserved for the public sector. Such models, for example, "build, own and operate" and "build, own and transfer" schemes, can be an essential element in the process of privatizing through the opening up of new areas of investment opportunities to private investors.

Such a study could provide useful guidance to the government and to USAID in the designing of future assistance programs, should the privatization program move in this direction.

Lastly, the project should continue and perhaps expand its training component, particularly with regard to the participation of government officials and staff at international conferences and seminars on privatization.

V. RECOMMENDATIONS BASED ON THE EVALUATION STUDY FINDINGS

1. Explore with the existing IQC firms the prospects and possible terms for subcontracting local specialized appraisals firms, and if this is not feasible, consider the possibility of establishing separate IQC arrangements for these appraisal firms.

2. Encourage the COP and the DEs to consider the possibility of utilizing Direct and Host Country Contracting procedures, particularly when investment bank-type financial advisory services are required.

3. Produce a professionally-published project "brochure", written in straightforward business-style marketing language, which would clearly set forth the type of assistance the project can provide and under what circumstances, and lead the reader through the step-by-step procedures for gaining access to project funding.

4. Contract two long-term advisors, one to be assigned to work with the COP and the other to work with the APT.

    a. The COP advisor's responsibility would be to assist the DEs in identifying areas of need for consulting services, to assist and give guidance to the DEs in the selection process, and to help the DEs in the processing and administrative tasks related to the use of project funds.

    b. The APT advisor's responsibility would focus on liaison between the APT and the COP, and would serve as the focal point for the exchange of information, ideas, new innovations, and actual experience between and among APT and the other DEs.

5. The project should continue and perhaps expand its training component, particularly with regard to the participation of government officials and staff at international conferences and seminars on privatization.

6. Prepare descriptive and analytical papers with a strong operational orientation on new developments in privatization, drawing on the experiences of other developing countries and looking at them in the perspective of the Philippine program.

a. One study should focus on "debt for asset" swaps used exclusively to meet privatization objectives, in contrast to the widely publicized "debt for equity" swap programs.

b. A second area of study would be the emerging trend in developing countries to adopt non-recourse project finance techniques used, for example, in such models as "build, own and operate" and "build, own and transfer" schemes, as a means of encouraging private sector investment, particularly in sectors traditionally reserved for the public sector.

APPENDIX A

ACRONYMS AND ABBREVIATIONS

APT	Asset Privatization Trust
COA	Commission on Audit
COP	Committee on Privatization
DA	Department of Agriculture
DE	Disposition Entity
DOF	Department of Finance
GOCC	Government Owned and/or Controlled Corporation
GSIS	Government Service Insurance System
IQC	Indefinite Quantity Contract
NDC	National Development Corporation
PNGEFLGC	Philippine National Government Export & Foreign Loan Guarantee Corporation
PNOC	Philippine National Oil Company
Ps.	Philippine Peso -- Ps.23.oo:US$1.oo (July 1990)
SSS	Social Security System
USAID/Philippines	U.S. Agency for International Development, Philippine Mission, Private Enterprise Support Office
USAID/PRE	U.S. Agency for International Development, Private Enterprise Bureau, Washington, DC

APPENDIX B

PRIVATIZATION PROJECT HIGHLIGHTS

Signing of Grant:	June 1988
Project Assistance Completion Date:	December 31, 1992
Life of Project (LOP) Funding:	$5,000,000
Obligations to Date:	$4,473,000
Earmarks to Date:	$1,706,285
Commitments to Date:	$ 307.289
Expenditures to Date:	$ 185,889 or 4% of LOP
Pipeline:	$4,287,111 or 86% of LOP

Project Activities, 1988 to June 6, 1990

A. Technical Assistance

Delivery Orders Issued to date under the IQCs:

- PASAR
- Lung Center
- Philippine Heart Center
- National Kidney Institute
- Philippine Children's Medical Center
- Monte Maria Poultry Farms, Inc.
- Integrated Feed Mills Corporation
- Mindeva Refrigeration Industries, Inc.
- People's Livelihood Enterprises, Inc.
- DBP Data Center, Inc.
- APT accounts: Philippine Smelters, Inc.
  - Pamintuan Development Corp.
  - Vital Agro, Inc.
  - Manarra Cassava Flour Mill
- Under process: Hacienda Looc
  - APT Evaluation and Performance

USAID Direct Contract for a foreign consultant outfit to assist in foreign markets publicity, advice, and assistance to selected GOCCs - no expenditures to date under this contract.

B. Commodities

Foreign Procurement: worth $170,494 under bid in US

Local Procurement:

253 Law books

39 Computer system and accessories

2 Office equipment

C. Training and seminars

1 Conference

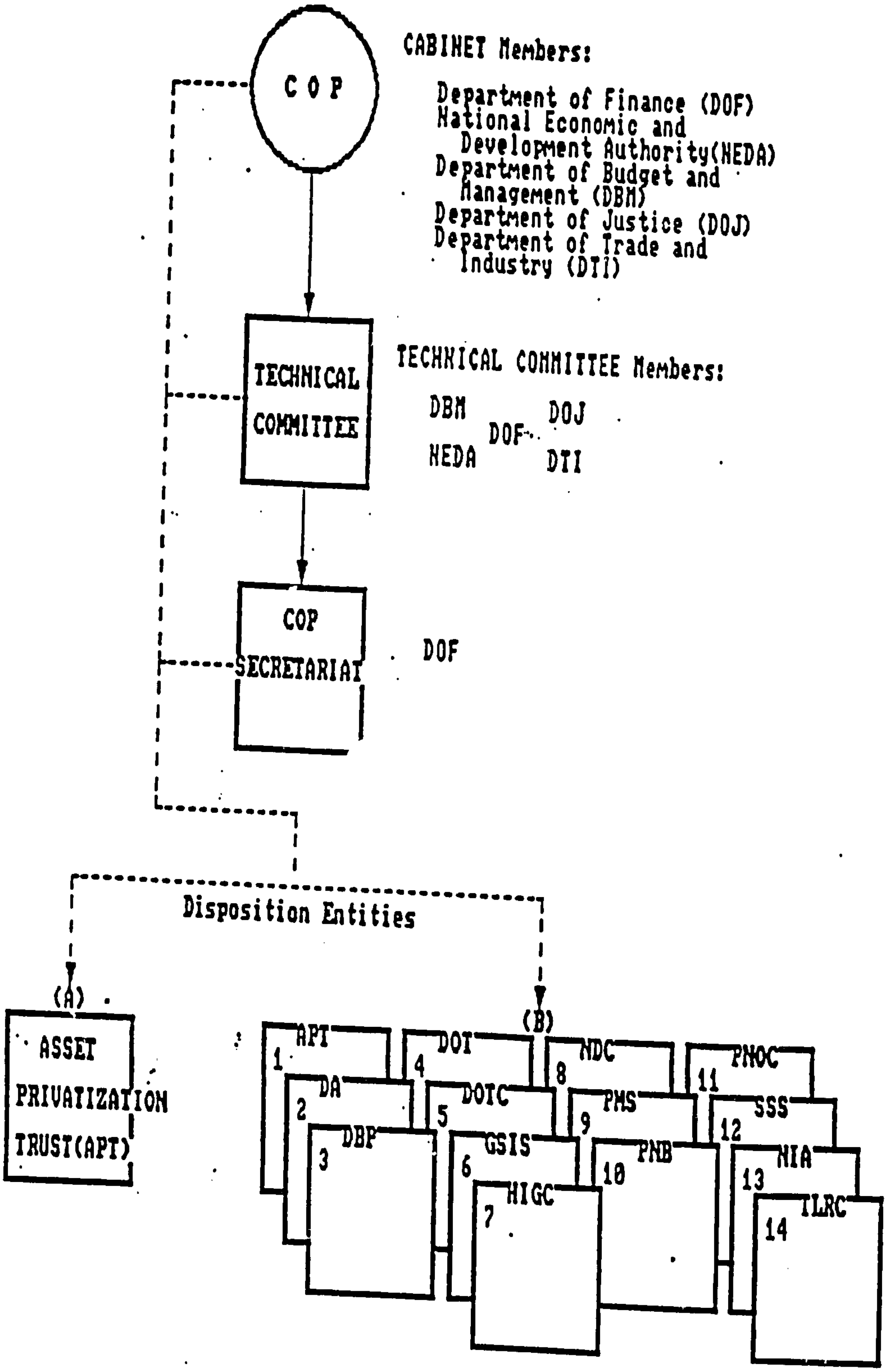
13 Trainees sent abroad

D. Policy/operational studies

1 Invitational travel

APPENDIX C

COMMITTEE ON PRIVATIZATION ORGANIZATIONAL CHART



(A) APT handles 399 Non-Performing Assets (NPAs) entrusted to it for disposition.

(B) APT, as well as other disposition entities, handle the disposition of 122

APPENDIX B

APT STATUS REPORT

LIST OF FULLY DISPOSED ASSETS

As of June 30, 1990

Selling Price In Thousand Pesos

1	AIR MANILA, INC	85
2	AKLAN BULK CARRIERS INC	38,938
3	AKLAN DEV'T BANK	10,260
4	APO CEMENT CORP	46,889
5	APPAREL WORLDWIDE	92
6	ARIES SHIPPING LINES	32,301
7	ARTEX DEVT CO INC	21,582
8	BASALT ROCK AGGREGATES CORP	5,371
9	BATAAN MANILA FERRY	643
10	BAYVIEW PLAZA HOTEL	85,500
11	BUKIDNON SUGAR CO	730,000
12	BUSINESSDAY INFO SYSTEMS	28,659
13	CAGAYAN SUGAR CORP	464,000
14	CANDANO SHIPPING LINES	60,246
15	CEBU PLAZA HOTEL CORP	328,000
16	CENTRAL CEMENT CORP	56,492
17	CENTURY CANNING CORP	25,000
18	CONTINENTAL MFG CORP	198,399
19	CORON BULK CARRIERS	27,132
20	CREATIVE SELF-RELIANCE ENT	9,239
21	CRESTA MONTE SHIPPING CORP	15,113
22	CRYSTAL LAND DEV'T CORP	5,000
23	D T INDUSTRIES	9,660
24	DAVAO SUGAR CENTRAL CO	188,172
25	DAVAO UNION CEMENT	216,152
26	DEVELOPMENT ACADEMY OF THE PHILS	0
27	DEVELOPMENT BANK OF THE PHILS	0
28	DIAMOND SEAFOODS CORP	22,500
29	DMG (A)	57,377
30	DMG (B)	120,202
31	DURAFIL MFG CORP	6,250
32	EASTERN PACIFIC STEEL CORP	49,739
33	EASTERN PAPER MILLS	16,045
34	EASTERN TELECOM	30,498
35	EASTERN TEXTILE MILLS	106,655
36	ECIJA BULK CARRIERS	22,344
37	FAR EAST WIRE & METAL PRODUCTS	14,000
38	FIL-CHINA FRIENDSHIP HOTELS	1,501
39	FIL-HISPANO CERAMICS	72,742
40	FIL-MOSAIC CORP	0
41	FIRST PHIL HOLDING CO	480,211
42	FLORO CEMENT	508,929
43	FOODMASTERS INC	17,000
44	FUGA BULK CARRIERS	27,132
45	GOYU & SONS INC	41,650
46	HERDITEX	23,000
47	HI-CEMENT CORP	151,774
48	HSDC - UNIVERSITY OF LIFE	61,314
49	I & A DEV'T CORP	910
50	ILIGAN CEMENT	230,872
51	ISAROG PULP & PAPER CO	100,000
52	ISLAND CEMENT CORP	503,000
53	JADE INTERNATIONAL CO INC	3,662
54	JEDME MFG CORP	11,000
55	JOVEL IND INC	7,658
56	JUKI INDUSTRIAL CORP	6,550
57	KNITJOY MFG	70,774
58	LAMSAN TRADING	4,748
59	LIRAG TEXTILE MILLS	3,536
60	MABUHAY VINYL CORP	299,244
61	MACHINE TOOLS MFG CO INC	10,000
62	MACKAY MACHINERIES	49,308
63	MANILA BAY ISLAND RESORTS INC	43,500
64	MANILA PAPER MILLS INC	56,180
65	MANSION WOODWORKS INC (J. SY)	6,400
66	MANUFACTURERS ASSOCIATES	15,000
67	MARIA CRISTINA FERTILIZER	95,315
68	MARIC SHIPPING	20,400
69	MARINA PROPERTIES	0
70	MERALCO	114,696
71	MERALCO FOUNDATION INC	209,787
72	MIDLAND CEMENT CORP	171,825
73	MILAGROSA SHIPYARD & SHIPBLDG	2,402
74	MOLAVE SUBSIDIARIES	18,487
75	MONARCH ESTATE & DEVT CORP	58,505
76	NATIONAL FOOD AUTHORITY-TABANGAO	79,465
77	NATIONAL HOUSING CORP (A)	70,000
78	NATIONAL HOUSING CORP (B)	0
79	NATIONAL STEEL CORP	0
80	NAVOTAS INDL CORP	825
81	NDC - ASIA INDUSTRIES INC	130,490
82	NEW PACIFIC STEEL IND INC	12,643
83	NIDO COMPLEX DEV'T PROJECT	0
84	NORTHERN MINDANAO TRANSPORT	38,374
85	NORTHWEST AGRO-MARINE PRODUCTS	30,000
86	OESCO/TRANS-ORIENTAL WOODWORKS	28,000
87	ONYTEX	17,020
88	ORMOC SUGAR	89,170
89	ORO PACKAGING CORP	33,450
90	P FLORO & SONS	61,000
91	PACIFIC HOTEL CORP	12,850
92	PAGDANAN TIMBER PROD INC	25,900
93	PALACIO SHIPPING LINES	2,992
94	PAMPANGA SUGAR DEV'T CO	41,609
95	PARAMOUNT DEVT CORP OF THE PHIL	7,308
96	PASACAO TRANSPORT SERVICES INC	16,367
97	PERPETUAL HELP HOSPITAL/COL OF RIZAL	17,035
98	PHIL ASIA FOODS	236,900
99	PHIL EAGLE MINES	78,026
100	PHIL PETROCHEM	31,891
101	PHIL POLYAMIDE IND CORP	156,538
102	PHIL POLYSTERENE PAPER CORP	49,275
103	PHIL STARCH IND CORP	54,804
104	PILIPINAS BANK (A)	0
105	PILIPINAS BANK (B)	38,630
106	PNB CAPITAL BONDS	0
107	PRODUCERS BANK	10,000
108	RAFOLS HOTEL	65,050
109	REDSON TEXTILE MILLS	53,508
110	RESORTS HOTEL CORP	120,256
111	RICOR MILLS CORP	35,566
112	RIVERSIDE MILLS CORP (A)	39,810
113	RIVERSIDE MILLS CORP (B)	10,000
114	ROCKY MOUNTAIN CONST & DEV'T	10,000
115	S & L (FILEMON SALCEDO)	24,173
116	SABENA MINING CORP	21,000
117	SARMIENTO INDUSTRIES	47,340
118	SEABORNE CARRIERS	22,713
119	SERGS PRODUCTS	70,477
120	SHERWIN WILLIAMS	10,000
121	SILAHIS HOTEL	49,000
122	SOLID MILLS INC (A)	84,409
123	SOLID MILLS INC (B)	69,990
124	SOUTH ASIA STEEL MFG CORP	19,328
125	STARMARINE BUILDERS	7,916
126	STERLING SHIPPING LINES	7,035
127	SUGARLAND AGRO-INDUSTRIAL CORP	7,015
128	TAGUM AGRICULTURAL DEV'T CORP	29,270

129	TEGULA FILIPINA CORP	24,530
130	TEXFIBER CORP	213,462
131	TOBACCO INDUSTRIES	35,520
132	TOLONG SUGAR MILLING	94,000
133	TREBEL IND INC	4,936
134	TROPICAL PHIL WOOD IND INC	32,312
135	UNION INDUSTRIES INC	180,900
136	UNITED ASIA WEAVING & TRIMMING	13,700
137	UNITED DOCTORS MEDICAL CENTER	49,586
138	UNITED PLANTERS SUGAR MILL	500,000
139	UNITED PULP & PAPER CO	60,526
140	UNITED TEXTILE MILLS	11,463
141	UNIVERSAL TEXTILE INC	115,699
142	UPSI - MARIAN CLINIC	6,368
143	UPSI - MEDICAL CENTER MANILA	42,232
144	VILLAMOR, AMPARO (MET. APT)	15,895
145	VINYL PRODUCTS PHILS INC (A)	10,000
146	VINYL PRODUCTS PHILS INC (B)	5,000
147	WEAREVER TEXTILE MILLS	29,000
148	WESTERN VISAYAS CORP	25,000
149	WHITE ROCK RESORT HOTELS	22,725
150	ZAMBOANGA PLAZA HOTEL	87,000
151	ZENITH TEXTILE MILLS	29,510
	Sub-Total	10,331,324

LIST OF PARTIALLY DISPOSED ASSETS

As of June 30, 1990

Selling Price In Thousand Pesos

1	ACHIEVERS CONST & DEVT CORP	3,052
2	AGRETRONICS INC	1,000
3	ALINSU GROUP OF CO	9,736
4	ALUMINUM WORLD CORP	1,582
5	AMERICAN PHIL FIBER IND INC	1,600
6	ATLAS TEXTILE MILLS	4,853
7	CAREBI	24,286
8	CARRUF DEVT CORP	100,108
9	CCP/VICOR MUSIC CORP	189
10	CELLOPHIL RESOURCES CORP	17,996
11	CLAVECILLA RADIO SYSTEM	6,500
12	COCO COMPLEX PHILS INC	3,630
13	COMPUTER ELECTRONICS	210
14	CRESTA MONTE WOOD PRODUCERS	5,756
15	D B TEODORO DEVT CORP	1,680
16	DBT INTEGRATED HOME & DEVT CORP	12,046
17	DELTA MOTOR CORP	688,702
18	DUPAX RUBBER CORP	2,955
19	DURANO TRADING CORP	4,736
20	EXP'TAL CINEMA OF THE PHILS (A)	120
21	FAR EAST STARCH CORP	4,610
22	FILIPINAS MILLS INC	387
23	FITSCHUH MFG CO	490
24	GOLDEN COUNTRY FARMS INC (A)	16,366
25	GOLDEN COUNTRY FARMS INC (B)	365
26	GOLDEN RIVER MINING CORP	570
27	INTEGRATED SHOE INC	3,062
28	INTERPHASE DEVT SYSTEMS INC	10
29	MENZI DEVT CORPORATION (A)	4,300
30	MINDANAO POLYSACK MFG CORP	7,025
31	MIRAD MULTIFOODS INC	2,488
32	MOLAVE BULK CARRIERS, INC	51,450
33	MONTILLA MFG	1,852
34	NDC - GALLEON	237,344
35	ORIENTAL MEDIA, INC	399
36	P R GARCIA & SONS	26,875
37	PACIFIC CEMENT	138,450
38	PEOPLES INDUSTRIAL & COMMERCIAL	14,175
39	PHIL BLOOMING MILLS	112,530
40	PHIL EDUCATION CO	2,143
41	PHIL HI-STANDARD	27,000
42	PHIL INT'L SHIPPING CORP	34,857
43	PHIL KNITTING MILLS INC	20,588
44	PHIL PIGMENT & RESIN CORP	51,018
45	PHIL SEEDS INC	8,969
46	PHIL SMELTERS	758
47	PNB COMPLEX	4,520
48	QUEENS FISHING CORP	5,500
49	SANIFOOD PROCESSING CORP	411
50	SANPIRO REALTY	4,600
51	SELECTRA ELECTRONICS	3,204
52	UNITED CATHAY IND	1,230
53	VISAYAN BOX FACTORY INC	7,000
54	WRIGHT PATTERSON	2,276
55	ZAMBOANGA FACTORS INC	2,955
	Sub-Total	1,690,513

GRAND TOTAL 12,021,838

APT STATUS REPORT – FOR MARKETING ACTION
June 30, 1990

Of the remaining portfolio of 248 DBP/PNB transferred assets, 82 are For Marketing Action (i.e. re-packaging, promotions, biddings, negotiated sales) which are essentially legally vendible physical assets or equity investments. The successful disposition/privatization of this group of assets will largely depend on the market forces at play, especially the private sector's perceived value of these assets at their present status or condition vis-a-vis the prevailing investment/business climate.

FOR MARKETING ACTION

1 ACHIEVERS CONST & DEV CORP
2 AGRETRONICS INC
3 ALFA FOODS
4 ALINSU GROUP OF CO
5 APO PRODUCTION UNIT
6 ARGONAUT MINERAL EXPLORATION
7 ASEAN FINANCE
8 ASSOCIATED BANK
9 ATLAS TEXTILE MILLS
10 BAGONG BAYAN CORP
11 BASAY MINING CORP (A)
12 BASAY MINING CORP (B)
13 BICOLANDIA SUGAR DEVT CO
14 CAREBI
15 CELLOPHIL RESOURCES CORP
16 CENTRAL AZUCARERA DE PILAR
17 CENTRAL SANTOS LOPEZ
18 CLAVECILLA RADIO SYSTEM
19 CLUB SOLVIENTO INC
20 COCO COMPLEX PHILS INC
21 COMPUTER ELECTRONICS
22 CRESTA MONTE WOOD PRODUCERS
23 CROWN FRUITS & CANNERY CORP
24 D B TEODORO DEVT CORP
25 DELTA MOTOR CORP
26 DUPAX RUBBER CORP
27 DURANO TRADING CORP
28 FAR EAST STARCH CORP
29 FILIPINAS MICRO-CIRCUITS
30 FITSCHUH MFG CO
31 GOLDEN RIVER MINING CORP
32 GREATER MLA LAND CORP
33 HERCULES MINERALS & OILS, INC
34 HILONGOS DEVT CORP
35 HOTEL MIRADOR INC
36 INTEGRATED CIRCUITS
37 INTEGRATED ELECTRONICS
38 INTEGRATED SHOE INC
39 INTERLINING CORP
40 LANDOIL RESOURCES
41 LEDEROIDE PRODUCTS
42 MANARRA CASSAVA FLOUR MILLS
43 MARBELLA CLUB (MANILA)
44 MARICALUM MINING CORP
45 MCADORE INT'L PALACE
46 MEJIA, CIRILO & MILAGROS
47 MENZI DEVT CORPORATION (A)
48 MENZI DEVT CORPORATION (B)
49 MINDANAO PLYWOOD CORP
50 MIRAD MULTIFOODS INC
51 MOLAVE BULK CARRIERS, INC
52 MOONWALK DEVT CORP
53 NONOC MINING & IND CORP (A)
54 NONOC MINING & IND CORP (B)
55 NORTH DAVAO MINING CORP
56 ORIENTAL MEDIA, INC.
57 PANTRANCO NORTH EXPRESS
58 PAPER IND CORP OF THE PHILS (A)
59 PAPER IND CORP OF THE PHILS (B)
60 PHIL BLOOMING MILLS
61 PHIL CELLOPHANE FILM CORP
62 PHIL EDUCATION CO
63 PHIL HI-STANDARD
64 PHIL NATIONAL CONST CORP (A)
65 PHIL NATIONAL CONST CORP (B)
66 PHIL PIGMENT & RESIN CORP
67 PHIL SEEDS INC
68 PHIL SHIPYARD & ENGG CORP
69 PHIL SMELTERS
70 PHIL SUGAR CORP
71 QUEENS FISHING CORP
72 SANIFOOD PROCESSING CORP
73 SANPIRO REALTY
74 SELECTRA ELECTRONICS
75 SIRAWAI PLYWOOD
76 UNITED CATHAY IND
77 UNIVERSAL CEMENT CORP
78 VISAYAN BOX FACTORY INC
79 VITAL AGRO-IND CORP
80 WESTERN MINOLCO CORP
81 WRIGHT PATTERSON
82 ZAMBOANGA FACTORS INC

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APT STATUS REPORT -- FOR LEGAL ACTION
June 30, 1990

A number of these remaining transferred assets are not legally vendible (i.e. subject of a court injunction/ sequestration), or better be legally transformed (i.e. foreclosure) into physical assets, or have to be subjected to collection suits/claims. These assets which are For Legal Action total 73. Recovering cash from these assets within the APT's life is doubtful.

FOR LEGAL ACTION

1 AGGREGATE MINING EXPONENT
2 AGRO-INDL DEVT SILAY-SARAVIA
3 ALUMINUM WORLD CORP
4 AMERICAN PHIL FIBER IND INC
5 ASIALAND DEVT CORP
6 ASIAN RELIABILITY
7 ASIAN WATER & SEWER SYSTEM INC
8 ASIATIC INTEGRATED CORP
9 BALANE SALVADOR
10 BANCO PRIMERO
11 BLACK MOUNTAIN INC
12 CATHAY PHIL ELECTRONICS
13 CEMENT CENTER INC
14 CLOVER MFG
15 CONTINENTAL CEMENT
16 DAVAO TIMBER CORP
17 DAYTON METALS CORP
18 DBP SITE RECLAMATION AREA
19 DBT INTEGRATED HOME & DEVT CORP
20 DEVELOPMENT BANK OF RIZAL
21 DOMESTIC SATELLITE
22 ELORDE SPORTS & TOUR DEVT CORP
23 EMMANUEL COMM HOSPITAL
24 ERECTORS INC
25 EXTRACO SHIPPING
26 FILIPINAS CARBON & MINING CORP
27 FILIPINAS MARBLE CORP
28 FILIPINAS MILLS INC
29 INTERLAND CHEMICALS
30 INTERPHASE DEVT SYSTEMS INC
31 JOSE YULO FOUNDATION INC
32 LAMINEX CORP
33 LEYTE PARK HOTEL
34 LUZON AGGREGATES
35 MANILA BRICKWORKS INC
36 MANILA MANOR
37 MARINDUQUE MINING
38 MARSTEEL CONSOLIDATED
39 MARSTEEL CORP
40 MAYFLOWER SHIPPING
41 MAYON TELEPHONE CORP
42 MERCHANTS INV CORP
43 MINDANAO COCO OIL MILLS
44 NORTH COTABATO SUGAR
45 P R GARCIA & SONS
46 PACIFIC MILLS
47 PARAGON PAPER IND INC
48 PEOPLES INDUSTRIAL & COMMERCIAL
49 PEROXIDE PHILS CORP
50 PHIL INTEGRATED LEATHER
51 PHIL INTL SHIPPING CORP
52 PHIL JOURNALISTS INC
53 PHIL KNITTING MILLS INC
54 PHILIMCO/PHUMACO
55 PIONEER GLASS & CONT CORP
56 PISO DB
57 POLYSTERENE MFG CO INC
58 PRIME WHITE CEMENT CORP
59 R & R REALTY
60 RADIO PHILIPPINE NETWORK
61 REPUBLIC HARDWOOD INC
62 SOUTHWEST CARGO SHIPPING INC
63 STA CLARA LUMBER
64 STA INES MELALE FOREST PRODUCTS
65 STA INES MINING & STEEL CORP
66 SUGAR PRODUCERS COOPERATIVE
67 SULU AGRO-IND CORP
68 TAYABAS CEMENT
69 TOURIST TRADE & TRAVEL CORP
70 TRIDENT MINING
71 UTILITIES ENTERPRISES
72 WESTERN AGRO-IND CORP
73 ZAMBOANGA ALTA

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APT STATUS REPORT -- FOR ACCOUNT DISPOSITION
June 30, 1990

There are 31 undisposed transferred assets which are For Account Disposition/Management. These are financial assets (i.e. loans & other receivables) which may be disposed of thru a DDBO or monetized over time by monitoring/collecting amortizations as they fall due. The disposition of these assets rests on the ability and willingness of the debtors to fully settle their accounts immediately thru a DDBO or over a period in accordance with the payment terms of the existing contracts. All of these assets are potentially for Legal Action. Foreclosure or collection suits may have to be initiated should DDBOs do not materialize and/or payment defaults occur.

FOR ACCOUNT MANAGEMENT

1 ALFA INTEGRATED TEX MILLS INC
2 ASIA BREWERY ✓
3 ATLAS DEVELOPERS & STEEL IND
4 BATONG BUHAY GOLD MINES INC (A)
5 BATONG BUHAY GOLD MINES INC (B)
6 D G SANCHEZ COAL MINES
7 DACONGCOGON SUGAR & RICE MILL
8 EVERTEX IND INC
9 FILIPINAS CEMENT CORP
10 FIRST HOLDINGS INTL
11 FORTUNE TOBACCO CORP
12 INTERNATIONAL HARDWOOD
13 LA COLINA
14 NORTHERN CEMENT CORP
15 ORMA IND CORP
16 PACIFIC CEMENT
17 PAMINTUAN DEVT CO INC
18 PAMINTUAN ENT INC
19 PAMPLONA REDWOOD VENEER INC
20 PASIG STEEL CORP
21 PASSI SUGAR CENTRAL INC
22 PEGGY MILLS
23 PENA, TEODORO (EMERALD) ✓
24 PENINSULA DB
25 SIPALAY TRADING (MARANAW) ✓
26 SOLID DEVELOPMENT CORP
27 SOUTHWESTERN EXPORT CRAFTS CO
28 STA CRUZ AGRO-IND CORP
29 TECHNOLOGICAL INST OF THE PHIL
30 UNISOL IND & MFG
31 V C PONCE

APT STATUS REPORT -- FOR INTER-AGENCY OR SPECIAL ACTION
June 30, 1990

The inventory also includes loans and receivables collectible from certain government entities (i.e. public market loans to municipalities) as well as assets that should or better be disposed in close coordination with other government agencies as they relate to the latters' projects/programs (i.e. agricultural land for turnover to the DAR for the CARP). There are 46 of these assets For Inter-Agency Action.

FOR INTER-AGENCY ACTION

1 BAGUIO HILLTOP ENT
2 CALINOG LAMBUNAO SUGAR MILL
3 CCP/VICOR MUSIC CORP
4 CULTURAL CENTER OF THE PHILS
5 EASTERN VISAYAS TEL CO
6 EXP'TAL CINEMA OF THE PHILS (A)
7 EXP'TAL CINEMA OF THE PHILS (B)
8 FIL-EASTERN WOOD
9 FOOD TERMINAL INC
10 GOLDEN COUNTRY FARMS INC (A)
11 GOLDEN COUNTRY FARMS INC (B)
12 HACIENDA LOOC
13 LAKEVIEW INDUSTRIAL CORP
14 LANDOIL GROUP
15 MANILA SEEDLING BANK FOUNDATION
16 METRO MANILA TRANSIT
17 MINDANAO POLYSACK MFG CORP
18 MINDANAO PROGRESS CORP - NFA
19 MISAMIS ORIENTAL RURAL ELECT
20 MONTILLA MFG
21 NDC - GALLEON
22 NATIONAL FOOD AUTHORITY
23 NATIONAL FOOD AUTHORITY-FTI
24 NATIONAL SUGAR DEVELOPMENT CO
25 NDC - ELISTEEL (A)
26 NDC - ELISTEEL (B)
27 PANAY RAILWAYS
28 PHIL AEROSPACE DEVT CORP
29 PHIL AIRLINES INC (A)
30 PHIL AIRLINES INC (B)
31 PHIL AMANAH BANK
32 PHIL ASSOCIATED SMELTERS & REFINERY
33 PHIL COTTON CORP (A)
34 PHIL COTTON CORP (B)
35 PHIL NATIONAL RAILWAYS (A)
36 PHIL NATIONAL RAILWAYS (B)
37 PHIL PHOSPHATE & FERTILIZER CORP
38 PHIL PLATE MILLS
39 PHIL SINGAPORE PORTS
40 PHIL SUGAR COMMISSION
41 PNB COMPLEX
42 PUBLIC ESTATE AUTHORITY
43 REPUBLIC PLANTERS BANK
44 RETIRED SERVICEMEN ENT
45 SEMIRARA COAL CORP
46 VMC RURAL ELECT COOP (VRESCO)

Last but not least, there are 13 assets which are considered special and these are mostly government municipalities and government agencies with unsettled financial obligations to the national government. As these assets are existing government entities they will not be subject to privatization but rather an offsetting arrangement is being contemplated for these accounts.

SPECIAL ACCOUNTS

1 CAGAYAN DE ORO CITY
2 CALOOCAN CITY GOVT
3 EXPORT PROCESSING ZONE AUTHORITY
4 GAMES & AMUSEMENT BOARD
5 GSIS
6 MABALACAT, PAMPANGA
7 METRO MANILA COMMISSION
8 MUNICIPALITY OF MALABON
9 MUNICIPALITY OF MARIVELES, BATAAN
10 MUNICIPALITY OF TARLAC
11 PHIL CHARITY SWEEPSTAKES OFFICE
12 PHIL NAVY
13 SAN FERNANDO, PAMPANGA

APT STATUS REPORT -- PENDING SALES AND PELFGC TRANSFERRED ASSETS
June 30, 1990

For record purposes, the APT considers an asset disposed upon receipt of a deposit pertaining to an approved sale. There are assets for which sale has been approved but the required total deposit has not been received by the APT and hence, classified as For Implementation of Approved Sale totalling 3 as of the first quarter of 1990.

FOR CLOSING/IMPLEMENTATION

1 CARRUF DEVT CORP
2 CENTURY HOLDINGS
3 HSDC - MARBAY

PEFLGC Transferred Assets

Last September 1989, a Trust Agreement between the National Government (NG) and the APT was executed whereby assets transferred by the Philippine Export and Foreign Loan Guarantee Corp. (PEFLGC) to the NG were entrusted to the APT. There are 9 such assets which are all related to certain DBP/PNB transferred assets. These assets are financial claims against debtors common to the DBP or the PNB.

PHILIPPINE EXPORT & FOREIGN LOAN GUARANTEE CORP. (PEFLGC) TRANSFERRED ASSETS

1. ASIAN RELIABILITY COMPANY INC.
2. ASIAN WATER AND SEWER SYSTEMS INC.
3. CROWN FRUITS AND CANNERY CORPORATION
4. ERECTORS INC.
5. GREATER MANILA LAND CORPORATION
6. LANDOIL RESOURCES CORPORATION
7. PHIL. NATIONAL CONSTRUCTION CORP.
8. PHILIPPINE PLATE MILLS COMPANY INC.
9. PHILIPPINE SINGAPORE PORTS CORP.

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APT STATUS REPORT

SUMMARY OF ASSET DISPOSITIONS

As of June 30, 1990

DISPOSAL MODE		NO	SELLING PRICE (000)	TP + CE (000)	APPRAISED VALUE (000)
FULLY DISPOSED		151	10,331,324	29,275,603	10,447,457
A. THRU APT DISPOSITIONS		162	9,470,899	25,030,255	10,447,457
1.	Bidding	63	4,066,677	15,010,834	4,059,475
2.	DDBO-AV	22	1,237,486	2,311,555	1,148,776
3.	DDBO-TP	33	2,540,930	3,963,286	4,206,823
4.	Retrieval	14	989,158	1,385,130	548,718
5.	Other Modes	30	636,649	2,359,450	483,665
B. THRU NON-APT DISPOSITIONS		30	860,425	4,245,348	N.A.
6.	GFI Sales	24	729,935	3,272,578	N.A.
7.	Other Modes	6	130,490	972,770	N.A.
PARTIALLY DISPOSED		55	1,690,513	N.A.	1,296,080
A. THRU APT DISPOSITIONS		125	1,432,418	N.A.	1,260,628
1.	Bidding	83	1,140,257	N.A.	993,892
2.	DDBO-AV	5	149,145	N.A.	125,427
3.	DDBO-TP	2	11,690	N.A.	9,328
4.	Retrieval	0	0	N.A.	0
5.	Other Modes	35	131,325	N.A.	131,981
B. THRU NON-APT DISPOSITIONS		14	258,096	N.A.	N.A.
6.	GFI Sales	12	20,752	N.A.	N.A.
7.	Other Modes	2	237,344	N.A.	N.A.
GRAND TOTAL		206	12,021,838		

Notes: 1. Asset count totals do not tally with disposition modes breakdowns since some assets were disposed thru more than one mode.

2. Total Gross Recovery excludes GFI's collections on loans and leases estimated at P 2 Billion subject to confirmation of GFI's.

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APPENDIX E

COP STATUS REPORT
GOCC ASSIGNMENTS BY DISPOSITION ENTITY AND STATUS
June 1990

CORPORATION	AREA OF ACTIVITY
ASSET PRIVATIZATION TRUST	
1 Agro-Livestock Commercial Development Corp.	Swine and goat breeding/dairy products
2 APO Production Unit Inc.	Printing services
3 Asia Goodwill Fishing Corp.	Deep sea fishing
4 Associated Bank (FGC)	Commercial banking
5 Basin Dredging and Development Corporation	Dredging and reclamation
6 Bicolandia Sugar Development Corporation	Sugar milling
7 Builder's Brick, Inc.	Brick production, construction
8 Carmona Woodworking Industries Inc.	Sawmilling
9 Davao Agri-Business Development Co., Inc.	Tree farming
10 East Visayas Agricultural Projects, Inc.	Swine, poultry, farming
11 Furniture Manufacturing Corporation of the Phil.	Wood furnishing, interior decoration
12 Inca Coffee Estates Corp.	Coffee plantation
13 Kanlaran Food Corp.	Dehydrated food processing and mktg.
14 People's Technology Terminal Corp.	Establishment of industrial complexes
15 Philippine Amanah Bank (FGC)	Commercial banking
16 Philippine Cotton Corp.	Cotton farming
17 Philippine Fruit & Vegetable Industries Inc.	Tomato paste production
18 Philippine Genetics, Inc.	Cattle breed upgrading and dispersal
19 Philippine Shipyard Engineering Corp.	Ship repair and fabrication of of steel prod.
20 Philippine Sugar Corporation	Finance acquisition, rehab/expansion of sugar mills
21 Philvideo Pansy Agro-Industrial Corp.	Plantation forming/fertilizer prod'n & trading
22 Public Estate Authority	Land development and reclamation
23 Ridge Resort & Convention Center, Inc.	Resort and convention facility mgt.
24 San Carlos Fruit Corp.	Fruit puree production
25 Wood Waste Utilization & Development Corp.	Construction material prod'n fr. logging waste
26 ZNAC Rubber Estate Corp.	Rubber Tree plantation
DEVELOPMENT BANK OF THE PHILIPPINES	
1 DBP Data Center Inc.	Dev't and mgt. of DBP computer sys. & personnel
DEPARTMENT OF AGRICULTURE	
1 Food Terminal, Inc.	Food trading, processing, storage, real estate mgt.
2 Gasifier & Equipment Manufacturing Corp.	Gasifier equipment and machinery fabrication
3 Grains Insurance Agency Corp.	Provision of insurance policies
4 National Sugar Refineries Corp.	Sugar refinery management
5 Philippine Dairy Corp.	Dev. of dairy industry/prod'n of milk & dairy prod.
6 Republic Transport and Shipyard Corp.	Sugar terminal and shipyard operation
7 Republic Planters Bank	Commercial banking

CORPORATION	AREA OF ACTIVITY
DEPARTMENT OF TOURISM	
1 Leyte Park Hotels Inc.	Hotel operations
DEPARTMENT OF TRANSPORTATION AND COMMUNICATION	
1 Metro Manila Transit Corp.	Passenger bus operation and leasing
2 Philippine Aerospace Development Corp.	Aircraft mgt.,maintenance eng., selling
3 Philippine Helicopter Services Inc.	Maintenance and overhaul of helicopters
4 Philippine National Lines	Shipping
GOVERNMENT SERVICE INSURANCE SYSTEM	
FS 1 Commercial Bank of Manila	Commercial banking
FS 2 Hotel Enterprises of the Philippines	Hotel ownership/management
3 Manila Hotel Corporation	Hotel operation and management
4 Meat Packing Corporation of the Philippines	Meat processing/canning
5 Philippine Airlines, Inc.	Commercial air transport
HOME INSURANCE AND GUARANTEE CORPORATION	
FS 1 Maunlad Savings and Loan Association, Inc.	Savings and loan association
NATIONAL DEVELOPMENT COMPANY	
FS 1 Asia Industries Inc.	Machinery/equipment distribution
2 Batangas Land Company Inc.	Land ownership
FS 3 Beta Electric Corp.	Electrical products and eqpt. mfg.
DIS 4 Construction Manpower Development Foundation Inc.	Manpower training and development
DIS 5 First Chicago Leasing & Equipment Credit Corp.	Lease financing
6 GY Real Estate Inc.	Land ownership
FS 7 International Corporate Bank	Commercial banking
8 Kamavan Realty Corp.	Land ownership
9 Luzon Integrated Services, Inc.	Security services
FS 10 Marina Properties Corp.	Land development

		CORPORATION	AREA OF ACTIVITY
FS	11	Mindanao Textile Corp.	Garment manufacturing
	12	Nadeco Realty Corp.	Land ownership
	13	National Chemical Carriers, Inc.	Shipping agent, manning & crewing services
FS	14	National Marine Corp.	Overseas cargo shipping
FS	15	National Precision Cutting Tools, Inc.	Production of high quality industrial tool
PS	16	National Shipping Corporation of the Philippines	Cargo shipping
FS	17	National Slipways Corp.	Ship repairs and maintenance
	18	National Steel Corp.	Steel production
PS	19	National Stevedoring and Lighterage Co.	Stevedoring, Lighterage and port mgt.
	20	National Trucking and Forwarding Corp.	Trucking, freight forwarding
	21	NDC-Guthrie Estates, Inc.	Palm oil production
	22	NDC-Guthrie Plantations, Inc.	Palm oil plantation
IS	23	NDC-Nacida Raw Materials Corp.	Procurement of raw materials
	24	NDC-Plantations, Inc.	Agro-forestry plantation
PS	25	Negros Occidental Copperfield Mines, Inc.	Copper mining
	26	Philippine Associated Smelting & Refining Corp.	Copper smelting and refining
	27	Philippine Phosphate Fertilizer Corp.	Fertilizer production
	28	Philippine Plate Mills Company, Inc.	Manufacturing of steel plates
	29	Philippine Pyrite Corp.	Production of pyrite concentrates
	30	Pinagkaisa Realty Corp.	Land ownership
	31	Refractories Corporation of the Philippines	Production of basic refractories
	32	Semirara Coal Corp.	Coal mining
FS	33	Tacoma Bay Shipping Co.	Ship-owning and leasing
PS	34	The Energy Corp.	Management of stock investments
FS	35	Usiphil Inc.	Machinery/equipment distribution & servicing

PRESIDENTIAL MANAGEMENT STAFF

	1	Davao Equipment Manufacturing Corp.	Metal casting, foundry and fabrication
	2	Integrated Feed Mills Corp.	Feed production
	3	Maranwi Resort Hotel Inc.	Hotel operation
	4	Mindeva Coco-Coir Industries, Inc.	Production of coco-coir fiber product
	5	Mindeva Refrigeration Industries, Inc.	Ice production/cold storage
	6	Monte Maria Poultry Farms, Inc.	Poultry farm operation
	7	Mountain Springs Development Corp.	Swine raising
	8	Northern Foods Corp.	Tomato paste production
	9	Panaon Prawn Development Corp.	Prawn pry and larvae raising
	10	Primary Foods Inc.	Manufacture and sale of food products
	11	Prime Center Trade International System Inc.	Trading activities
	12	Shoe Technology Corp.	Footwear manufacturing
IS	13	Wood Koal, Inc.	Fuel briquette production

CORPORATION	AREA OF ACTIVITY
PHILIPPINE NATIONAL BANK	
1 Century Bank	Commercial banking
2 Century Holding Corp.	Bank holding company
3 Coco-Chemical Philippines, Inc.	Coconut oil milling
4 National Realty Development Corp.	Real estate management
5 National Service Corp.	Manpower services
6 National Warehousing Corp.	Warehousing
7 NIDC Oil Mills, Inc.	Coconut oil milling
8 Philippine Exchange Company, Inc.	Insurance agency
PS 9 Philippine National Bank	Commercial banking
PS 10 Pilipinas Bank	Commercial banking
11 PNB International Finance Ltd.	Deposit taking company
12 PNB Venture Capital Corp.	Venture capital company
PHILIPPINE NATIONAL OIL COMPANY	
1 Bislig Coal Corp.	Coal mining
2 Filoil Industrial Estates Inc.	Land ownership
3 Filoil Refinery Corp.	Oil refining
4 Malangas Coal Corp.	Coal mining
5 PNOC Coal Corp.	Coal mining
6 PNOC Energy Supply Base Inc.	Supply base operation
7 PNOC Marine Corp.	Shipbuilding and repair
8 PNOC Oil Carriers, Inc.	Int'l Oil Tanker operation
SOCIAL SECURITY SYTEM	
1 Bancom Insurance Brokers, Inc.	Insurance brokerage
2 Barcelon, Roxas Securities, Inc.	Stock brokerage
PS 3 Union Bank of the Philippines (FGC)	Commercial banking

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[illegible] THE PHILIPPINE [illegible]

CORPORATION	AREA OF ACTIVITY
NATIONAL IRRIGATION AUTHORITY	
1 NIA-Consult, Inc.	Consultancy, mgt. & special services of projects
TECHNOLOGY AND LIVELIHOOD RESOURCE CENTER	
1 People's Livelihood Enterprises, Inc.	Livelihood-oriented activities

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FS - Fully Sold.
PS - Partially Sold.
DIS - For dissolution.

4 earlier sold.

Source: COP

RACS-P06E

USAID / PHILIPPINES

SUMMARY PROJECT FINANCIAL REPORT BY PROJECT ELEMENT

AS OF 06/06/90

OPTION NO.: 6

DATE : 06/06/90

REPORT PAGE NO.: 1

MISSION PAGE NO.: 1

COUNTRY CODE: 492

OFFICE CODE: 080 OFFICE NAME : OFFICE OF CAPITAL PROJECTS

PROJECT NO./ ELEMENT NO.	PROJECT TITLE/ ELEMENT DESCRIPTION	FUND TYPE	START DT/ PACD	LIFE OF PROJ FUND	OBLIGATIONS TO DATE	EARMARKS TO DATE	COMMITMENTS TO DATE	EXPENDITURES TO DATE	PIPELINE
920428.00	PRIVATIZATION PROJECT	G	05/28/88	5,000,000	4,473,000	1,706,285	307,289	185,889	4,287,111
01	TECHNICAL ASSISTANCE		12/31/92		3,042,000	1,370,052	172,115	64,659	2,977,341
02	PRIVT UNITS&COPSTAFF/EGP/FACIL				470,000	269,796	68,737	57,556	412,444
03	TRAINING/SEMINARS				90,000	47,901	47,901	45,711	44,289
04	POLICY/OPERATIONAL STUDIES				535,000	18,536	18,536	17,963	517,037
05	EVALUATION AND AUDIT				250,000	0	0	0	250,000
06	INFLATION				0	0	0	0	0
07	CONTINGENCY				86,000	0	0	0	86,000
	PROJECT TOTALS > > >				4,473,000	1,706,285	307,289	185,889	4,287,111

APPENDIX G

LIST OF PERSONS INTERVIEWED

USAID/Manila and Washington
Bruno Cornelio, Chief, Private Enterprise Support Office, Manila
Dario J. Pagcaliwagan, Private Enterprise Support Office, Manila
Lance Marston, Director, Office of Private Sector Devt., Asia Bureau, Washington
Rick McLaughlin, Desk Officer for the Philippines, Washington

Committee on Privatization:
Ernest Leung, Undersecretary of the Department of Finance and Chairman of the Technical Committee of the COP
Cristana Lagaspi, Director, Privatization Office
Niecil V. Benologa, Privatization Office
Nerissa M. Ongjoco, Privatization Office

Asset Privatization Trust:
Ramon T. Garcia, Chief Executive Trustee
Paterno C. Bacani Jr., Associate Executive Trustee
Felipe B. Bince, Jr.. Associate Executive Trustee
Juan W. Moran, Associate Executive Trustee

Department of Agriculture:
Emiline S. Huang, Head Executive Assistant

Government Service Insurance System:
Amante Rimando, Senior Vice President

National Development Company:
Antonio A. Henson, General Manager
Antonio Ramon C. Lopez, Project Manager II

Philippine National Oil Company:
Corazon Estrella, Senior Vice President

Social Security System:
Mauricio Rivera, Deputy Administrator

AYC Consultants, Inc.:
Peter L. Wallace, President
Emmanuel D. Antonio, General Manager

Investment & Capital Corp. of the Philippines:
Edgardo de Alfonso, Managing Director

S.G.V. & Co.:
Gloria L. Tan Climaco, Managing Director
Gener T. Mendoza, Principal

Asian Development Bank:
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