

**RESTRICTED**  
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**ASIAN DEVELOPMENT BANK**

*This Report has been prepared for  
the exclusive use of the Bank.*

**TECHNICAL ASSISTANCE**

**TO THE**

**REPUBLIC OF THE PHILIPPINES**

**FOR**

**STRENGTHENING POST-EVALUATION CAPABILITY**

**OF THE**

**NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY**

**January 1992**

### CURRENCY EQUIVALENTS

Currency Unit - Peso (₱)

US\$1.00	=	₱ 26.70
₱ 1.00	=	US\$0.037453

### ABBREVIATIONS

ADF	-	Asian Development Fund
COA	-	Commission on Audit
DOF	-	Department of Finance
JSF	-	Japan Special Fund
NEDA	-	National Economic and Development Authority
OCR	-	Ordinary Capital Resources
ODA	-	Official Development Assistance
PEO	-	Post-Evaluation Office
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 National Economic and Development Authority (NEDA) requested a small-scale Bank technical assistance (TA) grant to strengthen its institutional ex-post evaluation capability on 19 February 1991. The Department of Finance (DOF) formally endorsed NEDA's request in mid-July 1991.
2. A Bank Fact Finding Mission during December 1991, in consultation with NEDA, agreed on the scope, terms of reference and implementation arrangements for this technical assistance. This technical assistance first appeared in ADB Business Opportunities in October 1991.

## **II. BACKGROUND**

3. Bank operations in the Philippines began in 1968. In view of the country's recent economic situation, the level of Bank and other Donor assistance to the country has been increasing in recent years in support of the Government's development efforts. Increased levels of official development assistance (ODA) and coordination of the aid from multilateral sources would establish a basis on which industrial and agricultural development objectives might be pursued.
4. As of 31 December 1991, the Bank had provided 122 loans (107 projects) amounting to \$4,391.9 million, of which \$3,599.64 million was from OCR, and \$792.26 million from ADF. Bank assistance to the Philippines is about 13 per cent of total Bank lending and about 6 per cent of total ADF lending. Cumulative disbursements as of end November 1991 amounted to \$2,317 million, or 69.3 per cent of total net effective loans.
5. The Bank provided technical assistance at the end of 1991, amounting to \$58.5 million for 163 projects, including \$17.5 million financed by JSF, and \$14.9 million from Other Sources. Of the 163 Bank-financed technical assistance projects, 77 were advisory, and 86 were project preparatory.
6. Of the 122 loans approved by the Bank in the Philippines by the end of 1991, 79 of the Bank-financed projects had been closed and of these 36 projects had been post-evaluated. Seventeen (47 per cent) projects were assessed as generally successful, eleven (31 per cent) were rated partly successful and the remaining eight (22 per cent) were classified as unsuccessful. In addition to the post-evaluation reports of individual projects, an Impact Evaluation Study of Bank-assisted Irrigation Projects in the Philippines was completed in September 1986. Recent findings for post-evaluated projects in the Philippines highlight the need to pay greater attention to institutional factors in preparing Bank projects.
7. Most Philippine central Government departments and line agencies engage in some form of monitoring of public enterprises and projects under their jurisdiction usually with a view to ensuring efficient implementation. However, independent monitoring of public-sectorwide operations is essentially vested in, and carried out on a regular basis by, three entities of the central government, namely the Commission on Audit (COA), NEDA and the Office of the President in

conjunction with DOF. Of these, the COA has the constitutional mandate<sup>1/</sup> for auditing all government-owned or controlled corporations to determine whether "fiscal responsibilities in the use of public funds have been effectively discharged."<sup>2/</sup> In its conduct of audit, COA follows generally accepted auditing standards including financial and compliance audit, inquiry into economy and efficiency of operations as well as program results appraisal. COA prepares Annual Audit Reports for individual government entities; these are transmitted to the President, the National Assembly and the heads of government departments. Overall results are consolidated in an annual financial report which includes findings and recommendations.

8. NEDA is the central Government's coordination agency for National Development Plan formulation and implementation; it functions under a Cabinet Level Board chaired by the President. Of the various Government bodies with central monitoring functions, NEDA has the mandate for the monitoring/evaluation of programs/projects covered by the national plans in all sectors, especially of foreign-assisted projects.<sup>3/</sup> NEDA's monitoring activities thus serve the needs of economic planning and overall management, complementing COA's functions. Within NEDA, the Project Monitoring Staff (see Appendix 1) is responsible for carrying out day-to-day monitoring work; among its duties are the conduct of post-project evaluation and impact assessments.<sup>4/</sup> Project audit activities are at a rudimentary stage and are proposed to be upgraded.

9. The Office of the President and the DOF monitor the day-to-day processing and implementation of foreign-donor assisted projects through the Project Facilitation Committee of the Committee on Development Assistance and the International Finance Group to improve administration of foreign borrowings.

10. Recent efforts by the Philippine Government to raise standards of Project implementation have been supported by the Bank which approved technical assistance to NEDA in 1987 for the formulation and monitoring of the Government's Medium Term Public Investment Program and in 1989 to improve NEDA's planning and forecasting techniques.<sup>5/</sup> The Bank also

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<sup>1/</sup> The Constitution of the Republic of the Philippines, 1986, Article IX Constitutional Commissions, D, the Commission on Audit, Section 1 to 4.

<sup>2/</sup> "Fiscal responsibilities" has been defined as the obligation to ensure that all resources of the agency are managed, expended and utilized in accordance with law and regulations and safeguarded against loss or wastage through illegal or improper disposition with a view to ensure efficient economy and effectiveness in the agency's operations.

<sup>3/</sup> NEDA monitoring functions were re-affirmed in 1987 by Executive Order No. 230 of the Aquino Government which states that NEDA will monitor and evaluate the implementation of the (Philippine Development) Plan.

<sup>4/</sup> Other duties include: (i) monitoring the progress of implementation of approved development programs; (ii) identifying bottlenecks and proposing solutions to problems of implementation; (iii) preparing integrated reports on the status of approved development projects; and (iv) providing technical assistance to the NEDA Regional Offices in project monitoring and assessment.

<sup>5/</sup> TA No. 887-PHI, Study on Formulation and Monitoring of Public Investment Program, \$552,000, 16 July 1987; and TA No. 1199-PHI, Improvement of Forecasting Techniques in Development Planning Using Demographic Factors, \$225,000, 23 August 1989.

assisted the Project Facilitation Committee and the International Finance Group to improve the administration and implementation of ODA assisted projects.<sup>1/</sup>

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Objectives and Scope**

11. The major objectives of the technical assistance would be to improve the capability of NEDA staff and that of selected implementing agencies in carrying out performance evaluation of projects and to create a computerized management information system related to providing access within NEDA to the lessons derived from the evaluation of Philippine public sector projects. The TA grant will cover: (a) a review of the existing institutional set-up for post-evaluation, as well as the design of a post-evaluation system and procedures for the storing and retrieving of ex-post evaluation findings of development activities; (b) training of staff from NEDA and from a number of implementing agencies, through, among other activities, lecture sessions by consultants and consultant supervised visits to project sites and the preparation of case studies; (c) on-the-job training of selected government personnel for about two weeks in the Bank's Post-Evaluation Office (PEO); and (d) provision of personal computers, ancillary equipment and related software and staff training to establish a data base in NEDA, to provide speedy access to post-evaluation results.

12. The technical assistance will require a team of two consultants for about 90 person-days experienced in (i) conducting ex-post evaluation of development projects including technical, economic, financial, environmental, and socio-cultural aspects; (ii) designing and implementing computerized information systems; and (iii) organizing and providing on-the-job training. The Consultants will be recruited by the Bank in accordance with the Bank's Guidelines on the Use of Consultants.

13. The selected consultants (see Appendix 2 for Terms of Reference) will prepare relevant case study materials and conduct a suitably designed training course during which at least one Bank-financed project in the Philippines will be post-evaluated by selected government personnel using it as a case study.

14. The consultants will help in the design of an information system to ensure effective feedback of evaluation results into decision making. Bank staff will help in designing and installing the information system using microcomputers and standard software, and will train local staff in data processing.

15. Micro-computer and ancillary equipment and software will be provided along with a two week orientation program to several suitable NEDA staff by PEO at the Bank Headquarters.

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

16. The total cost of the technical assistance is estimated at approximately \$106,000, including about \$90,200 in foreign exchange and about \$15,800 equivalent in local currency cost.

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<sup>1/</sup> TA No. 1203-PHI, Strengthening of the Project Facilitation Committee, \$100,000, 4 September 1989; and TA No. 1315-PHI, Establishing Management Information Systems in the International Finance Group of the Department of Finance and in the Project Facilitation Committee of the Committee on Development Assistance, \$93,000, 1 June 1990.

The technical assistance will meet the entire foreign exchange cost of about \$90,200 and about \$9,800 of the local currency expenditures and will be financed on a grant basis from the Bank's Technical Assistance Special Fund. The local cost, to be financed by the Bank, amounts to about 9 per cent of total cost, which is below the ceiling of 15 per cent (excluding local consultants) fixed for such Bank assistance. The balance of the local currency cost amounting to about \$6,000 equivalent for the provision of office space, secretarial support and office supplies will be borne by the Government. Details of the cost estimate are given in Appendix 3.

#### C. Implementation Arrangements

17. The National Economic and Development Authority (NEDA) will serve as Executing Agency.

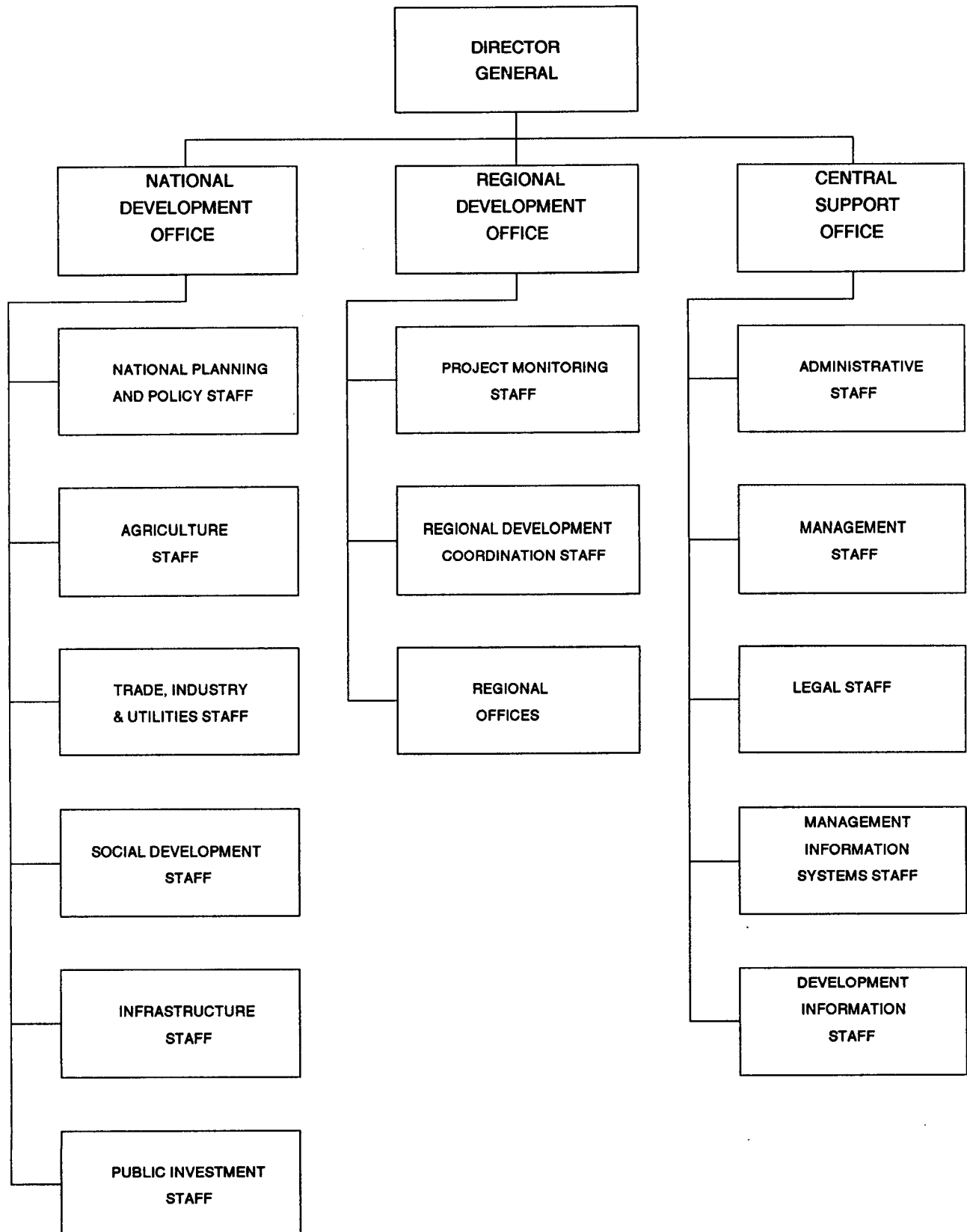
18. The Consultants in coordination with NEDA will submit to the Government and the Bank within three weeks of their assignment an Inception Report including a detailed work program consistent with their terms of reference. The Consultants will prepare a draft Final Report two weeks prior to the completion of the TA for review by the Government and the Bank. The Final Report will make recommendations aiming at improving the post-evaluation system of the Government and on procedures relating to a computer-based post-evaluation information system in NEDA.

19. Procurement of equipment for the proposed project will be handled by the Bank in accordance with the Bank's Guidelines for procurement.

#### IV. THE PRESIDENT'S DECISION

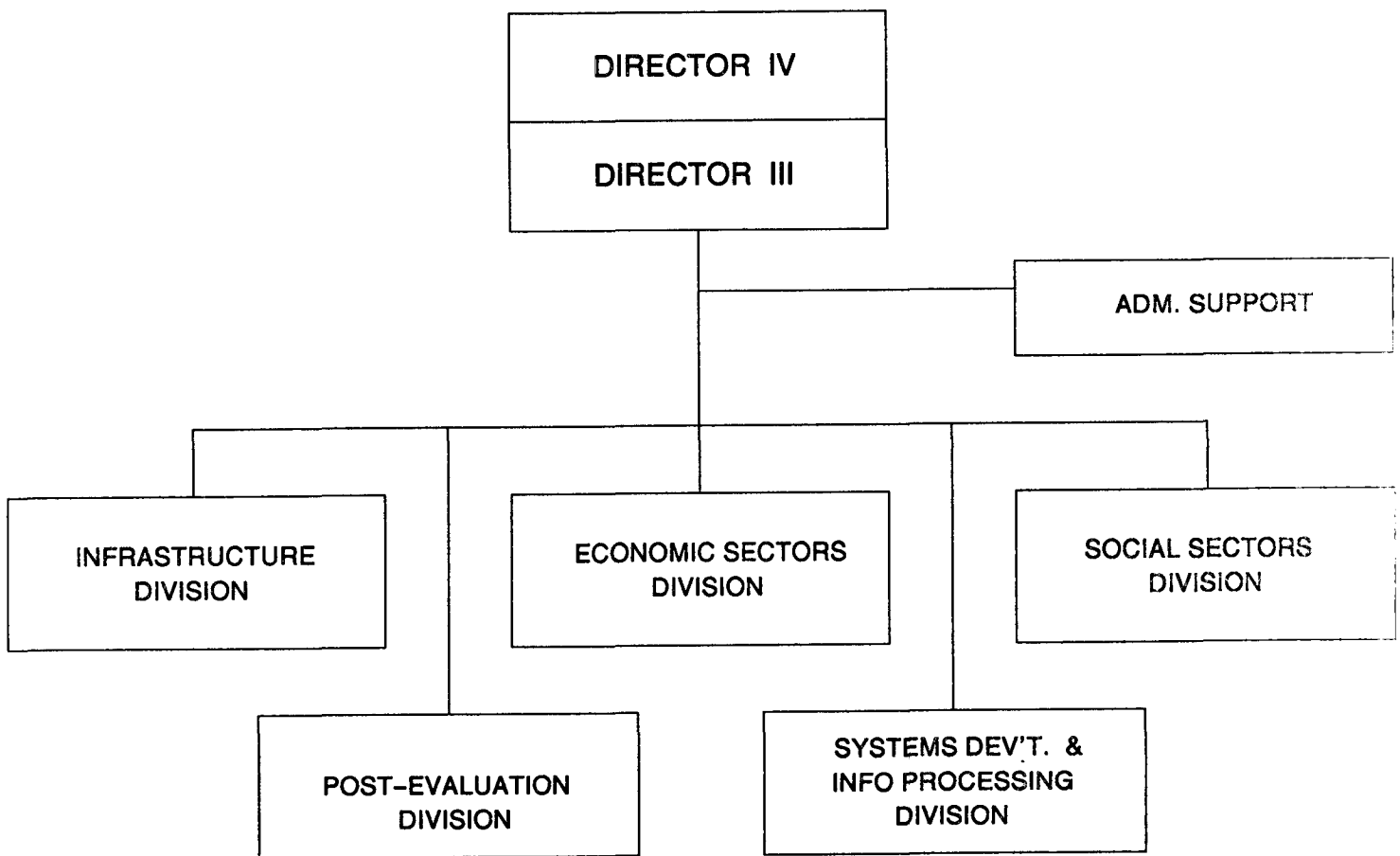
20. The President, acting under the authority delegated to him by the Board, has approved the provision of technical assistance to the Government of Republic of the Philippines in an amount not exceeding the equivalent of \$100,000 for the purpose of strengthening the post evaluation capability of the National Economic and Development Authority and hereby reports his action to the Board. This technical assistance will be made available as a grant from the Bank's Technical Assistance Special Fund.

**NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY**  
**ORGANIZATIONAL STRUCTURE**



(Reference in text: page 2, para. 8)

**PROJECT MONITORING STAFF  
ORGANIZATIONAL CHART**





### **CONSULTANTS' TERMS OF REFERENCE**

1. Under the technical assistance, the consultants' work will cover three main activities, namely: developing a project post-evaluation information system, assisting in the implementation of the system; and the training of staff.

#### **A. Post-Evaluation System Design**

2. In cooperation with NEDA staff, the Consultants will:

- (i) review the existing impact monitoring/reporting system in regard to the public sector projects of the Philippine Government and describe the functions of post-evaluation under the NEDA within that context;
- (ii) review current applied project monitoring/evaluation methods and procedures and recommend a suitable post-evaluation system aimed at assessing implementation efficiency, operational effectiveness and sustainability; and
- (iii) design auxiliary data collection, processing and retrieval systems to ensure that evaluation results are accessible to decision makers. (The Bank's Post-Evaluation Office (PEO) staff will assist as required, drawing on their experience).

#### **B. Implementation**

3. Based on the results of their work under (A) above, the consultants will:

- (i) assist in the preparation of organization and staffing plans and budgets to enable the implementation of the proposed system; and
- (ii) draft relevant policy and operational guidelines.

#### **C. Staff Training**

4. The consultants will:

- (i) design and undertake staff training in post-evaluation methods and procedures using relevant case study material which training will consist of a part-time course to be held over an approximately four week period and will cover evaluation design (incorporating the USAID logical framework approach), the role of benefit indicators, low cost data collection methods, preparation of contractor scopes of work, benefit measurement by sector and ex post EIRR calculation by sector. The training should involve the carrying out of at least one actual ex-post evaluation of a Bank-financed development project in the Philippines;

- (ii) provide training for selected staff in the use of post-evaluation retrieval system software;
- (iii) provide training for local staff in statistical and data processing; and
- (iv) arrange for a two-week orientation and training program for three NEDA staff with the Bank's Post-Evaluation Office in Manila in consultation with the Principal Coordinator.

COST ESTIMATES

Details	Foreign Exchange Cost (\$)	Local Cost Equivalent (\$)	Total Cost (\$)
<b>A. <u>COSTS TO BE FINANCED BY THE BANK</u></b>			
1. Consultants Remuneration (about 90 days)	35,000		35,000
2. Consultants per diem, international and domestic travel local transportation and incidental expenses in connection with conducting training programs	20,000	1,000	21,000
3. Equipment	28,000		28,000
4. Hands-on Training for 12 participants		8,000	8,000
SUBTOTAL	83,000	9,000	92,000
5. Contingency (about 9 per cent)	7,200	800	8,000
TOTAL COSTS TO BE FINANCED BY THE BANK	90,200	9,800	100,000
<b>B. <u>COSTS TO BE FINANCED BY THE GOVERNMENT</u></b>			
6. Office space, salaries of counterpart and support staff, domestic travel of NEDA staff and other staff, office support services and office supplies		6,000	6,000
TOTAL COSTS	90,200	15,800	106,000

(Reference in text: page 4, para. 16)