



Final Report

Technical Assistance for the Philippine Privatization Program: Inventory of Assets for Privatization

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-03-00020-00 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

This report was written by Ricardo Rigo, MIS/IT Expert and Lead Consultant, and Ronald Conquilla, Technical Researcher, as part of the reportorial requirements under EMERGE Task 3.3.2.1b Technical Assistance for the Philippine Privatization Program: Inventory of Assets for Privatization. Brief biographies of the Consultants are included in the following page.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.

Biographical Sketch of the Study Team

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Ricardo Rigo presently works as a Senior Information System Specialist at the Power Sector Assets and Liabilities Management (PSALM) Corporation, where he is involved in system analysis, design and development; web page design and development; system and network administration; and training. He has experiences in both the public and private sectors, having worked with the National Economic and Development Authority (NEDA), National Power Corporation (NAPOCOR) and Rustans Superstore Administration. Previously, he was also a part-time instructor, handling Visual Basic Programming classes, at the Informatics Computer Institute.

He finished his bachelor's degree in Computer Science at the AMA Computer College in 1996 and is currently taking up graduate studies (Master of Technology Management) at the Technology Management Center, University of the Philippines, Diliman, Queon City. He has attended trainings/seminars, which include database design and administration, Visual Basic programming, network administration, Microsoft SQL Server, Windows 2000 Server, SAP Systems and Oracle Database, among others.

Ronald Conquilla – Technical Researcher

Ronald Conquilla earned his bachelor's degree in Public Administration (*Cum Laude*) from the University of the Philippines, Diliman in 1999. He started his professional career at the Commission on Elections (COMELEC), where he worked as Technical Researcher for more than two years. In 2001, he moved to the National Economic and Development Authority (NEDA) under the Information Technology Coordination Staff (ITCS) as Senior Economic Development Specialist.

He then transferred to the Power Sector Assets and Liabilities Management (PSALM) Corporation in 2003, where he currently holds the position of Power Management Specialist. He has been directly involved in PSALM's privatization activities for the generation and transmission assets of the National Power Corporation (NAPOCOR) and the National Transmission Corporation (TransCo), respectively. He is now a Team Leader of a Task Team handling a portfolio of generating and decommissioned plants, specifically geothermal and coal power plants. He is also currently taking up his MBA degree (Major in Finance), at the De La Salle Professional Schools – Graduate School of Business, which he expects to complete by end of 2007.

TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	1
1.1	PROJECT BACKGROUND	1
1.2	PROJECT SCOPE AND COMPONENTS	1
1.3	PROJECT DURATION	2
1.4	ASSET INVENTORY MANAGEMENT SYSTEM (AIMS)	2
1.5	CONCLUSION AND RECOMMENDATIONS.....	2
2	PROJECT BACKGROUND.....	4
2.1	PROJECT DESCRIPTION	4
2.2	SCOPE OF THE PROJECT	5
2.3	PROJECT COMPONENTS	5
2.4	PROJECT DURATION	5
2.5	REPORTING ARRANGEMENTS	6
3	DATA GATHERING PHASE.....	7
3.1	PREPARATION OF A DATABASE TEMPLATE.....	7
3.2	DATABASE BUILD-UP	8
3.3	ASSETS COVERED.....	8
4	PROJECT WORKPLAN AND METHODOLOGY.....	12
4.1	PROJECT REQUIREMENTS, ASSUMPTIONS AND CONSTRAINTS	12
4.2	CURRENT INFRASTRUCTURE AT DOF-PO	12
4.3	WORK PLAN.....	12
4.4	METHODOLOGY	13
5	ASSET INVENTORY MANAGEMENT SYSTEM (AIMS).....	16
5.1	MAIN MODULE.....	16
5.2	ASSETS MODULE.....	17
5.3	LIBRARY MODULE	17
5.4	TOOLS MODULE	19
5.5	REPORTS MODULE	19
5.6	HELP MODULE	21
5.7	ADDITIONAL SYSTEM FEATURES.....	21
6	CONCLUSION AND SUMMARY OF RECOMMENDATIONS.....	24
7	REFERENCES.....	27

1 EXECUTIVE SUMMARY

1.1 Project Background

The Project “*Technical Assistance for the Philippine Privatization Program: Inventory of Assets for Privatization*” was implemented by USAID/EMERGE Project to provide support to the DOF-Privatization Office through the creation of a comprehensive inventory of government assets identified for privatization. It is envisioned that the establishment of an effective database management system at DOF-PO would facilitate the formulation of government’s medium and long-term privatization plans and the monitoring of its implementation.

The DOF-PO, as the implementing arm of all policies and decisions emanating from the Privatization Council (PrC), requires a comprehensive database system that will enable it to monitor the government’s asset disposition program. The existing repository of documents at DOF-PO contains a mix of assets administered by various government agencies such as the Privatization and Management Office (PMO), Presidential Commission on Good Government (PCGG), Land Bank of the Philippines and other disposition entities. With the implementation of this technical assistance, existing data and information from disposition entities were gathered and organized into a comprehensive database which can be readily accessed by key personnel and end-users at DOF-PO.

1.2 Project Scope and Components

At the end of the Project, the following tasks/activities are expected to be completed:

1. Conduct of a complete inventory of government assets considered for privatization and preparation of a comprehensive list with updated information;
2. Creation of a database/compilation of assets for privatization in electronic and manual form; and
3. Establishment of a database management system at DOF-PO and training of key personnel and end-users.

The following are the major components of the Inventory Project: i) development of a database; ii) development of a front-end application system for the manipulation of the inventory data; and iii) training of DOF-PO staff in the operation and maintenance of the database management system.

Additional features to enhance the database system were recommended to and approved by the USAID/EMERGE, namely:

1. Web-based inquiry system for viewing the inventory data;
2. Digital document library to provide a repository for documents converted into electronic format;
3. Asset archiving module for storing data and documents of assets which have been privatized or disposed; and
4. Asset rating system to facilitate the preparation of privatization plans and programs of the government.

1.3 Project Duration

The Project started in the 2nd week of November 2006 and will be completed by end of June 2007.

1.4 Asset Inventory Management System (AIMS)

The Asset Inventory Management System (AIMS) will be the central interface of the inventory database. The system provides graphical user interface to facilitate easy access and manipulation of data. It will be installed in the newly acquired desktop computer at DOF-PO. Access to the system by other users will be provided through the local area network (LAN) of DOF-PO.

The AIMS has six modules, namely: (1) Main Module; (2) Assets Module; (3) Library Module; (4) Tools Module; (5) Reports Module; and (6) Help Module. The details of each module and its sub-modules will be discussed thoroughly in Part Five (Asset Inventory Management System) of this report.

1.5 Conclusion and Recommendations

In the course of undertaking the Project, the Consultants encountered the following concerns:

During the data gathering phase, the support and assistance of the assigned contact persons from the disposition entities were notable. Efforts were exerted in providing the data requirements of the Project which were available at their level. However, delay in the submission of information by the disposition entities was not anticipated at the outset. The delay can be attributed to the following factors: i) lack of full-time personnel in the disposition entities who will provide the information requirements of the data gathering activity; ii) information requirements need to be coordinated with the different departments within a disposition entity (i.e., asset management, legal, marketing, etc.); and iii) perceived

confidentiality of information and documents resulting to filtering, and to some extent, withholding of data. In addition, the change in leadership in one of the disposition entities required reorientation of the Project's objectives and scope of work.

Furthermore, most of the information was provided in hard copies, instead of the disposition entities updating the information directly in the database template which was provided by the Consultants in electronic copy. As a result, encoding of data was repeated, although in some cases, data were provided electronically but they did not conform to the format of the database template.

Taking into consideration the Consultant's observations and lessons learned during the implementation of the Project, the following recommendations are being proposed:

a. Regular Coordination and Data Updating

The institutionalization of a regular coordination and updating of information between DOF-PO and the disposition entities should be established to ensure that the information in the Asset Inventory Management System (AIMS) is not only complete, but also timely and reliable. The DOF-PO, depending on its information needs, may require monthly or quarterly reports from the disposition entities. The database system can facilitate such reporting arrangement by generating specific reports, both in hard and electronic copies, to be provided to the disposition entities for updating.

b. Upgrading of IT facilities and capabilities at DOF-PO

There is also a need to upgrade the information technology (IT) facilities and capabilities of DOF-PO to maintain the database and implement future enhancements to AIMS. More specifically, new personal computers with network connection should be acquired to enable fast access to the database by key personnel of DOF-PO. It is also envisioned that the database system will be linked with other systems at DOF-PO, such as the DOF website.

c. Appraisal or updating of assets under the disposition of Land Bank Trust Department

From the time the thirty-six (36) financial form of assets were transferred to Land Bank in 2004, no major privatization activities were conducted. The results of the inventory conducted from June to September 2003 by the Inventory Team composed of representatives from DOF, DOJ, Bureau of Treasury, PMO Land Bank and COA, estimated the recoverable value from the 36 assets at P6.391 billion. This amount excludes the value of real estate properties/land which could not be estimated at the time of the inventory due to lack of basis such as appraisal reports. Hence, immediate appraisal of the assets under the disposition of Land Bank is recommended in order to determine the recoverable value and status of each asset and to identify future courses of action to maximize proceeds from the disposition/privatization (e.g., asset preservation, compromise/settlement agreement, etc.).

2 PROJECT BACKGROUND

2.1 Project Description

The Project “*Technical Assistance for the Philippine Privatization Program: Inventory of Assets for Privatization*” was implemented by USAID/EMERGE Project to provide support to the DOF-Privatization Office through the creation of a comprehensive inventory of government assets identified for privatization. It is envisioned that the establishment of an effective database management system at DOF-PO would facilitate the formulation of government’s medium and long-term privatization plans and programs.

The DOF-PO, as the implementing arm of all policies and decisions emanating from the Privatization Council (PrC), requires a comprehensive database system that will enable it to monitor the government’s asset disposition program. The existing documents at DOF-PO contains a mix of assets administered by various government agencies such as the Privatization and Management Office, Presidential Commission on Good Government, Land Bank of the Philippines and other disposition entities. With the implementation of this technical assistance, existing data and information from the disposition entities were gathered and organized into a comprehensive database which can be readily accessed by key personnel and end-users at DOF-PO.

One of the recommendations of the study made by Bernie Carmody and Thomas Flohr in July 2005 is for the PrC, supported by the DOF-PO, to conduct an inventory of all GOP assets potentially available for privatization.¹ Such a complete inventory can facilitate the preparation of a comprehensive privatization program which could be adopted by PrC. The current information or database at DOF-PO is inadequate to provide a clear identification of the assets universe on which a privatization program can be structured.

The lack of technical personnel and the numerous tasks required of each asset disposition have rendered it difficult for the DOF-PO to prioritize the updating of its inventory of assets. The absence of regular reporting and updating by the disposition entities has also contributed to the outdated information at DOF-PO.

It was likewise observed that most of the documents in the DOF-PO are stored in hard copies and in different formats, hence monitoring of the status of each asset is difficult, not to mention the inadequate information technology facilities at DOF-PO.

¹ Bernie Carmody and Thomas M. Flohr, “*Structuring a Privatization Program for the Privatization Office of the Department of Finance*,” Nathan Associates Inc. and CARANA Corporation. July 2005.

2.2 Scope of the Project

At the end of the Project, the following tasks/activities are expected to be completed:

1. Conduct of a complete inventory of government assets considered for privatization and preparation of a comprehensive list with updated information;
2. Creation of a database/compilation of assets for privatization in electronic and manual form; and
3. Establishment of a database management system at DOF-PO and training of key personnel and end-users.

2.3 Project Components

The following are the major components of the Inventory Project, namely: i) development of a database; ii) development of a front-end application system for the manipulation of the inventory data; and iii) training of DOF-PO staff in the operation and maintenance of the database management system.

Additional features to enhance the database system were recommended to and approved by the USAID, namely:

1. Web-based inquiry system for viewing the inventory data;
2. Digital document library to provide a repository for documents converted into electronic format;
3. Asset archiving module for storing data and documents of assets which have been privatized or disposed; and
4. Asset rating system to facilitate the preparation of privatization plans and programs of the government.

2.4 Project Duration

The Project started in the 2nd week of November 2006 and will be completed by end of June 2007.

2.5 Reporting Arrangements

The Consultants submitted weekly and monthly progress reports to Dr. Stuart Callison, Chief of Party, EMERGE Project, and Dr. Gilbert Llanto, EMERGE Infrastructure Team Leader. The status of the Project is also reported to DOF-PO from time to time and during coordination meetings.

3 DATA GATHERING PHASE

3.1 Preparation of a Database Template

The data gathering phase commenced with the acquisition of initial lists of assets from DOF-PO, PMO, PCG and Land Bank Trust Department. Preliminary meetings with the representatives of these disposition entities were held to explain the objectives and details of the Project, as well to seek their support and assistance.

Based on the asset lists provided by the disposition entities, a database template was prepared and presented to DOF-PO for its approval. After approval, the Consultants then proceeded to the detailed data gathering by providing electronic copies of the database template to the disposition entities. It was expected that the database template would facilitate the updating and verification of the asset information. The final template likewise served as basis for the database design/model of the AIMS.

The approved database template contained the following information:

- a. *Asset Information/Masterlist* – This includes the asset name, temporary asset ID, asset type, asset description, mode of sale/disposition, target disposition date, account officer in DOF-PO, privatization background and general remarks about the asset;
- b. *Disposition Entity* – Name of office/agency designated to perform the disposition of the asset, contact person/point person from the disposition entity, date asset was assigned, transfer price and legal basis of assignment;
- c. *Valuation/Appraisal* – Latest appraised value, appraiser, date of appraisal, details/methodology and previous appraisal, if any;
- d. *Privatization Proceeds* – Estimated transaction size/gross receipts, projected remittance to the national government, and details of proceeds distribution/sharing;
- e. *Privatization Process* – Privatization activity, date, activity details and comments or status on each privatization activity/action;
- f. *Relevant Laws/Issuances* – Relevant law or policy governing the privatization of the asset, specific/relevant provision or section, date issued/approved and filename of the supporting document;
- g. *Impediments* – Type of impediment (legal, policy, environmental, social, etc.) and status of action taken; and

- h. *Document Library* – Document title, document type and filename of the supporting documents in hard or electronic copies.

In addition to the general information above, asset specific information were also included in the template. For instance, details of real estate properties such as lot area, location, classification, title number, status of property and other pertinent information form part of the asset specific information. With regard to shares of stocks, information such as number/amount of shares, class/type and extent of government ownership were likewise included in the template.

3.2 Database Build-up

The disposition entities were the primary source of information and all data gathered were used in the database build-up. In addition, data from DOF-PO were included in the database. Data were updated as additional information from the disposition entities are provided.

Information from websites and other reference materials were also used in updating and verifying the information pertaining to the assets. From time to time, clarifications were made with the contact persons from the disposition entities to better understand the nature of the assets.

3.3 Assets Covered

The Project focused mainly on the assets under the management of the following disposition entities, primarily because the government has already identified these assets for privatization and they have the legal basis for disposal:

3.3.1 Privatization and Management Office (PMO)

The PMO is an agency created pursuant to Executive Order No. 323 dated December 6, 2000 which took over the duties and functions of the Asset Privatization Trust (APT). It is the disposition/marketing entity for the non-performing assets (NPAs) previously transferred by certain government financial institutions like the Philippine National Bank (PNB) and the Development Bank of the Philippines (DBP) to the national government. It also handles the disposition of government owned and/or controlled corporations (GOCCs) and other assets as assigned by PrC.

The list of assets provided by PMO, as of November 2006, shows thirty three (33) assets ready for sale and sixty four (64) remaining assets with various issues and impediments. The thirty (33) assets ready for sale consist mainly of real estate/land and other improvements and shares of stocks. On the other hand, the remaining assets for privatization require further action to make the assets ready for sale, such as the reconstitution/consolidation of land titles, consolidation of certificates of stocks in favor of the national government, settlement, payment of real property tax, among others.

3.3.2 Presidential Commission on Good Government (PCGG)

The Presidential Commission on Good Government (PCGG) is a special body with quasi-judicial functions created under Executive Order No.1 issued by President Corazon C. Aquino on February 28, 1986. The principal function of the Commission is to prosecute vigorously to a successful conclusion the cases for the recovery of ill-gotten wealth and, pending judicial determination of the ownership thereof, to preserve and maintain the assets.²

As a disposition entity designated by PrC, the PCGG is also tasked to privatize the assets that were voluntarily surrendered to the national government under the compromise agreements entered into between the PCGG and various cronies and defendants on ill-gotten wealth cases.

The Asset Management Department (AMD) handles two different classifications of assets, namely: i) the sequestered assets; and ii) the surrendered assets. The sequestered assets are placed under the possession or custody of PCGG in connection with the actions for recovery as ill-gotten under Executive Order Nos. 1 and 2. The AMD is tasked to monitor these assets in line with the Commission's duty to preserve and prevent their dissipation while still under litigation with regard to their ownership.

The surrendered assets, on the other hand, are properties ceded in favor of the national government, thru PCGG, by virtue of compromise agreements entered into by PCGG with various cronies/defendants on ill-gotten wealth cases. These assets have been the subject of PCGG's privatization efforts since 1993 when the Commission was designated as a disposition entity by the national government.

All properties that may be recovered by PCGG from future compromise agreements or by way of successful litigation of ill-gotten wealth cases are to be placed under the Commission's custodianship for eventual disposition.

Based on the data gathered by the Consultants, there are forty (40) assets for disposition by the agency, consisting of fifteen (15) real estate properties, shares of stocks in twenty-two (22) corporations/companies, one (1) TV Network and Radio Stations with real estate, AM Radio frequencies and real estate and one (1) jewelry collection. In some instances, while the asset remains with the PCGG, its disposition was transferred to PMO. These include: the Wack-Wack property; shares of stocks in Eastern Telecommunications Philippines, Inc. (ETPI) and RPN-9; and TV Central and Relay Stations, Provincial TV and Radio Stations and real estate of IBC-13.

The total estimated value³ of these assets amount to P24.39 billion. This figure already excludes the value of the shares of stocks in the Philippine Telecommunications

² www.pcg.gov.ph

³ Valuation of assets based on: a) appraisal reports (2003 to 2006); b) book value; c) PSE closing value for listed companies; and d) PrC approved floor price.

Investment Corp. (PTIC) that were sold to Metro Pacific Assets Holdings, Inc. on 28 February 2007 for P25,238,759,508.05.

3.3.3 Land Bank of the Philippines – Trust Department

The Trust Department of the Land Bank of the Philippines handles the disposition of the financial form non-performing assets or accounts previously transferred by certain government financial institutions (e.g., PNB and DBP) to the national government. This is pursuant to Executive Order No. 323 which provides for the transfer of the financial assets or loan receivables at the end of the term of the APT to the Trust Department of the Land Bank of the Philippines. This function is also contained in the Asset Servicing Agreement entered into between the government and Land Bank on November 17, 2004.

As listed in Annex A of the Asset Servicing Agreement between the national government and Land Bank, there were thirty six (36) assets transferred to Land Bank in November 2004 for its disposal. These assets consist mainly of financial claims, lease rights, shares of stocks, receivables, and other form of obligations to the national government. At the time of the transfer in 2004, five (5) were partially sold while thirty one (31) were undisposed. The total transfer price amounted to almost PhP5.16 billion.

Since the time of the transfer, no major privatization activities were conducted for the assets under the disposition of Land Bank Trust Department. This is mainly due to the lack of full-time personnel who will closely monitor and implement the disposal program for these assets. It was learned that there is only one person in the Land Bank Trust Department who handles and monitors the status of all the assets.

In this regard, there is a need to conduct an immediate appraisal or updating of these assets to determine their recoverable value and identify future actions to maximize proceeds from the assets (e.g., asset preservation, comprise agreement/settlement, asset write-off, etc.)

3.3.4 Other Disposition Agencies

The President at a Cabinet Meeting on November 2006 has also directed the DOF, in coordination with the Department of Transportation and Communications (DOTC), to privatize all existing airports where new airports have been constructed or will be established (e.g., Davao City, Cagayan de Oro, etc.). The DOTC has provided DOF-PO with the initial list of the airports for privatization, located in the following cities: i) Bacolod; ii) Cagayan de Oro; and iii) Tagbilaran. Information were provided on the details of the lots (TCT and Lot No.), land area, classification, assessed/market value, building/improvements and ownership status.

With regard to the assets which are possible targets for privatization but government ownership is still in question or being disputed, (for example those seized by the Bureau of Internal Revenue), these assets will not yet be included in the database. The same is the case for GOCCs with unprofitable operations which may be considered for privatization but still have no legal basis for sale. The DOF-PO can include these assets in the future updates of the database once government ownership and the legal bases for privatization are already established.

4 PROJECT WORKPLAN AND METHODOLOGY

4.1 Project Requirements, Assumptions and Constraints

In addition to the scope of work enumerated above, the Consultants have agreed with DOF-PO the following project requirements, assumptions and constraints:

1. The system shall be implemented using the current infrastructure at DOF-PO (i.e., hardware configuration and network capability);
2. The system shall be installed at and maintained by DOF-PO;
3. The DOF-PO shall be the system owner and primary user of the database; and
4. The system shall provide for the updating of data coming from the disposition entities.

4.2 Current Infrastructure at DOF-PO

The Consultants conducted an inventory of the IT facilities at DOF-PO to be able to assess the design and implementation of the database management system that will be installed. Some computers have outdated hardware and software, thus considered inadequate to support the system.

To address the concern on the outdated specifications of computers at DOF-PO, the Consultants have considered the development of a browser-based query system using thin client technology. The browser-based system will allow said computers to access the inventory data using Internet browsers connecting to a web-server through the local area network.

4.3 Work Plan

Following a review of the scope of works, requirements and assumptions enumerated above, the Consultants have identified the following major components that will comprise the deliverables for this Project: i) development of a database; ii) development of a front-end application system for the manipulation of the inventory data; and iii) training of DOF-PO staff in the operation and maintenance of the database management system.

4.3.1 Development of the Database

The database will be used as the repository of electronic data of the assets inventory. In consideration of the existing infrastructure at the DOF-PO, the

database was developed using Microsoft Access. The database will be installed in one computer at DOF-PO which shall serve as the database server.

The database design was presented to DOF-PO and the disposition entities on 2 April 2007 for their comments.

4.3.2 Development of the Application System

The application system will be used for manipulating asset inventory information stored in the database. It will also be utilized to maintain the different libraries which the system will use, such as: disposition entities, activities and status of assets, sale and proceeds data, etc. The system was developed using graphical user interface to provide a user-friendly environment.

The programming language used for the development is Microsoft Visual Basic 6.0. The reports module will also be integrated in this component. Crystal Reports shall be utilized in developing the reports.

4.3.3 Conduct of Training

To facilitate an effective transfer of knowledge, the Consultants will provide an instructor-led, classroom-based training to DOF-PO personnel and representatives from the disposition entities. The training coverage will include operation of the application system and inquiry system and how to manage and maintain the database.

The training of end-users will be conducted by 2nd week of July 2007, after the disposition entities have accepted and confirmed the completeness and accuracy of the information that will be loaded into the database system.

4.4 Methodology

4.4.1 Project Initiation

This phase marked the beginning of the Project. During this phase, the Consultants conducted preparatory activities such as: coordination meetings with stakeholders (i.e., USAID/EMERGE and DOF-PO) and the disposition entities (i.e., PMO, PCGG and Land Bank); user requirements analysis; and the preparation of the Inception Report.

4.4.2 Project Definition

During this phase, the Consultants reviewed the documents from the Project Initiation Phase and updated/revised them as required. The Consultants also prepared the functional requirements document and a draft plan for training, data

management, security, testing, and configuration. The data gathering and verification activities also started during this phase.

4.4.3 System Design

This phase consisted of analysis and design of the system and database, which include the following activities: defining the system architecture, system output and interfaces; refining functional requirements; defining the internal structure of each program module and source code specifications; determining where the system will reside; and designing application security.

4.4.4 Programming/Systems Development

This phase marked the development of the system and the databases. During this phase, the source code was generated; test scenarios and test cases were developed; unit and integration testing was conducted; the program and system were documented for maintainability and for turnover to acceptance testing and production/ implementation; and database build-up.

4.4.5 Acceptance

During this phase, the system underwent pilot testing based on the test cases identified in the Programming/Systems Development phase; and adjustments in the system were performed until it conforms to all the requirements set in the user and functional requirement documents.

4.4.6 Implementation

The system was moved into the production environment during this phase. Activities include: installation of front-end applications and back-end databases; and conduct of training.

4.4.7 Operation & Maintenance

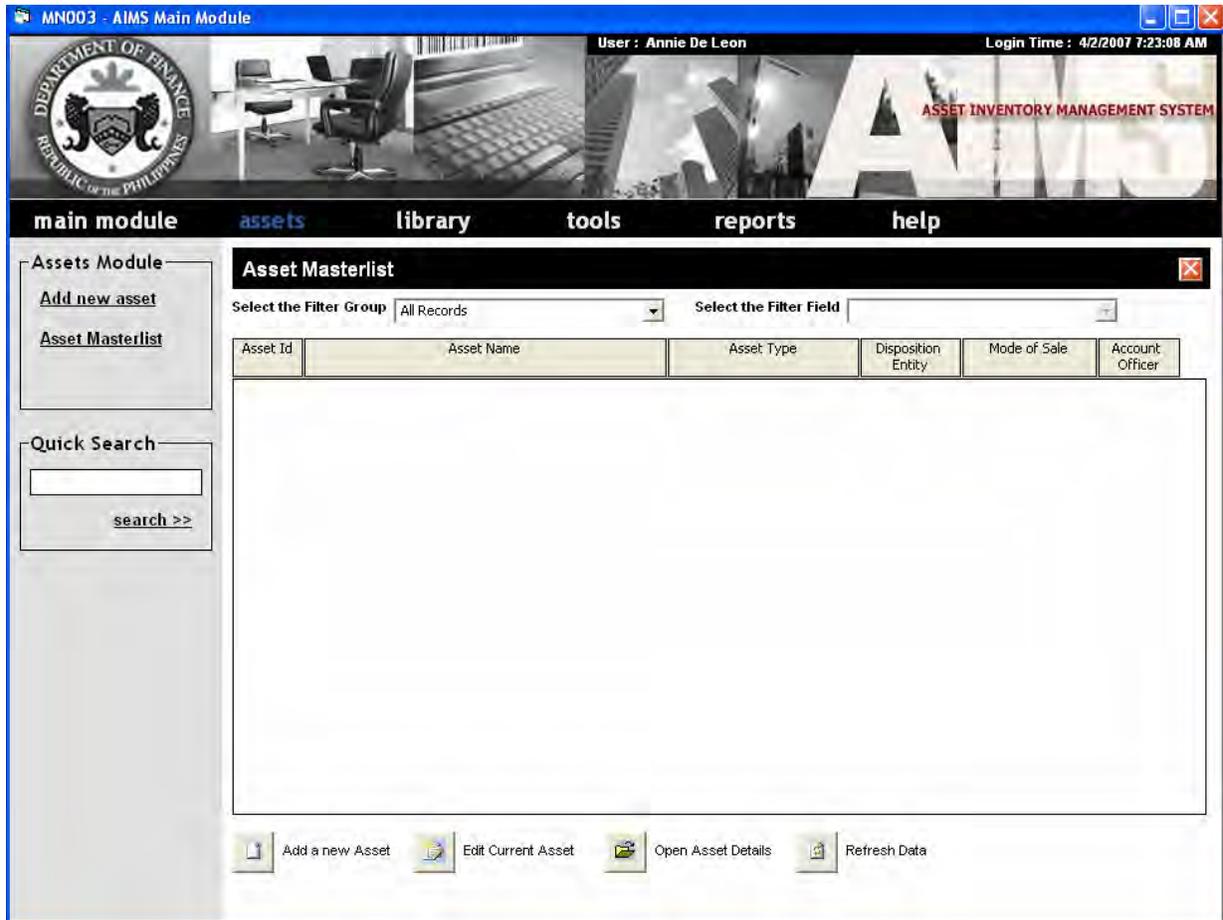
This phase consists of activities to monitor performance of the system and database to ensure continuity of use. Activities in this phase include: performance monitoring and feedback; detecting of errors/bugs in the system; implementing system changes; and final acceptance of the system when all issues/problems in the system have been addressed.

The Consultants shall provide assistance to DOF-PO within a maintenance period of two (2) months after the date of Final Acceptance. However, maintenance works shall be limited to troubleshooting of program bugs/errors, installation and configuration errors.

4.4.8 Evaluation

During this phase, the system is reviewed while in operation to ensure that it continues to meet the user needs.

5 ASSET INVENTORY MANAGEMENT SYSTEM (AIMS)



The Asset Inventory Management System (AIMS) will be the central interface of the inventory database. The system provides graphical user interface to facilitate easy access and manipulation of data. It will be installed in the newly acquired computer located at DOF-PO. Access to the system by other users will be provided through the local area network (LAN) of DOF-PO.

The AIMS has six modules, namely: (1) Main Module; (2) Assets Module; (3) Library Module; (4) Tools Module; (5) Reports Module; and (6) Help Module.

5.1 Main Module

The Main Module consists of the tasks and reminders sub-modules. The tasks sub-module is used by DOF-PO account officers for monitoring asset specific tasks like request for inclusion in meeting agenda, instructions for coordinating assets with

disposition entities and other important tasks. The reminders sub-module is used for monitoring events and activities relating to privatization (e.g., PrC deliberations, coordination meetings with different stakeholders, etc.) and to the inventory system itself (e.g., reminders to back-up the system, generate reports, perform maintenance tasks, etc.). System generated alarms can be set in the reminders sub-module to prompt users of recurring tasks, such as data updating, backup, report generation, and the like. The Main Module also includes logging in as new user option and shortcut for system exit.

5.2 Assets Module

The Assets Module consists of sub-modules used for viewing, querying and manipulating records in the inventory database.

5.2.1 New/Edit Record Sub-Module

The new record sub-module is used for adding a new asset record into the database. This is also the same sub-module used to edit existing asset information.

5.2.2 View Asset Master List

The asset master list sub-module is used for viewing asset records in the database. Information displayed includes the asset ID, asset name, description, disposition entity, asset type, mode of disposition and the account officer assigned in DOF-PO. Records can be filtered by disposition entity, asset type, mode of disposition, or account officer.

5.2.3 Asset Detail

The asset detail sub-module displays detailed information of the assets, which include: privatization background, assignment of disposition entities, appraisal information, impediments, relevant laws, privatization proceeds, and other asset specific information (e.g., real estate/shares of stocks). The asset detail sub-module also provides for the adding, editing and deleting of the foregoing asset information.

5.2.4 Search Asset

The search module allows searching for specific assets from the database with the use of either the asset ID or search keywords. Search results are displayed in tabular format wherein user can open the asset detail sub-module to view detailed information of the asset.

5.3 Library Module

The Library Module consists of sub-modules used for maintaining reference files for the system. Reference files in the library include: disposition entities, disposition entity

contact persons, DOF account officers, privatization activity types, appraisal methods, appraisal companies, asset types, impediment type, physical locations for document, relevant laws, and law types. Adding and updating of reference file records can be done using the add/edit sub-modules. These reference files are commonly used in list/option boxes in the system, for instance in choosing a disposition entity for an asset, a drop down list box with data coming from the disposition entity reference file is provided.

5.3.1 Disposition Entities

The disposition entities sub-module includes the following information: the name of the disposition entity, its acronym/short name, address, contact numbers, head of the agency, position/designation of the head of agency, and the website of the disposition entity.

5.3.2 Disposition Entity Contact Persons

The contact persons sub-module includes the following information: name of the contact, nickname, position, telephone and mobile phone numbers, and email address.

5.3.3 DOF Account Officers

The account officers sub-module includes the following information: name of the account officer, nickname, position, telephone and mobile phone numbers, and email address.

5.3.4 Privatization Activity Types

The privatization activity types sub-module includes the name and description of the activity.

5.3.5 Appraisal Methods

The appraisal methods sub-module includes the name and description of the appraisal methodology.

5.3.6 Appraisal Companies

The appraisal companies sub-module includes the following information: the name of the appraisal company, its acronym/short name, address, contact numbers, head of the company, position/designation of the company head, and the website of the appraisal company.

5.3.7 Asset Types

The asset types sub-module includes the name and description of the asset type.

5.3.8 Impediment Types

The impediment types sub-module includes the name and description of the impediment type.

5.3.9 Mode of Sale/Disposition

The mode of sale sub-module includes the name of the mode of sale and its description.

5.4 Tools Module

The Tools Module includes sub-modules for administrative and maintenance tasks, user maintenance and access-level maintenance.

5.4.1 Administrative Tasks

The administrative tasks sub-module consists of backing up the database, generating web files for the DOF-PO section of the DOF website and maintenance of system logs.

5.4.2 User Maintenance

The user maintenance sub-module includes different user-related tasks such as adding and editing user information, changing of password, and setting up of access levels for users.

5.5 Reports Module

The Reports Module consists of different reports generated by the system, which include asset reports, reference files, system reports, and others not covered in the preceding reports. Reports are initially generated on-screen and provide options whether to direct the report to a printer or to export it in Excel or text format.

5.5.1 Asset Reports

Asset List

The asset list is a report in table format that includes information such as: asset ID, asset name, description, disposition entity, asset type, and the assigned DOF account officer handling the asset. Assets in the listing may be grouped by disposition entity, asset type, mode of disposition or account officer.

Asset Details

The asset details report includes detailed information pertaining to a specific asset. Information included in the report are privatization background, assignment of disposition entities, appraisal information, impediments, relevant laws, privatization proceeds, and other asset specific information (real estate/shares of stocks).

5.5.2 Reference Files

Reference files in the library may also be generated through the Reports Module. This includes listings of disposition entities, disposition entity contact persons, DOF account officers, privatization activity types, appraisal methods, appraisal companies, asset types, impediment types, physical locations for document, relevant laws, and law types.

5.5.3 System Reports

System Logs

Different activities done by a user in the system may be generated using the system logs report. Activities include logging into the system, adding and updating of asset information; adding, updating and deleting of asset detailed information, adding and updating of reference files in the library; adding updating user list and access levels; updating of website files; backing up the database; and logging off from the system.

User List

The user list is a report which shows all the users in the system, including their user access levels in the system.

System Errors

When the system encounters an error, it is automatically added into a log file. Information on errors may be viewed using the system error report. These reports will have to be submitted to the Consultants to address the error generated by the system.

5.5.4 Other Reports

Tasks and Reminders

Different tasks and reminders, either set by the user or generated automatically by system, may be viewed under the tasks and reminders report.

Other Reports

Other reports that will be identified by DOF-PO will be added subsequently into the Reports Module.

5.6 Help Module

5.6.1 System Help

The help sub-module provides users with information regarding the operation of the asset inventory system. It can be accessed by pressing the F1 key or by selecting System Help from the Help Module. Help information includes guides on manipulating and viewing of data; performing administrative and maintenance tasks; generation of reports and maintaining reference files in the library.

5.6.2 About the System

The about the system sub-module contains information regarding the inventory system and the Project.

5.7 Additional System Features

The Consultants have observed that there are features that were not considered in the original Terms of Reference (TOR) which if implemented can further enhance the database system. These features include the following: (1) a web-based inquiry system for viewing inventory data; and (2) creation of a digital document library; 3) asset archiving module; and 4) asset rating system.

5.7.1 Web-based inquiry system

The web-based inquiry system was developed for: (a) DOF-PO personnel who need to view/query information from the database, and (b) users whose computers do not fully comply with the requirements of the system. In both cases, the front-end application system will not be installed in the user's workstation. Instead, access to database information will be provided through a query site with the use of a web browser (e.g., Internet Explorer, Netscape Navigator, etc.).

The inquiry system will be developed using Macromedia Dreamweaver. The system will be using Microsoft Internet Information System services and Microsoft Active Server Pages technology, which are both embedded in the Microsoft Windows XP operating system.

The web-based inquiry system will:

- Allow access to the database through a query site using a web browser;
- Avoid having to install the application system on the user's workstation;
- Facilitate multiple, simultaneous users;
- Limit user's access to viewing and browsing, thus maintaining the integrity of the database;

- Eliminate the need to install the database in all workstations, thus minimizing the task of maintaining and administering the system;
- Avoid problems with limited technical specifications of some DOF-PO's computers; and
- Require minimal training and interface familiarity

5.7.2 Digital document library

Another useful feature that was considered by the Consultants is the creation of a digital document library which will contain the electronic copies of the supporting documents for each asset (e.g., legal issuances, land titles, certificates of stocks, agreements and other important documents pertaining to an asset). It was observed that the voluminous files and documents are physically stored in the filing cabinets at DOF-PO and at the offices of the disposition entities. This arrangement may not be conducive for timely search and retrieval of important documents when needed. The digital library will improve the current set-up by linking the electronic files pertaining to each of the asset with the database system for easy access and reference by the end-users at DOF-PO.

The digital document library will:

- House electronic copies of the supporting documents for each asset, such as legal issuances, land titles, certificates of stocks, agreements and other important documents that are scanned, indexed and stored in the database
- Support different file formats (e.g., PDF, tiff, jpeg, etc.)
- Link with the database system for easy access and reference by the end-users
- Facilitate access to information and documents in digitized formats
- Allow continuous updating of information as it becomes available
- Provide shared access to electronic documents among DOF-PO users and facilitate dissemination of information
- Reduce the need for safekeeping hard copies of documents and promote a more efficient and paperless work environment
- Provide for portability of documents and information on compact disks as required

In order to sustain this feature of the AIMS, it was also proposed to USAID to procure a scanner for DOF-PO. Said equipment shall be used by the DOF-PO in converting asset documents like land titles, stock certificates, and other pertinent documents into electronic format. After the project, the scanner shall be turned over to DOF-PO to provide them with the capability of scanning additional documents into the digital library.

In addition to these two major features, during the presentation of the AIMS to the DOF, USAID and EMERGE on 1 June 2007, additional system features were suggested, as follows:

- a) Asset archiving module for storing data and documents of assets which have been privatized or disposed; and
- b) Asset rating system to facilitate the preparation of privatization plans and programs of the government. The rating system will assign a priority or rank to an asset in terms of its readiness to be privatized, by taking into consideration the factors or impediments that may affect its privatization. This information can be a useful guide for DOF-PO and the Privatization Council (PrC) in their planning and monitoring functions.

These additional system features, including the procurement of the scanner, were recommended to and approved by the USAID/EMERGE and thus were included by the Consultants in the AIMS.

6 CONCLUSION AND SUMMARY OF RECOMMENDATIONS

6.1 Conclusion and Recommendations

The establishment of a comprehensive and updated database of government assets for privatization at DOF-PO thru the Asset Inventory Management System (AIMS) will definitely enhance the efficient planning, implementation and monitoring of the government's privatization program. With an updated database, the PrC can now identify and prioritize the assets for privatization with a more realistic timetable. The AIMS, once completely established, can be an effective tool in monitoring the implementation of the privatization program.

In the course of undertaking the Project, the Consultants encountered the following concerns:

During the data gathering phase, the support and assistance of the assigned contact persons from the disposition entities were notable. Effort was exerted in providing data which are available at their level. However, delay in the submission of information by disposition entities was not anticipated at the outset. The delay can be attributed to the following factors: i) lack of full-time personnel in the disposition entities who will provide the information requirements of the data gathering activity; ii) information requirements need to be coordinated with the different departments within a disposition entity (i.e., asset management, legal, marketing, etc.); and iii) perceived confidentiality of information and documents. In addition, the change of leadership in one of the disposition entities required reorientation of the Project's objectives and scope of work.

Furthermore, most of the information was provided in hard copies, instead of the disposition entities updating the information directly in the database template which was provided in electronic copy. As a result, encoding of data was repeated. In some cases, data were provided electronically but they did not conform to the format of the database template.

Taking into consideration the Consultant's observations and lessons learned during the implementation of the Project, the following recommendations are being proposed:

a. Regular Coordination and Data Updating

The institutionalization of a regular coordination and updating of information between DOF-PO and the disposition entities should be established to ensure that the information in the AIMS is not only complete, but also timely and reliable to aid the PrC in its planning, decision-making and oversight functions. The DOF-PO, depending on its information needs, may require monthly or quarterly reports from the disposition entities. The database system can facilitate such reporting arrangement by generating specific reports, both in hard and electronic copies, to be provided to the disposition entities for updating.

b. Upgrading of IT facilities and capabilities at DOF-PO

There is also a need to upgrade the information technology (IT) facilities and capabilities of DOF-PO to maintain the database and implement future enhancements to AIMS. More specifically, new personal computers with network connection should be acquired to enable quick access to the database by key personnel of DOF-PO. It is also envisioned that the database system will be linked with other systems at DOF-PO, such as the DOF website.

c. Appraisal or updating of assets under the disposition of Land Bank Trust Department

From the time the thirty-six (36) financial form of assets were transferred to Land Bank in 2004, no major privatization activities were conducted. The results of the inventory conducted from June to September 2003 by the Inventory Team composed of representatives from DOF, DOJ, Bureau of Treasury, PMO Land Bank and COA, estimated the recoverable value from the 36 assets at P6.391 billion. This amount excludes the value of real estate properties/land, which could not be estimated at the time of the inventory due to lack of basis such as appraisal reports. Hence, immediate appraisal of the assets under the disposition of Land Bank is recommended in order to determine the recoverable value and status of each asset and to identify future courses of action to maximize proceeds from the disposition/privatization (e.g., asset preservation, compromise/settlement agreement, asset write-off, etc.). There is also a need to ascertain the existence of the debtors and the status of collaterals which could still be recovered (e.g., real estate/land and other properties).

6.2 Summary of Concerns and Comments by DOF-PO and Disposition Entities to the Database Design

The Consultants presented to DOF-PO and the disposition entities the database design of AIMS on 2 April 2007. The following table summarizes the concerns raised during the presentation and the proposed courses of action to address them.

Concern/Comment	Proposed Course of Acton
1. Confidentiality of information	<ul style="list-style-type: none"> • All data and information gathered by the Consultants will be used solely for DOF-PO's purposes only. • The database system will provide for levels of access and control to ensure data confidentiality. Users at DOF-PO will be assigned user names and access on information will be based on position and nature of work. • Only selected information will be disseminated to the public thru the DOF website (e.g., asset

Concern/Comment	Proposed Course of Acton
	description, mode of disposal, etc.). Confidential information such as appraisal and floor price will not be disclosed.
2. Accuracy and integrity of database contents	<ul style="list-style-type: none"> • While the Consultants have noted some discrepancies in the information gathered, the accuracy and integrity of the data will be the responsibility of DOF-PO and the disposition entities. • Inconsistencies in the data will be noted by the Consultants for further verification/cross-checking by DOF-PO and disposition entities prior to uploading in the database.
3. Data Security	<ul style="list-style-type: none"> • The system will have an audit trail of the different access made to the system. It will generate log reports showing information such as changes or updates to the database, users who log into the system, etc.
4. Classification of asset consisting of different asset type (e.g., combination of real property and shares of stocks or financial form of assets)	<ul style="list-style-type: none"> • Separate asset identification (ID) will be created for each type of asset.
5. Report generation requirements of the disposition entities	<ul style="list-style-type: none"> • The database system can include such features provided the disposition entities will provide the format for the reports.
6. Additional data fields	<ul style="list-style-type: none"> • DOF-PO noted that perspective on data requirements changes during the actual data loading • Addition of “Others” in the file library to cover data not covered by existing classifications/categorization and other data requirements that may be included in the future
7. Uploading mechanism for additional assets that may be included in the future	<ul style="list-style-type: none"> • Text based files can be accommodated by the system in future updates thru the provision of data uploading tools.

7 REFERENCES

7.1 Publications

Carmody, Bernie and Thomas M. Flohr. “*Structuring a Privatization Program for the Privatization Office of the Department of Finance*,” Technical Report submitted to DOF/USAID, July 2005.

7.2 Laws

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Republic Act No. 7181 (January 17, 1992)

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Executive Order No. 12 (August 14, 1998)

Republic Act No. 8758 (December 28, 1999)

Executive Order 323 (December 6, 2000)

7.3 Websites

www.dof.gov.ph

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