

Philippines

PD-AAT-253

ISN 44837

**STATUS REVIEW OF
ECONOMIC SUPPORT FUND PROJECTS**

As of September, 1984

000151

PROGRAM FACTSHEET

1. Country: The Republic of the Philippines
2. Bilateral Program Title: Economic Support Fund I
3. Bilateral Projects:

<u>Title</u>	<u>Number</u>
Elementary Schools	492-0342
Project Design	492-0343
Clark Access Roads	492-0348
Municipal Development Fund	492-0361
Markets	492-0365
Regional Development Fund	492-0374
Regional Dev. Fund (Amend. #1)	492-0374
Rural Energy	492-0375

4. Program Funding:
 - a. AID Bilateral Funding: \$200M from 1979-1984
 - b. Host Country Counterpart Funds: Reasonable amount provided in cash and kind depending on project and type of activity.

5. Mode of Implementation:

Project Agreements between USAID/Manila and GOP's Management Advisory Committee (MAC) (recently renamed "ESF Council")

6. Previous Evaluation and Reviews:

Elementary Schools Project - March, 1983

7. Responsible Mission Officials:

- a. Mission Directors:
Anthony M. Schwarzwald, 1979-1984
Frederick W. Schieck, 1984 to Present

- b. Responsible Project Officers:
William W. MacDonald, 1979-1982
Thomas L. Rishoi, 1982-1983
John A. Tennant, 1983 to Present

8. Host Country Exchange Rates:

- a. Name of Currency: Peso (P)
- b. Exchange Rate at First Release: P 7.57 = U.S. \$1.00
- c. Exchange Rate at Latest Release: P14.00 = U.S. \$1.00
- d. Exchange rate as of 2/14/85: P18.20 = U.S. \$1.00

LIST OF ACRONYMS

- AA - Advice of Allotment
- A&E - Architecture and Engineering
- QDC - Cash Disbursement Ceiling
- DA - Development Assistance
- DFFS - Development Project Funds Secretariat
- ESF - Economic Support Fund
- FAR - Fixed Amount Reimbursement
- GOP - Government of the Philippines
- LGU - Local Government Unit
- MAC - Management Advisory Committee
- MDF - Municipal Development Fund
- PDAP - Provincial Development Assistance Program
- RDF - Regional Development Fund
- RE - Rural Energy
- USAID/AID - United States Agency for International Development

ESF REVIEW PARTICIPANTS

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Merritt P. Broady, Regional Advisor, USAID/Angeles
Harold W. Collamer, Controller, Controller's Office (CO)
Dominic D'Antonio, Assistant Program Officer, Program Office
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DPFS

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Gerardo Duran, Deputy Director, Livelihood Support Services Development
Program (LSSDP)
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Michael Falcon, Finance Officer, RDP
Sonia Cruz, Finance Officer, MDP
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Allan Pableta, Budget Analyst, FAS
Amy Dimarana, Bookkeeper, FAS
Hilda Boy, Secretary

STATUS REVIEW OF ECONOMIC SUPPORT FUND PROJECTS

As of September, 1984

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STATUS REVIEW OF ESF PROJECTS

As of September 1984

I. Introduction and Background:

During the first two weeks of September, 1984 the Philippine Development Projects Fund Secretariat (DPFS) and the United States Agency for International Development (AID) reviewed the status of the Economic Support Fund (ESF) program under the 1979 Amendments to the Military Bases Agreements (ESF I).

This report was prepared by the AID/Washington observer, Jay Nussbaum, based on joint discussions with USAID and DPFS. (A complete list of participants is given on p. iii.) The analysis and conclusions are based mainly on DPFS statistical progress reports (see Annexes A through C) and on written DPFS operating procedures. The reviewers also visited local government officials and ESF projects in Region III.

The limited time available precluded an exhaustive review of all aspects of the ESF program. Instead, this report concentrates on five areas: a) Implementation characteristics of the program; b) The physical and financial status of ongoing projects; c) Strategic issues, such as the relevance of the current ESF program to USAID/GOP priorities and options for future programming; d) Lessons learned during ESF I; and e) Brief comments on each project.

II. Implementation Characteristics:

ESF I has been implemented differently from other programs, on both the GOP and the AID sides. The DPFS was set up under a ministerial-level Management Advisory Committee (MAC) to take overall GOP responsibility for use of ESF peso resources. Special accounts hold these resources until they are needed by implementing agencies, local governments and contractors in accordance with project agreements.

AID makes most ESF dollar assistance available against GOP creation of peso accounts on the basis of one year's peso requirements of the projects. Otherwise, AID project management is similar to that for the regular Development Assistance (DA) program.

Recent economic difficulties have caused a further tightening of the normally close GOP controls over project spending. Various stages of the flow of funds to projects have been restricted under austerity measures. The Cash Disbursement Certificate (CDC) stage (a GOP control measure requiring Office of Budget and Management release of disbursing authority subsequent to the allotment and obligation stage) has been particularly tight. Special approval procedures for contracts over two million pesos also led to delays in implementation of subprojects.

Despite these difficulties, the program is making progress. August reports indicate that disbursements due to have occurred over the previous six months are now taking place. (Annex A shows summary physical status of ESF projects.) DPFS is seeking permanent facilitation of prompt ESF project approvals and disbursements.

Although there are many steps in the implementation process between first request for a subproject and final liquidation of accounts for the subproject, a momentum is building for smoother functioning of the ESF machinery.

Of particular concern to the two Governments is the thorough checking of each project achievement before disbursement for it. This thoroughness may delay implementation, but it is essential to assure that ESF resources go only for the agreed purposes. DPFS and USAID records and tracking systems provide this assurance through more detailed accounting for ESF funds than most DA programs provide.

III. Statistical Status:

The trend from a gradual start to a later rapid pace of implementation is seen for most projects. The exceptions have specific problems not connected to general DPFS-USAID ESF program procedures.

The initial years generally show only planning and organizing activities for projects which thereafter "pick up steam" and show substantial rates of disbursement. The causes of initial project implementation delays are all understandable in view of the origins of each year's program. However, future multi-year planning should facilitate more prompt disbursement under ESF II.

Even projects without special problems are up to one year behind the original plan that project peso funds be used within about one year. Fortunately, August DPFS reports indicate substantially improved disbursements. September and October results should confirm the approach to planned levels of disbursement. (See Annex B and C for actual financial disbursement figures for September and October, 1984 respectively.)

IV. Conclusions and Recommendations:

The principal findings of the Status Review are presented below. They address the following areas of the scope of work: (i) strategic issues, and (ii) questions about program mix and lessons learned. A third section presents overall findings.

A. Strategic Issues

1. Is the ESF program as currently structured consistent with GOP/USAID priorities, especially in the present economic climate?

a. A general vote of confidence is in order -- with some footnotes:

- The program was highly vulnerable to delays due to crisis conditions in the economy or changes in administrative structures. For example, delays were associated with the flow of financial releases (especially CDCs) and approval of contracts by the Executive Committee. Apparently most of these delays have been overcome, and DPFS and USAID are seeking further ways to reduce administrative and financial delays (such as by requiring only one CDC establishing a commercial bank account for all the pesos corresponding to each dollar disbursement).

- These implementation delays made it impossible to achieve the dollar disbursement rates the two Governments had hoped.

- One year appears to be the maximum delay in most projects. That is, physical and financial implementation is no more than one year behind the schedules established in the project agreements. These schedules generally allowed one year for completion of each project activity; but experience has shown that completion of many activities requires two years. Some Rural Energy activities will take more than two years.

- August data reflect disbursements that were delayed for six months due to external (i.e., not ESF-specific) factors. If September and October results show "normal" implementation progress, then it will be possible to determine when each project activity can be completed.

- Project progress reports should include measures of physical achievement. AID "accrued expenditure" reporting is an acceptable method of establishing progress at a stage earlier than final liquidation of financial accounts. USAID and DPFS can document faster implementation progress by using this reporting mechanism.

- b. The present economic climate underscores the need to obtain significant development benefits for the investment of the scarce resources available to the Philippines. While the ESF program originated from agreements relating to the Military Bases, both parties have made noteworthy efforts to obtain maximum development benefits from the use of ESF resources. It is timely, however, to review the development results of ESF investments.

2. What are the implications for future ESF planning?

- a. The extent of delays in completing individual activities will be better known (as indicated above) within the next few months. It now seems that, on a quarterly basis, resources are being disbursed at roughly the same rate that they are being made available, but the picture is uneven between projects within the program. The relative rate of resource use will be a factor in allocating future resources among the several projects.
- b. The relative development merits of projects should also be given weight in future resource allocations. For example, there are faster uses of resources under the RDF project than under MDF, but MDF reaches lower levels of government and increases community involvement. This justifies slower drawdown (and higher administrative costs) under MDF.
- c. Where there is neither rapid resource disbursement nor significant development achievement (as in Rural Energy), a thorough reexamination of the project is in order.

B. Program Mix and Lessons Learned

What are the lessons learned from ESF experience for various activities to meet perceived needs, effectively transfer resources, be expeditiously implemented and properly managed? What are the implications for future allocations among ESF activities?

1. Some general observations first (then a review project-by-project):
 - a. It should be assumed that the ESF II project program will continue on a longer than year-to-year basis. Planning should be put on a two- and five-year projection basis and revised annually.
 - b. The need for rapid disbursement remains, but it can be tempered by concerns for development merit. Within the activities that clearly are fast disbursing, there are possibilities for more ambitious development activities if they can be undertaken in discrete annual phases. Examples might be river control and drainage activities.

- c. Project close-out requires accounting for the last centavo of project funds under Schools I. It is expected that Fixed Amount Reimbursement (FAR) procedures will avoid these difficulties for future projects. Close-out plans should be part of future amendments adding more funds or new project agreements.
- d. CDC-related delays seem to achieve no purpose of either Government. Arrangements to avoid future delays should be in place before further project agreements are put into effect. Solutions, possibly similar to those for IBRD loan activities, should be pursued urgently.
- e. Maintenance problems have already been observed for roads and are uncertain for markets (but are not known for schools). It is clearly inadequate to rely only on standard formulae for allocating funds for maintenance purposes. Possibly, design standards for some roads are too low.

Unless better arrangements are made for maintenance, it will be difficult to justify further investments in subprojects for which maintenance performance remains too low.

- f. Tensions between levels of government are inevitable in projects involving balancing their interests.

No mayor or governor can be faulted for seeking the maximum benefits for the community he represents. The DPFS and central ministries have responsibilities for wise use of national funds and for compliance with national policies and project agreements.

These tensions are desirable when they result in each level of government making sure of the soundness of its position when dealing with another level. They are undesirable when they result in delayed implementation or in reduced benefits to the ultimate beneficiaries. Generally a good balance between local and central interests has been struck.

However, the benefits of greater local participation need continuing emphasis. Implementation is almost always better, and benefit flows greater, when there is greater local participation in project selection, design and management. This practical advantage is in addition to the specific project objective of MDF and RDF to increase local government units' capabilities to serve community needs.

USAID and DPFS should be willing to take the extra time and make the extra effort to ensure maximum local participation, even when higher level considerations make it impossible to accede to local requests. Local participation is particularly important when longer-term ESF planning takes place. More and more of this planning should be conducted in the regions, provinces, cities and municipalities.

- g. DPFS engineering workload will increase. Up to the present USAID engineering staff have performed near 100% design and monitoring reviews of subprojects; in FY 1985 and beyond, more of this workload must be assumed by DPFS. DPFS and USAID should consult on the adequacy of DPFS architecture and engineering (A&E) resources for this increased workload. Project Design funds should be used to contract for sufficient staff, and joint reviews should evaluate A&E contractor performance.
- h. Now is the time to plan for expanded project activities. USAID and DPFS have to resolve a number of strategic and policy questions before they can design projects beyond 1985. They must also obtain higher level approvals--and should complete consultations with the local governments--before they go to detailed project design. This process must begin now if we are to have sound project activities ready for financing in FY 1986.
- i. Major issues yet to be resolved include: possible integrated area development vs. growth center approaches, area vs. sector program expansion, public vs. private enterprise approaches, provision of infrastructure only vs. institutional development assistance, and "rural" standards vs. the designing of projects to require less maintenance. It is not desirable for this review to attempt to resolve these issues (particularly before they have been aired among the interested parties), but it is essential that USAID and DPFS start resolving them if there is to be a sound program in FY 1986.

In this connection, the FY 1984 program is an example of what happens when outside circumstances require that resources be released at a faster rate than USAID/DPFS planning could accommodate. While FY 1984 program results are expected to be acceptable, we might have made better uses of the funds if USAID/DPFS had more development-oriented plans at an earlier stage in the decision process.

- j. Evaluation and reporting of "success stories" is inadequate. So far USAID and DPFS managers have had to concentrate on rapid implementation to meet agreed disbursement objectives. However, support for the program increasingly depends on the ability of program advocates to demonstrate development benefits for the target populations. Reports of benefits reaching Washington provide only limited support for the advocates of further ESF project assistance.

To meet this need, outside evaluations are required in the next year in at least these areas:

- Schools have been completed under Schools I, are under construction under Schools II, and are parts of MDF and RDF. Also under consideration is greater emphasis on high schools and on trade and special schools. An evaluation with outside U.S. and Philippine participation can both establish the successes of past programs and justify new directions. Evaluators should include local government and education representatives.

- Roads should be completed within the next six months. We should promptly evaluate benefits and validate design standards and maintenance procedures. Outside evaluators should represent both engineering and local government (institutional development) approaches.

- Markets will begin to be completed early in 1985. With substantial further investments in markets planned, an interim outside evaluation of markets should establish benefits and appraise institutional development assistance (possibly combined with appraising other assistance to municipalities for tax and general administrative development). Local government and outside institutional development evaluators should participate.

[The following are project-specific comments. See Annexes D-J for individual project descriptions.]

2. Schools I was the first ESF project. It was essentially an extension of existing programs to draw promptly on available ESF funds. A significant close-out/accounting problem is being resolved--and is expected to be avoided in future projects. Schools I was a highly successful project; it showed that 897 schools could be constructed to high standards in a short time. The schools were immediately used to meet community needs.
3. Project Design is the second ESF project, essentially to make possible design and administration of the ESF project program. No problems have been noted in the Status Review, but focus was on the other projects. Some other findings (need for engineering services, for evaluations, and for accelerated planning) in this review may increase requirements for Project Design funds.
4. Municipal Development Fund (MDF) was the first "fund" approach to meeting local government units' (LGU) needs through investments of ESF resources. It expanded LGU involvement in infrastructure development at the city and municipality level. Institutional development is not only an objective but also an operating concern.

Compared to RDF (see below), more management time is required for the amount of resources moved, but MDF has a good record on implementation of infrastructure and an excellent record of community involvement in the planning and implementation process. This desirable project seems a good candidate for further ESF assistance.

5. Regional Development Fund (RDF), exclusive of FY 84 amendments, is the continuation of infrastructure assistance to and through the provinces started in the 1960s under the Provincial Development Assistance Program (PDAP). RDF has an excellent record of implementation and is moving resources as fast as any current ESF project.

RDF is a prime candidate for future ESF investments.

6. RDF FY 1984 Amendment (Local Roads and Schools II) was a response to the need for rapid disbursement of ESF assistance early in FY 1984. It drew on past experience that these two infrastructure activities could be implemented promptly by existing administrative mechanisms. While implementation was somewhat delayed by circumstances outside USAID/DPFS control, delays seem to have been overcome. Evaluations of the effectiveness of schools and roads should take place (see above) before these components are given more resources.
7. Clark Access Road is the only activity on the reverted baselands. As such it should be completed despite contractor failure and delay in obtaining rights of way. The takeover of implementation responsibility by Tarlac Province (with the Governor's resolution of the rights-of-way problem) seems likely to lead to successful completion of the road. However, other project elements may require further social and environmental analyses; these analyses should not be delayed further.
8. Public Markets originally sought to meet needs in twelve growth centers; it now appears adequate only for six. While this indicates potential for use of more ESF funds, it also points to a need for better design/cost estimates in the future. It is still not clear what the results of institutional development technical assistance have been, but outside evaluation (see above) of markets in general may offer suggestions for improving this aspect of the project.
9. Rural Energy (RE) is the most troubled of the ESF projects. USAID and the DPFS are aware of the problems of the three component activities, but have not decided on corrective measures. The implementing agencies lack funds to continue normal implementation, and they seek ESF funds to cover what were previously to have been GOP counterpart costs.

The RE approach -- to use indigenous wood-based resources to replace imported petroleum -- continues a development interest of the two Governments. However, two years of experience with RE shows few successes and many difficulties. The technical and economic bases of the RE project need reexamination in the light of this experience. This reexamination should be completed before new starts are made under RE.

We must reexamine the general wood-based energy situation of the Philippines. It is possible that the devaluation of the peso, in conjunction with relatively stable dollar-denominated petroleum prices, has increased the price advantage of wood-based fuels to the point where consumption is rising faster than supply. If this is the case, there may be no further need for project intervention to increase uses of wood-based fuels. Instead, emphasis may be shifted to improving supply only.

Necessary surveys of national (and, where needed, local) wood-based fuel supply, demand and prices can be conducted by Philippine researchers under Project Design or RE funding. USAID and DPFS should consult at once on the scope for such a survey and on whether outside expertise can be brought to bear on analyzing its results.

Whatever the results of this survey, there will be interest in improving methods of producing fuel wood. The question then arises whether the present implementing agencies have the mix of capabilities for this task. Their past successes have been in organizing rural people to take advantage of available technologies. They must now consider whether they can acquire the necessary capacity to do the actual technical work necessary to improve production methods.

If they decide they want to increase their permanent capabilities for renewable fuel wood production, USAID and DPFS should start designing systems to obtain the needed expertise for the implementing agencies. If they can't afford this permanent technical capability due to lack of funds, the RE design should be revised to provide for contract services during the life of the project only.

Whatever is decided about future activities, a survey of ongoing activities should be made to determine whether they have had adequate opportunity to prove their viability. If surveys find inoperative subprojects still viable, the rural people involved should be provided adequate resources to make these subprojects work. Where subprojects are found not viable, the lessons learned should be drawn upon for project redesign.

- a. Gasifiers have shown some signs of success which should be studied. Economic analysis should quantify costs and benefits of functioning units to determine the cost

effectiveness of the system, including the cost to the project of making the technology available to the rural users. Further, the basic technology so far tried should be evaluated against alternate technologies. Gasifier design should be compared with available alternates, possibly including gasifiers fueled directly by wood instead of by charcoal.

- b. Charcoal units have also been successful and should be evaluated in the same way as the gasifiers. The proposed market survey will presumably indicate the merits of further investment in the charcoal component.

Clearly, the wood-growing side requires more emphasis. Moreover, more should be learned about charcoal technology, especially regarding the relative costs and benefits of producing higher quality charcoal. If wood is becoming increasingly valuable in the marketplace, it must be used more efficiently than originally planned

- c. Dendrothermal generation of electric power is of questionable feasibility at some of the original sites for RE. Site selection should be based on both the alternate non-petroleum-based generation planned for the site and the estimated sustainable wood fuel yield of the site.

Site selection and feasibility confirmation should precede any further financing of this component. Feasibility appraisal should not be limited to the original unit size or any original location. For example, it may make the most sense to put all available resources in a Bohol plant with more than one unit.

C. OVERALL ASSESSMENT

The objectives of the two Governments for the ESF I program have generally been achieved. With some delays, dollars have been transferred to fund the joint undertakings agreed on in the 1979 Amendments to the Bases Agreements. Many millions of dollars and pesos worth of infrastructure are in place, under construction or coming off the drawing board. Local communities have been involved in the development process to a greater extent than before.

The preceding sections of this report note problems encountered over five years in eleven different activities under the \$200 million ESF I program. What those sections do not show is also to be noted: all the problems were discovered in a timely manner through the diligence of the USAID/DPFS implementers of ESF I. Some examples:

- The Review Team found that galvanized iron roofing materials in schools and similar structures are rusting more quickly because they have thinner galvanized layers than before. The DPFS had already dealt with the problem by requiring baked paint treatment for galvanized sheets before their use for roofing.

- The Team that found some local government units wanted more projects than the DFFS would approve. Every instance discussed proved to have been given thorough consideration by DFFS and to have been rejected only on well founded grounds. This has required considerable patience in the face of some vociferous local government leaders.
- There is a temptation to regard this kind of grant assistance (originating outside the normal development planning process) as of minimal development use. However, USAID and DFFS consistently got the maximum development value they could out of the projects. Where development played a secondary role, the decision on the particular project was not in the hands of USAID or the DFFS.
- Similar temptation to laxity in accounting for the ESF resources has been resisted. If USAID and DFFS err in any direction, it is in overemphasis on double-checking and accounting in full detail for all ESF resources.

The overall conclusion of the review is that the mechanism for administration of ESF I is sound and is carrying out the intentions of the two Governments. This mechanism is capable of planning sound future ESF projects on the basis of experience with ESF I, the personal dedication, and the high professional caliber of the two organizations.

The overall recommendation of the review is that the two Governments now put USAID and DFFS staffs to work planning wise uses of future ESF project resources.

ANNEX A

ESF PHYSICAL STATUS REPORT

As of September 30, 1984

<u>Project</u>	<u>Completed</u>	<u>Under Construction</u>	<u>Pipeline</u>	<u>Total</u>
Elementary Schools	897	-	-	897
Clark Access Road	-	-	1	1
Municipal Dev. Fund	2	17	55	74
Markets	-	2	4	6
Regional Dev. Fund	5	28	20	53
Reg. Dev. Fund (Amend. #1)	213	955	988	2,156
Rural Energy				
Gasifiers	21	221	908	1,150
Charcoal Production	-	50	162	212
Dendro Thermal	-	-	1	1
	<u>1,138</u>	<u>1,273</u>	<u>2,139</u>	<u>4,550</u>

ESF FINANCIAL STATUS REPORT
As of September 30, 1984

ANNEX B

Project Title & No.	(1) USAID Obligation (\$M)	(2) GOP AAs ^{1/} (PM)	(3) USAID Dollar Trans. ^{2/} (\$M)	(4) GOP CDCs ^{3/} (PM)	(5) (Appd.) Actual Transfers from Spec. Acct. ^{4/} (PM)	(6) Col.(5) Actual Trfs. of Col. (3)
Elementary Schools (0342)	18.0	136.4	18.0 P(136.4)	136.4	(136.4) 136.4 ^{5/}	100.0
Clark Access Roads (0348)	5.0	36.4	1.3 P(12.0)	12.0	(2.6) 2.6 ^{5/}	21.7
Municipal Dev. Fund (0361)	55.0	377.9	19.9 P(209.8)	110.0	(65.3) 48.4	23.1
Markets (0365)	12.0	158.5	8.2 P(110.3)	5.0	(4.9) .2	.2
Regional Dev. Fund (0374)	35.0	272.7	14.8 P(157.3)	138.9	(60.8) 41.4	26.3
Reg. Dev. Fund (Amend.#1) (0374)	50.0	700.0	48.0 P(672.1)	102.9	(25.5) 13.1	1.9
Rural Energy (0375)	18.0	44.0	4.0 P(44.0)	25.5	(12.3) 12.3 ^{5/}	28.0
Sub-Total	<u>\$193.0</u>	<u>P1,725.9</u>	<u>\$114.2</u> P(1,341.9)	<u>P530.7</u>	<u>(370.8)</u> P254.40	<u>19.0</u>
Project Design (0343)	\$ 7.0	-	3.7 ^{6/}	-	22.8 ^{7/}	
GRAND TOTAL	<u>\$200.0</u>	<u>P1,725.9</u>	<u>\$117.9</u>	<u>P530.7</u>	<u>277.20</u>	

- 1/ An Advice of Allotment (AA) is issued by the GOP and gives the project the authority to obligate funds.
2/ Peso amount in column (3) should not exceed column (2).
3/ The Cash Disbursement Ceiling (CDC) is issued by the GOP and gives the project the authority to disburse funds.
4/ Represent approved/actual transfers from the Special Accounts to reimburse TCAA/RDDAs (Treasury Checking Accounts of Agencies/Regular Demand Deposit Accounts) for mobilization payments, as well as payments for work completed on specific subprojects.
5/ Transfers made prior to signing of Joint Project Implementation Letter (JPIL) #1.
6/ USAID peso transfers to MHS-OPFS for the Secretariat operations plus direct payments, both in pesos and dollars, to contractors/suppliers, local and foreign.
7/ For the Project Design Project the peso amount reflects peso payments to OPFS for local contractors and for OPFS Operations.

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ESF FINANCIAL STATUS REPORT
As of October 31, 1984

ANNEX C

(1) Project Title & No.	(2) USAID GOP AAs ^{1/} (PM)	(3) Dollar Trans. ^{2/} (\$M)	(4) Transfers GOP CDCs ^{3/} (PM)	(5) (Appd.) Actual Transfers from Spec. Acct. ^{4/} (PM)	(6) Actual Trfs. of Col. (3)
Elementary Schools (0342)	18.0	136.4	18.0 P(136.4)	136.4 (136.4) 136.4 ^{5/}	100.0
Clark Access Roads (0348)	5.0	36.4	1.3 P(12.0)	12.0 (2.6) 2.6 ^{5/}	21.7
Municipal Dev. Fund (0361)	55.0	377.9	19.9 P(209.8)	110.0 (81.9) 62.0	29.6
Markets (0365)	12.0	158.5	8.2 P(110.3)	5.0 (4.9) 2.8	2.5
Regional Dev. Fund (0374)	35.0	272.7	14.8 P(157.3)	138.9 (79.3) 64.9	41.3
Reg. Dev. Fund (Amend.#1) (0374)	50.0	700.0	48.0 P(672.1)	102.9 (52.7) 30.0	4.5
Rural Energy (0375)	18.0	44.0	4.0 P(44.0)	25.5 (12.3) 12.3 ^{5/}	28.0
Sub-Total	<u>\$193.0</u>	<u>P1,725.9</u>	<u>\$114.2</u> P(1,341.9)	<u>P530.7</u> (370.10) P311.00	<u>23.2</u>
Project Design (0343)	\$ 7.0	-	3.7 ^{6/}	-	-
GRAND TOTAL	<u>\$200.0</u>	<u>P1,725.9</u>	<u>\$117.9</u>	<u>P530.7</u> 22.8 ^{7/} <u>333.80</u>	

- 1/ An Advice of Allotment (AA) is issued by the GOP and gives the project the authority to obligate funds.
- 2/ Peso amount in column (3) should not exceed column (2).
- 3/ The Cash Disbursement Ceiling (CDC) is issued by the GOP and gives the project the authority to disburse funds.
- 4/ Represent approved/actual transfers from the Special Accounts to reimburse TCAA/RDDAs (Treasury Checking Accounts of Agencies/Regular Demand Deposit Accounts) for mobilization payments, as well as payments for work completed on specific subprojects.
- 5/ Transfers made prior to signing of Joint Project Implementation Letter (JPIL) #1.
- 6/ USAID peso transfers to MHS-DFFS for the Secretariat operations plus direct payments, both in pesos and dollars, to contractors/suppliers, local and foreign.
- 7/ For the Project Design Project the peso amount reflects peso payments to DFFS for local contractors and for DFFS operations.

PROJECT DESCRIPTION

Project Design

U.S. Funding Level: Loan: None Grant: \$7.0M

Project Started: 1980 Scheduled Completion: 1985

Implementing Agency: Development Projects Funds Secretariat (DPFS)

Under the Economic Support Fund (ESF) program the GOP has developed broad policy guidelines for implementation of subprojects. However, to insure that subprojects are technically, economically and socially feasible and that available funds are used to finance those activities which will have the greatest impact on the base areas, detailed site surveys and planning and feasibility studies are also required.

The Project Design project funds such surveys and studies. It also provides the resources needed to assure the timely and efficient implementation of ESF projects by financing eligible costs of operating the DPFS, as well as by designing projects and supporting selected energy efforts.

USAID funding comprises: 1) Personal services, \$3.15M, 2) Maintenance and Secretariat operating expenses, \$2.80M; 3) Training, \$0.35M; and 4) Commodities, \$0.70M.

Specific project objectives are: 1) Project-specific planning, feasibility, and design studies; 2) Support for Secretariat operations; and 3) Implementation of energy saving activities.

PROJECT DESCRIPTION

Clark Access and Feeder Roads

U.S. Funding Level: Loan: None Grant: \$5.0M

Project Started: 1981 Scheduled Completion: 1986

Implementing Agencies: 1) Ministry of Human Settlements (MHS), through
the:
2) Ministry of Public Works and Highways (MPWH)
(Access Roads)
3) Ministry of Agriculture and Food (MAF) and the
4) Ministry of Natural Resources (MNR) (Soil and
Water Conservation)

The project seeks to improve access to the Sacobia resettlement area of Tarlac. This area, which formerly was part of Clark Air Force Base, recently reverted to civilian use. Increased road access will be accompanied by testing of various soil and water conservation measures designed to prevent rapid environmental degradation.

USAID inputs include: 1) \$3.3M for the access roads; 2) \$0.3M for the feeder roads; 3) \$1.0M for engineering supervision and contingencies; and 4) \$0.4M for soil and water conservation.

Under this project, approximately 12 kms of access road will be built, of which 7 kms will be asphalt-paved and 5 kms will be gravel-surfaced. In addition, several all-weather feeder roads will be built into a portion of the reverted lands, and soil and water conservation practices will be developed on a pilot basis.

USAID/Philippines
Economic Support Fund
Scope of Work For a Process Evaluation
Inception thru August 31, 1984

A. Purpose of Evaluation

To assess the progress and accomplishments achieved to date in designing and implementing the Economic Support Fund (ESF) projects and to apply this knowledge in making whatever adjustments are needed for future ESF financing.

B. Evaluation Participants

U.S. Agency for International Development (USAID), Development Projects Fund Secretariat (DPFS, now called the ESF Council), and the National Economic Development Authority (NEDA).

C. Timing for Evaluation

Work to commence on or about August 1, 1984 and conclude with the submission of the evaluation report on or about August 31, 1984.

D. Evaluation Report Format

The final report will be structured in the following format. It will be typed in English and will be suitable for reproduction.

Cover Page
Table of Contents
List of Acronyms
Executive Summary
Conclusions and Recommendations Chapter
Text of Evaluation Report including section on lessons learned
and assessment of logical frameworks
Annex including Scope of Work and Individual Project
Identification Facesheets.

E. Evaluation Scope of Work

1. Methodology

The Economic Support Fund will be evaluated at two main assistance levels: 1) overall fund strategy, issues and opportunities; and 2) individual project objectives, problems and reallocations needed. The evaluation will seek the collaboration, views and data inputs from participating entities at the national, provincial, and municipal levels of government as well as private sector organizations participating in the ESF Program.

2. Questions to be Addressed by Evaluation

a. Overall Economic Support Fund Program

1. Test extent to which ESF has assisted in improving economic and social conditions primarily in areas surrounding the bases used by U.S. armed forces:
 - Review types of subprojects being undertaken under ESF and determine effects of the types of subprojects on local priority economic and social needs. The review should take into consideration the implementability and maintainability of the various types of subprojects as well as effectiveness in meeting needs once implemented. Based on these findings, the review should recommend ESF allocations among projects for FY 85, and suggest future funding strategies for FY 85.
 - Attempt to evaluate extent to which assistance provided to date conforms to a rational area development plan for areas assisted, and adequacy of local plans to define problems/needs and program further assistance for favorable socio-economic impacts.
2. Assess the adequacy of the system put into place to implement the ESF Program at the municipal, provincial and national levels:
 - DPFS organization and staffing to carry out its national planning and coordinating roles.
 - Roles or capabilities of implementing entities (numbers, types, and quality of staff) to carry out their design, contracting, and management responsibilities for ESF.
 - Sample financial condition of local implementing entities to determine debt servicing capability for ESF loans, assess the reasonableness of the interest rates being charged, and extent to which revenue producing subprojects augment local government resources.
 - Adequacy of disbursement mechanisms to provide a timely flow of resources to implementing/ contracting parties.
 - Adequacy of project design, review, approval as well as contract bidding, award and approval procedures to meet program objectives.

b. Individual Economic Support Fund Projects

1. General

- Determine adequacy of subproject designs and recommend areas in which design criteria can be standardized for particular types of projects.
- Review contracting practices for design work and appraise the quality of work performed and where improvements can be made to consolidate the design work for groups of like projects using standardized criteria.
- Assess general attitudes of recipients towards receipt of ESF activities and views of implementing parties on their role and how they could improve the transfer of resources to achieve improved economic and social conditions in targeted areas.
- Review local availability of materials and technical resources to carry out the types of subprojects being planned and recommend approaches to assure subprojects can be implemented in a timely and efficient manner.

2. Project Specific

a) Project Designs:

- Are adequate levels of financing being devoted to project design efforts?
- How could the project better assist in designing ESF II activities (e.g., performing area or sector studies as well as detailed project design)?

b) Elementary School Construction:

- Has the construction of the schools proven the adequacy of the basic typhoon resistance qualities of the basic design?
- Have the schools built proven to be adequate for local needs and are they being fully utilized?

c) Municipal Development Fund:

- Are adequate administrative and financial management systems being installed for public enterprise activities?
- Are technical assistance needs of municipalities being met for development planning, project identification, and financial management?

- Do local Project Management Offices perform a worthwhile function and how does it develop local administrative capabilities?
- d) Clark Access and Feeder Roads:
- Will the road make a material contribution to the development of the reverted lands?
 - Assess GOP implementation capabilities for procurement and monitoring of engineering and construction services?
- e) Rural Energy Development:
- Are technologies that are being applied simple enough for effective implementation?
 - Are subprojects for charcoal and gasifiers being adequately prepared?
 - Does the GOP administrative organizations have reasonable capacity to implement programs?
- f) Regional Development Fund:
- Assess adequacy of subproject identifications and design practices of GOP.
 - Review reasonableness of local GOP administrative capabilities to manage implementation actions.
 - Are implementing/disbursement procedures adequate to assure the timely completion of activities?
- g) Markets:
- Are the administrative and financial management systems designed for installation in the markets adequate to assure the self-sustainability prospects of the enterprises?
 - Assess the self-sustainability prospects for the markets given the proposed rates for stall holders and their willingness to pay as well as the amortization and maintenance costs involved with such facilities.

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