

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Philippines Country Office (PhCO)

TA 4686-PHI: Harmonization and Managing for Results			Amount Approved/Revised \$700,000	
Executing Agency: Department of Finance (DOF)		Source of Funding TASF	Amount Undisbursed: \$73.89	Amount Utilized: \$699,926.11
TA Approval Date: 04 Nov 2005	TA Signing Date: 30 Nov 2005	Fielding of First Consultant(s): 1 March 2006	TA Completion Date Original: 30 Nov 2007	Actual: 30 April 2008
			Account Closing Date Original: 30 Nov 2007	Actual: 15 Aug 2008

### Description

On November 4, 2005 the Asian Development Bank (ADB) provided advisory technical assistance (TA) to the Government of the Philippines (GOP) in operationalizing, at the country level, the commitments reflected in the Paris Declaration<sup>1</sup>. The TA supported GOP efforts within this global harmonization framework, and in strengthening the Philippines Country Harmonization Program (PCHP). The PCHP comprises two pillars: to improve development effectiveness; and to implement and institutionalize results-management and good practices to improve governance.

### Expected Impact, Outcome and Outputs

The expected impacts were: improved development effectiveness, reduced transaction costs leading to higher levels of public investments, and poverty reduction through improved processing and implementation of development programs.

The expected outcomes were (i) sustainable implementation of the Paris Declaration at the country level; (ii) improved and harmonized Government and development partners, procedures and guidelines for procurement, financial management, and audit; (iii) strengthened performance-based budgeting and increased capacities of Department of Budget and Management (DBM) to mainstream performance-based budgeting processes and to facilitate processes to strengthen the performance orientation of selected Organizational Performance Indicator Framework (OPIF) agencies; and, (iv) streamlined and improved project processing procedures enhancing quality at entry of projects, especially in the areas of environment, gender and land acquisition and resettlement (LAR).

The expected outputs were: (i) Government's achievements on harmonization, harmonization action plan and monitoring framework; (ii) report on the roll-out of generic procurement manuals and the professionalization program for procurement practitioners; (iii) assessment of the compliance of the New Government Accounting System (NGAS) with international accounting standards; (iv) training manuals for agencies; workshops on effectiveness and efficiency reviews (EERs) and OPIF; manual on output-focused major final outputs (MFOs); (v) report on identifying the gap in the environmental impact assessment (EIA) between the Government and development partner systems; capacity building on Environment Management Bureau/Department of Environment and Resettlement (EMB/DENR); (vi) workshops and training on gender and development (GAD) guidelines; standardized manual in applying GAD guidelines in project preparation and evaluation; (vii) report on proposed amendments to RA8974, with explanations; draft implementing rules and regulations (IRR); advocacy plan for the amendments to republic act (RA) 8974.

### Delivery of Inputs and Conduct of Activities

There was an increase in the actual person-months (pm) of consulting services from the planned (81 pm, including 6 pm of international, against 62 pm, including 14 pm of international), mainly due to additional workshops and activities which were within the original scope of the TA. The project management consultant was engaged for 17 pm (planned for 12 pm). The results-based management consultants were engaged for 7 pm (planned for 3 pm). The financial and audit consultants were engaged as planned, 6 pm each for domestic and international. A total of 4 pm of domestic procurement specialists and 1 pm domestic training specialist were engaged (planned for 6 pm of domestic and 6 pm of international). A total of 13 pm of domestic results-based budget consultants were engaged (planned for 6 pm of domestic and 2 pm of international). A total of 14 pm of consultants for environment were engaged (planned for 4 pm). Four pm of gender consultant was engaged (planned for 3 pm). A total of 7 pm of LAR consultants were engaged (planned for 6 pm). There was no change of the scope during the implementation of the TA. The completion date of the TA was extended for about 5 months (*December 2007 to 30 April 2008*) due to the additional activities approved by the Harmonization Committee (HC) such as the conduct of the 2<sup>nd</sup> Survey Round<sup>2</sup> and two (2) additional OPIF Workshops.

The Government had a strong sense of ownership and commitment to the harmonization initiative, had allocated counterpart resources, and established an institutional framework under the Harmonization Committee (HC). The HC is chaired by the Department of Finance (DOF) and co-chaired by the National Economic Development Authority (NEDA). The members of the HC include DBM, the Commission on Audit (COA), the EMB/DENR, and the Housing and Urban Development Coordinating Council (HUDCC). Joint assessments were carried out by Philippine Country Office (PhCO) & Environment and Social Safeguard Division of the Regional and Sustainable Development Department (RSES/RSDD) in coordination with concerned EMB/DENR and non-government organizations (NGOs) in the areas of EIA and LAR under the TA and the regional technical assistance (RETA) on Strengthening Country Safeguard Systems. Complementations of efforts was also pursued by ADB and World Bank (WB) in further strengthening procurement, financial management, social safeguards on environment and on LAR/Involuntary Resettlement (IR). ADB also worked closely with CIDA with regard to environmental safeguard policy harmonization. The Consultants' performance ratings range from 'satisfactory' (11 consultants) to 'excellent' (six consultants). DOF closely monitored TA activities and effectively undertook coordination with the

<sup>1</sup> The resolution adopted (in March 2005) by the Ministers of developed and developing countries and Heads of multilateral and bilateral development institutions on far-reaching and monitorable actions to reform the ways of delivering and managing aid for greater effectiveness. It has five (5) partnership commitment areas, namely: ownership; alignment; harmonization; managing for results; and mutual accountability.

<sup>2</sup> The Survey is a tool to assess, at the country level, the progress of compliance in relation to the indicators of the Paris Declaration.

technical working groups (TWGs), Consultants and ADB. The performance of DOF as the Executing Agency (EA) is rated satisfactory. Having closely monitored TA activities, the performance of ADB is rated satisfactory.

#### **Evaluation of Outputs and Achievement of Outcome**

Thirteen (13) outputs were produced<sup>3</sup>. Generally, the TA was able to deliver the strategic outputs and prepared the foundation towards achieving the desired outcomes and impact of improved development effectiveness and reduced transaction costs. The TA effectively achieved its desired outcomes in all of the 4 major components, namely: (a) overall support to harmonization; (b) procurement and financial management & audit; (c) managing for results through the OPIF; and (d) improving project quality-at-entry (environment, GAD and LAR).

#### **Overall Assessment and Rating**

The following were accomplished: (i) helped the GOP achieve the harmonization objectives as defined in the Paris Declaration, and in developing a tracking mechanism that monitored the country's progress toward meeting the identified country-level indicators; (ii) further raised the level of harmonization in standard bidding procedures and documents for local competitive bidding for goods, works, and consulting services; (iii) enhanced the Government's capacity for financial management and audit and developing technical readiness to create a more effective and efficient financial management and monitoring system for public resource utilization and management; (iv) enhanced the planning-budgeting nexus by identifying a results framework for performance budgeting, including strengthening the Government's EERs and OPIF; and (v) improved the effectiveness of Official Development Assistance (ODA) by ensuring quality at entry of projects through alignment of the Government's practices with development partners' safeguard policies in the areas of gender, resettlement, and environment.

The TA was relevant and consistent with both the priorities of the GOP and the ADB as embodied in the Medium Term-Philippine Development Plan (MTPDP) and the Country Strategy and Program (CSP). It provided an opportunity for GOP and ADB in carrying out joint initiatives in support of the Paris Declaration in Aid Effectiveness. It also laid the foundation on the strengthening of the country systems and processes towards reducing transaction costs of development projects, programs and policies. The adoption of implementation instruments (e.g. Department Orders and Joint Circulars, etc) in implementing the outputs delivered by the TA also increased the likelihood of sustainability and mainstreaming of the processes of the GOP and the development partners (DPs). ADB also provided key support to the Government delegation in the preparation for the Accra forum (September 2008) on Aid Effectiveness and Bangkok Conference (January 2008). The TA is rated successful.

#### **Major Lessons**

In the process of implementing the TA, the following are key lessons in its successful implementation: 1) ADB's nurturing and respect of Government being in the "driver seat" of implementation created strong and capable counterparts in key activity areas; 2) information dissemination among government agencies, across development partners and the public was important (the Philippine Development Forum (PDF) was utilized effectively in this regard); and 3) identifying champions on specific reform effort, and supporting their advocacies and monitoring their progress over time. Given ADB's experience, we provide the following recommendation in favor partnership between GOP and ADB in this area:

- 1) In order to ensure sustainability, there is a need to further strengthen the capacities of the HC. The technical and administrative capacities of the technical secretariat must be strengthened for effective conduct of oversight, coordination, advocacy, knowledge management, and capacity development functions;
- 2) The HC needs to be strategic and results-oriented in identifying priority areas for implementation, especially at the agency level;
- 3) More attention needs to be paid to development planning, resource allocation and mobilization systems, including mutual accountability issues;
- 4) ADB needs to be more selective in supporting the implementation of the harmonization framework and action plan, and confine its intervention in strategic areas where the momentum for reform still needs to be created.

#### **Recommendations and Follow-Up Actions**

The next important phase in the reform process is following through agency specific activities (e.g., procurement, financial management, results based management reforms, among others); this phase should deepen and sharpen the reforms to make it more effective and sustained. We offer the following key recommendations:

- 1) Pursue advocacy work to generate more support from the Development Partners in using the strengthened country systems;
- 2) Pursue further efforts in linking the eNGAS and eBudget that will further streamline and facilitate tracking and reporting of performance;
- 3) Pursue the harmonization of public expenditure reporting of the Bureau of Treasury, DBM, and COA;
- 3) Provide continuing support and technical assistance in improving the capabilities of agencies, including the government-wide implementation of performance-based budget process using the OPIF;
- 4) Continue the annual reporting of key performance indicators (by GOP and DPs) on the achievement of outcomes of projects, programs and policies as well as on the Paris Declaration; and
- 5) Solicit support from key stakeholders (e.g. Congress, civil society organization (CSO), private sector) on wider adoption of Managing for Development Results (MfDR) and Results-Based Monitoring and Evaluation (RBME) to help improve aid effectiveness and the achievement of Millennium Development Goals (MDG) targets in the Philippines.

Prepared by: J. Balbosa

Designation: Economist (Fiscal Management)

<sup>3</sup> The outputs produced include the following Manuals: (1) Streamlined EIA Procedural Manual and information, education and communication (IEC) Materials (finalized and printed) with a web-based support system; (2) 2<sup>nd</sup> Edition Harmonized GAD Guidelines (finalized and printed); (3) Manual on Procurement for local government units (LGUs) (finalized printed); (4) draft revised Guidelines on the Audit of Foreign-Assisted Projects; (5) draft Manual on Land Valuation of Government Lands for Housing and Resettlement Sites and IEC Materials; and (6) draft OPIF Manual. In addition, the following outputs were also prepared: (6) Harmonization Stocktaking Report; (7) GOP Harmonization Agenda and Monitoring Framework; (8) Development of Procurement Training Effectiveness Methodology and Tools; (9) Report on the Pilot Testing of Agency Performance Indicators of LGUs on Procurement; (10) Draft Assessment Report on the National Government Accounting System (NGAS); (11) LAR Harmonization Roadmap; (12) Baseline Study for 2005 & 2006 (Philippines) on the Paris Declaration and (13) 2<sup>nd</sup> Survey Round on Paris Declaration (2007).