



Technical Assistance Report

Project Number: 35166
November 2005

Technical Assistance Republic of the Philippines: Harmonization and Managing for Results

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 October 2005)

Currency Unit	–	peso (P)
P1.00	=	\$0.0178
\$1.00	=	P56.2300

ABBREVIATIONS

ADB	–	Asian Development Bank
BTr	–	Bureau of Treasury
CICT	–	Commission on Information and Communication Technology
COA	–	Commission on Audit
CSP	–	country strategy and program
DBM	–	Department of Budget and Management
DENR	–	Department of Environment and Natural Resources
DOF	–	Department of Finance
EER	–	effectiveness and efficiency review
EMB	–	Environmental Management Bureau
GAD	–	gender and development
GPPB	–	Government Procurement Policy Board
HC	–	Harmonization Committee
IAS	–	international accounting standards
ICC	–	Investment Coordination Committee
IPSAS	–	international public sector accounting standards
IRR	–	implementing rules and regulations
LAR	–	land acquisition and resettlement
NCC	–	National Computer Center
NEDA	–	National Economic and Development Authority
NGAS	–	New Government Accounting System
ODA	–	official development assistance
OPIF	–	organizational performance indicator framework
PCHP	–	Philippines country harmonization program
RBM	–	results-based management
RETA	–	regional technical assistance
TA	–	technical assistance
TOR	–	terms of reference
TWG	–	technical working group
UARPMO	–	Urban Assets Reform Project Management Office

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Law, economic management and public policy
Subsectors	–	National government administration; capacity development
Theme	–	Governance, capacity development
Subtheme	–	Public governance, institutional development

NOTE

In this report, "\$" refers to US dollars.

This report was prepared by J. Balbosa, Philippines Country Office, with inputs from R. Ondrik, S. Wu, C. Valbuena, E. Yang, C. Buentjen, Y. Feng, S. Wendt, L. Blanchetti-Revelli, and J. Barcenas.

I. INTRODUCTION

1. The Government of the Philippines has requested the Asian Development Bank (ADB) to provide advisory technical assistance (TA) to assist in operationalizing, at the country level, the commitments reflected in the Paris Declaration.¹ The TA is included in the Country Strategy and Program for the Philippines (CSP), 2005–2007.² The Fact-Finding Mission fielded during 1–23 August 2005, reached an understanding with the Government on the TA's purpose, scope, implementation mechanisms, and financing arrangements. Appendix 1 gives the design and monitoring framework for the TA. The TA is an integral part of the results-based management (RBM) framework adopted in the CSP.

II. ISSUES

2. Following the 2003 Rome Roundtable for Harmonization and the 2005 High-Level Forum on Harmonization and Aid Effectiveness, the Government requested ADB to provide TA to support its efforts within this global harmonization framework, and to strengthen the Philippines Country Harmonization Program (PCHP). It comprises two main pillars: to improve development effectiveness; and to implement and institutionalize better results management and good practices to improve governance. The TA supports the efforts of the development partner community to coordinate, streamline, and harmonize operational policies, procedures, and practices with Government systems.

3. The Government has a strong sense of ownership of and commitment to the harmonization initiative, has allocated counterpart resources, and established an institutional framework under the Harmonization Committee (HC).³ The HC is assigned the anchor role and will work closely with development partners to implement the PCHP. HC's mandate includes such priority areas as procurement; financial management and financial auditing; managing for results through performance-based budgeting; and enhancing project quality through improved procedures in the areas of environment, gender, and land acquisition and resettlement (LAR). While significant progress has been made in some of these areas, especially procurement, much remains to be done. The TA will focus on identifying and resolving (i) generic issues affecting the harmonization agenda (including policy, legal, regulatory and institutional aspects of the framework); and (ii) gaps between the Government's and major partners' processes that inhibit alignment. The TA will also recommend activities that will yield "quick wins" on country-level components and tasks.

4. Currently, in the Philippines, project quality and improved project management are constrained by weaknesses in procedures and processes, as well as by governance problems such as bureaucracy and red tape. Project preparation and implementation are at times substantially delayed particularly due to differences in processes among Government agencies, between the Government and development partners, and among development partners. Efforts to harmonize local procurement procedures with development partners' processes have not totally borne fruit since much support is still needed to extensively implement and institutionalize these procedures. Reforms in financial management and audit are long overdue. The Government confirmed that agencies need to coordinate actions in addressing country-level alignment issues particularly in financial reporting. Initial efforts to improve existing practices

¹ The Paris Declaration on improving development effectiveness through ownership, harmonization, alignment, results, and mutual accountability resulted from the high-level forum organized by the Organisation for Economic Co-operation and Development – Development Assistance Committee held in Paris, France, in March 2005.

² The TA was first listed in *ADB Business Opportunities* (internet edition) on 14 June 2004.

³ The HC is chaired by the Department of Finance (DOF) with members from the National Economic Development Authority (NEDA), Department of Budget Management (DBM), and the Commission on Audit (COA).

need to be enhanced by the availability of technical assistance and financial resources. Similarly, managing for results started to gain ground with the Government's commitment to fully institutionalize performance-based budgeting and expenditure management in all agencies. The short-term gains, however, need to be further sustained by strengthening the institutional capacity of oversight and line agencies, and later on all levels of the Government. Improving project quality at entry is a major challenge, as there are unresolved issues in the Government's processing procedures, particularly for LAR and environmental clearance. The outcomes of the TA will make the development business more efficient, thereby producing impacts in a shortened time frame.

5. The Department of Finance (DOF) is ADB's counterpart oversight agency and plays a major role as chair of HC. As the borrower for official development assistance (ODA) loans and lead fiscal agency of the Government, DOF chairs the interagency Investment Coordination Committee (ICC), which reviews and approves all foreign-assisted projects executed by the line and sector agencies. Other agencies involved in harmonization activities include the National Economic and Development Authority (NEDA), the central planning agency that coordinates and monitors ODA and also acts as secretariat to the ICC; Department of Budget and Management (DBM), which is in charge of the Government's budgeting and expenditure management, and also oversees procurement; Commission on Audit (COA), primarily concerned with financial reporting and audit; and agencies such as the Department of Environment and Natural Resources (DENR) and Urban Assets Reform Project Management Office (UARPMO).

6. In the past, ADB supported harmonization efforts by contributing substantially in the multistakeholder work on procurement and financial management reforms and the creation of HC. ADB coordinated several Government and development partner forums, which agreed on formulating and implementing a harmonization framework for the Philippines, and solicited support in moving the Paris agenda forward at the country level.⁴

III. THE TECHNICAL ASSISTANCE

A. Impacts and Outcomes

7. The TA's primary objective is to enhance effectiveness and efficiency of development by (i) encouraging rationalized and simplified procedures for better implementation of development projects, (ii) aligning development partner activities with the Government's planning cycle and development agenda, and (iii) harmonizing the development partners' policies and procedures among themselves and with those of the Government's to minimize costs and delays. The TA will focus on achieving interim results of (i) helping the Government achieve the harmonization objectives as defined in the Paris Declaration, and developing a tracking mechanism to monitor the country's progress toward meeting the identified country-level indicators; (ii) further raising the level of harmonization in standard bidding procedures and bidding documents for local competitive bidding for goods, works, and consulting services; (iii) enhancing the Government's capacity for financial management and audit and developing technical readiness to create a

⁴ ADB, World Bank and Japan Bank for International Cooperation (JBIC) have worked closely with the Government, particularly on harmonization efforts for procurement and financial management. The World Bank and JBIC have confirmed the TA will complement their ongoing harmonization activities, and sustain discussions on possible activities towards development partner alignment and harmonization with existing Government practices. Further, ADB co-chaired with the Government a development partner forum in April 2005 that discussed overall country and development partners' efforts in meeting commitments under the Paris Declaration. A second forum will be held in November 2005 to maintain momentum among development partners.

more effective and efficient financial management and monitoring system for public resource utilization and management, especially for ODA programs; (iv) enhancing the planning-budgeting nexus by identifying a results framework for performance budgeting, including strengthening the Government's effectiveness and efficiency reviews (EERs) and organizational performance indicator framework (OPIF);⁵ and (v) improving the effectiveness of 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.

8. The envisaged impacts in realizing the outcomes are 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 detailed design and monitoring framework of the TA is in Appendix 1.

B. Methodology and Key Activities

9. Key activities of the TA are divided into four parts (A–D), and implemented in two phases. Phase 1, the first 2 months of TA implementation, covers part A, to (i) assist the HC conduct a stocktaking of the Government's harmonization achievements, (ii) summarize harmonization initiatives of development partners, and (iii) define harmonization activities to be included in the three other parts, including an action plan covering in detail activities needed to comply with the Paris Declaration. This activity will help the Government translate global commitments into practical interventions at the country level. The action plan will be complemented with a monitoring mechanism to track the developments and progress of country-level initiatives against the identified global commitments. Phase 1 is critical as it will identify the detailed activities required in implementing the other components of the TA.

10. Phase 2 will consist of parts B, C, D, and the continuation of part A. This phase will help the Government achieve the envisaged harmonization results. The continuation of part A will support other activities by the HC such as advocacy and dissemination, as well as the overall management of the TA. This will be in the form of training, management and logistics support, and technical assistance on the major activity gaps perceived by the HC. Discussions between and among the Government and development partners on harmonizing development planning, strategy formulation, programming, and monitoring will be included in this component.

11. Part B will assist the Government to improve procedures in procurement, and financial management and audit. In procurement, the TA will provide continuous support to the efforts already started by the Government and other stakeholders toward procurement reforms, specifically through the rollout of generic procurement manuals to regions, as well as of the professionalization program for procurement practitioners. Under financial management and audit, the TA will determine the extent of alignment with the New Government Accounting System (NGAS) with international accounting standards (IAS), international public sector accounting standards (IPSAS), and other relevant standards, and compare it with accounting systems of other countries. This component will explore mechanisms for harmonizing the NGAS with other agencies' systems such as the e-Budget system of DBM, and e-LGU of the Commission on Information and Communication Technology (CICT) – National Computer Center (NCC).

⁵ The EERs evaluate existing budgetary programs, activities, and projects according to their relevance in attaining desired sectoral and departmental outcomes. The OPIF works in tandem with the EERs to increase agencies' accountability through reporting of their outputs and outcomes that measure the agency impact on the development goals and objectives of the Government Medium-Term Philippine Development Plan. The OPIF is fundamental for operationalizing planning and budgeting reforms.

12. Part C will assist DBM to improve the Government's budget and expenditure management; and enhance the planning-budgeting nexus by identifying a results framework for performance budgeting, including strengthening the EERs and the OPIF. It will increase DBM's capacity to (i) review the OPIF Congressional budget submission pilot experience and to identify and introduce standard processes for the rollout to the remaining departments, and (ii) to pilot processes for facilitating the performance orientation of selected agencies. The TA will continue the work of RETA 6096⁶ for Supporting the Sector Approach and RBM in ADB Operations. In particular, the RETA is assisting DBM in (i) facilitating and supervising the preparation of OPIF-based budgets for all departments to be included in the 2006 Congressional budget submission; (ii) developing processes for assisting a stronger management for development results orientation in up to four departments; and (iii) increasing transparency on OPIF and strengthening coordination with other agencies, particularly NEDA and COA.

13. Part D will improve the effectiveness of ODA by ensuring quality at entry of projects. This component will basically work at streamlining processes for better and faster development results, and will cover the following: (i) environment, (ii) gender, and, (iii) LAR. The TA will assess the possibility of using DENR's environmental impact assessment (EIA) in lieu of the various systems and requirements of the development partners for project environmental assessment, taking off from what has been initiated by the World Bank. It will also provide capacity building to enable DENR's Environmental Management Bureau (EMB) to use and appraise strategic/programmatic environmental assessment for sector programs and ODA-funded projects to graduate from the usual piecemeal approach to evaluation. In gender harmonization, the main objective is to help NEDA disseminate and build capacity within Government institutions at the national and at local levels to apply the gender and development (GAD) guidelines in project development, implementation, monitoring and evaluation. It will also assess the institutional capacity of agencies to carry out the GAD guidelines, which will become the basis of the envisaged capability building program. For LAR, the TA will build on the activities initiated by RETA 5935⁷ for national resettlement policies and by the sector work carried out in the past 3 years to advance harmonization of development partners' and national LAR practices. The TA will assess the level of coordination among agencies with a role in LAR, and their technical capacity and staffing needs for this task. On the basis of the assessment, the TA will recommend administrative changes and task organization, and outline the needed technical training and capacity building. The TA will also outline specific actions to sustain the presentation of Republic Act 8974⁸ amendment to Congress, and assist in preparing IRRs. In parallel with these activities, the TA will initiate the drafting of new IRRs through an intensive consultation process across government agencies and through studies aimed at defining the effective mechanisms to improve, coordinate, and speed up the various tasks composing the LAR process. UARPMO will implement this component.

C. Cost and Financing

14. The total cost of the TA is estimated at \$1,000,000 equivalent, comprising foreign currency of \$329,400 and local currency of \$670,600. ADB will provide a grant of \$700,000 equivalent to finance in full the foreign currency cost and \$370,600 equivalent of the local currency cost. The TA will be financed on a grant basis by ADB's TA funding program. The

⁶ ADB. 2003. *Regional Technical Assistance on Supporting the Sector Approach and Results-Based Management in ADB Operations*. Manila.

⁷ ADB. 2000. *Regional Technical Assistance on National Resettlement Policy Enhancement and Capacity Building*. Manila.

⁸ An Act To Facilitate the Acquisition of Right-of-Way, Site or Location for National Government Infrastructure Projects and for Other Purposes.

Government, through DOF, will contribute the local currency equivalent of \$300,000 by providing office space and staff resources. The detailed cost estimates are in Appendix 2.

D. Implementation Arrangements

15. DOF, as chair of the HC, will act as Executing Agency of the TA, with the HC setting the direction and implementing an action plan to track progress at the country level. The HC, composed of senior officials from different agencies (at least assistant secretary level) will also serve as the steering committee to oversee implementation, and resolve policy issues related to the TA. A secretariat to the steering committee composed of technical-level staff representatives from each agency, with DOF as lead, will coordinate the efforts of the various agencies involved, and track and report the progress of TA implementation. The steering committee, with the help of the secretariat, will also be responsible for coordination, facilitation, and supervision of the work of the consultants. For part A, consultant and staff resources will be provided by ADB to assist HC in developing and implementing an action plan and supporting the overall harmonization program. For parts B, C, and D, each agency will commit one senior official and an appropriate number of technical staff to do the policy work as well as the technical and administrative work expected under the TA. Further, to aid the Government in TA execution and monitoring, ADB's Philippines Country Office will support TA coordination and implementation, and provide feedback to other development partners on the progress, achievements, and issues related to the TA. A total of 62 (14 international and 48 domestic) person-months of consulting services will be required.

16. The Government will commit the required amount of counterpart funding by providing office space and staff resources. This counterpart will be coshared by the various implementing agencies identified in the TA.

17. ADB in coordination with the Government, through the DOF,⁹ will directly recruit individual international and domestic consultants required for each part of the TA following ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants. The terms of reference for consulting services with details on the duration of services and reporting arrangements are attached as Appendix 3. The TA will begin in November 2005 and will be implemented for over 2 years (24 months): (phase 1 – December 2005–January 2006; phase 2 – January 2006–September 2007).

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$700,000 on a grant basis to the Government of the Philippines for Harmonization and Managing for Results, and hereby reports this action to the Board.

⁹ ADB will send the final candidates' names to DOF and ask if it objects to any, based on previous experience with them.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <ul style="list-style-type: none"> Improved development effectiveness, reduced transaction costs leading to higher levels of public investments, and poverty reduction through improved processing and implementation of development programs 	<ul style="list-style-type: none"> More resources and budget allocated to pro-poor public investments; lower or no attrition of proposed projects; and improved implementation of development projects 	<ul style="list-style-type: none"> Government growth and ODA statistics; ADB project monitoring reports 	<ul style="list-style-type: none"> Assumption: Full commitment of Government and development partners
<p>Outcomes</p> <ul style="list-style-type: none"> Part A. Sustainable implementation of the Paris Declaration at the country level Part B. Improved and harmonized Government and development partners procedures and guidelines for procurement, financial management, and audit Part C. Strengthened performance-based budgeting and increased capacities of DBM to mainstream performance-based budgeting processes (OPIF) and to facilitate processes to strengthen the performance orientation of selected OPIF agencies Part D. Streamlined and improved project processing procedures enhancing quality at entry of projects, especially in the areas of environment, gender, and LAR 	<ul style="list-style-type: none"> Harmonization action plan and tracking mechanism functioning Speedier and more transparent procurement procedures; financial management and audit guidelines Readiness assessment tool for managing for development results at department level tested and results-based management (RBM) tools for improving organizational performance developed and tested in 2 pilot departments Capabilities of DBM and department officials to apply RBM readiness assessment and management tools in line departments strengthened Revised and easier guidelines on LAR and environment completed and implemented; gender guidelines institutionalized in all agencies 	<ul style="list-style-type: none"> Department reports on implementation of action plans, consultant report Progress reports on implementation of harmonized procurement guidelines; completed financial management and audit guidelines and progress reports on implementation Write up of process for DBM internal guidelines Documentation of involvement of DBM and department officials in pilot assessments 	<ul style="list-style-type: none"> Assumption: Government agencies' continued commitment and action on the agenda

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Outputs</p> <p>Part A</p> <ul style="list-style-type: none"> Government's achievements on harmonization, harmonization action plan, and monitoring framework <p>Part B</p> <ul style="list-style-type: none"> Report on the rollout of generic procurement manuals and the professionalization program for procurement practitioners Assessment of the compliance of NGAS with international accounting standards <p>Part C</p> <ul style="list-style-type: none"> Training manuals for agencies; workshops on EERs and OPIF; manual on output-focused MFOs <p>Part D</p> <ul style="list-style-type: none"> Report on identifying the gap in the EIA between the Government and development partner systems; capacity building to EMB Workshops and training on GAD guidelines; standardized manual in applying GAD guidelines in project preparation and evaluation Report on proposed amendments to RA8974, with explanations; draft IRR; advocacy plan for the amendments to RA 8974 	<ul style="list-style-type: none"> Accomplishments, action plan, and monitoring framework prepared Actual reports submitted by consultants; training materials completed; no. of actual training sessions conducted Assessment completed Information disseminated; training conducted; training manuals completed; workshops conducted Report completed Report completed; workshops and training conducted Report completed; IRR drafted; advocacy plan prepared 	<ul style="list-style-type: none"> Technical assistance, Paris Declaration, HC agenda DBM's and development partners' progress reports; technical assistance; agency's existing resources Technical assistance, agencies' existing procedures, related circulars and manuals of COA and IAS Technical assistance; DBM and NEDA's existing guidelines on EER and OPIF Technical assistance; DENR's existing guidelines Technical assistance; GAD guidelines Technical assistance 	<ul style="list-style-type: none"> Assumption: Government's commitment to reforms, availability of technical assistance, and Government's contribution
<p>Activities with Milestones</p>			<p>Inputs</p>
<p>Part A - Support to the Overall Harmonization Agenda (Nov 2005-Jan 2006)</p>			
<ol style="list-style-type: none"> Conduct stocktaking of Government's achievements in the area of harmonization. Formulate a monitoring framework and harmonization action plan. Provide technical and administrative support to HC in implementing harmonization efforts. 			<ul style="list-style-type: none"> Domestic consulting services – 2 consultants (5 and 12 person-months)

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>4. Assist the Government in formulating and executing its advocacy and dissemination plan.</p> <p>5. Provide support on overall management of the TA. (Part of phase 2: Jan 2006–Sep 2007).</p> <p>Part B - Procurement (Jan 2006–Sep 2007)</p> <p>1. Conduct rollout of the generic procurement manuals to regions through the Government Procurement Policy Board (GPPB) regional trainers.</p> <p>2. Assist DBM through GPPB on the rollout of the Professionalization Program for Procurement Practitioners. The GPPB has developed a Professionalization Program which is a complete career course for procurement practitioners. The next phase of the project includes developing the syllabus and the examination for certification purposes, and extending the Project in the regions by training trainers to enable them to effectively roll it out within their respective regions.</p> <p>Financial Management and Audit (Jan 2006–Sep 2007)</p> <p>1. Assess the extent of compliance of NGAS with IAS, and other relevant accounting standards.</p> <p>2. Review possible mechanisms to harmonize the NGAS with other agencies' systems such as DBM's E-Budget and systems of other agencies, such as the e-LGU project of the Commission on Information and Communication Technology – National Computer Center (CICT-NCC).</p> <p>Part C - Managing for Results (Strengthening the Quality of Performance-Based Budget Processes) (Jan 2006–Sep 2007)</p> <p>1. Analyze the existing pilot OPIF experience and review the processes, including coordination with NEDA and COA, assessment of DBM and department's baseline capacities.</p> <p>2. Identify capacity development needs and address them on a selective basis.</p> <p>3. Make available to 26 departments by February 2006 guidelines that reflect lessons learned from pilots; and support preparation of Congressional budget submission for 2007 for 26 agencies.</p> <p>4. Assess leadership for strengthening managing for development results at department level by applying RBM readiness tool and identify demand for DBM support.</p> <p>5. Define and support the installation plan of RBM tools in the two pilot departments.</p> <p>6. Review pilots and make lessons learned available to other departments.</p> <p>Part D - Project Quality at Entry Jan 2006–Sep 2007)</p>			<p>each)</p> <ul style="list-style-type: none"> • Reports • PMU operating costs • Contingencies • Local travel <ul style="list-style-type: none"> • International consulting services – 1 consultant (6 person-months) • Domestic consulting services – 1 consultant (6 person-months) • Reports • PMU operating costs • Contingencies • International and local travel <ul style="list-style-type: none"> • International consulting services – 1 consultant (6 person-months) • Domestic consulting services – 1 consultant (6 person-months) • Reports • PMU operating costs • Contingencies • International and local travels <ul style="list-style-type: none"> • International consulting services – 1 consultant (2 person-months) • Domestic consulting services- 2 consultants (3 person-months each) • Training • Reports • PMU operating costs • Contingencies • International travels

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Environment</p> <ol style="list-style-type: none"> 1. Study and assess the possibility of using DENR's environment impact assessment (EIA) in lieu of the various systems and requirements of the development partners (including ADB) for project assessment. 2. Provide capacity building for DENR's Environmental Management Bureau (EMB) on the use and appraisal of strategic/programmatic environmental assessment for sector programs and ODA-funded projects. 3. Conduct consultations (meetings, interviews) with development partners during TA implementation on the possible use of Government guidelines in project assessment. 			<ul style="list-style-type: none"> • Domestic consulting services – 1 consultant (4 person-months) • Reports • Training • PMU operating costs • Contingencies • Local travel
<p>Gender</p> <ol style="list-style-type: none"> 1. Assist in disseminating information on the GAD guidelines among development partners and within the Government through training and financial support for reprinting the guidelines. 2. Assess and provide technical assistance improving the institutional capacity at national and local government levels in applying the GAD guidelines in project preparation and evaluation. 			<ul style="list-style-type: none"> • Domestic consulting services – 1 consultant (3 person-months) • Printing costs • Reports • Training • PMU operating costs • Contingencies • Local travel
<p>LAR</p> <ol style="list-style-type: none"> 1. Review the achievements and limitations of RETA 5935 -National Resettlement Policy Enhancement and Capacity Building and provide specific recommendations on the needed actions to improve LAR practices in the Philippines. 2. Assist and coordinate in preparing mainstreamed IRRs, by providing technical, legal, and advocacy support in the form of studies, publications, workshops or media presentations that may be needed to successfully introduce the amendments to the law. 3. Assess the level of coordination existing between agencies with a role in LAR, and of their technical capacity and staffing needs for this task; and give recommendations for administrative changes and task organization, and outline the technical training and capacity building needed. 			<ul style="list-style-type: none"> • Domestic consulting services – 1 consultant (6 person-months) • Reports • Training/advocacy • PMU operating costs • Contingencies • Local travel

ADB – Asian Development Bank; COA – Commission on Audit; CICT – Commission on Information and Communication Technology; DBM – Department of Budget and Management; EER – effectiveness and efficiency review; EIA – environmental impact assessment; EMB – Environmental Management Bureau; GAD – gender and development; GPPB – Government Procurement Policy Board; HC – Harmonization Committee; IAS – international accounting standards; IRR – implementing rules and regulations; LAR – land acquisition and resettlement; MFO – major final output; NCC – National Computer Center; NEDA – National Economic and Development Authority; NGAS – new government accounting system; ODA – official development assistance; OPIF – organizational performance indicator framework; PMU – project monitoring unit; RA – republic act; RBM – results-based management; RETA – regional technical assistance; TA – technical assistance

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	217.4	0.0	217.4
ii. Domestic Consultants	0.0	279.3	279.3
a. International Travel	104.0	0.0	104.0
b. Local Travel	0.0	7.0	7.0
c. Reports and Communications	0.0	15.3	15.3
2. Equipment	0.0	0.0	0.0
3. Training, Seminars, and Conferences	0.0	44.0	44.0
4. Surveys	0.0	0.0	0.0
5. Miscellaneous Administration and Support Costs	0.0	10.0	10.0
6. Representative for Contract Negotiations	0.0	0.0	0.0
7. Contingencies	8.0	15.0	23.0
Subtotal (A)	329.4	370.6	700.0
B. Government Financing			
1. Office Accommodation and Transport	0.0	60.0	60.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	180.0	180.0
3. Others	0.0	60.0	60.0
Subtotal (B)	0.0	300.0	300.0
Total	329.4	670.6	1,000.0

^a Financed by the Asian Development Bank's technical assistance funding program.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Under part A, phase 1, the terms of reference (TOR) for parts B, C, and D will be refined and made more task-specific.

A. Part A - Support to the Overall Harmonization Agenda

2. **Phase 1.** One domestic consultant (results-based management [RBM] expert) will be engaged for 2 person-months to perform the following tasks:

- (i) Conduct stocktaking on the Government's harmonization achievements.
- (ii) Assist the harmonization committee (HC) in the formulation of a monitoring framework and harmonization action plan.
- (iii) Support the HC in defining specific activities for phase 2 and in preparing detailed, task-specific TOR for phase 2 consultants (based on the following outline TOR).

3. **Phase 2.** The RBM expert will work for another 3 person-months intermittently, to do the following:

- (i) Provide technical and administrative support to HC in implementing harmonization efforts.
- (ii) Assist the Government GOP in formulating and executing its advocacy and dissemination plan.

4. Another domestic consultant (project management expert), will be engaged for 12 person-months to work intermittently over 18 months to do the following:

- (i) Provide technical and administrative support on overall management of the technical assistance (TA).
- (ii) Coordinate discussions between and among Government and development partners on the possibility of harmonizing development planning, strategy formulation, programming, monitoring, and other important areas.

5. The domestic consultants, who will report directly to the ADB country officer and who will be coordinating with the steering committee and secretariat, will be familiar with the issues of harmonization and managing for results and will have established rapport with Government agencies.

B. Part B - Procurement and Financial Management and Audit

1. Procurement

6. This component will require the expertise of one international consultant and one domestic consultant, to be engaged for a total of 6 person-months each, and to work intermittently over 16 months. The exact duration/timing will be determined in consultation with the Department of Finance (DOF) and the Department of Budget and Management (DBM).

7. The international consultant, who will be directly reporting to DBM, will be familiar with the processes, procedures, and issues on procurement of both the Government and

development agencies; and will have extensive experience in implementing procurement reforms in developing countries. The consultant will do the following:

- (i) Establish contacts with DBM, Government Procurement Policy Board (GPPB) and other relevant agencies and development partners at the appropriate levels.
- (ii) Provide technical advice and substantial support to the various efforts already started by the Government and other stakeholders toward procurement reforms.
- (iii) Rollout the generic procurement manuals to the regions through the GPPB regional trainers.
- (iv) Assist DBM through GPPB on the rollout of the Professionalization Program for Procurement Practitioners.

8. The domestic consultant will report directly to the international consultant and will provide technical and administrative support to the activities in (i)—(iv).

9. The consultants will submit written reports, in English, on a regular basis: (i) an inception report within 6 weeks after the start of the TA, (ii) quarterly progress reports, and (iii) a final report to be submitted 2 weeks before the end of the TA. The reports will be submitted to DBM (5 printed copies), DOF (2 printed copies) and ADB (1 printed copy and 1 soft copy).

2. Financial Management and Audit

10. This component will require the expertise of a consulting team composed of one international consultant, and one domestic consultant, to be engaged for 6 person-months each, to work intermittently over a 16-month period. The exact duration/timing will be determined in consultation with DOF, DBM and Commission on Audit (COA).

11. The international consultant, who will be directly reporting to and liaising with each of the involved agencies, will be familiar with the processes, procedures and issues on international and country-level financial management and audit; and will have extensive experience in reviewing, formulating, implementing, and evaluating financial management and audit systems in developing countries and international agencies. The consultant will do the following:

- (i) Establish contacts with DBM, COA, Bureau of Treasury (BTr), and National Economic and Development Authority (NEDA) as well as development partners at the appropriate levels.
- (ii) Review and evaluate ongoing and pending efforts by the Government and the technical working group (TWG) on financial management and audit, and outline the needed specific actions indicating the responsibilities and the time-frame required for each action item.
- (iii) Identify and implement jointly with the Government and development partners specific systems and procedures that need to be harmonized, first among Government agencies, second among development partners, and third between the Government and development partners.
- (iv) Assess the compliance of the new government accounting system (NGAS) with international accounting standards (IAS) and other relevant accounting standards, and with development partners' financial reporting requirements.
- (v) Perform other important tasks required to realize outcomes in this particular component.

12. The domestic consultant will report directly to the international consultant and will provide technical and administrative support to the activities in (i)–(v).

13. The consultants will submit written reports, in English, on a regular basis: (i) an inception report within 6 weeks after the start of the TA, (ii) quarterly progress reports, and (iii) a final report to be submitted 2 weeks before the end of the TA. The reports will be submitted to DBM (3 printed copies), COA (3 printed copies), BTr (3 printed copies), NEDA (2 printed copies), DOF (2 printed copies), and ADB (1 printed copy and 1 soft copy).

C. Part C - Managing for Results: Strengthening the Quality of Performance-based Budget Processes

14. This component will require the expertise of one international consultant for 2 person-months, and two domestic consultants for 3 person-months each, on an intermittent basis over a 16-month period. The exact duration/timing will be determined in consultation with DOF and DBM.

15. The international and domestic consultants, who will be reporting directly to DBM, will be familiar with the processes, procedures, and issues on results-based budgeting and expenditure management; and will have extensive experience in the fields of expertise in developing countries. The consultants will assist in increasing DBM's capacities to mainstream performance-based budgeting processes (OPIF) and to facilitate processes to strengthen the performance orientation of selected OPIF agencies. The consultants will conduct the following tasks:

- (i) Assist DBM in analyzing the existing pilot OPIF experience and review the processes, including coordination with NEDA and COA to improve them.
- (ii) Support the dissemination of review findings.
- (iii) Identify capacity development needs and address them on a selective basis (i.e. strengthen the capabilities of DBM bureau chiefs to critique budget submissions, to chair consultative meetings, and to supervise the quality of the final submission).
- (iv) Support DBM in developing and disseminating manuals/guidelines for 26 departments by May 2006, which reflect lessons learned from pilots.
- (v) Support the preparation of the Congressional budget submission for 2007 for 26 agencies through inputs into critique, consultation workshops, DBM-NEDA-COA coordination.
- (vi) Support DBM to apply RBM readiness assessment tools — developed under RETA 6096—¹⁰ to two pilot departments to develop an instrument for systematically assessing leadership for strengthening management for development results at the department level and identify demand for DBM support.
- (vii) Assist DBM to support implementation of the action plans of the two pilot departments (identified in RETA 6096) to install RBM tools to improve organizational and personnel performance.
- (viii) Review pilots and develop manuals/guidelines that will make lessons learned available to other departments.

¹⁰ ADB. 2003. *Regional Technical Assistance on Supporting the Sector Approach and Results-Based Management in ADB Operations*. Manila.

16. The international consultant will primarily assist DBM in developing concepts, assessing capacities and experiences, and developing the manuals and guidelines. The domestic consultants will support DBM in installing the RBM readiness assessment and management tools in the two pilot departments, and will assist the international consultant when required by DBM.

17. The consultants will submit written reports, in English, on a regular basis: (i) an inception report within 6 weeks after the start of the TA, (ii) quarterly progress reports, and (iii) a final report to be submitted 2 weeks before the end of the TA. The reports, including the manuals and guidelines, will be submitted to DBM (5 printed copies), NEDA (2 printed copies), DOF (2 printed copies) and, ADB (1 printed copy and 1 soft copy).

D. Part D – Improving Project Quality at Entry

18. This component will require the expertise of three domestic consultants, to be engaged for 4, 3 and 6 person-months for environment, gender, and land acquisition and resettlement (LAR), respectively, to work intermittently over 16 months. The exact duration/timing will be determined in consultation with DOF and the involved agencies.

19. The consultants, each of whom will be directly reporting to the Department of Environment and Natural Resources (DENR), NEDA, and NEDA/ Urban Assets Reform Project Management Office (JARPMO), will be familiar with the processes, procedures, and issues on (i) environment, (ii) gender, and (iii) LAR.

a. Environment

20. The consultants will do the following tasks:

- (i) Expand the identification of the gaps between the Government and World Bank safeguard policies to include development partner systems, and assess the significance and importance of the gaps.
- (ii) Considering the identified gaps between the Government and safeguard policies of development partners, develop an integrated system for project environmental assessment that will comply with the requirements of the Government and the development partners.
- (iii) Assess the institutional capacity of the Government to implement the recommended system.
- (iv) Study and assess the Environmental Management Bureau's (EMB) project approval procedures concerning the economic value of natural resources affected by development projects/programs.
- (v) Develop a system of procedures or project approval criteria that will incorporate considerations of the economic value of the natural resources affected by development projects and programs.
- (vi) Pilot test the systems of procedures/project approval criteria.
- (vii) Evaluate pilot testing results and recommend procedures with the corresponding institutional arrangement scheme.

b. Gender

21. The consultant will do the following tasks:

- (i) Assist in disseminating information on the gender and development (GAD) guidelines among development partners and within the Government.
- (ii) Assess and provide TA to improve institutional capacity at national and local government levels in applying the GAD guidelines in project preparation and evaluation.
- (iii) Prepare a training design and assist NEDA in facilitating training programs for agencies and other organizations.
- (iii) Assess the feasibility of institutionalizing the GAD guidelines and their mandatory use for projects and within government institutions.

c. LAR

22. The consultant will do the following tasks:

- (i) Review the achievements and limitations of RETA 5935¹¹ and provide specific recommendations on the needed actions to improve LAR practices in the Philippines.
- (ii) Assess and define the needed legal and administrative reforms on LAR.
- (iii) Assist the Government champion that would sustain the presentation of the RA 8974 amendment (which is fully compatible with the multilateral resettlement policies) to Congress.
- (iv) Assist and coordinate in preparing implementing rules and regulations (IRRs), by providing technical, legal, and advocacy support in the form of studies, publications, workshops, or media presentations that may be needed to successfully introduce the amendments to the law.
- (v) Assist in drafting the new IRRs through an intensive consultation process across government agencies and through studies aimed at defining effective and implementable mechanisms to improve, coordinate, and speed up the various tasks composing the LAR process.
- (vi) Assess the level of coordination between agencies with a role in LAR, and their technical capacity and staffing needs for this task.
- (vii) Give recommendations for administrative changes and task organization, and outline the technical training and capacity building needed.

23. The consultants will submit written reports, in English, on a regular basis: (i) an inception report within 6 weeks after the start of the TA, (ii) quarterly progress reports, and (iii) a final report to be submitted 2 weeks before the end of the TA. The respective reports will be submitted to DENR (5 printed copies), NEDA (5 printed copies), NEDA/UARPMO (5 printed copies), DOF (2 printed copies) and ADB (1 printed copy and 1 soft copy).

¹¹ ADB. 2000. *Regional Technical Assistance on National Resettlement Policy Enhancement and Capacity Building*. Manila.