

QUARTERLY PERFORMANCE MONITORING REPORT

JULY TO SEPTEMBER 2002

October 30, 2002



A Consortium of:

**Development Alternatives, Inc.
Cesar Virata & Associates, Inc.
PricewaterhouseCoopers**



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1. BACKGROUND & CONTRACT OBJECTIVES

AGILE is a 6-year, 4-month USAID-funded activity (1 June 1998 – 30 September 2004) designed to support economic policy changes in the Philippines, help bring about sustainable economic growth, and improve the country's economic resiliency by augmenting the efforts of pro-competition partners and stakeholders. It is an important mechanism by which USAID/ Philippines seeks to contribute to the Agency-wide goal of promoting economic growth and development. Specifically, AGILE responds to USAID/ Philippines' Second Strategic Objective (SO2): "Governance Enhanced: Corruption Mitigation." Its three areas of focus, resulting from discussions with potential partners, are:

- Stabilizing and deepening financial institutions
- Making trade and investment more competitive and dynamic
- Improving economic governance

In the second phase of AGILE's policy reform work (1 June 2001 – 30 September 2004), it places particular emphasis on supporting initiatives that will:

- Make public sector institutions, policies and practices more transparent and accountable
- Remove barriers to competition in trade and the development of infrastructure

The provision of AGILE assistance to reform initiatives is managed by a consortium of Filipino and US organizations (the AGILE Consortium) experienced in economic policy reform in the Philippines and the region. It is led by Development Alternatives, Inc. (DAI), and includes the Harvard Institute for International Development (HIID), Cesar Virata & Associates, Inc. (CVAI), and PricewaterhouseCoopers (PwC).

All the work of the AGILE Consortium is demand driven. The broad areas of involvement are set under the strategic guidance of the AGILE Steering Committee, made up of representatives of the government, private sector, academia, and USAID. The Steering Committee is designed to meet on a semi-annual basis to decide on new areas of activity, monitor progress, and evaluate accomplishments.

Specific approaches to policy or institutional reforms are designed in collaboration with government, or in some cases, NGO or public-private policy reform partners. AGILE focuses on assisting the GOP and private sector stakeholders conduct focused policy analysis, formulation, and advocacy. Additionally, it provides technical assistance to both the Government of the Philippines (GOP) and USAID in the area of policy monitoring, assessment, and reporting for all activities designed to contribute to SO2.

This report focuses on the contribution of AGILE-supported activities undertaken during the 3rd quarter of 2002 (3Q2002) in support of SO2 goals. Specifically, it reviews steps towards the achievement of Policy Outcomes (POs) and Results Packages (RPs), outcomes that are to some extent within the control of the AGILE Consortium. For ease of tracking, the section on technical accomplishments is structured according to Policy Outcomes and Results Packages as specified in

the Steering Committee-approved AGILE Work Statement for June 2001 – June 2003 with special emphasis given on dated Key Expected Accomplishments.¹ These are identified as sub-headings in the report.

Planned accomplishments, and AGILE's success in meeting them, are also included in matrices at the end of the text on each Policy Outcome section for easy reference. A section covering Activity (project) administration, and one addressing problems on, and prospects for, improved management and service delivery follow the technical section. Supporting documents, including a list of reports, policy briefs, and memos, and presentation materials; current staffing list by technical area; list of training/seminars and workshops; and financial remaining sheet are included in annex. A new list of Key Expected Accomplishments is also included in annex.

¹ The Key Expected Accomplishments have been modified further (as of May 2002) to reflect changes in strategies and the longer time frame resulting from an additional project extension, extending the project through to the end of September 2004. These new Key Expected Accomplishments (KEAs) have been communicated to and discussed with USAID. A list of modified and new KEAs is attached in annex.

2. TECHNICAL ACCOMPLISHMENTS

Overview

The US economy, the main engine of economic growth in the world, and a key consumer of electronic exports from countries like the Philippines, has had a weak recovery. Continuing security concerns, accounting scandals, and weakening consumer sentiment have combined to derail the economic recovery that had been foreseen earlier. While the brunt of investor sentiment has been reflected in poor stock market results, the basic economic numbers—employment, productivity growth, interest rates, and housing starts—have not been as bad.

In the Philippines, the budget deficit appears certain to overshoot its target for the year. This has become the primary economic story. On the expenditure side there has been substantial fiscal discipline and austerity. The deficit has been caused primarily by poor collections on the part of the Bureau of Internal Revenue (BIR), the main tax revenue earner. The lackluster performance of the BIR has highlighted the need for important reforms in tax administration.

Because of relatively slow growth in lending, the larger than expected budget deficit has not put substantial pressure on interest rates, which have been driven by monetary policy to their lowest levels in years.

Economic growth has remained at around the 4% level, the inflation rate is low, but with the continued high level of bad loans held by commercial banks, very little new lending is occurring, despite the low interest rates.

The Philippine peso has remained at a steady level in the vicinity of 52 pesos to one US dollar. Higher than average dollar inflows from remittances of Filipinos working abroad, which could reach as much as 8 billion USD for the year, will help support the peso. This is especially so as the bulk of remittances come for Christmas and year-end holidays.

The Philippines Stock Exchange has put in a lackluster performance during the quarter with the Index sliding to 1,129.34 from the previous quarter and daily turnover rarely exceeding 6-7 million USD. Portfolio investors are not showing much interest in the local stock market.

On the political and policy front, legislative action has been slow. A review of the numbers of laws passed in the First Regular Sessions of Congress under the Ramos, Estrada and Arroyo administrations show that the “Arroyo” Congress has been twice as productive as the “Estrada” Congress, but only half as productive as the “Ramos” Congress.

Policy Accomplishments

Below is an overview of the nature and extent of progress that AGILE has helped its policy reform counterparts achieve in the past quarter.

Commercial Law Strengthening (SEC, SC, DOJ)

Capital Markets Regulation. AGILE continued supporting the efforts of the Securities and Exchange Commission (SEC) to implement and enforce the Securities Regulation Code (SRC). Its support took the form of training and the production and/or distribution of reference and training materials. AGILE also continued pushing for the enactment of the Pre-Need Code to ensure protection of the small savers that comprise the bulk of the pre-need market.

Increase Domestic Investor Base. AGILE has supported the Securities and Exchange Commission and the Bankers Association of the Philippines in the establishment of a fixed income exchange to formalize and standardize the secondary market for debt instruments. The FIE is expected to begin operations early in 2003. AGILE has also continued to provide technical support for passage of legislation to exempt the secondary trading of debt instruments from documentary stamp taxes (DST), which are widely believed to increase the costs of capital market transactions.

Insolvency Laws and Regulations. During the quarter, AGILE provided technical assistance to the House Committee on Economic Affairs Corporate Recovery and Insolvency Act (CRIA) Technical Working Group, and worked with the Senate Committee on Banks to begin hearings on its version of the bill. AGILE also drafted a proposed circular expanding the jurisdiction of commercial courts; completed draft Rules of Liquidation to guide regional trial courts; and completed, for the Philippine Judicial Academy, benchbooks on Corporate Rehabilitation and on Insolvency and Liquidation.

Commercial Laws Enforced (“Law and Economics”). The September launching of pilot mediation at the Court of Appeals was the most significant accomplishment supported by AGILE in this area. This was enabled by a Supreme Court circular passed en banc in April 16, 2002 and involved the well-regarded Singapore Mediation Center. As a result of the initial success of this exercise, AGILE has received other requests for assistance in mediation, from Board of Investments, National Labor Relation Commission and the Intellectual Property Office. AGILE also organized regional seminars on the doctrine of primary jurisdiction for trial court judges.

Revenue Administration (BIR, DOF, DBM, BOC)

Bureau of Internal Revenue (BIR). The resignation of BIR Commissioner Bañez was a key event during this quarter. More positively, House Speaker de Venecia endorsed the concept of creating an internal revenue authority, something AGILE has been supporting technically. An independent revenue authority bill was filed in the House of Representatives in July. Also in July, President Arroyo signed Executive Order 114, which reorganizes the Bureau along taxpayer lines. AGILE has supported the BIR in moving a number of revenue enhancement measures forward, including VAT benchmarking and audit, and an internal audit. AGILE also provided support in BIR’s VAT RELIEF program that opened up a VAT “stop-filer” scandal involving employees of Land Bank.

Bureau of Customs (BOC). During this quarter, AGILE provided technical assistance to the Bureau of Customs in conducting the BOC’s first post-entry audit. More generally, AGILE has helped the Bureau establish risk management systems for its various processes—Super Green Lane, Post-Entry Audit, and regular imports. This should serve to facilitate rapid customs clearance of valid imports and reduce customs leakages. AGILE has also provided assistance to the BOC in

working with SGL-approved importers to determine how the SGL can do a better job of facilitating their customs clearance.

Local Government Finance. AGILE has focused its assistance on helping the Department of Finance develop Statements of Income and Expenditure for local government units that will improve the quality of the latter's financial reporting to the Department of Finance and other oversight agencies. Other work has involved helping the Local Government Unit Guarantee Corporation (LGUGC) broaden its credit rating database on local governments and finishing regional municipal bond (and other alternative financing) workshops to improve LGU access to financing.

Expenditure Management (DBM, DOF)

AGILE helped the Department of Budget and Management access World Bank-managed funds for a report recommending approaches to provision for contingent liabilities arising from national government guarantees of government-owned corporation loans. This is part of the DBM approach to improving expenditure management and reducing fiscal risk.

Government Procurement (DBM NEDA-ICC, CCPSP)

AGILE provided continuing technical and public advocacy support to the Department of Budget and Management and Congressional initiatives to pass procurement reform legislation. It supported and participated in forums aimed at building up support for the bill. With Procurement Watch, Inc., AGILE presented the main features of procurement reform to provincial government officials. With USAID project, Growth and Equity in Mindanao, AGILE responded to a request by the Governor of the Autonomous Region of Muslim Mindanao (ARMM) to advise ARMM officials on procurement reform legislation.

Banking/Anti-Money Laundering (BSP, DOJ, SEC, IC)

Combating Money Laundering. During this quarter, AGILE focused on three areas: helping the Anti-Money Laundering Council Secretariat staff up, helping the AMLC and an Inter-Agency Group develop amendments to the Anti-Money Laundering Act, and providing technical assistance for a draft Anti-Terrorist Financing Act. The objective of this assistance is to reduce openness of the Philippine financial system to money laundering and terrorist financing as well as to remove the country from the OECD Financial Action Task Force's list of non-cooperative countries and territories.

Banking Supervision. AGILE provided assistance to the Bangko Sentral ng Pilipinas (BSP) in developing examination procedures for the lending operations of banks. It has also helped promote the move within BSP to a consolidate approach to bank supervision, and provided advice to the BSP, in conjunction with the USAID MABS project, on microfinance examination.

Asset Management Companies and Securitization. During this quarter, AGILE provided technical advice to the BSP and to legislators on what was originally the Special Purpose Asset Vehicle bill, but became the Special Asset Management Company bill. This legislation would enable the establishment of tax-preferred companies to buy and manage the non-performing assets of banks.

Securitization legislation, focused on facilitating securitization of good loans held by banks, has not progressed in the Congress.

Competition in Transportation (PPA, CAB, DOTC, MARINA)

Air Transport. Proponents of civil aviation liberalization have provided technical memos and other support to policy makers interested in increasing air access and broadening air service agreements with key markets. The focus of this work has been to help overseas foreign workers (OFWs) get better service (price and choice) into and out of the country. An important success has been the approval by President Arroyo of designating an open skies for cargo shipments into and out of the Diosdado Macapagal Airport at Clark.

Maritime Shipping and Ports. Advocates for increased competition in maritime shipping and ports have made important headway during this quarter. Important gains have been the use of the Coordinating Council for Private Sector Participation to oversee development of terms of reference for the Manila North Harbor privatization bidding process; revision of the Philippine Ports Authority rules for renewal of cargo handling contracts; filing of a bill in Congress to amend the PPA Charter for greater private sector participation in decision making; a high-level decision to roll back cargo handling rate increases that were approved by PPA with little transparency; initial formulation of a "cost-based" methodology for rate setting; and presidential approval of the Development Bank of the Philippines' "Sustainable Logistics Cost Reduction Program," which promotes roll-on roll-off ports technology.

Competition in Information and Communications Technology (NTC, DOTC, DTI, ITECC)

Telecommunications. AGILE helped the National Telecommunications Commission draft guidelines for competitive pricing for interconnection services, which came out as an NTC Memorandum Circular in July. It also helped draft the Memorandum Circular that will serve as guidance to telecommunications companies on the required transition to cost-based interconnection charges. Also, with AGILE assistance, the NTC has provided long term licenses to the main telecommunications companies that had previously been operating on provisional authorities to operate with a renewal period of initially 18 months and later adjusted to three years. This should provide investors with a clearer, less risky regulatory environment, thereby increasing investments in the sector. AGILE also began providing assistance to the Commission for improving radio frequency ("spectrum") management.

Information Technology and Electronic Commerce Council. During this quarter, AGILE assisted ITECC in drafting the E-Philippines Strategic Plan and in identifying priority projects for implementation. Both the Strategic Plan and the priority projects were presented to and discussed with the ITECC Management Committee and key donor agencies.

Trade and Agriculture Competition (DA, DTI, TC, NFA)

Grain Markets More Efficient and Equitable. Working with the Department of Social Welfare and Development (DSWD), AGILE has provided technical advice on the transfer of key targeted food programs from the National Food Authority to the Department of Social Welfare and Development. This move will allow better targeting of food aid and enable the NFA to focus on its core objectives. In support of the President's desire to have farmer organizations import rice,

AGILE is currently packaging an activity that will identify Farmers Organizations that have or could develop the necessary financial, accounting and logistics capacity.

Biotechnology Exploited Safely. During this period, AGILE helped the Department of Agriculture establish the systems and procedures to implement the guidelines for commercialization of plants derived from modern biotechnology, as articulated in the DA Administrative Order No. 8. AGILE also established a partnership with the Bureau of Food and Drugs for the development of guidelines for processed foods made from genetically modified products. It provided technical assistance to the Department of Health, through the Bureau of Food and Drugs, in preparing a position statement on the safety of biotech food products.

Intellectual Property Rights Protection. Plant Variety Protection. The Plant Variety Protection Act, which was passed by Congress in June, became effective in July. AGILE has provided assistance to the Department of Agriculture and other agencies in drafting the Implementing Rules and Regulations to the new law.

Intellectual Property Rights Enforcement. During this quarter, AGILE provided support to the Intellectual Property Office, the Bureau of Customs, the Department of Trade and Industry, and the Intellectual Property Coalition (IP Coalition) in the following areas: AGILE helped draft and promote approval of a Customs Administrative Order and a Customs Special Order creating an IP Unit at the BOC and strengthening the Bureau's ability to interdict entry of pirated goods. AGILE also began to work with the IPO on the latter's Performance Evaluation System. It also supported the DTI in conceptualizing a nationwide IP Ethics program for schools, to be grafted onto a Japan-funded program providing free computers to 1000 public high schools. With the IP Coalition, AGILE has provided technical and strategic support for passage of an optical media bill that will attack IPR piracy at its roots.

**IR1: INSTITUTIONS, POLICIES AND PRACTICES MADE MORE
TRANSPARENT AND ACCOUNTABLE**

POLICY OUTCOME 1.1 COMMERCIAL LAW STRENGTHENED AND ENFORCED (SEC, SC, DOJ)

Results Package 1.1.a. Capital Markets Better Regulated

The Philippine capital market continues to underperform partly because the perceived risks of portfolio investments outweigh the potential advantages for all but a few insiders. The ability of the regulator to enforce laws governing the capital market is a consideration in this assessment.

AGILE involvement in this area is aimed at improving the regulation of capital markets and the protection of investors, which, in turn, will increase investor confidence and willingness to invest. Critical to the success of this effort is aligning the public service mandate of the regulatory institution with individual incentives of regulators.

In pursuit of these goals, AGILE has been helping strengthen the capability of the Securities and Exchange Commission (SEC) to effectively implement the Securities Regulation Code (SRC), by providing technical advice and training. It has also been training members of the Judiciary on the SRC.

AGILE has also been advocating passage of a Pre-Need Code that will safeguard small savers by instituting measures that will help ensure the proper utilization/investment of financial resources collected from the public through Pre-Need plans.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

PRE-NEED REGULATION

Association of Pre-Need Planholders is formed by September 2002.

- The Consumer Coalition for Pre-Need Planholder Protection ("Pre-Need Coalition") was formed in August. The coalition is an umbrella group made up of organizations interested in pre-need planholder issues. The individual member organizations are the Kilusang Pilipino (KP), PhilAsia Initiatives for Labor Advocacy and Capability Building (PILAC), Nationwide Association of Consumers, Inc. (NACI), Coalition for Consumer Protection Welfare (CCPW), and the Pre-need Planholders' Protection Council ("Protection Council").
- The Pre-Need Coalition, which represents the voice of planholders in the legislative process, has been active in both House and Senate hearings on the Pre-Need Code bill.
- In September, the Pre-Need Planholders' Protection Council, a group made up of plan-holders who have experienced difficulties with their plans, was formed. The Protection Council, which initially has 30 members, will also serve as the secretariat for the Pre-Need Coalition. It is in the process of registering with the SEC as an association but has no plans to register as a legal entity.
- This civil society work is on target and is beginning to play an important part in the passage of the Pre-Need Code and in tighter implementation of existing regulations of the pre-need industry.

Two or more significant SEC rule changes implemented, as a direct result of AGILE efforts that improve the regulation of the pre-need industry by December 2002.

- ❑ The Commission had no objections to AGILE's recommendations to: 1) raise the minimum trust fund contributions to 65% of total plan collections and 2) require a minimum termination value equal to the actuarial reserve liability (ARL) less a surrender charge. The SEC has also given pre-need plan companies deadlines for reaching minimum capitalization levels and for filling any existing trust fund deficiencies.

However, since the movement of the Pre-Need Code in the House and in the Senate has been quite fast plus the seemingly imminent transfer of the regulation of the industry to the Insurance Commission, it is more likely that the SEC will just endorse these proposals in the Pre-Need Code instead of amending its existing pre-need rules.

Pre-Need Code enacted by May 2003.

- ❑ Advised lawmakers on the specific provisions that need to be included in the Pre-Need Code, including increased contributions to the trust fund, increase termination values, terminal values made available to in-force lapsed and cancelled plans, pre-review of advertising materials used by pre-need companies, examination requirements for salesmen of pre-need products, regulator capability to initiate insolvency action, and segregation of the trust fund from the patrimony of the pre-need companies.
- ❑ AGILE's efforts led to several public hearings on the Pre-Need Code in the Senate and in the House of Representatives. Because of this, the chance of the Pre-Need Code passing in this Congress now likely.
- ❑ Completed a near-final draft of the Study of the Philippine Pre-Need Industry and submitted it to the Department of Trade and Industry (DTI). Once finalized, the DTI will provide a copy to both Houses of Congress to aid the legislators in understanding the issues, evaluating the provisions of the Pre-Need Code, and aiding the regulator in its oversight functions.

SECURITIES REGULATION CODE ENFORCEMENT

Commercial court judges and contingent of prosecutors and NBI officials trained in securities fraud and manipulation by December 2002.

- ❑ Organized training to improve commercial court judges' and prosecutors' understanding of securities fraud and manipulation. These included a multi-day seminar in Cebu for commercial court judges and prosecutors, a three-day training event in Manila for NBI officials, prosecutors and SEC personnel, and also two concurrent weeklong Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT) seminars.
- ❑ Organized the assistance of the US National Association of Securities Dealers (NASD) Criminal Prosecution Assistance Group (C-PAG) in the BW criminal prosecution. The NASD assistance served as another venue for training prosecutors who are now beginning to understand securities law concepts and how securities fraud cases should be prosecuted.

SEC Enforcement Department successfully investigates and imposes administrative sanctions in two significant fraud cases -- other than the BW market manipulation case -- occurring on the organized market by May 2003.

- Advised and assisted the Compliance and Enforcement Department (CED) that is currently investigating Filinvest Development Corporation (FDC) for suspected insider trading. FDC allegedly sold shares of Filinvest Land, Inc. (FLI) while in possession of material, non-public information about a below-market conversion price on bonds it planned to issue. The CED has informed FDC that it intends to recommend an enforcement action to the Commission. FDC's claims that its intent was not to commit insider trading but to raise money to meet its obligations on maturing debt obligations. However, CED's position, which AGILE supports, is that intent is not a required element under the law and, even if it is, FDC's excuse does not negate a finding of the required intent. The matter is still ongoing.
- Assisted another insider trading investigation involving the trading of shares of Itogan Mines. Unfortunately, the investigation was closed because the trading pattern was ambiguous.
- Because of AGILE's overall assistance and support, the CED is more knowledgeable in handling these types of cases. AGILE expects increased success on the part of CED in prosecuting stock fraud cases in the future.

SEC Enforcement Department staff is trained in investigation procedures and case management and able to conduct viable investigations by October 2002.

- Provided the CED personnel videotapes of the US SEC's 8th International Institute on Securities Enforcement and Market Oversight which they completed viewing. In attendance for the 3-day training event in Manila were personnel from the NBI, SEC, as well as several prosecutors.
- Gave hands-on assistance to various on-going cases. Clearly, AGILE has had some success at raising the skill level of CED staff, although more is needed particularly with things such as testimony taking and trial preparation.

PLANS FOR THE 4TH QUARTER 2002

PRE-NEED REGULATION

Association of Pre-Need Planholders is formed by September 2002.

- Mobilize a team leader and an assistant to: (1) organize victims of pre-need companies, (2) lobby for the immediate passage of the Pre-Need Code, and (3) undertake an educational campaign.

Two or more significant SEC rule changes implemented as a direct result of AGILE efforts that improve the regulation of the pre-need industry by December 2002.

- Unless it begins to appear that the Pre-Need Code will not be passed in the near future, AGILE will not push for changes in the existing pre-need rules and regulations.

Pre-Need Code enacted by May 2003.

- Meet with the DTI and the Federation of Pre-Need Plan Companies to finalize the Pre-Need Study.
- Support the Pre-Need Coalition and convene with the legislators of both Houses to lobby for the immediate passage of the Pre-Need Code.

SECURITIES REGULATION CODE ENFORCEMENT

Commercial court judges and contingent of prosecutors and NBI officials trained in securities fraud and manipulation by December 2002.

- Extend assistance in the prosecution of the BW market manipulation case.

SEC Enforcement Department successfully investigates and imposes administrative sanctions in two significant fraud cases -- other than the BW market manipulation case -- occurring on the organized market by May 2003.

- Continue to aid the CED in its ongoing investigation of Filinvest Land, Inc. (FLI) on possible insider trading violations and other related cases that may arise.

Other planned activities.

- Finalize translation, layout, and printing of the brochure and poster on pyramid schemes and other scams.
- Mobilize an international futures expert to provide assistance to the SEC in reviewing its draft rules on futures exchanges.
- Initiate a study on the lending investors industry and its regulation.

Results Package 1.1.b. Pension Reform Strengthened through Passage of a PERA Law

The savings rate in the Philippines is low by regional standards. Hence, the government, through the Department of Finance (DOF), has been seeking ways to provide incentives to generate new, especially long-term savings. AGILE has provided assistance for specific measures aimed at increasing the savings rate in the Philippines, one of which is PERA, - a savings enhancement program focused on individual voluntary retirement accounts. This is based on the Individual Retirement Accounts (IRAs) in the US.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

PERA law is endorsed by Congress to Senate in September 2002.

- Differences between the Department of Finance (DOF) and the House Committee on Economic Affairs on tax incentives for PERA have kept this bill from progressing. Chairman Oscar Moreno and Congressman Florencio Abad want PERA contributors to be allowed full deductibility from gross income of the first ₱30,000 invested in PERA and a 5% tax credit on the succeeding ₱20,000 investment, per annum. On the other hand, the DOF only wants to provide a 5% tax credit on a maximum ₱50,000 investment. It added that if the proposal of the House Committee on Economic Affairs were adopted, the government would lose ₱11.56 billion in potential individual income tax payments while only ₱3.79 billion would be lost under the DOF proposal.
- Because of this development, the House Committee on Economic Affairs focused on other bills instead of pushing strongly for the approval of the draft Committee Report by the House Committee on Ways and Means. The draft Committee Report on the PERA Bill was actually approved by the Committee on Economic Affairs on March 13, but the actual draft was not endorsed to the Committee on Ways and Means until May.

PLANS FOR THE 4TH QUARTER 2002

- As Congress focuses on other priorities, initiatives on this bill shall be on hold and will resume when the passage of more urgent legislation clears the way for this bill.

**Results Package 1.1.c. Assistance to the National Commission on Savings (NCS)
to Enhance Savings Mobilization Measures**

The Department of Finance (DOF) seeks to revive the National Commission on Savings (NCS) as the focal point for debating and formulating workable policies and institutional arrangements to increase long-term, especially retirement, savings. A broad approach that includes all “pillars” (or “layers”) of the long-term savings and pension system and that studies interactions as well as behavioral effects of tax treatment is crucial to the success of these initiatives.

Strengthening the formal government-sponsored retirement savings programs will also help reduce fiscal risk to the government arising from implicit contingent liabilities to pensioners (e.g. through Social Security System (SSS)). With respect to the SSS, a critical issue to be addressed is the politicization of investment decisions. Increasing SSS member participation in selection of SSS Commissioners could help focus investment decisions on the retirement income mandate that is central to the SSS.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

- No activities or accomplishments in this area, pending reactivation by the Department of Finance of the National Commission on Savings, and development of a program of assistance with the SSS.

PLANS FOR THE 4TH QUARTER 2002

- The Department of Finance plans to reactivate the National Commission on Savings to focus on policy and institutional changes needed to stimulate greater long-term, retirement savings. AGILE will clarify, with the DOF and with USAID, its supportive role in the work of the new NCS.
- Develop Scope of Work, and identify team, for assistance to the SSS.

Results Package 1.1.d. Increase Domestic Investor Base

The capital markets in the Philippines are generally the domain of the rich, risk-takers, or insiders; very few average savers participate. Broadening the source of funds without substantially increasing the risk to relatively unsophisticated investors could improve the returns of small savers and support capital formation. AGILE aims to help broaden the domestic capital markets particularly by supporting the SEC and the Capital Markets Development Council (CMDC) in promoting investment funds, fixed income securities, and new investment products as alternate savings/investment vehicles. In the process, it seeks to help address the "supply" side of capital markets, focusing on factors that help bring domestic funds into the capital markets rather than on less economically productive options.

A key component of this activity is the assistance both to the SEC and (indirectly) the Bankers' Association of the Philippines (BAP) in the establishment of the Fixed Income Exchange (FIE). The FIE will provide more alternatives to investors (through its offering of products such as government debt instruments, corporate bonds, asset backed securities, and fixed income funds) as well as to Filipino corporations (by attracting capital to domestic issuers).

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

INVESTMENT COMPANY ACT

Investment Company Act enacted by December 2002.

- The existing law governing mutual funds is old and out of touch with the modern industry. It needs to be updated and improved.
- AGILE continued working with the House Committee on Trade and Industry and participated in industry events discussing the bill. Senator Magsaysay's² chief-of-staff promised to hold an initial hearing on the RICA once the Pre-Need Code and a preliminary hearing on the Corporate Recovery and Insolvency Act (CRIA), which are also AGILE supported bills are finished.
- The passage of the Revised Investment Company Act (RICA) by December is unlikely; best estimates are that it will pass in the first quarter of 2003.

² In the Senate, the RICA bill has been assigned to the Committee on Banks, Financial Institutions, and Currencies headed by Senator Magsaysay.

FIXED INCOME EXCHANGE (FIE)

Bill eliminating documentary stamp taxes (DST) on secondary trading of debt instruments passed by December 2002.

- Passage of this bill is an important prerequisite for reducing costs of capital markets transactions; it is universally considered necessary.
- AGILE participated in committee hearings and TWG meetings as well as established contacts with endorsers like the BAP to ensure the bill's swift passage. The Senate Committee Report on the Omnibus DST Bill, now known as Committee Report No. 83 or Senate Bill 2368 was filed on 8 October. At the House, the Salceda sponsored bill eliminating DST on the secondary trading of debt instruments is now on its second reading. It is likely that the bill will be passed by December.

Fixed Income Exchange registered with the SEC and operational by December 2002.

- Laid the groundwork for organizing the exchange, purchasing a trading platform that includes a clearance and settlement capability, registering as an exchange, and SRO.
- AGILE's support led to the FIE project in selecting a vendor, convinced the users to support the plan, and lined up the needed investors. The FIE is expected to register by November and begin operations in January 2003.

Regulatory framework (SEC rules) for FIE in place by November 2002.

- Made preparations for the mobilization of a foreign expert in November who will assist the SEC in reviewing the FIE's application and amending its rules, if needed.

PLANS FOR THE 4TH QUARTER 2002

INVESTMENT COMPANY ACT

Investment Company Act enacted by December 2002.

- Participate in discussions on the RICA and provide technical support to facilitate the approval of a Committee Report by the House Committee on Trade and Industry. In the Senate, AGILE will provide support to the Committee on Banks, Financial Institutions, and Currencies for an initial public hearing on the RICA before December.

FIXED INCOME EXCHANGE (FIE)

Bill eliminating documentary stamp taxes (DST) on secondary trading of debt instruments passed by December 2002.

- Provide networking and technical support to the Senate, the House, and the DOF for the bill's passage, expected by December.

Regulatory framework (SEC rules) for FIE in place by November 2002.

- Mobilize a fixed income regulatory expert (in November) to ensure that the regulatory framework for the Fixed Income Exchange is in line with international's best practices and standards.

FIE has a sound clearing and settlement solution acceptable to all participants and the SEC by November 2002.

- Mobilize a clearing and settlement expert next year to assist the SEC when the FIE is prepared to implement its proposed clearing and settlement solution. Initially, the FIE will utilize a very basic clearing and settlement solution that should not require much SEC assistance.

Results Package 1.1.e. Insolvency Laws and Regulations Streamlined

There appear to be insufficient and outdated guidelines for dealing with cases of corporate illiquidity or insolvency in the Philippines. The law governing bankruptcy dates back to the early 1900's. Disputes between companies and their creditors can be negotiated and settled without government intervention. Conflicts over suspensions of payment and order of payment to creditors, among other things, can quickly surface in cases of corporate rehabilitation or insolvency. Breach of contracts between creditors and debtors become more likely. This heightens the risk of costly and long-drawn out court battles that may result in the depreciation of assets. This is where court-sponsored proceedings provide a public service.

The economic cost of slow and unpredictable insolvency and corporate recovery proceedings are substantial. One cost is that the capitalist process of creative destruction is slowed down and resources do not move quickly between unproductive or unprofitable uses and those that are more profitable.

To improve conditions for rapid resolution of bankruptcy cases, AGILE advocates an insolvency system that would allocate risks among participants in long-term investments while at the same time protecting and maximizing the value of corporate assets for the benefit of all interested parties. It has engaged in training activities for both the judiciary and private sector rehabilitation receivers and liquidators to expedite and efficiently resolve debt relief petitions.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The Committee Report on the CRA is approved for floor debates by March 2002.

- Assisted the House Committee on Economic Affairs TWG, chaired by Congressman Moreno, in its discussions of the proposed CRIA bill, revisions, and all other relevant issues. The Committee report is expected before year-end.
- Provided technical backup, which expedited hearings of the CRIA in the Senate Committee on Banks. Developed for the staff of Senator Magsaysay a primer on the bill, a matrix of current laws in the US and Philippines, and the proposed CRIA. Senator Magsaysay's chief-of-staff indicated that the Committee Report will be finished and submitted by the end of the year.

Supreme Court issues a Circular expanding the jurisdiction of commercial courts by October 2002.

- Drafted a proposed circular expanding the jurisdiction of the commercial courts. As envisioned, the commercial courts will be highly specialized tribunals capable of handling complicated and technical disputes. PhilJA's (Philippine Judicial Academy) Group of Consultants reviewed the proposed Circular and suggested the inclusion of other areas such as insurance, intellectual property, bank liquidations, and maritime cases.
- Once approved by PHILJA, the circular will be forwarded to the Supreme Court for its approval, which is expected in July 2003.

Rules of Liquidation by October 2002.

- Completed the draft of the Rules of Liquidation. The Rules are intended to fill in the gaps in the procedures for liquidation of banks and similar entities. Regional trial courts do not have sufficient procedural rules to guide them in resolving some petitions for liquidation, such as those filed by the Philippine Deposit Insurance Corporation (PDIC) to liquidate closed banks. Once the PhilJA has given its comments and approval, the proposed rules will be recommended to the Supreme Court for issuance, which is expected in September 2003.
- During the quarter, AGILE completed the benchbooks on Corporate Rehabilitation and on Insolvency and Liquidation. As soon as AGILE comes up with the final version of the benchbook and has gotten PhilJA approval, it will be endorsed to commercial court judges.
- The Benchbooks were presented to commercial court judges and insolvency practitioners at a roundtable discussion/workshop in September, where they gave their comments and suggestions. AGILE will finalize and distribute the benchbooks in the fourth quarter.

PLANS FOR THE 4TH QUARTER 2002

- Continue advocating for the CRA in both houses of congress to secure committee reports before the end of the year.
- Coordinate with the Asian Institute of Management (AIM) to conduct the third and final module of the training seminar for commercial courts.
- Harmonize, publish, and distribute the two Benchbooks on Corporate Rehabilitation and Insolvency and Liquidation to the commercial court judges.
- Further develop the Rules Expanding the Jurisdiction of Commercial Courts and advocate for its adoption by the Supreme Court.
- Conduct a survey on judges based in Metro Manila to measure the effectiveness of the training seminars, which aims to help them resolve debt relief petitions more effectively and efficiently.

Results Package 1.1.f. Commercial Laws Enforced

It is widely believed within the business community (and even the other branches of government) that the judiciary intervenes excessively in economic and commercial matters. This intervention can create confusion about the stability of contracts, which are critical to market-led economic development. Added to this problem is the slow administration of justice. The courts are clogged at all levels of the judicial system and relatively simple cases can take years to be settled.

AGILE has provided assistance to the Philippine Judicial Academy (PhilJA) in support of reform efforts of the Supreme Court Chief Justice. The focus of AGILE work has been on enhancing the impact of judicial decisions on economic policy. It has provided technical advice and resource materials, and training for members of the Judiciary. AGILE has also supported implementation of mediation as a way of decongesting court dockets, thus increasing the speed with which the courts resolve cases.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The curriculum and resource materials for judges on corporate governance, business, finance, and law are completed by December 2001³.

- Drafted the curriculum for the third and final module of the executive education for commercial court judges on corporate governance, business, and finance. The curriculum consists of a series of workshops on corporate rehabilitation and liquidation, including the past training seminars that the commercial court judges have undergone. Through simulated cases, which are actually based on facts of cases brought before the courts and the Securities and Exchange Commission, the workshops will allow judges to apply, refine their skills and knowledge in resolving debt relief petitions - from its filing up to the approval and implementation of a rehabilitation plan or dissolution of the corporation.

The mechanism for court-referred mediation is in place to allow mediation in the CA by February 2002.

- Launched court-annexed mediation at the appellate level. The Supreme Court en banc approved a circular setting the Guidelines and Procedures for the pilot testing. It began on September 16 and will run until November 15. There are presently more than 130 cases that have been referred for mediation. The project's success rate is 62%, well above expectations.
- Organized multi-day training sessions for the mediators, tapping the resources of the well-regarded Singapore Mediation Center. More than fifty mediators were trained, composed of retired justices and judges, respected members of the bar and senior law professors.
- In addition to the Court of Appeals, other institutions and agencies have been seeking mediation support. AGILE completed a diagnostic study of the current Board of Investment (BOI) processes for handling investor complaints and disputes. The diagnostic identified the types and frequency of complaints and disputes filed at the different BOI departments, the manner by

³ The PhilJA approved on 4Q2001 the curriculum designed by AGILE on corporate rehabilitation, insolvency, and liquidation. The succeeding sections reports on follow-on activities.

which the BOI resolves filed complaints or disputes, investors' level of satisfaction with BOI processes, and the function and placement of the Mediation Unit. AGILE then conducted a three-day training seminar on Mediation for BOI personnel who will act as mediators in resolving investment-related disputes. During the next quarter, AGILE will continue the training of these persons with hands-on, on-the-job training sessions.

Congressional committee staff is trained on approach to drafting legislation by February 2002.

- Prepared for a training course with the Congressional Planning and Budget Department on Statistics for Policy Analysis and Evaluation. The seminar, which is for next quarter, should improve the skills of the congressional staff in policy analysis and the use of information and statistics to improve the policy making process in Congress.

The Benchbook and Curriculum on Law and Economics are prepared and provided to Philippines Judicial Academy (PhilJA) by July 2002.

- Completed the curriculum on Law and Economics.

Supreme Court Circular on the application of the doctrine of primary jurisdiction by September 2002.

- Organized regional seminars for trial court judges that tackled the doctrine of primary jurisdiction, which requires the judiciary to defer to quasi-judicial bodies or administrative agencies cases regarding technical or scientific issues.
- Presented to various judges and quasi-judicial bodies the Benchbook on primary jurisdiction it developed with PHILJA in order to get their feedback and to impress upon them the need for the uniform application of the doctrine.
- The Benchbook has now been finalized and approved by PHILJA.

Institutionalization of Law and Economics seminar in the regular curriculum of PHILJA by December 2002.

- The completed curriculum on Law and Economics is now part of PHILJA's standard curriculum.

Criminal Courts and Prosecutorial Function Management.

- AGILE provide in-country logistical support for two concurrent OPDAT training programs -- on criminal courts management and prosecutorial function management -- with PHILJA and the Department of Justice.

High-ranking officials of the Supreme Court and the Department of Justice participated, and six consultants from the United States served as resource persons. The US consultants observed proceedings in regional trial courts of Manila, Quezon City, Cebu City, Sandiganbayan and in the Office the City Prosecutors. In connection with the training programs, AGILE helped

organize larger roundtable discussions in which ideas to improve court management and the prosecution were exchanged.

PLANS FOR THE 4TH QUARTER 2002

- Continue to manage the pilot testing of the Court of Appeals (CA) mediation until its conclusion and evaluation.
- Develop proposals to institutionalize mediation in the appellate court, taking into account financial, administrative, personnel, and procedural aspects, based on the pilot test's end results and evaluation.
- Publish the Benchbook on Primary Jurisdiction and distribute to all trial court judges.
- Conduct the training course on Statistics for Policy Analysis and Evaluation for the congressional staff. Evaluate the training course to determine its impact and design other programs to improve the analytic and policy skills of legislative staff.
- Continue the BOI and mediation project and evaluate the results. Work towards institutionalization of mediation in the BOI, especially for disputes involving foreign and local investors.
- Co-ordinate with the National Labor Relations Commission (NLRC) in response to the request of its Chairman Roy Seneres for technical assistance in training its mediators. This will be part of AGILE's expanding effort to help the courts decongest its dockets.
- Finalize the Benchbook on Law and Economics.

POLICY OUTCOME 1.2 REVENUE ADMINISTRATION STRENGTHENED (BIR, DOF, DBM, BOC)

Results Package 1.2.a. BIR Made More Transparent and Efficient in Revenue Generation

Tax effort, as a percentage of national income (GDP) in the Philippines is low and falling. This will not allow the rapid development of hard (e.g., roads, airports) and soft (e.g., education, law enforcement) public sector infrastructure necessary for sustained economic development. Improving the effectiveness and efficiency of tax administration appears to have much greater potential for increasing tax effort under the current environment than does making changes to tax policy. Knowing what needs to be done is the easy part. Knowing how to get the necessary work done is far more complicated and requires understanding of the institutions involved and the incentive structures of individuals within and outside the BIR.

AGILE support to the BIR focuses squarely on helping the BIR find ways to improve tax revenues as measured by the tax effort. In the short run, this involves improvements to systems and procedures that can immediately boost revenue—VAT audits, “stop-filer” initiatives, internal audits, are examples of these. These measures are important for revenue enhancements as well as for providing the political “breathing space” for necessary longer-term improvements in the tax administration apparatus. For the longer-run, the focus is on introducing changes that will result in a more professional tax administration that is results- and performance-driven, in which tax agents are compensated well and in which institutional incentives and individual incentives become aligned for greater efficiency and effectiveness.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

REVENUE ENHANCEMENTS

Revenue Memorandum Order (RMO) issued on VAT benchmarking and VAT audit by July 2002.

- Submitted a proposal to Commissioner Parayno on how to use the VAT industry benchmarks to identify taxpayers that should be audited. Commissioner Parayno accepted the proposal and requested the team to prepare a press release on this.
- Prepared a press release on the results of the study to let the public know that the BIR has the means to identify taxpayers that cheat on their VAT payments.

RMO creating BIR Internal Audit Teams issued by July 2002.

- The issuance of the RMO suffered a setback with the resignation of Commissioner Bañez in August. AGILE has discussed with incoming Commissioner Parayno the need for an internal audit and the RMO needed to authorize the audit.
- Upon the request of Commissioner Parayno, drafted the procedures for the internal audit and identified the BIR personnel who could be part of the internal audit team.

The BIR is able to meet its revenue targets.

- BIR revenue collections remain sluggish for the 3rd quarter of 2002. While slightly up compared to last year for the same period, collections still are below target.

REORGANIZATION FOR EFFECTIVE REVENUE COLLECTION

BIR re-engineering is included in the State of the Nation Address as critical legislation by July 2002.

- The BIR re-engineering bill was not mentioned in President Arroyo's July State of the Nation Address. AGILE's technical support to BIR, however, resulted in Speaker Jose de Venecia's endorsement of an internal revenue authority in his speech at the opening of the second regular session of Congress.

The IRRs to operationalize the BIR re-engineering "Blueprint" are issued in June 2002.

- The IRMA IRR will be prepared in conjunction with the implementation plan of EO 114 and the IRMA blueprint.

Presidential approval of EO to reorganize BIR along taxpayer lines by August 2002.

- President Arroyo signed EO 114 on July 28, reorganizing the BIR toward a taxpayer-focused agency. EO 114 mandates the Commissioner to strengthen the Large Taxpayer Service (which includes the Excise Tax Service) and to create the Non-large Taxpayers Service, Individual Taxpayers Service, and Government & Tax-exempt Service.
- AGILE helped the BIR plan this reorganization and write the Executive Order (EO 114).
- The implementation of EO114 suffered a setback with the resignation of Commissioner Bañez. Nevertheless, Commissioner Parayno, shortly after he assumed office, announced his intention to implement the EO 114 on 31 January 2003. Further, the commissioner again tapped AGILE to assist in preparing for implementation EO114.

The BIR re-engineering "Blueprint" is accepted by the DOF, BIR and DBCC by October 2002.

- The drafting of the reengineering blueprint suffered a setback with the resignation of Commissioner Bañez.

Legislation is passed authorizing reengineering of the BIR by February 2002.

- House Speaker Jose de Venecia, Congressmen Julio Ledesma IV (Chair, Ways and Means Committee), Rolando Andaya, Jr. (Chair, Committee on Appropriations), Neptali Gonzales, Jr. (House Majority Leader), and Robert Ace Barbers (Chair, Committee on Accounts) filed the bill creating an Internal Revenue Management Authority (IRMA) under HB 5054 on July 31.
- HB 5054 is the draft that AGILE prepared for the BIR, except for some provisions of the bill, which the principal authors amended. One example of provisions in the original draft that were

amended is the replacement of a relatively attractive and generous package by a standard and relatively non-remunerative government retirement package. This amendment was not well received by BIR employees.

- Moved to widen support, mitigate opposition, and ensure the passage of the IRMA by preparing two versions of the bill. The technical staff of Senator Ralph G. Recto, Chairman of the Ways & Means Committee of the Senate, is handling one version while the other is currently being discussed with two other Congressmen from the progressive block.
- While HB5054 has been filed in Congress, public hearings on the bill still have yet to be conducted. Enlisted the support of selected groups and individuals from the Church as well as civil society to discuss passage of the bill with lawmakers in both houses of Congress; namely, AKBAYAN, CBAC (Citizen's Battle Against Corruption), including the former Philippine President Corazon Aquino.

PLANS FOR THE 4TH QUARTER 2002

REVENUE ENHANCEMENTS

- Submit to Commissioner Parayno the final RMO draft on Internal Audit.
- On approval, commence provision of technical support for the auditing of tax auditors.
- Submit to Commissioner Parayno final RMO draft on VAT Industry Benchmarks.
- Develop measures on how to tax "hard-to-tax" sectors (e.g., self-employed professionals), reward "good" taxpayers and penalize "bad" taxpayers.

REORGANIZATION FOR EFFECTIVE REVENUE COLLECTION

- Design and facilitate the BIR strategic planning activity for November using the taxpayer-focused organizational structure as the framework. This will involve a series of strategic planning sessions: by agency and by taxpayer segments (large taxpayers, non-large taxpayers, individual taxpayers, government & tax exempt). The workshops are intended to define priorities for 2003 using a taxpayer framework and to identify the potential heads of each taxpayer segment.
- Start drafting the BIR reengineering "Blueprint."
- Backstop the BIR or DOF when the public hearings on the IRMA bill starts.
- Solicit support from the legislators and the public on the IRMA through media and advocacy initiatives.
- Secure the approval of the Media and Advocacy Team SOWs to jumpstart media and advocacy initiatives.

Results Package 1.2.b. Trade Facilitation, Audit and Risk Management Capacity of BOC Strengthened

The Bureau of Customs (BOC) presents a slightly different policy and institutional challenge from that of the Bureau of Internal Revenue. Both are important revenue-generating agencies of the government. But, from an economic point of view, the BOC's more important role may be in trade facilitation, reducing the transaction costs associated with imports of final and intermediate products. Thus, the task before the BOC is to improve the effectiveness of its collection of customs and other tax revenues (which, with tariff reductions are continuing to shrink as a percentage of overall tax revenues) and allowing more rapid entry of imports into the country.

Under this Results Package, AGILE focuses on working with the Bureau of Customs (BOC) to implement the Customs Valuation Law, which aims to remove discretion in customs processing and facilitate trade. Its activities will contribute to a post-entry audit (PEA) capacity at the BOC that (a) reduces revenue leakage, (b) is transparent, and (c) is resistant to discretion and corruption. AGILE also helps the Commissioner and BOC staff identify ways to improve effectiveness and efficiency in the collection of customs duties and other taxes payable at the BOC.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The organizational plan for the PEA is formalized through an EO by September 2001.⁴

- Republic Act 9135 mandated the BOC to conduct post-entry audit (PEA) on importers. Post-entry audit is part of the implementation of the WTO transaction value system because it allows the BOC to (1) identify adjustments such as royalties, selling commissions which are part of dutiable transaction value (but often not apparent at the time of importation or arrival at the border) and (2) ensure compliance with customs regulation and the collection of revenue without disrupting the flow of cargo traffic at the border.
- The BOC created an interim Post-Entry Audit (PEA) office and formed an audit team that completed the very first audit of a company that volunteered to be audited. AGILE trained the members of the audit team in conducting the actual audit and the in the preparation of the appropriate reports. In the process, AGILE is compiling materials that will go into an audit manual to be used for subsequent training programs and for other reference purposes.
- The operation of the PEA office is constrained however, by the fact that as an interim office, personnel are assigned to it on a part-time basis. To create a permanent PEA office with personnel permanently assigned on a full-time basis, an Executive Order (EO) is needed. AGILE assisted the BOC in preparing the draft EO and shepherding it through the approval process. It is now undergoing review by the Department of Budget Management (DBM). AGILE conducted several consultations with the DBM and agreed on the amendments needed to obtain their endorsement of the EO to the President for her approval. In order to present a coherent restructuring and streamlining plan, the EO will have to extend beyond Post-Entry Audit, and include organizational restructuring for the SGL, as well as internal control measures. Functions of existing units that can be transferred and consolidated with the new

⁴ The following Key Expected Accomplishments report on follow-on activities.

units to be created will also have to be identified to minimize additional cost pressures on the fiscal budget.

- Meanwhile, a second audit team has been formed, and will undergo training as soon as the arrangements for the next audit are completed.

The Risk Management System is implemented at the BOC by November 2001.

- AGILE conceptualized, articulated, and advocated to top and middle management of the BOC a risk management system that proposes a set of differentiated responses according to an assessment of risk levels. In particular, this consists of
 - (1) the Super Green Lane (SGL) Program, which will serve as the vehicle for trade facilitation, with streamlined minimum intervention for low risk importers, and
 - (2) tightening of the traditional border controls in the assessment system and intensified screening for high-risk importers.
- Post entry audit constitutes the compliance enforcement tool at the back end. A criteria driven selection of importers to be audited is a specific risk management tool aimed at maximizing the effectiveness of post-entry audit in terms of compliance enforcement and revenue generation. AGILE provided assistance in drafting a proposal for the selection criteria, which was submitted to the Commissioner for his endorsement to the Secretary of Finance who will approve it.

Super Green Lane program is revitalized.

- AGILE conducted a Focus Group Discussion (FGD) with importers in July to identify the problems encountered in the implementation of the SGL program. On the basis of the findings of the FGD, AGILE has
 - (1) held discussions with DA Agencies in order to iron out regulatory requirements and develop a single-window system for imports covered by DA regulations.
 - (2) proposed an organizational restructuring that will create an account management office to handle SGL accounts on a full-time basis.
 - (3) prepared a draft accreditation questionnaire to serve as an effective risk management tool, as well as promote informed voluntary compliance among SGL members.
- AGILE continues to consult with individual importers to validate the earlier findings, as well as promote advocacy for the SGL program among multinational companies and other reputable importers.

Systems Review of the Assessment System.

- For importers who do not qualify for SGL accreditation, traditional border controls will be tightened, and loopholes plugged. AGILE has mobilized a team of consultants who are undertaking a systems review of the BOC assessment system. This review will include systems documentation based on official regulations, to be evaluated vis-a-vis actual practice. Interventions will be proposed where warranted.

Cooperation with anti-corruption groups is instituted for implementation monitoring by November 2001.

- AGILE conducted Focus Group Discussions (FGD) with importers in July to get feedback from importers and brokers on the problems that they encountered in the implementation of the Super Green Lane Program. AGILE continues to dialogue with individual importers to gather feedback on SGL and promote private sector advocacy for the program.

PLANS FOR THE 4TH QUARTER 2002

Executive Order creating the Post Entry Audit Office is approved, and training and capabilities building programs implemented.

- Formalize the staffing pattern for the PEA Office.
- Seek the BOC commissioner's approval for the 2003 audit plan.
- Initiate enforcement audits.

Systems design and the organizational restructuring of the SGL Office are formalized.

- Customs Administrative Order (CAO) and Customs Memorandum Order (CMO) approved.
- Propose the staffing pattern for the SGL Office.
- Adopt the accredited questionnaire.
- Seek the Commissioner's approval on the list of qualified importers presented to him.

Improvements to the BOC's assessment system formalized in Customs Memorandum Orders.

- CMO approved.

Advocacy for Super Green Lane Program initiated among private sector organizations.

- Continue to articulate advocacy issues.
- Propose draft memorandum of agreement (MOA) between the Bureau of Customs (BOC) and the Purchasing Managers of the Philippines (PMAP) and Foreign Chambers of Commerce.

Results Package 1.2.c. Tax Policy More Efficient and Equitable

Tax policy provides the framework for the tax system. However, if the tax policy fails to take into account the interactions between tax types and the behavior of potential and actual taxpayers, a tax system that is inequitable and difficult to administer is likely to occur.

In this regard, AGILE assists the DOF and the BIR in producing more accurate tax policy analysis by helping them use empirical data and systematic analysis to develop better revenue forecasts and estimation, and analyze economic feedback effects. It also provides broader assistance to the DOF in formulating tax policies such as fiscal incentive and financial sector tax reforms.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The tax databases are cleaned up and prepared for use by the DOF for revenue forecasting and revenue estimation by August 2001⁵.

- The FPAS developed the tax database and microsimulation models for revenue forecasting and estimation. These are on income tax - corporate and individual, excise tax - beer, cigarettes, petroleum, and automobile, value-added tax, capital gains tax, and customs duties. Since the completion of the database and models, the DOF-DFG has generated revenue estimates from a number of proposed policy measures:
 - a) amendments to the income taxation of individuals such as raising the exemption levels,
 - b) regulating the allowable education's on entertainment expenses of corporate taxpayers,
 - c) taxation of Asian Utility Vehicles and the indexation of excise tax rates on beer and cigarettes.

DOF staff is trained in the use of the tax database and senior DOF officials have internalized the value of using these databases in forecasting and estimation by October 2001.

- Trained the DOF staff on model building theories and applications, how to use the VAT and the individual income tax database and microsimulation model.
- Worked on reducing the slow simulation time of the individual income tax microsimulation model from several days to a few minutes.

BIR staff has access to tax database and are trained to use the database to refine analysis of tax administration by November 2001.

- Initiated steps towards the strengthening of the VAT audit administration through the installation of the VAT Management System (VMS) in the BIR.
- However, the draft Department Order for the DOF and BIR that would pave the way for BIR access to the tax databases was shelved due to changes in the DOF leadership.

Tax policy analysis capacity of the DOF is enhanced through regular use of microsimulation models and taxpayer databases.

- Set-up the micro tax data that enabled the DOF to analyze the distributional impacts of policy measures in various perspectives such as by taxpayer type and industry, which was not possible under the previous database whose information was largely based on tax returns data.

⁵ The succeeding three Key Expected Accomplishments have been included because they have not been completed in past and therefore have follow-up activities.

PLANS FOR THE 4TH QUARTER 2002

- There are no plans because the FPAS Team has completed its final deliverables.

Results Package 1.2.d. Local Government Financing Improved

Providing local government units (LGUs) with greater fiscal autonomy is an important government objective because it promotes accountability. This measure is one of the highlights of the Local Government Code (LGC) of 1991. While the LGC created various financing mechanisms for LGUs, efficient and transparent regulatory mechanisms are not yet in place. As a result, LGU financing in the Philippines remains fragmented and confusing. Furthermore, despite revenue sharing arrangements such as the Internal Revenue Allotment (IRA), many LGUs remain unable to self-finance expenditures deemed necessary for public services and infrastructure.

LGUs therefore need to develop innovative ways of financing their public infrastructure projects beyond using inflows from the IRA. In this regard, the use of LGU bonds and Build-Operate-Transfer (BOT) schemes could be beneficial. It is important, however, that these financing schemes do not place the LGUs or the National Government at a substantial fiscal risk.

AGILE focuses its efforts and resources on helping LGUs and national government agencies involved in the oversight of local government units (DILG and DOF Bureau of Local Government Finance) increase financing options available to local governments through development of a municipal bond market.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

IMPROVEMENTS TO LGU FINANCIAL REPORTING SYSTEM

Signing of a Memorandum of Agreement (MOA) between the DOF-BLGF and the DBM for a single financial/fiscal reporting system for LGUs by July 2002.

- The signing of the MOA was delayed from its original target of July due to problems in harmonizing the New Government Accounting System (NGAS) for Local Government Unit with the Statement of Income and Expenditure (SIE) Reporting System.
- In September, due to several BLGF and AGILE consultations, the COA relented and re-established the reporting of expenditures by sector in the trial balance barely a week prior to generating the final version for printing. Given turn of events, the SIE Reports can now be generated in both cash and modified accrual or NGAS basis.
- The MOA is now in its final stages of revision and is expected to be signed by both the DOF and DBM Secretaries in November. Accompanying the MOA, will be a joint-implementing circular detailing the submission and schedule of submission of the SIE reports to DBM and a departmental circular to be issued by the DOF to the local treasurers instructing them on the schedule of SIE submissions.

Completion and publication of a Statement of Income and Expenditure (SIE) Manual harmonized with the Local Government Accounting System (LGAS) by August 2002.

- For the same reasons noted above, the completion of the SIE manual has been hampered by problems inherent in the NGAS for LGUs' Manual of the Commission of Audit.
- Due to the interventions of the Bureau of Local Government Finance (BLGF) and AGILE, the COA in September, retained the Sectoral reporting format in the NGAS for the LGUs Accounting Manual. After AGILE makes the final revisions to manual, it will pass it on to the DOF for approval specifically checking the schedules for the delivery of the SIE Reports by the local treasurers. The manual is expected to be completed and ready for editing in October.

Full implementation of the SIE Reporting System by local treasurers by January 2003.

- DOF Undersecretary Amatong requested AGILE to draft a technical and financial proposal for the computerization of the SIE Reporting System. This included the design and programming of the data capture software for the BLGF that will not only store the data but will generate consolidated reports and performance indicators per LGU, the design and programming of a ledger and report generation software for the use of local treasurers, the development of user's manuals, the reproduction of the software for all local treasurers, and the training of trainers on the use of the software. Estimated cost of the technical assistance is US\$ 70,000.00, which will build upon BLGF's purchase of hardware (e.g., computers) to be funded by the World Bank's LOGOFIND loan program. Procurement of the hardware and related services, which is estimated to be about US\$ 1 Million, is expected to begin in the first quarter of 2003. The proposal was officially submitted by the DOF in the first week of September to the World Bank for funding under the ASEM program. The proposal is currently under review by World Bank management.
- As per the instructions of DOF Undersecretary Juanita Amatong and as embodied in the draft MOA and related departmental issuances, the full implementation of the SIE Reporting System by January 2003 will be undertaken.

Completion of the training of SIE trainers by October 2002.

- Because of the delays in the completion of the SIE Manual and the MOA between the DOF and DBM on the SIE Reporting System, the training of the SIE trainers has been delayed and moved to November. However, a draft training design has already been completed and will be finalized in October 2002.

EXPANSION OF CREDIT RATING DATABASE

The expanded "Local Government Unit Guarantee Corporation (LGUGC) Database" is published by January 2003.

- The first and second deliverables have been completed as scheduled. The first deliverable was the updating of the first batch of 120 LGUs already credit rated, and the collection of data for 380 LGUs still to be rated. This information was incorporated into the LGUGC computer system, a project funded by AusAID. Meanwhile, the second deliverable was a completed

review and revision of the LGUGC credit rating system. AGILE is currently working on its third deliverable which is screening and rating the 500 LGUs, which will be completed in November.

- The LGUGC will start an advocacy campaign that will focus on explaining to the 500 LGUs the credit information that will be released. The LGUGC intends to release a free newsletter by January 2003.

Legal Issue Related to Municipal Bond Guarantees.

- AGILE made a study on the improvement of the Internal Revenue Allotment (IRA) Deed of Assignment focusing on various legal options that the LGUGC take whenever they guarantee a bond float of an LGU. That the LGU Guarantee Corporation requires an IRA Deed of Assignment is a source of confidence for private investors in the bond floated by the LGU. Therefore, any perceived weakness in the ability of the LGUGC to invoke the IRA Deed of Assignment in the process of a guarantee call brought about by a default will weaken the investor's confidence in and consequently, the demand for LGU bonds.
- Prior to the finalization of the study, the LGUGC acted on one of the main recommendations, which was to advocate for the repeal of BSP Memorandum Circular 311. Repealing BSP Memorandum Circular 311 will allow private banks to act as trustee banks thereby improving the confidence of private investors in the guarantee process since there will be a wider choice of banks that can perform the trustee function. LGUGC is currently monitoring and following up with the BSP on developments regarding their request.

PLANS FOR THE 4TH QUARTER 2002

IMPROVEMENTS TO LGU FINANCIAL REPORTING SYSTEM

- Completion and publication of SIE Manual.
- Completion of the training of 60 SIE Trainers.

EXPANSION OF CREDIT RATING DATABASE

- Completion of 500 LGU screened and rated.

POLICY OUTCOME 1.3 EXPENDITURE MANAGEMENT STRENGTHENED

Results Package 1.3.a. Bureaucracy More Efficient Through Public Expenditure Management (PEM) and Reengineering

Results orientation is as critical to good governance in the public sector as it is in the private sector. The Public Expenditure Management (PEM) approach to government budget management is based on setting budgets according to output-based priorities.

To help create a more efficient bureaucracy, AGILE assists the DBM in institutionalizing Public Expenditure Management (PEM), which links the government planning and budgeting processes. This requires the DBM to use the Medium-Term Expenditure Framework, the Operating Performance Indicators Framework (OPIF) and flexibility-accountability mechanisms to introduce aggregate fiscal discipline, efficiency in public sector operations, and efficiency in allocation of government resources.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

Procedures manual on budget provisioning for contingent liabilities for GOCCs prepared for DBM by February 2003.

- This work was not funded by USAID/AGILE, but AGILE oversight was sought by DBM and provided during the quarter. For AGILE direct involvement in the development of procedures and systems to monitor, manage and reduce the cost of contingent liabilities, see Results Package 1.3.b., below.
- Assisted the DBM in developing the terms of reference (TOR) for this activity.
- Submitted a final draft of the Contingent Liabilities Provisioning Procedures Manual that incorporated the comments and suggestions of the DOF, the DBM, and COA.

Operational Performance Indicator Framework (OPIF) in place in DBM by July 2003.

- Worked on the OPIF workshop, which unfortunately did not push through due to the closure of the ASEM activity in August. This workshop would have been originally funded by a WB-ASEM grant.
- Upon DBM's request, worked on the possibility of having AGILE fund the workshop activity.
- Prepared documents for the OPIF workshop, which should help accelerate use of this important part of improved public expenditure management.

A General Appropriations Act (GAA) 2004 that incorporates agency performance indicators and Major Final Output (MFO) aligned with programs, activities and projects (PAPs) of the central government approved by January 2004.

- Discussed the possibility of AGILE's direct assistance to the DBM in instituting PEM reforms in the budgeting process. Although AGILE has been providing advice on the PEM, majority of

DBM's assistance came from the World Bank (WB), its grants, and provisions of STTA for the PEM reform.

PLANS FOR 4TH QUARTER 2002

- With approval from USAID, will provide direct assistance in the PEM program of DBM by providing TAs in reengineering and conduct trainings and workshops, particularly on the OPIF, to institutionalize the PEM reforms that have been introduced since 1999. AGILE's assistance, if provided, is expected to complement WB's and UNDP's assistance in this reform program of DBM.
- Continue to provide technical assistance in the crafting of TORs for the various PEM activities and assist the DBM in leveraging it with other funding donors.

Results Package 1.3.b. Improved Management of Contingent Liabilities

Excessive exposure to fiscal risk creates fiscal instability and uncertainty that is detrimental to steady economic growth. There are numerous ways in which public sector fiscal risk exposure grows. First, the more a government commits itself to provide beyond basic public services, the more implicit fiscal risks and contingent liabilities it accumulates. Examples of this include social security systems and support to banking systems. Coverage of the loan obligations of state enterprises adds further fiscal risk and contingent liabilities to the government's balance sheet. Finally, when the government undertakes to reduce risks to private sector proponents in Build-Operate-Transfer (BOT)-type infrastructure projects, it also accumulates contingent liabilities.

- To help government manage this risk, AGILE provides technical assistance to the DOF for accurately assessing the costs of loan guarantees and other non-cash project enhancements. It has already completed its first phase of the effort by making a comprehensive legal analysis of all BOT projects and a legal review of Government Owned and Controlled Corporation (GOCC) charters. The second phase of the activity is underway. It entails providing on-the-job training to the DOF Contingent Liabilities Unit, which is developing a system for measuring and monitoring government's exposure and risk for all BOT projects and guaranteed GOCC borrowing.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

Legislation removing automatic guarantees from GOCCs and establishing a guarantee management framework is filed in Congress by August 2001.

- Undersecretary Nieves L. Osorio gave AGILE instructions during the third quarter of 2001 not to continue with the initiative to remove automatic guarantees because she did not think the effort would have a chance in Congress at the time. Meanwhile, administrative measures that had been instituted by the Bangko Sentral ng Pilipinas (BSP), requiring the DOF's opinion every time a GOCC seeks to borrow, made it less urgent to pass such legislation.

- Recently, Undersecretary Osorio mentioned that she would revive the initiative to remove automatic guarantees on a piece-meal basis, GOCC by GOCC, partly to avoid strong opposition from GOCCs.

The DOF Contingent Liabilities Unit is established and trained by March 2002⁶.

- Undersecretary Nieves L. Osorio set up the DOF Contingent Liabilities Unit in September. The CL Unit, with AGILE assistance, is beginning to define its roles and functions and its members are undergoing training by AGILE.

The DBM and line agencies are including expected losses related to identifiable fiscal risk (e.g., contingent liabilities) in their budgets by March 2002.

- AGILE has not had direct involvement in any activity related to inclusion of CL-related expected losses in budgets.
- The DBM has tasked consultant Romy de Vera, through a World Bank grant, to study and set up a policy framework and monitoring system to minimize CL risk associated with GOCCs. His conclusion is that the government might not be able to afford provisioning for contingent liabilities. Instead, the government should focus on the management and control of CLs. While the position of improving management of CL is in keeping with AGILE recommendations, not provisioning for expected losses or outlays related to CLs does not agree with AGILE recommendations, which were that the government should compute expected losses and provision for them.

DOF has unit dedicated to estimating and tracking CLs of BOT projects and GOCC guarantees by December 2002.

- At present, the CL Unit has identified the following among its duties and functions:
 - Record key information, develop, maintain and expand the CL database.
 - Develop a schedule of liabilities or early warning system.
 - Minimize or avoid actual payment obligations by reminding agencies of liabilities that will result from the agency's default on specific contractual obligations.
 - Evaluate payment invoices or notices for liquidated damages presented by the proponent to the implementing agency to determine whether or not they should be settled.
 - In the event that a major payment is triggered, provide information needed by the implementing agency and other government entities to negotiate the amount and terms of payment.
 - It will continue to refine and test the validity of these functions in the coming months.
- Undersecretary Osorio has expressed her intention to request the Bureau of Treasury, NEDA, and DBM to designate their own point-persons to take charge of CLs from their respective ends.

⁶ The next two Key expected Accomplishments report on current follow-up activities.

Estimate of expected costs of 12 BOT projects, annually and through life of each project by February 2003.

- The contingent liabilities of three BOT contracts have been estimated and members of the CL Unit have been provided training in the process used to make these estimations.

PLANS FOR 4TH QUARTER 2002

- Define its key role in this DOF-led reform.
- Furnish the DOF with the 12 templates on estimating risk in Private Sector Participation (PSP)/Build-Operate and Transfer (BOT) projects and a template for rating GOCCs.
- Continue to train members of the CL Unit until February 2003 and provide inputs to the MIS Unit as it programs and designs the CL monitoring software and system for the entire National Government. The goal of these activities is to minimize CLs and recommend the best practices that would set the standard for future PSP/BOT projects. An ADB/WB grant is currently being proposed to cover this area. AGILE's possible involvement may be in the provision of on-site technical assistance to improve the evaluation, management, control, provisioning, and budgeting for CLs, while other donor agencies may possibly provide other forms of assistance.

Results Package 1.3.c. Investment Incentives More Transparent

It appears that the provision of investment incentives to attract foreign direct investment is inevitable in the context of a region that competes for foreign direct investments through the provision of fiscal incentives. Given that fiscal incentives are likely to continue to be required, the question is how to ensure the effectiveness and efficiency of these incentives and how to develop a monitoring and measuring system that adequately captures the amount of tax breaks provided to individual companies and in aggregate.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The Omnibus Investment Code Amendments bill is filed by November 2001⁷.

- Discontinued support towards legislation of Omnibus Investment Code Amendments after realizing that there is little chance that rationalization of fiscal incentives will succeed given the highly promotional initiative by both the Executive and Legislative branches. However, there is openness to providing assistance if it is foreseen that it would meet the objective of rationalizing the use of fiscal resources. But the stop-go movement of the bill in the legislature has not provided AGILE an opportunity to define a role in fiscal incentives reform.

⁷ This Key Expected Accomplishment reports on the activity's current status.

Design of administrative framework for monitoring firms availing of fiscal incentives at the Bureau of Internal Revenue by September 2002

- Completed the preliminary research that would help policymakers decide on whether to support this initiative or not. Research material had been prepared, government personnel interviewed, and a short briefing on how to improve the administration of fiscal incentives at the BIR has been written.

PLANS FOR THE 4TH QUARTER 2002

- Continue to push for the improvement of the administrative framework for monitoring firms availing of fiscal incentives at the Bureau of Internal Revenue.
- Determine strategy and approach to get improved monitoring system institutionalized.
- Continuing to collate research material on the subject. At present, statistical information from the Department of Trade and Industry (DTI) and Bureau of Internal Revenue that would support the case has yet to be obtained, following a request that was made in May.

POLICY OUTCOME 1.4 GOVERNMENT PROCUREMENT MADE TRANSPARENT AND EFFICIENT (DBM, NEDA, DOF, ICC)

Results Package 1.4.a. GOP Procurement System More Efficient and Transparent

Public sector governance “hits the road” in the mundane task of procurement. AGILE seeks to help establish a public procurement system in the Philippines that is characterized by improved transparency and efficiency, decreased graft and corruption, and reduced costs. A public procurement system such as this should result in improved public confidence that government funds are being used effectively.

The DBM is taking the lead in developing an improved government procurement system, and is AGILE’s primary public sector counterpart. Besides assisting in the development of the system, AGILE has also helped promote enactment of the proposed Government Procurement Reform Act, which would institutionalize improvements, train government procurement personnel in implementing the system, and mobilize support for the reforms.

AGILE and its government counterparts also recognize the need for an oversight group composed of civil society and associations of private sector contractors in any public sector procurement

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

Passage of Government Procurement Reform Act (GPRA) by Sept 2002 and its IRR prepared by December 2002

- Assisted the DBM in providing technical support to both Houses of Congress.

Accompanied the Inter-Agency Working Group in attending the House deliberation for the procurement bill.

Assisted the Senate’s Committee on Constitutional Amendments and Revision of Laws in crafting Senate Bill No. 2248, its version of the Procurement Reform Bill. On July 19, the Committee submitted the Committee Report No 67 endorsing the procurement reform bill, Senate Bill No. 2248. AGILE continued providing support to the Committee by completing technical documentation for the procurement bill including preparing and conducting a briefing for SB No. 2248.

- Together with PWI, advocated the procurement reform bill in a Philippine Association for Budget Administration, Inc. (PAGBA) conference conducted in Cebu City on July 17-19. A media group that provided press coverage supported the activity. The workshop participants signified their willingness to adopt the reform.
- Conducted a workshop on procurement reform in the ARMM region in Cotabato City in partnership with GEM. Majority of the workshop’s 50 participants were administrative officers and officials from the ARMM departments who showed willingness to undertake the changes in the ARMM’s procurement process

Monitoring reports by NGOs, led by PWI, on procurement process of key Departments including District Offices (DOH, DepEd, DPWH, DBM-PS) submitted by June 2003 and a follow-up report by December 2003.

- PWI is still in the process of renewing memorandum of agreements (MOAs) with key departments to allow it to conduct monitoring on the departments' procurement activities. Critical issues to solve, in this regard, involve the nature of PWI's relationship with the agencies whose procurement procedures it must monitor. Other issues involve the sustainability and accountability of PWI and other NGOs monitoring procurement.

Government BAC, procurement officials and COA auditors of major procuring Departments trained in implementation of provisions of Procurement law by June 2003

- Collaborated with the DBM in looking for resource support for the training. PWI, in partnership with the DBM-Procurement Service, has been conducting training on the new procurement rules under EO 40. The EO 40 carries provisions that are similarly provided in the procurement reform bill filed in Congress.
- Full training in the new law will, of course, await passage and development of standard forms and IRRs.

Assessment of policies and procedures to improving post-procurement logistics completed by July 2003

- AGILE is working with the DBM to determine the nature of assistance required to address weaknesses in post-procurement logistics. This is likely to involve an initial assessment and diagnostic of existing procedures to determine their vulnerabilities and identify best practices.

PLANS FOR 4TH QUARTER 2002

- Continue to provide technical and administrative support to the TWG on procurement and the DBM to the push for the passage of the procurement reform bill.
- Advocate support for the swift passage of the procurement bill.
- Assist the DBM by providing the STTA who will conduct a diagnostic study on post procurement and prepare the procurement manuals and standard forms.

POLICY OUTCOME 1.5. BANK SECRECY REDUCED AND BANKING SECTOR BETTER REGULATED (BSP, DOJ, SEC)

Results Package 1.5.a. Money Laundering Reduced

The Philippines is on the OECD Financial Action Task Force (FATF) List of Non-Cooperative Countries and Territories, ("FATF List") with respect to combating money laundering. The FATF has advised the Philippines that to ensure the integrity of the Philippine financial system and make it more impervious to "dirty" money, certain measures need to be taken. These measures—criminalizing money laundering and making bank accounts and other financial institution records more accessible to law enforcement-- will also facilitate removal of the Philippines from the FATF List. Passage of the Anti-Money Laundering Act (AMLA) in 2001 was not sufficient to remove the Philippines from the FATF list. Amendments to the AMLA are necessary in order to avoid costly countermeasures from OECD countries.

After giving technical advice and helping to mobilize civil society support for the passage of AMLA, AGILE is now helping the Anti-Money Laundering Council (AMLC), a body created by the new law, address FATF concerns about the effectiveness of AMLA in preventing money laundering. AGILE is also helping the AMLC build up its capacity to implement the AMLA.

AGILE is also supporting government efforts to pass an Anti-Terrorist Financing Act that will further strengthen anti-money laundering work.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

STRENGTHENING THE CAPACITY OF THE AMLC SECRETARIAT

Development of standard forms for Covered Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) by July 2002

- These are the core reports that are to be provided to the AMLC Secretariat by institutions covered by the AMLA (e.g., banks, insurance companies and other financial institutions).
- Designed the basic form and substance of the covered transaction report (CTR) and the suspicious transaction report (STR) during the second quarter of 2002. Finalized and got approval for the form of the CTR and the STR that incorporated the comments and suggestions from the working group comprised of people from the insurance, securities, and banking sectors plus representatives from the AMLC Secretariat.

AMLC organizational structure and recruitment of majority of professional staff completed by March 2003

- Organized the AMLC Secretariat, ensured that it is properly staffed and operationally functional.

Implementation of an effective anti-money laundering regime will require resources significantly in excess of what will be available under the USAID program, thus AGILE

assisted the Secretariat in negotiating the details of the Technical Assistance Program from ADB. It is anticipating that additional support will come from other agencies as well.

- Reviewed the final proposal of the consulting firm selected and acted as a representative of the AMLC Secretariat in the contract negotiation process, enabling the AMLC to maximize and direct the technical assistance program to priority areas, avoid overlaps, and maximize synergies.

BSP Examination procedures manual (section pertaining to AMLA) completed by December 2003

- This is not directly in support of the AMLC Secretariat, but it does pertain to improving the capacity of the Philippine Anti-Money Laundering apparatus to detect suspected money laundering by strengthening BSP bank examination procedures relating to money laundering.
- Prepared the draft of the Examiner's Manual of Procedures for Bank Compliance with the Anti-Money Laundering Act of 2001. These procedures are designed to be included during the regular examination of commercial banks.
- Presented the manual to the BSP Supervision and Examination Sector (SES) to serve as a working draft for discussion purposes.
- Provided BSP's Supervision and Examination Sector copies of the draft examination procedures manual for their review.

FATF RELATIONS

The Philippines is removed from the FATF list of non-cooperative countries by March 2003.

- The Philippines has not yet been removed from the FATF list of Non-Cooperative Countries and Territories (NCCT List). Removal will require a comprehensive new law that makes it substantially easier for regulators and law enforcement to detect cases of suspected money laundering.
- Assisted the AMLC in its efforts to cause the removal of the Philippines from the NCCT List of the FATF. The main vehicle for removal from the List and avoidance of countermeasures will be passage of a new law that amends the AMLA. Accomplishments in this regard are discussed below.

LEGISLATION (ANTI-MONEY LAUNDERING ACT AMENDMENTS AND ANTI-TERRORIST FINANCING BILL)

Anti Terrorist and Terrorist Financing Bill enacted by March 2003

- Convened the first meeting and assisted an Inter-Agency Technical Working Group in drafting a bill criminalizing terrorism, its financing, as well as establishing a system for detecting, monitoring, investigating, and prosecuting terrorist acts including its financing. Members of the group were representatives from the AMLC, the Department of Justice (DOJ), Department of

Finance (DOF), Bureau of Immigration (BI), Philippine Center for Transnational Crime, U. P. Law Center, and the Philippine National Police.

- Submitted the draft that included the comments that had been approved by the TWG to the Office of the President for inclusion in the state of the nation address, as well as to the office of Sen. Ramon Magsaysay, Jr. for possible sponsorship in the Senate.
- Assisted the Interagency TWG in raising consciousness of, and gaining support for, the anti-terrorism and anti-terrorist financing bill.
- Conducted a RTD in conjunction with the Inter-Agency Group at the U. P. Law Center. The conference featured a research paper prepared by a commissioner of the National Police Commission, and reactions from representatives of law enforcement, the judiciary, and private practitioners.

Participants were representatives from the various law enforcement agencies of the government, such as - the NBI and PNP, the prosecutorial arms of the government- DOJ and OSG, the AMLC, the Bureau of Immigration (BI), the DOF, plus the Senate and House of Representatives, AGILE, USAID, the United States embassy, civil society, the academe, the government, and media. As a result, it featured a healthy discussion on the bill from different perspectives. The comments raised by participants provided the Inter-Agency Group and the legislators with useful observations on how to improve the bill.

Anti-Money Laundering Act Amendments

- Prepared for and participated in the meeting of the Congressional Oversight Committee (COC) to solicit the cooperation of its members in sponsoring the bill amending the AMLA. Senator Magsaysay and Congressman Lopez, heads of the COC panel for the Senate and Congress, respectively, stated that they will cause the filing of the bill and will start the committee hearings.
- Provided the AMLC and the COC with a comparative matrix of the threshold amounts for reporting suspicious transactions in other countries. This matrix was used to convince COC members to support the lowering, if not the outright removal, of the high threshold amount for reporting covered transactions by showing that most countries do not impose such a high threshold amount for reporting suspicious transactions.

Expanded its matrices on bank secrecy rules and threshold amounts to include more countries to help the Committee in convincing senators that the Philippines is only one of a few countries that maintains a strict regime of bank secrecy.

- Participated in the Senate and Joint-Congressional Committee meetings on the AMLA amendments and discussed the various bills filed in the Senate seeking to amend the AMLA.
- Presented a comparative matrix of the various amendatory bills that had been filed in the Senate and the House of Representatives.

- ❑ Reviewed banking and anti-money laundering legislation's in other jurisdictions. AGILE provided the AMLC and the CCC with an initial version of a comparative matrix of bank secrecy rules in various countries. The matrix shows that most countries allow government examiners to scrutinize the account information of bank clients during their regular inspection of banks. The matrix was used to convince the COC members to support the relaxation of bank secrecy laws to allow a similar authority for examiners of the Bangko Sentral ng Pilipinas (BSP) with respect to individual accounts in banks operating in the Philippines.
- ❑ Coordinated with the U. P. Law Center to conduct a series of roundtable discussions (RTD) on bank secrecy laws and the impact and legal implications of a possible relaxation or repeal thereof.

PUBLIC AWARENESS AND ACCOUNTABILITY

Training and awareness building on the AMLA and its Implementing Rules and Regulations for various sectors by June 2004

Awareness by civil society groups of the AMLA raised evidenced by active monitoring by the group of the activities of the AMLC and its secretariat by June 2004

- ❑ AGILE-BSP participated in the workshop of the Association of Bank Compliance Officers of the Philippines (ABCOMP). This workshop facilitated a discussion of commonly perceived situations that signal possible money laundering transactions in banks and other financial institutions. Hypothetical cases involving anti-money laundering issues were presented which covered issues on suspicious transaction reporting (STR), covered transaction reporting (CTR), Know-Your-Customer Policies, and Pyramiding and Boiler Room Operations. Approximately 40 bank compliance officers representing the large Philippine commercial and foreign banks attended the workshop.
- ❑ Gave regular updates to approximately eighty civil society organizations nationwide. The updates contained a summary of the discussions of the AMLA Regional Forum Series in Davao and Cebu cities, organizational structure of the Anti-Money Laundering Council Secretariat, and proposed amendments to the AMLA. It also provided an opportunity to invite members of the group to participate in another regional RTD with Atty. Aquino and AMLC. The updates are expected to generate public discussion of issues leading to a stronger advocacy in strengthening efforts to fight money laundering activities through amending the AMLA
- ❑ Reviewed requirements for the creation of the AMLC website such as the selection of web site developers and public relations firms to identify the site's technical specifications and content in an effort to promote and increase awareness on the AMLA, AMLC, the country's inclusion in the FATF blacklist, and other related issues.

PLANS FOR THE 4TH QUARTER 2002

STRENGTHENING THE CAPACITY OF THE AMLC SECRETARIAT

- ❑ Aid efforts of the AMLC towards organizing its Secretariat and ensuring that it is properly staffed and operationally functional. Specifically, it will assist in identifying the requirements

for the design of a computer database infrastructure to handle the receipt and indexing of STRs and CTRs and other intelligence reports from coordinating government agencies.

- Help the AMLC Secretariat formulate and implement policies and procedures for proper human resources management, including the institution of efficient workflow patterns and systems, standard operating procedures and recruitment guidelines.
- Assist the AMLC in maximizing technical assistance received from the ADB and other donor organizations, by ensuring that the focus and substance of the various technical assistance projects will not be duplicated.

LEGISLATION (ANTI-MONEY LAUNDERING ACT AMENDMENTS AND ANTI-TERRORIST FINANCING BILL)

- Continue to support efforts of the AMLC to ensure that the AMLA will comply with the requirements of the FATF. It will assist the AMLC initiate moves towards the amendment of the law and/or the enactment of new legislation to address the primary concerns of the FATF, particularly in the areas of lowering or removing the threshold amount and relaxing or removing bank secrecy.
- Assist the Congressional TWG in the development of a consolidated Anti-Terrorist and Terrorist Financing Bill to be presented to the Committee on Justice for deliberation.
- AGILE-BSP will provide international experts on Anti-Terrorist Financing legislation to assist in the review of the bill on Anti-Terrorism and to respond to questions of the legislators on the topic.

PUBLIC AWARENESS AND ACCOUNTABILITY

- Amendments to the AMLA of 2001 are currently being discussed in Congress. These amendments, among other things, propose the further relaxation of bank secrecy laws and the removal of the court order requirement. The AMLC and its Secretariat initiated this proposal in the light of the recent FATF recommendations and the continuing inclusion of the Philippines in the FATF list of Non-Cooperative Countries and Territories.
- Based on previous experience in Congressional hearings and bicameral meetings on the AMLA, AGILE already expects that these amendments will encounter strong resistance from legislators and other interest groups. It is therefore crucial that initiatives are undertaken in advance to ensure that there is fair debate and extensive dissemination of information on the AMLA and the various concerns that are raised in terms of enforcement and implementation. One such venue for an information campaign is a roundtable discussion with civil society organizations.
- Organize various fora for civil society organizations. Already scheduled are those to be held in Manila on October 4, Cebu on October 8, and Davao on October 24. Additional fora will also be scheduled for Northern Luzon based financial institutions and civil society organizations.
- Prepare necessary documentation for the approval of the firm selected to assist in the development of the website. This website will add value to existing material and resources on

money laundering worldwide and educate the general public on the ill effects of money laundering to society.

- Tap the group, Popular Education for People's Empowerment, Inc. (PEPE) to develop popular education materials on anti-money laundering. The information will strengthen the advocacy and networking efforts at the community level.

Results Package 1.5.b. Bank Supervision Strengthened

Philippine banking performed relatively well, by regional standards, during the Asian Financial Crisis of 1997. Since then, however, rising levels of non-performing assets (NPA) have weakened banks' ability to provide loans. To improve the quality of loans, AGILE is helping the Bangko Sentral ng Pilipinas (BSP) review credit risk management standards in banks, strengthen governance through transparency and higher-quality bank management, upgrade regulatory standards, and build up the independence and capability of BSP. It seeks, more specifically, to help improve the BSP's ability to identify and correct both individual bank and systemic banking problems that threaten the stability of the banking industry and its ability to mobilize savings for development. It also aims to improve the ability of banks to identify and manage credit and other forms of banking risk.

Banking Supervision Strengthened

- AGILE provided technical assistance in the government's efforts to strengthen the role of the Bangko Sentral ng Pilipinas (BSP). Effective bank supervision demands that supervisory policies and procedures are constantly updated to keep in pace with the advances in the banking industry, the innovations in financial products, and the improvements in management strategies and techniques.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

Credit risk management of banks is enhanced through improved examination procedures and more transparent reporting of non-performing assets by March 2003.

- One of the measures adopted to effectively pursue BSP's enhanced supervisory and regulatory powers is to update the manual of examination procedures. AGILE:
- Drafted examination procedures for lending operations of banks. These procedures contain a detailed listing of the tasks a Bank Examiner is expected to perform to achieve the given objectives set forth at the start of the examination, and cover most lending accounts⁸. In addition, the drafted procedures included a discussion on the classification and description of

⁸ Interbank Loans Receivable, Loans and Discounts consisting of Demand Loans, Time Loans (including Loans to Directors, Officers, Stockholders and other Related Interest), Bills Discounted and Mortgage Contracts Receivable, Agrarian Reform/Other Agricultural Credit Loans, Development Incentive Loans, Bills Purchased, Customers Liability on Bills/Drafts under Letters of Credit/Trust Receipts, Customers Liability for this Bank's Acceptances, Restructured Loans, Real and Other Properties Owned or Acquired, and Equity Investments.

the accounts, the required valuation thereof (including the assessment of the Allowance for Probable Losses), and the income recognition aspect of the particular loan accounts.

- ❑ Submitted the draft examination procedure to the Managing Director of Supervision and Examination Sector for review. It was suggested that a TWG of examiners from each examination department review and comment on the procedures so that the necessary amendments can be incorporated.
- ❑ Held numerous discussions and meetings on the merits of the consolidated supervision of banking institutions. During the quarter, the Monetary Board finally passed a resolution requiring the reorganization of the Supervision and Examination Sector to properly implement the consolidated supervision approach where four major groups will be reorganized while group directors are still in the process of determining changes in the account responsibilities.

Microfinance supervision

- ❑ Although outside AGILE's original SOW, microfinance gained relevance in terms of bank regulation and supervision because of commercial banks' rising NPLs. The regulatory challenge results from the unconventional way that microfinancing is conducted in terms of determining the need for collateral substitutes, difficulty of using a credit rating system, and the need for zero-tolerance for past due loans.
- ❑ In line with the current thrust of the BSP in promoting and amending existing regulatory procedures in microfinance, AGILE provided technical assistance and advice.
- ❑ Discussed the hiring of technical consultants for the preparation and testing of the microfinance examination manual.
- ❑ Participated in the launching of Davao City's Negative File Information System (NFIS) together with the BSP, BAP, MABS, USAID and the Davao City Bankers Association.

Preparation of the Banking Sector review

- ❑ In order to identify areas of vulnerabilities and necessary regulation in the banking sector, AGILE is preparing a survey on the findings and recommendations of recently concluded studies. As part of this study, a review of the banking sector performance for the first half of 2002 was also conducted. The review will serve as premise in the formulation of regulatory circulars such as the recent eligibility requirements for bank applying for rediscounting privileges; limits on lending to directors, officers and special related interests; and adjustment in the single borrower's limit to cite a few. It will also identify the purely academic recommendations and the existing practices on the operational and regulatory side of banking.
- ❑ Likewise in order to identify priority areas for technical assistance to the BSP, AGILE met with Deputy Governors to solicit their comments on a proposal to adopt legislation, which will amend specific provisions of the General Banking Act on foreign bank entry. It was suggested that BSP currently has several priority bills that are awaiting passage in both Houses of Congress and that the amendment to the General Banking Law is not a priority.

Enactment of the Central Bank Act (CBA) by March 2003

- Worked with the BSP in arranging a banking conference to generate interest and support for the amendments to the Central Bank Act. The conference, patterned after the Federal Reserve Bank of Chicago's annual activity, will bring together people from the academe, regulators, and industry players who will debate current issues affecting the financial sector.

The forum could help make bank managers and bank regulators more pro-active and anticipatory in an increasingly volatile and unpredictable industry environment. It will also provide the BSP with research information that the legislators may require during committee hearings and plenary sessions of the bill in both Congress and Senate. The tentative time frame is to hold the event by the third quarter of 2003.

PLANS FOR 4TH QUARTER 2002

- Continue work on drafting the examination procedures for the other (non-lending) balance sheet accounts of the banks.⁹
- Provide assistance in finalizing the draft procedures and the implementation/dissemination of the final version of the manual.
- Assist the Supervision and Examination Sector directors in the implementation of the consolidated supervision approach; particularly identifying supervision of the large commercial banking entities will be provided.

SPECIAL PURPOSE ASSET VEHICLE (SPAV)

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

AGILE continued to assist the BSP shepherd the Special Purpose Asset Vehicle (SPAV) through the legislative process.

Passage of the Special Purpose Asset Vehicle Bill ("SPAV Bill") by Dec 2002

- Engaged in the legislative process to pass a law that will pave the way for the establishment of asset management companies in the country otherwise known as the Special Purpose Asset Vehicle (SPAV). The SPAVs are expected to reverse the rising trend in non-performing assets (NPA) of the banking industry, encourage banks to resume their lending activities and infuse fresh capitalization into the distressed banking industry. With the NPL ratio at 17.8 percent as of July, the SPAV is the only potent and direct intervention eyed by regulatory authorities to mitigate the situation.
- Despite technical assistance provided by AGILE in the past, the progress of the bill has been relatively slow and some policy makers and observers have expressed concern about provisions

⁹ These accounts include: Cash on Hand, Checks and Other Cash Items Due from BSP as well as Due from Other Banks, Trading Account Securities, Investment in Bonds and Other Debt Instruments, Underwritten and Available for Sale Securities, Bank Premises, Furniture, Fixtures and Equipment, Other Assets, Deposit Liabilities, Accounts and Bills Payable, Accrued Expenses and Other Liabilities, as well as Capital and Surplus Accounts.

of the bill that appear to support vested interests of certain legislators. One of the contentious areas is the provision on the fate of the banks' deficiency claims on the borrowers once the NPAs are transferred to the SPAV, as well as the forecasted public revenue losses from the accompanying tax breaks.

- ❑ During the short period that Congress was in session, AGILE's efforts focused on the Senate and included among others the following:
 - At the request of Senator Osmeña, AGILE-BSP conducted research on the legal frameworks of asset management companies in selected Asian countries; namely, Indonesia, South Korea, Malaysia, Thailand, and the People's Republic of China. The Tax Study and Research Office of the Senate were furnished copies of the report.
 - Monitored the progress of the bill from the period of interpellations to the period of committee amendments. The on-going debates centered on the inherent bias of the bill for the country's largest banks at the expense of millions of borrowers; provisions that allow delinquent borrowers to buy back their mortgaged assets at a discount, in effect erasing their remaining obligations (deficiency claims of the banks; and, the revenue losses from the tax breaks this regulatory incentive framework will create).
 - Participated in TWG discussions and attended and monitored progress of the bill during the plenary sessions of the Senate, in coordination with the staff of Senator Ralph Recto – the bill's sponsor, as well as the technical staff from the BSP, DOF, and SEC.
 - Prepared a matrix comparing the Senate Committee Report Version of May 7 and the Updated Version with Proposed Amendments Version of October 1 for the benefit of the senators' staff and members of the TWG.

Completion of the IRRs for the SPAV and approval by the Congressional Oversight Committee by March 2003

- ❑ At the request of the DOF Secretary, AGILE prepared the first draft of the SPAV's Implementing Rules and Regulations (IRR). The TWG composed of representatives from the BSP, DOF, SEC and BIR was convened to review sections of the IRRs. The discussions focused on the manner by which the SPAV will be registered and the accompanying submission of the SPAV plan, safeguards against misrepresentation or fraud in the formation of the SPAV, issues on true sale, and the possibility of layered financing to go around the true sale requirements.
- ❑ As part of identifying appropriate provisions, a review of the structure of a current deal involving the sale of the NPAs of one of the largest banks was conducted.

PLANS FOR 4TH QUARTER 2002

- ❑ Continue to provide technical and legal assistance to legislators and the Interagency Technical Working Group on the SPAV bill.
- ❑ Engage the services of legal and AMC experts to provide assistance in the drafting of the IRR.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
Results Package 1.1.a Capital Markets Better Regulated	
<ul style="list-style-type: none"> <input type="checkbox"/> Association of Pre-Need Planholders is formed by September 2002. <input type="checkbox"/> Pre-Need Company scorecard published by November 2002. <input type="checkbox"/> Two or more significant SEC rule changes implemented as a direct result of AGILE efforts that improve the regulation of the pre-need industry by December 2002. <input type="checkbox"/> Pre-Need Code enacted by May 2003. <input type="checkbox"/> Implementing Rules for the Pre-Need Code finalized by August 2003. <input type="checkbox"/> Commercial court judges and contingent of prosecutors and NBI officials trained in securities fraud manipulation by December 2002. <input type="checkbox"/> SEC Enforcement Department staff trained in investigation procedures and case management and able to conduct viable investigations by October 2002. <input type="checkbox"/> SEC Enforcement Department successfully investigates and imposes administrative sanctions in two significant fraud cases- other than the BW market manipulation case- occurring on the organized market by May 2002. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The goal was accomplished. <input type="checkbox"/> The work in this area is on hold. <input type="checkbox"/> The work is in progress. <input type="checkbox"/> The work is in progress. Because of AGILE's efforts, several public hearings were held in the House and in the Senate. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the Pre-Need Code. <input checked="" type="checkbox"/> The goal was accomplished. <input checked="" type="checkbox"/> The goal was accomplished. <input type="checkbox"/> Work is ongoing.
Results Package 1.1.b Pension Reform Strengthened through the passage of a PERA Law	
<ul style="list-style-type: none"> <input type="checkbox"/> PERA Law is endorsed by Congress to Senate in September 2002. <input type="checkbox"/> PERA Law is enacted by December 2002. <input type="checkbox"/> Completion and adoption of BIR, BSP, SEC, and IC rules for PERA eligibility by March 2003. <input type="checkbox"/> PERA Savings begin to be deposited in PERA-approved instruments by December 2003. 	<ul style="list-style-type: none"> <input type="checkbox"/> The activity is on-hold. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the PERA Law. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the PERA Law. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the PERA Law.
Results Package 1.1.c Assistance to the National Commission on Savings (NCS) to Enhance Savings Mobilization Measures	
<ul style="list-style-type: none"> <input type="checkbox"/> Association of retired persons or other group of SSS members regularly monitor and report on SSS investment decisions by June 2003. <input type="checkbox"/> SSS members become majority members of the SSS board of directors by June 2004. <input type="checkbox"/> Aggregate contributions to SSS exceed benefits annually by June 2004. 	<ul style="list-style-type: none"> <input type="checkbox"/> Work has not yet begun. It is still in the planning and design phase. <input type="checkbox"/> Work has not yet begun. It is still in the planning and design phase. <input type="checkbox"/> Work has not yet begun. It is still in the planning and design phase.

¹⁰ The Key Expected Accomplishments (KEAs) were modified in May 2002. See attached list of KEAs.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
Results Package 1.1.d Increase Domestic Investor Base	
<ul style="list-style-type: none"> <input type="checkbox"/> Investment Company Act enacted by December 2002. <input type="checkbox"/> Majority of investment companies have complied with the requirements of RICA, including the requirements that a majority of the directors be independent, by December 2003. <input type="checkbox"/> Mutual Funds have increased their share of total securities market capitalization to 10% (i.e. double the pre-RICA trends) by June 2004. <input type="checkbox"/> The number of mutual fund accountholders grows from 23,500 (2002) to 45,000 by 2004. <input type="checkbox"/> Bill eliminating documentary stamp taxes (DST) on secondary trading of debt instruments passed by December 2002 <input type="checkbox"/> Fixed Income Exchange (FIE) registered with the SEC and operational by December 2002 <input type="checkbox"/> Regulatory framework (SEC rules) for FIE in place by November 2002 <input type="checkbox"/> FIE has a sound clearing and settlement solution acceptable to all participants and the SEC by November 2002. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is in progress. AGILE continues to participate in discussions in the House and in the Senate that would lead to the passage of the law. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the PERA Law. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the PERA Law. <input type="checkbox"/> Work has not yet begun. Work will start after the enactment of the PERA Law. <input checked="" type="checkbox"/> Work is ongoing. The Senate Committee Report on the Omnibus DST Bill was filed on October 8; meanwhile the House version is on its second reading. <input checked="" type="checkbox"/> Work is continuing. Laid the groundwork for organizing the FIE, selected a vendor, convinced users to support the plan, and lined up the needed investors. <input type="checkbox"/> Preparations are being arranged for this activity. <input type="checkbox"/> Preparations are being arranged for this activity.
Results Package 1.1.e Insolvency Laws and Regulations Streamlined	
<ul style="list-style-type: none"> <input type="checkbox"/> CRA is enacted by May 2003. <input type="checkbox"/> CRA Rules of Procedure issued as by Supreme Court by may 2003. <input type="checkbox"/> Supreme Court issues a Circular expanding the jurisdiction of commercial courts by October 2002. <input type="checkbox"/> Rules of Liquidation by September or October 2002. <input type="checkbox"/> Commercial Courts have received full training in CRA and related Rules and Circulars by September 2002. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is continuing. AGILE participated in the House TWG that discussed and debated the CRIA BILL. <input type="checkbox"/> Work has not yet begun. <input checked="" type="checkbox"/> Work is in progress. AGILE has drafted a proposed Circular that will undergo review by PHILJA and approval by the Supreme Court. <input checked="" type="checkbox"/> Work is continuing. AGILE completed the draft of the Rules of Liquidation and sent it to PHILJA for comment and approval. <input type="checkbox"/> The activity is deferred pending the issuance of the CRA and issuance of the Rules of Procedure.
Results Package 1.1.f Commercial Laws Enforced	
<ul style="list-style-type: none"> <input type="checkbox"/> Supreme Court Circular on the application of doctrine of primary jurisdiction by September 2002. <input type="checkbox"/> SC Circular on TROs against government projects by October 2002. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is ongoing. <input type="checkbox"/> The activity is on-hold and is subject to further study.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
<ul style="list-style-type: none"> <input type="checkbox"/> Real extent of the problem of Temporary Restraining Orders (TROs) against government infrastructure projects accurately measured by November 2002. Proposed solutions implemented by March 2003. <input type="checkbox"/> Institutionalization of Law and Economics seminar in the regular curriculum of PHILJA by December 2002. <input type="checkbox"/> Court-annexed mediation at the appellate court level institutionalized, sustainable, and measurably reducing docket decongestion by May 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is ongoing. <input checked="" type="checkbox"/> The goal was accomplished. <input checked="" type="checkbox"/> Currently in the period of testing.
Results Package 1: 2. a BIR Made more Transparent and Efficient in Revenue Generation	
<ul style="list-style-type: none"> <input type="checkbox"/> BIR re-engineering is included in the State of the Nation Address as critical legislation – July 2002. <input type="checkbox"/> Revenue Memorandum Order (RMO) issued on VAT benchmarking and VAT audit by July 2002. <input type="checkbox"/> RMO creating BIR Internal Audit Teams issued by July 2002. <input type="checkbox"/> Presidential approval of EO to reorganize BIR along taxpayer lines by August 2002. <input type="checkbox"/> The BIR re-engineering "Blueprint" is accepted by the DOF, BIR, and DBCC by October 2002. <input type="checkbox"/> Legislation authorizing re-engineering of the BIR is passed by March 2003. <input type="checkbox"/> The IRRs to operationalize the BIR re-engineering "Blueprint" are issued by June 2003. <input type="checkbox"/> The new Revenue Agency is operational by December 2003. <input type="checkbox"/> The BIR is able to meet an 11.5% tax effort (0.8 percentage point increase from 2001) (BIR tax revenue/GDP) by 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Not achieved. But IRMA mentioned by House Speaker. <input checked="" type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> The goal was accomplished. Pres. Arroyo signed EO on July 28, 2002 that re-organized the BIR towards a taxpayer-focused agency. <input checked="" type="checkbox"/> Work is continuing. <input checked="" type="checkbox"/> The bill, HB 5054, was filed in Congress but have yet to undergo public hearing. AGILE continued its advocacy work for the passage of the bill. <input checked="" type="checkbox"/> Work has not yet begun. Work will start after the enactment of the law. <input checked="" type="checkbox"/> This activity is awaiting the passage of the law. <input checked="" type="checkbox"/> Work is continuing.
Results Package 1: 2. b. a BIR made more Transparent, Audit and Management Capacity of BOC Strengthened	
<ul style="list-style-type: none"> <input type="checkbox"/> The organizational plan for the PEA is formalized through an EO by September 2001. <input type="checkbox"/> The Risk Management System is implemented at the BOC by November 2001. <input type="checkbox"/> Super Green Lane program is revitalized. <input type="checkbox"/> Systems Review of the Assessment System. <input type="checkbox"/> Cooperation with anti-corruption groups is instituted for implementation monitoring by November 2001. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is continuing. The draft EO is under review. <input checked="" type="checkbox"/> Work is continuing.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
Results Package 1.2.c Tax Policy More Efficient and Equitable	
<ul style="list-style-type: none"> <input type="checkbox"/> Policies related to fiscal incentives are workable and consistent with international best practices. <input type="checkbox"/> Formulation of tax policy takes dynamic response of taxpayers into full consideration. <input type="checkbox"/> Implementation issues are consistently taken into consideration by DOF in promoting tax policy changes. <input type="checkbox"/> Tax policy analysis capacity of the DOF is enhanced through regular use of microsimulation modules and taxpayer databases. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Awaiting Senior DOF advisor. <input checked="" type="checkbox"/> Awaiting Senior DOF advisor. <input checked="" type="checkbox"/> Awaiting Senior DOF advisor. <input checked="" type="checkbox"/> Initial phase where provision of model database and training completed.
Results Package 1.2.d Local Government Financing Improved	
<ul style="list-style-type: none"> <input type="checkbox"/> Signing of a Memorandum of Agreement between the DOF-BLGF and the DBM for a single financial/fiscal reporting system for LGUs by July 2002. <input type="checkbox"/> Completion and publication of a Statement of Income and Expenditure (SIE) Manual harmonized with the Local Government Accounting System (LGAS) by August 2002. <input type="checkbox"/> Completion of the training of SIE trainers by October 2003. <input type="checkbox"/> Full implementation of the SIE Reporting System by local treasurers by January 2003. <input type="checkbox"/> Release of the expanded Local Government Unit Guarantee Corporation (LGUGC) LGU Database as a publication by January 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Delayed but continuing. The MOA is undergoing final revisions and expected to be signed by the DOF and DBM secretaries by November 2002. <input checked="" type="checkbox"/> Delayed but continuing. AGILE is making final revisions to the manual and will be complete and ready for editing in October 2002. <input checked="" type="checkbox"/> Work is continuing. A draft training design has been completed in September 2002 and will be finalized in October 2002. <input checked="" type="checkbox"/> Work is ongoing. <input checked="" type="checkbox"/> Work is ongoing. The activity's third deliverable will be completed in November 2002.
Results Package 1.3.a Bureaucracy More Efficient through Public Expenditure Management (PEM)	
<ul style="list-style-type: none"> <input type="checkbox"/> Procedures manual on budget provisioning for contingent liabilities for GOCCs prepared for DBM by February 2003. <input type="checkbox"/> Operational Performance Indicator Framework (OPIF) in place in DBM by July 2003. <input type="checkbox"/> Filipino Report Card Survey indicating perceptions of Filipinos on the performance of DOH and DepED conducted and results available by December 2003. <input type="checkbox"/> A General Appropriations Act (GAA) 2004 that incorporates agency performance indicators and Major Final Output (MFO) aligned with programs, activities, and projects (PAPs) of the central government approved by January 2004. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is ongoing. AGILE assisted the DBM in the setting up the TOR and the final draft report in September. <input checked="" type="checkbox"/> Work is ongoing. AGILE continued preparing documents for an OPIF Workshop that was supposed to be funded by a WB-ASEM grant which did not push through. DBM is requesting that AGILE fund the activity instead. <input type="checkbox"/> This activity is on-hold pending request for resource allocation. <input checked="" type="checkbox"/> Work is ongoing. Looking at the possibility of AGILE's direct assistance in instituting PEM reforms in the DBM.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
Results Package 1.3.b Improved Management of Contingent Liabilities	
<ul style="list-style-type: none"> <input type="checkbox"/> DOF has unit dedicated to estimating and tracking CLs of BOT projects and GOCC guarantees by December 2002. <input type="checkbox"/> Estimate of expected costs of 12 BOT projects, annually and through life of each project by February 2003. <input type="checkbox"/> Comparative credit rating of GOCCs based on most recent COA-audited financial statements by February 2003. <input type="checkbox"/> Full estimate of expected costs of BOT projects, annually and through the life of each project by December 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> CL unit at DOF now exists. Training is on-going. <input checked="" type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> Work is in progress.
Results Package 1.3.c Investment Incentives More Transparent	
<ul style="list-style-type: none"> <input type="checkbox"/> Design of administrative framework for monitoring firms availing of fiscal incentives at the Bureau of Internal Revenue by September 2002. <input type="checkbox"/> Approval of administrative framework for monitoring firms availing of fiscal incentives by December 2002. <input type="checkbox"/> Adoption of administrative framework for monitoring firms availing of fiscal incentives in pilot Revenue District Offices (RDO) by June 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The activity is on-hold, pending BIR/DOF buy-in. <input checked="" type="checkbox"/> The activity is on-hold, pending BIR/DOF buy-in. <input checked="" type="checkbox"/> The activity is on-hold, pending BIR/DOF buy-in.
Policy Result 1.4.a GOP Procurement System More Efficient and Transparent	
<ul style="list-style-type: none"> <input type="checkbox"/> Passage of Government Procurement reform Act (GPRA) by Sept 2002 and its IRR prepared by December 2002. <input type="checkbox"/> Standard forms and procurement manuals for goods, civil works, and consulting services prepared by June 2003. <input type="checkbox"/> Government BAC, procurement officials, and COA auditors of major procuring departments trained in implementation of provisions of Procurement Law by June 2003. <input type="checkbox"/> Monitoring reports by the CSOs led by PWI on the procurement process of key departments including District Offices (DOH, DepEd, DPWH, DBM-PS) submitted by June 2003 and a follow-up report by December 2003. <input type="checkbox"/> Assessment of policies and procedures to improving post-procurement logistics completed by July 2003 <input type="checkbox"/> Administrative measure to reform post-procurement logistics issued by December 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Delayed but continuing. <input checked="" type="checkbox"/> Preparing for the activity. <input checked="" type="checkbox"/> The activity is ongoing. <input checked="" type="checkbox"/> PWI is developing the capability. <input checked="" type="checkbox"/> Initiated preparations for AGILE's possible STTA in conducting a diagnostic study on Post-Procurement Logistics. <input checked="" type="checkbox"/> Work has not begun.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
Policy Result 1.5.a Money Laundering Reduced	
<ul style="list-style-type: none"> <input type="checkbox"/> Development of standard forms for Covered Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) by July 2002. <input type="checkbox"/> Procedures and operating manuals for the Secretariat completed by March 2003. <input type="checkbox"/> AMLC organizational structure and recruitment of majority of professional staff completed by March 2003. <input type="checkbox"/> Submission of Anti-Money Laundering implementation plan to FATF by June 2003. <input type="checkbox"/> AMLC computer database set up by March 2003. <input type="checkbox"/> Amendments to the AMLA approved by Congress and Senate by June 2003. <input type="checkbox"/> Anti-Terrorist and Terrorist Financing Bill enacted by March 2003. <input type="checkbox"/> BSP Examination procedures manual (section pertaining to the AMLA) completed by December 2003. <input type="checkbox"/> Training and awareness building on the AMLA and its Implementing Rules and Regulations (IRRs) for various sectors by June 2004. <input type="checkbox"/> Awareness by civil society groups of the AMLA raised evidenced by active monitoring by the group of the activities of the AMLC and its secretariat by June 2004. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The goal was accomplished. <input type="checkbox"/> Work has not begun but will start next quarter. <input type="checkbox"/> Work is continuing. <input type="checkbox"/> Preparatory work is ongoing. <input type="checkbox"/> Work is ongoing. <input type="checkbox"/> Work is in progress. <input type="checkbox"/> Work is in progress. <input type="checkbox"/> Work is in progress. <input type="checkbox"/> Work is in progress. AGILE participated in the Association for Bank Compliance Officers of the Philippines (ABCOMP) workshop. <input type="checkbox"/> The work is in progress. AGILE conducting an RTD, which was attended by a multi-sectoral group.
Policy Result 1.5.b Bank Supervision Strengthened	
<ul style="list-style-type: none"> <input type="checkbox"/> Enactment of the Central Bank Act (CBA) by March 2003. <input type="checkbox"/> Completion of the IRRs for significant provisions of the CBA by June 2003. <input type="checkbox"/> Improved examination procedures for banks and reporting of non-performing assets by June 2003. <input type="checkbox"/> Improved standard for evaluation of market risk of banks by March 2003. <input type="checkbox"/> Rules for capital adequacy on market risk implemented by March 2003. <input type="checkbox"/> Passage of the Special Purpose Asset vehicle Bill ("SPAV Bill") by December 2002. <input type="checkbox"/> Completion of the IRRs for the SPAV and approved by the Congressional Oversight Committee by March 2003. <input type="checkbox"/> Passage of the Securitization bill by March 2003. 	<ul style="list-style-type: none"> <input type="checkbox"/> Work is in progress. <input type="checkbox"/> Awaiting the enactment of the CBA. <input type="checkbox"/> Work is in progress. AGILE continues to generate interest in this activity via a banking conference. <input type="checkbox"/> Work is in progress. AGILE continues to generate interest in this activity via a banking conference. <input type="checkbox"/> Work is in progress. AGILE continues to generate interest in this activity via a banking conference. <input type="checkbox"/> Work is in progress. <input type="checkbox"/> Work is in progress. AGILE prepared the first draft of the SPAV's IRR. The TWG have reviewed sections of the draft IRR. <input type="checkbox"/> Work in this area was limited since the Senate did not conduct any hearing on the SPAV Bill.

ACHIEVEMENTS As per Work Statement (June 2001- May 2003 ¹⁰)	STATUS
<ul style="list-style-type: none"><li data-bbox="211 237 769 317">❑ Completion of the IRRs for the Securitization Bill and approval by the Congressional Oversight Committee by June 2003.<li data-bbox="211 325 748 405">❑ BSP Examination procedures manual (section pertaining to the SPAV and Securitization) completed by December 2003.	<ul style="list-style-type: none"><li data-bbox="811 237 1227 264">☞ Awaiting the passage of the SPAV.<li data-bbox="811 325 1116 352">☞ Work has not yet begun.

**IR2: BARRIERS TO COMPETITION IN INFRASTRUCTURE AND
TRADE REMOVED**

POLICY OUTCOME 2.1 COMPETITION INCREASED IN TRANSPORTATION SERVICES (PPA, DOTC, MARINA, CAB)

Results Package 2.1.a. Increased Competition in Air Transport

Increased competition in air transport makes air travel less costly, which results in increased tourist travel, increased tourist-related income and foreign exchange earnings. The Ramos administration took initial steps to liberalize international air service to the Philippines (Executive Order 219). But, with strong vested interest opposing these reforms, much still needs to be done to consolidate these development-enhancing measures. Most important among these is to create a widespread consensus that the proper objective of air transport policy is to serve the needs of the traveling public by providing for conditions that reduce costs and increase choice. Considerations relating to carriers are of secondary importance.

AGILE is actively involved in efforts to speed up the implementation of EO 219, which provides for increased competition in the country's air services. It also actively participates in initiatives to enhance access of carriers to regional routes and reinforce policy and regulatory structures that will encourage competition. All its initiatives are undertaken in collaboration with the Hotel and Restaurant Association of the Philippines (HRAP), the Civil Aviation Board (CAB) and the regional development institution, the Clark Development Corporation (CDC).

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

IMPLEMENTING EO 219 AND OPEN SKIES

Increased air access and inclusion of trigger mechanism in air service agreements for key markets (UAE, Korea, HK, Singapore, Taiwan, Malaysia, Japan, Thailand) by June 2003.

- To institutionalize competition and reform in the air industry and address the need for increased air access for key markets to promote tourism, benefit the public, and spur economic growth, proponents of civil aviation liberalization accomplished the following:
 - Drafted a letter to Pres. Gloria Macapagal-Arroyo to clarify key issues on the need for increased air access to the Middle East and its impact on overseas Filipino workers (OFWs)
 - Met with Sec. Cito Lorenzo, Presidential Adviser on "Million Jobs Generation," on July 15 to discuss various issues on air transport liberalization and its impact on overseas Filipino workers (OFWs)
 - Met with Vicky Garchitorena, Special Assistant to Malacañang, on August 8 to discuss the various plans of the Civil Aeronautics Board (CAB) under the new secretary of Department of Transportation and Communication (DOTC)

- Sent a letter to concerned government officials regarding the need to resume the postponed Philippines-United Arab Emirates (RP-UAE) Air Talks and the pending application of Emirates Air for additional flights¹¹.
- ❑ Met with Gloria Tan-Climaco, Presidential Assistant for Special Projects, on August 19 to discuss the NAIA Terminal 3 project and other relevant issues on civil aviation.
- ❑ Met with DOTC Sec. Leandro Mendoza on August 21 to discuss various issues on civil aviation liberalization and the advocacy activities in support of air transport policy reform.
- ❑ Met with Rosalinda Baldoz, Administrator of the Philippine Overseas Employment Administration (POEA), on August 30 to provide her with relevant information on civil aviation liberalization and to request for her assistance in pushing for increased flights to the Middle East.
- ❑ Met with and/or submitted briefing documents to government officials to gain support for the advocacy and discuss the impact of civil aviation liberalization on OFWs, particularly in the Middle East¹²
- ❑ Continued participating in the monitoring of improved air access and drafted progress reports for the Socio-Economic Summit Target, which were submitted to Malacañang.
- ❑ Prepared research papers and data analyses on the correlation between a liberalized air industry and tourist arrivals.
- ❑ As part of advocacy efforts to educate the public and key sectors and clarify key issues concerning the need for increased air access, proponents of civil aviation liberalization accomplished the following:
 - Provided expert opinion on the expanded air links with South Korea and Singapore to the Philippines, which were used for news articles, letters to the editor and other press releases that were published in newspapers.
 - Participated in radio interviews to discuss issues, which include aviation and airport development, the contribution of the airline industry to the economy, particularly tourism, and the barriers to air transport development and growth.

¹¹ These government officials include Executive Secretary Alberto Romulo, Sec. Blas Ople of Department of Foreign Affairs (DFA), Sec. Patricia Sto. Tomas of Department of Labor and Employment (DOLE), Administrator Rosalinda Baldoz of Philippine Overseas Employment Administration (POEA), Mr. Meneleo Carlos, Chairman of the PCCI Transport Committee, Senator Manuel Villar, Senator Francis Pangilinan, Senator Joker Arroyo, and Senator Loren Legarda-Leviste.

¹² Representative Willy Villarama of Bulacan, a member of the Committees on Transportation and Communication and Labor and Employment; DTI Assistant Secretary Felicitas Agoncillo-Reyes; DOTC Undersecretary Jose Cortez on August 10; Representative Raul Del Mar of Cebu City on August 22.

- Met with key allies and concerned organizations to provide a briefing on the effect of civil aviation liberalization to OFWs.¹³
- Prepared and published press releases and statements from key allies on the need to increase air access in the Middle East and its impact on OFWs.¹⁴
- ❑ Attended the Philippine Chamber of Commerce and Industry (PCCI) Talk on “The State of the Airline Industry” on August 14. The event was an opportunity to raise key issues concerning civil aviation and counter the misinformation provided by protectionists.
- ❑ Attended the forum on “Trend in International Aviation” of the Senate Policy Study Group on August 15 where the proponents of liberalization distributed copies of the “truth and lies” analysis on civil aviation and open skies to the media and the Senate technical staff. As a result, the Senate staff held another forum and invited the group as resource speakers.
- ❑ Made a presentation during the PCCI 8th Transport Committee Meeting on August 26 to clarify certain issues about open skies and counter the statements made by Professor Rigas Doganis, who held a series of talks sponsored by the Filipino Chinese Chamber of Commerce and Industry (FCCCI), an ally of protectionists.
- ❑ On September 5, met with Alejandra Clemente of the Federation of Tourism Industries of Philippines (FTIP) and representatives from the Philippine Tour Operators Association and the Philippine Association of Travel Agencies to gain possible support for the promotion of open skies.
- ❑ Met with Atty. Julieta Eustaquio, consultant to Foreign Affairs Sec. Blas Ople, on September 11 to brief her on the RP-US ATA and discuss the impact of civil aviation liberalization on OFWs.

Negotiate and sign Full RP-US Open Skies on cargo by October 2002

- ❑ As part of efforts to provide public information about open skies, proponents of air transport liberalization accomplished the following:
 - Met with Sec. Isidro Camacho of the DOF on July 9 to discuss the possibility of Philippine Airlines’ (PAL) re-nationalization, measures to improve the financial management of the national flag carrier, and other issues related to open skies
 - Wrote a letter to Richard Stirling, Director General of the Association of Asia Pacific Airlines (AAPA), on July 18 to clarify the statement made by AAPA Commercial Director Carlos Chua favoring monopolist Philippine Air Lines (PAL) on the issue of open skies

¹³ These include Federation of Tourism Industries of the Philippines (FTIP), Overseas Workers Alliances Worldwide (OWWA), Apostleship of the Sea, Pamilya OFWs-SME, and Alliance of Progressive Labor

¹⁴ These include OFW Interests vs. PAL Profit, Phil. Daily Inquirer, Sept. 17, 2002; KAKAMMPI Details Flights Woes of Emirates OFWs, Manila Times, Sept. 17, 2002; OFW Group Hits PAL, Business World, Sept. 19, 2002; RP-UAE: Pity the OFWs, Manila Times, Sept. 15, 2002; Air Talks with UAE Suspended indefinitely, Philippine Daily Inquirer, Sept. 25, 2002.

- Prepared a statement on the RP-US Air Transport Agreement (ATA) for the Civil Aeronautics Board (CAB) Interagency Meeting on July 16 to clarify key issues about the agreement and open skies
- Gave a briefing to Secretary Leandro Mendoza of the DOTC on July 31 on various aviation issues and the bilateral and multilateral open skies policy
- Made a presentation to Presidential Adviser Secretary Cito Lorenzo on August 2 regarding policy issues and reforms in Philippine civil aviation and the benefits of open skies to all sectors, including the Philippine air carriers. As a result, Sec. Lorenzo gave his commitment to assist in the advocacy work and suggested other government officials to tap for support.
- Met with Ramon Del Rosario, Chairman of the Tourism Task Force of the Makati Business Club and the RP-US Business Council, on August 22 to discuss the RP-US ATA
- Made a presentation to the RP Air Negotiating Panel on their position statement regarding the open skies agreement during a public hearing on August 23, upon the CAB's invitation
- Made a presentation on the benefits of open skies during the "Research Colloquium on the Aviation Industry and Open Skies" on August 27 organized by the De La Salle University Professional Schools
- Issued press releases based on the opinion of experts in aviation policies and published statements in leading newspaper to explain the salient features and benefits of the RP-US Air Transportation Agreement.

CLARK AUTONOMY

Declare open skies policy for Clark by March 2003

- ❑ As a result of the advocacy efforts, proponents of Clark autonomy achieved the following major victories:
 - Mr. Victor Luciano of the CDC reported on September 17 that President Arroyo approved the "Cargo-Only Open Skies for Clark" during a recent Cabinet meeting. The CDC will draft an Executive Order (EO) with assistance from the proponents of Clark autonomy.
 - House Speaker Jose de Venecia expressed his support and commitment to facilitate the issuance of an EO for Clark open skies in a speech to the Pampanga Jaycees on October 4.
- ❑ To provide public information and promote open skies policy for Clark, proponents of Clark autonomy, with the support of key allies and concerned industry stakeholders, accomplished the following activities:
 - Met with Victor Luciano, Executive Vice President of the Clark Development Corporation (CDC), on July 18 to discuss strategy and activities that will help push for Clark open skies. A resolution for the CDC Board of Directors on the expansion of air services to the Clark Special Economic Zone was also drafted.

- Held a forum on "Open Skies for the Diosdado Macapagal International Airport (DMIA)" on July 3 to discuss relevant issues on the benefits of open skies for Clark and present the resolutions of various local government units and tourism council in support of the policy.
- Met with CDC Chairman Rizalino Navarro and President Emmanuel Angeles to discuss the preparation and submission of an Executive Order on open skies for DMIA.
- Prepared a position paper on open skies for Clark to be submitted to the CDC who will use this as a basis for drafting their position paper to be submitted to Malacanang.

AIR TRANSPORT LIBERALIZATION

Air transport liberalization legislation enacted by May 2004

- ❑ The proponents of civil aviation liberalization monitored the air transport bills pending in the House of Representatives and the Senate.¹⁵ To date, no schedule for the hearings has been set.

PLANS FOR 4TH QUARTER 2002

IMPLEMENTING EO 219 AND OPEN SKIES

Negotiate and sign Full RP-US Open Skies on cargo by October 2002

- ❑ Proponents of liberalization will draft a position statement on the RP-US ATA and the RP-UAE air talks to be presented to the PCCI Executive Committee and the FTIP meeting on October 7.
- ❑ The group will also get support from legislators on the advocacy work for a resolution on open skies.

Increased air access and inclusion of trigger mechanism in air service agreements for key markets (UAE, Korea, HK, Singapore, Taiwan, Malaysia, Japan, Thailand) by June 2003.

- ❑ To address the growing need for increased air access for key markets, proponents of civil aviation liberalization will do the following:
 - Continue to push for the RP-UAE Air Service Talks, which are necessary to negotiate the application of Emirates Air for increase in flight frequencies, in response to the growing air access needs of OFW in the Middle East. Part of the strategy is to increase the number of OFW groups supporting the efforts to reschedule the talks with Emirates.

¹⁵ House Bill 2960 by Representative Krizel Lagman-Luistro, first reading on September 6, 2001; House Bill 2333 by Representative Roque Ablan, Jr., first reading on August 13, 2001; House Bill 4630 by Representative Imee Marcos, first reading on April 11, 2000; Senate Bill 125 by Senator Juan Flavio, first reading on July 24, 2001; Senate Bill 653 by Senator Loren Legarda-Leviste, first reading on August 2, 2001; Senate Bill 1291 by Senator Sergio Osmena III, first reading on August 21, 2001; Senate Bill 917 by Senator Robert Barbers, first reading on August 6, 2001; Senate Bill 1632 by Senator Vicente Sotto III, first reading on August 28, 2001.

- Support the advocacy for the expansion of air access to Korea, allowing Cebu Pacific its 4th frequency. Cebu Pacific began flying to Seoul, Korea in March.
- Continue to provide public information on the effect of air transport liberalization especially on OFWs through briefings and presentations to members of the tourism and trade sectors and to concerned government agencies. The group will also get other business and professional groups to support the advocacy.

Negotiate and sign Full RP-US Open Skies on cargo by October 2002

- ❑ Proponents of liberalization will conduct presentations and briefings on air transport liberalization and the benefits of open skies to gain more support and allies in different sectors in pushing for the implementation of the 1982 RP-US Air Transport Agreement.

CLARK AUTONOMY

Declare open skies policy for Clark by March 2003

- ❑ Proponents of Clark autonomy will continue to coordinate with the Clark Development Corporation for necessary presentations and the drafting of the EO on the recent approval by the President of a "Cargo-Only Open Skies for Clark".

AIR TRANSPORT LIBERALIZATION

Air transport liberalization legislation enacted by May 2004

- ❑ Proponents of civil aviation liberalization will follow up the schedule of the committee hearings for the pending bills in Congress.

Results Package 2.1.b. Increased Competition in Maritime Shipping

Maritime shipping in the Philippines is a critical part of the logistics of moving people and goods around the archipelago. Consequently, to ensure the competitiveness of Philippine enterprise, inter-island shipping and ports services need to be exposed to market forces that will increase competition in the sector and, thereby, drive down prices.

In cooperation with the Export Development Council (EDC), AGILE focuses on assisting private groups create a transparent and competitive policy environment in ports administration and develop a fully deregulated domestic shipping industry. A particular approach, in this regard, is roll-on, roll-off (RoRo) technology, which by reducing handling charges, is expected to lower shipping costs.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

MANILA NORTH HARBOR PRIVATIZATION

Promoting Competition at the Manila North Harbor

- ❑ Due to pressure from proponents of ports modernization and key allies, promotion of competition was included as one of the components of the 7-point program for reducing transport and logistics cost. As a result, the Harbor Center, a private port, which was not allowed to operate during the Estrada Administration, was authorized by the PPA to fully operate as both a domestic and foreign port. Part of the South Harbor was also converted into a domestic port where WG&A, a major shipping line, was relocated.
- ❑ The granting of a permit to the Harbor Center should be seen as a major victory as this provides the beginnings of competition to both South and North Harbor. Instead of competition confined in North Harbor, there is now competition in the various Manila ports. The only way for Harbor Center to survive is to either improve service or reduce prices to attract traffic, which translates into a direct benefit to port users.
- ❑ This is indicative of the kind of policy reform that is being pursued by proponents of ports modernization and key allies and the catalytic role they play facilitating the emergence of various interests of the different stakeholders towards a potentially positive public policy outcome.

Transparent and fair bidding process for Manila North Harbor by June 2003.

- ❑ Proponents of port modernization provided inputs to USAID, who sits in the Technical Working Group of the Coordinating Council for Private Sector Participation (CCPSP) tasked to draft the Bid Terms of Reference (TOR) of the proposed North Harbor Privatization project. The inputs include issues to be raised with the PPA, such as certain circumstances that could undermine the viability of having competition in the privatization of the North Harbor.

PORT ADMINISTRATION POLICY

PPA issues revised bid rules for the renewal of expired and/or expiring cargo handling contracts by September 2002.

- ❑ Proponents of ports modernization participated as a private sector representative in the Philippine Ports Authority (PPA) Cargo Handling Evaluation Committee (CHEC) for South Luzon, upon the nomination of key ally Philippine Chamber of Commerce and Industry (PCCI). The South Luzon CHEC was responsible for reviewing the applications of cargo handling operators in the ports of Virac and Matnog.
- ❑ The group's participation in the CHEC allowed for access to documents, which were valuable to their research and advocacy campaign. It was also an opportunity to promote the advocacy for transparency and competition by pushing for public bidding for expired contracts.

- ❑ Executive Order (E.O.) 109, series of 2002, signed by the President in May, reaffirmed this principle. This E.O., which effectively rescinds PPA AO 01-2001, provides for all government contracts to be subjected to public bidding, with the exception of infrastructure, consulting services, and procurement of goods and services.
- ❑ To recall, the CHEC was created based on a provision of PPA Administrative Order 01-2001 or the "Guidelines for the Renewal of Expired/Expiring Cargo Handling Contracts."
- ❑ In August, the Philippine Ports Authority (PPA) announced that it has revised the bid rules for the renewal of expired and expiring cargo handling contracts. The previous policy condones the practice of granting the contract to the bidder, which can provide the government with more share and provide the shipper or port users with the lowest fee. This, however, remains in writing.

Legislation amending the PPA Charter enacted by September 2004.

- ❑ As a result of briefings, presentations, and consultations made by the proponents of ports modernization with key legislators, a bill that seeks to amend Presidential Decree 857 or the PPA Charter was filed by Senator Manuel Villar as Senate Bill 2270 on July 31 and by Representative Willy Villarama as House Bill 5170 on August 27, with Mindanao legislators Acosta, Almario, Malanyaon, and Jaraula as co-authors.
- ❑ The bills seek to amend the PPA Charter through the following measures:
 - a) promoting greater private sector participation in the formulation and implementation of port administration policy
 - b) modifying the composition of the PPA Board by increasing the members from the current 9 to 11, with the private sector comprising the majority
 - c) deleting the provision in the Charter that allows the PPA to partake in the cargo handling revenues to eliminate PPA's conflict of interest in carrying out its regulatory functions.

TARIFF SETTING

Rate Panel submits recommendation to PPA Board to resolve the rate rollback issue by November 2002.

- ❑ A major advocacy of the proponents of ports and shipping modernization and key allies in reform is the setting of ports tariff and freight rate with transparency. This means determining rates based on due process, such as public hearing and consultations with key sectors and industry stakeholders. In response to the anomalous increase in cargo-handling rates approved by the Philippine Ports Authority (PPA) from 2000 to 2002, proponents of ports modernization accomplished the following for this quarter:
 - Participated in the 6-man panel created by the Philippine Ports Authority (PPA) to resolve the cargo handling rate rollback issue. The panel met on July 2 but failed to reach any mutual agreement. In exchange for the rate rollback, the PPA offered a 7-point program on transport and logistics cost reduction. To recall, the Panel was formed in response to the announcement of Pres. Gloria Macapagal-Arroyo during the Mindanao Food Congress in April for a rate rollback. The PPA refused to carry out the announcement, arguing that there

was no memorandum order from the President. Several cabinet members have since been ordered by the President to look into the issue. This prompted the PPA to create the PPA rate panel and the 7-point program for transport and logistics cost reduction.

- ❑ Conducted a briefing on shipping and ports issues on July 10 to newly appointed Transportation and Communication Secretary Leandro Mendoza. As a result of this meeting, the group made a presentation on August 5 on their petition for a rate rollback to the PPA Board, which Sec. Mendoza chairs.
- ❑ The PPA Board meeting paved the way for the “legalization” of PPA’s offer of a 7-point transport and logistics cost reduction program in line with the President’s announcement. This program includes:
 - Promoting competition
 - Development of RORO ports
 - Addressing reports of overcharging in cargo handling tariff
 - Amending the bidding terms of reference for cargo handling services
 - Adjust or peg the government share from cargo handling revenues to 10% for domestic ports and 20% for international ports
 - Suspension of previously approved wharfage and usage fees
 - Convening the National Port Advisory Council (NPAC)
- ❑ Participated in the Mindanao Business Conference On August 28-31 where the President announced the government’s 7-point program to reduce transport and logistics cost. This program includes the convening of the National Ports Advocacy Council (NPAC) with the mandate to develop a cost-based methodology for setting rates. The President also announced that major cargo handlers have assured her that they will not increase their rates for the next 24 months.

Rate Panel formulates a methodology for rate adjustment containing the formula for rate-setting and public hearing mechanism by March 2003.

- ❑ The 7-point program to reduce transport and logistics cost formalized by the PPA Board and announced by the President during the Mindanao Business Conference in August includes the convening of the NPAC whose main mandate is to develop a "cost-based methodology for rate setting." Proponents of ports modernization with transparency have actively participated in the NPAC as a private sector representative.
- ❑ The NPAC was convened for the first time on September 20. As a result, the following NPAC committees were formed:
 - Port Development
 - Port Tariff
 - Port Operations
 - Labor Relations
 - Port Community Welfare

- ❑ A key ally was able to get into the first three committees and joined the ad hoc membership committee tasked to determine the composition of the Council to ensure that each stakeholder is equally represented. This ensured the membership of other key allies in reform, such as the Mindanao Business Council (MBC), the Distribution Management Association of the Philippines (DMAP), and PhilExport. This also allows the proponents of ports modernization to participate directly in the formulation of the cost based methodology.

Public hearing process for tariff setting institutionalized by September 2003

- ❑ The presentation made to the PPA Board marked an important milestone in the advocacy for transparency in ports modernization. After exhausting all administrative remedies, the Board presentation being the last, proponents of ports modernization filed a formal petition with the PPA on August 26 for the lack of due process in evaluating and implementing petitions for rate increases, particularly those approved in 2001 and 2002. This will put legal pressure on the PPA to institutionalize a public hearing process in tariff setting.
- ❑ Salient points of the case include:
 - Disregard for the elementary requirements of due process
 - PPA rate setting is arbitrary
 - PPA does not have a formal set of guidelines or rules for the implementation of Section 20 of PD 857 and Section 14 of Commonwealth Act No. 146, as amended by RA 2677

PROMOTING ROLL-ON-ROLL-OFF (RoRo) PORT TECHNOLOGY

Administrative Order promoting RoRo service issued by the DOTC by September 2002.

- ❑ The President approved and endorsed the Development Bank of the Philippines "Sustainable Logistics Cost Reduction Program (SLDP)," which promotes the Road RoRo Ferry Network. Proponents of RoRo were instrumental in the conceptualization of the SLDP as they provided technical inputs to the DBP in the formulation of the project.
- ❑ To provide a policy framework in support of the program, proponents of RoRo drafted an EO allowing and promoting the use of RoRo service. Development Bank of the Philippines (DBP) Chairman Vitaliano Nafias, a staunch advocate of RoRo service, has endorsed the EO to the President for her signature.

Pure RoRo service operating on key routes with reductions in sea transport costs to users operational by September 2004.

- ❑ As part of its market-based solution to promote competition by establishing an alternative backbone and network based on RoRo service, proponents of RoRo hired a financial advisor to look into the feasibility of operating a pure RoRo service and develop an investment prospectus to attract logistics investors to build RoRo ports and operate a RoRo shipping line for the routes of Manila, Cebu and nearby municipalities.

PLANS FOR 4TH QUARTER 2002

PORT ADMINISTRATION POLICY

PPA issues revised bid rules for the renewal of expired and/or expiring cargo handling contracts by September 2002.

- Proponents of ports modernization will continue to participate in the NPAC Port Operations Committee to push for the policy on expired and expiring cargo handling contracts with transparency.

MANILA NORTH HARBOR PRIVATIZATION

Transparent and fair bidding process for Manila North Harbor by June 2003.

- Proponents of ports modernization will continue to participate in the NPAC Port Development Committee to push for the discussion and possible resolution of the issue on the North Harbor Privatization.

TARIFF SETTING

Rate Panel formulates a methodology for rate adjustment containing the formula for rate-setting and public hearing mechanism by March 2003.

- To promote the institutionalization of a fair and transparent process in determining rates, proponents of ports modernization with transparency will do the following:
 - Continue to participate in the NPAC, particularly in the committees on Port Operations, Port Development and Port Tariff, for the development of a cost-based methodology for tariff setting
 - Implement a public information campaign regarding the petition filed with the PPA requesting it to nullify the anomalous memorandum circulars on the rate increases

Public hearing process for tariff setting institutionalized by September 2003

- The PPA was given 60 to 90 days to act on the petition upon its filing. Under the law, a petition is understood to be denied when this period lapses. If the PPA fails to act on it, the petitioners will elevate the case to the Court of Appeals.

PROMOTING ROLL-ON-ROLL-OFF (RoRo) PORT TECHNOLOGY

Pure RoRo service operating on key routes with reductions in sea transport costs to users operational by September 2004.

- To continue the advocacy on promoting RoRo as a viable alternative mode of sea transport, proponents of RoRo will do the following:

- Push for the promotion of RoRo service through its participation in the NPAC Port Operations Committee
- Continue to work closely with the DBP on the Sustainable Logistics Cost Reduction Program (SLDP), which promotes RoRo service as its core project
- Work with key allies for the issuance of an EO promoting RoRo Shipping Service
- ❑ Oversee the work of the financial advisor currently developing an investment prospectus for potential investors and operators for the Manila-Cebu main trunk line. Once completed, the financial advisor will market the prospectus to investors interested in operating a pure RoRo service
- ❑ Continue to make presentations to private sector groups and local government units (LGUs) interested to provide RORO service or put up RoRo ports in their respective areas.

POLICY OUTCOME 2.2 COMPETITION INCREASED IN INFORMATION AND COMMUNICATION TECHNOLOGY

Results Package 2.2.a. Increased Competition in Telecommunications

LEVELING THE PLAYING FIELD: SPECIFIC GUIDELINES FOR INTERCONNECTION ISSUED

The liberalization of the telecommunications industry in the early 90s, introduced a new set of issues for the government. Unlike the previous monopoly era, the government confronted a multi-player environment with a dominant player. Using its market power, the dominant player used interconnection in its network as a tool to stifle competition. Without access to the phones of the dominant players, small firms experienced difficulty getting and retaining subscribers.

Recognizing the importance of interconnection the National Telecommunications Commission (NTC), with assistance from USAID AGILE embarked on a multi-step regulatory process to resolve interconnection and its related pricing issues. In July 2000, broad rules governing interconnection negotiations were issued as embodied in MC No.14-7-2000, the "Rules for Interconnection of Public Telecommunications Entities (PTEs)." While these rules visibly improved interconnection, there was still a need to begin establishing a framework towards a cost-based interconnection pricing. Without this, dominant players could continue to employ anti-competitive prices on smaller players.

Another major step towards implementing cost-based interconnection pricing was achieved on July 31, 2002 when the NTC issued the second set of rules entitled "Specific Guidelines for Interconnection" through Memorandum Circular (MC) No. 09-07-2002. The MC establishes fair and consistent principles that take into account the costs of providing interconnection services. Designed to ensure fairness, equity, uniformity and reciprocity in adopting a uniform access charge formula among all interconnecting public telecommunications entities (PTEs), the MC prescribes principles that enable the PTEs to provide telecommunications services at prices that are transparent, reasonable, and economically feasible. As a result of the MC, phone users can more easily call phone lines of telephone companies other than their own carriers.

The new rules will facilitate a smooth transition from the existing interconnecting arrangements, i.e. revenue sharing scheme, to the cost-based interconnection envisaged under NTC MC No.14-7-2000, the Rules for Interconnection of Public Telecommunications Entities (PTEs).

The importance of the MC cannot be underestimated. Despite liberalization, the regulatory pricing framework for telecommunications has not kept pace with the increasingly competitive environment. Difficulties in interconnecting with the incumbent carriers, that is, the cellular operators, have largely been cited as a major impediment to further development of and investment in telecommunications. The lack of adequate interconnection for small carriers due to anti-competitive access charges has not only delayed the benefits of competition, but has also contributed to the failure of the government's universal service program since calls are limited to one phone network.

The interconnection guideline, which covers long distance, cellular, and fixed landline operations, is the second in a multi-step process supported by AGILE to ensure fair and transparent charges for all telecommunications services. The next step is the formulation and development of Interim Benchmark Charges for Interconnect Services, which will be used by the NTC in undertaking its function to address interconnection disputes in the event that PTEs are unable to agree on the charges for interconnect services.

The Philippines has made substantial progress in liberalizing its telecommunications sector, as indicated by improved service and reduced costs. Despite this, a fully competitive market in which market-established rates are the norm has not been attained. AGILE is helping establish a fully competitive market, which is crucial to increased investments and accelerated development. This assistance is being given through the National Telecommunications Commission (NTC), which is guiding the sector's transition to a fully deregulated and competitive market with limited regulatory intervention.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

IMPROVED WHOLESALE AND RETAIL PRICING

The NTC issues an MC on Retail Price Controls by September 2001.

- ❑ A year after the NTC signed AGILE-drafted MC 6-9-2001, requiring telecommunications companies to provide a menu of choices that offers various payment schemes and services to consumers, the rules are benefiting consumers and telecommunications firms as a direct result.
- ❑ An example is PLDT's *Teletipid*, the country's first pre-paid landline service, which now has over 105,000 customers in the Greater Metro Manila and provincial areas as of January. Due to the strong consumer response to this service, other major carriers followed suit. GLOBE launched its Globelines prepaid while DIGITEL offered Digicard. In the next two or three years, it is expected that the smaller PTEs, especially members of the Philippine Association of Public Telephone Companies (PAPTELCO), will offer the different payment schemes. Ultimately, MC 6-9-2001 and its implementation is another step towards creating a regulatory environment that promotes full and open competition in the market.
- ❑ There were no other activities for this quarter. The retail pricing is a second order priority at this time. The NTC and AGILE agreed that focus should be made on pricing reforms in wholesale and interconnect charges for this will allow retail prices to move in response to market forces.

COMPETITION AND CONSUMER CHOICE IN LANDLINE SERVICE EMERGING

On September 17, 2001, the National Telecommunications Commission, with assistance from USAID AGILE issued Memorandum Circular (MC) 6-9-2001, requiring telecommunications companies to provide a menu of choices that offers various payment schemes and services to consumers. The new rules require firms to provide at least three of the following choices to consumers:

- Current fixed monthly fee
- Lower monthly fee with per minute charge
- Lower monthly fee with per call charge
- Lower monthly fee with prepaid card
- No monthly fee with per minute charge
- No monthly fee with per call charge

A year after the MC was signed, the rules are benefiting consumers and telecommunications firms.

COMPETITION AND CONSUMER CHOICE IN LANDLINE SERVICE EMERGING (CONT....)

An example is PLDT's *Teletipid*, the country's first pre-paid landline service. There are now over 105,000 customers in the Greater Metro Manila and provincial areas as of January 2002. With the strong consumer response of PLDT subscribers and the wide acceptance of pre-paid landline subscription as an affordable and convenient alternative access to postpaid landline telephone service, other major carriers followed suit and focused their marketing efforts in promoting this service. GLOBE launched its Globelines prepaid while DIGITEL offered Digicard. In the next two or three years, it is expected that the smaller public telecommunications entities (PTEs), especially members of the Philippine Association of Public Telephone Companies (PAPTELCO), will offer the different payment schemes.

Consumers are now subscribing to services appropriate to their needs and budget. In the previous regulatory regime, a flat rate of about P 500.00 per month, regardless of the number or length of local calls. The high flat fee reduced the attractiveness of obtaining phone service and is a factor in the poor take-up of landlines in the country. Today, approximately 4 of the 7 million installed lines are subscribed. The result is a contradictory situation. Telecommunications firms are under financial strain because of the unused capacity, while consumers who want phones cannot afford the service. The solution is a flexible, market-based pricing structure.

Ultimately, MC 6-9-2001 and its implementation is another step towards creating a regulatory environment that promotes full and open competition in the market.

NTC issues an MC on Wholesale Pricing Principles with price schedule by July 2002.

- With AGILE assistance, the National Telecommunications Commission (NTC) issued on July 31 Memorandum Circular (MC) 09-07-2002, providing for Specific Guidelines for Competitive Pricing for Interconnect Services. The MC establishes fair and consistent principles and new rules to facilitate a smooth transition from the existing interconnect arrangements, i.e. revenue sharing scheme, to cost-based interconnection envisaged under NTC MC No.14-7-2000, the Rules for Interconnection of Public Telecommunications Entities (PTEs).
- The interconnection guideline, which covers long distance, cellular, and fixed landline operations, is the second in a multi-step process supported by AGILE to ensure fair and transparent charges for all telecommunications services.

NTC issues an MC on Methodology and Transition path to Cost-based Price end-point by December 2002.

- AGILE drafted MC #2-B or the "Transition Framework to Cost-Based Interconnect Charging," which will be discussed with the NTC in preparation for its issuance for public hearing.

Simple Cost Allocation Manual published by October 2002.

- AGILE drafted the simple Cost Allocation Manual (CAM) and Annual Report Form, based on MC 12-05-2000 on the Chart of Accounts. These documents are crucial in addressing the issue raised by the public telecommunication entities (PTEs) that there is no basis for developing a

formula for cost-based pricing. The documents, in the form of memorandum circulars, will be issued for public hearing in mid-November.

UNIVERSAL ACCESS

POSITIVE SIGNAL TO INVESTORS: PERMANENT TELECOMMUNICATIONS LICENSES ISSUED

In the initial years of liberalization, the government, through the National Telecommunications Commission, created the Service Area Scheme (SAS) to implement Executive Order 109, issued in 1993. This scheme divided the country into eleven geographical service zones where international gateway facilities (IGFs) and cellular service providers were required to install a minimum of 300,000 and 400,000 local telephone lines, respectively, within a five-year period. Republic Act 7925 or the Telecommunications Policy Act subsequently reduced this period to three years in 1995. One of the conditions attached to the licenses of the SAS participants is to ensure an urban to rural ratio of 10:1 and priority rollout in underserved and unserved municipalities. This means every firm should roll out one landline in a rural area for every 10 lines rolled out in an urban area.

The SAS program achieved its goal of expanding access to phone service. In less than ten years, combined landline and cellular subscriptions grew from 3 million in 1993 to 15 million with cellular subscribers accounting for about 12 million lines.

Despite large investments by telecommunications companies, the SAS participants were only provided with provisional authority to operate in the country. Every year, the firms would go through the process of applying for a permit to provide telecommunications service. This was added to a list of regulatory uncertainties, which increased the "risk" associated with investing in the Philippines.

With assistance from AGILE, the Department of Transportation and Communications (DOTC) approved an NTC plan of action on May 15, 2002 to close the Service Area Scheme (SAS). In that plan, NTC was instructed to encourage the provision of telecommunications services in unserved and underserved areas throughout the country by processing applications of qualified international and cellular operators for Certificates of Public Convenience and Necessity (CPCN) as an incentive to the carriers to complete their roll-out obligations.

On July 23, 2002, the NTC formally granted CPCNs to Smart Communications Inc., Pilipino Telephone Corp., Globe Telecom Inc., Isla Communications Co., Inc., Digital Telecommunications Phils., Inc., Capitol Wireless Inc., Philippine Global Communications Corp., and Philippine Telegraph and Telephone Co. The NTC also extended the provisional authority or the temporary licenses to operate, to Bell Telecommunications Phils., Inc. and Digitel for its yet-to-be-launched cellular phone service.

The CPCNs were issued to the seven SAS-participating carriers that have demonstrated their legal, financial, and technical capabilities in operating and maintaining cellular mobile telephone systems, IGFs, and landline systems. Prior to the issuance, these carriers operated using provisional authorities that were renewed every 18 months, and recently, every three (3) years.

The granting of the CPCN is not a recognition of the compliance of the seven carriers with their rollout obligations under the SAS. Actually, most of them have yet to cover entirely the area/s assigned to them and to comply with the 10:1 urban-to-rural ratio requirement.

POSITIVE SIGNAL TO INVESTORS: PERMANENT TELECOMMUNICATIONS LICENSES ISSUED (CONT...)

The issuance of the CPCNs is not without any conditions. The grantee is required to install public calling stations and/or telecenters within a period of three years in the areas where it failed to install local exchange lines. The CPCNs could still be revoked if the grantee does not comply with the conditions. To monitor this, carriers whose provisional authorities have been extended are required by the NTC to submit a list of municipalities covered by their commitment where they failed to install local exchange lines. The number of municipalities to be covered by the installation of public calling station and/or telecenter shall be 40% on the first year; 30% on the second year and 30% on the third year. P

The installations of public calling stations and/or telecenter have the following local exchange line credits:

- (a) if installed in the 5th or 6th class municipalities or barangays, 20 times the number of households;
- (b) if installed in 4th class municipalities or barangays, 15 times the number of households;
- (c) if installed in 3rd class municipalities or barangays, 10 times the number of households;
- (d) if installed in 2nd class municipalities or barangays, 10 times the number of households.

If the installation of the public calling station and/or telecenter is made in a barangay within an unserved municipality, additional 5 times the number of household in the barangay shall be credited.

With these licenses, the NTC, with assistance from AGILE, is providing a clearer and less risky regulatory environment for foreign investors in the telecommunications sector.

NTC issues an MC on Successor Program of the Service Area Scheme (SAS) by March 2003.

- ❑ On July 23, the NTC formally granted Certificates of Public Convenience and Necessity (CPCN) as an incentive to carriers, i.e., qualified international and cellular operators, to complete their rollout obligations. This is in compliance with the instruction contained in the NTC plan of action to close the Service Area Scheme (SAS), approved by the Department of Transportation and Communications (DOTC) on May 15, to encourage the provision of telecommunications services in unserved and underserved areas throughout the country. The plan of action was based on the recommendations made by AGILE from its assessment of the implementation of the SAS.
- ❑ CPCNs were granted to 1) Smart Communications Inc., 2) Pilipino Telephone Corp., 3) Globe Telecom Inc., 4) Isla Communications Co., Inc., 5) Digital Telecommunications Phils., Inc., 6) Capitol Wireless Inc., 7) Philippine Global Communications Corp., and 8) Philippine Telegraph and Telephone Co. The NTC also extended the provisional authority, or the temporary licenses to operate to Bell Telecommunications Phils., Inc. and Digitel for its yet-to-be-launched cellular phone service.
- ❑ Each grantee is required to install public calling stations and/or telecenters within a period of three years in the areas where it failed to install local exchange lines. The CPCNs could still be revoked if the grantee does not comply with the conditions.
- ❑ With these licenses, the NTC, with assistance from AGILE, is providing a clearer and less risky regulatory environment for foreign investors in the telecommunications sector.

NTC issues an MC on the deployment of telecenters and public calling offices (PCOs) in unserved and underserved areas by July 2002.

- With technical assistance from AGILE, the NTC took action to promote the deployment of telecommunications facilities to unserved and underserved areas through the issuance of MC 08-07-2002 on the Deployment of PCOs and Telecenters in the countryside on July 17. This is pursuant to NTC's plan of action to close the Service Area Scheme (SAS) approved by the Department of Transportation and Communications (DOTC) on May 15.

INCREASING ACCESS TO TELECOMMUNICATIONS SERVICES IN THE COUNTRYSIDE

Imagine a farmer in an isolated barrio in Cagayan Valley whose three-hectare farm teems with mature cassava. As the harvesting season begins, he goes to the middle of the barrio and places a call or sends e-mails to sell his crops to a food processing company in Manila. The next day, a delivery truck arrives to pick up the goods and transport them to the factory in the big city. Meanwhile, a young entrepreneur from the hinterlands of Bontoc in the Mountain Province does the same to sell his native Ibaloi woven fabrics and sculptures to Manila or even contact customers abroad without leaving his home or village. In the not so distant past, he had to spend less than a week to transport his crafts and get orders from his clients based in the city. Now, all these transactions can be done in just a few minute walk or ride to a nearby public calling office (PCOs) or telecenter.

Doing business in the provinces and far-flung areas has never been so easy and convenient. Thanks to the wonders of telecommunication and the changes it brings.

Recognizing the importance of telephone services to economic opportunities, the National Telecommunications Commission (NTC) with technical assistance from AGILE, is promoting the deployment of telecommunications facilities to unserved and underserved areas through Memorandum Circular (MC) 08-07-2002 on the Deployment of PCOs and Telecenters in the countryside on July 17, 2002. The issuance of this MC is pursuant to NTC's plan of action to close the Service Area Scheme (SAS) approved by the Department of Transportation and Communications (DOTC) on May 15, 2002.

The MC opens the market to greater competition. In the past, only local carriers and SAS participants were allowed to establish PCOs. Under the new rules, any business enterprise interested in the installation, establishment and operation of PCOs and telecenters is allowed.

Under this MC, Public Telecommunication Office and Telecenter Service Providers (PCOTSPs) are allowed to provide both basic (voice) and value-added services (internet, telex, fax, satellite communications, etc.) upon registration with the Commission. PCOTSPs are required to use the facilities of the Local Exchange Companies (LEC), Inter-Exchange Companies (IXC) and International Gateway Facilities (IGF) in the unserved areas. Although PCOTSPs are not allowed to install any transmission or distribution networks of their own, they are allowed to install wire and/or wireless transmission facilities to interconnect their public calling stations and/or telecenter equipment to the networks of duly authorized public telecommunications entities in both unserved and underserved areas to better serve the consumers.

PCOTSPs are allowed to determine their rates. But to protect the consumers, the MC limits the rates to not more than 25% of the public pay phone rates of the Local Exchange (LE) operators for local telephone calls. The rates ceiling shall be reviewed and set by the Commission annually.

With these new rules, farmers in Cagayan valley, entrepreneurs in Bontoc and all other Filipinos will have access to voice and other value-added services.

- Under the new rules, any business enterprise interested in the installation, establishment and operation of PCOs and telecenters is allowed. In the past, only local carriers and SAS participants were authorized to perform this function.

IMPROVED FREQUENCY MANAGEMENT

Regulatory approach for transparent and effective frequency management system developed by July 2002.

- AGILE and the NTC conducted an internal workshop on July 5 to discuss measures for developing and implementing an integrated frequency data management system. The Commission agreed to a two-step process.
- Establish an integrated database.
- Revise processes and procedures for frequency management
- To establish the integrated database, a task force was created to determine the database fields. This activity was delayed due to the postponement of the workshop several times, based on the discretion of the Commission.

PLANS FOR 4TH QUARTER 2002

IMPROVED WHOLESALE AND RETAIL PRICING

NTC issues an MC on Wholesale Pricing Principles with price schedule by July 2002.

- AGILE will assist the NTC formulate and develop the Interim Benchmark Charges for Interconnect Services, which will be used by the NTC in undertaking its function to address interconnection disputes in the event that PTEs are unable to agree on the charges for interconnect services.

NTC issues an MC providing for transition to cost-based interconnect pricing end-December 2002.

- AGILE and the NTC will conduct an internal workshop in mid-November to discuss and finalize MC #2-B or the "Transition Framework to Cost-Based Interconnect Charging" in preparation for its issuance for public hearing. The proposed MC may be issued for public hearing by the end of November.

Simple Cost Allocation Manual published by October 2002.

- The AGILE-drafted simple Cost Allocation Manual (CAM) and Annual Report Form, in the form of memorandum circulars, will be issued for public hearing in mid-November. If there are no major revisions, the MCs are expected to be issued by mid-December.

The NTC issues an MC on Retail Price Controls by September 2004.

- All activities related to retail pricing are put on hold, as priority is given to wholesale pricing activities.

UNIVERSAL ACCESS

The NTC issues MCs on Universal Access by July 2002.

- AGILE will assist the NTC develop a policy on cross-subsidies and voice over internet protocol (VOIP), based on the outcome of the consultations made with the Commission.

IMPROVED FREQUENCY MANAGEMENT

NTC begins implementation of efficient and transparent spectrum allocation system by December 2002.

- AGILE and the NTC will conduct meetings to discuss the development of the structural framework and time line of the activity. The focal points of the discussion will include the following:
 1. Access
 - a. Identification of the fields and database structure
 - b. Migration from Paradox to Access Write Program
 - c. Migration from Excel to Access
 - d. Input written documents to Access encode
 - e. Access training
 2. Development of a Relational Database
 - a. Program
 - b. Agree on specs
 - c. Draft the Terms of Reference
 - d. Review bids Contract
- AGILE will assist the NTC develop a frequency pricing formula for the imposition of the proper Spectrum Users' Fees (SUFs) for telecommunications services other than cellular.

**Results Package 2.2.b. E-Commerce & Information and Communications
Technology (ICT) Developed**

The increased liberalization of the telecommunications industry in the Philippines has led to declining costs and better quality of communications. Predictably, this allows communications-dependent IT-enabled services to become more competitive. Such a competitive environment is largely behind the growth in "back-office" operations such as call centers and business process outsourcing. It also carries promise for higher value added enterprises such as software development.

To build upon this new value advantage, it is important that the government provide a supportive policy and institutional environment. AGILE is participating in government and private sector initiatives to enable the Philippines to take full advantage of opportunities in the growing global market for products and services produced, sold, or distributed via information technology and electronic commerce. Working with the Information Technology and Electronic Commerce Council (ITECC) and private sector associations, AGILE assists the Department of Trade and Industry (DTI) in working for the creation of the necessary institutional, physical, legal, regulatory, and human structures. Its efforts are focused on the formulation of strategic directions for the ICT industry in the country.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

INFORMATION TECHNOLOGY AND E-COMMERCE COUNCIL (ITECC)

ITECC priority projects for implementation identified by August 2002.

- ❑ Completed the first draft of the ITECC Strategic Plan and identified priority information and communication technology (ICT) projects based on the outcome of consultations and interviews with relevant government officials, key industry players and stakeholders, and donor agencies, which include:
 - Asian Development Bank (ADB)
 - Canadian International Development Agency (CIDA)
 - Japan International Cooperation Agency (JICA)
 - World Bank (WB)
 - Bingay Vistal, Department of Trade and Industry (DTI)
 - Undersecretary Gregory Domingo, Board of Investments (BOI)
 - Jeff Garcia, Transkripyo (a leading medical transcription company)
 - Joselyn Capistrano, the only certified CMM (Capability Maturity Model) assessor in the Philippines

E-Philippines Strategic Plan published by November 2002.

- ❑ The AGILE ITECC Team conducted a planning workshop with the members of the ITECC Management Committee (ManCom) on September 17 to present the initial draft of the Strategic Plan, more specifically, the findings, recommendations, and conclusions. The team also presented the list of priority ICT projects for possible funding by USAID and other donor agencies.

- ❑ The team revised the draft plan and the list of ICT projects based on the comments and suggestions of the ITECC ManCom members.

PLANS FOR 4TH QUARTER 2002

E-Philippines Strategic Plan published by November 2002.

- ❑ To validate the details of draft ITECC Strategic Plan, the team will attend various meetings and fora, which include:
 - A talk by Dado Banatao, a leading hardware engineer in Silicon Valley, on the Philippines' investment in technology infrastructure on October 4
 - Board of Investments' (BOI) presentation of a report on the competitiveness of the Philippine ICT sector drafted by Gartner, a leading ICT research firm, on October 3
 - Presentation of the Nathan Associates Sallstrom Consulting on the critical role of the software industry in the Philippines sponsored by Roberto Romulo, Presidential adviser on IT, on October 8.

Conference and launching of E-Philippines Strategic Plan held by November 2002.

- ❑ Phase II of the AGILE-ITECC ManCom planning workshop will be held on October 11 to review and discuss further the revisions and additions made to the Plan. This is also in preparation for the presentation of the Strategic Plan by the ITECC ManCom to the ITECC Council on October 30 and to discuss next steps.
- ❑ The team will coordinate closely with ITECC for the finalization of the draft Plan and make initial preparations for its launching.

POLICY OUTCOME 2.3 TRADE AND AGRICULTURE COMPETITION INCREASED

Results Package 2.3.a. Grain Markets More Efficient and Equitable

State monopolies over grain imports are throwbacks to an age in which bureaucrats were considered to be more knowledgeable than grain traders on how to ensure access to reasonably priced food grains. It was a period steeped in distrust of traders and the marketing function. The inefficiency costs as well as the costs of distorted price signals resulting from these policies have tended to discredit state grains monopolies, which continue largely on political grounds.

For agriculture to become more productive and farmers to focus on higher value crops, the rice trade needs to be liberalized. The economic benefit of liberalizing the grain trade, specifically rice, is great. Consumers (and this includes most people living in the countryside) would be better off by having access to cheaper rice.

AGILE is helping the Department of Agriculture (DA) and the National Food Authority (NFA) liberalize rice imports and minimize of the role of the NFA in grains markets. It is also working with the Department of Social Work and Development (DSWD) and the NFA to improve targeting of food aid to the poor and the elimination of the general rice subsidies.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The new-targeted food subsidy program is implemented, on pilot by January 2003, and in full by July 2003.

- Advocated for the transfer of the Targeted Rice Distribution Program (TRDP) and the Coconut Farmers Food Access Program (CFFAP) from the National Food Authority (NFA) to the Department of Social Welfare and Development (DSWD). This move will enable the NFA to focus on stabilizing supply at market prices leaving the DSWD to address the need of the poor for more affordable food.

PLANS FOR 4TH QUARTER 2002

The new-targeted food subsidy program is implemented, on pilot by January 2003, and in full by July 2003.

- Undertake an assessment of the requirements for implementing the TRDP and CFFAP and of the existing capabilities of the DSWD. On this basis, AGILE will assist the DSWD in re-designing the TDP and CFFAP to be more effective, cost-efficient and sustainable. It will further assist the DSWD in generating the resources and acquiring the capabilities required to undertake pilot program implementation by January 2003.

Coalition for food policy reforms organized and public support for reforms increased

- Work with Secretary Angelito Sarmiento, Chair of the NFA Council, to mobilize public support for policy reforms in the rice sector. By the end of the year, AGILE would have identified a convener and initiated networking for a coalition for policy reform in rice.

Farmers Organizations are able to import rice by March 2003

- AGILE is supporting the State of the Nation Address (SONA) of President Arroyo where she specifically mentioned allowing farmers to import rice, as a step to demonopolizing and liberalizing rice imports. AGILE will help in packaging an activity that would implement the President's SONA directive in coordination with the NFA Council Chairman Angelito Sarmiento by identifying Farmers Organizations which can potentially import and assist selected groups in the preparation of business plans as well as mobilization of resources and building of capability to actually import rice in 2003.

Results Package

2.3.b. Biotechnology Exploited Safety

AGILE has been providing vital support to government and private sector groups to ensure the safe and responsible use of modern biotechnology and genetically modified organisms (GMOs). Among other benefits, modern biotechnology and its products improve farmer yields and reduce production costs, therefore increasing farm incomes, while reducing pesticide poisoning and pollution.

AGILE's support was crucial for the issuance of the Policy Statement on Biotechnology, which supports the use of biotechnology and its products. Its support was also important in securing the Department of Agriculture (DA) Administrative Order (AO) providing for the guidelines for biotechnology.

AGILE is helping ensure the proper implementation of the DA AO. It is also exploring with other government agencies, such as the Departments of Science and Technology (DOST), and of Health (DOH), cooperative arrangements for the formulation of guidelines for the other applications of the technology. Finally, in close collaboration with a coalition of stakeholders, it is implementing a public information campaign to continue deepening and broadening public support for biotechnology and its products.

There are two defining milestones for biotechnology during this period: (1) laying the groundwork for the implementation of the DA Agriculture Administrative Order No. 8, the guidelines issued by Secretary Leonardo Montemayor for the commercialization of plants derived from modern biotechnology; and (2) establishing formal partnership with the Bureau of Food and Drugs for AGILE technical assistance on the development of BFAD guidelines for processed food, thus complementing that of the Department of Agriculture (DA). AGILE, likewise continued to provide technical and logistical support to the Biotechnology Coalition of the Philippines for its advocacy and information, education and communication (IEC)-related activities with institutional members.

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

Supporting the establishment and strengthening of a pro-biotechnology civil society organization

- Helped expand the network base of the Biotechnology Coalition of the Philippines (BCP), with the Philippine Association of Meat Processors, Inc. (PAMPI) joining the coalition as an institutional member.

- Helped leverage additional resources from institutions supportive of BCP activities. During the latter part of the third quarter, the BCP likewise embarked on a solicitation fund drive targeting food, pharmaceutical and life science companies and associations based in the country.
- Supported BCP advocacy and public information activities, which included the following:
 - Midyear Institutional Biosafety Committee (IBC) Meeting for Visayas and Mindanao on July 3 to 5 at the Royal Maandaya Hotel in Davao City
 - Small-Group Meeting with the Private and Public Sector on GMO Product Stewardship on July 31 at Tiara Hotel in Makati City
 - Roundtable Discussion on the Safety of Biotech Food with the Philippine Association of Meat Processors, Inc on August 29 at the Galleria Suites in Pasig
 - Seminar on the Advancement in Food and Nutrition in Biotechnology on September 24 at the Recto Room, Senate Building (co-organized by the Office of Senator Aquilino Pimentel and the Cultural Affairs Office of the US Embassy)
 - Press Dialogue on GM Food Safety with Dr. Autar Mattoo, USDA Specialist on Plant Biotechnology, on September 24 at the Philippine Trade Training Center in Manila
 - Roundtable Discussion on the Safety of Foods Derived from Modern Biotechnology with Dr. Autar Mattoo for the Food Industry on September 24 at the Philippine Trade Training Center in Manila
 - Seminar on the Social Acceptance of Biotechnology: Myths and Facts with Dr. Thomas Jefferson Hoban, Professor of Sociology and Food Science of the North Carolina State University, (in coordination with the Biotech Information Center) on September 26 at the Hotel Intercontinental in Makati.

Provision of technical assistance to the Department of Agriculture (DA) for the implementation of AO No. 8, particularly in capacity building for the four (4) DA regulatory agencies

- In coordination with the Department of Agriculture, organized and conducted a series of seminar-workshops on insect resistance management (IRM) strategies for Bt corn. The goal of the seminar series is to help scientists, technicians and regulators structure a practical strategy for managing resistance development of the Asiatic corn borer to Bt corn under local farming conditions.
- The resulting IRM strategy will be offered to the Department as part of its regulatory framework for the safe and responsible use of crop biotechnology under DA-AO No. 8. The first three sessions have resulted in the completion of a preliminary draft protocol to be improved through consultations with scientists and stakeholders across the country.
- Helped the Department of Agriculture and the USDA organize a training needs assessment and organizational diagnosis for the DA biotech regulatory agencies.

- ❑ Assisted the DA in plan for and beginning to implement an Approval Registry of regulated GM plant products allowed to be imported for direct use as food or feed, or for processing. The Approval Registry will facilitate the use of GM products, especially those already in the market. Priority will be given to plant products that are significantly traded and imported into the country - e.g., corn, soy, cotton, canola, potato - so as not to disrupt trade and local food processing.
- ❑ Helped begin the process of developing formal agreements between the DA and its counterparts in other countries¹⁶ to identify: (a) list of approved transformation events in various crops produced for food, feed, or for processing, (b) responsible agencies and contact details. (c) list of export crops that are GM and currently in the market, used as food, feed, or for processing, and (d) list of companies that have developed this technology.
- ❑ Provided technical expertise to the DA and its attached bureaus in developing protocols to serve as the implementing rules for AO No. 8 at the bureau level. Drafted and finalized the Department's Safety Assessment Handbook for field-testing, propagation, delisting, and importation of GMOs for direct use, which will be issued formally by the DA Secretary as its official handbook for the conduct of biosafety risk assessment.
- ❑ Helped the Department identify, contact and nominate scientists that would form the pool of experts for the Scientific and Technical Review Panel (STRP) called for in AO No. 8. The STRP will serve as the external review body for applications for the commercialization of GM products based on the conduct of risk assessment on human, animal and environmental safety. There are 48 senior scientists appointed to the STRP by the Secretary.
- ❑ Organized a two-day seminar-workshop for STRP members to discuss their roles, duties and responsibilities. Emphasized the need to base decisions and rulings on sound science and transparent but objective decision-making. Technical case studies of past approvals in the U.S. and Canada were also used to highlight international best practices as benchmark for the local system being established.

Implementation of the Biotechnology Communication Plan with the private sector stakeholders

- ❑ Published eight news and feature articles on the benefits and safety of GM food products, which appeared in the *Philippine Daily Inquirer*, *Manila Bulletin*, *Philippine Star*, *Today* and *BusinessWorld*. Published position statements of the Philippine Chamber of Food Manufacturers, Inc. (PCFMI) and the Philippine Association of Meat Processors, Inc. (PAMPI), on the safety of food derived from modern biotechnology.
- ❑ Provided to editors and columnists scientific and peer-reviewed papers refuting the claims by some columnists of potential hazards of biotechnology.
- ❑ The first phase of a biotech communications initiative focused on major food companies, to address food safety concerns.

¹⁶ U.S., Canada, China, Argentina, Australia, South Africa, EU and Japan.

- Biotech Food Safety Briefing for Universal Robina Corporation (URC) on July 18 at their Small Auditorium, URC Main Building, Quezon City
- Biotech Food Safety Briefing for General Milling Robina Corporation (GMC) on July 19 at their Sales & Marketing Conference Room, GMC Compound, Makati
- Biotech Food Safety Briefings for Nestle Philippines from July 20 to 31 (A total of eleven separate briefing sessions: 6 runs for different Nestle regional factories, 2 for the Infant Nutrition Department, 1 for the Sales Department, 1 for the Purchasing Department, and 1 one the Technical Managers).

Provision of technical assistance to the Bureau of Food and Drugs-Department of Health (BFAD-DOH) for the development of guidelines on biotech food products

- Established a partnership with the Bureau of Food and Drugs to help the BFAD formulate guidelines for processed food derived from biotechnology.
- Helped the Department of Health (DOH) through BFAD draft its position statement on the safety of biotech food products which was issued on September 5. Also facilitated the interview with DOH Secretary Manuel Dayrit over radio station DZMM on the following day where he reiterated DOH's statement on the safety of GM food currently in the market.

PLANS FOR 4TH QUARTER 2002

- For the next quarter, AGILE will:

For the Coalition

- Continue providing technical and logistics support to the Coalition particularly for its advocacy activities through its dialogue meetings and briefing with top policy and opinion makers in the government and private sectors.
- Other areas to be supported include expansion of membership base to industry stakeholders and local farmer organizations, sponsorship of seminars and public dialogues on modern biotechnology with students, teachers, local government units, and other special interest groups, and leveraging of resources from institutions.

For the Implementation of DA-AO No. 8

- Continue providing technical assistance to the four DA regulatory agencies, the DA In-house Technical Advisory Team, and the STRP.
- Sponsorship of a study tour in the United States for heads of these agencies and top technical officers of the Bureau of Plant Industry, lead implementing agency of AO No. 8.
- Conduct of specialized seminars on the different aspects of risk assessment, particularly on insect resistance management.

- ❑ Conduct of a general introductory course in basic biotechnology and genetic engineering (Biotech 101) for relevant DA regulators. Continue seminar-workshops for other STRP members.

For the Biotechnology Communication Plan

- ❑ Continue the implementation of the private sector-led Communication Plan on Food Biotechnology, to concentrate on one-on-one dialogues with important media personalities, sending of information kits to members the press and broadcast industry, and offering of seminars on modern biotechnology for media practitioners.

For the BFAD Guidelines on GM Processed Foods and Labeling

- ❑ Conduct scientific conference on food and medical biotechnology for BFAD-DOH. Finalize nature and level of technical assistance to be provided in coordination with officials from these agencies. Form technical team as part of AGILE's technical assistance to BFAD-DOH. Assist relevant government agencies conduct initial consultative and discussion meetings with key stakeholders preparatory to the drafting of BFAD guidelines on biotech food, particularly on labeling issues.

Results Package 2.3.c. Intellectual Property Rights Protected

Weak protection of intellectual property rights (IPR) stifles creativity, thus depriving the country of the opportunity to benefit fully from its human resources. Recognizing the vital role intellectual property rights protection plays in development, AGILE supports initiatives to develop a more stable policy and legal framework for such protection.

After helping the government achieve a milestone with the enactment of the Plant Variety Protection Act, AGILE is now assisting the DA in implementing the law. It provides technical and logistical support for capability building in the DA agencies tasked with the protection of plant breeder rights.

AGILE helps the Intellectual Property Office (IPO), the BOC and a private sector Anti-Piracy Coalition improve enforcement of intellectual property rights. It is participating in initiatives to pass the Optical Media Bill, which provides for a comprehensive regulatory regime for optical media. This regime would cover the importation of equipment and raw materials for the mastering and replication of optical media products, licensing of all production sites, spot inspections of facilities and records, and the use of unique markings on all masters and copies of products. Throughout, AGILE works with its private and public sector counterparts to understand the dynamics of IP piracy and legal and administrative recourse of owners of IP in order to develop more sustainable approaches to combating piracy.

PLANT VARIETY PROTECTION

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

Plant Variety Protection (PVP) legislation is enacted by February 2002.

- PVP Law enacted in June and became effective in July.

The DA and other agencies responsible for implementing and enforcing the PVP law have capability to implement law in January 2003.

- Initiated the drafting of the Implementing Rules and Regulation.
- Initiated sourcing of resources for implementing office.
- Initiated planning for capacity building.

PLANS FOR 4TH QUARTER 2002

The DA and other agencies responsible for implementing and enforcing the PVP law have capability to implement law in January 2003.

- Finalize Implementing Rules and Regulation (IRRs) and have these issued in December.
- Ensure resources for the PVP implementing office.
- Draft DUS (Distinctiveness, Uniformity, Standardization) Test Guidelines for priority crops.
- Begin compilation of Variety databases for priority crops.

The Judiciary (through the PhilJA) is briefed on the intent and the legal and practical implications of the PVP law by December 2002.

Complete the briefing of PHILJA.

INTELLECTUAL PROPERTY RIGHTS ENFORCEMENT

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

The BOC has the implementing rules and regulations necessary for border control and enforcement of the Intellectual Property Code by December 2001.

- Customs Administrative Order (CAO No. 6-2002), which was approved by DOF Secretary Camacho on September 23, strengthens the capability of the BOC to enforce the provisions of the Intellectual Property Code prohibiting the importation of goods or products that infringe upon all intellectual property rights. It improved upon existing CAO 7-93 by bringing procedures into conformity with international standards set in the TRIPS Agreement on special border control.
- AGILE was part of the technical working group that provided technical and legal inputs to the new CAO. It took the lead in preparing documents, communications, endorsements, including

an executive summary containing the highlights of the new regulation, and a comparative matrix to show the changes introduced, to secure the approval of the final draft through the appropriate bureaucratic channels.

- ❑ Customs Special Order (CSO No. 24-2002) creating the Interim Intellectual Property Unit (IPU) at the BOC dedicated for IPR issues was approved by BOC Commissioner Antonio Bernardo on September 27. The CSO centralizes border policy development and implementation for improved monitoring and prohibition of IPR violations at ports of entry.
- ❑ The effective implementation of these two orders will help in the overall effort of curbing piracy and the infringement of intellectual property rights.

AGILE MAKES HEADWAY IN IPR ENFORCEMENT AT THE BORDER

Intellectual property rights (IPR) protection in the country is expected to improve at the border. The Customs Administration Order (CAO) which aims to strengthen the capability of the BOC to help enforce the provisions of the Intellectual Property Code, including the creation of a unit at the bureau to handle IPR issues, was issued last September 23, 2002. This landmark event underscores the seriousness of the government in its drive to combat piracy and counterfeiting in violation of the IP Code and other related laws.

The CAO, No. 6-2002, sets us the guidelines to expedite the handling and disposition of imported goods prohibited under the IP Code and other related laws. Among others, it lays down the rules on random checks of suspected prohibited goods, the issuance of hold orders, and the establishment of a risk assessment program and a management information system for IPR.

The IPR border control reform package this CAO contains was supported by AGILE which provided legal and technical assistance to the BOC and the IPO on the matter. AGILE essentially drafted the CAO and served as resource persons during a multi-sectoral consultation held last quarter. More specifically, it:

- Reviewed the existing border control regulation of BOC embodied in Customs Administrative Order (CAO) 7-93 issued by the Department of Finance.
- Drafted a new CAO, which essentially replaced CAO 7-93 to further enhance IPR border enforcement and make it compliant with the pertinent provisions of the TRIPS Agreement on border control.
- Consulted the private sector, through a public dialogue conducted at the IPO Conference Hall, and solicited comments from the public at large through the IPO's website, on the proposed changes introduced in the draft CAO.
- Finalized the draft CAO after incorporating the inputs from the private sector, and secured the final comments of BOC and IPO management.
- Prepared all necessary documents, communications, endorsements, including an executive summary containing the highlights of the new regulation, and a comparative matrix to show the changes introduced, and secured the approval of the final draft through the appropriate bureaucratic channels.

AGILE is now gearing up for the concomitant orientation training for both BOC personnel and the affected sector on the new border enforcement system, policies and procedures.

Dedicated IPR units at the PNP and BOC.

- ❑ As reported in previous quarterly reports, the Anti-Fraud and Commercial Crimes Division of the Criminal Investigation and Detection Group of the PNP was activated on September 11, 2001. Among its specific functions is to investigate violations of the IP laws.
- ❑ For BOC, the adoption of the CAO on border control and the creation of the interim intellectual property unit dedicated to resolving IPR issues at the border completes this task. The Intellectual Property Office has requested AGILE assistance in providing firmer legal basis for the BOC-Intellectual Property Unit through passage of a law or issuance of an executive order.

A Competency-based Evaluation System is established at the IPO by May 2003.

- ❑ Upon the request of the IPO Director-General Emma Francisco, AGILE mobilized a Performance Evaluation System Development Consultant in early August to help the IPO conceptualize, design and implement a competency-based performance evaluation system (PES) for its employees.

The IPO will become a self-sustaining government agency by 2003 and the Director General wants to have a result-based performance evaluation system to ensure the highest level of staff performance.

- ❑ The design phase was completed and approved by the IPO during the quarter. The implementation phase, which will consist of a series of twenty 3-day workshop seminars for IPOs program managers, project managers, and rank and file personnel will begin in the next quarter (last week of October). AGILE will be providing administrative and logistical arrangements in conducting these workshop seminars.

A schools program designed to educate youth about IPR issues is developed and launched with industry groups by March 2002.

- ❑ Worked with the Office of Undersecretary Cristobal in conceptualizing a nationwide IP Ethics activity. The IP Ethics program will be grafted onto the first phase of an ongoing DTI activity (through a Japanese grant) called "PCs for Public High Schools." Under this program, each of 1000 schools will be given 20 computers each, will be trained in their use and maintenance, and with AGILE involvement, will receive training in intellectual property rights ethics. AGILE is helping develop the IP Ethics concept paper, which will be completed next quarter.

The Videogram Regulatory Board is replaced by the Entertainment/Videogram Regulatory Board by December 2002 [Optical media legislation passed by December 2002].

- ❑ Provided technical and advocacy support to key legislators for enactment of the Optical Media Bill (OMB). The Optical Media Bill (OMB) or House Bill (HB) 5225 seeks to stop the piracy of movies, songs, computer software, and other content carried on optical disks. It aims to regulate the "replication, manufacture and distribution of optical media in all forms.
- ❑ The bill has been filed as Committee Report No. 796 on House Bill 5225. It is currently being scheduled for sponsorship. AGILE drafted the sponsorship speeches for Reps. Harry Angping, Imee Marcos, Abraham Mitra, and Romualdo Vicencio.

- ❑ Drafted and finalized advocacy and public information materials for Congress and the public at large. These include the Frequently Asked Questions (FAQs) on optical media piracy.
- ❑ Galvanized the IP Coalition members to counter the move of the Senate to exclude provisions on business software from the OMB. The Senate is heavily leaning towards splitting the bill into two, an entertainment bill and a software bill, to facilitate passage of the law. AGILE and the IP Coalition¹⁷ worked to convince Congress otherwise. First, there is no substantial distinction between software and the other forms of content insofar as the matter subject of regulation is concerned. As the purpose of the law is to regulate the medium or the container, there can be no rational justification for making a distinction on the basis of content. This may amount to class legislation, unfair protection of the laws, if not, piecemeal legislation, at the very least.
- ❑ Second, this distinction on the basis of content (exclusion of software) will result in an ineffective law. It will be difficult to enforce and consequently fail to attain the objective of curtailing piracy.

Civil Society mobilized

- ❑ AGILE worked with the IP Coalition in implementing key activities identified in the IPR Strategic Action Plan. Specifically, AGILE and the IP Coalition helped the IPO-IPREAP¹⁸ conceptualize and develop three of the four projects that they have identified from the Strategic Action Plan. These are:
 1. IP Stickers, designed to enhance the status of retail establishments through a distinguishing seal or symbol of approval that would advertise that they are pirate-free zones and selling/marketing legitimate products and services
 2. LGU ordinance template drafted by AGILE during the quarter, that would ban the street sale of pirated goods
 3. Communications Plan, which was conceptualized by an IP Coalition member (advertising agency) to begin to change consumer perceptions or behavior on intellectual property rights.
- ❑ Participated in the 10th Metro Manila Business Conference and hosted the 3rd day of the workshop seminar that focused on the protection of IPRs. With the theme "Embrace the Future: Strengthen Business Structures, Synergize SMEs and Cooperatives, Protect Intellectual Property Rights", the 3-day conference was attended by entrepreneurs and business practitioners of Metro Manila. Attendees endorsed the activities outlined in the IPR Strategic Action Plan.

¹⁷ Established in early April as an offshoot of the dissolution of the Interagency Committee on Intellectual Property Rights (IAC-IPR), the IP Coalition is a group of industry organizations that has a common vision – to promote respect for and to protect intellectual property rights. Its members include COMPACT, FILSCAP, PARI, AVIDPHIL, Motion Picture Association Business Software Alliance, Asosasyon ng Musikong Pilipino Foundation, Philippine Entertainment Industry Foundation, Inc., Brand Protection Association, KATHA, and the Quezon City Chamber of Commerce and Industry.

¹⁸ Footnote: The IPREAP or Intellectual Property Rights Enforcement Action Panel was formed by the IPO to implement projects under the Strategic Action Plan. The Panel is comprised of associations, business organizations and government agencies concerned with the protection and promotion of IPRs.

Mediation for IPR infringement disputes institutionalized at the IPO by April 2003

- Mobilized a training team led by a Senior Mediation Lecturer that will help the IPO develop its capability to administratively resolve cases through a team of carefully selected, highly trained mediators. The intensive training and internship program will begin in October.

PLANS FOR 4TH QUARTER 2002

- Continue to advocate for passage of the OMB bill.
- Formulate and conduct orientation training for BOC personnel and the affected sector on the new border enforcement system, policies and procedures.
- Conduct the IP Enforcement Workshop Seminar for NBI, DOJ, PNP, etc.
- Conduct the PES workshop seminars for IPO employees.
- Finalize the IP Ethics activity with the Office of Undersecretary Adrian Cristobal. Implementation will begin in the 4th quarter
- Conduct the mediation training workshop seminars for IPO mediators.
- Conduct the seminar workshop on the Strategic Action Plan for 2003.

POLICY OUTCOME 2.4 COMPETITION POLICY STRENGTHENED

Results Package 2.4.a. Pro-Competition Policy Institutionalized

ACCOMPLISHMENTS FOR THE 3RD QUARTER 2002

AGILE endeavors to assist in efforts to create a policy environment supportive of competition and consumer welfare. The creation of such a policy environment requires determining where the country is now in terms of competition, by collating all laws passed or enacted which paved the way for increased competition, and determining what areas should be opened up to greater competition and transparency. It also involves defining the steps necessary to institutionalize a pro-competition public policy.

In preparation for the proposed activity to conduct a strategic assessment of banking sector reform and possible AGILE assistance in drafting a comprehensive roadmap (legislation and regulation) to create a fully competitive banking sector, AGILE accomplished the following:

Met with Joe Ryan of USAID, Romulo Neri of the Congressional Planning and Budget Department (CPBD), and the proposed diagnostic team for banking on July 1 to discuss the state of banking in the Philippines and the proposed approach for the assistance.

In consultation with proposed consultant Liel Pascual, drafted an activity scope of work and timelines for the proposed activity. The team to provide the technical assistance could include:

- Team Leader
- Bank Competition Policy Expert
- Banking Policy Advisor
- Banking Associate

The scope of work is on-hold pending discussion with USAID on the viability of the proposed assistance.

PLANS FOR 4TH QUARTER 2002

- Draft the strategic approach for presentation to USAID.

ACHIEVEMENTS As per Work Statement (August 2000)	STATUS
Policy Result 2.1.a Increased Competition in Air Transport	
<ul style="list-style-type: none"> <input type="checkbox"/> Increased air access and inclusion of trigger mechanism in air service agreements for key markets (UAW, Korea, Singapore, Taiwan, Malaysia, Japan, Thailand) by June 2003. <input type="checkbox"/> Negotiate and sign Full RP-US Open Skies on cargo by October 2002. <input type="checkbox"/> Declare open skies policy for Clark by March 2003. <input type="checkbox"/> Adoption of Multilateral Open Skies by October 2003. <input type="checkbox"/> Implementation of limited open skies by October 2003. <input type="checkbox"/> Administrative Order including the Diosdado Macapagal International Airport (DMIA) as an airport serving Manila issued by the Department of Transportation and Communications (DOTC) by September 2002. <input type="checkbox"/> Devolve CAB authority through an Executive Order (EO) by June 2003. <input type="checkbox"/> Aviation-related investments and projects at DMIA in place by September 2004. <input type="checkbox"/> Air transport liberalization legislation enacted by May 2004. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work in progress. <input checked="" type="checkbox"/> Work is continuing. <input checked="" type="checkbox"/> Work is continuing. Pres. Arroyo approved the "Cargo-Only Open Skies for Clark". <input type="checkbox"/> Work has not yet begun. <input type="checkbox"/> Work has not yet begun. <input checked="" type="checkbox"/> Work is in progress. <input type="checkbox"/> Work has not yet begun. <input checked="" type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> Work is in progress.
Policy Result 2.1.b Increased Competition in Maritime Shipping	
<ul style="list-style-type: none"> <input type="checkbox"/> Philippine Port Authority (PPA) issues revised bid rules for the renewal of expired and/or expiring cargo handling contracts by September 2002. <input type="checkbox"/> Legislation amending the PPA Charter enacted by September 2004. <input type="checkbox"/> Transparent and fair bidding process for Manila North Harbor by June 2003. <input type="checkbox"/> Rate Panel submits recommendation to PPA Board to resolve the rate rollback issue by November 2002. <input type="checkbox"/> Rate Panel formulates a methodology for rate adjustment containing the formula for rate-setting and public hearing mechanism by March 2003. <input type="checkbox"/> Public hearing process for tariff setting institutionalized by September 2003. <input type="checkbox"/> Pure RoRo service operating on key routes with reductions in sea transport costs to users operational by Sept 2004. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The goal was achieved. <input checked="" type="checkbox"/> Work is continuing. Senate Bill 2270 and House Bill 5170 were filed to amend the PPA Charter. <input checked="" type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> Work is continuing. <input checked="" type="checkbox"/> Work is continuing. <input checked="" type="checkbox"/> Work is continuing. <input checked="" type="checkbox"/> Work is in progress. AGILE is looking into the feasibility of a pure RoRo service and developing a prospectus for investors.

ACHIEVEMENTS As per Work Statement (August 2000)	STATUS
Policy Result 2.2.a Increased Competition in Telecommunications	
<ul style="list-style-type: none"> <input type="checkbox"/> NTC issues an MC on Wholesale Pricing Principles with price schedule by July 2002. <input type="checkbox"/> NTC issues an MC on Methodology and Transition path to Cost-based Price end-point by December 2002. <input type="checkbox"/> NTC uses price schedule for use in mediation of interconnection disputes by November 2002. <input type="checkbox"/> Simple Cost Allocation Manual (CAM) published by October 2002. <input type="checkbox"/> Revised Annual Report based on Chart of Accounts for cost-based pricing published by August 2002. <input type="checkbox"/> NTC issues an MC on Successor program of the Service Area Scheme (SAS) by March 2003. <input type="checkbox"/> NTC issues an MC on the deployment of telecenters and public calling offices (PCOs) in unserved and underserved areas by July 2002. <input type="checkbox"/> Regulatory approach for transparent and effective frequency management system developed by July 2002. <input type="checkbox"/> NTC issues an MC on Price Control Mechanisms for Non-Competitive Services by September 2004. <input type="checkbox"/> NTC begins implementation of efficient and transparent spectrum in place by September 2003. <input type="checkbox"/> Mechanism for appropriate pricing and efficient allocation of spectrum in place by September 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The goal was accomplished. <input type="checkbox"/> The work is continuing. AGILE drafted MC #2-B, "Transition Framework to Cost-Based Interconnect Charging". <input type="checkbox"/> The work is ongoing. <input type="checkbox"/> The work is continuing. AGILE drafted the CAM and the Annual Report Form. <input type="checkbox"/> The work is ongoing. AGILE is working on the revisions. <input type="checkbox"/> The work is ongoing. AGILE continues to assist the NTC. <input checked="" type="checkbox"/> The goal was accomplished. <input type="checkbox"/> The Frequency Management System is on-hold but work will start on the frequency pricing Activity. <input type="checkbox"/> Work has not yet begun. <input type="checkbox"/> Work has not yet begun. <input type="checkbox"/> Work has not yet begun.
Policy Result 2.2.b E-Commerce & Information and Communications Technology (ICT) Developed	
<ul style="list-style-type: none"> <input type="checkbox"/> ITECC priority projects for implementation identified by August 2002. <input type="checkbox"/> E-Philippines Strategic Plan published by November 2002. <input type="checkbox"/> Conference and launching of E-Philippines Strategic Plan held by November 2002. <input type="checkbox"/> "Action taken to Date" report on e-government project by November 2003. <input type="checkbox"/> Framework and strategy for e-government project developed by September 2002. <input type="checkbox"/> E-government project begin implementation by November 2002. <input type="checkbox"/> Tangible increase in efficiency or reduced transactions cost due to implementation of e-government project by September 2003. 	<ul style="list-style-type: none"> <input type="checkbox"/> Work is continuing as the list of projects is still being discussed. <input type="checkbox"/> Work is in progress. AGILE prepared a revised draft of the Strategic Plan. <input type="checkbox"/> Work is in progress. AGILE is currently discussing revisions and additions to the strategic plan. <input type="checkbox"/> The work is in progress. <input type="checkbox"/> The activity is on hold. Priorities from the ITECC Strategic Plan have yet to be finalized. <input type="checkbox"/> AGILE has started preparations for this activity. <input type="checkbox"/> Work has not yet begun.

ACHIEVEMENTS As per Work Statement (August 2000)	STATUS
<ul style="list-style-type: none"> <input type="checkbox"/> Convergence Law enacted by September 2004. <input type="checkbox"/> Law creating a Department of Information and Communications technology (DICT) enacted by September 2004. <input type="checkbox"/> Published Report of ICT Services by June 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The activity is on hold. Priorities from the ITECC Strategic Plan have yet to be finalized. <input checked="" type="checkbox"/> AGILE has started preparations for this activity. <input checked="" type="checkbox"/> AGILE has started preparations for this activity.
Policy Result 2.3.a Grain Markets More Efficient and Equitable	
<ul style="list-style-type: none"> <input type="checkbox"/> Targeted Rice Distribution Program – Design, Operating Plan, and enabling executive issuance by March 2003. <input type="checkbox"/> A Memorandum of Agreement (MOA) and Implementing Rules and Regulations (IRR) for the transfer of pro-farmer programs from the NFA to provincial LGUs and implementing regulations and broadening such support to ensure farmer access to certified seeds and irrigation services by March 2003. <input type="checkbox"/> Coalition for food policy reforms organized and public support for reforms increased. <input type="checkbox"/> Legislation amending the NFA charter to enable reforms and implementing regulations by December 2004. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is in progress. AGILE will continue its assistance to the program. <input checked="" type="checkbox"/> Work is in progress. AGILE will continue its assistance in this area. <input checked="" type="checkbox"/> Preparations have begun for the activity. <input checked="" type="checkbox"/> The activity is on hold. There is no government counterpart yet.
Policy Result 2.3.b Biotechnology Exploited Safely	
<ul style="list-style-type: none"> <input type="checkbox"/> Supporting the establishment and strengthening of a pro-biotechnology civil society organization. <input type="checkbox"/> Provision of technical assistance to the Department of Agriculture (DA) for the implementation of AO No. 8, particularly building for the four DA regulatory agencies. <input type="checkbox"/> Implementation of the Biotechnology Communication Plan with the private sector stakeholders <input type="checkbox"/> Provision of technical assistance to the Bureau of Food and Drugs-Department of Health for the development of the guidelines on biotech food products. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work is continuing.
Policy Result 2.3.c Intellectual Property rights Protected	
<p>PLANT VARIETY PROTECTION</p> <ul style="list-style-type: none"> <input type="checkbox"/> Plant Variety Protection (PVP) legislation is enacted by February 2002. <input type="checkbox"/> The DA and other agencies responsible for implementing and enforcing the PVP law have capability to implement law in January 2003. <input type="checkbox"/> The Judiciary (through PHILJA) is briefed on the intent and the legal and practical implications of the PVP Law by December 2002. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Completed. PVP Law enacted in June and became effective in July 2002. <input checked="" type="checkbox"/> Work is in progress. Initiated the following: (1) drafting of the IRRs, (2) sourcing of the resources for the implementing office, as well as the planning for capacity building. <input checked="" type="checkbox"/> Work is in progress.

ACHIEVEMENTS As per Work Statement (August 2000)	STATUS
<p>INTELLECTUAL PROPERTY RIGHTS PROTECTED</p> <ul style="list-style-type: none"> <input type="checkbox"/> The BOC has the implementing rules and regulations necessary for border control and enforcement of the Intellectual property Code by December 2001. <input type="checkbox"/> Dedicated IPR units at the PNP and BOC. <input type="checkbox"/> A Competency-based Evaluation system is established at IPO by May 2003. <input type="checkbox"/> A schools program designed to educate youth about IPR issues is developed and launched with industry groups by March 2002. <input type="checkbox"/> The Videogram Regulatory Board is replaced by the Entertainment/Videogram Regulatory Board by December 2002 (Optical Media legislation passed by December 2002). <input type="checkbox"/> Civil Society mobilized. <input type="checkbox"/> Mediation for IPR infringement disputes institutionalized at the IPO by April 2003. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The work was completed. The CAO on Border Control was approved by DOF Sec. Camacho. <input type="checkbox"/> Work is in progress. AGILE is working towards establishing a permanent unit by law or Executive Order. <input type="checkbox"/> Work is in progress. The design phase of the IPO was completed and approved; the implementation phase will begin next quarter. <input checked="" type="checkbox"/> The activity is ongoing. AGILE conceptualized a nationwide IP Ethics Activity. <input type="checkbox"/> Work is in progress. <input checked="" type="checkbox"/> The goal was accomplished. <input type="checkbox"/> Work is in progress. AGILE mobilized a training team that will develop mediators. The training is scheduled to begin in October 2002.
Policy Result 2.4.c Pro-Competition Policy Institutionalized	
<ul style="list-style-type: none"> <input type="checkbox"/> Revised General Banking Act enacted by April 2004. 	<ul style="list-style-type: none"> <input type="checkbox"/> Work is in progress.

3. ACTIVITY MANAGEMENT

AGILE's project management and administration components provided a wide-range of support, guidance and oversight to the task order activities. In the third quarter of 2002, this support included the following:

Recruitment

Long-term

Name of Consultant	Position/Activity Name	LOE (No. of Person Days)	Duration of Employment
Manolete Gonzalez	Public Revenue Management Group Manager 1.2.a BIR Made More Transparent and Efficient in Revenue Generation	264	September 5, 2002 to September 4, 2003

Short-term

AGILE implemented short-term expatriate technical assistance in the following areas during the third quarter of 2002:

Name of Consultant	Position	LOE (No. of Person Days)	Duration
Manolete Gonzalez	Advisor on Economic Issues 1.2.a BIR Made More Transparent and Efficient in Revenue Generation	15 (STTA)	July 29 to August 16
David Dawson	Wholesale Regime Expert 2.2.a. Increased Competition in Telecommunications	12	August 1 to 30, 2002
Daniel Fitzpatrick	Insolvency Advisor 1.1.e. Insolvency Laws and Regulations Streamlined	25	August 8, 2002 to July 1, 2003
William Hansen	Advisor on Investigative Techniques 1.2.a. BIR Made More Transparent and Efficient in Revenue Generations	132	September 9, 2002 to March 3, 2003

Conferences, training, seminars and workshops

Seventeen different discrete policy-oriented activities were undertaken during this quarter for a total of 685 participants. Ten of the activities were in-country (668 participants) and seven were held outside the Philippines (17 participants). A complete listing of all the meetings, seminars, travel, conferences and training is attached as an appendix to this report.

Contractual Issues

- USAID issued Contract Modification #13 which provided incremental funding in the amount of \$2,200,000 designated for Task Order activities. Modification #13 also extended the contract completion date to September 30, 2004.
- USAID issued Contract Modification #14 which provided an additional \$5,100,000 in funding for the project. This amount brought the total contract obligations to \$31,147,057. This amount is broken down to \$5,626,014 for the Core and \$25,521,043 for the Task Order.
- USAID issued Contract Modification #15 which provided an increase in the overall budget from \$31,215,212 to \$41,212,527.
- USAID issued Modification #16 which increased the Task Order obligation by \$4,089,893.63, which brings the total contract obligation to \$35,236,950.63.

ABBREVIATIONS AND ACRONYMS

3Q2002	-	3 RD Quarter of 2002
AAPA	-	Association of Asia Pacific Airlines
ABCMP	-	Association of Bank Compliance Officers of the Philippines
ACSPPA	-	Ateneo Center for Social Policy and Public Affairs
ADB	-	Asian Development Bank
ADR	-	Alternative Dispute Resolution
AFP	-	Armed Forces of the Philippines
AGAP	-	Association for Government Accountants of the Philippines, Inc.
AGILE	-	Accelerating Growth Investment and Liberalization with Equity
AJJC	-	Asian Institute of Journalism and Communication
AMC	-	Asset Management Corporation
AmCham	-	American Chamber of Commerce
AMLA	-	Anti-Money Laundering Act
AMLC	-	Anti-Money Laundering Council
AIM	-	Asian Institute of Management
ANL	-	Advance Notification Letter
AO	-	Administrative Order
APG	-	Asia Pacific Group
APL	-	Adaptable Program Loan
ARL	-	Actuarial Reserve Liability
ARMM	-	Autonomous Region Of Muslim Mindanao
ARO	-	Administrative Revenue Order
ASA	-	Air Service Agreement
ASEM	-	Asia Europe Meeting
ATA	-	Air Transport Agreement
ATF	-	Anti-Terrorist Financing
BAC	-	Bids and Awards Committee
BAI	-	Bureau of Animal Industry
BAFPS	-	Bureau of Agriculture and Fisheries Product Standards
BAP	-	Bankers Association of the Philippines
BCP	-	Biotechnology Conference of the Philippines
BFAD	-	Bureau of Food and Drugs
BIR	-	Bureau of Internal Revenue (DOF)
BI	-	Bureau of Immigration
BLGF	-	Bureau of Local Government Finance
BOC	-	Bureau of Customs (DOF)
BOI	-	Board of Investments
BOT	-	build-operate-and-transfer
BPI	-	Bureau of Plant Industry
BSP	-	Bangko Sentral ng Pilipinas
CA	-	Court of Appeals
CAB	-	Civil Aeronautics Board
CAO	-	Customs Administrative Order
CAM	-	Cost Allocation Manual
CBA	-	Central Banking Act

CBAC	-	Citizen's Battle against Corruption
CCPSP	-	Coordinating Council for Private Sector Participation
CCPW	-	Coalition for Consumer Protection Welfare
CDC	-	Clark Development Council
CED	-	Compliance and Enforcement Department
CFFAP	-	Coconut Farmers Food Access Program
CHECs	-	Cargo-Handling Evaluation Committees
CIA	-	Clark International Airport
CIDA	-	Canadian International Development Agency
CL	-	Contingent Liabilities
CLSU	-	Central Luzon State University
CMDC	-	Capital Market Development Council
CMDCI	-	Capital Market Development Center, Inc.
CMM	-	Capability Maturity Model
CMTS	-	Cellular Mobile Telecommunications Service
CMO	-	Customs Memorandum Order
C-PAG	-	Criminal Prosecution Assistance Group
CPBD	-	Congressional Planning and Budget Department
CPCN	-	Certificates of Public Convenience and Necessity
CRA	-	Corporate Recovery Act
COA	-	Commission on Audit
COC	-	Congressional Oversight Committee
CRC	-	Center for Research and Communication
CRIA	-	Corporate Recovery and Insolvency Act
CSC	-	Civil Service Commission
CSO	-	Civil Society Organization
CTR	-	Covered Transaction Reports
CVAI	-	Cesar Virata & Associates, Inc.
DA	-	Department of Agriculture
DAI	-	Development Alternatives, Inc.
DAP	-	Development Academy of the Philippines
DBCC	-	Development Budget Coordinating Council
DBM	-	Department of Budget and Management
DFA	-	Department of Foreign Affairs
DFG	-	Domestic Finance Group
DMAP	-	Distribution Management Association of the Philippines
DMIA	-	Diosdado Macapagal International Airport
DOF	-	Department of Finance
DOH	-	Department of Health
DOJ	-	Department of Justice
DOLE	-	Department of Labor and Employment
DOSCCON	-	Domestic Shipping Consultative Council
DOTC	-	Department of Transportation and Communications
DPWH	-	Department of Public Works and Highways
DSA	-	Domestic Shippers Association
DST	-	documentary stamp tax
DTI	-	Department of Trade and Industry
DUS	-	Distinctiveness, Uniformity, Standardization

ECOP	-	Employer's Confederation of the Philippines
EDC	-	Export Development Council
EO	-	Executive Order
ERC	-	Energy Regulatory Commission
FAME	-	Federation of Accredited Manpower Employment
FAQs	-	Frequently Asked Questions
FATF	-	Financial Action Task Force
FBI	-	Federal Bureau of Investigation
FCCCI	-	Filipino Chinese Chamber of Commerce
FDC	-	Filinvest Development Corporation
FEF	-	Foundation for Economic Freedom
FGD	-	Focus Group Discussions
FIE	-	Fixed Income Exchange
FINEX	-	Financial Executives Institute of the Philippines
FIUs	-	financial intelligence units
FLI	-	Filinvest Land, Inc.
FOB	-	freight-on-board
FPA	-	Fertilizer and Pesticide Authority
FTIP	-	Federation of Tourism Industries of the Philippines
GEM	-	Growth and Equity in Mindanao
GDP	-	Gross Domestic Product
GSDP	-	Grains Sector Development Program
GOCC	-	Government-Owned and –Controlled Corporation
GOP	-	Government of the Philippines
GPRA	-	Government Procurement Reform Act
HB	-	House Bill
HIID	-	Harvard Institute for International development
HRAP	-	Hotel and Restaurant Association of the Philippines
HRD	-	Human Resource Development
HS	-	Harmonized Systems
IBC	-	Institutional Biosafety Committee
ICT	-	Information and Communications Technology
IITMM	-	individual income tax microsimulation model
IPI	-	International Intellectual Property Institute
IGF	-	International Gateway Facilities
IPO	-	Intellectual Property Office
IPR	-	intellectual property rights
IRA	-	Individual Retirement Account
IRMA	-	Internal Revenue Management Authority
IRM	-	insect resistant management
IRRs	-	Implementing Rules and Regulations
IPU	-	International Property Unit
ITECC	-	Information Technology and Electronic Commerce Council
IT	-	information technology
IXC	-	Inter-Exchange Companies
JDN	-	Justice and Development Network
JICA	-	Japan International Development Agency
KP	-	Kilusang Pilipino

LEC	-	Local Exchange Companies
LE	-	Local Exchange
LGC	-	Local Government Code
LGU	-	Local Government Unit
LGUGC	-	Local Government Unit Guarantee Corporation
LogFrame	-	Logical Framework Analysis
MANCOM	-	Management Committee
MAP	-	Management Association of the Philippines
MARINA	-	Maritime Industry Authority
MBC	-	Mindanao Business Council
MC	-	Memorandum Circular
MFO	-	Major Final Output
MISTG	-	Management Information System Technology Group
MOA	-	Memorandum of Agreement
MOU	-	Memorandum of Understanding
NAFC	-	National Agriculture and Fisheries Council
NAIA	-	Ninoy Aquino International Airport
NASD	-	National Association of Securities Dealers
NAST	-	National Academy of Science and Technology
NBI	-	National Bureau of Investigation
NCC	-	National Computer Center
NACI	-	Nationwide Association of Consumers, Inc.
NCCT	-	non-cooperative countries and territories
NCS	-	National Commission on Savings
NCR	-	National Capital Region
NFIS	-	Negative File Information System
NEDA	-	National Economic and Development Authority
NENACO	-	Negros Navigation Company
NFA	-	National Food Authority
NGAS	-	New Government Accounting System
NGO	-	Non-Government Organization
NLRC	-	National Labor relations Commission
NPAs	-	non-performing assets
NPAC	-	National Ports Advocacy Council
NPL	-	non-performing loans
NSIC	-	National Seed Industry Council
NTC	-	National Telecommunications Commission
NTRC	-	National Tax Research Center
OFWs	-	Overseas Filipino Workers
OMB	-	Optical Media Bill
OPDAT	-	Office of Overseas Prosecutorial development, Assistance and Training
OPIF	-	Organizational Performance Indicator Framework
OSG	-	Office of the Solicitor General
OWAW	-	Overseas Workers Alliance Worldwide
PAFMI	-	Philippine Animal Feed Millers, Inc.
PAGBA	-	Philippine Association for Budget Administration, Inc.
PAL	-	Philippine Airlines

PAMPI	-	Philippine Association of Meat Processors, Inc.
PAPs	-	projects, activities and programs
PAPTELCO	-	Philippine Association of Public Telephone Companies
PCCI	-	Philippine Chamber of Commerce and Industry
PCTC	-	Philippine Center for Transnational Crime
PCO	-	public calling offices
PCOTSPs	-	Public Telecommunication Office and Telecenter Service providers
PDIC	-	Philippine Deposit Insurance Corporation
PEA	-	post-entry audit
PEAO	-	Post-Entry Audit Office
PEM	-	Public Expenditure Management
PEPE	-	Popular Education for People's Empowerment
PERA	-	Personal Equity Retirement Account
PES	-	Performance Evaluation System
PILAC	-	PhilAsia Initiatives for Labor Advocacy and Capability Building
PISA	-	Philippine Inter-island Shipping Association
PhilJA	-	Philippine Judicial Academy
PMAP	-	Purchasing Managers of the Philippines
PMO	-	Project Management Office
PO	-	Policy Outcome
POEA	-	Philippine Overseas Employment Association
PRESS	-	Policy Review and Editorial Services, Inc.
PPA	-	Philippine Ports Authority
PSE	-	Philippine Stock Exchange
PSP	-	Private Sector Participation
PTE	-	Public Telecommunications Entity
PVP	-	Plant Variety Protection
PwC	-	PricewaterhouseCoopers
PWI	-	Procurement Watch, Inc.
RA	-	Republic Act
RBAP	-	Rural Bankers Association of the Philippines
RDOs	-	revenue district office
RICA	-	Revised Investment Company Act
RMO	-	Revenue Memorandum Order
RORO	-	Roll-On-Roll-Off
RP	-	Results Packages
RTD	-	Roundtable Discussion
SAS	-	Service Area Scheme
SC	-	Supreme Court
SEC	-	Securities and Exchange Commission
SES	-	Supervision and Examination Sector
SGL	-	Super Green Lane
SIE	-	Statement of Income and Expenditures
SONA	-	State-of-the-Nation Address
SOW	-	Scope of Work
SPAVs	-	Special Purpose Asset Vehicles
SRC	-	Securities Regulation Code
SRCE	-	Securities Representatives Certification Examination

SRO	-	Self-Regulatory Organizations
SO2	-	Second Strategic Objective
SSS	-	Social Security System
STASCO	-	Sorsogon Terminal Arrastre and Stevedoring Corporation
STR	-	Suspicious Transaction Reports
STRP	-	Scientific and Technical Review Panel
SUFs	-	Spectrum Users' Fee
TA	-	Technical Assistance
TESDA	-	Technical Education and Skills Development Authority
TIRAU	-	Trade and Industry Risk Assessment Unit
TRDP	-	Targeted Rice Distribution Program
TROs	-	Temporary Restraining Orders
TOR	-	Terms of Reference
TWG	-	technical working group
UAE	-	United Arab Emirates
UA&P	-	University of Asia and the Pacific
UPLC	-	University of the Philippines Law Center
UPS	-	United Parcel Service
USP	-	Universal Service Program
VAT	-	Value-Added Tax
VATIS	-	VAT Integrated System
VMS	-	VAT Management System
VOIP	-	Voice Over Internet Protocol
WAP	-	wireless access protocol
WB	-	World Bank
WKC	-	Walang Ku-Corrupt
WTO	-	World Trade Organization

ANNEX 1

**LIST OF REPORTS, POLICY BRIEFS
& MEMOS, AND PRESENTATION
MATERIALS**

**LIST OF REPORTS, POLICY BRIEFS & MEMOS, AND
PRESENTATION MATERIALS**

TITLE	DATE
PRESENTATION/WORKSHOP MATERIALS	
FINANCIAL SECTOR	
Philippine Conference on Securitization: Roundtable Discussion I: Market Concerns	August 1999
A Brief on the Salient Issues of the Securities Act of 1999	August 1999
The Pre-Need Industry	September 1999
Questions Raised by Senators during the SA 99 Interpellations	September 1999
Philippine Conference on Securitization	September 1999
Materials for Bankruptcy and Adjudication Skills Seminar	December 01, 1999
Securities Act 2000	May 22, 2000
Financial Markets Sector Presentation to USAID	May 22, 2000
Securities Act 2000 Bicameral Committee Briefing Materials	May 29, 2000
Securities Act of 1999	
Revitalizing the Pre-Need Industry and Its Regulation	
FISCAL SECTOR	
Strategic Planning Workshop on Municipal Bonds	May 1999
BIR-DOF-IMF Workshop on Tax Administration	June 1999
Rationalizing Road User Charges in the Philippines	June 1999
DOF Workshop on LGC Amendment	August 1999
AGILE Legislative Briefers: DOF Strategic Advocacy Planning Workshop	October 1999
TRADE AND OTHER RELATED MATTERS	
United Nations Conference on Trade and Development	February 1999
The General Agreement on Trade in Services and Related Instruments	April 1999
Primer on the WTO Anti-Dumping and Countervailing Measures	September 1999
Powerpoint Presentation on Twenty Years of Deregulation 1978-1998	October 1999
Retail Trade Liberalization Presentation	October 19, 2000
Overview: Retail Pricing Regime	August 15, 2001
Wholesale Charging Regime – Update Workshop & Preparation for Public Hearing	October 16, 2001
Overview Wholesale Pricing Regime	October 17, 2001
Forum on the Anti-Money Laundering Law & Implementing Rules & Regulations	December 12, 2001
AGRICULTURE	
Trade Related Problems and Policies Issues in the Philippine Agriculture	June 1998
Workshop on the Marketing and Financial Operations of NFA, General Santos City	May 1999
Presentation/Workshop on Modeling the Impact of NFA Interventions	June 1999
WTO Renegotiation Consultation, Butuan City	June 1999
Regional Consultations on Issues for the Next Round of WTO Negotiations for Agriculture	September 1999
The Biotechnology Conference of the Philippines (BCP)	August 10, 2001
WTO Implementation Issues	August 10, 2001
INVESTMENT AND REGULATION	
Comments on the Pre-Need Securities Code (S.B. Nos. 1187, 12171 & 1424)	February 1999
1 st Contingency Planning Workshop Civil Aviation Training Center	April 1999
2 nd Contingency Planning Workshop Air Traffic Management (ATM) Year 2000 (Y2K)	May 1999
Kick-Off Meeting Universal Access Bench Marking	July 1999
Transportation Policies to Promote Tourism (ATO)	July 1999
Interconnection IRR Workshop	September 1999
Powerpoint Presentation on E.O. 59 & 59-A to COCAFAM	August 1999
Regional Tourism and Transportation Workshop (Cebu)	August 1999
Powerpoint Presentation on International Air Services Inquiry	October 1999
Powerpoint Presentation on Air Transport Policies	October 1999
NTC Website Planning Workshop	October 1999

TITLE	DATE
Interconnection IRR Workshop II	December 1999
Convergence Seminar/Workshop	December 1999
Draft: Implementing Rules & Regulations (IRR) for the Interconnection of Authorized Public Telecommunications Entities	January 2000
How Does our Civil Aviation Serve Us? Freedom To Fly Coalition	January 2000
Communication Act of 1934: Federal Communication Commission	April 2000
Universal Access Benchmark Study	May 2000
A Comparative Matrix of the E-commerce Bills (SB No. 002 & HB No. 9971)	June 2000
The Preliminary E-commerce Law: A Preliminary Analysis	June 2000
Interconnection Study	August 31, 1999
Putting Convergence into Context	December 23, 1999
How Does Our Civil Aviation Serve Us?	February 04, 2000
NTC Presentation to the 6 th Meeting of the Mindanao Telecommunications Task Force	March 23, 2000
Presentation to USAID: UA Benchmark Study	March 31, 2000
Foundation for Economic Freedom Accomplishment Report Media Campaign on Tax Administration	May 14 – June 14, 2001
Universal Service and the Service Area Scheme (SAS): Issues and Strategy	July 31, 2001
Managing the Radio Frequency Spectrum in the Information Age	July 31, 2001
GOVERNANCE	
Budget Dialogue Group (DBM)	February 1999
Proceedings of the Congressional Forum on H.B. No. 7845	July 1999
Proceedings of the Congressional Forum on HB No. 7845: Proposed Amendments to the Local Government Code of 1991	August 1999
Powerpoint Presentation on Modernization of Public Procurement	August 1999
Air Traffic Management Year 2000 (Y2K) Contingency Plan of the Philippines	October 1999
SEC Hearing Officer Training: Bankruptcy & Adjudication Skills Seminar (<i>Supplemental Case</i>)	December 1999
SEC Hearing Officer Training: Bankruptcy & Adjudication Skills Seminar (<i>Phase I</i>)	December 1999
SEC Hearing Officer Training: Bankruptcy & Adjudication Skills Seminar (<i>Supplemental Case Vol. II</i>)	December 1999
SEC Hearing Officer Training/Bankruptcy & Adjudication Skills Seminar/An Introduction to the Rules of Procedure on Corporate Recovery Volume II	January 2000
Seminar Slides (Final Version): Introduction to the Rules of Procedure on Corporate Recovery	January 14, 2000
Seminar Slides (Final Version): Review of Liquidation	January 21, 2000
Seminar Slides (Final Version): Procedures for Applying Rules to Current Cases	January 21, 2000
POLICY PRIMERS/BRIEFS/MEMORANDUM	
FINANCIAL SECTOR	
Comments on Securities Act of 1999 (HB 297 and 3349 with SEC Proposals)	February 1999
Summary of Findings and Conclusions Regarding Insolvency Resolution and the Role and Capacity of the SEC Therein	March 1999
Comment on Senate Version of General Banking Act	March 1999
AGILE's proposed Changes to Proposed Rules of Procedure on Corporate Recovery	August 16, 1999
Draft briefing Paper on the Proposed Rules of Procedure on Corporate Recovery issued by the SEC	July 1999
Amended and Annotated Version of the Rules on Corporate Recovery taking into Account Proposed Changes	August 1999
Summaries of Comments Received by SEC on Rules of Procedure on Corporate Recovery	August 1999
Comments on the Lender-Specific Redemption Provisions in Senate Bill No. 1519 and House Bill No. 6814	August 1999
Comparison of Proposed Rules of Procedure on Corporate Recovery with Amendments Provided by the Bankers' Association According to Criteria	September 1999
Housing Finance Briefer	October 27, 1999
Comments on the General Banking Act	October 29, 1999

TITLE	DATE
FISCAL SECTOR	
Road User Charges Study: Draft Final Report First Draft of Congestion Costs Section	February 1999
Meeting with BAP and BIR and Notes Concerning Remaining VAT Issues	April 1999
Revenue Regulations	September 09, 1999
Rationalizing Road User Charges in the Philippines	November 1999
Philippine Central Depository (PCD) Operations Review	August 07, 2000
Comparative Taxation of Financial Instruments and Financial Organization in the Asia-Pacific Region	September 1999
Identifying Fiscal Risks: Government CL in BOT/PSP Projects & Under GOCC Charters	February 22, 2002
TRADE AND OTHER RELATED MATTERS	
Assessment of Philippine Tariff Reform: A 1998 Update (<i>Final Report</i>)	March 1999
Safeguards and Regulations on Copyrights	April 1999
IRR for the Anti-Dumping Act of 1999	June 12, 1999
Copyright Safeguards and Regulations	July 31, 1999
Primary Agency to Regulate Wholesale and Retail Regimes	August 25, 1999
An Analysis of Philippine Trade Reforms in 1995-2000: Using the 1994 APEX Model	October 31, 1999
Retail Trade Liberalization Without Apology	December 08, 1999
Legal Opinion on the Kintanar-proposed EO on Wholesale and Retail Pricing	July 31, 2000
Accomplishment Report of Foundation for Economic Freedom	July 21, 2001
Devolution and Local Development: Ten Years After the Local Government Code of 1991	February 28, 2002
AGRICULTURE	
Financial Options for Restructuring the NFA Draft Interim Report	August 1999
Strategic Planning for the Reorganization of the National Food Authority Inception Report	May 1999
Market-Friendly Food Security: Alternatives for Restructuring NFA	August 1999
Financial Options for Restructuring the National Food Authority Inception Report	May 1999
Interim Report on International "Best Practices" in Privatization of Parastatals in Agriculture and Preliminary Implementation	July 19, 1999
Privatization of the National Food Authority	November 1999
Agricultural Trade Remedies Organization Study: Final Report	November 1999
Philippine Implementation of WTO Commitments on Agriculture	December 1999
Fisheries Trade Policy	December 1999
Agricultural Trade Policy	December 1999
The WTO and the Philippine Agriculture	December 1999
Farms, Food and Foreign Trade: The WTO and Philippine Agriculture	December 1999
Institutional Aspects of Plant Variety Protection	December 1999
Implications for Philippine Agriculture Policy and WTO Negotiations Strategy	December 1999
Plant Variety Protection Act of 1999	December 1999
Draft Final Report: Strategic Reorganization of the National Food Authority for the New Millennium	January 2000
International "Best Practices" in Privatization of Parastatals in Agriculture and Preliminary Implementation Strategies for Decoupling	July 19, 1999
Patterns of Trade Protection in Corn: A Summary of Simulation Exercises	January 11, 2000
Final Report: Strategic Reorganization of the NFA for the New Millennium	January 31, 2000
Final Report: Financial Options for Restructuring the National Food Authority: Executive Summary	March 31, 2000
Final Report: Financial Options for Restructuring the National Food Authority Case Studies on Selected Subsectors (Grains, Hog, Poultry, Meat Processing, Mango & Asparagus)	March 31, 2000
INVESTMENT AND REGULATION	
Review of Interconnection Legislation Final Report	June 1999
Short-Term Telecommunications Policy Contract Final Report	June 1999
Evaluation of the Philippine Y2K Contingency Plan in Air Transport	June 1999

TITLE	DATE
Universal Access Benchmarking Workshop	July 1999
Diagnostic Study on the BOT Law RA 7718 and IRRs	August 15, 1999
Proposed IRR for Interconnection: Draft Report	August 16, 1999
Role of Air Transportation in Tourism Development Airline Policies	
Draft IRRs on Interconnection (revision as of August 25, 1999)	August 25, 1999
Study on Restructuring of the Financial Liabilities of Power Sector, Final Report (NAPOCOR)	March 2000
Final Report on Interconnection Legislation	April 30, 1999
Review of Interconnection Legislation (Final Report)	June 30, 1999
Air Transportation Project Strategy	December 20, 1999
The Issue of Admissibility in Evidence of Electronic Documents	January 31, 2000
FFC's Proposed Final IRRs to E.E. 219	February 28, 2000
Legislative Response to E-commerce	March 02, 2000
Universal Access Benchmark Report	May 31, 2000
Comparative Matrix of Senate and House Provisions on the E-commerce Bill	June 09, 2000
Industry Comments Matrix on the Interconnection IRRs	June 20, 2000
NTC Memorandum Circular on the Interconnection IRRs	July 20, 2000
Draft NTC Memorandum Circular on Price Controls (ver. 1)	July 20, 2000
Comparative Analysis on Proposed House Bills on E-commerce	
GOVERNANCE	
Ideas on Revision in the Local Code Government	April 1999
Piloting a Budget Management System	May 21, 1999
An Integrated Financial Management Information System for the GOP	August 1, 1999
Draft White Paper on Review and Assessment of Procurement Systems and Procedures in the Philippines	August 16, 1999
Proposed TA for Procurement Reforms	August 30, 1999
Considerations for Modernizing GOP Procurement	April 2000
Matrix: Book One	April 2000
Book One: General Provisions	April 2000
Proposed Amendments to Book II of the Local Government Code of 1991	April 30, 1999
DBM MIS Rapid Assessment	June 04, 1999
Nature and Power of Authority of NTC vis-à-vis DOTC	August 25, 1999
MONITORING REPORTS	
<i>The Revised AGILE Life of Contract WorkPlan: Confronting Policy Reform Challenges for the 21st Century</i>	October 1998
<i>The Second Year Task Order Work Plan: Accelerating the AGILE Response to Strategic Policy Changes</i>	December 1998
<i>The Revised Second Year Task Order Work Plan: Accelerating the AGILE Response to Strategic Policy Changes</i>	January 1999
Quarterly Performance Monitoring Report (October to December 1998)	January 31, 1999
Quarterly Performance Monitoring Report (January to March 1999)	May 06, 1999
Quarterly Performance Monitoring Report (April to June 1999)	August 18, 1999
Quarterly Performance Monitoring Report (July to September 1999)	October 30, 1999
Quarterly Performance Monitoring Report (October to December 1999)	January 31, 2000
Quarterly Performance Monitoring Report (January to March 2000)	May 2000
Quarterly Performance Monitoring Report (April to June 2000)	June 2000
Statement of Work	June 23, 1999
Statement of Work	December 1999
Statement of Work	June 2000
Steering Committee No. 3	July 28, 1999
Steering Committee No. 4	June 2000
AGILE Legislative Briefing Notes	September 1999

TITLE	DATE
Letter to Bankers' Association of the Philippines on Redemption Issue in General Banking Act SCCP Licensing	November 17, 1999 July 07, 2000
Rationale for HB 878 Proposing Amendments to R.A. No. 7653	
28 Ways in Which House Bill No. 8015, as proposed to be amended, would: Prevent and Deter Insider Trading and other Fraudulent	
FISCAL SECTOR	
External Debt Memo to Assistant Secretary Jun Paul Continuation of CTRP (R.A. 8424) List of Implementing Rules and Regulations (Q&A Form) for the DOF	May 28, 1999
TRADE AND OTHER RELATED MATTERS	
Proposed Acceleration of AFTA-CEPT for BIMP-EAGA Products	April 12, 1999
Implications of Harmonized Rules of Origin on Other WTO Agreements	March 9, 1999
Proposed Trade and Economic Cooperation Agreement	March 9, 1999
2 nd TPR of the Philippines	March 5, 1999
WTO Harmonized Rules of Origin	March 9, 1999
Study on the Philippine Implementation of WTO Commitments	March 9, 1999
Proposed Negotiation Under GATT Article XXVIII	March 9, 1999
WTO-Inconsistent Provisions of Pending Legislation on Countervailing Duties	March 9, 1999
"Fair Market Value" and "Normal Value" in the Philippine Jurisprudence	April 14, 1999
Consolidated Comments on Senate Bill No. 1330 on Countervailing Duties	April 16, 1999
Imposition of Special Safeguards Under the Flexible Tariff Clause	May 5, 1999
Action Agenda for APEC Meeting	May 1999
Memo to Sec. Medalla on Analysis of a Unified Contractor Scheme	September 1999
A Primer on Retail Trade Liberalization	November 26, 1999
Potential Effects of a Shift to Transaction Value System: A Short Note	November 30, 1999
Retail Trade Liberalization Legislation Report	December 10, 1999
Creating an Interim Special Unit to Process Countervailing and Anti-Dumping Petitions	
AGRICULTURE	
DA Comments on the NFA Reorganization Bill	December 1998
Letter of Sugar Producers Regarding the MAV	March 2, 1999
Proposals of SRA for the Importation of Raw Sugar	March 2, 1999
TOR of Proposed Task Force on APEC Food System	March 5, 1999
Proposed TOR for the Assessment Impact Study	March 8, 1999
Materials for the Task Force on WTO Agriculture Agreement Re-negotiation	March 8, 1999
Communications Re: Sugar Importation	March 8, 1999
SRA Proposals Re: Sugar Importation	March 8, 1999
Draft Report of Committee on Trade and Industry on Sugar	March 9, 1999
Tariff Commissions Proposal on Sugar	March 9, 1999
DA Comments Proposals on Sugar	March 9, 1999
Memorandum on Administrative Options for the DA – Anti Dumping Law	November 19, 1999
Compilation of Memos: Admin Options for the DA to Administer the Anti-Dumping & Countervailing	December 1999
INVESTMENT AND REGULATION	
Nationality Requirements Imposed on Foreign Investments	April 27, 1999
Position Paper on Electronic Commerce Bills Before the House of Representatives	September 1999
A Primer on E.O. 59 and 59-A	September 1999
New Draft E.O. 59	August 1999
ASEAN Information Infrastructure White Paper	December 06, 1999
Freedom to Fly Coalition Documents	December 1999
Primer: An Introduction to E-Commerce	January 31, 2000
A Primer on Civil Aviation Policy in the Philippines	February 08, 2000
The E-Commerce Bill and Hacking	May 12, 2000

TITLE	DATE
Electronic Direct Registration	May 23, 2000
The E-Commerce Law: A Preliminary Analysis	June 12, 2000
E-Commerce Position Paper presented to the House of Representatives	

GOVERNANCE

Follow-Up on the Notion that Rehabilitation is an Investment	July 1999
Memo to Sec. Medalla on Raising Concerns Over Competitive Impact of Government Activity	July 1999
Briefing Paper for Chairman on Suspension of Payment Rules	July 1999
Matrices Comparing Proposed SEC Draft Rules on Corporate Recovery with that Developed by USAID/WB Consultants	August 1999
Summary of Comments on Proposed Rules on Corporate Recovery Received as of August 2	August 1999
Questions and Answers on Adequate Protection	September 1999
Rules of Procedure on Corporate Recovery with Proposed Amendments and Annotations	September 03, 1999
Matrix on Proposed Rules on Corporate Recovery Compared to World Bank Standards	September 15, 1999
Pros and Cons of Five Controversial Issues Regarding the Rules of Procedure on Corporate Recovery	October 07, 1999
The BDG Experience	November 17, 1999
Final Version: Suggested New Section to the Rules of Procedure on Corporate Recovery on Management Committees	December 07, 1999
Final Version: Memorandum to the Commission En Banc Re Proposed Changes to the Rules on Corporate Recovery in Light of Latest Discussions	December 08, 1999
Final Version: Technical and Quasi Technical Changes to the Proposed Rules on Corporate Recovery (12/8 version)	December 08, 1999
Final Version: Suggested Changes to Rules on Corporate Recovery	December 09, 1999
Final Version: Memorandum to Chairman Discussing Supreme Court Case on PD 902-A	January 18, 2000
Final Version: Model Order in Response to a Petition for Rehabilitation under the New Rules	February 02, 2000
Final Version: Model SEC Order in Response to a Petition Seeking Suspension of Payments and Rehabilitation	February 02, 2000

TECHNICAL REPORTS

FINANCIAL SECTOR

Capital Market Development Component Project Work Plan (<i>Draft Work Plan/For Discussion Only</i>)	March 1999
Technical Assistance Needs of the Department of Finance & GOP	April 1999
A Comprehensive Strategy for the Continuing Development of the Philippine Capital Market	June 1999
A Strategic Vision: Strengthening Philippine Mutual Funds and Improving the Public's Perception of Them	August 1999
Comprehensive Study on Pre-Need	July 16, 1999
Report on Securitization in the Philippines	
Trip Report: Developing A Secondary Market for Debt Products in the Philippines	
Philippine Stock Exchange Governance	March 2000
Operating A Secondary Debt Market in the Philippines	March 2000
System & Trading Status Debt Trading in a Secondary Market Place	March 2000
Final Report: Securities Law Disclosure Expert	March 2000
STTA – Final Report – Macroeconomic Advisor International Finance Group Department of Finance of the Philippines	April 25, 1999
Technical Assistance Needs of the Department of Finance and the GOP	April 30, 1999
Guideline for A Definitive Study of the Philippine Pre-Need Industry and a Program for its Regulation	May 21, 1999
Corporate Governance in the Philippines: An Assessment of Needed Reform Efforts	November 15, 1999
Final Version: Report on the Insolvency System in the Philippines	December 03, 1999
Final Report: William F. Archerd, Securities Law Disclosure Expert	March 20, 2000
Closing Report of Robert H. Davenport: Securities Enforcement Expert	March 22, 2000

TITLE	DATE
AGILE Legislative Briefing Notes	January 18, 2000
AGILE Legislative Briefing Notes	February 2000
AGILE Legislative Briefing Notes	April 2000
Monthly Activity Report	February 2000
Monthly Activity Report	March 2000
Monthly Activity Report	April 2000
Monthly Monitoring of Philippine Economic Performance within the SO2 Framework	September 1999
Monthly Monitoring of Philippine Economic Performance within the SO2 Framework	January 2000
Monthly Monitoring of Philippine Economic Performance within the SO2 Framework	February 2000
Monthly Monitoring of Philippine Economic Performance within the SO2 Framework	March 2000
Monthly Monitoring of Philippine Economic Performance within the SO2 Framework	May 2000
The Revised AGILE Life of Contract WorkPlan: Confronting Policy Reform Challenges for the 21st Century	October 1998
Statement of Work, Revised Draft	May 16, 2001
Quarterly Performance Monitoring Report January to March 2001	May 10, 2001
DAI Statement of Work for AGILE Contract – June 2001 – June 2003	June 2001
Legislative History of the Securities Regulation Code	June 2001
Quarterly Performance Monitoring Report (April to June 2001)	July 2001
Towards a framework for managing the Contingent Liabilities of Government of the Philippines	March 2001
Legislative Briefing Notes	April 2001
Quarterly Performance Monitoring Report (July – September 2001)	October 2001
Quarterly Performance Monitoring Report (October to December 2000)	February 6, 2002
Monthly Activity Report	February 2001
DAI Statement of Work	March 13, 2001
Monthly Activity Report	January 2001
Monthly Activity Report	February 2001
Monthly Activity Report	March 2001
Monthly Activity Report	April 2001
Monthly Activity Report	May 2001
Monthly Activity Report	June 2001
Monthly Activity Report	July 2001
Monthly Activity Report	August 2001
Monthly Activity Report	September 2001
Monthly Activity Report	October 2001
Monthly Activity Report	November 2001
Monthly Activity Report	December 2001
Monthly Activity Report	January 2002
Monthly Activity Report	February 2002
Monthly Activity Report	March 2002
Monthly Activity Report	April 2002
Monthly Activity Report	May 2002
Monthly Activity Report	June 2002
Monthly Activity Report	July 2002

PUBLIC INFORMATION MATERIALS

FINANCIAL SECTOR

Corporate Rehabilitation: The Philippines Experience	June 21, 1999
Proposed Rules of Procedure on Corporate Recovery	July 14, 1999
Business World Article: Introduction to the Rules of Procedure on Corporate Recovery	February 15, 2000

TRADE AND OTHER RELATED MATTERS

EPG Guesting on "Jeep ni Erap" For August 21, 1999	August 21, 1999
Statement of Support for Retail Trade Liberalization	November 26, 1999
The Case for Retail Trade Liberalization	December 08, 1999

TITLE	DATE
Analysis of the Retail Trade Liberalization Law	March 15, 2000
Retail Trade Liberalization Study	March 27, 2000
INVESTMENT AND REGULATION	
For Whom Shall We Fly: Challenges to Philippine Aviation	February 20, 2000
An Overview of E-commerce	March 15, 2000
Consultative Document on Wholesale Charging Regime Access and Interconnect Arrangements	August 03, 2000
OTHERS	
A Preliminary Inquiry on Child Labor in the Philippines	
An Explanatory Analysis of the Labor Force in the Philippines	
AGILE Brochure	
Media Kit for the Coalition for Shipping and Ports Modernization (CSPM) Produced by PRISM	
Media Kit for the Freedom to fly Coalition (FFC)	
Media Strategy & Report for the Freedom to Fly Coalition (FFC) (Sept., Oct. & Nov.)	
Media Strategy & Report for the Coalition for shipping & Ports Modernization (CSPM) (Sept. Oct. & Nov.)	
Speed limits on RA8794 Implementation: An assessment of the Implementation of the RUC Law	
Foundation for Economic Freedom, Inc. Program Description	
Inter-Agency Workshop on the Implementing Rules & Regulations (IRR) of EO 40 Ridge Resort & Convention Center, Tagaytay City	December 7-8, 2001
Draft Implementing Rules & Regulations for Executive Order No. 40, Series of 2001 PPB-INFRACOM Meeting	December 11, 2001
Civil Forum on the Anti-Money Laundering Law & Its Proposed IRR, Astoria Plaza	November 08, 2001
Forum on the Anti-Money Laundering Law & Implementing Rules & Regulations	
NEDA Guidelines IRR on the Procurement of Consulting Services for Government Projects	
Benefits of Agricultural Biotechnology	
BIR Strategic Planning Workshop: A Compilation Training Center	Nov. 21-24, 2001
Draft of IRR on Accelerated Depreciation (Soft copy only, no electronic copy)	Dec. 28, 2002
BOT/PSP Projects Risk Guarantee Matrixes Contingent Liabilities 2	
Laws, Rules of Procedure, Implementing Regulations and Administrative Circulars Affecting the RTC's that have been Designated as Commercial Courts Compiled and Edited by: Atty. Cheselden George Carmona	
Housing Finance and Mortgage Securitization Current Global Practices Compiled and Presented by: Alicia Alecka	January 2002
DA Draft, 01.12.02 Revised Rules and Regulation for the Importation and Release into the Environment of Plants and Plant Products Derived from the use of Modern Biotechnology	February 2002
History/Background of the Securities Regulation Code Republic Act 8799	February 2002
Draft Bill amending the PPA Charter	
Assessment of the Implementation of Service Area Scheme (SAS) NTC	January 2002
The Statement of Income and Expenditures Manual Draft discussion	March 1, 2002
PRISM Report	
Information Seminar on R.A. 91, CAO-52001 CMO 12 & 3-202 (BOC)	March 12-14, 2002
Executive Order 40 (Consolidating Procurement Rules and Regulations and Procedures, Series of 2001 and its implementing rule and regulations (Signed copy)	
Trends in Economics and Finance: Cost, Tariff and Interconnection Rate Calculation Methodology and Application to Case Studies	
Primer on the Procurement Reform Bill	May 2002
Estimating Industry Benchmarks for the Value Added Tax by: Rosario Manasan	
The Development of the Law and the Rules on Corporate Rehabilitation	
Biotech Seminar Materials held in Tagaytay City	May 2002

TITLE	DATE
Post-entry Audit System and Customs Record Keeping Requirement: A Primer Global Experience in Corporation: The Implication for Revenue Collection in the Philippines Presentations by: Graham Scott and Commissioner Rene Bañez	May 2002
Procurement Reform Bill S.N. No. 182 (Working Draft)	
BOC RRI R.A. 8283 and Creation of an Interim Intellectual Property Unit (IPU)	
Senate Technical Working Group on Procurement Reform Bill Meeting No. 1	
Consultation Meeting on the Proposed Rules and Regulation of the BOC, IPO Building	
A Primer on the Civil Aviation Policy of the Philippines	
Philippine Information Technology Perspective	
Technical Working Group Meeting on Procurement Reform Bill Senate Committee on Constitutional Amendments and Revision of Law	July 2002
Symposium on the Proposed Corporate Recovery Act	July 2002
Llave Review and Training Center, Inc.	July 2002
National Budget Circular No. 476 and 479	July 2002
Sustaining the Tariff Reform Program	July 2002
Monthly Activity Report	August 2002
Implementing Rules and Regulations of the Philippine Plant Variety Protection (PVP) Act 2002	August 2002
Criminal Courts Management	August 2002
AGILE Policy Reform Monitoring Report	August 2002
Monthly Activity Report	September 2002
Judicial Manual on Corporate Rehabilitation	September 2002
Technical-Legal Aspect of Corporate Liquidation Most frequently Asked Questions in Insolvency	September 2002
Handouts for the Intellectual Property Rights	September 2002
Salient Features of H.B. No. 5054 Entitled, An Act Creating the Internal Revenue Management Authority Proving Funds	September 2002
Handouts for the ITECC: Review Draft of the ITECC Strategic Plan	September 2002
Manila LRT Line 1 Extension Projects: (Soft Copy Available Only)	September 2002
- Executive Summary, November 1999	
- Volume V Financial, September 2000	
- Implementation Agreement Manila LRT 1 Extension Project	
- Schedules	
Republic Act No. 9168, An Act to Provide Protection to New Plant Varieties, Establishing a National Plant Variety Protection Board and for other Purposes (Soft Copy Only)	September 2002
Board of Investment (BOI)	September 2002
Department of Trade and Industry (DTI)	
Basic Mediation Course Based on "When Talk Fails" An Interest-Based Mediation Program	
PWC Discussion Paper Enhancements to Regulatory Accounting Separation in the Philippines	September 2002
Telecommunications Industry (Soft Copy Only)	
AGILE Policy Reform Monitoring Report Issues No. 6	October 2002
Handouts for the Biotechnology: Regulating the Commercialization of Biotech Plants and Plant Products in the Philippines	October 2002
Organizational Transformation Plan (OTP) (Soft Copy Only)	October 2002
Plant Variety Protection Primer	October 8, 2002
Agenda – ITECC Council	October 2002
Legislative Briefing Notes	October 2002
Proposed Consolidated Interim Rules of Procedure on Corporate Liquidation (First Draft)	October 2002
Materials for the Internal Revenue Management Authority (IRMA)	October 2002
Session Guide for the Facilitation Team	October 2002
Drafting the ITECC Strategic Plan, Frank Holz Human Resource Expert, Final Outputs	October 2002
Proposed Expansion of the Jurisdiction of the Special Commercial Courts (2002)	October 2002

	TITLE	DATE
Republic Act No. 8792		October 2002
	An Act Providing for the Recognition & Use of Electronic Commercial & Non-Commercial Transactions, Penalties for Unlawful use thereof, and other purposes	October 2002
Various Plant Variety Rights (PVP)		October 2002
Various WTO Legal Texts – The WTO Agreements	World Trade Organization	October 2002

ANNEX 2

**CURRENT STAFFING LIST BY
TECHNICAL AREA**

**LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002**

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
AGILE HEADQUARTERS				
Project Management and Administration				
Chief of Party	Ramon Clarete	440	284	156
Managing Director	David Tardif-Douglin	440	284	156
Senior Policy Advisor	Cesar Virata	120	36	84
Technical Backstop	Raymund Fabre	60	27	33
Project Administrator & SAF Manager	Matthew Buzby	435	284	151
Senior Office Manager	Maritess Avila	435	284	151
Executive Assistant	Mitos Aldave	435	284	151
MIS Development Specialist	Tanya Torres	22	0	22
Accounting and Finance Unit				
Senior Project Accountant	Imma Cordero	435	284	151
Assistant Project Accountant	Cora Calanasan	435	284	151
Satellite Office Finance Specialist	Carlito Magnaye	435	284	151
Financial Assistant	Arlene Babierra	264	194	70
Recruitment Unit				
Recruitment Manager	Bernardo Fernandez	435	284	151
Personnel Assistant	Charito Sulit	435	284	151
Policy Advocacy Unit				
Legislative Monitoring Specialist	Maya Cui-Odulio	277	142	135
Policy Conference and Training Unit				
Training Assistant	Annaliza Majomot	435	284	151
Performance Monitoring Unit				
Policy Impact Monitoring Specialist	Enrique Lozari	264	173	91
Performance Monitoring/TAMIS Manager	Edith Joan Nacpil	435	501	195
Performance Monitoring/TAMIS Manager	Tanja Lumba	264	32	232
Publication/Production Unit				
Chief Public Information Pub. Unit	Benedicto Rayco	264	261	3
Production Assistant	Renerlita Bacus	435	284	151
Production and Presentation Assistant	Arnold Gonzales	435	284	151
Information Technology Unit				
Network Administrator	Orlie Go	435	284	151

* Awaiting for USAID Approval

**LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002**

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
General Office Support				
Administrative Support Assistant	Aida Bautista	435	261	174
Administrative Support Assistant	Paulita Trinidad	264	23	241
Receptionist	Guia Janson	435	284	151
Driver	Alfredo Borja	435	284	151
Driver	Luis Santos	435	284	151
Driver	Carl Scott	264	154	110
Messenger/Utility	Wilfredo Estanislao	435	284	151
Messenger/Utility	Ricky Caampued	435	275	160
Policy Outcome 1.1 Commercial Law Strengthened and Enforced				
<i>1.1.a. Capital Markets Better Regulated</i>				
Commercial Law Group Manager	Hugh Patton	264	167	97
Commercial Law Team Leader	Antonio Jamon	114	138	-24
Capital Markets Task Manager	Noel Gamo	264	172	92
Legal Specialist	Socorro Lerrer	132	129	3
Pre-Need Governance Specialist	Conchitina Gregorio	132	71	61
Pre-Need Actuary	Evangeline Escobillo	30	14	16
Lending Investor Expert	Caridad Valdehuesa *	40	0	40
Research Associate	John Benette Mamangun	132	107	25
Pre-Need Coalition Team Leader	Moises Talladen	44	0	44
Pre-Need Coalition Assistant	Alwin Zacarias	88	0	88
Administrative Assistant	Irene Dionisio	228	217.5	10.5
Driver	Charlo Sajol	228	218.5	9.5
Messenger/Utility	Melanio Bolga	228	203.73	24.27
<i>1.1.b. Pension Reform Strengthened through the Passage of a PERA Law</i>				
DOF Task Manager	Rowena Arceo	76	53.12	22.88
Research Associate	Leandro Tan	132	97	35
<i>1.1.c. Assistance to the National Commission on Savings (NCS) to Enhance Savings Mobilization Measures</i>				
DOF Task Manager	Rowena Arceo	76	0	76
<i>1.1.d. Increase Domestic Investor Base</i>				
Commercial Law Advocacy Team Leader	Antonio Jamon	114	109	5
Capital Markets Task Manager	Noel Gamo	132	63	69
Legal Specialist	Socorro Lerrer	228	43	185
Research Associate	John Benette Mamangun	132	28	104
Investor Brochure Translator	Jimmuel Naval	15	0	15

* Awaiting for USAID Approval

**LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002**

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
Administrative Assistant	Irene Dionisio	228	32.5	195.5
Messenger/Utility	Melanio Bolga	228	46.23	181.77
Driver	Charlo Sajol	228	32	196
<i>1.1.e. Insolvency Laws and Regulations Streamlined</i>				
Commercial Law Advocacy Team Leader	Antonio Jamon	114	22.5	91.5
Commercial Law Strengthening Task Mngr	George Carmona	260	95	165
Technical Consultant on Insolvency	Francisco Lim	20	15	5
CRA Legal Specialist	Shelah Mae Famador	40	24	16
Insolvency Advisor	Daniel Fitzpatrick	25	7.5	17.5
<i>1.1.f. Commercial Laws Enforced</i>				
Commercial Law Advocacy Team Leader	Antonio Jamon	114	1.05	112.95
Commercial Law Strengthening Task Mngr	George Carmona	456	141	315
Court of Appeals Mediation Adviser	Seng Onn Loong	12	12	0
Court of Appeals Mediation Adviser	Serene Kheng Lian Wee	12	12	0
CA Mediation and Reform Specialist	Andrew Ong	75	0	75
Judicial Policy Reform Specialist	Ma. Lourdes Sereno	70	40	30
Judicial Policy Reform Advocate	Rhodora Raterta	50	44	6
Legal Specialist	Patrick Santo	87	29	58
BOI Mediation Specialist	Annabelle Abaya	20	12	8
Corporate Rehabilitation Advisor	Manuel Yngson	40	24	16
Mediation Expert	Eduardo delos Angeles	20	0	20
Mediation Officer	Michael James Oliver	67	19	48
Technical Associate	Ma. Regina Ilusorio	60	26	34
Administrative Assistant	Patricia Jean Oliver	60	26	34
Policy Analysis Consultant	Lisa Bersales *	12	0	12
Policy Analysis Consultant 2	Enrico Basilio *	3	0	3
Policy Analysis Consultant 3	Josefina Almeda *	10	0	10
Technical Associate	Ma. Elena Delfin	264	66	198
<i>Policy Outcome 1.2 Revenue Administration Strengthened</i>				
<i>1.2.a BIR Made More Transparent and Efficient in Revenue Generation</i>				
Advisor on Management/ Organizational Issues	Manolete Gonzalez (STTA)	15	15	0
Public Revenue Management Group Manager	Manolete Gonzalez (LTTA)	264	42	222
Advisor on Investigative Techniques	William Hansen	132	33	99
Internal Tax Auditor	Violeta Santos	66	51	15
Legal Tax Advisor	Ma. Yvette Navarro	36	0	36

* Awaiting for USAID Approval

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**LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002**

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
Senior Tax Administration Advisor	Rene Bañez	130	33	97
Task Manager for BIR Reform	Francis Vicente	260	223	37
Fiscal Policy and Planning Advisor	Romulo Miral	264	75	189
Senior Advisor (STTA)	Rizalino Rivera	88	75	13
Org. Devt./Change Management Specialist(STTA)	Marie Herminia Soriano	132	132	0
Advisor for Early Retirement (STTA)	Orlando Manalang	52	33	19
Human Resource Specialist (STTA)	Maria Teresa Tolosa	132	132	0
Process Eng/System Integrator (STTA)	John Paul Vergara	110	110	0
Advisor on Civil Service (STTA)	Ramon Ereneta	22	16	6
Legislative Advisor (STTA)	Venir Cuyco	122	110	12
Systems Integrator & Analyst (STTA)	Guillermo Paolo Agloro	66	60	6
Tax Audit Advisor (STTA)	Rizalina Magalona	66	63	3
Constituency Building & Advocacy Team Leader	Ed Coronel	33	0	33
Events Coalition Organizer	Cecile Sarfati	90	0	90
Research Analyst	Cielo Magno	264	28	236
Research Associate	Tisha Borinaga	264	246	18
Administrative Officer	Herlenny Hernandez	264	163	102
Administrative Assistant	Lerna Lusanta	132	0	132
Driver	Eddie Taganap	167	151	16
Messenger/Utility	Noel Hermogenes	132	0	132
<i>1.2.b Trade Facilitation, Audit and Risk Management Capacity of BOC Strengthened</i>				
BOC Task Manager	Ma. Fe Esperanza Madamba	264	43	221
Customs Institutional Expert	Alex Gaticales	95	56	39
Compliance Audit Specialist	Arthur Dizon	88	65	23
Trade Compliance Specialist	Joel Grenas	187	91	96
Organizational Asst.	Vincent Reyes	186	91	95
Process Engineer/System Intergrator	Januario Aliwalas	99	21	78
Systems Analyst	Edmundo Guamen	99	21	79
HR Specialist	Myrna Rillera	72	0	72
Skills Specliaist	John Dowling	75	0	75
<i>1.2.c Tax Policy More Efficient and Equitable</i>				
DOF Task Manager	Rowena Arceo	114	131	-17
<i>1.2.d Local Government Financing Improved</i>				
LGU Task Manager	Raymund Fabre	234	234	0
Loc. Gov't. Finance Pol. Specialist/Team Coordinator	Raymund Fabre	66	0	66

* Awaiting for USAID Approval

LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
Legal Specialist	Samilo Barlongay	22	22	0
Training Design Specialist/ Head Trainor	Romulo Zipagan	18	7	11
Accountant / Finance Specialist	Anna Maria Mendoza	48	39.5	8.5
Accounting Manual Dev. Specialist	Cecilia Bernardo	15	10	5
Administrative Officer	Josefina Lim	130	1	129
Policy Outcome 1.3 Expenditure Management Strengthened				
1.3.a Bureaucracy More Efficient through Public Expenditure Management (PEM) Techniques and Reengineering				
Task Manager	Amuerfina Santos	92	61	31
Senior Strategy Advisor	Jacinto Gavino *	152	0	152
Re-engineering Specialist	Tisha Borinaga *	264	0	264
1.3.b Improved Management of Contingent Liabilities				
Policy Task Manager	Rowena Arceo	114	52	62
Financial Economist	Hector Florento	135	101	34
Legal Expert	Solomon Castro	5	0	5
Research Associate	Leo Xerxes Cimagala	110	10	101
Administrative Officer	Josefina Lim	264	182	83
Driver	Nestor San Andres	228	218	10
1.3.c Investment Incentives More Transparent				
Policy Task Manager	Rowena Arceo	114	46	68
Policy Outcome 1.4 Government Procurement Made Transparent and Efficient				
1.4.a GOP Procurement System More Efficient and Transparent				
Public Finance Management Task Manager	Amuerfina Santos	164	161	3
Legislative Advisor on Procurement	Jose Luis Syquia	129	98	31
Road Infrastructure Expert	Claro Miranda	27	1	26
Administrative Officer	Flor Guce	356	218	138
Project Driver	Larry Mabini	356	214	143
Policy Outcome 1.5 Bank Secrecy Reduced and Banking Sector Better regulated				
1.5.a Money Laundering Reduced				
Bank Supervision Advisor	Francesca Baniqued	196	151	45
Legal Specialist - Securitization	Dennis Eala	33	8	25
Bank Audit Specialist	Isabelita Manglicmot	33	22	11
Legal Analyst	Michelle Serrano	78	44	34
IT/Systems Specialist	Delfin Benjamin Espejo	44	0	44
Civil Society Specialist	Marie Grace Faylona	264	229	36

* Awaiting for USAID Approval

**LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002**

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
Administrative Officer	Maria Theresa Contreras	232	219	13
Administrative Assistant	Marijoy Ponio	97	65	32
Driver	Romulo Cababao	121	78	43
<i>1.5.b Bank Supervision Strengthened</i>				
Bank Supervision Advisor	Francesca Baniqued	231	34	197
Legal Specialist - Securitization	Dennis Eala	33	3	30
Legal Analyst	Michelle Serrano	78	44	34
Bank Audit Specialist	Isabelita Manglicmot	33	0	33
Leasehold Study Lawyer	Alfredo Pio De Roda	22	0	22
Banking Advocacy Specialist	Marie Grace Faylona	264	55	210
Bank Policy Researcher	Arnel Almaden	264	51	213
Administrative Officer	Maria Theresa Contreras	233	65	39
Administrative Assistant	Marijoy Ponio	90	44	46
<i>Policy Outcome 2.1 Competition Increase in Transportation Services</i>				
<i>2.1.a Increased Competition in Air Transport</i>				
Investment Policy Advisor	Jaime Faustino	92	43	49
Competition Policy Associate	Mary Grace Mirandilla	92	45	48
Coalition Organizer	Narzalina Lim	120	13	107
Air Transport Policy Team Leader	Mila Abad	96	5	91
Air Transport Strategist	Victor Limlingan	45	17	28
Air Transport Legal Expert	Jose Claro Tesoro	60	0	60
Air Transport Policy Specialist	Cherrylyn Rodolfo	100	0	100
Public Relations Expert	Florentino Makabenta	118	0	118
Public Relations Associate	Jose Pablo Fenix	132	0	132
Editorial Assistant	Rene delos Reyes	132	0	132
Advocacy Coordinator	Arthur Valencia	264	66	198
Driver	George Martin	264	19	245
<i>2.1.b. Increased Competition in Maritime Shipping</i>				
Investment Policy Advisor	Jaime Faustino	92	42	50
Competition Policy Associate	Mary Grace Mirandilla	92	38	55
Shipping Analyst	Vicente Gambito	140	140	0
Maritime Lawyer	Policarpio Curay	44	44	0
Ports Policy Associate	Carla Grino	165	115	50
Ports Tariff Analyst	Vicente Gambito	44	44	0
RoRo Financial Advisor	Alexander Gilles	54	21	33
Ports Policy Associate	Jennifer Llarena	264	0	264

* Awaiting for USAID Approval

LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
<i>Policy Outcome 2.2. Competition Increased Information and Communication Technology</i>				
<i>2.2.a. Increased Competition in Telecommunication</i>				
Investment Policy Advisor	Jaime Faustino	92	44	48
Wholesale Regime Expert	David Dawson	100	46	54
Accounting Expert	Annie Mendoza *	20	0	20
Competition Policy Associate	Mary Grace Mirandilla	92	45	47
Telecommunications Legal Expert	Manuel Casino	264	261	3
Administrative Officer	Mary Grace Castelo	264	261	3
<i>2.2.b. E-Commerce & Information and Communications Technology (ICT) Developed</i>				
Investment Policy Advisor	Jaime Faustino	92	37	55
Competition Policy Associate	Mary Grace Mirandilla	92	41	51
Physical Infrastructure Expert	Nestor Virata	66	57	9
Senior ITECC Advisor	Jose Maria Magalona	132	98	34
ITECC Legal Expert	Jose Gerardo Alampay	66	66	0
Business Development Expert	Eduardo Bonoan	66	43	23
Human Resource Development Expert	Frank Holz	66	66	0
ITECC Policy Associate	Edmundo Ramos	264	66	198
<i>Policy Outcome 2.3 Trade and Agriculture Competition Increased</i>				
<i>2.3.a. Grain Markets More Efficient and Equitable</i>				
Agriculture Policy Task Manager	Beulah dela Peña	264	127	137
Administrative Officer	Agiline Bautista	264	76	188
DSWD Specialist	Romeo Quieta	25	5	20
Grains Market Specialist	Irene Villapando	25	9.5	15.5
<i>2.3.b. Biotechnology Exploited Safely</i>				
Legal Specialist	Jose Ochave	154	67	87
Biotechnology Task Manager	Abraham Manalo	264	207	57
Technical Expert on Crop Biotech	Saturnina Halos	48	15	33
<i>2.3.c. Intellectual Property Rights Protected</i>				
IPR Task Manager	Edith Joan Nacpil	264	11	253
Optical Disk and Legal Specialist (TL)	Numeriano Rodriguez	144	88	57
Customs Specialist	Alex Gaticales	72	44	28
PES Development Consultant	Heddie Micor	74	0	74
Senior Mediation Expert	Annabelle Abaya	15	0	15
Trainor / Intern Supervisor	Rebecca Ramos	22	0	22
Trainor / Intern Supervisor	Ma. Theresa Pinto	22	0	22

* Awaiting for USAID Approval

**LISTING OF KEY STAFF BY TECHNICAL AREA
LOE as of September 2002**

Result/Activity/Position	Name	Approved LOE (days)	Consumed LOE (days)	Remaining LOE (days)
Training Assistant	Christine Deloso	33	0	33
Lead Facilitator	Grace Buencamino	6	0	6
<i>2.3.c. Plant Variety Protection</i>				
Legal Specialist	Jose Ochave	44	12	32
Plant Variety Specialist	Conrado Balatero	22	0	22
Plant Variety Database Expert	Nestor Altoveros	22	0	22
System Designer / Programmer	Gerry Gazmen	34	0	34
<i>Policy Outcome 2.4 Competition Policy Strengthened</i>				
<i>2.4.a Pro-Competition Policy Institutionalized</i>				
Investment Policy Advisor	Jaime Faustino	92	29	63
Competition Policy Associate	Mary Grace Mirandilla	92	3	89
<i>Policy Outcome 2.5 SO2 Monitoring, Assessing & Reporting At-Risk</i>				
<i>2.5.a. Mining Assessment</i>				
Mining Assessment Team Leader	Peter Wallace	44	0	44
Mining Policy Strategist	Victor Limlingan *	33	0	33
Mining Expert	Stephen Carty *	5	0	5
Senior Researcher	Benvenuto Icamina *	44	0	44
Junior Researcher	Mara Claire Cena *	44	0	44
<i>2.5.b. Developing a Strategic Approach to Improve the Performance of the Office of the Ombudsman in Combating Corruption in the Philippines</i>				
Public Sector Governance Specialist	Emil Bolongaita	26	20	6

SUMMARY

Hired Expat on Board - 11

Hired STTA Technical Staff on Board - 80

Hired LTTA Technical Staff on Board - 25

Hired Administrative Staff on Board- 36

Total No. of Personnel on Board - 152

Total No. of Personnel whose contract completed and Resigned with AGILE- 278

* Awaiting for USAID Approval

ANNEX 3

**LIST OF AGILE-FUNDED TRAINING,
SEMINARS AND WORKSHOPS**

**PARTICIPANT TRAINING, SEMINAR-WORKSHOPS AND CONFERENCES FUNDED
FOR THE PERIOD
JULY – SEPTEMBER 2002 IN SUPPORT OF THE AGILE POLICY RESULTS**

POLICY RESULT	DATE	ACTIVITY	BENEFICIARY AGENCY/PARTICIPANTS	VENUE/COUNTRY
1.2.c	July 4 – 5, 2002	Development Budget Coordinating Committee (DBCC) Special Meeting/Workshop on Revenue Forecasting No. of Participants: 28 pax	Dept. of Finance (DOF), Bu. of Internal Revenue (BIR), Bu. of Customs (BOC)	Days Hotel, Tagaytay City
1.4.a	July 5 – 6, 2002	Senate Committee on Constitutional Amendments – TWG on the Government Procurement Reform Bill No. of Participants: 30 pax	Dept. of Budget and Management (DBM)	Pan Pacific Hotel, Manila
1.1.f	July 12, 2002	Symposium on the Proposed Corporate Recovery and Insolvency Act for the Senate No. of Participants: 50 pax	The Capital Markets Development Council and INSOLPHIL	Hotel Inter-Continental Manila, Makati City
2.3.c	July 21 – 26, 2002	Workshop on Plant Variety Protection Process in Practice No. of Participants: 1 pax Dr. Vivencio Mamaril	Bureau of Plant Industry (BPI)	Washington D.C., U.S.A.
1.1.f	August 2 – 4, 6 – 8 and September 5 & 7, 2002	Pilot Testing of Mediation in the Court of Appeals No. of Participants: 40 pax per Session	Court of Appeals	Hotel Inter-Continental Manila, Makati City
1.2.b	August 5 – 6, 2002	Workshop on Implementing the APEC Trade Facilitation Principles in Bangkok No. of Participants: 3 pax Dr. Ramon L. Clarete Dir. Felicitacion Geluz Dir. Gloria D. Santos	Bureau of Customs (BOC)	Bangkok, Thailand
2.2.b	August 17 – 18, 2002	Workshop on Legal Frameworks for Combating Cybercrime No. of Participants: 3 pax Atty. Jose Gerardo Alampay Atty. Elfren Meneses, Jr. Engr. Aurora Rubio	Dept. of Transportation & Communications (DOTC), National Bureau of Investigation (NBI)	Moscow, Russia
2.3.b	Aug. 26 – Sept. 4, 2002	World Summit on Sustainable Development No. of Participant: 1 pax Ms. Amparo Ampil	Department of Agriculture (DA)	Johannesburg, South Africa

POLICY RESULT	DATE	ACTIVITY	BENEFICIARY AGENCY/PARTICIPANTS	VENUE/COUNTRY
1.4.a	Sept. 5 – 7, 2002	Conduct of Procurement Reform Workshop for the ARMM No. of Participants: 5 pax Dr. Ramon L. Clarete Atty. Dennis Santiago Ms. Amuerfina Santos Ms. Flerida Arias Engr. Antonio Molano	ARMM Executives and Members of the Regional Legislative Assembly (RLA)	Cotabato City
1.5.a	Sept. 6, 2002	Roundtable Discussion on the Anti-Terrorism/Anti-Terrorist Financing Bill No. of Participants: 150 pax	Anti-Money Laundering Council (AMLC), Senate of the Philippines, House of Representatives, Securities and Exchange Commission (SEC), Dept. of Justice (DOJ), Dept. of Finance (DOF), Bureau of Immigration, National Bureau of Investigation (NBI)	UP Law Center, Diliman, Quezon City
1.1.a	Sept. 4 – 6, 2002	Regional Seminar on Non-Bank Financial Institutions in the East Asia No. of Participant: 1 pax Atty. Jose P. Aquino	Securities and Exchange Commission (SEC)	Bangkok, Thailand
1.1.e	September 12, 2002	Roundtable Discussion/Workshop on Benchbooks on Corporate Rehabilitation and Insolvency and Liquidation No. of Participants: 50 pax	Philippine Judicial Academy (PHILJA)	New World Renaissance Hotel, Makati City
2.3.c	Sept. 12 – 13, 2002	Judicial Capacity Regarding Intellectual Property – Enforcement and Dispute Settlement Conference No. of Participants: 3 pax Judge Reynaldo B. Daway Judge Ma. Angelica T. Quiambao Atty. Leny Raz	Supreme Court of the Philippines, Intellectual Property Office (IPO)	Washington D.C., U.S.A.
2.2.b	September 17, 2002	AGILE-ITECC Strategic Planning Workshop No. of Participants: 30 pax	Information Technology and E-commerce Council (ITECC), Department of Transportation and Communication (DOTC)	Hotel Inter-Continental Manila, Makati City

POLICY RESULT	DATE	ACTIVITY	BENEFICIARY AGENCY/PARTICIPANTS	VENUE/COUNTRY
1.1.f	Sept. 23 – 25, 2002	Orientation-Workshop for Prospective Mediators of the Board of Investment (BOI) No. of Participants: 25 pax	Board of Investment (BOI)	San Miguel Corp. Management Training Center, Alfonso, Cavite
1.1.f	Sept. 24, 2002	Roundtable Discussion on Expanded Jurisdiction of Commercial Courts and Benchbook on Primary Jurisdiction No. of Participants: 25 pax	Philippine Judicial Academy of the Philippines (PHILJA)	Pan Pacific Hotel, Manila
1.2.b	Sept. 26, 2002	Chamber of Customs Brokers Incorporated (CCBI) Symposium on Fighting Smuggling No. of Participants: 120 pax	Chamber of Customs Brokers Incorporated (CCBI)	Manila Diamond Hotel, Manila

* Participants list is shown in the attachment.

**Development Budget Coordinating Committee (DBCC) Special Meeting/Workshop
on Revenue Forecasting
July 4 – 5, 2002**

Proposed List of Participants

	AGENCY
1. A/sec Gil Beltran	DOF
2. Dep. Director Gen. Gilbert Lianto	NEDA
3. U/sec Laura B. Pascua	DBM
4. (1 – occupant)	BIR
5. Dir. Ma. Teresa Habitan	DOF
6. Dir. Ma. Cyd Tuano-Amador	BSP
7. Dep. Commissioner Lilian B. Hefti	BIR
8. Acting Head Revenue Asst. Marietta U. Lorenzo	BIR
9. Dep. Commissioner Gil A. Valera	BOC
10. Dep. Treasurer Jose Antonio R. Tan III	BTr
11. Dir. Liwayway Mendoza	BOC
12. Dr. Christine Sanchez	BTr
13. Exec. Director Lina Isorena	NTRC
14. Dir. Nilda Vasquez	STSRO
15. Dir. Socorro Zingapan	NEDA
16. Dir. Giselle Lopez	DBM
17. Dr. Jun Miral	CPBO
18. Francis Vicente	FPAS (DOF)
19. Administrator Carmelita N. Ericta	NSO
20. Dr. Rosario Manasan	PIDS
21. Sec. General Romulo A. Virola	NSCB
22. Chairman Edgardo B. Abon	TC
Facilitator:	
23. Dir. Joselito S. Almario	DOF
Documentor:	
24. Mr. Ricardo Toquero	
Secretariat	
25. Mr. Rommel A. Rojas	DOF
26. Mr. Asher Luisito M. Adrinada	DOF
27. Ms. Visitacion A. Ugalino	DOF
28. Ms. Cynthia Santos	BIR

**Senate Committee on Constitutional Amendments – TWG on the Government
Procurement Reform Bill
Pan Pacific Hotel, Manila
July 5 – 6, 2002**

Workshop Participants

TWG Members

1. Atty. Johnas Lamorena, Chairman of TWG
2. Ms. Mina Pangandaman, Staff of Sen. Edgardo Angara
3. Staff of Sen. Loren Legarda (2 pax)
4. Staff of Sen. John Osmeña
5. Usec. Laura Pascua, DBM
6. Dir. Estanislao Granados, DBM
7. Ed Campos, DBM
8. Usec. Ted Encarnacion, DPWH
9. Engr. Antonio Molano, DPWH
10. Elmer Dorado, NEDA
11. Edna Formilleza, DepEd
12. Carol Herradura, DOH
13. Asec. Corpuz, DILG
14. Asec. Bello, DND
15. Dir. Samuel Custodio, DOTC
16. Dir. Arcadio Cuenco, COA
17. Jun Ravanes, PWI

TWG Secretariat

18. May Santos, AGILE
19. Tina Pimentel
20. Atty. Dennis Santiago
21. Atty. Joel Syquia

**AGILE-ITECC Strategic Planning Workshop
Hotel Inter-Continental Manila, Makati City
September 17, 2002**

Workshop Participants

ITECC Management Committee

- | | |
|--------------------------------|------------------------|
| 1. Usec. Virgilio L. Peña | confirmed |
| 2. Usec. Fortunato dela Peña | confirmed |
| 3. Usec. Manuel A.J. Teehankee | confirmed |
| 4. Usec. Bobby Capco | confirmed |
| 5. Usec. Gregory Domingo | with prior appointment |
| 6. Usec. Cristina Padolina | confirmed |
| 7. Asec. Cecile Reyes | confirmed |
| 8. Mr. Rey David | confirmed |
| 9. Mr. Mark Javier | confirmed |
| 10. Mr. Augusto Lagman | confirmed |
| 11. Atty. Claro Parlade | confirmed |
| 12. Dr. Delfin Sabido | for confirmation |
| 13. Dr. William Torres | confirmed |
| 14. Mr. Renato Valencia | confirmed |
| 15. Exec. Dir. Florina Vistal | for confirmation |

ITECC Secretariat

- 16. Dir. Vivian R. Puno
- 17. Ma. Teresa M. Garcia
- 18. Patricia Mae Abejo
- 19. Armand Rivera
- 20. Jaime Collado, Jr.
- 21. Margaux Diaz

AGILE

- 22. Joey Magalona
 - 23. Gigo Alampay
 - 24. Nestor Virata
 - 25. Ed Bonoan
 - 26. Frank Holz
 - 27. Iggy Ramos
 - 28. David Tardif-Douglin
 - 29. Jaime Faustino
 - 30. Grace Mirandilla
- for confirmation

**TENTATIVE LIST OF PARTICIPANTS TO THE
WORKSHOP ON ANTI-TERRORISM/TERRORIST FINANCING**

9:00am – 5:00pm Sept. 6, 2002 – University of the Philippines, QC

(Expected Number of Participants = 150)

Final list to follow

Anti-Money Laundering Council Secretariat

Executive Dir. Vicente Aquino

Atty. Celia Sandejas

Atty. Richard Funk

Judge Pio Guerrero

Atty. Roland Villaluz

Atty. Juan De Zuniga

Atty. Joey Fajardo

Atty. Criselda Perez

Senate of the Philippines

Atty. Carmencita La'O

Senator Magsaysay

Senator Pangilinan

Staff

Senator Lacson

Staff

Senator Barbers

Staff

House of Representatives

Cong. Imee Marcos

Staff

Cong. Libanan

Staff

Securities and Exchange Commission

Atty. Jose Tomas Syquia

Comm. Joselia J. Poblador

Atty. Elmira Alconaba

SolGen

Atty. Roman del Rosario

Dept. of Justice

Undersecretary Jose Calida

Atty. Caridad Junio

Asst. Chief State Prosecutor Severino H. Gaña, Jr.

S/Prosecutor Emmanuel Velasco

Department of Finance

Mr. Adel Ables

Usec Juanita Amatong

Philippine Center on Transnational Crime

P/Supt. Miguel Antonio, Jr.

Capt. Edwin Quilates

Bureau of Immigration

Col. Dave Ombao

National Bureau of Investigation – Interpol

Mr. Arnel Dalumpines
Mr. Sixto Comia

PNP-CIDG

P/Chief Insp. Michael Amos Filart
Atty. Virgilio Pablico

USAID/US Embassy

Karoly Okolicsanyi
Mr. James Nixon
Mr. Dan Martinez

AGILE

Dr. David Tardif-Douglin
Fran Baniqued
Atty. Serrano

FINEX

Ronnie Alcantara

BAP

Mr. Leonilo Coronel

UPLC

AIM

ATENEO

NGOs (Human Rights Group)

FLAG
TAN
Akbayan

Law Firms

PHILJA

Speakers

ANNEX 4

**REVISED AGILE KEY EXPECTED
ACCOMPLISHMENTS (KEAs)
AND MILESTONES
AS OF MAY 2002**

REVISED AGILE KEY EXPECTED ACCOMPLISHMENTS (KEAS) AND MILESTONES AS OF MAY 2002

INTERMEDIATE RESULT 1: INSTITUTIONS, POLICIES AND PRACTICES MADE MORE TRANSPARENT AND ACCOUNTABLE

POLICY OUTCOME 1.1 COMMERCIAL LAW STRENGTHENED AND ENFORCED (SEC, SC, DOJ)

Results Package 1.1.a Capital Markets Better Regulated

Pre-Need

- ⇒ Association of Pre-Need Planholders is formed and registered by September 2002
- ⇒ Pre-Need Company Scorecard published by November 2002
- ⇒ Two or more significant SEC rule changes implemented as a direct result of AGILE efforts that improve the regulation of the pre-need industry by December 2002
- ⇒ Association holds three seminars or roundtables by February 2003
- ⇒ Pre-Need Code enacted by May 2003
- ⇒ Implementing Rules for Pre-Need Code finalized by August 2003

Securities Regulation Code (SRC) Enforcement

- ⇒ Commercial court judges and contingent of prosecutors and NBI officials trained in securities fraud and manipulation by December 2002
- ⇒ SEC Enforcement Department staff trained in investigation procedures and case management and able to conduct viable investigations by October 2002
- ⇒ SEC Enforcement Department successfully investigates and imposes administrative sanctions in two significant fraud cases – other than the BW market manipulation case -- occurring on the organized market by May 2002

Results Package 1.1.b Pension Reform Strengthened through the Passage of a PERA Law

- ⇒ PERA law is endorsed by Congress to Senate in September 2002
- ⇒ PERA law is enacted by December 2002
- ⇒ Completion and adoption of BIR, BSP, SEC and IC rules for PERA eligibility by March 2003
- ⇒ First PERA fund is approved by BSP, SEC or IC by June 2003
- ⇒ PERA savings begin to be deposited in PERA-approved instruments by December 2003

Results Package 1.1.c Assistance to the National Commission on Savings (NCS) to Enhance Savings Mobilization Measures

Social Security System (SSS)

- ⇒ Association of Retired Persons or other group of SSS members regularly monitor and report on SSS investment decisions by June 2003
- ⇒ SSS members become majority members of the SSS board of directors by June 2004
- ⇒ Aggregate contributions to SSS exceed benefits annually by June 2004

Results Package 1.1.d Increase Domestic Investor Base

Investment Company Act

- ⇒ Investment Company Act enacted by December 2002
- ⇒ Majority of investment companies have complied with the requirements of RICA, including the requirement that a majority of the directors be independent, by December 2003
- ⇒ Mutual Funds have increased their share of total securities market capitalization to 10% (i.e., double the pre-RICA trends) by June 2004.
- ⇒ The number of mutual fund accountholders grows from 23,500 (2002) to 45,000 by 2004.

Fixed Income Exchange (FIE)

- ⇒ Bill eliminating documentary stamp taxes (DST) on secondary trading of debt instruments passed by December 2002
- ⇒ Fixed Income Exchange registered with the SEC and operational by December 2002
- ⇒ Regulatory framework (SEC rules) for FIE in place by November 2002
- ⇒ FIE has a sound clearing and settlement solution acceptable to all participants and the SEC by November 2002

Results Package 1.1.e. Insolvency Laws and Regulations Streamlined

- ⇒ CRA is enacted by May 2003
- ⇒ CRA Rules of Procedure issued as by Supreme Court by May 2003
- ⇒ Supreme Court issues a Circular expanding the jurisdiction of commercial courts by October 2002
- ⇒ Rules of Liquidation by September October 2002
- ⇒ Commercial courts have received full training in CRA and related Rules and Circulars by September 2002

Results Package 1.1.f. Commercial Laws Enforced

- ⇒ Supreme Court Circular on the application of doctrine of primary jurisdiction by September 2002
- ⇒ SC Circular on TROs against government projects by October 2002
- ⇒ Real extent of the problem of Temporary Restraining Orders (TROs) against government infrastructure projects accurately measured by November 2002. Proposed solutions implemented by March 2003.
- ⇒ Institutionalization of Law and Economics seminar in the regular curriculum of PHILJA by December 2002
- ⇒ Court-annexed mediation at the appellate court level institutionalized, sustainable, and measurably reducing docket congestion by May 2003

POLICY OUTCOME 1.2 REVENUE ADMINISTRATION STRENGTHENED (BIR, DOF, DBM, BOC)

Results Package 1.2.a. BIR Made More Transparent and Efficient In Revenue Generation

- ⇒ BIR re-engineering is included in State of the Nation Address as critical legislation -- July 2002.
- ⇒ Revenue Memorandum Order (RMO) issued on VAT benchmarking and VAT audit by July 2002.
- ⇒ RMO creating BIR Internal Audit Teams issued by July 2002.
- ⇒ Presidential approval of EO to reorganize BIR along taxpayer lines by August 2002
- ⇒ The BIR re-engineering "Blueprint" is accepted by the DOF, BIR and DBCC by October 2002
- ⇒ Legislation authorizing reengineering of the BIR is passed by March 2003
- ⇒ The IRRs to operationalize the BIR re-engineering "Blueprint" are issued by June 2003.
- ⇒ The new Revenue Agency is operational by December 2003.

- ⇒ The BIR is able to meet an 11.5% tax effort (0.8 percentage point increase from 2001) (BIR tax revenue/GDP) by 2003

Results Package 1.2.b. Trade Facilitation, Audit and Risk Management Capacity of BOC Strengthened

- ⇒ The organizational plan for the PEA is formalized through an EO by September 2001.
- ⇒ The Risk Management System is implemented at the BOC by November 2001.
- ⇒ Cooperation with anti-corruption groups is instituted for implementation monitoring by November 2001.

Results Package 1.2.c. Tax Policy More Efficient and Equitable

- ⇒ Policies related to fiscal incentives are workable and consistent with international best practices
- ⇒ Formulation of tax policy takes dynamic response of taxpayers into full consideration
- ⇒ Implementation issues are consistently taken into consideration by DOF in promoting tax policy changes
- ⇒ Tax policy analysis capacity of the DOF is enhanced through regular use of microsimulation models and taxpayer databases

Results Package 1.2.d Local Government Financing Improved

- ⇒ Signing of a Memorandum of Agreement between the DOF-BLGF and the DBM for a single financial/fiscal reporting system for LGUs by July 2002.
- ⇒ Completion and publication of a Statement of Income and Expenditure (SIE) Manual harmonized with the Local Government Accounting System (LGAS) by August 2002.
- ⇒ Completion of the training of SIE trainers by October 2003.
- ⇒ Full implementation of the SIE Reporting System by local treasurers by January 2003.
- ⇒ Release of the expanded Local Government Unit Guarantee Corporation (LGUGC) LGU Database as a publication by January 2003.

POLICY OUTCOME 1.3 EXPENDITURE MANAGEMENT STRENGTHENED (DBM, DOF)

Results Package 1.3.a Bureaucracy More Efficient Through Public Expenditure Management (PEM)

- ⇒ Procedures manual on budget provisioning for contingent liabilities for GOCCs prepared for DBM by February 2003.
- ⇒ Operational Performance Indicator Framework (OPIF) in place in DBM by July 2003
- ⇒ Filipino Report Card Survey indicating perceptions of filipinos on the performance of DOH and DepEd conducted and results available by December 2003.
- ⇒ A General Appropriations Act (GAA) 2004 that incorporates agency performance indicators and Major Final Output (MFO) aligned with programs, activities and projects (PAPs) of the central government approved by January 2004.

Results Package 1.3.b Improved Management of Contingent Liabilities

- ⇒ DOF has unit dedicated to estimating and tracking CLs of BOT projects and GOCC guarantees by December 2002
- ⇒ Estimate of expected costs of 12 BOT projects, annually and through life of each project by February 2003
- ⇒ Comparative credit rating of GOCCs based on most recent COA-audited financial statements, by February 2003
- ⇒ Full estimate of expected costs of BOT projects, annually and through the life of each project by December 2003

Results Package 1.3.c Investment Incentives More Transparent

- ⇒ Design of administrative framework for monitoring firms availing of fiscal incentives at the Bureau of Internal Revenue by September 2002
- ⇒ Approval of administrative framework for monitoring firms availing of fiscal incentives by December 2002
- ⇒ Adoption of administrative framework for monitoring firms availing of fiscal incentives in pilot Revenue District Offices by June 2003

POLICY OUTCOME 1.4 GOVERNMENT PROCUREMENT MADE TRANSPARENT AND EFFICIENT (DBM, NEDA, DOF, ICC)

Results Package 1.4.a GOP Procurement System More Efficient and Transparent

- ⇒ Passage of Government Procurement Reform Act (GPRA) by Sept 2002 and its IRR prepared by December 2002
- ⇒ Standard forms and procurement manuals for goods, civil works and consulting services prepared by June 2003
- ⇒ Government BAC, procurement officials and COA auditors of major procuring Departments trained in implementation of provisions of Procurement law by June 2003
- ⇒ Monitoring reports by the CSOs, led by PWI, on procurement process of key Departments including District Offices (DOH, DepEd, DPWH, DBM-PS) submitted by June 2003 and a follow-up report by December 2003.
- ⇒ Assessment of policies and procedures to improving post-procurement logistics completed by July 2003
- ⇒ Administrative measure to reform post-procurement logistics issued by December 2003

POLICY OUTCOME 1.5 BANK SECRECY REDUCED AND BANKING SECTOR BETTER REGULATED (BSP, DOJ, SEC)

Results Package 1.5.a Money Laundering Reduced

- ◆ Development of standard forms for Covered Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) by July 2002
- ◆ Procedures and operating manuals for the Secretariat completed by March 2003
- ◆ AMLC organizational structure and recruitment of majority of professional staff completed by March 2003
- ◆ Submission of Anti-Money Laundering implementation plan to FATF - June 2003
- ◆ AMLC computer database set up by March 2003
- ◆ Amendments to the AMLA approved by Congress and Senate June 2003
- ◆ Anti Terrorist and Terrorist Financing Bill enacted by March 2003
- ◆ Implementing Rules and Regulations on the Anti Terrorist and Terrorist Financing Bill approved by the Congressional Oversight Committee by June 2003
- ◆ BSP Examination procedures manual (section pertaining to AMLA) completed by December 2003
- ◆ Training and awareness building on the AMLA and its Implementing Rules and Regulations for various sectors by June 2004
- ◆ Awareness by civil society groups of the AMLA raised evidenced by active monitoring by the group of the activities of the AMLC and its secretariat by June 2004

Results Package 1.5.b Bank Supervision Strengthened

Banking Supervision Strengthened

- ◆ Enactment of the Central Bank Act (CBA) by March 2003
- ◆ Completion of IRRs for significant provisions of the CBA by June 2003
- ◆ Improved examination procedures for banks and reporting of non performing assets by June 2003
- ◆ Improved standard for evaluation of market risk of banks by March 2003
- ◆ Rules for capital adequacy on market risk implemented by March 2003

SPAV and Securitization

- ◆ Passage of the Special Purpose Asset Vehicle Bill ("SPAV Bill") by Dec 2002
- ◆ Completion of the IRRs for the SPAV and approval by the Congressional Oversight Committee by March 2003
- ◆ Passage of Securitization Bill by March 2003
- ◆ Completion of the IRRs for the Securitization Bill and approval by the Congressional Oversight Committee by June 2003
- ◆ BSP Examination procedures manual (sections pertaining to SPAV and Securitization) completed by December 2003

INTERMEDIATE RESULT 2: BARRIERS TO COMPETITION IN INFRASTRUCTURE AND TRADE REMOVED

POLICY OUTCOME 2.1 COMPETITION INCREASED IN TRANSPORTATION SERVICES (PPA, DOTC, MARINA, CAB)

Results Package 2.1.a Increased Competition in Air Transport

Implementing EO 219 and Open Skies

- ⇒ Increased air access and inclusion of trigger mechanism in air service agreements for key markets (UAW, Korea, HK, Singapore, Taiwan, Malaysia, Japan, Thailand) by June 2003.
- ⇒ Negotiate and sign Full RP-US Open Skies on cargo by October 2002
- ⇒ Declare open skies policy for Clark by March 2003
- ⇒ Adoption of Multilateral Open Skies by October 2003
- ⇒ Implementation of limited open skies by October 2003.

Clark Autonomy

- ⇒ Administrative Order including the Diosdado Macapagal International Airport (DMIA) as an airport serving Manila issued by the Department of Transportation and Communications (DOTC) by September 2002
- ⇒ Devolve CAB authority through an Executive Order by June 2003.
- ⇒ Aviation -related investments and projects at DMIA in place by September 2004.

Air Transport Liberalization

- ⇒ Air transport liberalization legislation enacted by May 2004

Results Package 2.1.b Increased Competition in Maritime Shipping

Port Administration Policy

- ⇒ PPA issues revised bid rules for the renewal of expired and/or expiring cargo handling contracts by September 2002.
- ⇒ Legislation amending the PPA Charter enacted by September 2004.

Manila North Harbor Privatization

- ⇒ Transparent and fair bidding process for Manila North Harbor by June 2003.

Tariff Setting

- ⇒ Rate Panel submits recommendation to PPA Board to resolve the rate rollback issue by November 2002.
- ⇒ Rate Panel formulates a methodology for rate adjustment containing the formula for rate-setting and public hearing mechanism by March 2003.
- ⇒ Public hearing process for tariff setting institutionalized by September 2003

Promoting Roll-On-Roll-Off (RoRo) Port Technology

- ⇒ Administrative Order promoting RoRo service issued by the DOTC by September 2002.
- ⇒ Pure RoRo service operating on key routes with reductions in sea transport costs to users operational by September 2004.

Results Package 2.2.a Increased Competition in Telecommunications**Improved Wholesale and Retail Pricing**

- ⇒ NTC issues an MC on Wholesale Pricing Principles with price schedule by July 2002.
- ⇒ NTC issues an MC on Methodology and Transition path to Cost-based Price end-point by December 2002.
- ⇒ NTC uses price schedule for use in mediation of interconnection disputes by November 2002.
- ⇒ Revised Annual Report based on Chart of Accounts for cost-based pricing published by August 2002.
- ⇒ Simple Cost Allocation Manual published by October 2002.
- ⇒ NTC issues an MC on the End-point for Cost-Based Interconnect Pricing by December 2003.

- ⇒ NTC issues an MC on Price Control Mechanisms for Non-Competitive Services by September 2004.

Universal Access

- ⇒ NTC issues an MC on Successor Program of the Service Area Scheme (SAS) by March 2003.
- ⇒ NTC issues an MC on the deployment of telecenters and public calling offices (PCOs) in unserved and underserved areas by July 2002.

Improved Frequency Management

- ⇒ Regulatory approach for transparent and effective frequency management system developed by July 2002.
- ⇒ NTC begins implementation of efficient and transparent spectrum allocation system by December 2002.
- ⇒ Mechanism for appropriate pricing and efficient allocation of spectrum in place by September 2003.

Results Package 2.2.b E-Commerce & Information and Communications Technology (ICT) Developed**Information Technology and E-Commerce Council (ITECC)**

- ⇒ ITECC priority projects for implementation identified by August 2002.
- ⇒ E-Philippines Strategic Plan published by November 2002.
- ⇒ Conference and launching of E-Philippines Strategic Plan held by November 2002.
- ⇒ "Action Taken to Date" report on e-government project by November 2003.

E-Government

- ⇒ Framework and strategy for e-government project developed by September 2002
- ⇒ E-government projects begin implementation by November 2002.
- ⇒ Tangible increase in efficiency or reduced transactions costs due to implementation of e-government project by September 2003.

Convergence and Department of Information and Communications Technology (DICT)

- ⇒ Convergence Law enacted by September 2004
- ⇒ Law creating a Department of Information and Communications Technology (DICT) enacted by September 2004

Information and Communications Technology Survey

- ⇒ Published Report of ICT Services Survey by June 2003.

POLICY OUTCOME 2.3 TRADE AND AGRICULTURE COMPETITION INCREASED

Results Package 2.3.a Grain Markets More Efficient and Equitable

- ⇒ Targeted Rice Distribution Program – Design, Operating Plan, and enabling executive issuance
- ⇒ Legislation for the transfer of pro-farmer programs from the NFA to provincial LGUs and implementing regulations and broadening such support to ensure farmer access to certified seeds and irrigation services
- ⇒ Coalition for food policy reforms organized and public support for reforms increased
- ⇒ Legislation amending the NFA charter to enable the reforms and implementing regulations

Results Package 2.3.b Biotechnology Exploited Safely

- ⇒ STRP (Science and Technology Review Panel) and In-house Biotech Advisory Teams formed by June 2002
- ⇒ BPI protocol on delisting (deregulation) of GM crops issued as bureau circular by August 2002
- ⇒ Core technical unit on environmental safety established at BPI/FPA by September 2002
- ⇒ Core technical unit on food/feed safety established at BAFPS/BAI by October 2002
- ⇒ First GM crop approved by BPI for commercialization by January 2003
- ⇒ Fifteen Regional Technical Teams to supervise and monitor field testing functionally established by April 2003
- ⇒ List of deregulated articles approved by BPI by June 2003
- ⇒ Guidelines on GM labeling (supporting a “reverse labeling” regime) issued by BFAD/DTI by December 2003

Results Package 2.3.c Intellectual Property Rights Protected

Plant Variety Protection

- ⇒ Plant Variety Protection (PVP) legislation is enacted by February 2002.
- ⇒ The DA and other agencies responsible for implementing and enforcing the PVP law have capability to implement law in January 2003.
- ⇒ The Judiciary (through the PhilJa) is briefed on the intent and the legal and practical implications of the PVP law by December 2002.

Intellectual Property Rights Enforcement

- ⇒ The BOC has the implementing rules and regulations necessary for border control and enforcement of the Intellectual Property Code by December 2001.
- ⇒ Dedicated IPR units at the PNP and BOC.
- ⇒ A Competency-based Evaluation System is established at the IPO by May 2003.
- ⇒ A schools program designated to educate youth about IPR issues is developed and launched with industry groups by March 2002.
- ⇒ The Videogram Regulatory Board is replaced by the Entertainment/Videogram regulatory Board by December 2002 (Optical media legislation passed by December 2002).
- ⇒ Civil Society mobilized.
- ⇒ Mediation for IPR infringement disputes institutionalized at IPO by April 2003.

POLICY OUTCOME 2.4 COMPETITION POLICY STRENGTHENED

Results Package 2.4.a Pro-Competition Policy Institutionalized

- ⇒ Revised General Banking Act enacted by April 2004.

ANNEX 5

FINANCIAL REMAINING SHEET

3rd QUARTERLY REPORT 2002
NOTES TO ACCOMPANY FINANCIAL REMAINING SHEET

The financial remaining sheets provide the actual expenditures for the months of July, August, and September 2002 and beginning balances.

1. The first remaining sheet is the summary of the total budgeted amount versus actual expenditures as of the end of September 2002, with the basic Core and the Task Order expenditures as single summary line items.

The budgeted amounts are earmarked for the particular categories under the Core (project management) and the Task Order (T&M section). The Summary Report indicates the increased budget amounting to \$41,212,526.04 as amended in Contract Modification No. 15. In view of this, the percentage expended of the total contract budget at the end of this quarter is 75.75%.

2. The second remaining sheet provides a more detailed insight into the individual budgets and expenditures of each AGILE activity which dates back from inception. These sheets list the USAID-approved budgets for the Core and Task Order activities.

Under the T & M portion, the activities were categorized into three parts:

- Budgeted and actual expenditures incurred from inception on June 1, 1998 through March 31, 1999 base on the **original workplan**.
- Budgeted and actual expenditures from April 1, 1999 through September 30, 2001 under the **revised workplan** with some costs added to the old activities which were incurred during the extension period after September 30, 2001.
- Actual expenditures on the new activities' budget for the **extension period** which was recently revised on August 27, 2002.

SUMMARY OF OBLIGATIONS VS. EXPENDITURES

DEVELOPMENT ALTERNATIVES, INC.
 PHILIPPINES AGILE
 PROJECT NO: 4075-050
 CONTRACT # 492-C-00-98-00018

REPORTING PERIOD: July 1 to September 30, 2002
 SUBMISSION NO: 17
 SUBMISSION DATE: October 22, 2002

	<u>BUDGETED</u>	<u>OBLIGATED</u>	<u>EXPENDED</u>	<u>REMAINING</u>	<u>Percentage Expended</u>
CORE	\$ 7,193,777	\$ 5,626,014.00	\$ 4,344,086.63	\$ 1,281,927.37	77.21%
Task Order (TO)	34,018,749.39	\$25,589,199.00	\$ 19,301,980.45	\$ 6,287,218.55	75.43%
TOTAL	\$ 41,212,526.04	\$31,215,213.00	\$ 23,646,067.09	\$ 7,569,145.91	75.75%

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FINANCIAL REPORT FOR AGILE CORE (CPFF) AND TASK ORDER 1 (T&M)

DEVELOPMENT ALTERNATIVES, INC. (CORE)
 PHILIPPINES AGILE
 PROJECT NO: 4075-050
 CONTRACT # 492-C-00-98-00018

REPORTING PERIOD: July 1 to September 30,2002
 SUBMISSION NO: 17
 SUBMISSION DATE: October 22, 2002

CORE CATEGORY	BUDGET AMOUNT	INCEPTION TO			CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
		LAST REPORTED PERIOD	THIS PERIOD				
SALARIES & WAGES	\$ 1,693,717	1,067,032.27	31,166.21	1,098,198.48	595,518.84	64.84%	
FRINGE BENEFITS	346,530	186,432.18	29,679.38	216,111.56	130,418.68	62.36%	
OVERHEAD	1,127,343	561,379.30	32,869.47	594,248.77	533,093.99	52.71%	
TRAVEL/TRANS/PER DIEM ALLOWANCES/POST	126,706	97,390.57	55.81	97,446.38	29,260.07	76.91%	
OTHER DIRECT COSTS/FICA	669,928	401,825.04	43,042.66	444,867.70	225,060.79	66.41%	
SUBCONTRACTORS	1,797,731	1,095,408.00	65,857.01	1,161,265.01	636,465.96	64.60%	
	524,088	391,606.22	3,419.13	395,025.35	129,062.40	75.37%	
SUBTOTAL	\$ 6,286,044	3,801,073.58	206,089.67	4,007,163.25	2,278,880.73	63.75%	
G & A @ 8.2 %	516,508	294,772.62	16,618.96	311,391.59	205,116.02	60.29%	
SUBTOTAL	\$ 6,802,552	4,095,846.20	222,708.63	4,318,554.84	2,483,996.75	63.48%	
CLIN 0002-GRANTS	-	(202,173.87)	-	(202,173.87)	202,173.87	0.00%	
SUBTOTAL	\$ 6,802,552	\$ 3,893,672	222,708.63	4,116,380.97	2,686,170.62	60.51%	
GRANT FEE					-	0.00%	
SUBCONTRACTS FEE	14,517	1,614.14	94.69	1,708.83	12,808.40	11.77%	
FIXED FEE @ 6%	376,708	212,839.46	13,157.37	225,996.83	150,711.00	59.99%	
TOTAL CORE	\$ 7,193,777	\$ 4,108,125.94	\$ 235,960.69	4,344,086.63	2,849,690.02	60.39%	

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CATEGORY	BUDGET AMOUNT	INCEPTION TO LAST REPORTED PERIOD	THIS PERIOD	CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
Thru 3/31/99						
1. LABOR	449,317	449,317		449,317	-	100.00%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	55,311	55,311		55,311	-	100.00%
ODCs	111,533	111,533		111,533	-	100.00%
Subtotal (non-labor)	166,844	166,844		166,844	-	100.00%
3. G & A on materials	13,681	13,681		13,681	-	100.00%
4. GRANTS & FEES	-	-		-	-	0.00%
5. TOTAL	629,842	629,842		629,842	-	100.00%

From 4/1/99 Thru 9/30/01 plus additional expenditures during extension

Total						
1. LABOR	9,099,224	9,505,280		9,505,280	(406,056)	104.46%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	1,524,036	1,231,494		1,231,494	292,542	80.80%
ODCs	2,101,555	3,014,968		3,014,968	(913,412)	143.46%
SUBS	1,084,605					
Subtotal (non-labor)	4,710,196	4,292,141		4,292,141	418,055	91.12%
3. G & A on materials	386,236	360,091		360,091	26,145	93.23%
4. GRANTS & FEES	368,038	375,099		375,099	(7,061)	101.92%
5. GRANT FEES	7,360.76					
6. TOTAL	14,571,055	14,532,611		14,532,611	38,444	99.74%

NEW ACTIVITIES ON EXTENSION

4075-401 1.1.a. Capital Markets Regulated

1. LABOR	759,270	419,539	149,296	568,835	190,435	74.92%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	30,090	3,065	4,976	8,041	22,049	26.72%
ODCs	101,219	36,093	8,638	44,731	56,488	44.19%
SUBS	225,918	61,015	3,586	64,601	161,318	28.59%
Subtotal (non-labor)	357,228	100,173	17,200	117,373	239,855	32.86%
3. G & A on materials	29,292.67	8,214	1,410	9,625	19,668	32.86%
4. GRANT (Former SAF)	-	-	-	-	-	
5. GRANT FEES	-	-	-	-	-	
6. TOTAL	1,145,790	527,926	167,906	695,832	449,958	60.73%

4075-402 1.1.b. Investor Base Increased

1. LABOR	517,112	117,075	33,249	150,324	366,788	29.07%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	25,052	2,959	-	2,959	22,093	11.61%
ODCs	71,564	5,226	2,919	8,145	63,419	11.38%
SUBS	141,378	-	-	-	141,378	0.00%
Subtotal (non-labor)	237,994	8,186	2,919	11,104	226,889	4.67%
3. G & A on materials	19,515	671	239	911	18,605	4.57%
4. GRANTS	-	-	-	-	-	
5. GRANT FEES	-	-	-	-	-	
6. TOTAL	774,621	125,931	36,407	162,338	612,283	20.96%

4075-403 1.1.c. Pension Reform

1. LABOR	449,860	2,489	1,274	3,764	446,096	0.84%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	29,061	1,073	-	1,073	27,988	3.69%
ODCs	20,962	494	706	1,199	19,763	5.72%
SUBS	29,000	28,785	-	28,785	-	
Subtotal (non-labor)	79,023	30,351	706	31,057	47,971	39.30%
3. G & A on materials	6,480	2,488.79	58	2,547	3,916	39.30%
4. GRANTS	-	-	-	-	-	
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	535,363	35,329	2,038	37,367	497,996	6.98%

4075-404 1.1.d. Savings Mobilization

1. LABOR	61,002	-	119	119	60,883	0.20%
2. MATERIAL COSTS						

CATEGORY	BUDGET AMOUNT	INCEPTION TO LAST REPORTED PERIOD	THIS PERIOD	CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
Travel/Per diem/Allowance	-	-	-	-	-	0.00%
ODCs	3,653	67	-	67	3,586	1.82%
Subtotal (non-labor)	3,653	67	-	67	3,586	1.82%
3. G & A on materials	300	5	-	5	294	1.82%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	64,954	72	119	191	64,763	0.29%
4075-405 1.1.e. Insolvency Laws Streamlined						
1. LABOR	425,009	37,964	21,498	59,462	365,547	13.99%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	13,419	49	-	49	13,370	0.37%
ODCs	29,816	3,575	248	3,823	25,993	12.82%
SUBS	20,000	-	-	-	20,000	0.00%
Subtotal (non-labor)	63,235	3,624	248	3,872	59,363	6.12%
3. G & A on materials	5,185	297	20	317	4,868	6.12%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	493,429	41,885	21,766	63,651	429,778	12.90%
4075-406 1.1.f. Commercial Law Enforced						
1. LABOR	585,717	51,938	59,343	111,282	474,436	19.00%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	31,010	5,649	3,622	9,270	21,740	29.89%
ODCs	137,120	21,327	20,554	41,880	95,240	30.54%
SUBS	32,000	-	12,000	12,000	20,000	37.50%
Subtotal (non-labor)	200,130	26,976	36,175	63,151	136,980	31.55%
3. G & A on materials	16,411	2,212	2,966	5,178	11,232	31.55%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	802,259	81,126	98,485	179,611	622,648	22.39%
4075-407 1.2.a. BIR Transparent and Efficient						
1. LABOR	1,767,043	341,946	217,255	559,201	1,207,842	31.65%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	288,623	26,653	7,007	33,660	254,963	11.66%
ODCs	132,234	30,626	27,424	58,051	74,183	43.90%
SUBS	41,600	13,328	6,600	19,928	21,672	47.90%
Subtotal (non-labor)	462,457	70,608	41,031	111,639	350,819	24.14%
3. G & A on materials	37,921	5,790	3,365	9,154	28,767	24.14%
4. GRANTS	90,000	66,553	(1,747)	64,806	-	-
5. GRANT FEES	1,800	1,331	-	1,296	-	-
6. TOTAL	2,359,222	486,228	259,903	746,096	1,587,428	31.62%
4075-408 1.2.b. Management of BOC						
1. LABOR	649,706	164,531	50,672	215,202	434,504	33.12%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	44,534	1,177	1,503	2,680	41,854	6.02%
ODCs	90,041	11,280	4,079	15,359	74,682	17.06%
SUBS	42,000	-	-	-	42,000	0.00%
Subtotal (non-labor)	176,575	12,457	5,583	18,039	158,536	10.22%
3. G & A on materials	14,479	1,021	458	1,479	13,000	10.22%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	840,760	178,009	56,712	234,721	606,039	27.92%
4075-409 1.2.c. Tax Policy						
1. LABOR	539,445	129,258	12,923	142,182	397,263	26.36%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	137,997	1,267	953	2,220	135,777	1.61%
ODCs	113,450	20,085	6,372	26,457	86,993	23.32%
SUBS	-	-	-	-	-	-
Subtotal (non-labor)	251,447	24,295	7,324	28,677	222,770	11.40%
3. G & A on materials	20,619	1,751	601	2,352	18,267	11.40%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	811,511	152,362	20,848	173,210	638,301	21.34%
4075-410 1.2.d. Local Government Finance						
1. LABOR	332,352	30,422	20,915	51,337	281,015	15.45%

CATEGORY	BUDGET AMOUNT	INCEPTION TO LAST REPORTED PERIOD	THIS PERIOD	CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
2. MATERIAL COSTS						
Travel/Per diem/Allowance	49,822	1,284	1,745	3,029	46,793	6.08%
ODCs	52,268	1,901	399	2,300	49,968	4.40%
SUBS	59,500	16,456	16,793	33,249	26,251	55.83%
Subtotal (non-labor)	161,590	19,641	18,937	38,578	123,012	23.87%
3. G & A on materials	13,250	1,611	1,553	3,163	10,087	23.87%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	507,193	51,674	41,404	93,078	414,114	18.35%

4075-411 1.3.a. Re-Engineering Bureaucracy

1. LABOR	419,179	32,303	5,197	37,500	381,679	8.95%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	22,688	2,687	1,852	4,539	18,149	20.01%
ODCs	47,753	2,684	3,350	6,034	41,718	12.64%
Subtotal (non-labor)	70,441	5,371	5,202	10,573	59,867	15.01%
3. G & A on materials	5,776	440	427	867	4,909	15.01%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	495,396	38,114	10,826	48,940	446,455	9.88%

4075-412 1.3.b. Contingent Liabilities

1. LABOR	152,783	10,423	26,198	36,621	116,161	23.97%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	20,714	(3,559)	92	(3,467)	24,182	-16.74%
ODCs	63,157	7,376	3,207	10,583	52,573	16.76%
Subtotal (non-labor)	83,871	3,818	3,299	7,116	76,755	8.48%
3. G & A on materials	6,877	313	270	584	6,294	8.48%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	243,531	14,554	29,767	44,321	199,210	18.20%

4075-413 1.3.c. Investment Incentives

1. LABOR	39,052	25,115	1,322	26,437	12,615	67.70%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	20,714	150	92	242	20,473	1.17%
ODCs	19,982	1,141	237	1,377	18,605	6.89%
Subtotal (non-labor)	40,696	1,291	328	1,619	39,078	3.98%
3. G & A on materials	3,337	106	27	133	3,204	3.98%
4. GRANTS	50,000	36,811	-	36,811	-	-
5. GRANT FEES	1,000	365	-	365	-	0.00%
6. TOTAL	134,086	63,687	1,677	65,364	54,897	49.75%

4075-414 1.4.a. Procurement

1. LABOR	649,406	112,700	8,514	121,214	528,192	18.67%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	53,283	20,577	2,224	22,801	30,482	42.79%
ODCs	103,998	13,988	6,578	20,566	83,433	19.77%
SUBS	200,000	64,300	82,084	146,384	53,616	73.19%
Subtotal (non-labor)	357,281	98,865	90,886	189,751	167,530	53.11%
3. G & A on materials	29,297	8,107	7,453	15,560	13,737	53.11%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	1,035,984	219,672	106,852	326,524	709,460	31.52%

4075-415 1.5.a. Anti-Money Laundering

1. LABOR	918,736	168,192	29,380	197,573	721,163	21.50%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	327,478	43,146	9,200	52,346	275,132	15.98%
ODCs	328,322	31,468	7,366	38,834	289,489	11.83%
SUBS	198,000	29,277	-	29,277	168,723	14.79%
Subtotal (non-labor)	853,800	103,891	16,566	120,457	733,343	14.11%
3. G & A on materials	70,012	8,519	1,358	9,877	60,134	14.11%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	1,842,548	280,602	47,305	327,907	1,514,641	17.80%

4075-416 1.5.b. Banking Supervision

1. LABOR	655,268	54,886	45,265	100,151	555,117	15.28%
2. MATERIAL COSTS	-	-	-	-	-	-

CATEGORY	BUDGET AMOUNT	INCEPTION TO LAST REPORTED PERIOD	THIS PERIOD	CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
Travel/Per diem/Allowance	158,799	43,671	14,612	58,283	100,516	36.70%
ODCs	96,571	12,847	4,690	17,537	79,034	18.16%
SUBS	17,329	9,657	7,918	17,575	(247)	101.42%
Subtotal (non-labor)	272,699	66,174	27,221	93,395	179,551	34.25%
3. G & A on materials	22,361	5,426	2,232	7,658	14,723	34.25%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	950,328	126,486	74,718	201,204	749,391	21.17%
4075-501 2.1.a. Air Transport						
1. LABOR	351,125	156,170	47,248	203,418	147,707	57.93%
2. MATERIAL COSTS	-	-	-	-	-	-
Travel/Per diem/Allowance	80,938	7,162	3,151	10,313	70,625	12.74%
ODCs	67,689	6,923	2,950	9,874	57,816	14.59%
SUBS	53,000	29,292	279	29,571	23,429	55.79%
Subtotal (non-labor)	201,628	43,377	6,380	49,757	151,870	24.68%
3. G & A on materials	16,533	3,557	523	4,080	12,453	24.68%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	569,286	203,104	54,151	257,255	312,031	45.19%
4075-502 2.1.b. Ports Management						
1. LABOR	462,006	197,970	41,875	239,845	222,161	51.91%
2. MATERIAL COSTS	-	-	-	-	-	-
Travel/Per diem/Allowance	58,782	10,128	1,921	12,048	46,734	20.50%
ODCs	45,998	4,118	994	5,112	40,886	11.11%
SUBS	96,750	70,413	13	70,425	26,325	72.79%
Subtotal (non-labor)	201,530	84,658	2,928	87,586	113,944	43.46%
3. G & A on materials	16,525	6,942	240	7,182	9,343	43.46%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	680,062	289,570	45,043	334,613	345,448	49.20%
4075-503 2.2.a. Telecommunications						
1. LABOR	548,791	114,716	38,947	153,663	395,128	28.00%
2. MATERIAL COSTS	-	-	-	-	(23,879)	-
Travel/Per diem/Allowance	85,392	16,428	7,451	23,879	61,514	27.96%
ODCs	81,465	17,260	5,565	22,825	58,640	28.02%
SUBS	157,577	724	-	724	156,854	0.46%
Subtotal (non-labor)	324,435	34,411	13,016	47,427	277,007	14.62%
3. G & A on materials	26,604	2,822	1,067	3,889	22,715	14.62%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	899,829	151,949	53,030	204,979	694,850	22.78%
4075-504 2.2.b. ICT Services						
1. LABOR	735,401	65,185	155,082	220,267	515,134	29.95%
2. MATERIAL COSTS	-	-	-	-	-	-
Travel/Per diem/Allowance	84,943	7,210	5,446	12,656	72,287	14.90%
ODCs	115,760	4,079	3,201	7,280	108,480	6.29%
SUBS	80,000	-	-	-	80,000	0.00%
Subtotal (non-labor)	280,703	11,289	8,647	19,936	260,767	7.10%
3. G & A on materials	23,018	926	709	1,635	21,383	7.10%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	1,039,122	77,399	164,438	241,837	797,284	23.27%
4075-505 2.3.a. Grain Markets						
1. LABOR	598,790	5,436	19,630	25,066	573,724	4.19%
2. MATERIAL COSTS	-	-	-	-	-	-
Travel/Per diem/Allowance	18,146	-	-	-	18,146	0.00%
ODCs	65,699	1,146	3,325	4,471	61,228	6.81%
SUBS	50,000	-	-	-	50,000	0.00%
Subtotal (non-labor)	133,845	1,146	3,325	4,471	79,374	3.34%
3. G & A on materials	10,975	94	273	367	6,509	3.34%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	0.00%
6. TOTAL	743,610	6,676	23,228	29,904	659,606	4.02%
4075-506 2.3.b. Biotechnology						

CATEGORY	BUDGET AMOUNT	INCEPTION TO LAST REPORTED PERIOD	THIS PERIOD	CUMULATIVE AMOUNT	REMAINING AMOUNT	PERCENT OF BUDGET EXPENDED
1. LABOR	181,115	32,052	21,377	53,428	127,687	29.50%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	63,069	4,221	9,278	13,499	49,570	21.40%
ODCs	60,804	20,345	1,160	21,505	39,299	35.37%
SUBS	55,000	-	-	-	55,000	0.00%
Subtotal (non-labor)	178,873	24,566	10,438	35,004	143,869	19.57%
3. G & A on materials	14,668	2,014	856	2,870	11,797	19.57%
4. GRANTS	135,000	34,510	-	34,510	-	-
5. GRANT FEES	2,700	-	-	-	-	-
6. TOTAL	512,356	93,142	32,671	125,813	283,353	24.56%
4075-507 2.3.c. PVP						
1. LABOR	100,736	17,654	4,083	21,737	78,999	21.58%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	3,048	(1,008)	2,336	1,328	1,719	43.59%
ODCs	12,592	11,031	1,312	12,343	249	98.02%
SUBS	-	-	-	-	-	-
Subtotal (non-labor)	15,640	10,023	3,649	13,672	1,968	87.41%
3. G & A on materials	1,282	822	299	1,121	161	87.41%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	117,658	28,499	8,031	36,530	81,129	31.05%
4075-508 2.3.c. IPR Enforcement						
1. LABOR	592,999	68,374	35,081	103,455	489,544	17.45%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	17,271	3,281	1,948	5,229	(5,229)	30.28%
ODCs	71,356	2,747	10,449	13,196	58,159	18.49%
SUBS	78,000	-	-	-	78,000	0.00%
Subtotal (non-labor)	166,627	6,028	12,397	18,425	130,930	11.06%
3. G & A on materials	13,663	494	1,017	1,511	10,736	11.06%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	773,289	74,896	48,494	123,391	631,211	15.96%
4075-509 Pro-Competition Policy						
1. LABOR	307,138	16,492	(2,954)	13,538	293,600	4.41%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	54,627	397	1,934	2,330	52,297	4.27%
ODCs	48,402	50	220	270	48,132	0.56%
SUBS	25,000	-	-	-	25,000	0.00%
Subtotal (non-labor)	128,029	446	2,154	2,600	125,429	2.03%
3. G & A on materials	10,498	37	177	213	10,285	2.03%
4. GRANTS	-	-	-	-	-	-
5. GRANT FEES	-	-	-	-	-	-
6. TOTAL	445,666	16,975	(624)	16,352	429,314	3.67%
TOTAL ON EXTENSION						
1. LABOR	12,799,041	2,372,829	1,042,790	3,415,619	8,893,877	0.00%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	1,719,502	197,665	81,342	279,007	1,428,453	16.23%
ODCs	1,981,876	267,877	125,942	393,819	1,529,898	19.87%
SUBS	1,602,052	323,246	129,273	452,520	1,021,564	26.25%
Subtotal (non-labor)	5,303,430	788,788	336,558	1,125,346	3,979,915	21.22%
3. G & A on materials	434,881.30	64,680.63	27,598	92,278	325,352.99	21.22%
4. GRANTS	275,000	137,873	(1,747)	136,126	26,760.95	49.50%
5. GRANT FEES	5,500	1,696	-	1,696	2,194.40	30.83%
6. TOTAL	18,817,852	3,365,867	1,405,198	4,771,055	13,229,100	25.35%
OVER-ALL TASK ORDER EXPENDITURES						
1. LABOR	22,347,581	11,878,109	1,042,790	12,920,899	8,487,821	57.52%
2. MATERIAL COSTS						
Travel/Per diem/Allowance	3,298,849	1,429,159	81,342	1,510,501	1,726,995	45.79%
ODCs	4,194,964	3,280,984	125,942	3,406,926	616,485	81.21%
SUBS	2,686,657	325,107	129,273	454,381	1,439,620	16.91%
Subtotal (non-labor)	10,180,471	5,035,250	336,558	5,371,807	3,777,100	52.77%
3. G & A on materials	834,799	466,706	27,598	494,303	309,722	59.21%
4. GRANTS	643,038	516,718	(1,747)	514,971	65,205	80.08%
5. GRANT FEES	12,861	-	-	-	2,194	0.00%
6. TOTAL	34,018,749	17,896,782	1,405,198	19,301,980	12,542,043	56.74%