

**ASIAN DEVELOPMENT BANK**

**TAR: PHI 29144**

**TECHNICAL ASSISTANCE**

**TO THE**

**REPUBLIC OF THE PHILIPPINES**

**FOR THE**

**PILOT IMPLEMENTATION OF THE**

**PROJECT PERFORMANCE MANAGEMENT SYSTEM**

**April 1997**

## CURRENCY EQUIVALENTS

(as of 31 March 1997)

Currency Unit	—	Philippine Peso (P)
P1.00	=	\$0.03798
\$1.00	=	P26.331

## ABBREVIATIONS

BME	-	Benefit Monitoring and Evaluation
DA	-	Department of Agriculture
DOH	-	Department of Health
M&E	-	Monitoring and Evaluation
MIS	-	Management Information System
NEDA	-	National Economic and Development Authority
PPMS	-	Project Performance Management System
TA	-	Technical Assistance

## NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this Report, "\$" refers to US dollars.

## I. INTRODUCTION

1. The Government of the Philippines has requested the Bank to assist in strengthening its project performance evaluation capabilities with the pilot implementation of the Project Performance Management System (PPMS). A Fact-finding Mission met with officials of the National Economic and Development Authority (NEDA); the Department of Health (DOH); Department of Public Works and Highways; and Department of Agriculture (DA). Representatives from the Commission on Audit and the Department of Budget and Management were also involved. Coordination meetings were held with the World Bank in January and February 1997. The purpose of the Fact-finding Mission was to assess the need, interest, and capacity of NEDA and selected line agencies/ministries for implementing the PPMS. The proposed technical assistance (TA) is consistent with the Government's current priorities to improve performance of development investments.<sup>1</sup>

## II. BACKGROUND AND RATIONALE

2. The Government of the Philippines has made good progress in establishing a project monitoring system to track the progress of project expenditures and structures built, but little information on the performance of its development projects has been generated. Efforts were made under the Benefit Monitoring and Evaluation (BME) program of the Bank to extend the monitoring program into evaluation of impact.

3. Lack of ownership of BME by the line ministries, confusion about its focus, and inadequate capacity, constrained BME program implementation. Deficiencies relating to selection of performance indicators, delayed benchmark survey, and lack of linkage of BME to the line agencies' own internal performance and management system further limited the success of this program. The BME program as implemented for Bank projects did not facilitate its institutionalization.

4. Among the line ministries/agencies, the Bank's assistance to the National Irrigation Administration has been extensive over a long period, contributing to the development of a sustained monitoring system integrated into the agency's operation. The BME program has expanded the capability of the staff of the DA as well. DA succeeded in conducting an impact assessment of a limited number of locally funded projects over the past one year. However, its evaluation program needs to be refined in the areas of selection of performance indicators and data collection. Feedback of lessons learned is a critical activity that also needs to be further developed.

5. NEDA is in a position to coordinate the monitoring and evaluation (M&E) programs of the line departments/agencies. In 1992, the Bank provided a TA to NEDA to help develop its postevaluation capability. The objectives of the TA were to (i) design a postevaluation system appropriate to NEDA's needs; and (ii) develop and conduct a training course in postevaluation methods and retrieval system software. Equipment for computerizing the system was also provided. The NEDA postevaluation TA was evaluated in 1994 as a successful program.

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<sup>1</sup> The TA first appeared in *ADB Business Opportunities* in February 1997.

6. DPWH has developed a good input monitoring program after the 1991 devolution under the local Government Code, but has not been able to conduct a single study relating to the impact of department investments. In DOH, separate units are responsible for evaluation of locally and foreign funded projects with no linkage between the two units. Staff shortage and devolution have compounded the problem within DOH.
7. NEDA would like to continue its autonomous function of conducting ex-postevaluation of projects, but would also like to explore the possibility of performance assessment at the sector level. NEDA as the super agency for M&E needs to expand its coordination role with the line departments/agencies.
8. DA is aggressively pursuing the development of its M&E program. The Bank's TA on institutional capacity building includes a component to develop proposals for improving its Management Information System (MIS) and provide supporting computer training.<sup>1</sup> This can be linked readily to the operationalization of the PPMS. Specific areas of collaboration will be the use of the MIS database for the PPMS, and the PPMS providing the overall monitoring and evaluation framework within which MIS can be designed.
9. DOH also expressed interest in the Bank's assistance to improve its M&E program. DOH is interested in the technical aspect of the PPMS. It also requires assistance to redefine the function of the central office and develop operational procedures for linking it to the M&E units at the regional and the district administrative levels. Given the impending reorganization of DOH, the proposals and PPMS guidelines of this TA will prove valuable.
10. Based on the long-term experience of the Bank with M&E and the growing emphasis on performance evaluation, the Bank would like to pilot test the PPMS in the Philippines and four other developing member countries. The central theme of the PPMS is to develop an integrated process for monitoring and evaluation. Its agency focus will help create a sense of ownership and program sustainability.
11. There is a strong need to implement the PPMS in the Philippines. This need is recognized rather well by NEDA and the line departments/agencies that were visited. Given the high interest of the Government in the effectiveness of development efforts, it is an opportune time to provide TA support in this area.
12. The PPMS would serve to (i) incorporate monitoring and evaluation from the design stage; (ii) improve monitoring during project implementation by insuring the relevance of project objectives and assumptions on which the benefits and impact of the project are based; (iii) provide a basis for linking project objectives to sectoral, regional, and national development goals; and (iv) enhance the objectivity of evaluation undertaken after the completion of the project.
13. The PPMS requires that clear, realistic, and monitorable performance indicators be identified at the design stage of the project. This approach would allow the impact to be more

<sup>1</sup> TA No. 2733-PHI: *Institutional Capacity Building for Policy Formulation, Planning, Monitoring, and Evaluation for the Agriculture Sector*, for \$976,000, approved on 24 December 1996.

clearly linked to project interventions. By systematically linking evaluation throughout the project cycle, PPMS will help avoid multiple evaluations with different criteria for success, inappropriate timing, and poor database. The PPMS can gradually be extended to sectoral performance assessment and provide information on cross-cutting issues, such as poverty reduction, women in development, and human resource development.

14. Under the guidelines of the PPMS, the line ministries/agencies would like to develop their ongoing monitoring and evaluation systems with ex-post evaluations equivalent to the Bank's Project Completion Report. This would enable them to guide the project identification and design activities of their respective planning departments. In view of the devolution policy of the Government, there is an urgent need for development of procedures to effectively link the regional M&E units with their central offices in Manila. This need, which was strongly expressed by the line ministries, relates well to the program of the Bank to promote institutional development in developing member countries.

### III. THE TECHNICAL ASSISTANCE

#### A. Objective

15. The objective of the TA is to help improve the effectiveness of the development expenditures in the Philippines by enhancing the Government's capabilities in monitoring and evaluation through implementation of the PPMS on a pilot basis in NEDA, DA, and DOH. The Project Framework is presented in Appendix 1.

#### B. Scope

16. The PPMS pilot program will focus on agencies rather than projects, and systematically integrate M&E activities throughout the project cycle. The TA will cover the development of PPMS methodology, strategy for pilot implementation, on-the-job and formal training, and refinement of the information flow systems between the line ministries and NEDA. In light of the devolution policy of the Government, the pilot PPMS program will also examine the operational linkages between the central and regional offices.

17. The scope of the TA consists of four components:

- (i) assessment of the capability of the M&E offices of NEDA, DA, and DOH in relation to their needs and the requirements of PPMS; identification of organizational changes in M&E units; review of information flow process and content between agencies and within agencies at different administrative levels;
- (ii) introduction of the PPMS as a pilot program within NEDA and the selected agencies, creating an understanding of its purpose and methods, and its merits compared to other M&E systems;

- (iii) strengthening the capability of NEDA, DOH, and DA to operationalize the PPMS; and developing the capability of 30 M&E staff from the central and regional offices of selected organizations through formal and on-the-job training; and
- (iv) preparation of a detailed outline for further development of the PPMS and a strategy for its broad-based implementation in the Philippines.

### **C. Cost Estimates and Financing Plan**

18. The total cost of the TA is estimated at \$300,000 equivalent, including \$170,000 in foreign exchange cost and \$130,000 equivalent in local currency cost (see Appendix 2). The Bank will provide \$250,000 to cover the foreign exchange costs and a portion of the local costs amounting to \$80,000 equivalent. The TA will be financed by the Bank on a grant basis. The Government's contribution will be the balance of \$50,000 equivalent in local currency, representing the provision of counterpart staff, office accommodations, utilities, and miscellaneous services.

### **D. Implementation Arrangements**

19. NEDA will be the Executing Agency for this TA. The implementation of the PPMS in the Philippines will commence with a two-day participatory planning workshop. This workshop will introduce the PPMS concept and agree on approach, requirements, and details of the pilot program. A number of projects in different phases (design, implementation, post evaluation) will be used in group discussions, the case projects being analyzed for selection of indicators, data collection, and analytical techniques. Based on these, a program for information flow processes between NEDA and the line departments will be determined. The environmental aspects of the case study projects will be brought up by two staff members from the Department of Environment and Natural Resources.

20. An implementation plan for the PPMS will be developed and applied to select new projects. The proceedings of the workshop will be communicated to senior officials, both to educate them in the PPMS and to generate the administrative and financial support needed for its sustainability. A second participatory workshop will be conducted at midpoint in the program for progress review. In addition, three sessions for review and refinements of the PPMS methodology are scheduled. The detailed schedule of implementation activities is given in Appendix 3.

21. Capability of staff participating in the pilot program will be enhanced by formal and on-the-job methodology training covering performance indicators, data requirements, and analytical techniques. To develop the capacity for broad-based implementation of PPMS, a number of experts on PPMS methodology are needed. A selected number of faculty from local institutions for higher education will be included in the workshops and training to start the process for developing capability in PPMS.

22. An international consultant, with special expertise in monitoring and evaluation and institutional development, will be recruited for 6.5 person-months. A domestic consultant with institutional development and M&E background will be recruited for 12 person-months. The participation of the international consultant will be staggered. The international consultant will be selected and engaged in accordance with the Bank's *Guidelines on the Use of Consultants*, and the domestic consultant will be selected and engaged in accordance with other arrangements satisfactory to the Bank. The TA will be completed over a 12-month period, commencing in May 1997. Each consultant will submit (i) an inception report within two weeks of the commencement of service, and (ii) a final report covering accomplishments at the end of the assignment. The consultants will hold regular meetings with the Bank-financed consultants working on institutional development and capacity building with DA under TA No. 2733-PHI, which was approved on 24 December 1996. The terms of reference for the consultants are provided in Appendix 4.

23. A coordination committee will be organized to ensure close collaboration between NEDA as the central agency and the line ministries. This committee will guide implementation of the TA, particularly in the organization of workshops and training, and allocation of consultants' time between the involved M&E offices. This committee can also facilitate interagency collaboration for the PPMS in the long term.

#### **IV. THE PRESIDENT'S DECISION**

24. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Republic of the Philippines in an amount not exceeding the equivalent of \$250,000 for the purpose of the Pilot Implementation of the Project Performance Management System, and hereby reports such action to the Board.

Country: Philippines Design Team: M.I. Haider  
 Project Name: Pilot Implementation of PPMS Project No.: TAR: PH: 29144  
 Date of This Summary: 13 March 1997  
 Project Completion Date: 30 April 1997

**PROJECT FRAMEWORK  
 FOR PROJECT DESIGN AND EVALUATION**

Hierarchy of Objectives	Objectively Verifiable Indicators (OVI)	Means of Verification (MOV)	Important Assumptions/Risks
<b>Goal</b> (sector or program objective) Develop a program to improve the effectiveness of development expenditures	<ol style="list-style-type: none"> <li>Process for systematically linking monitoring and evaluation (M&amp;E) activities throughout project cycle</li> <li>Process for selection of critical indicators and timely data collection and analysis</li> <li>Methodology for communicating findings of ongoing monitoring to project management</li> <li>Methodology for communicating lessons learned to project planning office and policy officials</li> <li>Organizational arrangements and function to support Project Performance Management System (PPMS)</li> </ol>	<ol style="list-style-type: none"> <li>1.1 Reports/guidelines</li> <li>2.1 Reports/guidelines</li> </ol>	<b>Goal to Super Goal</b> <ol style="list-style-type: none"> <li>Cooperation between involved Government agencies</li> <li>Political commitment</li> </ol>
<b>Purpose</b> (Aim or Rationale) Provide a program to improve the project monitoring and evaluation program	<b>End of Project Impact</b> NEDA and the selected line ministries are able to implement PPMS in their future projects	Reports/review mission	<b>Goal</b> NEDA and line ministries have adequate qualified staff
<b>Outputs</b> (deliverables or terms of reference) <ol style="list-style-type: none"> <li>Introduction of PPMS</li> <li>Capability assessment of selected agencies</li> <li>Strengthened capability of selected agencies</li> <li>Identification of organizational changes and refinement in function of selected M&amp;E units</li> <li>Program outline and strategy for broad-based implementation</li> </ol>	<b>Basic terms of reference</b> <ol style="list-style-type: none"> <li>1.1 Proposals to change organizational structure and function</li> <li>2.1 Evaluation of training</li> <li>3.1 Plans for implementation of PPMS</li> </ol>	Reports/proposals Evaluation/reports Reports/proposals	<b>Purpose</b> Political support Selection of qualified staff Political support
<b>Activities</b> (key clusters or work breakdown structure) <ol style="list-style-type: none"> <li>1.1 Organize workshops, brochures, and papers</li> <li>1.2 Review programs and staff expertise</li> <li>1.3 Conduct workshops and training</li> <li>1.4 Review organization and function of M&amp;E units</li> <li>1.5 Documentation of process and lessons from pilot PPMS</li> </ol>	<b>Inputs</b> (Budget, people, material, time, cost) <ol style="list-style-type: none"> <li>1.1 1 person-month (international) \$22,000</li> <li>4 person-months (domestic) \$36,000</li> <li>2 1 person-month (international) \$22,000</li> <li>2 person-months (domestic) \$9,000</li> <li>1 3 2 person-months (international) \$45,000</li> <li>2 person-months (domestic) \$9,000</li> <li>1 4 1 person-month (international) \$22,000</li> <li>2 person-months (domestic) \$9,000</li> <li>1 5 1.5 person-month (international) \$33,000</li> <li>2 person-months (domestic) \$9,000</li> </ol>	<ol style="list-style-type: none"> <li>1.1 Paper</li> <li>1.2 Evaluations</li> <li>1.3 Proposal/report</li> <li>1.4 Proposal/reports</li> <li>1.5 Proposal/reports</li> </ol>	<b>Output</b> <ol style="list-style-type: none"> <li>Cooperation of National Economic Development Authority and line ministries</li> <li>Political commitment</li> <li>Adequate members of qualified staff assigned to the pilot program</li> </ol>

(Reference in text: page 3, para. 15)

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Bank Financing</b>			
1. Consultants	145.0	55.0	200.0
a. Remuneration	100.0	45.0	145.0
i. International Consultant (6.5 person-months)	100.0	-	100.0
ii. Domestic Consultant (12 person-months)	-	45.0	45.0
b. Per Diem	30.0	5.0	35.0
i. International Consultant	30.0	-	30.0
ii. Domestic Consultant	-	5.0	5.0
c. Travel	15.0	5.0	20.0
i. International	15.0	-	15.0
ii. Local	-	5.0	5.0
2. Equipment (Desktop computers, 4 units)	15.0	-	15.0
3. Training, Seminars, and Conferences	-	20.0	20.0
a. PPMS Workshops	-	12.0	12.0
b. Methodology Training	-	8.0	8.0
4. Contingencies	10.0	5.0	15.0
<b>Subtotal (A)</b>	<b>170.0</b>	<b>80.0</b>	<b>250.0</b>
<b>B. Government Financing</b>			
Office space, salaries of counterpart and support staff, office support, services, office supplies, and taxes and duties on imported equipment	-	50.0	50.0
<b>Subtotal (B)</b>	<b>-</b>	<b>50.0</b>	<b>50.0</b>
<b>Total</b>	<b>170.0</b>	<b>130.0</b>	<b>300.0</b>

Note: - = magnitude zero; PPMS = Project Performance Management System

Source : Staff estimates

(Reference in text: page 4, para. 18)

SCOPE OF WORK/STAFFING SCHEDULE

Scope of Work/Activity Chart	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Activities</b> 1. Review and assess monitoring and evaluation (M&E) capability 2. Review existing organizational structure and function of M&E units 3. Review existing system of feed-forward and feedback of information 4. Conduct participatory PPMS planning workshop 5. Prepare guidelines for operationalizing PPMS 6. Formal and on-the-job training 7. Conduct midterm Participatory Progress Review Workshop 8. Develop PPMS using selected case projects 9. Refine PPMS methodology 10. Prepare reports and guidelines												
<b>Consultant Staffing Schedule</b>	1	2	3	4	5	6	7	8	9	10	11	12
<b>A. International</b> Monitoring and evaluation/institutional development specialist												
<b>B. Domestic</b> Institutional development/monitoring evaluation specialist												

(Reference in text: page 4, para. 20)

## TERMS OF REFERENCE

### A. International Consultants

#### **Monitoring and Evaluation/Institutional Development Specialist (6.5 person- months)**

1. This consultant will have at least ten years of experience in the development and implementation of ongoing monitoring and evaluation (M&E) and ex-postevaluation, in addition to a background in institutional development and capacity building; and the ability to provide formal and on-the-job training. The consultant will be responsible for the following specific activities:

- (i) Organize and conduct participatory planning and midterm review workshops.
- (ii) Assess the need, capability and current level of operation of the M&E units in National Economic Development Authority (NEDA); Department of Agriculture (DA); and Department of Health (DOH).
- (iii) Recommend organizational changes for the M&E units of participating ministries/agencies.
- (iv) Develop the strategy for pilot implementation of PPMS in the Philippines.
- (v) Select projects to be used as examples and utilize them in the development of a methodology of PPMS.
- (vi) Develop criteria for identification of performance indicators based on the integrated approach of PPMS.
- (vii) Prepare detailed guidelines for NEDA and selected line ministries for operationalizing a PPMS program that covers activities from project design stage to ex-postevaluation.
- (viii) Assist NEDA, DA, and DOH in applying the PPMS approach to projects selected for monitoring and evaluation.
- (ix) Conduct brief formal but extensive on-the-job training in support of program development and application.
- (x) Serve as the team leader for the proposed technical assistance.
- (xi) Assist and coordinate with the domestic consultant in the development of the PPMS program, scheduling of pilot implementation, and preparation of reports.

(Reference in text: page 5, para. 22)

- (xii) Hold regular meetings with the World Bank consultants and other consultants of Bank assigned to DA for institutional development and capacity building.
- (xiii) Prepare and submit a paper on operationalization of PPMS in the Philippines.

## **B. Domestic Consultant**

### **Institutional Development/M&E Specialist (12 person-months)**

2. The domestic consultant will have at least ten years of experience on the subjects relating to institutional development, capacity building, monitoring and evaluation; and will have the following responsibilities:

- (i) Organize the participatory planning and midterm review workshops.
- (ii) Assist NEDA and selected line agencies in their detailed self-assessment of M&E program requirements, expertise, and staff availability.
- (iii) Prepare specific recommendations for reorganization of the M&E units of the participating ministries/agencies.
- (iv) Review the current operational procedure and its level of functionality for linking the M&E units at the central government to their respective regional and local level government organizations.
- (v) Conduct training on M&E methodology.
- (vi) Prepare guidelines for the implementation of PPMS.
- (vii) Develop the information communication process between NEDA and line ministries/agencies to facilitate implementation.
- (viii) Develop criteria for identification of performance indicators, data collection, and analytical techniques to be used for the PPMS.
- (ix) Work with the Coordination Committee in planning and scheduling all activities of the TA.
- (x) Assist the international consultant in program development, program implementation, and training responsibilities.