PD-ABE-941

XD

A.I.D. EVALUATION SUMMARY - PART I

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NO. "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit:

Mission or AID/W Office USAID/Manila
(ES# _____)

B. Was Evaluation Scheduled In Current FY Annual Evaluation Plan?

Yes [x] Slipped [ ] Ad Hoc [ ]

Evaluation Plan Submission Date: FY 1992 3rd

C. Evaluation Timing

Interim [ ] Final [ ] Ex Post [ ] Mid Term Other [ ]

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
492-0452	Philippine Assistance Program Support	29 Jan. 1990	31 Jan. 1995	$25,000	$24,000

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director

Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1. Follow-on sub-project financing should be made a determining go/no go criterion for future studies selection under the Studies Component of the Project. - USAID and CCPAP have agreed to amend the project selection criteria to assure that capital funding is committed or programmed by the GOP or other donors for any future studies undertaken.	CCPAP - R. Singson USAID - A. Sundermann	10/30/92
2. Build-Operate-Transfer (BOT), Build-Operate-Own (BOO) and other private sector investment infrastructure projects should be made a priority over other public sector infrastructure studies. - USAID and CCPAP have agreed to revise the study selection criteria to reflect a top priority for private sector investment projects.	CCPAP - R. Singson USAID - A. Sundermann	10/30/92

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) (Day) (Year)

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Alex Sundermann	Rogelio L. Singson	Dennis Zvinakis	Thomas Stukel, Jr.
Signature	A. Sundermann	[signature]	Sulpicio Reco, Jr.	[signature]
Date	9/16/92	9/19/92	9/25/92	11/10/92

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The $25 million Philippine Assistance Program Support (PAPS) Project provides assistance to the Government of the Philippines (GOP) to develop and implement high priority development projects under the Philippine Assistance Program (PAP), also referred to as the MultiLateral Assistance Initiative (MAI). This mid-term evaluation (1/90 - 6/92) of the $20 million bilateral grant agreement component of of project was conducted by an independent team of consultants based on more than forty interviews with individuals directly involved with or knowledgeable about PAPS, a review of project files and secondary documents, and field visits. The purpose of the evaluation was to assess project operations and progress toward the stated purpose and recommend improvements where needed. The major findings and conclusions are:

* As of June 1992, PAPS Project implementation is ahead of schedule with respect to principal project outputs and projected expenditures. The project will reach and probably exceed the number of studies and analyses targetted under the project.

* The completed studies were found to be of high technical quality and generally well received by GOP agencies except for three notable exceptions in which problems arose.

* The $300,000 small study facility warrants further support if the project is amended.

* The contractors' performance and responsiveness to the needs of the project ranged from excellent to inadequate. The evaluation recommends USAID review its requirements for corporate capability of 8-A firms to provide essential project management services.

* The inter-agency coordination and project facilitation that CCPAP staff performs to expedite project implementation is an important function that needs to be strengthened.

* If internal operational improvements recommended by the evaluation are implemented, the evaluation strongly supports additional funding for studies through a project amendment.

COSTS

I. Evaluation Costs

1. Evaluation Team

Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. $)	Source of Funds
Chris Hermann assisted by Antonio Navarro (Consulting Engineer)	Independent Consultant (CESTO)- Local Engineering Consulting Company	492-0452-0-00-2129-00	$13,500	PAPS

2. Mission/Office Professional Staff Person-Days (Estimate) 30 person-days

3. Borrower/Grantee Professional Staff Person-Days (Estimate) 14 person-days

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
3. Confirm CCPAP's continued role in implementation of the PAP and assure establishment of clear roles and responsibilities between GOP agencies in the preparation and completion of studies for improved project coordination.		
- CCPAP is to provide evidence from the GOP on its' continued role in PAP implementation, and will develop formally established procedures for GOP agency roles and responsibilities in BOT and project implementation.	CCPAP - R. Singson Exec. Director USAID - A. Sundermann Proj. Officer	10/30/92
4. CCPAP staffing needs to be strengthened for project operations and implementation.		
- CCPAP will provide evidence of assignment of adequate staff for project implementation and an adequate budget allocation.	CCPAP - R. Singson USAID - A. Sundermann Proj. Officer	10/30/92
NOTE: The above actions will be made Conditions Precedent to additional commitment of funds under a proposed FY92 PAPS Project Agreement Amendment.	USAID/CCPAP Agreement Amendment	Completed 9/16/92

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)
Address the following items:

- Purpose of evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office:	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
Ofc. of Capital Proj. USAID/Manila	Sept. 16, 1992	Mid-Term Evaluation of the Philippine Assistance Program Support, July 31, 1992

1. Purpose of the Philippine Assistance Program Support (PAPS) Project: The $25 million Philippine Assistance Program Support (PAPS) Project provides assistance to the Government of the Philippines (GOP) to develop and implement high priority development projects under the Philippine Assistance Program (PAP). The PAP is a major U.S.-led multilateral assistance initiative designed to accelerate the economic development of the Philippines. Since 1988, the PAP has provided over $6 Billion in commitments from the various bilateral and multilateral donor agencies for a broad array of nationwide economic and social programs. Of major importance is the PAP funding of critical infrastructure projects which stimulate growth through increased private sector participation and investment.

A major obstacle to rapid use of PAP funding was the lack of adequate funding for studies and design work needed for project formulation and design. As a result, the PAPS Project was developed and approved in January 1990 with the purpose of assisting the Philippines to develop and implement high priority development projects under the PAP. The goal of the project is to achieve broad-based, sustainable growth in the Philippines through an active partnership of public and private interests.

The project consists of two complimentary activities: (1) the provision of technical services, training, commodities and operational support to the Coordinating Council for the Philippine Assistance Program (CCPAP) Secretariat under a bilateral grant agreement for the development and implementation of studies in support of the PAP; and (2) a private sector pre-investment facility implemented by a non-government organization to promote private sector investments in the Philippines. USAID is providing $20 million for the first activity, and $5 million for the second activity.

2. Purpose of Evaluation and Methodology: An independent formal mid-term evaluation of the project activities implemented under the January 30, 1990 $20 million bilateral Grant Agreement with CCPAP for the conduct of studies was completed in June 1992. The Grant Agreement includes two components: a) a Studies Component for the conduct of studies needed to develop and obtain financing for infrastructure projects, b) an Operational Support Component for technical assistance, training and commodities for implementation of the Studies Component. CCPAP, the implementing agency, is responsible for receiving and reviewing project study proposals from GOP line agencies, local government and the private sector. Studies selected for funding are approved by USAID and the studies are conducted by one of two AID-direct consultants through Delivery Orders. The two prime consultants are Louis Berger International and Wilbur Smith Associates. Operational support to CCPAP is provided through a third contractor (initially Construction Control Services Inc., now by Price Waterhouse), providing two long-term U.S. advisors, various long-term local advisors and short-term local and

expatriate technical assistance. Funding is also provided for training of GOP staff in project development, and installation of a limited computer management information system for CCPAP and GOP implementing agency tracking and management of PAP projects.

The purpose of the evaluation was to assess project operations and progress toward the stated purpose and recommend improvements where needed. This included an assessment of CCPAP operations and the USAID support for those operations, the number and selection process for studies undertaken and the technical quality of those studies, and the status of follow-on capital funding or use of the studies completed.

The evaluation included more than forty interviews with donor and GOP agency representatives, project contractors, and individuals directly involved with or knowledgeable about the PAPS Project and on-going or completed studies. The evaluation team also reviewed USAID and CCPAP documentation and correspondence, on-going and completed reports of studies and secondary documents, and conducted field visits of study sites.

3. Findings and Conclusions: As of June 1992, PAPS Project implementation was ahead of schedule with respect to principal project outputs and projected expenditures of the project. The PAPS Project will reach and probably exceed the number of studies and analyses projected under the project. The principal outputs of the project to date are as follows:

- Ten project-specific studies (Project Target: 10);
- One area development plan (Project target: 3);
- Two policy studies (Project target: 4);
- Three small scale studies of agro-industrial complexes and nineteen other small scale studies have been identified for funding (Project target: 50);
- Development and Implementation of plan for developing a Build-Operate-Transfer (BOT) program within CCPAP, including development of operating rules and regulations and a major training session involving 83 individuals from the public and private sectors (Project target: not anticipated in the project paper); and
- Seventy-two participants from local governments in Regions V, VI, X and XI have received training on project feasibility.

The PAPS Project was found to be providing useful and important grant assistance to the Philippines to accelerate the planning and financing of major infrastructure projects. Funding of studies for project development and operational support to CCPAP is contributing to expediting ODA-funded project implementation. The assistance under the project for development of BOT and other private sector financed projects has been timely and highly effective in assisting the GOP to understand and test the application of this approach to meeting infrastructure and public service needs. The evaluation concluded that "if internal operational improvements recommended by the evaluation are implemented, the evaluation strongly supports additional funding for studies through a project amendment."

4. Principal Recommendations: The evaluation found that financing for a some of the infrastructure feasibility studies is still uncertain or unlikely in the near-term (i.e., the next two to three years). Thus, project financing needs to be made a determining "go/no go" criterion for future project selection. Also, Build-Operate-Transfer (BOT), Build-Operate-Own (BOO) or other private sector investment projects should be made a priority over other public sector infrastructure studies.

The inter-agency coordination and project facilitation activities that CCPAP staff perform to expedite project implementation is an important function. The evaluation found that this is useful, but limited staffing is an obstacle to CCPAP in fully performing these functions. Uncertainty about the future of CCPAP after the initial five year period of the Philippine Assistance Program is a complicating factor. The GOP needs to recognize that CCPAP serves an important additive, not duplicative function. It needs to clarify CCPAP's role in the GOP structure and make a commitment to the operation of the organization through adequate budget and staffing positions.

The majority of studies completed thus far were found to be of high technical quality and generally well-received by sponsors and other user agencies. There were three notable exceptions which required additional time and attention to resolve controversy. CCPAP's management of the studies funded through the PAPS project was in most cases reported to be satisfactory or better. Agencies reported that coordination among the various agencies proposing, sponsoring and/or responsible for implementation or oversight worked reasonably well. However, others reported that this coordination breaks down at various points throughout the process. CCPAP has procedures for facilitating coordination among the key agencies involved, but its limited staffing and a heavy workload, as well as the inherent difficulty of facilitating coordination among different organizations with different priorities and agendas, complicates assuring adequate coordination in all cases. Several of the sponsoring agencies need to play a more active role when requested to participate in the study process and to take responsibility for carrying out study-related functions. Project coordination is proposed to be strengthened by requiring the GOP to identify all the responsible individuals in writing before a study is undertaken.

Contractor performance and responsiveness to the needs of the project during the first two years of implementation ranged from excellent - i.e., Louis Berger International, Inc. (LBII) - to in need of improvement - i.e., Wilbur Smith Associates (WSA) - to inadequate - i.e., Construction Control Services Corporation (CCSC). LBII has been attuned to the requirements of each assignment it has received, consistently producing high quality work which is well received by the sponsoring agencies. LBII's management understands clearly how to make maximum use of the contract and expedite the study process.

WSA has produced several well received, technical sound studies, e.g., the General Santos Airport study, the Grain Handling Facility study. However, WSA's management of studies has not been entirely effective. It has produced three very controversial studies, though WSA defends its work and its efforts to satisfy

client requirements. Most serious was a communication from the Executive Director of CCPAP supporting the termination of the WSA contract. The evaluation recommended that improvements in WSA's performance be made which are acceptable to CCPAP and USAID. USAID staff have met with senior WSA management to discuss problems, and WSA has since taken certain actions towards improvement of their responsiveness.

The poor performance of the operational support 8-A technical assistance contractor, CCSC, is discussed in the evaluation. The evaluation recommended USAID review its requirements for corporate capability of 8-A firms to provide essential project management services, especially when those services are obtained from a firm oriented to technical work. The CCSC contract is finished and a new contract with Price Waterhouse, with excellent capability and staff, is now in place.

5. Lessons Learned: The PAPS Project responds to a unique need to identify and conduct studies for projects for the major U.S.-led Multilateral Assistance Initiative (MAI). The USAID provision of technical operational support for selection of studies and preparation of scopes of work, and the ability to respond quickly to undertake studies through two contractors via delivery orders, is an effective mechanism. However, the decision for an 8A firm to provide the critical management and advisory support for CCPAP operations, and the procedures and selection of an 8A engineering firm to provide the services should have been more rigorous. The work required substantial capability and flexibility to provide broad management support, and the engineering firm selected, it turned out, simply did not have sufficient experience and staff capability to fully respond to the scope of work and the diverse requirements. The lesson learned is that the decision to select and award a broad long-term contract to a small 8A firm even with substantial experience in one specialty should be more carefully considered and assessed.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

MID-TERM EVALUATION REPORT OF THE PHILIPPINE ASSISTANCE PROGRAM SUPPORT PROJECT, JULY 31, 1992. Prepared by Chris Hermann, Team Leader, and Antonio Navarro, Consulting Engineer.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The Mission believes that the evaluation team completed a fair and comprehensive assessment of the project. Most of the problems and issues identified in the evaluation were already known to USAID and CCPAP, but the independent evaluation and recommendations provide a more comprehensive and formal structure to deal with all implementation issues. Action on the major recommendations will be made Conditions Precedent to further commitment of funds for a proposed Project Agreement Amendment. These are: (1) revision of the project study selection criteria to require follow-on project funding commitments for a go/no go decision to undertake a study; (2) revision of the study selection criteria to give top priority to BOT, BOO and other private sector infrastructure projects; (3) require evidence from the GOP on CCPAP's continued role in the implementation of the PAP, and clear operational procedures and responsibilities between agencies; and (4) evidence of adequate CCPAP staff and budget for project operations and implementation.

Regarding the quality of the technical services and technical assistance contractors, the Mission has already replaced the weak operational support contractor with a competitively procured contractor. The difference in the quality of operational support has thus been dramatically improved. Meanwhile, the Mission is having to be more forceful in dealing with problems with one of the studies contractors, Wilbur Smith Associates (WSA), to assure they meet the requirements of their contract. USAID has met with WSA senior management and WSA has made some changes to improve their performance and responsiveness.

The evaluation included a review of a $300,000 small study facility supported under the project and believes it warrants further support if the project is amended. The current $10,000 ceiling on the cost of small studies needs to be increased to $25,000 with emphasis on the likelihood of obtaining financing in the selection process. The ceiling on future studies will be increased under a proposed contract with a non-governmental organization for the selection and conduct of the studies, and follow-on funding of completed studies is being coordinated with a lending facility of the Development Bank of the Philippines.

CCPAP and USAID met with the evaluation team upon completion of the evaluation to discuss the recommendations and issues involved. Both CCPAP and USAID concurred with the results and recommendations of the evaluation, and are jointly implementing them. With implementation of the recommendations of the evaluation, the Mission and CCPAP believe the project will be strengthened and the purpose achieved.

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ISN 79994

MID-TERM EVALUATION OF THE PHILIPPINE ASSISTANCE PROGRAM SUPPORT PROJECT

July 31, 1992

Prepared by:

Chris Hermann - team leader

Antonio Navarro - Consulting Engineering

MID-TERM EVALUATION OF THE PHILIPPINE ASSISTANCE PROGRAM SUPPORT PROJECT

July 31, 1992

Prepared by:

Chris Hermann - Team Leader

Antonio Navarro - Consulting Engineering

"The completion of this report/study was funded by the United States Agency for International Development (USAID). The views, statements and opinions contained in this report are the authors alone and are not intended as USAID recommendations, conclusions or statements of USAID policy."

EXECUTIVE SUMMARY

Evaluation Purpose and Project Status: The mid-term evaluation of the Philippine Assistance Program Support Project (PAPS) was conducted after two years of project implementation. The evaluation is based on more than forty interviews with individuals directly involved with or knowledgeable about PAPS, review of project files and secondary documents and field visits to Cagayan do Oro and General Santos Cities. The purpose of the evaluation was to assess project operations and progress toward its stated purpose - to assist the Philippines develop and implement high-priority development projects under the Philippine Assistance Program - and recommend improvements where needed.

PAPS provides $25 million in grant funding for: a) planning and design studies needed to develop and obtain financing for infrastructure projects, b) operational support to the Coordinating Council for the Philippine Assistance Program (CCPAP) and c) a Pre-Investment Facility for private sector investors (not included in this evaluation). CCPAP is responsible for receiving and reviewing project study proposals from GOP line agencies, local government and the private sector. Projects selected for funding are approved by USAID and the studies are conducted by LBII or WSA under delivery order contracts. Operational support is provided through an in-house contractor (initially CCSC, now by Price Waterhouse), supplying two long-term U.S. advisors, long-term local advisors who serve as CCPAP staff and short-term technical assistance.

As of June 1992, PAPS implementation is ahead of schedule with respect to principal project outputs and projected expenditures. PAPS will reach and probably exceed the number of studies and analyses estimated for the major studies component of the project. The principal outputs of the project are as follows:

ten project-specific studies (target: 10);

one area development plan (target: 3);

two policy studies (target: 4);

three small scale studies of agro-industrial complexes and nineteen other small scale studies have been identified for funding (target: 50);

a plan for developing a BOT program within CCPAP which is under implementation, including a major training session involving 83 individuals from the public and private sectors (target: not anticipated in the project paper); and

seventy-two participants from local governments in Regions V, VI, X and XI have received training on project feasibility.

Major Evaluation Results: The Philippine Assistance Program Support Project (PAPS) is providing useful and important grant assistance to the Philippines to accelerate the planning and financing of major infrastructure projects. Funding of studies for project development and operational support to the Coordinating Committee of the Philippine Assistance Program (CCPAP) contributes to expediting ODA-funded project implementation. Its assistance for development of BOT/BOO financed projects has been timely and highly effective in assisting the GOP to understand and test the application of this approach to meeting infrastructure and public service needs. **If internal operational improvements recommended by the evaluation are implemented, the evaluation strongly supports additional funding for studies through a project amendment.**

However, the evaluation found that financing for a substantial percentage of the projects covered by PAPS-funded studies is uncertain or unlikely in the near-term (i.e., the next two to three years). **Project financing needs to be made a determining "go/no go" criterion for future project selection.**

The inter-agency coordination and project facilitation that CCPAP staff perform to expedite project implementation is an important function. The evaluation found that donor agencies are hopeful that this function will help remedy persistent implementation problems that delay their projects. However, limited staffing is an obstacle to CCPAP in performing these functions. Uncertainty about the future of CCPAP after the initial five year period of the Philippine Assistance Program is a complicating factor. The GOP needs to recognize that CCPAP serves an important **additive, not duplicative** function. It needs to clarify CCPAP's role in the GOP structure and make a commitment to the operation of the organization through adequate budget and staffing positions. If is this not the GOP's view, then USAID should re-consider amending the project.

The majority of studies completed thus far were found to be of high technical quality and generally well-received by sponsors and other user agencies. There were three notable exceptions which has resulted in some dissatisfaction in these cases. CCPAP's management of the studies funded through the PAPS project was in most cases reported to be satisfactory or better. Agencies reported that coordination among the various agencies proposing, sponsoring and/or responsible for implementation or oversight worked reasonably well. However, others reported that this coordination breaks down at various points throughout the process. CCPAP has procedures for facilitating coordination among the key agencies involved, but its limited staffing and a heavy workload, as well as the inherent difficulty of facilitating coordination among different organizations with different priorities and agendas, complicates assuring adequate coordination in all cases. Several of the sponsoring agencies need to play a more active role when requested to participate in

the study process and to take responsibility for carrying out study-related functions.

Contractor performance and responsiveness to the needs of the project during the first two years of implementation has ranged from excellent - i.e., Louis Berger International, Inc. (LBII) - to in need of improvement - i.e., Wilber Smith Associates (WSA) - to inadequate - i.e., Construction Control Services Corporation (CCSC). LBII has been attuned to the requirements of each assignment it has received, consistently producing high quality work which is well received by the sponsoring agencies. LBII's management understands clearly how to make maximum use of the contract and expedite the study process.

WSA has produced several well received, technical sound studies, e.g., the General Santos Airport study, the Grain Handling Facility study. However, in comparison to LBII, WSA's management of work under PAPS has been less effective. It has produced three very controversial studies, though WSA defends its work and its efforts to satisfy the clients' requirements. However, differences in performance are apparent in the fact that LBII has completed substantially more work than WSA in the same period of time, even after accounting for extenuating circumstances. LBII has also not encountered the controversy over its products like WSA. Most serious is a recent communication from the Executive Director of CCPAP supporting the termination of the WSA contract. **The evaluation recommends that improvements in WSA's performance be made which are acceptable to CCPAP and USAID.**

The poor performance of the in-house technical assistance contractor, CCSC, is discussed in the evaluation. The contract is finished and a new source of assistance will begin shortly. The evaluation recommends USAID review its requirements for corporate capability of 8-A firms to provide essential project management services, especially when those services are obtained from a firm oriented to technical work.

The evaluation reviewed a $300,000 small study facility supported through PAPS and believes it warrants further support if the project is amended. The ceiling on the cost of small studies needs to be increased substantially with emphasis given the economic soundness and likelihood of obtaining financing in the selection process.

PROJECT IDENTIFICATION DATA SHEET

1. **Country:** The Philippines

2. **Project Title:** Philippine Assistance Program Support (PAPS) Project

3. **Project Number:** 492-0452

4. **Project Dates:**

   a. First Project Agreement: 30 January 1990

   b. Most Recent Project Assistance Completion Date (PACD): 31 January 1995

5. **Life-of-Project Funding:**

		[US$000's]
a.	AID Bilateral Funding (Grant)	25,000
b.	Host Country Counterpart Funds	6,670
	TOTAL:	31,670

6. **Mode of Implementation:** Direct USAID Contracting

   Major Contractors are:

   Louis Berger International, Inc. in association with Lockwood Green Int'l, Inc., Globetrotters Engineerning Corporation, TransAsia (Philippines), Construction Management Services Inc., Ernest & Young,

   Wilbur Smith Associates in association with TCGI Engineering, Black and Vetch, and SGV Inc.

7. **Project Designers:** The Government of the Philippines
   USAID/Philippines

8. **Responsible Mission Officials:**

   a. Mission Directors:

Malcolm Butler	30 Jan. 1990 - 28 February 1992
Richard Johnson (Acting)	1 March 1992 - Present

   b. Project Officers:

Alex Sundermann	30 January 1990 - Present
Maribelle Zonaga	30 January 1990 - 31 December 1990
Alfonso Naanep	2 January 1991 - Present

ACRONYMS

ADB - Asian Development Bank
AIDA - Agro-Industrial Development Area
AIM - Asian Institute of Management
ATO - Air Transportation Office
BOO - Build-Operate-Own
BOT - Build-Operate-Transfer
CCPAP - Coordinating Council for the Philippine Assistance Program
CCSC - Construction Control Services Corporation
CDO - Cagayan de Oro City
CODA - Committee on Official Development Assistance
CRC - Center for Research and Communication
DENR - Department of Environment and Natural Resources
DILG - Department of Interior and Local Government
DOT - Department of Tourism
DOTC - Department of Transportation and Communication
EDF - Economic Development Foundation
EMB - Environmental Management Bureau
GOP - Government of the Philippines
GSC - General Santos City
ICC - Investment Coordination Committee
LBII - Louis Berger International, Inc.
LWUA - Local Water Use Authority
MDP - Mindanao Development Project
MTPIP - Medium-term Public Investment Program
NCR - National Capital Region
NEDA - National Economic and Development Authority
ODA - Official Development Assistance
OEA - Office of Energy Affairs
OECF - Overseas Economic Cooperation Fund of Japan
PAP - Philippine Assistance Program
PAPS - Philippine Assistance Program Support Project
USAID - United States Agency for International Development
WSA - Wilber Smith Associates

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MID-TERM EVALUATION OF THE PHILIPPINES ASSISTANCE PROGRAM SUPPORT PROJECT

SECTION 1. INTRODUCTION: PROJECT BACKGROUND, CURRENT STATUS AND KEY RECOMMENDATIONS OF THE MID-TERM EVALUATION

1.1 Background, Development Purpose and Main Project Elements of the Philippines Assistance Program Support Project (PAPS)

The Philippines Assistance Program Support Project (PAPS) stems from the United States' support for the Philippines Assistance Program (PAP). The PAP is a multilateral assistance initiative designed to accelerate the economic development of the country. Described as a "Mini-Marshall Plan", the PAP has provided more than six billion dollars in commitments from the various participating bilateral and multilateral donor agencies. These funds support a broad array of economic and social development projects nationwide. Of special importance is PAP's funding of major infrastructure projects needed to stimulate economic growth through increased private sector investment.

When the PAP started in 1988, the Government of the Philippines (GOP) and the donor agencies recognized that the absorptive capacity of the country posed a serious limit to the rate at which these funds could be utilized. Excessively cumbersome and often times redundant GOP administrative procedures seriously impeded expeditious use of additional development resources. During the course of the PAP, the GOP has worked to streamline the process by eliminating some of the more egregious bottlenecks, but much still remains to be done.

Another major obstacle to rapid use of PAP funds was the lack of adequate funding for studies and design work needed for project formulation and financing. The substantial costs of feasibility and design work required for infrastructure development were especially daunting for the GOP which faces severe fiscal limitations. In addition to project-specific studies, policy, sectoral and industry-related issues also needed better analysis to expedite project identification, development and financing.

GOP efforts to address its implementation problems were initiated as early as 1987 with the establishment of the Project Facilitation Committee. With the creation of the PAP, the GOP formed the Committee on Development Assistance (CODA) comprised of undersecretaries and senior staff from the Departments responsible for project development and implementation. CODA was to identify implementation problems, especially where inter-agency coordination was needed, and find appropriate solutions.

The Coordinating Council of the Philippines Assistance Program (CCPAP) was created in 1988 to expedite project formulation, monitor implementation of all on-going projects and work to resolve implementation delays due to internal GOP procedures. CCPAP Secretariat was the day-to-day implementation arm of CODA, with both organizations headed by the same individual.

The Philippine Assistance Program Support Project (PAPS) was developed in 1989 to assist CODA and CCPAP. (In 1991, the GOP streamlined the PFC/CODA/CCPAP structure activities by combining them into a re-organized CCPAP.) The purpose of PAPS is to assist the Philippines to develop and implement high-priority development projects under the PAP. PAPS serves as a quick response mechanism for grant funding of preparatory work for infrastructure projects. When implemented, these projects are expected to increase private sector investment and commercial activity, expanding employment opportunities and incomes particularly in areas outside of the National Capital Region (NCR). Two U.S. firms under direct A.I.D. contract carry out the studies proposed by various agencies and levels of government, but reviewed and approved by CCPAP and USAID.

PAPS provides operational support to CCPAP through an in-house technical assistance contract providing U.S. and local advisors and staff to CCPAP. This assistance is directed toward helping CCPAP to staff and carry out its responsibilities.

Computer equipment needed to establish a project monitoring data base with access to all major implementing and oversight Departments and agencies in the GOP was funded by PAPS. A small studies fund was established under PAPS to respond to proposals from local governments and NGOs. PAPS also funded limited training for local government staff on the use of feasibility studies in project formulation.

Though not envisioned at the outset of the project, PAPS provided valuable assistance in forwarding the understanding of BOT/BOO approaches to infrastructure development both within the GOP and the private sector. The project is currently examining the feasibility of offering a selected set of infrastructure projects for BOT/BOO financing to the private sector.

1.2 Current Status of PAPS

PAPS was authorized on January 29, 1990 for $25 million in grant funding with a completion date of January 31, 1995. **This evaluation recommends an increase in funding for studies with no extension of the project completion date.** $5 million had been budgeted for the Pre-Investment Facility, managed by the Economic Development Foundation, which was increased to $6 million through a project amendment when more funds were needed in July 1991. Of the remaining $19 million, the large studies component received

$12 million divided between the two study contractors - Louis Berger International, Incorporated (LBII) and Wilber Smith and Associates (WSA). $300,000 was allocated for the small studies component and an additional $500,000 budgeted for several special studies where a predominant capability already existed with firms other than LBII and WSA.

A total of $5.1 million has been budgeted for operational support, including $4.6 million for in-house technical assistance to CCPAP. The balance is for U.S. short-term and local technical assistance. $600,000 was budgeted for training, including $400,000 for a major BOT training program conducted in February 1992. Another $250,000 was budgeted for evaluation and audit.

The initial in-house consultants working for CCPAP (Construction Control Services Corporation - CCSC) and the additional staff this contract provided to CCPAP began in June 1990. The two study contractors arrived between August and September 1990. Therefore, project implementation had been under way for roughly twenty-four months when evaluated.

As of June 1992, PAPS implementation is ahead of schedule with respect to principal project outputs and projected expenditures. PAPS will easily reach and probably exceed the number of studies and analyses estimated for the major studies component of the project. CCPAP reports it has received more than forty proposals for major studies which warrant serious consideration, not counting those that were initially eliminated as unsuitable for project funding. The scale and cost of the individual studies has been generally larger than what was initially anticipated, accelerating project expenditures.

The principal completed outputs of the project are as follows:

- ten project-specific studies (target: 10);

- one area development plan (target: 3);

- two policy or industry-specific studies (target: 4);

- three small scale studies of agro-industrial complexes are completed and nineteen other small scale studies have been identified for funding (target: 50);

- a plan for developing a BOT program within CCPAP and the first step - a three week training session involving eighty-three public and private sector representatives - has been conducted; one demonstration project using the BOT approach has been bid and is close to being awarded (no target in the project paper); and

- seventy-two participants from local governments in Regions V, VI, X and XI have received training on project feasibility.

Current work-in-progress will add to these outputs over the next year, reaching or exceeding the targets of the original project plan in most output categories. **However, the evaluation found that the funding for a substantial percentage of the various projects covered by these studies is uncertain or unlikely in the near-term (i.e., over the next two to three years).** This has been a concern of CCPAP and USAID and is viewed by the evaluation team as a major issue that needs resolution before the PAPS budget is increased.

In addition to the preceding list, the operational support contract has provided local staff for CCPAP who have been central to the organization's work over the past two years. A data base covering all current foreign assisted projects has been established. The Office of the President, National Economic Development Agency, Department of Budget and Management, Department of Public Works and Highways and CCPAP currently have access to the data base. CCPAP has played a critical role in increasing awareness and understanding of BOT/BOO financing for infrastructure projects. An immediate result of the BOT training session was the revision and enactment of the current BOT regulations to encourage private sector participation. CCPAP receives high marks from other donors in attempting to facilitate project implementation.

The original in-house technical assistance contract awarded to CCSC expired in March 1992 (with very mixed results, discussed in Section 4). CCPAP and the Mission decided to change the source of technical assistance to give greater support to the BOT/BOO program CCPAP is supporting. In-house technical assistance will now be provided by a Price Waterhouse team expected to arrive in August 1992. Approximately $3 million remain uncommitted in the WSA contract, which would sustain the WSA contract for another two years unless WSA's pace of work increases. The LBII contract is nearing its limit with less than $200,000 remaining uncommitted. Though the LBII and WSA contract levels were roughly equivalent at the outset, LBII's responsiveness to requests for services could result in LBII, in effect, working themselves out of a job because of their consistently high performance.

1.3 Purpose, Major Results and Method of the Mid-term Evaluation

This report is a mid-term evaluation of the Philippines Assistance Program Support Project (PAPS) conducted in June 1992 to assess the progress of the project after some two years of implementation. This evaluation covers the studies and institutional support elements of PAPS; PAPS also funds a Pre-investment Facility which was evaluated separately. The purpose of the evaluation is to identify how to maximize the development results of PAPS during the remaining two and half years of the project. In particular, the evaluation examines how PAPS

resources could be directed to accelerating the financing and implementation of infrastructure projects supported under the multi-lateral Philippines Assistance Program.

The major conclusion of the evaluation is that the development results of PAPS could be enhanced by concentrating its assistance on studies and design work which: a) finalizes or advances an on-going process of obtaining public financing for infrastructure projects, or b) results in proposals or bids from private investors for the construction and operation of infrastructure which provides a public service. Consequently, the evaluation strongly recommends that PAPS assistance which confirms or advances existing plans to finance infrastructure projects should be considered first in selecting future study topics funded by PAPS. Availability of or a commitment to project financing should be a determining "go/no go" criterion.

The evaluation also found that PAPS responds to a critical constraint to developing infrastructure projects in the Philippines. The country continues to lack sufficient resources to fund studies and design work needed for project formulation, impeding the financing of major infrastructure projects nationwide. PAPS is one of the few sources of **grant funding** available to the Philippines for this work. Moveover, the project has disbursed more quickly than initially anticipated, reflecting the utility of this assistance and the size of the studies undertaken. **If focused on studies critical to obtaining project financing, additional funding for studies is warranted - i.e., the project should be amended to increase its study budget.**

The evaluation was conducted over a four week period and is based on secondary documents from project files and interviews concerning the PAPS implementation process and the utility of its outputs and assistance. Annex 1 contains the evaluation Scope of Work. Interviews were held with representatives from three main groups knowledgeable about PAPS: a) sponsoring GOP agencies who proposed the study or were assigned implementation responsibility, b) donor organizations who are potential sources of funding for the projects under study, and c) local government and private sector organizations who proposed a PAPS-funded study. The interviews focused primarily on assessing the operations and utility of PAPS and the three groups of interviewees provided differing perspectives and insights on the performance of PAPS to date.

The evaluation team consisted of a local consulting engineer and a project management and evaluation specialist, who jointly prepared the evaluation report, and the USAID project manager for PAPS who worked with the two other team members during their round of interviewing.

SECTION 2: PAPS-FUNDED STUDIES

The following project studies, plans and analyses have been completed with PAPS funding (the cost of study and current funding status of the project are stated in the parentheses):

1. Bicol Circumferential Road ($178,000 - none)
2. GSC Telecommunications ($24,800 - DOTC's NTP Tranch 1-3)
3. GSC Airport Project ($790,000 - funded under MDP)
4. Makar Wharf Project ($769,000 - funded under MDP)
5. Aurora Roads Project ($487,000 - World Bank funding proposed)
6. GSC Water Supply & Wastewater System ($350,000 - ADB funding proposed for the water supply system)
7. CDO-Iligan Airport ($600,500 - none)
8. Industrial Master Plan for the CDO-Iligan Corridor ($749,000 - being marketed, no funding thus far)
9. CDO Water Supply & Wastewater System ($616,000 - ADB funding proposed for water supply, no firm commitment)
10. San Fernando Airport ($169,090 - none)
11. Manila Grains Terminal ($330,700 - potential BOT)
12. Energy Buy-Back ($143,000 - no funding implications)
13. BOT Planning Technical Assistance to CCPAP ($80,000)

2.1. Technical Soundness of the Completed Studies

The evaluation reviewed the completed studies and interviewed knowledgeable individuals about their assessment of the technical soundness of the completed studies. Standard frameworks or methodologies for the technical analysis were generally adopted for the studies, e.g., analysis of existing conditions, analysis of demand versus supply gap and projections, identification and analysis of technical alternatives and identification of the best alternative. The proposals submitted by LBII and WSA were reviewed by CCPAP, USAID and, in some cases, by the technical staff of the sponsoring agency, NEDA and DENR. The technical soundness of the studies was also part of the preliminary discussions held during the implementation of some studies and again at the draft report stage. The technical and engineering quality of the studies were generally reported to be sound.

The number of times the methodologies used by the studies were reviewed varies by project, but in most cases, these reviews occurred several times and were carefully conducted. For example, although the USAID program economists recommended correcting deficiencies in the economic analysis of the General Santos Airport study at the preliminary and subsequent report stages, the study team did not respond adequately to these issues. Consequently, this required conducting a second analysis at a cost of $25,000. Using a different methodology, the second analysis confirmed the economic soundness of the project, leading to a USAID decision to fund the project.

An interesting observation made by the head of the Cagayan de Oro Water district is that the PAPS studies can carry out analyses and tests which donor agencies tend to find more credible than if local staff were to perform the same work.

Regarding the environmental impact analyses covered by the studies, EMB/DENR reported that these assessments were thorough and generally well done, particularly with respect to the scoping sessions involving local communities. In fact, EMB staff mentioned that most of the reports exceeded their standards for environmental assessment of the various alternative schemes.

- Conclusions:

The technical quality of the completed studies was reviewed several times during the course of the study and, with two exceptions, were generally perceived as satisfactory and useful to the sponsoring agencies. The quality of the studies reflects the fielding of well qualified consultants in most cases.

- Recommendation:

Given that the majority of the studies generally met acceptable technical standards, no recommendation for changes concerning the technical aspects of the studies per se are necessary. Recommendations covering the development of Terms of Reference and selection of contractors should further strengthen the technical quality and credibility of PAPS studies.

2.2 Study Process

The evaluation reviewed the process of PAPS funding of studies from the submission of proposals to CCPAP to the completion and follow-up of the completed study. The following section divides this process into three major stages, summarizes the process and notes where improvement is needed.

2.2.1 Proposal and Screening Stage

a) Generation of Project Proposals and Coordination with Appropriate Agencies.

- Findings:

A proposal from a sponsoring agency initiates the review process for funding through CCPAP. The proposing agency's proposal includes a project description and summary analysis, the tentative Terms of Reference (TOR) for the study, the estimated level of effort, time schedule and cost estimates. Based on the information submitted by the agency, CCPAP determines the eligibility of the proposals using evaluation criteria

established by the PAPS project paper (see Annex 3 for the evaluation criteria used). After CCPAP's review of the proposal and investigations with other appropriate GOP agencies concerning the project's consistency with sectoral development plans, the proposal is submitted to USAID for funding. No sponsoring agency reported that the review and selection process took too long, implying adequate and timely operation.

Proposals emanate from various sources, including local government units, Regional Development Councils, line implementing agencies, congressmen and the private sector. The route by which they reach CCPAP for funding consideration also varies. For example, private sector initiated proposals (i.e., Cagayan de Oro-Iligan Corridor Master Plan and the Philippine Prawn Policy Study) were directed to DTI which then sponsored and endorsed the proposals to CCPAP.

In the cases of the General Santos Airport and the Makar Wharf, the projects were proposed by the local government directly to USAID which then endorsed the projects to CCPAP. Both of these studies were identified as potential projects under the Mindanao Development Project (MDP). The PAPS funded the studies while the MDP was being finalized to expedite work on these projects.

CCPAP received other study proposals via NEDA or line implementing agencies, particularly DPWH. Upon receiving these proposals, CCPAP validates the priority of these proposals based on the Medium-Term Public Investment Program, Medium-Term TechnicaL Assistance Program, and "master plans" of the appropriate implementing agencies. Once a proposal qualifies for PAP funding, CCPAP then assigns an appropriate sponsoring agency.

The evaluation found that the diversity of sources and channels for study proposals complicates coordination problem among GOP agencies. In some cases (e.g., Cagayan de Oro Airport and the San Fernando Airport), studies are proposed and sponsored by agencies and organizations which are not the ultimate implementors of the projects. Though CCPAP attempts to coordinate with the appropriate implementing agency, this can be a very complicated process which sometimes interferes with smooth coordination among all parties. For example, the San Fernando Airport proposed by DOT is part of its Tourism Master Plan and is included in the MTPIP 1990-94. However, it was not part of DOTC's Aviation Master Plan, though DOTC endorsed the study.

Similarly, coordination problems diminished the utility of the OEA Energy Buy-Back Policy study whose target user was NPC. OEA initiated the project with the intention of influencing NPC policy on buy-back arrangements. OEA acted as the sponsoring agency and worked with CCPAP on study coordination. Though NPC was consulted on the terms of reference and briefed during the

study, NPC rejected the results of the work because of the study team composition and failure to include NPC as a co-sponsor.

The current screening process does not consistently include meetings with donor agencies or with potential private investors (or even expressions of interest from potential investors) on their interest in financing the project. Several ADB and OECF staff believed this should be a standard practice. For example, CCPAP should know whether a proposed project is included in the ADB Country Operational Program Plan. Some overlap between program and project planning studies is probably inescapable. However, not meeting with donors in advance of study selection has reportedly led to some redundancy. For example, the roads covered by the Cagayan - Iligan Master Plan were reported by ADB staff as duplicative of completed work and reportedly added little new information on road conditions. OECF only heard of the Cagayan - Iligan Master Plan on receiving a completed copy of the final report.

- Conclusions:

The generation of proposals from various sources and through various channels has complicated coordination of activities among CCPAP, the proponent/sponsoring agency, implementing agencies and central oversight agencies. In some cases, coordination appears to have broken down despite CCPAP's best intentions and efforts. Weak coordination accounts for implementing or executing agencies lacking interest and support for projects which have not been identified or proposed by them. Consequently, they have been reluctant to include such projects in their respective investment programs and do not aggressively seek funding for some of these projects. Better coordination with donor agencies and potential private sector investors for BOT/BOO projects is necessary.

Recommendations:

- For ODA financed projects, PAPS should only fund studies for projects which are priorities of and sponsored by the implementing agencies. CCPAP's proposal screening process should assure this happens routinely.

- The sponsoring and/or implementing agencies should assign a contact person to be the liaison for study coordination and **these individuals should devote adequate time and attention** to the study from development of the terms of reference through to the finalization and follow-up on the study results.

- The proposing or sponsoring agencies need to explore the potential for project financing with the donor agencies or possible private sector investors for BOT/BOO prior to study proposal. CCPAP should confirm such expressions of interest or financing commitments.

b) Screening and Selection Criteria

Findings:

CCPAP uses evaluation criteria for its review of proposals established by the PAPS project paper (see Annex 3). These criteria are supposed to set objective standards for study selection. However, they are actually open to very subjective interpretation in some instances and are not very good "filters" for selecting "high-priority" projects in others. For example, the economic growth criterion is : "the project to be studied should, if implemented, contribute directly to national and regional growth." This is a very general statement which would disqualify very few projects for funding.

The location criterion and its discussion in the project paper are ambiguous. The location criterion in the project states that "...the project to be analyzed should focus particularly, but not exclusively, on areas outside the NCR." The project paper also states that "the beneficiaries of the project are Filipino people especially in areas outside the NCR" and further that "the investments generated (will be) for Filipinos located in targeted economic development areas." The focus on areas outside of the NCR and on economic development zones is reiterated in CCPAP's selection criteria. Except for the BOT projects, all PAPS funded studies are for projects located outside of the NCR. However, out of ten completed and ongoing studies, only five projects are located in identified economic development zones.

The project paper did not make project financing a critical "go/no go" factor in study selection, treating it as just one among sixteen primary and secondary selection criteria. However, the financing criterion used for study selection is not a rigorous test for project financing by the government, donor agencies or the private sector. The selection criterion only requires that "there is reasonable likelihood of project financing." This statement has been used loosely in the screening process. For example, in the case of the Bicol Roads Project, CCPAP accepted DPWH's assurance to "endeavor to include the above mentioned project in the future projects for financial assistance from external sources."

Financing also appears in the secondary criteria which states that "a project with identifiable financing should be given greater priority." Financing is only assigned a relative weight of five points out of a total of one hundred in the evaluation of proposals. Out of the ten studies mentioned above, only two projects, e.g., General Santos Airport Project and the Makar Wharf Project, which are components of the USAID funded Mindanao Development Project, had identified and confirmed financing. For the other studies, GOP agencies provided statements to the effect that financing was available or could be obtained. In

short, determining "reasonable likelihood of financing" can be very judgmental.

Weaknesses are evident in the other selection criteria. As a result, there is a disconnection between the PAPS overall objective of funding high-priority projects under the PAP and several of the studies selected, e.g., the Energy Buy-Back study, the proposed Prawn Industry study. The problem stems from differing notions of "high priority" among GOP agencies and levels of government. For example, projects such as the Cagayan de Oro and General Santos Wastewater Collection, Treatment and Disposal Systems are high priority projects for the local governments who proposed the studies. LWUA staff reported that these were not priority projects, even though the studies were initially endorsed by LWUA senior management. The Bicol Circumferential Roads Project was in response to queries from area Congressmen and included many non-priority (to DPWH) road segments; and the San Fernando Airport is not in DOTC's Aviation Master Plan but is part of DOT's (the proposing agency) Tourism Master Plan.

- Conclusions:

The set of criteria used for study selection does not effectively screen for high-priority projects. Operationalizing certain criteria, e.g., financing, has not been sufficiently rigorous, nor have the criteria given priority to projects in the economic growth areas. What priority these zones should be given is even unclear. With the existing selection mechanism, PAPS could end up funding a number of projects which are not being financed through the public or private sectors. Given the finite "shelf life" of these projects, inordinate delays between study completion and financing could become problematic, e.g., the study needs to be repeated because conditions have changed.

- Recommendations:

- CCPAP should revise its selection criteria to consider only projects with strong financing commitment so that funding and implementation are better assured when studies are successfully completed.

- Only those projects which have established a funding source should be considered for **design** studies.

- Projects which have an identified financing source but require further planning to obtain a commitment for funding should be considered for **feasibility** studies.

- Projects potentially eligible for funding through public or private channels, but where funding commitments are not clear should be limited to **pre-feasibility** studies;

- Priority should be given to projects in the pipeline of donor agencies which only require feasibility studies or detailed design or engineering studies to obtain financing; and

- Projects which have a high probability of BOT/BOO financing should be a priority category for PAPS funding.

2.2.2 Pre-Implementation Stage

Once a project is found eligible for PAPS funding, CCPAP, assisted by the in-house contractor, prepares the TOR and provides advance copies to the sponsoring agency and USAID for review and comment. Other government agencies are usually consulted, particularly those with oversight, coordination and project approval responsibilities, e.g., NEDA/ICC and DENR/EMB.

With USAID approval of a proposal, the TOR is finalized and submitted as a delivery order to the study contractor. The study contractor reviews the TOR and submits to USAID the technical personnel biodata, level of effort, budget, schedule, etc. USAID submits the documents to CCPAP for review and concurrence prior to USAID's issuance of an order to proceed. CCPAP has responsibility for overall coordination at this stage.

a) Role of CCPAP, USAID and the Sponsoring Agencies and Other Institutions in the Preparation and Finalization of the Terms of Reference.

- Findings:

Two issues are central at this part of the study process: the quality of the TORs being developed through CCPAP and coordination among the various interested parties in the study.

The TORs developed through the CCPAP mechanism tended to be excessively long and included items which were not needed to meet the basic requirements of the study. LBII and WSA both reported that most of the TORs were extremely detailed (about 30 pages or more) and excessive with respect to the duration and level of effort proposed for the study. Other TORs reflected inadequate preparation and/or careful review by the CCPAP in-house contractor. For example, the TOR for the Bicol Circumferential Roads Project covered sixty-six road sections or about 1,000 kilometers. However, an initial survey by LBII determined that some of the road sections are in good condition, some are already covered under existing donor funded programs and others should be excluded because these will have adverse environmental impacts. More recently, WSA has assisted CCPAP and USAID in developing the scope for the Manila-Bataan Highway BOT study to fill for the temporary lack of in-house consultants.

Coordination with the appropriate implementing agencies is central to producing a generally satisfactory TOR. Several sponsoring agencies expressed satisfaction on the extent of consultation done by CCPAP in the preparation of the TOR. Other non-sponsoring agencies expressed dissatisfaction.

For example, LWUA reported that their views were not seriously considered in the case of the Water Supply and Wastewater Collection, Treatment and Disposal System in Cagayan de Oro and General Santos. They believed that the studies should have included groundwater exploration and that the study period was too short for the consultant to accomplish that work. They also believe that the wastewater component was not appropriate at this stage since priority should first be given to water supply. A wastewater component would substantially increase user charges, exceeding the consumers' ability or willingness to pay. On the other hand, the former Administrator of LWUA had endorsed these studies. Other agencies (DOTC, LWUA and PPA) also felt that the duration of their studies was too short.

The CCPAP staff reported that they do distribute copies of the TOR to the sponsoring agencies for their review and comment. Meetings are scheduled to discuss their comments and suggestions so that these can be incorporated in the TOR. However, some agency representatives, particularly LWUA staff, reportedly failed to respond or even attend study meetings. A further complicating factor for CCPAP is that the priorities of agencies change as it's leadership changes.

- Conclusions:

Greater consultation and coordination are needed to address the above problems. For CCPAP's part, it plays a critical role at this point in the study process, but one which can be a thankless task because they are never going to be able to please all interested parties all of the time. However, every special interest simply cannot be included in each TOR. It is understandable that the sponsoring agency wants to get as much mileage as it can out of each study, but lines have to drawn at certain points regarding what is necessary for the study given the project's stage of development. CCPAP's limited staffing contributes to coordination problems, but so too does the apparent lack of adequate participation (for whatever reason) in the process by certain designated sponsoring agencies.

The requirements to initiate a delivery order to the study contractor needs re-consideration. Thirty or more pages of excessively detailed specifications and requirements is probably overkill. An alternative would be to provide a four to five page statement of main issues, methods and analyses which would be developed in the contractor's proposal. This would reduce the demands placed on CCPAP and other agencies and make better use of

the technical capabilities of the study contractors. However, this will only be possible if this "abbreviated" TOR is carefully prepared and includes the critical elements, i.e., specific issues, methods, etc. This apparently has not been the case in the past, but should be an important responsibility for the new in-house contractor.

- Recommendations:

- The TOR preparation process should assure participation by appropriate - i.e., non-sponsoring as well as sponsoring - agencies and should be a priority responsibility for CCPAP's in-house contractor.

- A simplified TOR used for delivery orders to the study contractors should be a basic statement of key issues, methods and analyses to be covered by the study.

b) Involvement of Sponsoring Agencies in the Selection of Consultants to be Fielded by Contractors.

- Findings:

In our interviews, most agencies claimed that they were not consulted in the selection of consultants assigned to the study. For most studies, this has apparently has not been problematic. But for studies which have resulted in substantial controversy, study team selection appears to have been a contributing factor. Regarding the San Fernando Airport study, for example, DOT strongly believes that they should have been consulted on the selection of contractors, that they would not have selected the consultants fielded for the San Fernando airport were and the final report is seriously flawed. (The contractor - WSA - disagrees with this assessment and has provided documentation supporting the results of the study and its compliance with the TOR). PPA also expressed strong dissatisfaction over the performance of the WSA team leader for the Bulk Handling Facilities Project and has not accepted the results of the revised preliminary report.

In the case of OEA's Energy Buy-Back Policy Study, OEA intended to influence NPC's policy and procedures for energy buy-back arrangements. However, NPC was not consulted on the composition of the study team. The team was technically qualified, but MERALCO personnel were included which discredited the study from NPC's position (MERALCO is a potential major seller of power to NPC and consultants associates with MERALCO were viewed by NPC as not objective). This diminished the results of the study.

- Conclusions:

Sponsoring agencies and other appropriate agencies need to be routinely involved in the screening and approval of consultants proposed for their studies.

- Recommendations:

- CCPAP and the sponsoring agency should assure that all the appropriate agencies (i.e., not just the sponsoring agency) are consulted on the selection of consultants proposed for the study team.

2.2.3 Study Implementation Stage

Upon receipt of the Order to Proceed, the study contractor mobilizes the project team. The team is expected to hold organizational meetings and coordinate closely with the appropriate agencies, CCPAP and USAID throughout the duration of the study.

- Findings:

The coordination process during the course of the implementation of the studies received high marks from the regional and local government offices, and local organizations in the case of the Cagayan - Iligan Corridor Master Plan and Airport Study; the Cagayan Water Supply and Wastewater Collection, Treatment and Disposal System; General Santos Airport Study and the General Santos Water Supply and Wastewater Collection, Treatment and Disposal System. Extensive consultations were conducted at the local level, including a series of environmental scoping sessions with the local community leaders to solicit reactions on the proposed projects.

CCPAP's efforts with respect to the Cagayan - Iligan Master Plan Study were highly commended by DTI, especially since the activities involved the coordination of the efforts of the national and local government units and private sector groups, e.g., Oro Chamber of Commerce. CCPAP makes a concerted effort to assure coordination between the study team and the appropriate agencies, even when these agencies sometimes fail to participate adequately in the process. Study reports are reviewed at three points in the study process in sessions organized by CCPAP with the appropriate agencies.

However, DOTC and LWUA, for example, asserted that better coordination during the study process was needed. In these cases, they claimed draft reports were submitted to them for comment near the end of the study period. (On the other hand, LWUA staff are reported to have failed to attend review meetings). DPWH and OEA indicated they would have preferred a

closer working relationship with the consultants during the study. Both agencies would have preferred their staff to be part of the study team to contribute to the final product and to acquire technical skills.

At the negative end of the spectrum, DOT was highly critical of project coordination for the San Fernando airport. They strongly disagreed with the outcome of the study, claiming the report did not respond to the TOR. (However, the contractor for the study - WSA - defends its work and the report's compliance with the TOR, noting that DOTC commended them for the quality of the study.)

In the Bulk Handling Facilities Project, PPA reported an alarming lack of coordination between the consultant and PPA. After the gathering data from PPA, the team leader did not return to PPA for further consultations and discussions. The consultant claimed that the duration for the conduct of the study was too short for periodic meetings. Most disturbing was the team leader's unwillingness to met a critical requirement of the TOR. WSA removed the team leader after submitting an unacceptable preliminary report.

- Conclusions:

Insufficient coordination and interaction between sponsoring agency staff and study teams during the implementation of the study, in several cases, led to fundamental disagreements on study methods and results. In general, the acceptability of the studies are diminished whenever conflicts such as these arise between the sponsoring agency and the consultant team. In some studies, closer interaction and even participation by the staff of the sponsoring agency in the study would have been welcomed.

- Recommendations:

- All future TORs should specify the working relationship expected between the sponsoring agency and the consultant team, recognizing time and budget implications of this relationship when it involves on-the-job training of staff from the sponsoring agency.

- The study contractors should be required to prepare a work plan which specifies milestone activities when interim reviews will be held and hold **weekly** meetings with sponsoring agencies on work progress.

Section 3: Financing Status of Projects Receiving PAPS Study Funding

- Findings:

Fourteen major studies have been completed using PAPS funding to date. The purpose of these studies, according to the project paper, is "...to assist the Philippines develop and implement (sic) high-priority development projects under the Philippine Assistance Program." Nowhere in the project paper is the connection between the studies selected for funding the financing of those projects for implementation discussed. It appears that the assumption was that "high-priority" projects also implied high-priority for funding either through public channels, such as development banks or bilateral assistance programs, or though the private sector. This assumption appears to be overly generous.

As noted in earlier sections of the report, CCPAP does include financing as a criterion in its selection of studies for funding. However, the rigor of this screening is questionable. According to PAPS project staff, the pressure "to do something" once PAPS resources were available was substantial, and very understandable. Several individuals interviewed pointed to this pressure to act quickly as working against more careful consideration of project financing in study selection.

Two of the studies - The General Santos airport and the Makar Wharf - essentially finalized USAID's decision to fund these projects under the Mindanao Development Program (MDP). USAID had earlier identified these projects as ones which were of high priority to the local government and the business community of the General Santos area. PAPS funding of the studies was very helpful in furthering plans for these projects and in keeping work going on them while the MDP was being finalized. Certainly a negative finding of the studies could have side-tracked these projects, but USAID already had a definite interest in financing these projects.

Other studies have resulted in some forthcoming commitments from ADB (i.e., water systems in General Santos) and World Bank (i.e., the main arterial section of the Aurora roads study). The Manila Grains Terminal is being developed as a BOT financed project and others are being examined for similar financing approaches. Others have led to only tentative expressions of interest, in particular, the Bicol roads study. Statements that projects will be funded on regular Department are not very encouraging with respect to their speedy implementation. For example, if the San Fernando airport is financed through DOTC regular budget resources, it is estimated that it would take at least ten years to complete the project once it is started (that starting date is also undetermined).

PAPS included funding for studies of policy, sectoral or industry-specific issues affecting infrastructure development. However, from the perspective of funding studies which lead to stronger commitments of project financing, it is unclear how such financing will be facilitated by the Energy Buy-Back and Prawn Industries studies.

Several of the studied projects have no firm expressions of interest from donor agencies or the private sector at this time. This includes the Cagayan - Iligan and San Fernando airports, the waste water components of the General Santos and Cagayan de Oro water systems studies, and sections of the Bicol and Aurora roads studies. The utility of the Cagayan - Iligan master plan in the near-term (i.e., the next several years) is also highly questionable because of the severe power problems in the area. Until the power problem is resolved, those interviewed about the plan believed that it will be very difficult to attract investors. On the other hand, the master plan was only completed roughly eight months ago and marketing efforts are currently underway which might lead to project financing.

Though it is very difficult to fix an exact cost for these projects, close to $2 million could be attributed to studies or study components where financing appears problematic or unlikely in the near-term, i.e., over the next several years.

- Conclusions:

Though recognized as one among sixteen criteria for study selection, the probability of obtaining project financing was not given sufficient importance in the project paper nor in the initial stages of PAPS implementation. CCPAP and USAID are cognizant of the undesirable possibility that PAPS could generate a pile of well-studied but unfunded project ideas. The argument that "things move slowly in the Philippines" and that expectations of obtaining project funding in the near-term are unrealistic begs the question of what PAPS was intended to do. The "shelf-life" of project feasibility studies is not indefinite. Projects which take several or more years to obtain funding commitments are likely to need yet more studies prior to obtaining financing. In short, the financing issue of projects selected for study needs to be given a much higher priority in future PAPS operations.

- Recommendations:

- Stronger criteria for defining "financing commitment" should be developed. This should include written confirmation from the development banks or bilateral agencies of a proposed project's suitability for funding under an existing or upcoming loan and the need for further study to solidify this financing commitment by the bank or donor agency

- Preliminary market research/investigation on the private sector interest and capacity for financing proposed BOT/BOO projects should be a standard element of BOT/BOO studies. The results should be presented at the preliminary report stage prior to substantial investment of PAPS funds in further work.

- Pre-study investigation of project financing possibilities should be the responsibility of the sponsoring agency; initial investigations of financing sources should not be a CCPAP responsibility. The in-house consultants of CCPAP, however, should provide assistance and re-affirm financing possibilities with the sponsoring agencies prior to final decisions on study funding.

SECTION 4. PAPS ASSISTANCE TO CCPAP OPERATIONS

In addition to funding feasibility and design studies, PAPS provides some $4.95 million in operational support to CCPAP. This includes $4.66 million for U.S.-sourced, in-house technical assistance supplying both U.S. and local technical advisors. Smaller technical assistance contracts have also been funded with the Asia Institute of Management (AIM) and the Center for Research and Communications (CRC). Unlike other technical assistance contracts which help train and strengthen an organization's staff, these contracts provide staff for CCPAP. This section reviews functions which PAPS has assisted CCPAP to perform over the past two years through the provision of technical assistance.

4.1 CCPAP Direction and Staffing

- Findings: A governing board directs CCPAP consisting of the heads of twelve government line Departments, the Cabinet Secretary, Central Bank Governor, heads of the Congressional Houses and four representatives from the private sector. The board is assisted by a Secretariat, i.e., CCPAP staff, headed by the CCPAP Executive Director. The Office of Executive Director consists of the Deputy Executive Director, Executive Assistant and two administrative support staff.

The CCPAP Secretariat contains four operations groups and two support groups as follows (numbers in parentheses are approved positions but not necessarily filled):

- **Operations Group (30)**
  - Philippine Assistance Program Support Project Group (6)
  - Project Facilitation Group (5)
  - External Relations and Public Information Group (8)
  - Private Sector Development Group (11)

- **Support Group (29)**
  - Management Information System (6)
  - Administrative Group (23)

These staffing numbers are somewhat misleading. At present, CCPAP has a total of forty-four staff, consisting of twenty-professional level technical staff and twenty-four support staff. Initially, professional level staff were all contractors simply to get the CCPAP operation moving as quickly as possible. Over time, these positions would be staffed by regular government employees, converting contract staff to direct hires. However, this has generally not occurred and most professional staff responsible for the day-to-day operations of CCPAP are contract employees. The GOP's budget limitations over the past several years has complicated this conversion process.

The indefinite future of CCPAP, i.e., does it continue to exist after the original five year period of the PAP is completed and, if so, in what form, has also been a factor affecting CCPAP's staffing arrangements. Serious thought has been given to this important issue. A recent Congressional study strongly recommended institutionalizing CCPAP and its coordination and facilitation functions while re-defining NEDA's role as largely national development program planning.

In last year's GOP budgeting process, CCPAP submitted a staffing plan and budget which would begin to fill the designated positions; however, this plan did not receive funding. Consequently, in the Operations Group, only seventeen of the thirty designated positions have been filled. Contractual employees routinely perform regular government employee functions as opposed to more typical technical assistance assignments.

CCPAP's professional level staffing seems to be "paper thin". After the top person in each group, staff tend to be too junior to carry out CCPAP's inter-agency and inter-donor coordination functions. Moveover, staff are pulled off their regular assignments to work on urgent high priority activities; the Subic Base conversion plan is a recent example. Consequently, other duties simply cannot be performed.

The PAPS Project Group illustrates the staffing situation. Six positions are designated for the group, five have been filled but two of those staff have been assigned other duties. The remaining three staff are responsible for proposal review; coordination with proponent agencies, other GOP agencies and USAID; quality control on TORs and study products,; and coordination with other donors. The Project Facilitation Group (PFG) sometimes assists sometimes by Project Group with donor coordination. In addition to these functions, the group is also tasked with other assignments as the need arises.

As noted in Section 2 on the study process, insufficient staffing adversely affects CCPAP's ability to perform its responsibilities. It appears that there are simply not enough experienced staff to follow-up on actions to assure coordination occurs consistently despite CCPAP's best intentions and efforts. For example, the head of the PAPS Project Group has primary responsibility for facilitating financing of projects studied under PAPS. He reports that at best, ten percent of his time can be devoted to project marketing, consisting largely of distributing finished reports to donor agencies. As one person interviewed described the situation, CCPAP is simply over-tasked and under-staffed.

The staffing problem continues to be a point of concern for CCPAP and USAID management. Local hire contract staff provided through the CCSC in-house contract have filled important positions in the

operations and support groups. To retain these staff as the contract neared termination, individuals were moved to other make-do contract arrangement, e.g., through CRC. To continue technical assistance for the CCPAP's BOT program, the previous BOT advisor, who had been provided via Louis Berger and then CCSC, could only be retained through a short-term USAID personal services contract. Continuity in keeping the same contractors on-board becomes very problematic under these conditions.

USAID has discussed the problem with CCPAP regarding the transition of contract to direct hire staff of the organization and the gradual phasing out of PAPS funding of contractors who are actually serving as regular CCPAP staff. With budget restrictions and uncertainty resulting from national elections, the issue has not been resolved.

- Conclusions:

Insufficient staffing in CCPAP is the principal factor which accounts for the bulk of the problems concerning coordination noted in connection with the implementation of PAPS-funded studies. The reverse side of the problem is that CCPAP assumes more functions than its current functions can be reasonably expected to perform proficiently. The most obvious example is marketing efforts to identify project financing for projects receiving PAPS study funding. This function should be the responsibility of the line department or local government unit proposing or sponsoring the project study. This again reflects the need for greater attention to project financing in the selection of projects for funding. Certainly, no additional functions, such as review and approval of BOT projects, can be added to CCPAP without additional staff and budget.

With the installation of the Ramos administration, it seems that this is an appropriate opportunity for the GOP to clarify its position on the future role of CCPAP. As the following section argues, CCPAP is providing much needed services and functions which other existing government agencies, NEDA in particular, are not or cannot address. If CCPAP is to continue, the GOP needs to make the necessary commitment to it in the form of staff and budget to institutionalize the organization. The tendency at present appears to be one of responding to the current priority as it comes along.

- Recommendations:

- CCPAP's future role in the GOP beyond 1994 should be clarified. If the organization is to continue, PAPS funding of CCPAP staff should be phased out with CCPAP funding its core staff with its own budgetary resources. If this occurs, any savings from contract staff budget, i.e., PAPS operational

support, should be re-allocated to the studies and BOT/BOO program budgets.

- CCPAP needs to assign staff to serve as counterparts for PAPS and the in-house contractors.

- If the future role of CCPAP is not clarified, then USAID should re-consider amending the study budget of PAPS.

- CCPAP's senior management (i.e., the Secretaries of GOP Departments) need to assure their agencies provide better support to augment the Secretariat's limited staff capabilities.

- CCPAP needs to identify those functions which it is currently attempting to perform but lacks sufficient staff to carry out proficiently, particularly project marketing, and eliminate those which can be assumed by other government agencies.

- CCPAP needs to develop an overall action plan to direct staff assignments and individual work assignments, and to communicate to other GOP agencies and donor agencies what types of activities it will undertake over the next year. It should regularize work assignments to a greater extent than it has in the past, recognizing that it needs to have flexibility to respond to urgent priorities as the arise.

4.2 CCPAP's Major Functions

- Findings:

As noted earlier, CCPAP performs a broad range of functions in connection with expediting funds available under the overall Philippine Assistance Program. The major categories of CCPAP operations include:

a) Monitoring and facilitation of foreign-assisted projects: Project implementation monitoring and the resolution of problems involving implementing agencies, central supervisory agencies and donors.

b) Project Preparation: Project studies and planning needed to obtain project financing, including management of the PAPS study funds.

c) PAP pledging sessions: Planning and organizing for the PAP pledging sessions, three to date.

d) Special Development Programs: Backstopping of programs developed in five areas where PAP resources are concentrated.

e) Agro-industrial Development Areas: Coordination with GOP agencies and the private sector packaging AIDA projects.

f) Build-Operate-Transfer Projects: Implementation of a program to promote the BOT/BOO approaches to infrastructure financing through nine selected demonstration projects.

In addition to these core functions, CCPAP has also been involved in helping to organizing earthquake damage relief, encouraging better environmental assessment with DENR, coordinating with House Representatives on submitting projects to NEDA for inclusion in its project pipeline and responding to other Congress requests concerning the development planning process.

The director of CCPAP also emphasizes the important role CCPAP plays in its work with the private sector, especially in regard to promoting private sector financing approaches for infrastructure development. Other GOP Departments or agencies simply lack the experience and/or orientation needed to work with the private sector on such projects.

With PAPS funding, CCPAP has recently completed the development and installation of a computerized data base (PROMS) on all on-going projects to monitor implementation progress. Line implementing Departments and central supervisory agencies have access to the data base. As the CCPAP Director noted, the data base is increasingly useful for decision making about the placement of new investments, e.g., in which sectors and in which areas of the country to accelerate the use of those funds. Sectors and geographic areas which are disbursing slowly can now be more quickly identified and attempts can be made to resolve implementation bottlenecks.

CCPAP also meets bi-monthly (with OECF), semi-annually (with ADB) or annually (with World Bank) to review project implementation using the data base. The OECF director was especially hopeful that the CCPAP will be able to expedite project implementation on the basis of these reviews. CCPAP has been able to engage NEDA, DOF and other agencies involved with identified implementation delays. Inter-agency coordination appears to be a potentially significant role CCPAP plays.

The BOT/BOO initiative was an important undertaking by CCPAP and highly responsive to new GOP priority. This initiative was not anticipated in the planning of PAPS, but it is certainly consistent with the project's purpose. The importance of finding private sector approaches to financing infrastructure and public services grew increasingly urgent as GOP counterpart funding for donor-assisted project became ever more scarce. PAPS provided funding for: a) planning a BOT/BOO program by which CCPAP could develop, test and forward these financing approaches; b) a major training session involving private sector and government

representatives to clarify understanding of these approaches; c) technical assistance to CCPAP to develop its program.

The evaluation team was informed that the training sessions were very effective, heightening awareness within government and the private sector. One NEDA official reported she is using the training to educate local government officials about this financing approach. To date, one of the nine BOT/BOO demonstration projects - the Cabanatuan bus station - is reported to be close to awarding the contract. The General Santos Agro-processing Center has been bid and is under negotiation.

The BOT/BOO demonstration projects should clarify where BOT/BOO approaches are applicable and where they are not. This process is already underway, e.g., smaller scale infrastructure within the capabilities of existing construction firms, like the bus station, which has a well-established market serving a local community. Major infrastructure projects involving very large investments which are economically viable but financially high risk activities will probably be less "BOT-able" and will continue to rely on donor funding for the foreseeable future. Further work on the demonstration projects, and others as they are identified, will help to determine which types of projects are most suitable for BOT/BOO in the Philippines within the next year or so.

BOT/BOO has received considerable attention and high priority with PAPS assistance over the past year in CCPAP. This is understandable given the GOP's fiscal situation and country's dire need for infrastructure development. However, the excitement and enthusiasm for BOT/BOO may be leading to some misperceptions about PAPS funding priorities. The evaluation team was informed by different sources that CCPAP would henceforth consider only BOT/BOO projects funding. That is certainly not USAID's understanding of its assistance to CCPAP or the PAPS project.

- Conclusions: The evaluation obtained ample information to conclude that CCPAP is performing needed and useful functions that other government agencies do not or cannot provide. It is important at this point for the GOP to clarify CCPAP's future role in government operations. In particular, the distinction between CCPAP's responsibilities and those of NEDA should be made crystal clear. The recommendation of the recent Congressional study of the PAP seems very sound.

As potentially promising as BOT/BOO approaches might prove to be addressing the country's infrastructure requirements, BOT/BOO is unlikely to be a panacea for solving all infrastructure problems. The BOT/BOO effort could also be set back significantly if it gets mired early on in very difficult, complicated projects where impediments to BOT/BOO financing seem intractable. The large

toll road projects, involving such thorny issues as right-of-way, might be one example. Constraints imposed on BOT/BOO approaches due to such factors as relatively underdeveloped domestic financial markets, limited public financing options and uncertainty in legal codes regarding contract enforcement need to temper the direction and emphasis of CCPAP's program as it moves ahead.

A more cautious approach in using PAPS funds for BOT/BOO project development, therefore, seems prudent at this point. This would involve gaining experience with those projects which seem most likely to succeed via BOT/BOO, such as the bus terminals, other municipal infrastructure and perhaps industrial estates, and avoiding those which are less suitable for BOT/BOO approaches at present.

-Recommendations:

- CCPAP and donor agencies should encourage the GOP to clarify the role and future of CCPAP in the GOP structure. Donors should make clear their perceptions that CCPAP is performing important and **additional, not duplicative,** services and functions. Assuming CCPAP is to continue beyond the current PAP time frame, the responsibilities of CCPAP vis-a-vis NEDA need to be clearly specified.

SECTION 5: PAPS TECHNICAL ASSISTANCE

PAPS current technical assistance consists of two main elements: a) consultants provided through Louis Berger International, Inc (LBII) and Wilber Smith Associates (WSA) to carry out the studies selected by CCPAP, and b) in-house advisor to CCPAP provided initially by Construction Control Services Corporation (CCSC) which will be replaced by Price Waterhouse for the remainder of the project. This section reviews the performance of these contractors and the utility of their technical assistance to CCPAP and the PAPS project.

5.1 Technical Assistance for PAPS Studies

- Findings

LBII and WSA were selected through A.I.D.'s standard competitive contracting procedures to provide consultant services needed for the studies and planning work funded by PAPS. The cost-reimbursable contracts established a maximum "level-of-effort", i.e., bill-able workdays charged against the contract up to a fixed budget ceiling. As described in Section 2, CCPAP, assisted by its in-house contractor and with inputs from the appropriate GOP agencies and USAID, prepares the Terms of Reference (TOR) for a delivery order to either LBII or WSA. Assignment of delivery orders are assigned on an alternating basis to the contractor (i.e., one to LBII, the next to WSA). The contractor then prepares a technical proposal in response to the delivery order and identifies qualified individuals for the assignment. In effect, the LBII and WSA contracts operate much like A.I.D.'s Indefinite Quantity Contract (IQC) with the major difference that the contracts include the costs of a Manila office to manage the process and supervise the consultants' work under the delivery orders.

Initially, the same level of usage of the LBII and WSA contracts was planned. To date, however, LBII has been assigned work totalling $4,132,500 through PAPS delivery orders; WSA has received $1,902,790 worth of work. This difference is in large part due to the following:

a) the average project study cost of LBII is some 28.4% greater than WSA average project study cost;

b) one major project (the National Roads study) initially assigned to WSA being terminated at the proposal stage (WSA's cost proposal was significantly higher than estimated and the USAID project officer used this to augment other reasons to terminate a proposed activity that seemed of questionable value);

c) WSA's desire to delay fielding a study team for the Cagayan - Iligan airport (to use the same staff that were working on the GSC airport) which USAID and CCPAP wanted to expedite and, therefore, re-assigned to LBII.

Concerning overall contract execution and performance, the fact that the contracts' scope of work for LBII and WSA are essentially identical, a comparison between the two firms is possible. According to USAID staff, the difference between the firms is reflected across a broad range of activities, including the time to respond to proposals, the number of meetings needed to negotiated and finalize the delivery orders (consistently more for WSA than LBII), use of support staff to expedite tasks, and even timely submission of monthly progress reports (LBII's have rarely been late, whereas WSA's have been months late).

LBII appears to understand the contracting mechanism better and the need to respond quickly and effectively under the contract. This is reflected in the staff levels of the two firms for the Manila office operations - LBII is operations are consistently larger WSA's. This reflects the greater volume of work moving through LBII, but it also appears to show LBII's more effective use of local staff to prepare proposals quickly and thoroughly **with attention to the interests of the sponsoring agency.** These resources were made available to both firms to accelerate project implementation. It is noted that WSA finally recognized this shortcoming in July 1992 and has made a request to USAID to increase its staff to be able to respond more effectively.

The evaluation team was informed by USAID and CCPAP that, in comparison to LBII, WSA is perceived as having been less able to respond to the interests of certain agencies. This evident from the issues raised on some of WSA's more controversial project studies. WSA perhaps tends to be more mechanical in strictly adhering to the exact letter of their TOR when some professional judgement and flexibility would have been appropriate. In response, WSA claims it has produced technically sound products, confirmed by the acceptance of completed studies by USAID, CCPAP and sponsoring agencies. Nor should it be assumed that criticisms of WSA's work in certain instances applies to all of its completed and on-going work. For example, the Grain Handling Facility was very well received. What is difficult to account for is that the three controversial studies produced so far - San Fernando Airport, the Energy Buy-back study and Manila Bulk Handling - are WSA products. LBII has completed more work and has not encountered the same reaction to its products.

This difference is partially attributable to LBII consistently fielding consultants who appear to know how to operate very effectively in the Philippines context. This pattern was reaffirmed during the course of interviews; LBII was repeatedly cited as handling an assignment in a very collaborative manner,

encouraging participation and commentary throughout the study process. This was particularly the case at the local level regarding LBII's work in Cagayan de Oro and General Santos. On the other hand, the problems raised about WSA's work on the GSC airport (i.e., the economic analysis), Manila Bulk Handling (i.e., the BOT issue) and the Energy Buy-back study (i.e., team composition and use of the results by NPC) could possibly have been avoided with a more collaborative effort to assure that major issues were resolved before a report was delivered.

As noted earlier, coordination among various agencies with competing interests and satisfying such clients without compromising professional standards is no easy undertaking. Problems in this area cannot be solely attributed to an one actor or source. However, the difficulties WSA has encountered with several studies, when LBII has not, suggests the latter is managing the process more effectively.

This management ability may account in large part for the perception of LBII as being more responsive under the PAPS. USAID staff characterized LBII's more successful approach to assignments as providing consultative advisory services, much like short-term technical assistance assignments, in addition to the technical engineering content of the study. WSA has made similar efforts, but apparently these have not been as effective or systematic as LBII's given the perception of its performance to date by USAID and CCPAP.

WSA is aware of the increasingly troubled situation it confronts and is trying to respond. They have recently assigned a new project manager to the Manila Bulk Handling study who is more effective than his predecessor and they are concerned about resolving problems quickly. WSA's senior management has become involved and report they plan to strengthen the WSA office operations, implicitly acknowledging the past weakness in this area. Nonetheless, after three unacceptable reports (one inception and two preliminary reports) - an acceptable preliminary report is still outstanding as of 7/31/92. This may well be a test case for WSA to overcome CCPAP and USAID perceptions about its performance.

The situation is at a critical point - the Executive Director of CCPAP has written USAID about his dissatisfaction with WSA's performance, expressing his support for terminating their contract under PAPS. WSA has responded to and defended its work which it feels is being unfairly criticized. But such a statement by the principal counterpart for the project is very serious. It implies a loss of confidence in WSA within the GOP and certainly undermines the credibility of USAID support for the PAP program.

- Conclusions:

A composite picture of the performance of the two firms over the past two years indicates LBII has been more effective in working under the PAPS project. Merely producing a study which satisfies technical engineering standards in the abstract is not sufficient for accomplishing the objectives of PAPS. Success in this project requires working with the sponsoring agencies to come up with a final product that is technically sound and is attuned to the interests of many clients and end-users without compromising the professional standards of those conducting the study.

The difficulties WSA is encountering cannot be overlooked. It suggests something in WSA's operations or ability to respond under the PAPS contract is lacking. CCPAP's communication to USAID that it would support terminating the WSA contract is no small matter. With more than $3 million remaining in the WSA contract, this requires immediate action.

- Recommendations:

- If possible, LBII's current contract should be amended and increased by the maximum amount allowed by USAID contracting regulations to assure the project can respond quickly to new study requirements.

- CCPAP and USAID should monitor WSA's actions closely. In a worst-case scenario, if the situation continues or worsens, USAID should take immediate drastic action.

5.2 In-house Technical Assistance

In-house technical assistance was provided to CCPAP to strengthen its operations through provision of contracted local staff and through U.S.-sourced advisory services for the major studies component of PAPS and for CCPAP's overall operations. These services were provided by the Construction Control Services Corporation (CCSC) an 8-A firm specializing in engineering services, selected on a non-competitive basis. Under a $2.3 million contract, CCSC fielded two long-term U.S. consultants, a chief of party/senior engineer and an environmental specialist, and a Filipino senior project development officer. Four additional development specialists who functioned as middle-level staff in CCPAP were also hired through the CCSC contract. CCSC began work in June 1990, with the environmental specialist arriving in August 1990. The CCSC also provided short-term consultants, including three different BOT specialists.

By May of 1991, it was apparent to USAID and CCPAP that greater support for the BOT program was needed through the in-house consultant and that CCSC was not the right source for such

assistance. The decision was made to change contractors with the completion of CCSC's contract. The original completion date of CCSC's contract was December 1991. However, the contract was extended until March 30, 1992 through a no-cost time extension and a major reduction in staff. This was to assure at least some limited support for CCPAP's BOT activities until the new in-house consulting team arrived later in 1992.

The evaluation obtained a remarkably consistent assessment of CCSC's performance from all sources interviewed - USAID, CCPAP and others knowledgeable about the CCSC's role in the PAPS project - and from project files. Unfortunately, that assessment is overwhelmingly negative, particularly regarding the performance of the core staff fielded for the project. The inadequacies of the contractors' performance have important implications in that this involved **$2.3 million.**

Problems began from the very outset of the contract. None of three individuals CCSC initially proposed for long-term positions on the project were available after the contract was awarded. None of the long-term staff CCSC fielded were employees of the company, each was essentially hired "off the street". They were unfamiliar with CCSC operations and, with one exception, A.I.D. regulations and procedures, which impaired their performance. Backstopping by CCSC from the U.S. was also reported by USAID as very inadequate.

The first chief of party was replaced after just six months. Several sources characterized his performance as "low energy/low profile". The next chief of party was an improvement, but as a senior, experienced individual, he apparently was dissatisfied with working arrangements with CCPAP and USAID management. His involvement with project proposals outside of the scope of PAPS was also noted in project files as problematic. Others described the situation as CCSC advisors simply not being on top of the issues and helping CCPAP when they should have been doing so.

The environmental specialist was reported as providing useful assistance in assuring that studies and planning addressed environmental issues adequately. However, this person's apparent difficulty or inability to either understand the terms of his contract or A.I.D. regulations resulted in considerable wasted energy, time and strained working relations, diminishing his overall contribution.

As noted earlier, the Terms of Reference for the PAPS studies were often ill-prepared, poorly researched and entirely too broad in scope. LBII and WSA staff reported that they consistently had to make substantial changes to the TORs they received because of this poor preparation. Development of sound TORs was a principal responsibility of the CCSC team which it apparently failed to perform. A good example of this is the decision to limit the

water/waste water studies in General Santos and Cagayan de Oro to six months. Those interviewed about these studies complained that this was too little time to do the type of analysis needed. Avoiding fundamental errors of this sort was a major purpose of providing the in-house technical assistance. The lack of coordination noted at various points in the study/planning process also reflects very poorly on CCSC as in-house advisors to CCPAP.

This situation worsened with the fielding of CCSC's BOT specialist from June 1991 through January 1992. The basic problem was an apparent unwillingness or inability to focus work activities in such a way that tangible results could be identified and worked toward over the course of the assignment. Interviews and project files suggest a haphazard involvement in various activities, some of which were outside of the scope of PAPS. The team leader proved unable or unwilling to direct this individual's work. Meetings and discussions of project proposals with GOP senior officials without notification to the CCPAP director, promotion of proposals without thoroughly researching the ideas which later proved to be fruitless endeavors and making purportedly official announcements of impending actions by USAID **to the press without Mission clearance** occurred entirely too frequently. The real work resulting in tangible progress on BOT was being carried out by other individuals.

- Conclusion:

The CCSC contract is a sorry example of technical assistance of marginal utility. As a result of poor contractor performance, USAID project staff and CCPAP senior management were drawn into the day-to-day operations of the project to much greater extent than should have been the case. That PAPS has produced as many outputs as it has only suggests that the project moved ahead despite the in-house technical assistance rather than because of it. It appears that CCSC was simply the wrong firm to select for such a potentially important role in the project.

- Recommendations:

- A.I.D. needs to review its procedures for selecting 8-A firms with respect to their qualifications to take a lead role in providing management and advisory services particularly from firms which principally provide technical and engineering services.

- The next team of in-house consultants scheduled to arrive shortly should view their role as working for CCPAP in the broadest sense (as opposed to narrowly defined technical specialists) and under the direction of CCPAP's Executive Director (as opposed to independent, free agents).

SECTION 6: THE SMALL STUDIES COMPONENT

- Findings:

PAPS budgeted $300,000 for funding of small scale feasibility and design studies proposed by local governments and NGO's. The fund is a one year facility and is administered by the Economic Development Foundation under the direction of an advisory board consistently of representatives from DILG, NEDA, CCPAP, USAID and EDF. EDF receives and reviews proposals using the same screening criteria CCPAP uses. The advisory board makes the final determination on study funding. EDF administrative overhead costs approximately forty-five percent of the total budget.

After six months of operation, three studies have been completed: the Pagasinan Industrial Park, the Batangas Agro-Industrial Development Area (AIDA) and the San Juan AIDA. Foreign investors have expressed interest in industrial park, as have local investors in the Batangas AIDA. The San Juan AIDA is to be funded by the GOP through the Department of Agriculture. Nineteen small studies have been selected with several more to be added as the budget permits (see Annex 4 for a list of selected studies). EDF has also identified ten additional small project which would receive funding through the World Bank PREMIUMED loan if design studies were completed.

A problem arose concerning the size of the studies being selected for funding versus the number and average size of studies originally projected. According to the project paper, fifty small studies averaging $5,000 in cost would be funded through the project for a total cost of $250,000. This would leave $50,000 for administrative costs for the facility. This is simply unrealistic. The actual budget for studies is $150,000 with $136,000 for EDF operational costs. The first three completed studies averaged $15,000 per study, considerably above the project paper estimate. EDF was subsequently informed by USAID to select studies costing no more than $3,000 to try to approximate the project paper target of fifty studies. Consequently, studies which had been identified and had a very high probability of obtaining financing if designs studies were completed had to be excluded because their average cost would have exceeded the new ceiling imposed by USAID.

- Conclusions:

The list of projects EDF has identified for funding through the small fund facility seem like good ideas which if funded are likely to produce economic benefits for the local communities. It also seems to be a good idea to allocate PAPS funding for this type of work, if for no other reason than it demonstrates USAID continuing commitment to decentralized development planning and project implementation at the local government level. Though it

is too soon to judge the results of this facility, it certainly seems a worthwhile activity and worthy of additional support through the recommended PAPS amendment.

The original target of fifty small studies averaging $5,000 per study is arbitrary, inconsistent with basic principals of project identification and development and illogical. The assumption that the facility can be administrated with $50,000 in operating expenses appears to have been an oversight. The economic soundness of the proposed project for study and the probability of obtaining project financing should be the principal criteria for study selection. A ceiling of $25,000 with an average cost of $10,000 per study seems a more realistic level for the small study facility.

- Recommendations:

- Fund a second small study facility at $500,000 with the PAPS amendment.

- Explore the possibilities of implementing the facility through a mechanism that has a lower overhead cost as a percentage of the total budget than the current arrangement.

- Set the funding level for small studies at $25,000 and set a target for project outputs based on an average cost of $10,000 per study.

- Give priority to projects that have already been identified for studies which have a high probability or strong commitment for funding, e.g., the potential PREMIUMED projects.

SECTION 7: THE PAPS AMENDMENT

The evaluation supports the position that PAPS provides useful assistance project development and implementation under the PAP in the Philippines. With greater attention to the issue of project financing in study selection, PAPS could make a significant contribution in accelerating the implementation of critically important infrastructure projects. Given the pace at which studies funds have been expended, particularly through the LBII contract, PAPS should be amended to increase its overall study budget without extending the completion date of January 31, 1995. The amendment should be conditioned on agreement between USAID and CCPAP on the following changes in project implementation and counterpart support.

- The amendment should not fund additional contractual positions in CCPAP.

- CCPAP needs to receive adequate budget support and regular staffing positions to meet its responsibilities to replace its current heavy reliance on contract staff. This shift in employment status should begin as soon as possible.

- The strength of the commitment of project financing should be a determining "go/no go" criterion for selection of future project studies whether that funding is through public channels (e.g., the development banks and bilateral programs) or through private sector approaches (e.g., BOT/BOO).

- CCPAP needs to develop an advance planning process to guide its annual operations, direct staff assignments and communicate its planned course of action to other GOP agencies, the donors and the private sector. In general, it needs to regularize its staffing assignments to assure adequate support for its core functions. CCPAP will have to respond to urgent priorities as they arise, but this should not occur at considerable expense to its primary responsibilities and services.

- Increased efforts to improve coordination with sponsoring agencies and other appropriate agencies are needed to minimize the problems reported to the evaluation team. It will never be possible to please all people at all times, but some of the problems cited in the report might have been avoidable. A standardized procedure needs to be developed for study coordination. This procedure needs to be explained to **sponsoring agencies** and they **have to accept their responsibilities for the study to receive funding.** These agencies must realize they have major responsibilities for the planning, implementation, finalization and post-study follow-up. A single "point-person" needs to be assigned responsibility for the study by the sponsoring agency who actively participates when needed.

ANNEX 1: EVALUATION SCOPE OF WORK

ARTICLE I - TITLE

Evaluation of the USAID Philippine Assistance Program Support Project.

ARTICLE II - PROJECT INFORMATION

Title : Philippine Assistance Program Support (PAPS) Project

Number : 492-0452

LOP Cost : $19.00M (AID Grant - Studies & Operational Support)

6.00M (AID Grant - Pre-Investment Facility)

6.67M (GOP)

$31.67M Total

=====

Date of Project Agreement: January 30, 1990
Project Assistance Completion Date: January 31, 1995

ARTICLE III - BACKGROUND

Project Purpose

The PAPS Project was designed to assist the Philippines develop and implement high priority development projects under the PAPS Program.

Project Description

The PAPS Project provides assistance to conduct feasibility studies, facilitate implementation and coordinate official development assistance provided under the PAP.

It has three elements: (a) Studies, including funds for technical, economic, environmental, financial, institutional and social soundness feasibility and design analyses for proposed projects for economic development zones, nationwide infrastructure and local or regional small projects as well as funds for sectoral and issue-related analyses; (b) Operations Support, including expatriate and local technical support, training and commodities for the Coordinating Council of PAP Secretariat; and (c) Private Sector Pre-Investment Facility (PIF) for co-financing feasibility studies for potential private sector investments.

PAPS assistance is expected to improve the government's capacity to accelerate project preparation activities to absorb increased funding levels.

The studies and operations support elements of the PAPS Project are being implemented by the Coordinating Council of the PAP (CCPAP) Secretariat. This office was formed through the merger of the former Committee on Official Development Assistance Secretariat and the Project Facilitation Committee.

The PIF component is being managed separately by a private voluntary organization. This evaluation is limited to the studies and operations support component only.

A summarized description of the Project and its operational procedures for the studies program is provided in Attachment A.

Project Agreement

The PAPS Project Agreement, signed on January 30, 1990, provided an initial funding of $9 million for the studies and operational support components. [Note: The PIF component is covered under a separate cooperative agreement.] Project Agreement Amendment No. 1 dated June 18, 1990 provided additional funding of $11 million which fully funded the studies and operational support components to its LOP level of $20 million. Joint Project Implementation Letter (JPIL) No. 8 provided for the realignment of $2.55 million from the studies component to the operational support component to provide technical assistance and training in support of the GOP's initiative to undertake studies for Build-Operate-Transfer (BOT) activities under the Project. In response to the private sector's request, Amendment No. 2 dated November 25, 1991 made available $1 million in unearmarked funds under the studies component for transfer to the PIF component. The current Financial Plan, as revised, is contained in JPIL No. 11.

Project Status

As of December 31, 1991, $10.1 million (or 51%) had been expended out of the $20 million obligation for the PAPS Projects studies and operations support component. The Project time elapsed as of that date was 38%. Thirteen studies and two training activities have been completed, and two more studies relating to BOT-type projects are ongoing.

A complete list of studies/activities under the PAPS Project is provided in Attachment B.

The Quarterly Project Status Report for PAPS Project as of December 31, 1991 is also attached as a reference. (Attachment C)

ARTICLE III - OBJECTIVE

The objective of this Purchase Order is to conduct an interim evaluation of the studies and operations support component of the PAPS Project. As outlined in the PAPS Project Paper, the evaluation will focus on (but will not be limited to) several indicators which include:

- effectiveness of CCPAP Secretariat's assistance and the GOP agencies in defining and developing project proposals for PAP funding;

- responsiveness of the project generation mechanisms and operating procedures to screen project proposals;

- problems encountered in securing and administering the project inputs (i.e., contracting for and management of consulting services) needed to develop the projected outputs; and

- extent to which future projects have incorporated the recommendations/conclusions emanating from the development plans and feasibility studies;

- effectiveness of the project in meeting goals/objectives, and contribution of the feasibility and planning inputs provided through the project.

The USAID Mission intends to use the evaluation report as a managerial tool to decide on a possible increase in funding level for the Project should it demonstrate effectiveness in meeting its objectives. The evaluation will also be looked upon to identify possible areas for enhancing project implementation and impact.

ARTICLE IV - TASKS

The Contractor shall be responsible for the conduct of the evaluation of the USAID Philipppine Assistance Program Support Project.

The Contractor shall also be responsible for the provision of all services and other resources required for the conduct of the evaluation.

<u>General Tasks</u>

A. The contractor shall review project documents/outputs, interview involved parties including those in the field if necessary, and research GOP as well as other donor agencies files in order to assess the Project's progress in terms of the identified indicators.

The following specific questions should guide the contractor in the conduct of the evaluation.

1. Has an adequate number of project proposals been developed for PAP funding under the Project, given the 18-month period since the Project became operational and the magnitude of outputs projected in the Project Paper? How would you assess the quality of the studies completed under the PAPS Project?

2. How effective has the project been in translating these studies into real capital investments? How many PAPS-funded studies have actually been picked up for funding and implementation by PAP donors?

3. Do actual accomplishments to date compare favorably with project accomplishments? Is the actual expenditure rate close to the rate projected in the Project Paper? If not, what areas need improvement and how can these be implemented?

4. Is the project operating as planned in the Project Paper and Project Agreement? Are the subproject selection and approval procedures being followed? Do the operating procedures ensure that projects selected for studies are consistent with established criteria? Is project selection accomplished in a timely manner? Are evaluations of project proposals objective and properly documented?

5. Has the contracting for consultancy services proceeded as planned in the Project Paper? Are these services being managed properly to ensure that desired outputs are obtained? Are there adequate controls in the system to ensure quality and timeliness of the outputs?

6. Are there adequate procedures to ensure that recommendations of the studies funded under the Project will be or are being incorporated in the project's actual design and/or implementation?

7. Has the Project been responsive to priorities of the GOP in terms of utilization of project funds? Has the GOP's absorptive capacity for ODA funds increased and if so, to what extent can this improvement be attributed to the PAPS Project? How effective has the Project been so far in terms of supporting the GOP's BOT initiative?

8. Is the organizational structure of the CCPAP Secretariat suited to the effective management of the Project? Do the staff have the technical capability to evaluate project proposals, and to review the studies and designs?

9. Have effective working relationships been established among CCPAP Secretariat, USAID, the consultants and other participating GOP agencies? Are there adequate lines of communications between these parties? Are their respective roles clearly delineated and understood?

Specific Tasks

The contractor shall perform the following tasks in order to address the specific questions listed in Paragraph A above.

B. The contractor shall review available project documents. This will involve visiting the offices of USAID/Manila, CCPAP Secretariat and as necessary, the consultants (Wilbur Smith Associates and Louis Berger Int'l., Inc.) under the project.

C. The contractor shall conduct interviews of pertinent individuals within the various offices involved in the Project, i.e., USAID, CCPAP Secretariat, and proponent agencies such as DPWH, DOTC and others.

D. From data collected through document review, interviews and research, the contractor shall define project accomplishments achieved to date. The contractor shall also review the operational procedures and monitor how these procedures are applied. If deemed necessary, and with USAID approval, the contractor may make visits to proposed project sites.

E. Based on his findings, the contractor shall prepare a draft evaluation report with recommendations on possible changes in operational procedures, funding levels, project design mechanisms, etc. under the project.

F. The contractor shall present his findings at a meeting with USAID and CCPAP Secretariat representatives. Comments on the draft report and presentation will be solicited and then addressed by the contractor in the Final Report. The contractor will prepare the A.I.D. Evaluation Summary in draft and submit same to the USAID PAPS Project Officer.

Contractor's staff support, administrative and logistic arrangements

The Contractor shall arrange, and be responsible for a local civil engineer to assist him in the performance of the servicews required under this purchase order. This local civil engineer should have at least ten years' substantive experience in designing, reviewing designs/studies, implementing, and/or monitoring public infrastructure projects preferably, but not necessarily in the Philippines. The engineer's familiarity with the GOP's Official Development Assistance (ODA) system is also desirable.

The Contractor shall also be responsible for all administrative and logistic arrangements under this purchase order.

ARTICLE V - PERIOD OF CONTRACT

Period of this Purchase Order shall be from June 15, 1992 through July 31, 1992. This time period allows for the Contractor's report preparation and for a period for USAID and the GOP to review the Contractor's draft report, and enough time for the Contractor to finalize his report.

ARTICLE VI - PLACE OF PERFORMANCE

The Contractor shall perform the required services in the Philippines.

ARTICLE VI - RELATIONSHIPS AND RESPONSIBILITIES

The Contractor shall receive technical directions from the office of Mr. Alejandro Sundermann, USAID/Philippines' Project Officer for the PAPS Project.

The Contractor shall coordinate his activities with Mr. Rogelio Singson who is the Executive Director of the Philippines' Coordinating Council for the Philippine Assistance Program.

ARTICLE VII - REPORTS AND OTHER DELIVERABLES

The Contractor shall arrange with USAID the schedule for submission of reports and other deliverables under this Purchase Order. The Contractor should plan on preparing and submitting to USAID a draft Evaluation Report for review and distribution within four weeks from the inception of work. Within five (5) calendar days of receipt from USAID of comments on the draft, the contractor shall submit a final version of the report to USAID for approval and distribution. Thirty copies of the USAID-approved final report will be provided by the Contractor. The report will conform to the following format unless otherwise approved in writing by the USAID Project Officer.

A. <u>Executive Summary</u>

The Executive Summary will state the development objectives of the activity or activities evaluated; study method; findings, conclusions, and recommendations; and lessons learned about the design and implementation of this type of development activity. The Executive Summary should not exceed 2 1/2 pages.

ANNEX 2 REFERENCES AND INDIVUDALS INTERVIEWED

References

1.Feasibility Study (Final Report); Wastewater Collection, Treatment and Disposal System; Cagayan de Oro, Misamis Oriental; LBII/LGII/GEC/TAP/CMSI/E&Y; MARCH 199Z

2.Environmental Assessment (Final Report); Wastewater Collection,Treatment and Disposal System; Cagayan de Oro, Misamis Oriental; LBII/LGII/GEC/TAP/CMSI/E&Y; March 1992

3.Feasibility Study (Final Report); Water Supply and Distribution System; Metro Cagayan de Oro, Misamis Oriental LBII/LGII/GEC/TAP/CMSI/E&Y; March 199Z

4. Environmental Assessment (Final Report); Water Supply and Distribution System; Metro Cagayan de Oro, Misamis Oriental LBII/LGII/GEC/TAP/CMSI/E&Y; March 1992

5. Feasibility Study and Master Planning {Final Report); Cagayan de Oro-lligan Corridor Airport; LBII/LGII/GEC/TAP/CMSI/E&Y; November 1991

8. Environmental Assessment (Final Report); Cagayan de Oro-lligan Corridor Airport; LBII/LGll/GEC/TAP/CMSI/E&Y; January 1992

7. Cagayan de Oro-lligan Corridor Master Plan; LBll/LGIl/GEC/TAP/CMSI/E&Y; 1991

8. Feasibility Study (Final Report); Aurora Roads Infrastructure Development Project; LBII/LGII/GEC/TAP/CMSI/ E&Y

9. Environmental Assessment (Final Report); Aurora Roads Infrastructure Development Project; LBII/LGII/GEC/TAP/CMSI/ E&Y; June 1992

10. Pre-Feasibility Study and Screening Study; Bicol Circumferential Highway Project; LBII/LGII/GEC/TAP/CMSI/E&Y; March 1991

11. Feasibility Study (Final Report); Makar Wharf, General Santos City; LBII/LGII/GEC/TAP/CMSI/E&Y; October 1991

12. Environmental Assessment (Final Report); Makar Wharf, General Santos City; LBII/LBll/GEC/TAP/CMSI/E&Y; October 1991

B. Project Identification Data Sheet

A one-page outline of basic project identification will be presented in a form consistent with the latest guidance contained within the A.I.D. Evaluation Handbook.

C. Table of Contents

A one-page Table of Contents will identify the location of the major components of the report.

D. Body of the Report

The body of the report will include discussion of (1) the purpose and study questions of the evaluation (one page maximum); (2) the economic, political, and social context of the project (two pages maximum); (3) study methods (one page maximum); (4) evidence/findings of the study concerning the evaluation questions; (5) conclusions drawn from the findings, stated in succinct language; and (6) recommendations based on the study findings and conclusions, stated as actions to be taken to improve project performance.

The entire body of the report should contain approximately 25 to 30 pages; detailed discussions concerning methodological or technical issues should be placed in the appendices.

E. Appendices

The appendices will include a copy of the evaluation scope of work, the most current Logical Framework, a list of documents consulted, and individuals contacted. Additional appendices, if necessary, will be used to expand upon discussions presented within the body of the report.

F. Format of the Abstract and Summary (Form AID 1330-5)

The abstract and summary will conform to the format of AID Form 1330-5 and will be completed in accordance with instructions provided with the form.

13. Prefeasibility Study (Final Report); Upgrading of the San Fernando, La Union Airport; WSA.TCGI/SGV; April 199Z

14. Feasibility Study (Preliminary Report); Upgrading of General Santos City Airport; WSA/TCG!/SGV; March 1991

15. Environmental Assessment; Upgrading of General Santos City Airport; WSA/TCGI/SGV

16. Feasibility Study (Final Report); Wastewater Collection, Treatment and Disposal System; General Santos City, South Cotabato; WSA/TCGI/SGV

17. Environmental Assessment (Final Report); Wastewater Collection,Treatment and Disposal System; General Santos City, South Cotabato; WSA/TCGI/SGV

18. Philippine Assistance Program Support, Project Paper; January 1990

19. USAID Files on:

    - Cagayan de Oro Wastewater Collection, Treatment and Disposal System and Water Supply FS Study
    - Cagayan de Oro-Iligan Corridor Airport
    - Cagayan de Oro-Iligan Corridor Master Plan
    - Aurora Roads Infrastructure Development Project
    - Bicol Circumferential Highway Project
    - Upgrading of the San Fernando Airport
    - Makar Wharf Project
    - GSC Wastewater Collection, Treatment and Disposal System and Water Supply Demand FS Study
    - Energy Buy-Back Model Agreement
    - Prawn Industry Policy Study
    - Small Studies Fund
    - General Communications

Individuals Interviewed

Coordinating Committee on Philippine Aid Program
Undersecretary Rogelio Singson, Executive Director
Mr. Evaristo Varela, Jr., Director
Mr. Orlando Cablayan, Consultant

Department of Public Works and Highways
Asst. Secretary Manuel Bonoan
Mr. Jose Gloria, Director

Department of Transportation and Communications
Asst. Secretary Cesar Valbuena
Mr. Jun Pangilinan, Planning Services

Department of Tourism
Ms. Narzalina Lim, Secretary

Department of Trade and Industry
Ms. Nimfa Albania, Director, DTI Region X
Mr. Arnaldo del Rosario
Mr. Allan Tolentino, Consultant

Local Water Utilities Administration
Mr. Hermie Balucan, Area Manager
Mr. Brutus Jacildo, Division Manager

Philippine Ports Authority
Mr. Tomas Quintos, Department Manager
Mr. Bobby Aquino, Principal Engineer

Office of Energy Affairs
Ms. Marsha Gesmundo, Division Chief

Regional Development Council X
Mr. Guido Alfredo Delgado, Chairman

Economic Development Foundation
Mr. Victor Taylor, President
Mr. Benvenuto Icamina, Project Manager

National Economic and Development Authority, Region X
Ms. Annabelle Guerra-Cajita, Asst. Director

Environmental Management Bureau
Ms. Linda Quiocson, Specialist Environmental Impact Assessment Group

Metro Cagayan de Oro Water District
Mr. Ernesto San Juan

Southern Cotabato/General Santos Area Development Project
Facundo Yeneza, Jr., Director

City Government of General Santos City
Mr. Nael Joseph Cruspero, Chief, City Economic Management Office

Oro Chamber of Commerce
Mr. Arsenio Sebastican, President
Mr. Marriz Agbon

GSC Chamber of Commerce
Mr. Don Patrick, President

Mindanao Development Project Office
Mr. Mike Kingery, Project Manager

Asian Development Bank
Mr. Thomas Walsh, Sr. Programs Officer, Philippine Desk
Mr. Javier Gomez, Manager, Water Supply
Mr. Sermpol Ratasuk, Sr. Project Engineer, Water Supply
Mr. A. Seki, Manager, Tansport and Communication
Mr. Sharpley, Transport and Communication

Overseas Economic and Cooperation Fund
Mr. Hiroshi Tanaka, Chief Representative

Louis Berger International, Inc.
Mr. William Parente, Project Manager
Mr. Jesse Evidente, Deputy Project Manager

Wilbur Smith Associates
Mr. Lawrence Rogrow, Contract Manager
Mr. Arnel Alvarado, Deputy Project Manager

United States Agency for International Development
Mr. Dennis Zvinakis, Chief, Office of Capital Projects
Mr. Alex Sundermann, P.E., Engineering Officer
Mr. Alfonso Naanep, Project Manager, PAPS
Ms. Maribelle Zonaga, Development Assistance Specialist
Mr. Marcelo Minc, Consultant/BOT Specialist

ANNEX 3

PHILIPPINE ASSISTANCE PROGRAM SUPPORT PROJECT (PAPSP)
CRITERIA FOR EVALUATING STUDY/PROJECT PROPOSALS

PROJECT NAME: _____

PROPONENT : _____

DATE: _____

I. FUNDING CATEGORY:

[] Big Studies Fund
[] Small Studies Fund

II. TYPE OF STUDY :

[] Area Development Plan
[] Master Plan
[] Feasiblity Study
[] Detailed Engineering
[] Environmental Impact Assessment
[] Others (Specify)_____

III. EVALUATION

A. Project Eligibility:

1. Included in any of MIPIP, RDIP, PDIP, or MIIAP	[] Yes [] No	If "YES" in either one or both of (1) & (2), go to (3). Else, return proposal to Proponent for submission to NEDA.
2. Component of EDZ	[] Yes [] No	
3. Study/proposal previously submitted for other financing	[] Yes [] No	If "NO" go to (4). Else, reject proposal and inform implementing agency.
4. Project/proposal duplicates other projects	[] Yes [] No	If "NO" go to (B). Else return proposal to proponent for revision of scope.

B. Primary Criteria:

Criteria	(Major Considerations)	Yes /No	Remarks
1. Increased Economic Growth	Contributes directly to national and regional growth		
2. GOP Policy Framework	Has Project Objectives consistent with gov't. policies/regulations		
1. Location	Focuses particularly on areas outside NCR		
4. Financing	Has reasonable likelihood of project financing prior to D.E.		
5. Environment	Has no negative impact on environment		
6. GOP and A.I.D. Statutory Requirement	Has no evident conflict with GOP and US laws		

IF ALL OF (B) ARE YES, GO TO (C). ELSE REJECT PROPOSAL

C. Secondary Criteria:

Criteria	(Desirable)	Maximum Rating	Actual Rating	Remarks
1. Private Sector Priority	Enjoys the support of the private sector in target area	10		
2. Trade & Investment	Promotes or improves the environment for off-farm private investment	10		
3. Multiplier and/or Demontration Effect	Has benefits beyond those it directly produces (job creation, new enterprise)	15		
4. Local Resources	Uses locally available resources (labor, raw materials, encourages participation of women)	15		
5. Export	Has high value-added output with export potential	10		
6. Location	Located in PAP priority areas (HIGHER PRIORITY)	10		
7. Technology	Technology required to implement operate and maintain project appropriate to the capacity and capability of the area	10		
8. Environment	Has beneficial effect on the environment (SHOULD RECEIVE SPECIAL CONSIDERATION)	10		
9. Financing	Project Proper has identifiable financing (HIGHER PRIORITY)	5		
10. US / Philippine Business Opportunities	Would result in business opportunities for U.S. and Philippine private sector (HIGHER PRIORITY)	5		
TOTAL		100		

Evaluated by:

REMARKS:

ANNEX 4 INITIAL LIST OF PAPSP SMALL STUDIES

Project Title/Location	Type of Study	Study Cost (in Peso)
Catbalogan Cluster, W. Samar:		
Rootcrops Production/Processing	F/S	50,000
Fish Processing/Canning	F/S	50,000
Rattan & Bambaoo Industry	F/S	50,000
Gandara Cluster, W. Samar:		
Feedmill	F/S	50,000
Nipa-Based Industries	F/S	30,000
Sugar Mills/Calamay-Making	F/S	30,000
Catarman Cluster, N. Samar:		
Agro-industrial Machineries Manufacturing	F/S	80,000
Coco-Shell & Wood Charcoal Making	F/S	30,000
Banana Production	F/S	50,000
San Jose Cluster, N. Samar:		
Ceramics	F/S	50,000
Siquijor:		
Calunasan Livelihood Project	F/S	50,000
Napo Weavers Livelihood Project	F/S	50,000
Sawang Peanut Processing Project	F/S	50,000
Community Livelihood Project	F/S	50,000
Handicraft Livelihood Project	F/S	30,000
Stuffed Toys Livelihood Project	F/S	50,000
Negros Occidental:		
Kabankalan Cattle Breeding Project	F/S	80,000
Cebu:		
Vegetable Dehydration/Processing	F/S	80,000
Mankayan:		
Mankayan Livestock Raising Project	F/S	30,000
La Union & Pangasinan:		
Corn Production & Marketing	F/S	50,000
Northern Luzon:		
Norlu-Bangao/Insta-food Vegetable Production & Marketing Project	F/S	50,000
Livelihood Support Projects for Ongoing Community Forest		
Region II	F/S	80,000
Region IV	F/S	80,000
Region V	F/S	80,000