

ASIAN DEVELOPMENT BANK

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Impact Evaluation Study Series (Number 35)

IMPACT EVALUATION STUDY

OF THE

BANK'S BENEFIT MONITORING AND EVALUATION ASSISTANCE

TO THE

AGRICULTURE AND SOCIAL SECTORS

IN THE

PHILIPPINES

December 1995

ABBREVIATIONS

BME	-	Benefit Monitoring and Evaluation
DA	-	Department of Agriculture
DENR	-	Department of Environment and Natural Resources
DOH	-	Department of Health
DTI	-	Department of Trade and Industry
EA	-	Executing Agency
HADP	-	Highland Agriculture Development Project
IBRD	-	International Bank for Reconstruction and Development
IEM	-	Impact Evaluation Mission
IES	-	Impact Evaluation Study
LBP	-	Land Bank of the Philippines
MIS	-	Management Information System
NEDA	-	National Economic and Development Authority
NGO	-	Non-Government Organization
NIA	-	National Irrigation Authority
PMS	-	Project Monitoring Staff
PIADP	-	Palawan Integrated Area Development Project
PMU	-	Project Management Unit
TA	-	Technical Assistance
USAID	-	United States Agency for International Development

I. BACKGROUND

A. Rationale

1. Benefit Monitoring and Evaluation (BME) is an instrument for assessing a project's¹ socioeconomic impact on the target beneficiaries. BME comprises three sets of activities: (i) the preparation and analysis of benchmark (baseline) information on persons and population groups benefiting from the project as well as the affected population prior to the project's commencement, (ii) monitoring benefits delivered to intended beneficiaries during implementation, and (iii) evaluation of project impact a few years (usually three to five years) after completion when all project facilities and services have been fully developed. The Bank's *Guidelines for Benefit Monitoring and Evaluation* were first developed in 1982, and revised in 1989. Since 1992, social analyses following initial social assessments have been conducted during the preparation of projects, a practice that has now become a Bank requirement.

2. Project Performance Audit Reports (PPARs) prepared over the years have indicated certain shortcomings in implementing BME policies and attaining BME objectives. The problems were highlighted in several Annual Reviews of Postevaluation Reports and can be summarized as follows: (i) the objectives, parameters, and functions of BME were not well understood and appreciated; (ii) staff and resource allocations by Executing Agencies (EAs) to BME were limited; (iii) the institutionalization of procedures and staff training had not been pursued effectively; (iv) Bank guidance and consultant inputs were inadequate; and (v) the Bank's current guidelines are weak on user needs,

¹ Includes Bank assistance for a program or a sector.

cost-effectiveness, and institutional capabilities, resulting in the establishment of complex and high-cost BME systems.

B. Objective

3. The Sixteenth Annual Review of Postevaluation Reports² expressed concern about the effectiveness of Bank assistance for BME and the subsequent effects on measuring project impact. The present Impact Evaluation Study (IES) is a follow-up of further discussion within the Bank of this issue. The main purpose of the IES is to review and assess the effectiveness of the Bank's BME assistance to the Philippines in the agriculture and social sectors³ in sensitizing decision-makers, supporting policy development, helping institutionalize BME systems and activities, and improving project performance in terms of delivering socioeconomic benefits to target groups.

4. In addition, the Regional Technical Assistance (RETA No. 5636) for Evaluation of Bank Assistance to Developing Member Countries (DMCs) for Benefit Monitoring and Evaluation was approved in June 1995 to undertake similar reviews of BME activities in five additional DMCs (Bangladesh, Indonesia, Malaysia, Pakistan, and Sri Lanka), apart from the Philippines. The findings of this IES will be utilized and expanded upon in the RETA output.

² "Report of the President to the Board of Directors on Postevaluation Activities During 1993 and the Sixteenth Annual Review of Postevaluation Reports," April 1994.

³ The selection of these sectors have been guided by Bank's increased emphasis on these sectors in its operations under its Medium-term Strategic Framework (1995-1998).

II. IMPACT EVALUATION STUDY APPROACH

A. Methodology

5. To achieve the stated objective of the IES, the methodology adopted to conduct the Study entailed the (i) assessment of conditions and BME systems prevailing prior to Bank assistance; (ii) verification of type, quality, and quantity of assistance provided by the Bank and other national and international agencies; and (iii) analysis and assessment of improvements in BME systems (including extent of their adoption) and activities attributable to Bank support.

6. Baseline information on BME systems in existence prior to Bank projects is limited. This in itself is a significant lesson that confirms the importance of benchmark information: unless the preproject situation is established in terms of defined parameters, it is difficult to assess the effects and impact of any intervention, including that for the support of BME. In addition, assistance was provided by various international and national agencies in parallel which, at times, made it difficult to distinguish clearly the impact of Bank assistance compared with that of others. Despite these factors, the Impact Evaluation Mission (IEM) obtained sufficient details to identify critical issues as discussed in this report.

7. The IEM based its analysis on a desk study⁴ as well as basic documents such as the Report and Recommendation of the President, Appraisal Report, Loan Agreement, Project Completion Report, PPAR, technical assistance (TA) Paper/TA Agreement, TA Completion Reports, Back-to-Office Reports of Bank Review Missions, Quarterly Progress Reports, relevant project files, BME system manuals and guidelines, etc. The IEM held discussions with staff of the National Economic Development Authority (NEDA) and all the major EAs at national and regional levels, including selected project offices.⁵ Meetings were held with representatives of the World Bank and the United States Agency for International Development (USAID). Bank staff from Agriculture and Rural Development Division East; Forestry and Natural Resources Division East; Education, Health, and Population Division East; Social Development Division; and Environment Division contributed to the identification and discussion of BME issues and provided relevant background information.

B. Scope

8. The IES focused on institutional, operational, and financial issues. The review and analyses of institutional building issues center on the impact of Bank assistance on structure, staff qualifications and skills, policies, capacities and institutional mechanisms to generate and utilize- BME information, methodology and guidelines, as well as physical facilities needed and used for data collection, processing, storage, and retrieval. Particular attention is given to aspects such as integration of BME in the management structure and Management Information Systems (MIS) of EAs, capacity building and ownership of BME, adequacy and practicality of BME systems developed or supported by the Bank as well as interaction between the various departments and other development agencies in the country in terms of information exchange and the decision-making process and contributions of BME to that process.

⁴ The desk study was carried out in connection with RETA No. 5636.

⁵ Loan No. 802-PHI: *Highland Agriculture Development Project (HADP)*, for \$18.80 million, approved on 25 November 1986; Loan Nos. 1033-PHI(SF)/1034-PHI: *Second Palawan Integrated Area Development Project (PIADP)*, for a total of \$58.00 million, approved on 27 September 1990; Loan No. 1254-PHI(SF): *Nonformal Education Project*, for \$25.20 million, approved on 30 September 1993; and Loan No.1331 -PHI(SF): *Women's Health and Safe Motherhood Project*, for \$54.00 million, approved on 10 November 1994.

9. In contrast to the section on institution building, the analysis of operational issues highlights concerns that arise in the context of implementing BME activities: the type, quantity, and quality of indicators, data, and analyses; the timing and frequency of BME activities; and the utilization of BME information.

10. In addressing financial issues, questions of availability, adequacy, and timeliness of resources for BME activities, and resource allocations among competing responsibilities and work are raised. An attempt is also made to assess the adequacy of resource allocation for BME. In so doing, the IES considers financial issues at the level of the project and of EAs.

11. The IES also deals with covenants to assess their specificity, utilization, and effectiveness for BME purposes.

12. The IES covers a total of 22 projects (27 loans) and 17 TAs in the agriculture and social sectors (see Appendix 1 for a complete list). Projects were approved during the period 1982-1994. This time frame was chosen in light of the issuance of BME guidelines in 1982. Ten projects have been completed, the remaining are under implementation.

C. Main Features of Bank-supported BME Activities in the Philippines

13. Projects and TAs included in the review account for an estimated total allocation of \$6.11 million for BME purposes. The distribution of BME financing over time indicates that there has not been any increase of loan allocations for BME in later years; even if awareness of the importance of BME has increased since the approval of the Bank's BME guidelines in 1982, there has not been a corresponding trend in allocations of loan monies. Instead, there has been a marked increase of TAs approved for complementary BME activities since 1987.

14. BME funding was provided from loan proceeds in the case of 11 projects, whereas all other projects received additional support from various kinds of TAs. Loan allocations were largely made for benefit monitoring and capacity building, whereas covenants focused strongly on benchmark studies (16 projects) and benefit monitoring (12 projects), and made provisions for final evaluations at project completion (6 projects) and impact evaluations (8 projects). In total, 25 projects and TAs had provisions for benchmark surveys and/or benefit monitoring, whereas only three had allocations for benefit evaluation. Fourteen projects and nine TAs provided resources for capacity building in BME, all of which utilized consultants' services. Given that BME is mostly lodged with the Project Management Unit (PMU), these inputs may have been used for benefit monitoring as well as project management and performance monitoring.

15. Of the 27 loans, 23 are for agriculture, 3 for education, and 1 for health. The distribution of total loan allocations for BME by sector shows that the agriculture sector has the largest share (83 percent), followed by health (12.4 percent), and education (4.6 percent). The forestry and fisheries sectors together have claimed 41 percent of the total TA. Adding two natural resource management projects, i.e., HADP and Low-income Upland Communities Project, this share increases to 48 percent. Resource management has thus received priority in the allocation of the Bank's TA grants for BME assistance. The three EAs with the largest allocations for BME (loans and TA) were the Department of Agriculture (DA) (\$1,552,227), Department of Environment and Natural Resources (DENR) (\$1,543,000), and National Irrigation Administration (NIA) (\$384,000). The remainder was distributed among various agencies. A distribution of BME allocations by sector is presented in Table 1.

Table 1: Resource Allocations for BME by Sector

Item	Agriculture	Education	Health	Total
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Total Loan Amount	\$721,838,000	\$83,041,000	\$36,800,000	\$841,679,000
Loan Allocation for BME	\$1,763,252	\$258,000	\$660,000	\$2,681,252
BME-Related TAs	\$3,309,500	\$24,086	\$100,000	\$3,433,586
Total BME Allocations	\$5,072,752	\$282,086	\$760,000	\$6,114,838
Percentage of Total BME Allocation to Total Loan Amount	0.70%	0.34%	2.07%	0.73%

16. TA funds accounted for 56 percent of total allocations to BME, the remainder being loan components. The TA monies allocated to the agriculture, education, and health were 96.4, 0.7, and 2.9 percent, respectively. The social sectors did not benefit much from the TA as BME support was given primarily through loans.

17. A complete breakdown of financial allocations for BME for all the EAs is not available.

18. Beneficiaries were involved in benefit monitoring of 15 projects, which include irrigation (4), forestry (3), integrated/agricultural development (3), credit (2), fisheries (1), and education (2) sector projects/programs. In the irrigation sector, beneficiaries were involved through irrigators' associations. In the forestry and fisheries sectors, beneficiary communities were involved in resource survey and resource management. In credit projects, beneficiary involvement in benefit monitoring was sought through cooperatives. Students/communities (parents) were involved in education sector projects. In the case of integrated/agricultural development projects, the modalities of beneficiary participation in benefit monitoring depended on the component concerned (e.g., irrigation, education, and health).

III. IMPACT OF BANK ASSISTANCE ON BENEFIT MONITORING AND EVALUATION

A. Institution Building Issues

1. BME Capacities at National and Department Level

19. NEDA's Post-Evaluation Division (PED), lodged with the Project Monitoring Staff (PMS), is the stronghold of postevaluation activities at the national level. PMS integrates postevaluation and BME activities as it does not have separate staff or resource allocation for these two sets of activities. PMS/PED's involvement in BME activities as such is relatively limited, as evaluation work concentrates on the organization and conduct of postevaluations and dissemination and feedback of results into the project design process. It was felt that the role of EAs is to identify and appraise social benefits and impact on adversely affected groups for new investment projects, whereas PMS/PED will verify information presented in project proposals by drawing on its postevaluation information data base.

20. The Government's policy to institutionalize a postevaluation system dates back to the issuance of Presidential Letter of Instruction No. 902 in 1979. The subsequent Presidential Executive Order No. 280 established a separate evaluation division under the overall umbrella of NEDA. Although starting from the highest policy-making level downward, interest and concern have been maturing from "efficiency" to "effectiveness" of development assistance and loans, a specific policy and formal guidelines have not been adopted for BME, largely because an urgently required clarification of definitions and concepts of a practical BME system is still missing.

21. As the central body for coordinating foreign assistance, NEDA benefited from some direct external assistance and participated in other activities related to BME. Starting in the late 1970s, efforts were initiated under a USAID-financed project to measure the socioeconomic impact of projects. However, this effort was not sustained. Much later, the Bank provided a TA to PED,⁶ resulting in enhanced postevaluation capacities and postevaluation information system. This support strengthened PED's overall capacities, albeit it did not entail specific components directed at BME. Frequent interaction between NEDA and Bank staff contributed to the sensitization concerning the importance of BME.

22. The institutional setup of Government departments (see Appendix 2 for an overview of EAs) varies as some of them have an independent evaluation or BME unit whereas others have several organizational units charged with monitoring responsibilities and still others rely on PMUs, thus limiting BME to externally assisted projects. The following problem areas were observed: (i) no clearly defined central unit is responsible for BME or its coordination; (ii) a large number of organizational units deal with BME at the central level; (iii) BME for domestic programs and foreign-assisted programs is not integrated, but is handled by separate organizational units; (iv) different funding agencies set up different organizational arrangements for BME even within the same sector; and (v) the devolution of functions to the local government level relocates the responsibility for BME without redefining communication channels and routines.

23. Bank assistance generally perceives BME as part of the PMU's responsibilities, thus, the Bank does not attempt to attach project-related BME to existing monitoring units in the EA's institutional setup. Only recently were plans made to involve the regional evaluation unit of DA in carrying out BME, although without yet specifying working arrangements or discussing BME requirements with responsible staff. In the case of multisectoral projects such as PIADP, BME responsibilities during the first phase were lodged in the PMU's BME unit, whereas those in the second phase were devolved to the level of EAs' contractual field staff. Thus, capacity building is limited to PMUs, which, by definition, are coterminous with projects. Moreover, offices set up for the sole purpose of managing and monitoring a foreign-assisted project add to the complexity of EAs' organizational structure without strengthening existing institutional capacities. For instance, a number of project offices have been added to an already intricate organizational structure of DENR.

24. In most instances, staff and resource allocations of EAs to BME cannot be singled out as these functions are combined with performance monitoring and evaluation or other functions such as MIS. Under projects, the practice of hiring contractual project staff whose contract is coterminous with that of the project eliminates the possibility of training regular staff of the EA and even creates an impediment to the involvement of regular staff in project activities as they do not benefit from higher salaries and other privileges provided to contractual staff under externally-funded projects. Hence, the transfer of skills and knowledge as a contribution to sustained capacity building is not taking place.

25. The majority of the agencies do not have a formal policy statement concerning BME. Policy support from top management varies from agency to agency with no apparent pattern, although in sectors where benefits and adverse effects are felt immediately by target groups such as education, health, and agriculture, a stronger commitment to BME can be noted. An increased awareness of the importance of BME is not always translated into specific administrative directives and procedures or financial and staff resource allocations. In a number of EAs, BME staff seemed to perceive their existence and function tolerated by management, largely because of the insistence of the Bank and other funding agencies to carry out BME activities. The IEM noted that the Bank, among other funding agencies, has been playing a pivotal role in sensitizing the policymakers at all levels about the critical importance of BME as an input into modifying design of ongoing projects, improving project implementation, designing new projects, formulating reform policies, and articulating development priorities. All agencies noted that between the early 1980s and now, there has been a significant policy

⁶ TA No. 1650-PHI: *Strengthening Postevaluation Capacity of the NEDA*, for \$100,000, approved on 7 January 1992.

shift in EAs in support for BME. The Bank's contribution in bringing about this shift was broadly recognized.

26. The understanding of BME reflected a general appreciation of the importance of obtaining information at the target beneficiary level and feeding it back into project operations. However, the definition of benefits concentrated mostly on immediate output such as irrigation water, without taking into account benefits derived from utilizing this immediate project output. An exception to this perspective is the health sector where the immediate benefit of having, for instance, vaccinated patients is translated into a longer term benefit of reducing mortality rates. The Bank's own policy does not clearly define its perception of benefits,⁷ thus, its impact on EAs' policies in this respect has been ambiguous.

27. Top management of line departments was cited to be the prime user of BME information. However, it was not always apparent for which purposes BME data were used because feedback from top levels was rather weak. The utilization of BME information by middle or lower level management was comparatively more active, particularly if and when this information concerned operational issues such as creditworthiness and loan repayment rates as it was the case in the Non-Government Organization (NGO3 Microcredit project, or in water distribution levels and timing for irrigation projects. In other instances, BME data were collected essentially for the purpose of complying with instructions from the central office with limited or no understanding as to the interpretation, analysis, and utilization of information. BME data are often not integrated in the EA's MIS, thus resulting in parallel information systems, which is similar to the approach of keeping project-related BME separate from EAs' mainstream BME and evaluation units. In summary, the problems are the following: (i) BME users are not clearly identified, nor are their information needs specified; (ii) BME information is not produced and forwarded in a fashion that is synchronized with the information requirements of the different user groups; (iii) BME feedback mechanisms are not institutionalized, largely because information needs are not defined; and (iv) the main focus is on collecting and compiling data rather than on analyzing them in terms of their relevance, contents, and utilization.

28. The Bank has not made a strong contribution to overcoming these shortcomings. In most instances, Bank staff and EAs alike perceive BME as a Bank requirement and not as a management tool that provides sensitive and sensible data to decision makers. This is, at least in part, due to the way in which BME systems are developed, which tends to neglect the identification and analysis of information users and their needs in terms of type, quantity, and quality of data.

29. The EA's own BME activities, i.e., those not related to foreign-assisted projects, largely concentrate on physical and financial progress monitoring and, to some extent, benefit monitoring, with some benchmark surveys undertaken and less evaluation activities. This is largely due to some confusion of "benefit monitoring" with "monitoring of implementation" and to the lack of resources for postproject activities. One exception to this is the comprehensive monitoring and evaluation system set up in the first of four banner programs⁸ of DA. The system foresees all three types of BME activities, including the evaluation of program results at project completion.⁹ Bank support in this area has had the most immediate influence insofar as inputs were financed to carry out benchmark surveys and

⁷ The importance of a clear definition arises from the change in focus of a BME system: if benefit means the immediate output, for instance irrigation water, monitoring of benefits and of system operations are identical; if benefit refers to results derived from access to irrigation water, a broader spectrum of socioeconomic indicators is required and the BME system goes beyond an operational monitoring system.

⁸ DA operates four so-called banner programs, the first of which is the Grains Production and Enhancement Program. Commercial Crops, Fisheries, and Livestock are the three other areas for which similar comprehensive evaluation programs will be developed.

⁹ The evaluation program included one Rural Rapid Appraisal, four annual reviews, one midterm evaluation, and one terminal evaluation. The total budget amounted to 15 million pesos.

benefit monitoring, with limited inputs provided to benefit evaluation. The institution-building effects of these inputs cannot be established with certainty. For those instances, where consultants undertook benchmark and monitoring surveys without interacting with counterpart or contractual PMU staff, the capacity building of effects, if any, were limited. It appears that these cases have been in the majority. The impact of these Bank-financed activities varied from EA to EA: some remained dependent on financial and other external support for BME activities whereas others, such as DA, continued to operate their evaluation functions regardless of Bank assistance. In the case of some agencies such as NIA, Department of Trade and Industry (D:)TI), and Land Bank of the Philippines (LBP), Bank support demonstrated the value of BME systems and started the process of institutionalization. Operational issues are discussed further in part III.B

30. The methodology used by agencies and projects for BME activities follows the same broad principles contained in the Bank's *Handbook for Benefit Monitoring and Evaluation*. Bank assistance was provided through consultants to develop BME systems, guidelines or manuals, survey instruments, and questionnaires. BME systems provided for benchmark socioeconomic and sociotechnical surveys, special studies, and benefit monitoring during implementation, whereas evaluation was only referred to in selected cases. Problems encountered with methodologies developed under Bank-assisted projects were manifold: (i) system design did not always conform with the information needs of the user, but included too many indicators that were not of immediate use to the EA, and failed to recognize that some data could better be generated and used by other agencies; (ii) the system's development was far more time-consuming than anticipated, particularly if it is to be absorbed and used by the recipient agency. Thus, systems developed and handed over by consultants to EAs were (perceived to be) complex, not fully understood and underutilized; (iii) the transfer of knowledge and understanding of BME systems was often limited to a rather mechanistic approach, directed at data collection rather than on data processing and analysis, with little concern for developing an understanding of conceptual issues associated with the system, and this led to difficulties once EAs attempted to simplify their BME system; (iv) systems were not user-friendly and were too demanding in terms of data collection requirements; and (v) insufficient use was made of beneficiary participation.

31. Despite these shortcomings, it can be said that the Bank has had some positive effect on developing and institutionalizing BME systems and methodologies insofar as most instructional manuals are of professional quality as demonstrated by the *Manual for the Use of Community Forestry Benefit Monitoring and Evaluation Instruments* prepared for DENR. The Manual clearly lays out sources of information, timing of surveys, field procedures, and data storage and use. With this manual, DENR has a comprehensive framework for compiling socioeconomic profiles of barangays, community economies, and households as baseline information for developing subprojects under the loan.¹⁰

32. In terms of equipment and facilities, Bank assistance was provided to procure the requisite computers for word and data processing associated with project management in general. In a few instances, computers were assigned solely to BME. Given the location of BME units/staff in the PMU, which dissolves with the termination of a project, computers tended to be absorbed in the overall structure of EAs, but not necessarily for BME purposes. This is a result of shortcomings in the general approach to capacity building, as discussed above.

2. Institutional Framework

33. The institutional framework, which may not necessarily be formally dedicated to BME, can be defined as a network of government departments and national agencies as the stakeholders,

¹⁰ Loan Nos. 1191-PHI(SF)/1192-PHI: *Forestry Sector*, for \$100.00 million, approved on 19 November 1992.

gatherers, and providers of BME information, and those using the output of BME. The need to consider this framework arises from the type of data required and generated by BME systems, which can go beyond the immediate output of a project. Information may be collected from different agencies and be of importance to a wider spectrum of development agents rather than the EA or PMU alone. The smooth interaction and exchange of information between these agencies as well as compatibility and comparability of data are important when assessing the impact of BME assistance insofar as complexity of BME systems, cost-effectiveness in data collection, and utilization of BME results are concerned.

34. Being at the apex of the institutional framework, NEDA is advocating the establishment of independent BME units at planning or MIS offices of line departments. It maintains regular contacts with BME or evaluation units of line departments, wherever they exist, for the exchange of information and data. While information flow in terms of progress reporting from line agencies to NEDA seems to be functioning relatively well, coordination and cooperation at the level of data collection, compilation, and analysis have been limited. For instance, in conducting a socioeconomic survey, one EA, say NIA, may be collecting data falling under the responsibility of another department, like the Department of Health (DOH), which may already have the requisite data or would be much better equipped for collecting, providing, and interpreting relevant data. Gains in terms of cost-effectiveness can also be expected from coordination and cooperation.

35. Bank assistance has not been targeted at the institutional framework as such, and thus, has not taken into account synergies that can be created between various development agencies. Moreover, conceptually little consideration has been given to information needs at different levels in the government: while the Bank and NEDA are interested in the economic, socioeconomic, and environmental impact of development projects, the individual EAs may not be concerned with all those aspects. For instance, whether the income of farmers increases as a result of the provision of irrigation water is not of immediate concern to NIA whose main task is to operate and maintain irrigation systems. By assuming that BME information is of interest to all levels within an EA and the national development system, BME systems were not developed to provide data useful to the specific user needs.

B. Operational Issues

36. BME activities undertaken by EAs with the assistance of Bank-financed projects range from benchmark (socioeconomic and sociotechnical) and periodic monitoring surveys to end-of-project evaluations, which, in most cases, were carried out only if a follow-up project was developed and funded by the Bank. While monitoring activities are perceived to serve benefit monitoring purposes, the type of indicators monitored illustrates a strong focus on performance or implementation monitoring, which partly may result from different definitions of the term "benefit" as discussed in para. 26.

37. The Bank's impact on operating BME systems has been that BME activities were in fact carried out: all staff recruited for Bank-assisted projects assured that project-related BME was carried out at the insistence of the Bank. Otherwise, no resources would have been allocated to these activities. Despite this positive impact on introducing BME activities, the IEM made the following observations regarding the operational performance of BME activities:

- (i) Timeliness and frequency of BME activities: (a) with a few exceptions, benchmark surveys are undertaken mostly after the start of project implementation (sometimes not until the second or the third year) rather than before; (b) during project implementation (i.e., project construction stage), benefits are not always produced so that benefit monitoring at that time is found untimely and should start only once larger parts of the project facilities are in operation; (c) only indicators that provided feedback on performance, rather than impact, are monitored frequently as this information is of

immediate interest to EAs; and (d) evaluation surveys, if any, are most often carried out at completion of the project, which is too early to make an assessment of the impact of benefits.

- (ii) Type and number of indicators: especially in early survey instruments, the indicators were too extensive and not perceived as indicators to be used at all three stages of BME. However, one project that may serve as a positive example is the Women's Health and Safe Motherhood Project,¹¹ which aims to identify indicators specific to women's health issues and integrate these indicators into the EA's existing monitoring and information system.
- (iii) Type, quantity, and source of data: (a) based on broad indicators, a vast amount of data are collected, not necessarily in line with information needs; (b) the large volume of data are difficult to process and analyze; (c) amendments to the type of data to collect made by EAs had limited or no benefit of Bank support; (d) increasingly, the responsibility for data collection is being devolved to intermediary groups such as irrigation associations, farmers cooperatives, or local schools, which minimizes the gap between enumerators and beneficiaries as the source of information; and (e) in at least one project (HADP), benchmark survey data were considerably limited compared with expectations at appraisal.
- (iv) Type and quality of analysis: BME remained at the level of compiling statistical data without analysis or interpretation of the data collected.

C. Financial Issues

38. At the EA level, budgetary resources are available to support staff and travel, but funds are limited for systems development, equipment, and BME activities (e.g., surveys, studies, data analysis, and report preparation). Fund release from the Department of Budget and Management is not always smooth, notwithstanding the availability of Bank financing. For example, HADP suffered from slow budget release, which delayed project implementation as well as BME work. Bank assistance seems to have had a positive influence in terms of obtaining commitment from EAs to allocate resources for BME activities.

39. The lack of measurable financial returns from BME activities creates the impression that BME is purely a cost factor. Projects where the promise of financial returns is visible such as credit programs where BME concentrates on creditworthiness and repayment aspects or where provision of services is interlinked with the collection of fees had the greatest incentive to implement BME systems not only project-wide but also at an agency-wide level. In a number of such cases, EA staff indicated that budgetary resources will be forthcoming to support BME work, irrespective of future Bank financing. Admittedly, these are expressions of intention and do not necessarily guarantee adequate fund availability on a timely basis. However, in some agencies, such as NIA, DA, and LBP, there was concrete demonstration of commitment by the authorities in providing necessary budgetary allocation.

40. At the project level, adequate resources were available for BME activities financed from loans or TAs. Although a detailed breakdown of resource allocation and utilization for BME purposes is not available for most projects, the IEM noted a tendency toward financing consultants' services for system's development and the conduct of surveys, with relatively less attention given to training of regular EA staff.

¹¹ Loan No. 1331-PHI(SF): *Women's Health and Safe Motherhood*, for \$54.00 million, approved on 10 November 1994.

41. Moreover, financing concentrated on benchmark surveys and benefit monitoring. In most instances, no allocations were made for benefit evaluation after project completion, which can be explained by the fact that project resources are available only during implementation and that the loan closing date cannot be extended for several years to finance an ex-post evaluation. These situations call for an alternative financing arrangement.

IV. COVENANTS

42. Covenants are contained in Loan Agreements for all projects (see Appendix 3), all of which had allocations for BME, either through loan allocations or TA, so that none of the Projects had to rely entirely on covenants and EA financing in implementing BME activities. The implementation of BME activities as such was, therefore, not always directly affected by compliance, or lack thereof, with covenants. However, the degree of assistance varied considerably insofar as TAs tended to finance surveys and capacity building and system development activities with no provisions made for staffing or conducting regular BME activities. In the case of one of the projects executed by LBP, a detailed BME plan prepared by the EA in compliance with Bank requirements, is under implementation. Moreover, in recognition of the advantages of a monitoring system, its application is being expanded to other LBP-financed lending schemes.

43. The purpose of BME was specified in the case of 11 out of 22 projects; in most covenants, BME was stated to be the assessment of project impact. Only in two cases was BME said to be a management tool that would provide feedback to management to take corrective measures. The users of BME information were defined in only seven cases, two of which included various user groups such as management, beneficiaries, etc.; five specified the Bank as the sole user of BME information. This finding supports the earlier observation that information users and their needs are not identified (see para. 27) and documents the implied understanding that BME is a Bank requirement rather than an instrument that can be useful to management at the project and agency level. In three instances, covenants were not actually concerned with BME but with monitoring progress and performance of the projects in question.

44. In seven cases, covenants required that BME plans be developed during the start-up phase of the project. In two cases both data requirements were specified and a detailed BME plan was to be developed, whereas in six cases neither a BME plan was covenanted nor did the covenants contain specifications of indicators or data requirements, thus leaving BME requirements rather undefined. Since data to be collected were specified in only five cases and general indications such as "relevant" data were made in another five cases, the type of information to be generated by BME systems was largely left to consultants and EAs. Reference to the Bank's BME *Handbook* was made only in one project.

45. The type of BME activities to be carried out covered benchmark surveys, regular monitoring, and final evaluations. In a number of instances, postevaluation activities were required, one project actually prescribing the postevaluation of five previous ones, but only in two cases were clear responsibilities accorded: one to the EA and another to NEDA. Overall, the responsibility for BME rested with EAs/PMUs, as required by the Bank's BME guidelines, and only in one case were BME surveys to be contracted out to an independent agency. NGO involvement was mentioned in two cases. In three multisector projects, the responsibility for BME data collection was assigned to EAs responsible for their respective subprojects. One PMU was to perform BME activities under the supervision of the EA's Project Monitoring and Evaluation Division, which covenanted some element of integration between project-related BME activities and those of the EA.

46. The timing of BME activities was not specified for seven projects, whereas for nine projects benchmark surveys were prescribed to take place during the first 12-18 months. In one case, the requirement was three months. For eight projects, TA-financed benchmark surveys were carried out. The lack of specific timing of benchmark surveys indicates that data collection on beneficiary needs was not always required prior to project design and approval, which reflects on the level to which the projects are focused on satisfying beneficiary needs. The timing of monitoring requirements were, at best, described as "frequent", which demonstrated a lack of correspondence between user requirements and timing and frequency of data production. For four projects, covenants required BME

reporting to be integrated in quarterly progress reports to the Bank. Evaluations were to take place prior to or at project completion or thereafter: in one case six months, in another, five years.

V. KEY ISSUES FOR CONSIDERATION

A. BME as a Management Tool

47. One of the key issues is that BME is perceived as a reporting requirement for the Bank or other financing and aid agencies. It is not generally conceived or utilized as a management tool that provides relevant, timely, and accurate information to decision makers at the various levels of the hierarchy of EAs. This problem manifests itself in the system's definitions, which are rather general, albeit complex, as they are not based on information needs analyses. To become functional, BME systems will have to be designed on the basis of an appreciation of which information is needed by whom, at which time, and for what purpose. In worst cases, data are collected in a mechanistic way without understanding the meaning and purpose of the exercise; information is gathered, compiled, and sent up the ladder but no feedback as to what decisions were made using it is received. Such a situation underpins the impression that BME is performed for compliance purposes only. The amount and degree of data collated in such a way do not necessarily correspond with the information needs at higher levels. Thus, much of the information is meaningless or is not generated and compiled in a useful manner, which is one of the reasons for nonutilization of BME information (thus lack of feedback) and leads to frustration of potential users. In contrast, agencies like DOH and NIA reported the use of BME information at operational levels: midwives adjusting their services to pregnant women or water masters adjusting the performance of the irrigation system on the basis of survey findings. Obviously, the provision of information to all levels has to go hand in hand with the devolution of the decision-making authority.

B. Ownership

48. Closely related to the above issue is a certain degree of lack of ownership of BME systems. Being developed for a particular project, located in a coterminous project office, and having the main purpose of reporting to the Bank on project impact, project-based BME systems are not perceived or treated as part of the EA's structure or system. Ownership of agency-level BME systems, where in place, is somewhat stronger, depending on the effectiveness of the BME/evaluation unit, even if these systems are not always organized in the most effective way or receive adequate support from top management. Closer integration of Bank assistance and requirements with the regular BME structure of EAs may help in overcoming the ownership -problem as well as in enhancing the impact of Bank assistance in terms of ensuring management support.

C. Capacity Building

49. Integrating project-related BME into the regular structure of EAs will not only address the question of ownership but also make a positive contribution to capacity building. As discussed in Chapter III.A., Bank assistance has not been as effective as expected in strengthening BME capacities largely because of the concentration of such assistance on the PMU as the party responsible for BME. In addition, no detailed analyses of existing BME capacities were carried out as the basis for designing capacity-building assistance and little time and attention were given to institutionalize systems

developed by consultants. Moreover, approaches and systems developed in the context of Bank projects varied depending on the consultants and their perspective on BME.

50. The lack of funding agency coordination has not positively contributed to capacity building: not only were resources scattered on the development of different systems, but their operation was time-consuming and resource intensive.

51. EAs' commitment and allocation of resources for supporting BME are critical and also need to be enhanced.

D. Institutional Framework

52. An institutional framework for BME, which encompasses evaluation units in each EA and operates under the coordination and management of NEDA, will be useful for the pooling and exchanging of BME information as well as its utilization. The establishment and operation of such an infrastructure have been hampered by a lack of well-organized BME or evaluation units across all EAs, and a limited awareness of possibilities and options for networking BME activities across agencies.

E. Financing BME Activities

53. Financial support extended by the Bank through loan provisions and TAs has been useful insofar as they ensured the conduct of BME activities. However, more effective use could have been made of these resources if an agency-wide BME system had been developed rather than systems for individual projects, some of them being executed by the same EA.

54. In addition, financing BME from the EAs' own resources poses a problem because BME does not directly generate revenue, and thus does not receive the same priority as other more essential expenditures in times of resource constraints. Tailoring BME systems to the information needs of EAs, thus streamlining systems and limiting their resource intensity, will be a first step in reducing their financial requirements. An additional incentive may be created if BME systems/information can demonstrate their contribution to cost savings.

55. The lack of financial resources for evaluation, especially postevaluation of socioeconomic impact, is most pronounced. This is due to administrative arrangements that prevent allocations for project activities after the loan closing date.

F. Sustainability

56. The modalities of the Bank's contribution to sustainability have been staff development, BME system development, survey/study methodology development, and information system development. Contributions to sustainability may be achieved if (i) BME assistance is provided at the right level of the institutional structure; (ii) there is transfer of technology from consultants to local counterparts, from contractual staff to regular staff (or the former is absorbed as regular staff for BME type of activities), and between regional and central levels; (iii) BME systems and methodologies developed by the project are integrated into the BME system of the EA, with adequate inputs and support provided to ensure such internalization; and (iv) the BME data base/information system is integrated with the central MIS system, assuming that the latter exists and is operational. Financial contribution from the Bank might contribute to sustainability if the quality of BME feedback inspires the Government/EAs to gradually take over the financial responsibility for ongoing BME work.

57. Factors preventing the sustainability of BME capacities, as observed to a greater or lesser extent in all projects, can be summarized as follows: (i) lack of commitment at the highest management level of EAs; (ii) issues of conflicting importance and priority; (iii) inadequate resource allocations from regular budgets; (iv) designs that conceive the BME system as project-based rather than an integral part of the EA's structure; and (v) assistance geared toward design and start-up of a BME system with little time and attention paid to its integration in regular activities and sustained operations, which would require intensive training. As a result sustainability is limited. On the other hand, NIA received extensive assistance in developing its monitoring system, making it an integral part of its administration. A number of agencies such as DTI, LBP, and Palawan Council for Sustainable Development (PCSD) reported that experience gained with Bank-supported BME systems inspired the implementation, operation, and maintenance of BME systems for all of their programs.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

58. The Bank made considerable contributions to bringing the concept of BME and its importance to the awareness of policy makers and management at the national and EA level. Across the board, the Bank has taken the lead ahead of other international and bilateral agencies, although specifically in the health sector other agencies like UNICEF, WHO, and bilateral agencies have been in operation for much longer. Difficulties still exist as clear policy statements have not yet been adopted by most of the EAs, owing in part to a lack of commitment or priority accorded to BME, and in part to a lack of clear definitions of all parameters of BME. Problems with the latter manifest themselves in the focus of so-called BME activities, which often are more concerned with operational performance and service delivery, and not so much with reaching targeted beneficiaries and identifying whether services are being used as intended and the resultant impact. This is largely due to the perception shared by the majority of EAs that their concern ends with the delivery of services such as, for instance, irrigation water or access to credit facilities and not whether these services assist the target group in enhancing their quality of life, income-generating opportunities, etc. It is felt that these economic and social development parameters do not fall under the responsibility of line departments, but rather under that of NEDA, which is in charge of monitoring overall development trends.

59. The impact on capacity building has been less effective than anticipated largely because of the approach taken, i.e., basing BME responsibilities in the PMU rather than integrating them with mainstream BME activities of agencies. Moreover, capacity-building efforts were largely limited to developing survey instruments and manuals, with less time and attention given to institutionalize the system. The manuals and survey instruments have been of reasonable quality, although the latter were often too extensive, particularly when prepared during the early years of BME. EA staff had difficulties in reducing questionnaires; this reveals the lack of capacity building in terms of creating a deeper knowledge and understanding of a BME system and its requirements. Efforts to develop capacities in data processing, including the development of data base systems and their integration into MIS of EAs, have been limited, especially in those cases when surveys were contracted to external consultants who used project staff for data gathering and, at most, inputting into a data base. The consultants had limited success in imparting to local staff the skills related to data base management, computation, and analysis of data.

60. Utilization of BME information has not been adequate for reasons such as a lack of defined information needs in terms of type, quality, quantity, timing, and frequency of data and a BME system corresponding to these requirements. Frustrations are twofold: on the part of those collecting data who undertake BME activities for compliance purposes, and on the part of those who receive

extensive data that do not assist them in their decision-making functions. Similarly, the timing of Bank-financed benchmark surveys was such that BME data could not possibly be utilized for project design.

61. Covenants underpin the perception that the Bank is the main target audience for BME. In most cases, BME systems are not well defined in terms of objective, type of indicators to be surveyed, or timing and frequency of surveys and monitoring activities. Since none of the projects depended entirely on the covenants to enforce BME activities but were provided financial resources from loan funds or under TA, the impact of covenants as the sole tool to ensure implementation of BME cannot be ascertained. The covenants did, however, have some impact as even cursory discussions of compliance with covenants during Bank Review Missions raised the subject at management level.

B. Recommendations

62. It is recommended that broader and conceptual issues discussed in this report be taken up in the course of the RETA for Evaluation of Bank Assistance to DMCs for BME (RETA No. 5636), which should make the necessary recommendations for the improvement of various aspects of BME including BME policy and methodology. As the RETA is broader in scope, it will be better suited to address larger issues and concerns arising from the review of Bank experience in six DMCs.

63. At the national level, it is recommended that NEDA, with the assistance of the Bank, develop a BME-specific policy statement and BME guidelines as the basis for expanding BME systems at agency and national levels. The guidelines should define the purpose of BME, delineate roles and responsibilities, and determine the instruments to be used. Most importantly, they should prescribe that an information needs analysis and a detailed review of existing institutional capacities be carried out at the start of developing, strengthening or streamlining a BME system. Meanwhile, this would call for strong political commitment and support and necessary legal instrument to institutionalize BME in the Government.

64. Moreover, NEDA should continue its cooperation with line departments and foster the sensitization process. The Bank supports NEDA's initiative to recommend the establishment of independent evaluation units at department level as counterparts to NEDA's PMS. A policy-level dialogue at the level of department secretaries should be started by NEDA to this effect. The Bank should support this policy dialogue by cooperating in the organization of a high-level meeting and including BME in the agenda of its policy dialogue with the Government. Bank Review Missions should accord more attention to reviewing BME issues.

65. To facilitate the capacity-building process at agency level, it is recommended that NEDA take an active role in sponsoring or organizing training courses, financed internally or from external funds, with the help of local training institutions such as the Development Academy of the Philippines, which has been cited as one of the main training institutions for BME. Bank assistance should be considered in this area.

66. In playing its coordination role, NEDA should strengthen interagency coordination in the collection and compilation of socioeconomic survey data, requiring the different line departments to contribute BME data falling under their responsibility. This should be exercised whether the project is of multisector nature, like the PIADP, or whether it is, for instance, a forestry sector project for which socioeconomic data on income, employment, farming activities, education, and health of target groups are needed. Rather than obliging DENR to capture information on socioeconomic indicators outside its field of responsibility, data should be drawn from DA (for agriculture-related information), DECS (for education), and DOH (for health). Such a pooling of information will minimize the duplication of data collection as well as make data more uniform and reliable as line departments will have more

experience in collecting, computing, and assessing data in their specific areas of responsibility. Moreover, NEDA itself should become the prime user of socioeconomic data generated by BME systems. Bank support for developing BME-specific policies and guidelines (see para. 63) should be extended to review and cover aspects of the institutional framework, coordination, and interagency cooperation as well.

67. Furthermore, it is recommended that, based on the model recommended to be developed by NEDA (see para. 63), line departments adopt a formal policy statement for their BME activities to underpin and document their commitment. In response to capacity building and sustainability issues, it is suggested that BME and evaluation functions of EAs be reviewed and streamlined, wherever necessary, to concentrate these responsibilities in one independent organizational unit. For Government departments that have not yet established a central BME and evaluation unit, commitment and resource allocations for this purpose should be made. BME activities, whether of locally financed or foreign-assisted programs, should be handled by this unit and capacity-building efforts should strengthen its capacities. In developing and revising BME systems, guidelines recommended to be developed should be referred to.

68. A provision in BME should be made such that there is a wide participation of the local government units and community-based organizations in the assessment of the project. A convergence mechanism must be instituted to integrate the local government units and community-based organizations to allow them the benefits derived from the project. In this way, there is sustained capacity building in the efforts of project implementation.

69. Benchmark surveys should be carried out during the project design stage. This will not only serve BME purposes, but also assist in designing projects to be more suited to beneficiary needs.