



Completion Report

Project Number: 41076-022
Technical Assistance Number: 7434
June 2016

Philippines: Strengthening Transparency and Accountability in the Road Subsector

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TA Number, Country, and Name: TA 7434-PHI: Strengthening Transparency and Accountability in the Road Subsector			Amount Approved: \$1,000,000	
			Revised Amount: Not applicable	
Executing Agency: Department of Public Works and Highways (DPWH)		Source of Funding: TASF-Others	Amount Undisbursed: US\$532,164	Amount Utilized: US\$467,836
TA Approval Date: 10 Dec 2009	TA Signing Date: 15 Jan 2010	Fielding of First Consultant: 28 Mar 2013	TA Completion Date Original: 31 Mar 2012	Actual: 31 Dec 2015
			Account Closing Date Original: 31 Mar 2012	Actual: 31 May 2016
Description <p>In 2008, the Government of the Philippines requested ADB to resume an active role in supporting the roads subsector.¹ Governance had become a conspicuous issue in the Philippine transport sector, and the economy in general. The government, including DPWH, recognized governance as a constraint to sustained economic growth and poverty reduction, in general, and development of the country's road infrastructure, in particular, as demonstrated in the Medium-Term Philippine Development Plan 2004–2010 and the country procurement assessment report. DPWH had taken a number of steps to assess and mitigate governance risks, and was undertaking efforts to improve its organizational and network capacity and to mitigate governance risks. ADB decided to begin this re-engagement with the subsector by addressing governance issues. The capacity development technical assistance (TA) was designed to play a key role in mitigating corruption risks for ongoing and planned ADB-financed road subsector activities and in strengthening governance and the capacity to achieve improved transparency and accountability in the road subsector. The TA was expected to build on the ongoing activities of the government, civil society organizations (CSOs), and other development partners to improve subsector governance by combating corruption and strengthening institutional capacity. The TA was meant to deepen reforms in procurement, participatory auditing, and internal auditing; and strengthen organizational and network capacities of the DPWH internal audit service, CSOs, and the Commission on Audit (COA). It was expected that the proposed TA would be followed by other ADB-financed initiatives to address governance issues in the subsector as well as to improve the road infrastructure.</p>				
Expected Impact, Outcome, and Outputs <p>The impact of the TA was to have economic growth and investment increase as a result of increased efficiency in the road subsector. The outcome of the TA was increased transparency and accountability of road subsector budgets and investments, including those covered under planned ADB-financed road subsector activities. The outcome of the TA was to be achieved through three outputs: (i) mitigation of corruption risks for planned ADB-financed road subsector activities, (ii) strengthened internal accountability mechanisms, and (iii) strengthened external accountability mechanisms.</p>				
Delivery of Inputs and Conduct of Activities <p>The TA and the terms of reference (TORs) were formulated adequately, based on the situation at the time of preparation. The significant passage of time between approval and the start of implementation resulted in the failure to achieve the output on strengthening external accountability mechanisms and the need to change activities for other outputs, as conditions and the executing agency's (EA) priorities had changed. Likewise, the TORs had to be changed to reflect conditions at the time of consultants' recruitment and while their assignments were being carried out. The providers of training performed very well. As the EA was located in Manila, the project team maintained close contact with the EA through regular communications about the TA. The performance of ADB and the EA was satisfactory. The TA completion date was extended twice. The first extension (from 31 March 2012 to 31 December 2014), which covered most of the extension period, was due to a delay in approval of the loan with which output 1 of the TA was associated. Output 1 of the TA was mitigation of corruption risks for planned ADB-financed road subsector activities, and it was intended that the focus would be on the proposed Philippines Road Sector Institutional Development and Investment Program, which also had been programmed for approval in 2009. However, the project, renamed as Loan 2836-PHI: Road Improvement and Institutional Development Project (RIIDP), was not approved until December 2011. The delay in loan approval was due to the change in the government administration. Processing of the TA went ahead, with approval in 2009, to utilize available TA funds. Implementation of the TA was, however, put on hold pending approval of RIIDP or some other <u>demonstration</u> of the Government's commitment to engage with ADB to improve the road subsector. Activity under the TA began following approval of RIIDP. The second extension (from 31 December 2014 to 31 December 2015) was approved to provide sufficient time to complete new activities approved through a change in scope. A minor change in scope was approved to align the TA's activities with the changing government priorities.</p>				

¹ At that point, the most recent ADB-financed road project had been approved in 1996. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of the Philippines for Sixth Road Project*. Manila.

It was envisioned that the TA would require a total input of 12 person-months of international and 24 person months of national consultants, in addition to input from CSOs. For the procurement advisory team under output 1, an international and a national procurement specialist were expected to be engaged for 9 person-months each. The international and national procurement specialists were engaged for 7.6 and 5.1 person-months, respectively. Recruitment of the international and national procurement advisors took significantly longer than anticipated due to the difficulty in finding suitably qualified candidates who were available for the assignment. The consultants performed satisfactorily. For strengthening internal audit (output 2), it was envisioned that ADB would engage an international and national specialist for 3 and 15 person-months each. However, during implementation, it was decided to accomplish this output through the use of international training providers rather than consulting services. It was planned that a national CSO network with expertise in procurement, budget transparency and monitoring would be engaged under the TA for the participatory audit (output 3). The network was not engaged as this output was not pursued. Training was given much more emphasis than originally envisioned, in response to requests from the EA. It was planned that the TA would provide training, seminars, and conferences requiring \$78,000. Due to the increased emphasis on training rather than consulting services for strengthening internal audit (output 2), training in the amount of \$261,000 was provided. The project team processed a minor change in scope and implementation arrangements in order to procure a highly-regarded proprietary training program provided by an international firm, which included access to the firm's proprietary learning and collaboration website for one year and access to other materials for all DPWH participants.

Evaluation of Outputs and Achievement of Outcome

The outcome was partly achieved. The Social Weather Stations "sincerity rating" on transparency and accountability surveys improved from very bad in 2008 to poor in 2012; however, this fell short of the target of mediocre or better by 2012. The COA audit opinion of DPWH did not improve, remaining as adverse in 2014. Two of the three outputs (mitigation of corruption risks for planned ADB-financed road subsector activities and strengthened internal accountability mechanisms) were achieved. The output on strengthening external accountability mechanisms was not achieved. During the delay in implementation, the EA's position on the use of participatory audits as a means for strengthening accountability changed. When it became time to implement this output, the EA was not interested in using participatory audits and preferred to focus on other outputs. International training was provided in Manila and in other countries. The training made a significant contribution to institution building. The TA financed the one-week Culture of Accountability Training Program, carried out by international trainers, under which 245 DPWH staff, including the Secretary and the entire DPWH senior management team, were trained in ADB Headquarters. The program was very well received. The DPWH Secretary requested that TA funds be used to provide the same training to lower-level staff, but it was not possible to do so before TA completion. The TA also financed training of a limited number of DPWH officials and staff in Australia and Germany.

Overall Assessment and Rating

The TA is rated less than successful. The outcome was partly achieved. By achieving two of the three outputs, the TA made a significant contribution to strengthening internal accountability and mitigating corruption risks. However, the third output (strengthening external accountability mechanisms) was not achieved. The TA laid the groundwork for future cooperation between ADB and the EA in improving governance in the road subsector.

Major Lessons

One lesson learned is the importance of maintaining a close relationship with the EA and flexibility in implementation so that the changes in the EA's priorities in activities to achieve the TA outcome can be accommodated. A lesson learned from the failure to implement the output on external accountability is that TAs that are linked with activities under loans, even if not directly piggybacked to the loan, should be scheduled for approval after the loan, to account for the greater likelihood of delays in loan processing than in TA processing. A final lesson is that recruitment of experts in certain fields, in this case international and national procurement specialists, can take significantly longer than is typically the case. This should be taken into account when determining the TA implementation period.

Recommendations and Follow-Up Actions

It is recommended that capacity development activities to strengthen governance in DPWH through improved accountability and transparency are continued, through future TAs or future loans, to build upon the progress made under the TA in strengthening accountability in DPWH.