



Completion Report

Project Number: 46234-001
Technical Assistance Number: 8164
July 2018

Philippines: Strengthening Knowledge-Based Economic and Social Development

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| TA Number, Country, and Name: | | | Amount Approved: \$500,000 | |
| TA 8164-PHI: Strengthening Knowledge-Based Economic and Social Development | | | Revised Amount: \$500,000 | |
| Executing Agency: Department of Finance | | Source of Funding: Republic of Korea e-Asia and Knowledge Partnership Fund | Amount Undisbursed: \$114,988.06 | Amount Utilized: \$385,011.94 |
| TA Approval Date: 14 Sept 2012 | TA Signing Date: 18 Oct 2012 | Fielding of First Consultant: 19 Sept 2013 | TA Completion Date Original: 15 Oct 2015 Actual: 15 Oct 2016 Account Closing Date Original: 15 Oct 2015 Actual: 9 Jan 2017 | |
| Description The Asian Development Bank (ADB) designed this TA following government's request for capacity development support to address skills shortages in high-growth industries in the Philippines. The country recognizes its competitive advantage in information technology and business process outsourcing (IT-BPO), which has emerged as its fastest-growing employment and revenue-generating industry. However, the talent-supply gap in the IT-BPO sector was also evident. The country's educational institutions are unable to generate suitable graduates to meet the IT-BPO sector's increasing labor demand. Weak university-industry linkages and higher education programs that are not relevant to outsourcing industry requirements contribute to widening the talent-supply gap. Despite government's initiatives to address this, the country's education and training systems require substantial reforms, innovative solutions, and additional resources. ADB's TA support was aimed at aligning higher education curricula with international standards and labor market demand, while building on public and private initiatives. The TA focused on using knowledge hubs to develop replicable models for (i) strengthening links among the government, higher education institutions (HEIs) in the IT-BPO industry, (ii) sharing and learning regional knowledge, and (iii) supporting other high-growth industries. The TA was aligned with the Philippine Development Plan, 2011–2016, which identified IT–BPO in the top-10 priority development sectors with the highest contributing potential to economic growth and job creation. | | | | |
| Expected Impact, Outcome, and Outputs The expected impact was improved alignment of higher education with the needs of the economy. The outcome was a replicable and sustainable system of ICT-enabled knowledge hubs for the improved teaching and learning of IT–BPO industry-designed curricula in HEIs. Outputs included: (i) increased access to knowledge resources for IT–BPO industry-designed courses, (ii) enhanced higher education curricula and instruction, and (iii) strengthened partnership between industries and academic institutions. | | | | |
| Delivery of Inputs and Conduct of Activities The TA, executed by the Department of Finance (DOF), was adequately formulated and designed with implementation arrangements involving the (i) Business Processing Association (BPAP), responsible for managing the TA and ensuring closer university–industry linkage and the sustainability of TA benefits; (ii) University of the Philippines (UP), responsible for designing and deploying e-learning products for industry-designed courses in HEIs; and (iii) Asian Institute of Management (AIM), for leading TA knowledge-management components. BPAP, UP Open University and AIM were engaged as consultants using single-source selection based on their experience and track record. The government also set up a steering committee comprising members of the Commission on Higher Education, the National Economic and Development Authority, industry, and academe for quality assurance and overall coordination. DOF chaired the steering committee and conducted its meetings. DOF's role in carrying out the TA was mainly facilitative, and their performance is rated as <i>satisfactory</i> . | | | | |
| ADB approved a minor change to the consulting service requirements by these agencies to allow for more realistic implementation arrangements, such as adjusted person-months and different expert specializations. ADB approved an additional minor change and a one-year TA extension to 15 October 2016 to accommodate additional activities needed to complete full e-service management program courses and ensure sustainability of activities. The TA also financed 2 person-months of international consulting inputs and 12 person-months of national consulting inputs to flexibly respond to the needs of the government and industry in the areas of project management, strategy formulation, curriculum and content development, and higher education administration and governance. AIM was hindered by the lack of clarity on TA management and reporting structures, and ineffective dynamics with other consultants. It was unable to accomplish its deliverables, and ADB determined BPAP would be better placed to complete their assigned activities. Out of the 14 expected person-months allocated to AIM (7 international, 7 national), they completed 5 person-months (two international, three national). BPAP took on an additional 27.56 person-months of national input to complete activities. UP and BPAP used many of their own resources and equipment for the activities that were expected to be procured through the TA, which lowered TA spending by \$27,115 from the allocated \$32,000. BPAP's use of fewer international | | | | |

consultant person-months than AIM proposed to complete activities also lowered costs. Overall performance of the consultants is rated as *satisfactory*. ADB frequently met with consultants to support their delivery of inputs, however these review meetings should have been documented and further guidance to consultant reports was needed. The design and monitoring framework (DMF) targets and indicators should also be more closely monitored or redesigned during review missions as needed to link with the outputs and outcomes. ADB performance in TA administration is rated as *partly satisfactory*.

Evaluation of Outputs and Achievement of Outcome

Output 1: Access to knowledge resources increased for industry-designed courses on information technology and business process outsourcing. To achieve this output, a business model for operating and sustaining knowledge hubs was developed, and digitized teacher training materials and five study modules were incorporated into these hubs and offered online. The TA initially aimed to establish at least three knowledge hubs but this target was not clarified in the DMF and among consultants. Only one online knowledge hub in UP Open University and a physical hub at one of BPAP's offices were fully completed. There were challenges in online course enrolment and completion due to low demand. Out of the intended 3,000 students, 2,276 (48.9% women; target: 50%) completed online learning modules and study guides on IT-BPO industry-designed courses at TA completion. Many of these students were overseas Filipino workers who may have been looking to change industries and upskill without the burden of a full degree. At TA inception, low demand and completion rate can be attributed to unfamiliarity with online learning. By completion of the TA, the BPO industry has considerably expanded with firms accepting most candidates with an undergraduate degree and then providing on-the-job training. This further reduced demand for BPO-related courses. Further evaluation would be needed to confirm reasons for low enrolment.

Output 2: Higher education curriculum and instruction enhanced. To enhance higher education curriculum and instruction, UP developed program accreditation models for the eSMP courses in HEIs and state universities and colleges. Accreditation considered the perspective of teachers who enrolled in eSMP courses and learners who were able to complete the courses. After consulting with schools and partner HEIs, UP determined that accreditation is assessment-driven and assessments should be developed through collaboration with industries. At TA completion, there was no indication whether this remains relevant and will be pursued. In the training of teachers in blended learning, both face-to-face and online modules were effective for teacher certification. Blended teaching was conducted for teacher certification of 379 faculty members (59.9% female), against a target of 900 (50% female) using online teacher training programs. Consultants reported that the low training rate for teachers was because of a lack of incentives, and the training was not connected to any formal recognitions or promotion.

Output 3: Partnerships with industries and academic institutions strengthened. The TA provided opportunities for academic institutions (both state and private) to partner with industries¹ and developed a partnership framework to support these efforts. The partnerships between HEIs and industry were successful in securing additional training and employment opportunities for the students. The twinning partnerships between local and foreign universities were not formally established by the end of the TA although consultants reported that discussions had commenced with regional HEIs. The timeline of accomplishing this target was not realistic.

Achievement of outcome. The outcome of a replicable and sustainable system of ICT-enabled knowledge hubs was partially achieved in that UP Open University now has a strong repository of digitized Business Communication and Service Management Program courses available, and the knowledge hub provides the framework for sustainability of these courses and continued alignment with the needs of the IT-BPO industry. Consultants also reported that the IT-BPO industry-designed online courses are still in use by a number of HEIs (see footnote 1). The knowledge hubs have the potential to be replicated in other open universities, and possibly other industries could benefit from a similar structure of online and physical knowledge hubs located in the business association centers, and the TA supported the development of the framework and business plan for this model. The outcome target referring to adoption of global competitiveness assessment tool in selected HEIs was no longer relevant during implementation due to firm's preference of other assessment tools as there are consultant-reported cost and technical barriers to administering the global competitiveness assessment tool.

Overall Assessment and Rating

Overall, the TA is rated as *less than successful*. While it has contributed to online IT-BPO industry-developed course offerings and opened opportunities for strengthening partnerships between HEIs and industry, TA targets were not fully accomplished. There was no assessment during implementation on the relevance of DMF indicators and documentation

¹ A consultant reported that Asia Pacific College, Polytechnic University of the Philippines, Jose Rizal University, University of Makati and others are still using the digitized Business Communication and Service Management Program courses and that memorandum of understandings/agreements were signed. ADB, however, currently does not have documentation of these TA achievements.

on whether and how these were achieved is inadequate. The TA was challenged by limited human resources and low student demand for BPO-related courses. TA oversight and monitoring was evidently weak, consultants relied heavily on their own understanding of activities, while ADB relied heavily on the high capacity of the consultants. The TA outputs are nevertheless *likely sustainable* as strong frameworks are now in place to allow regular updating of courses and to solicit continued input from local industry partners. The university and industry partnerships should continue to be relevant in providing increased opportunities to students and provide a more appropriately skilled workforce for the companies.

Major Lessons

Working with multiple organizations as consultants is difficult to manage, and as happened here one was unable to deliver. A dedicated implementing agency could have been helpful in consolidating consultants' outputs and in ensuring that priorities between academe, government, and industry were clear and aligned. The steering committee with representation from committed members of all three was crucial in achieving the outputs, and in future partnerships a strong mediating presence is needed. The TA design needs to be clear in management and reporting structures, and well-articulated to all consultants. The TA could have also benefitted from a reassessment of the DMF during implementation, closer and more regular checkups between ADB and stakeholders, and ensuring complete and consolidated documentation of the entire process.

Recommendations and Follow-Up Actions

UP is committed to continue initiatives to ensure the outputs of this project will be utilized and accessible. Proposed follow up actions include providing new high-demand online courses (such as Oral Communication and Conversational Fluency), making the materials more widely available through expanding partnerships, maintaining the repository of digital materials, institutionalizing courses as part of the undergraduate program, continuation of BPO company training opportunities and linking with BPAP for further research and improvement and updating of course content.

To sustain the knowledge hub, or any other replications of a similar model, and ensure that its efficiency will be maintained, it is recommended to establish an organization or committee fully dedicated to the hub. It should have adequate human and financial resources as well as leadership to support its objectives.

Complementary activities could include accrediting training providers that add value to the most needed skills as determined by the IT-BPO industry and maintaining a public list of skill development providers (public and private), which is updated annually. Conducting a tracer study with gender analysis for students who complete digitized Business Communication and Service Management Program and IT-BPO courses and enter the industry would be crucial to improve the courses and better understand the skills gap.

Future ADB support to high growth sectors such as BPO should reassess the status and needs of the industry which has drastically expanded in recent years. Focus could be on integrating higher level and leadership skills for workers to be competitive amongst their peers and adaptable to the changes in industry. Though the methodology brings challenges, online courses remain a strong option for such industry training because it allows for easier updating and realignment of the curriculum.

TA = technical assistance.

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