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EVALUATION CAPABILITY DEV. PROGRAM
Philippines

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Evaluation Capability Development Program - Country Files - Philippines - Volume

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Washington, D.C. 20433, U.S.A.



With the compliments of

F. Delannoy
(X81392)

- Per our conversation
- The indicators are discussed in Annex 5
- I look forward to ~~you~~ receiving your guidance

FA

Philippe
D

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: September 13, 1996 12:42pm

TO: FRANCOISE DELANNOY (FRANCOISE DELANNOY @A1@WBHQB)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: Attached Per our Conversation

Francoise:

After looking at the SAR, I decided to ask one of our sector evaluators to take a look. I am attaching her comments. They confirm my own impressions.

I would only add one additional dimension.

For evaluation information to be useful, it is crucial that evaluation information be used by those who make decisions on policy, resource allocation, portfolio management, etc.. This requires that evaluation information flow to these centers, and not be kept totally internal. Perhaps the SAR could spell out in greater detail who are the intended users of the information, and what is the mechanism that will ensure that they receive the information. For example, I know that Vinay Bhargava was working on a very sensible evaluation scheme with NEDA. It would be important that this effort on evaluation of primary education feed also the broader approach.

I hope this is useful. If not, please let me know.

Pablo

CC: HARINDER KOHLI (HARINDER KOHLI @A1@WBHQB)
CC: DGO Files (DGO FILES)

A L L - I N - 1 N O T E

DATE: 13-Sep-1996 11:04am EST

TO: PABLO GUERRERO

(PABLO GUERRERO@A1@WBWASH)

FROM: Helen Abadzi, OEDD1

(HELEN ABADZI@A1@WBHQB)

EXT.: 80375

SUBJECT: Philippines Elementary Education - Evaluation Capacity Building

Overall, I find the treatment of data gathering, management information, data analysis, and monitoring indicators very satisfactory. In fact, this is the best SAR I have seen in this respect. The writer returns to evaluation issues again and again, basing much of the discussion of the project on data-related decisions.

However, little information is given on how project impact will be evaluated. It is appropriate at this stage to think how cause and effect will be linked and how to control for extraneous variables in doing so. If some data useful for impact evaluation are not gathered early, there will not be any opportunity to do so later. Also, project activities may have to be arranged (e.g., staggered) so as to measure effects before and after them in various areas. Some statements could be inserted on p. 34 about plans for studying project impact.

I am more concerned with the actual implementation of this very good scheme. Experience has taught me that governments often consider the (rather tedious) collection of data a waste of time and money. One reason is that many government officials simply do not make decisions on the basis of data. Either they may not make decisions sophisticated enough to use them, or they make decisions based on subjective perceptions that obviate the use of data. Under this very frequent scenario, data collection and analysis becomes merely an obligation that a government assumes towards the Bank.

This problem is not something that can be dealt with in the SAR. It needs to be dealt with in the field, as soon as implementation starts. Supervision missions should have an evaluation specialist, and design questions should be dealt with early. The specialist should also address the issue of which officials or departments will really make decisions on the basis of information and which ones may not. After all, for some data the gathering hassle is not worth the value of the decisions that will be based on them. If there are such clear cases, they need to be identified, so that the gathering of certain data items does not become a meaningless, bureaucratic exercise.

Specific to capacity building is the concern whether the evaluation specialists have had the appropriate quantitative research-design training. I have found that very often they do not. Universities in developing countries often teach generalities about evaluation rather than specific quantitative skills. The SAR might include fellowships to study this topic specifically, if quantitative skills do not exist in the

Ministry of Education dependencies.

CC: Roger Slade

(ROGER SLADE@A1@WBHQB)

File

ALL - IN - 1 NOTE

DATE: 13-Sep-1996 11:04am

TO: PABLO GUERRERO

(PABLO GUERRERO @A1@WBWASH)

FROM: Helen Abadzi, OEDD1

(HELEN ABADZI)

EXT.: 80375

SUBJECT: Philippines Elementary Education - Evaluation Capacity Building

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Ministry of Education dependencies.

CC: Roger Slade

(ROGER SLADE)

The World Bank/IFC/MIGA
O F F I C E M E M O R A N D U M

DATE: September 6, 1996 11:43am

TO: HELEN ABADZI (HELEN ABADZI @A1@WBHQB)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: Philippines Elementary Education

Helen:

The SOA for EAP asked me whether we could provide advice on the evaluation/performance indicators component of this operation. he would like to ensure that the capacity building side is properly designed. I agreed to take a look at it.

Before I reply, I would be grateful for your views, particularly on the evaluation capacity aim. Is it well designed; are the indicators the right ones; are the evaluation products going to be useful for management and lesson learning. Is the organization correct?

I would appreciate your help. Please add any time you spend to the ECDP account.

Thanks Helen. (I will send you copy of the Green SAR by hand).

CC: ROGER SLADE (ROGER SLADE @A1@WBHQB)
CC: Francisco Aguirre-Sacasa (FRANCISCO AGUIRRE-SACASA)
CC: DGO Files (DGO FILES)

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P. 6.

(from Haniel K.)

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STAFF APPRAISAL REPORT

REPUBLIC OF THE PHILIPPINES

THIRD ELEMENTARY EDUCATION PROJECT

August 23, 1996

Human Resources Operations Division
Country Department I
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

(As of April 1, 1996)

Currency Unit	=	Peso
US\$1.00	=	Pesos 25
US\$0.04	=	Peso 1.00

WEIGHTS AND MEASURES

1 Meter (m)	=	3.28 Feet (ft)
1 Kilometer (km)	=	0.62 miles

ABBREVIATIONS AND ACRONYMS

AUSAID	Australian Agency for International Development
AWPB	Annual Work Program and Budget
BEE	Bureau of Elementary Education
COA	Central Office for Auditing
DECS	Department of Education, Culture and Sports
DECS-CO	Central Office of DECS
DECS-RO	Regional Office of DECS
DECS-DO	District Office of DECS
DEDP	Divisional Elementary Education Plan
DOF	Department of Finance
GoP	Government of the Philippines
INSET	In-Service Training
LGU	Local Government Unit
MIS	Management Information System
MOOE	Maintenance and Other Operating Expenditures
NEDA	National Economic Development Agency
NGO	Non Governmental Organization
OECF	Overseas Economic Cooperation Fund
PISU	Project Implementation Support Unit
PRODED	Program for Decentralized Elementary Education
PTA	Parent-Teacher Association
PY	Project Year
SIIF	School Improvement and Innovation Fund
SRA	Social Reform Agenda
SUC	State University and College
TEI	Teacher Education Institution
TEEP	Third Elementary Education Project

FISCAL YEAR

January 1 - December 31

PHILIPPINES

THIRD ELEMENTARY EDUCATION PROJECT

Loan and Project Summary

Borrower:	Republic of the Philippines
Implementing Agency:	Department of Education, Culture and Sports (DECS), Local Government Units (LGUs)
Poverty:	Program of Targeted Interventions
Amount:	US\$113.4 million equivalent
Terms:	Repayable in 20 years, including 5 years of grace, at the standard variable interest rate for a currency pooled loan.
Commitment Fee:	0.75% on undisbursed loan balances, beginning 60 days after signing, less any waiver.
Financing Plan:	See Schedule A
Net Present Value:	N/A
Map Number:	IBRD 27835
Project Identification Number:	4602

EDUCATION GLOSSARY

Cohort survival rate	Refers to the proportion of enrollees at the beginning grade or year level who reach the final grade or year level at the end of the required number of years of study. (Grade VI enroll. current year over Grade I. enroll. five years ago).
Enrollment rate (gross)	Refers to the total enrollment in a given level of education as a percentage of the population which according to national regulations should be enrolled in this level. It is a measure of the "capacity" of the country's elementary (age 7-12) or secondary (age 13-16) schools.
Completion rate	Refers to the percentage of first year entrants in a cycle of education surviving and completing the cycle at the end of the required number of years of study. (Graduates VI current year over Grade I five years ago)
Headteacher	Refers to an administrator of elementary school who supervises at least 7 and at most 9 teachers and teaches at least two subjects.
Participation rate or Net enrollment rate	Refers to the total enrollment in a given level of education as a percentage of the population which according to national regulations should be enrolled in this level. It is a measure of the "capacity" of the country's elementary (ages 7-12) or secondary (ages 13-16) schools.
Repetition rate	Refers to the proportion of pupils/students who enroll in the same grade/year level more than once to the number of pupils/students enrolled in that grade/year during the previous schoolyear. (No. of repeaters current year over total enrollment previous year --could also be for particular grade).
Transition rate	Refers to the percentage of pupils who graduate from one level of education surviving and completing the cycle at the end of the required numbers of years of study. (First year high school current year over Grade VI previous year).

PHILIPPINES

THIRD ELEMENTARY EDUCATION PROJECT

1. BACKGROUND

1.1 Following a decade of reform and restructuring, the Philippine economy is well on the path to recovery. In 1994 growth started accelerating. It reached 5.7 percent in 1995 and is projected at 6.5 percent (?) for 1996. The prospects for sustaining this trend are better than at any time since the debt crisis of the early 80s. They will depend on the Government's ability to maintain macro stability, pursue its economic liberalization program and intensify the fight against poverty.

1.2 Poverty is still the Philippines major development problem, with more than one third of households classified as "poor" (1994). The problem is concentrated in the rural areas, where two thirds of the poor live, and over half of the population is poor. Rural poverty reflects not only lower average incomes, but also more severe income disparities than in the country as a whole. Poverty declined by about 0.7 percent per annum during 1971-91, a modest record by East Asian standards.

1.3 Average educational indicators are favorable in quantitative terms, particularly for a country at that income level (US\$1070 in 1995). In 1995, the Philippines was ranked the 3rd most schooled nation in Asia, after Brunei and Korea, both with a much higher per capita income (UNESCO). However, national and even regional averages obscure wide discrepancies in access to quality education which coincide with the poverty map. Almost all children enter elementary school, but one-third drop-out. They come disproportionately from poor families and economically depressed areas, as shown by the completion rates, which range from nearly 100 percent in the National Capital Region (NCR) to below 30 percent in parts of Eastern Visayas of Mindanao. Education is not the only factor explaining income differentials, but when combined with a low level of agricultural investment, it has condemned rural youths to a life of poverty. Poverty incidence is 65 percent among households whose heads have less than five years of education.

1.4 The Government of the Philippines (GoP) is aware that the existence of large concentrations of poverty and low levels of education is not only inequitable, but also poses a threat to social stability, investor sentiment and economic competitiveness. It has declared poverty reduction one of its highest priorities for the remaining of its tenure, and has developed a strategy to that effect, the Social Reform Agenda (1994). The SRA aims to share the benefits of growth more equitably, while involving the poor more actively in the development process. It is a geographically targeted program which combines measures to expand economic opportunities in depressed rural areas, provide basic social services to improve the human capital of the poor, and promote democratic governance. The proposed project is the first contribution of the Department of Education, Culture and Sports (DECS) to the SRA. *It begins tackling the central issue of low completion rates and low learning achievements among rural children, as a first step towards helping them break the cycle of poverty.*

2. THE ELEMENTARY EDUCATION SYSTEM

A. Overview

2.1 The Philippines education system, one of the most mature in Asia, can boast impressive quantitative achievements. Universal access to elementary education was reached as early as the mid-60s; the adult basic literacy rate is about 93 percent (1990); enrollments in higher education are among the highest in the developing world, and private sector participation is strong, especially at the post-primary level. The following table summarizes the key sectoral data.

Table 2.1: Philippines School System - 1994/95¹

	Number of Students		Age Group	Enrollment Ratio (%)	Participation Rate ² (%)	Number of Teachers	Number of Schools
	Total Enrollment	Public (%)					
Preschool	165,997 ³		6	---	---	---	---
Elementary	10,903,529	92	7-12 ⁵	112	87	302,551	35,775
Secondary	4,762,877	68	13-16	77	58	91,778	6,055
Higher Education	2,150,611	21	17-21	---	---	6,024	2,457

Cohort Analysis

	Elementary Education		Secondary Education	
	Public	Private	Public	Private
Cycle Completion Rate	67.3	77.7	67.3	76.1
% of graduates completing in 6 years	89.3	96.0		
% of graduates completing in 4 yrs.			91.7	95.0
Av. ed. yrs. produced for 1 graduate	7.5	7.0	5.1	4.8
Av. ed. yrs. consumed per dropout	2.8	3.2	2.2	2.3
% of dropouts not reaching grade 4	67.9	62.8		

2.2 Elementary education consists of six grades. However, rural areas have some 4,400 "incomplete" schools, i.e., limited to the first four grades, and 11,000 multigrade schools, where one teacher handles two or more grades. The average pupil:teacher ratio is 1:33, with wide regional variations. The admission age was lowered from 7 to 6 years in SY95/96. The stated gross elementary enrollment ratio is high (112 percent) as is the net enrollment ratio ("participation rate") at 87 percent, but they still leave 1.5 million 7-12 year olds, the hardest to reach, out of school. By contrast with most developing countries, girls are more schooled than boys. Basic Data are in Annex 1.

¹ 1995 DECS profile unless otherwise indicated.

² Participation rate = Net Enrollment Ratio.

³ 1991 Data.

⁴ DECS to provide.

⁵ Will shift to 6-11 by 2003, due to lowering of admission age.

2.3 DECS administers and supervises elementary and secondary (basic) education. As of to-day, line authority extends from DECS Central Office through 16 Regional Offices to 133 provincial and city School Divisions, down to some 2,100 District Offices which oversee about 15-20 public elementary schools each. The roles of the various layers of the education system are being redefined to make the School Divisions the key operational level (para. 3.23). The GoP proposes to implement this reorganization via administrative, rather than legislative channels.

B. Issues in Elementary Education

2.4 The downside of the GoP's mass-education strategy has been a continuous decline in quality which has hurt the poor more than any other group (1991 Report of the Congress Education Commission, or EDCOM Report). For long the impact was not felt because slow growth and import-substitution development strategies failed to create high productivity employment, forcing 4 million Filipinos to take their skills abroad. Social rate of returns on education decreased, educational investment stagnated and outcomes declined. But this seemed irrelevant since anyway, many people were trapped in low paying agricultural or informal urban sector jobs. Thus, the Philippines failed to capture the benefits normally associated with education—productivity growth, poverty reduction, economic and social development. Now that the export-led pattern of growth adopted by GoP is accelerating the demand for labor, low educational quality is increasingly identified by business as a major impediment to catching up with the East Asia "miracle" countries, which have achieved growth and equity. The two main issues in elementary education are variations in outcomes and adverse social selectivity (paras. 2.5-2.9). Paras. 2.10-2.23 discuss the root causes.

Wide Variations in Outcomes

2.5 Education quantitative indicators are good on average, but analyses at the provincial level or below reveal wide qualitative disparities which are poverty-related. Most children have access to a school, but only 68 percent complete elementary education. For many of those who complete, little learning takes place. Recent international comparisons of math, science and reading among 9 and 14 year olds show that Filipino children not only had a low mean score – two standard deviations below the sample mean – but greater variations around the mean, both of student scores and school scores. The urban/rural differences were particularly pronounced. This suggests that raising quality would require not only increasing average performance but also reducing variations across students and schools by targeting the worst schools. By contrast with many African or Latin American countries, repetition is not a major cause of drop-out. Children either are promoted – over 89 percent of the graduates complete the cycle in six years – or are encouraged to drop out, as poor achievements reflect badly on teacher's performance. About 60 percent of the drop-out happens in Grades I and II, another eight percent before Grade 4. The 2.8 years spent in school by the drop-outs are not enough for them to remain literate.

2.6 The disparities in public schooling outcomes are reflected in social indicators. In well-off provinces such as Bulacan, higher educational attainment and achievements lead to improved adult health status, lower fertility levels and reduced malnutrition. Better nutrition enhances pupils' ability to learn; children who have a positive schooling experience stay longer in school, as in a seamless web. By contrast, in very poor provinces such as Abra, Masbate, or Zamboaga, up to 50 percent of the children are malnourished, completion rates can fall as low as 25 percent, and achievement levels, as low as 36 percent of curriculum objectives. There is a strong negative correlation between fertility, infant mortality, on one hand, and elementary school completion on the other hand.

Social Selectivity in Elementary School Completion

2.7 The education system is structurally equitable in terms of the budget share allocated to each level, but socially regressive. Children from poor families are ill-prepared for learning and have *no choice* but to go to public schools, which tend to offer lower quality education than the better endowed private schools. The quality gap is larger in rural areas, because of an *inequitable, pupil-based resource allocation mechanism that puts small schools at a disadvantage*. The poor are trapped in a vicious circle: they learn little at school, get discouraged, drop-out early and with little education, have limited earning power, perpetuating the cycle of poverty for their offspring. The probability of drop-out for a first grader from a low-income farming family is almost 20 percent, versus less than 5 percent for a child from an urban educated background

2.8 Poor youngsters face additional handicaps. First, even in public schools, parents contribute on average one-third of total costs; consequently, *public elementary education costs more to low-income households, as a proportion of their budget, than private education to the rich*. Second, poor children have to work: nearly half of 7-12 year olds, especially boys, are engaged in home production, contributing up to 25 percent of family income; almost one-fourth do market work, which keeps them at peak season, and sometimes permanently, out of school; child labor is not uncommon. Combined low quality and high cost, in a context of economic hardship and lack of job opportunities, makes elementary school attendance a waste of time and has generated a decline in demand.

2.9 Adverse social selectivity works mainly along poverty, not gender lines. In 1994, girls accounted for 49.5 percent, 51.5 percent and 56.3 percent of enrollments in elementary, secondary and tertiary education. In 1992, among the 30 percent poorest, 7.6 percent of 7-12 year old boys, and 6.1 percent of girls, were out of school. The percentages jump to 29.2 percent and 19.5 percent for the 13-16 year old group. On the other hand, among the poor, some groups face particular odds because of size, geographical isolation, language, or lifestyle. They include: children of ethnic *minorities* such as the Ifugaos in the North, *nomadic tribes* such as the Manobos in Mindanao, *migrant workers* ("sacada") in the plantations of Visayas, and boys engaged in child labor. Table 2.2 summarizes why children from the 30 percent lowest per capita income group are not in school. It shows that significantly reducing the drop-out rates will require interventions that (a) make the schooling experience more interesting; (b) bring schools closer to the barangays (village); and (c) address demand-side issues (health, nutrition, cost of education). These findings have shaped the design of the proposed operation.

Table 2.2: Reasons for Not Attending School

Percent of Respondents in Age Group		
	Boys	Girls
Inaccessibility of school	14.2	17.8
High cost of education	10.1	8.9
Illness/disability	7.5	7.8
Working/looking for work	9.0	11.4
Lack of Interest	59.2	54.1

Source: Harris & Racelis, NEDA, 1994

The Root Causes: Macro Constraints Erode Equity

2.10 The Impact of Poverty. The declining human capital of the poor is the legacy of years of neglect, followed by a period of slow and erratic growth which frustrated the major commitments of the Aquino Administration in favor of the social sectors. During the 70s and 80s, negative per capita growth reduced per pupil public investment in education, per capita income, and, as income distribution remains very skewed, the amounts that poor households can invest in the education of their children. Part of the problem is therefore of a macro nature. While most of the urban poor could be pulled out of their predicament by sustained, export-led growth, improving the lot of the poorest, most of whom live in rural areas, will require increased rural investments and the provision of basic social services under this project. Access to quality education and health is a key determinant of life expectancy, the quality of life, and labor productivity, in turn influencing the extent to which individuals to invest in their own human capital.

2.11 Unbalanced, Inequitable Public Funding. A 1996 Bank study on the Costs and Financing of Basic Education confirmed that the Filipinos are highly committed to education, as reflected in the 6 percent of GNP the nation allocates to the sector. However, *the public contribution*, at 2.8 percent of GNP, is still below the Asian average of 3.4 percent, and is not sufficient to correct market failures. *This is not for lack of effort:* public sectoral spending grew by nearly 12 percent in real terms during 1985-95. However, the impact was more remedial than developmental; the increase was stop-go and most of it was absorbed by a 76 percent increase in teacher salaries, the nationalization of locally-funded village high schools, and the introduction of a voucher system in support of free universal secondary education.

2.12 The pattern of sectoral spending raises two issues. First, by level of education, it has become *less pro-poor*, with the share of elementary education declining from 60 to 47 percent during the past 11 years. The percentage is still enviable, but equity has suffered, as elementary education is *the only schooling 60 percent of the poor receive*. By type of expenditure, the pattern has become increasingly *incompatible with the delivery of quality*, as salaries (85 percent of DECS 1995 Budget) have crowded out other expenditures, especially instructional materials. In 1995, the Maintenance and Other Operating Expenditures (MOOE) allocation of 125 Pesos (US\$5.0) at the elementary level was insufficient to provide the "interesting" learning environment needed to keep poor children in school. Second, GoP's difficulties in meeting education's financing requirements since the late 80s have been compensated by an increasing involvement of the Local Government Units (LGUs) and the private sector. This could lead to greater efficiency but *may also exacerbate inequities*. LGU financing since the Local Government Code (LGC) was promulgated in 1991 increased from 2 to 9 percent of total public sector spending. Because all LGUs contribute according to means, and Central Government funding is student-based, excluding any mechanism to compensate for the narrow resource base of poor LGUs or for the small student body of rural schools, the educational quality gap between affluent and poor schools is likely to widen. As for private funding, it increased from 18 percent to 31 percent of total expenditures on elementary education, further contributing to the *propensity of poor children to dropping out*.

2.13 What are GoP's options to redress the present inequities? Neither the share of the total budget allocated to education (26 percent in 1995), nor the contribution of private education (Table 1) can be raised much further. Three promising avenues would be to: (a) reallocate resources from the State Universities and Colleges, which have high unit costs and absorb 16 percent of total GoP educational expenditures; (b) revise staff deployment practices and norms for allocating resources to schools,

which are cost-ineffective and put small rural schools at a disadvantage; and (c) tap those LGUs which are able and willing to pay for improved services, while targeting available resources at those most in need. The project will help DECS achieve a more equitable, efficient and balanced spending pattern.

2.14 The Challenges and Opportunities of Devolution. Although education is one of the few non devolved sectors, the 1991 LGC established two elements of a decentralized framework for education: (a) the provincial, city or municipality School Boards, co-chaired by the LGU and DECS authorities, which allocate LGU funding to the sector; and (b) a Special Education Fund (SEF) maintained in each provincial, city or municipality treasury and administered by the corresponding School Board. The LGC is under revision and it is expected that more educational functions will be decentralized. The LGU contribution to education is strikingly complementary to that of Central Government, with its focus on non-salary expenditures, MOOE and capital outlay and offers *potential for expanding elementary education financing*. Mobilizing additional LGU resources for education should be facilitated by the fact that financial transfers to LGUs will increase sharply in the years ahead. The project will introduce, for school construction and maintenance, a Central/Local Government cost-sharing ratio which will increase public education financing and make it more progressive.

2.15 Traditional Management Style. With 45 percent of the civil service, DECS is the largest GoP Department. Its bureaucratic, complex management practices do not meet the needs of a large, diverse country undergoing rapid decentralization or the demands of a modernizing economy, both of which require flexibility. Neither are they designed to correct educational inequities. Decision-making remains *centralized and top-down and involves many levels* (1993 Internal Audit). The Regional Offices are too remote from classrooms and absorb 30 percent of resources. Another problem area is the *limited use of the amount of data collected from the field for decision-making*. There is no institutional capacity to prepare analyses for the Secretary. The need for rigorous measurement of impact and costs is not fully appreciated; for instance, the population-based assessment system is costly and does not generate timely diagnostic information. The weak budget monitoring procedures result in *underspending*. Finally, DECS is still monopolizing support functions, such as testing or in-service training, which outsourcing could improve. Physical planning is still based on standardized norms rather than actual needs. In particular, *student-based MOOE allocation and staffing norms for teachers and principals affects the quality and effectiveness of school and classroom management and ultimately, schooling outcomes, preventing the reduction of disparities*. The system is more oriented towards control than support, and activities than results. Most DECS' managers and professionals are former teachers with limited training in their new responsibilities. DECS leadership is aware of these problems and plans to use the project to address them.

Sectoral Factors Reinforce the Disparities in Access to Educational Quality Inputs

2.16 A 1993 "fast-track" assessment of 16,000 Grade VI pupils found that only 29 percent of the 131 competencies tested were learned. In 1994 provincial test scores ranged from 54 in Masbate to 102 in Lanao del Sur. The following paragraphs explore why.

2.17 Inequities in Readiness for School and Teachability. Poor children in rural areas enter school late (7 years or more), frequently come from functionally illiterate homes, and, having seldom attended early childhood or pre-school programs, have not had previous exposure to English or

Tagalog, the two languages of instruction. One project study⁶ found that even one year of preschool raises learning, especially in the early grades and in language skills, and reduces the likelihood of drop-out by one-third. Pupils also miss school and eventually drop out because of easily treatable diseases such as respiratory infections and diarrhea. One third--and up to half in pockets of extreme poverty such as Leyte or Masbate--suffer from protein-energy malnutrition (PEM) and micronutrient deficiencies. This slows down intellectual development and depresses the immune system, making poor pupils more likely to underperform and be more vulnerable to disease. For all demand-side interventions, the project will pilot research-based targeted interventions.

2.18 Inequitable Access to Basic Inputs. Due to distribution problems, *remote schools only have a few textbooks per class (one book for 3-6 children in the six pilot provinces)*, and the books lack relevance to a rural environment. Teaching aids are scarce, mostly teacher-made, and libraries are thinly stocked. A major development is that under a recently passed Bill, the publishing sector, hitherto under government monopoly, is to be entirely privatized over the next three years. Schools will select books from a DECS-approved list. This reform, which in the long-run is likely to promote an already vibrant national publishing industry, for the short term generates uncertainty regarding the price of books and their delivery to isolated areas. It also calls for new skills, systems and procedures if the transition is to be orderly. The project will build on inputs provided to GoP by the Canadian Government in the area of publishing.

2.19 Pedagogical Constraints. Rural schools, which in most cases have no principal to provide instructional leadership, no MOOE to purchase materials, and are rarely supervised, also have beginner teachers. Equipped with a limited repertoire of classroom management skills, those teachers have to practice multigrade without proper preparation-- despite the noteworthy effort of UNICEF which has trained and equipped about 9,000 teachers-- and are thrown into a rigid prescriptive pedagogic system which does not develop initiative. In-service training, monopolized by DECS, remains supply-driven, teacher-centered, underfunded and biased towards urban teachers. Other systemwide constraints particularly affect small rural schools because of their isolation and limited resources. The curriculum emphasizes "Minimum learning competencies", instead of achieving one's full potential, and needs to be refocused on core disciplines. The school calendar was extended in 1993, but teachers are overburdened with extracurricular activities. The early, formative grades do not get enough attention. The project will approach these issues by revitalizing in-service training.

2.20 In poor schools, the dilapidated physical environment is not conducive to learning. The regional distribution of schools and furniture bears little or no relationship with poverty or school participation. Furthermore, the needs for maintenance and replacement are considerable, as one third of the existing 305,000 classrooms are over 15-20 years old, and most were built to low quality standards. Nearly one-fourth of total capacity cannot be used as classrooms, so that the pupil/classroom ratio averages 42, with wide regional variations. Almost half of the schools have no water, and 61 percent, no electricity. All lack modern means of communications. Low completion rates and the high incidence of overage children (40 percent in Mindanao) are linked to distance from a properly equipped, albeit small, school (21 percent of grade 6 pupils walk over one hour). However, the current school map reflects a preference for large "central" or "model" schools' located near urban centers and better endowed to provide quality education. Offering small multigrade

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"Do Pre-school programs Improve Elementary School Outcomes? Evidence from the Philippines" A. Mingat (IREDU) & J-P Tan (World Bank), (1995), available in the Project File

schools closer to the barangays would reduce the capital and recurrent costs associated with monograde teaching. The same classroom design is used throughout the country, whatever the physical and climatic conditions. In the project's six pilot provinces, the desk:pupils ratio is about 1:4. A preparation study⁷ found that desks and furniture were as cost-effective as workbooks in raising learning. About 75-85 percent of school sites are untitled, but DECS has put in place a legal, albeit lengthy process, to ensure that at least for new sites there is evidence of clear title, and displaced individuals, if any, are properly compensated.

Need for Greater Attention to Micro Factors

2.21 In-School Factors. A complete quality improvement strategy must go beyond the mere provision of inputs to improve the way these are managed at the school level. Particularly critical to shifting from "status quo" to dynamic and adaptive schools is the lack of *principals*. Only one school in four has a principal, and most rural schools do not. A preparation study⁸ comparing 11 high-performing and 8 low-performing schools (HPS, LPS) found that HPS have entrepreneurial principals who exercise instructional and administrative leadership, create a sense of discipline, purpose and teamwork and forge partnerships with the communities. However, there is no systematic program to identify and nurture leadership. Under the project, school clusters will be assigned one principal, pilot schools will be empowered, and leadership training will be provided.

2.22 Weak Community Participation. Community and parental involvement, which correlates positively with ownership, financial support and school outcomes, is consistently more limited in poorer communities. Project studies report acts of vandalism against school facilities and parents shunning PTA meetings. There is no systematic school-level mechanism to advise and control the principal. In recent years, neither communities nor Municipal Engineering Offices (MEOs) have been involved in school construction, although both would be interested in the economic fallout and the MEOs have the technical capacity. School construction has been the responsibility of the Department of Public Works and Housing (DPWH); it represents a minor fraction of DPWH's workload (5-10 percent) and has received commensurate attention. Participation is critical to the sustainability of the project, and has been built into its design, from planning through implementation.

2.23 Child Labor and Other Demand-side Constraints. The best strategy to address demand-side issues is to raise the quality of education so that attending school is worth the opportunity cost, and to reduce the private cost of schooling to make it affordable to poor families. A case study of child labor is under preparation to design workable solutions. The individual plans prepared by the six project pilot provinces all include requests for "special programs" in health, nutrition, interventions for ethnic minority children and migrant laborers. These programs will initially be treated as pilots.

C. GOVERNMENT SUB-SECTORAL STRATEGY

2.24 GoP's five-pronged strategy for elementary education reaffirms long-standing principles and incorporates new ones. (i) The commitment to *elementary education as the funding priority* is

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"Putting Inputs to work in Elementary Schools: What Can Be Done in the Philippines?" J-P Tan (ESPD) et al. (1995)

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A Comparative Study of High-performing and Low - performing Elementary Schools", Ateneo de Manila University (1995)

embodied in the 1987 Constitution, and has been revived by the EDCOM and Education-for-All Reports and the SRA. (ii) The trend towards *decentralization* dates back to the mid-70s and is now being carried below the regional level to the provinces, under the new impetus given by the 1991 LGC. (iii) On the other hand, the use of *participatory approaches* reflects the empowerment policies of the Aquino and Ramos Administrations, while the (iv) “*Effective School*” thrust and the new emphasis on diversified solutions, experimentation and (v) *measurement* build on recent worldwide education research findings. In recent years, isolated steps have been taken to improve quality. DECS was split in three to concentrate on Basic Education only, teacher salaries have been increased, the school year lengthened, and private sector regulations relaxed. The impact of these measures is not known. Preparation of this proposed project has, however, provided a strategic opportunity to align all the elements of the system towards the goal of quality education, especially for the poor, and to rally the donors. The full strategy, which builds on work done, not only by the Bank, but also by Australian, Canadian, Irish, Japanese bilateral aid, and by ADB, UNDP and UNICEF, is detailed below. It will be tested in the most challenging provinces under TEEP and generalized if successful.

2.25 Improving Sectoral Funding. To correct inequities in access to quality inputs, GoP will use the budget for social targeting and will tap additional sources of public funds. The plan is to:

(a) maintain education’s share in the Central Government budget (26 percent); (b) within this, restore the share allocated to elementary education in the mid-80s (60 percent) and increase the proportion of this going to the 26 provinces from 17 to no less than 20 percent; (c) introduce a progressive cost-sharing formula between central and local governments to target resources on poorer LGUs and expand the elementary education allocation by devolving school construction/maintenance (1997); (d) increase the MOOE allocation; (e) improve expenditure efficiency by rationalizing the staffing norms; and (f) create a School Improvement and Innovation Fund (SIIF) to further target the more marginalized schools.

2.26 School-based Quality Improvement. The strategy to increase achievements and retention is the “Effective School” framework in which schools are the locus of an active, organic process of transforming inputs into pupils’ learning. It proposes to: (a) give all children easy access (1 hour’s walk) to a complete school, mono or multigrade, providing quality education; (b) create school clusters to organize a demand-driven process of in-service training and to facilitate frequent, supportive supervision; (c) equip each school, classroom and pupil with a basic kit of instructional material; (d) give schools more autonomy and flexibility (with respect to the school calendar, the extra-curricular demands on teachers, time on task, and indigenization of up to 30 percent of the curriculum where so desired by communities); (f) develop a successful multigrade model; (g) expand community-based ECD/pre-schooling programs targeted at the poorest; and (h) use SIIF grants to encourage schools to solve their own problems.

2.27 Management Decentralization. To support this focus, TEEP will bring the level of decision-making closer to the school and the community. The Divisions (Provinces) are becoming the basic operational units to plan, implement, monitor and manage education programs delivered by the schools. Over time, more responsibility may be shifted to the District level. Some schools will selectively be “empowered”, e.g., in fiscal and pedagogical management. The role of the Regional Offices will be reoriented to facilitate this transition. Appropriate skills, systems and procedures will be developed to delegate operational functions to lower levels, allowing Central DECS to concentrate on its strategic, regulatory and resource mobilization roles.

2.28 Partnerships with Stakeholders. To ensure sustainability, TEEP will mobilize the communities in support of schools. It proposes to: (a) involve DECS, LGU and community officials in the preparation of the DEDPs; (c) have the LGUs contribute to the financing and implementation of the school construction/ maintenance program, as a step towards devolution; (d) use the existing provincial and municipal School Boards, and create "school management councils", to exercise "democratic oversight" and to deepen parental and community involvement in all aspects of school life, such as the delivery of textbooks; (e) recruit NGOs for the independent monitoring of relatively non-technical aspects of school and classroom processes; and (f) mobilize corporate funding.

2.29 Measuring Impact and Cost to Guide Decision-Making. To better target resources, determine whether to institutionalize or drop the pilots, and increase accountability and transparency, TEEP will promote information-based decision-making. It will introduce: (a) a sample-based assessment system to provide educators with rapidly usable diagnosis information; (b) a user-friendly MIS tailored to the needs of policy-makers and implementing Divisions; and (c) procedures to monitor, communicate and inform stakeholders and the public about project actions, their impact and cost.

D. BANK STRATEGY

2.30 The Bank's Country Assistance Strategy (February 15, 1996) was prepared following a participatory approach. Now that the fiscal crises of the past are under control, the strategy stresses the stability and the quality of the development process. Its five objectives are to: (a) help the GoP maintain sound macro policies to convert the current economic recovery into a period of sustained growth; (b) strengthen the public sector's implementing capacity; (c) improve the country's infrastructure to promote private sector-led growth; (d) support sustainable management of natural resources and protect the environment; and (e) design and implement better mechanisms to reduce poverty and upgrade the quality of basic services for the poor.

2.31 Because of the need to be selective, for the short-term the Bank's social sector program is geared towards the CAS' *poverty* objective. One of the three recommendations of the Bank's 1996 "Strategy to Fight Poverty" is to provide quality basic social services to the poor. In line with this recommendation, the proposed operation and an Early Childhood Development (ECD) Project under preparation will target interventions in health, nutrition and cognitive development on the most vulnerable, highest pay-off group, namely young children from poor families. In both cases the Bank is helping GoP to strengthen the strategic framework for addressing inequities, to develop cost-effective delivery mechanisms, and to mobilize soft money. As pilots being tested in the SRA provinces prior to adoption in other poor provinces, these interventions will have a large multiplier effect. In parallel, the Bank is using non-lending services for *building* analytical and implementation *capacities* in the social sectors. One Institutional Development Fund Grant is assisting the Central Agencies with poverty monitoring and targeting, while another one under preparation will help sharpen their human resource development strategy and investment program. A Policy Note will analyze GoP's constraints and options for social sector financing, including expanding public/private partnerships. A third, presently peripheral but potentially strategic area of Bank involvement is technical and managerial *skills for global competitiveness* in a rapidly changing environment. Initially this will be a small public/private participatory exercise aimed at constraints and identifying solutions adopted in other South-East Asian countries. Should this lead to projects, they would support the devolution, privatization, and the refocusing of GoP's role away from direct training service provision.

E. LESSONS LEARNED FROM PAST OPERATIONS

2.32 Projects in the Philippines. The eleven projects implemented since 1965 (totalling about US\$ 553 million) provide many relevant lessons. On simple project elements such as school construction, Filipinos have a good mastery of the required techniques, and even a change in approach as proposed here can be easily absorbed. On the other hand, qualitative objectives have been elusive, and more complex interventions such as targeting and M&E require more thorough, practical preparation (e.g., a school-map, rather than an elaborate mathematical formula) and supervision. Another lesson is that participation in project design is essential to avoid stakeholder resistance, and for effective implementation. Several large projects would have benefited, had they been implemented on a geographically and chronologically phased basis, in line with absorptive capacity, rather than wholesale nationwide. The preparation of projects involving decentralization, in particular, requires careful consideration of administrative arrangements, roles and responsibilities and early institutionalization. Incentives such as honoraria, when excessive, are not sustainable, as demonstrated by the demise of the INSET program under the first elementary education project. Other relevant lessons include the importance of: (a) a free-standing, properly staffed, project management unit; (b) making better use of consultants; and (c) simplifying disbursement arrangements. The Technical Volume contains details.

2.33 Lessons from Other Sources. The project design builds on lessons learned from other countries. Chapter 1 of the Project's Technical Volume summarizes the findings of a 1991 review of over 100 education reform programs worldwide⁹ and recent literature on the management of educational change. Three key lessons emphasize the importance of: (a) schools and classrooms, decentralized educational decision-making power, and local solutions to local problems; (b) implementation, which must be a learning process, flexible but based on serious monitoring; and (c) participation, to increase ownership.

2.34 Findings about the *management of complexity and uncertainty* also deserve special mention because the proposed project on the one hand, takes a systemic approach and departs from standardized planning, which makes it managerially demanding; and on the other hand, will be implemented in an environment characterized by a fairly high degree of institutional and political unpredictability. The following design choices have been made to *minimize these risks*.

- *Selectivity:* the project will target 26 Divisions out of 133
- *Geographic phasing:* 6 pilot provinces for appraisal, 8 more in PY2 and 12 in PY3
- *Upfront deloading:* (a) curriculum reform, will be approached, not as a project component, but through INSET and textbook revision; (b) the reform of teacher pre-service training, rationalization of the SUCs and of staffing norms to achieve efficiency gains will be pursued as part of the policy dialogue
- *Piloting:* pilots, funded by the SIIF beginning in PY2, will test different models of school empowerment, school pricing, and improvement plans for marginalized schools
- *Incremental levels of innovation,* as units demonstrate their ability to handle new tasks
- *Contracting out to the private sector* some support functions (research, INSET...)
- Intensive capacity-building focus in PY1.

2.35 Analysis of Design Alternatives. During preparation, the DECS/Bank project team looked at alternative project designs from three different perspectives (Details in Economic Analysis, Annex 2).

2.36 Technical Options. Based on existing studies, the team looked at the impact on cost and learning of the following inputs and/or alternatives: (a) workbooks/textbooks; (b) multigrade versus monograde teaching; (c) pre-service versus in-service teacher training; (d) early childhood/pre-school programs; (e) nutrition and health interventions; (f) reduction in class-size; and (g) desks/furniture. The findings were used to determine the nature and scope of project interventions.

2.37 Public/Private Provision. A recent analysis of the relationship between income levels and the distribution of enrollment between public and private schools shows that, by contrast with secondary education, public schools are the main, if not the only, elementary schooling opportunity for poor children, especially in rural areas. *This justifies the project focus on public elementary education.*

2.38 Public/Private Financing. Three main pricing options to retain poor pupils in school were examined. Charging the *full cost* of a better quality elementary education was rejected. The required increase in present per pupil expenditures would drive up the cost to parents, which is already contributing to the drop-out rate. Instead the project aims to lower the private cost of education by providing fully-subsidized textbooks, relaxing the uniform requirements, and bringing schools within walking distance from home. However, for the 22 percent who are fully employed; it may be necessary to lower the price even further by *subsidizing the cost of school attendance*. The study on child labor will determine the level of subsidy required to keep children at different income levels in school. This will lead to a pilot voucher system described in para. 3.39.

F. RATIONALE FOR BANK INVOLVEMENT

2.39 The project is an important building-block of the Bank's CAS, discussed by the Executive Directors in April, 1996, which aims to help GoP transform the present growth into sustainable, broad-based development and to accelerate poverty reduction. It is a direct follow-up to the Bank's recent *Strategy to Fight Poverty* (Report No. 14933-PH), and would operationalize several of its key priorities: the provision of quality basic social services for the poor; recognition that education remains a central government function and the main intervention to help the next generation pull themselves out of poverty; and targeting. By focusing on the design and testing of a framework for redressing inequities, on the development of more effective and efficient delivery mechanisms, and on donor concessional finance and technical mobilization, the project would have the type of strategic and multiplier impact the GoP expects from the Bank operations in the social sectors. Increasing investment in elementary education is a major determinant of predicted economic growth rates, accounting for 34 percent of the differential between Latin America and East Asia. Raising the level of educational attainment to high school completion, to which the project would be a first step, would reduce the poverty headcount by over 11 percentage points and the poverty gap by almost 6 percentage points. The current economic take-off is absorbing the excess underemployed educated labor. This may take a few years. Because investments in human capital have a long gestation period, *now is the time* to initiate the reforms needed to ensure that by 2015, the country has a large enough pool of workers who are sufficiently literate and numerate to be adaptable and trainable.

2.40 Macro Policies and Implementation. As recommended in the Bank's 1995 Public Expenditure Review, the project will also help rationalize public expenditures by improving resource

allocation through targeting and better budget monitoring. It will build the professional and managerial capacities needed for DECS to adapt to its changing role, facilitating implementation of the civil service reform. It will use the lessons from other sectors, especially health, to ease the process of educational devolution. The likelihood that it will achieve results is enhanced by the level of attention given to institutionalization during preparation .

2.41 The Bank's non-financial contribution to the project is three-fold. During preparation, it brought its cross-country experience to bear into project design, especially in the areas of participatory planning, school improvement, educational decentralization and the management of change. The Bank also assembled a coalition of donors who support the project, either as cofinancier (Japan's OECF) or through a reorientation of their programs. AusAID and possibly HEDCO (Australian and Irish Government Bilateral Agencies) will strengthen the Teacher Education Institutions that will supply in-service training; CIDA is assisting the process of educational decentralization and textbook privatization; UNICEF is deepening and expanding its involvement in multigrade teaching. During implementation, the Bank and these donors will help ensure that this evolving, participatory project receives the right level and type of supervision—frequent, supportive, flexible and result-oriented. The thrust of donor interventions is summarized in Annex 3.

3. THE PROJECT

A. GOALS, OBJECTIVES, AND INDICATORS

3.1 GoP's constitutional goals for education are to maximize its contribution to national development and to equalize access to, and the benefits from, it. Closing the educational gap between rich and poor provinces in terms of school inputs and outcomes has top policy priority under the Social Reform Agenda. Another concern of the Department of Education, Culture and Sports (DECS) is to modernize education. The proposed Third Elementary Education Project – or TEEP – addresses the first goal, and to a lesser extent, supports the second one. TEEP is a specific investment project which aims to: (a) *build the institutional capacity* of DECS to manage the change process associated with TEEP; and (b) *improve learning achievements, completion rates and access to elementary education in 26 poor provinces*, especially their most disadvantaged communities. The targeted areas include the 20 SRA, plus six “Intensely Poor” provinces; 60% of their population is classified as poor. Together they account for 18 percent of the nation's population, 20 percent of the 6-12 year olds and 24 percent of the poor. Poverty there is both more severe and “deeper” than the national average. Details are in Annexes 4.

3.2 Ten *performance indicators* and targets linked to these objectives have been agreed with the stakeholders. They complement the traditional measures of performance covered by routine reporting –procurement, disbursement, etc.–. *For capacity-building*, implementors will monitor: (a) the extent to which policy decisions reflect project-funded research (Output - this is the only non-quantifiable outcome indicator); (b) the timeliness and accuracy of statistical reports (Output); (c) the gap between planned and actual sub-sectoral expenditures achievements (Outcome); (d) institutionalization of in-service training (Impact); (e) the level of resources flowing directly to schools (Input); and (f) the Central/Local Government cost-sharing operates as a targeting mechanism (Impact). *For educational improvement in 26 poor provinces*, monitoring will cover: (g) the textbook:pupil ratio in remote schools (Outcome); (h) pupils' scores in English, Mathematics and Science (Impact); (i) completion rates through Grade VI (Impact); and (j) the percentage of children living less than one hour's walk from school (Outcome); Annex 5 details the quantified targets and the monitoring arrangements.

B. SCOPE AND APPROACH

3.3 Implementation will be phased. During preparation, six School Divisions (Provinces) selected as pilots formulated their own 5-year Divisional Elementary Education Development Plans (DEDPs), following agreed Guidelines. This allowed DECS to develop, by major geographic zone, a typology of issues and solutions which were extrapolated for costing. This is a *process project characterized by a flexible design under which detailed planning of interventions will be done by the stakeholders during implementation, allowing adjustments in an uncertain environment*. Two more batches of 8 and 12 DEDPs will be prepared in the second and third project years (PY2 and 3) respectively. By the end of its seven year period, TEEP will have benefited about 2.3 million 6-12 year olds, about 70 percent of whom come from poor households, and nearly 60,000 teachers and education managers. The completion rate in the

target group is expected to increase from an average of 55 percent to 75 percent. Designed as an exceptional intervention to overcome the educational odds of isolated, long neglected rural areas, TEEP cuts across bureaucratic layers and processes. If the effectiveness of the approach—which combines targeting, a school focus, decentralization, participation and information-based decision-making—is confirmed, the GoP plans to extend it nationwide.

3.4 Preparation was driven by the stakeholders, earning TEEP the status of Participation Flagship. It started with participatory Sector Work, most of which was conducted by Filipino consultants and Task Forces during 1994-95. The Sector Work focused on implementation, since educational strategic directions had already been mapped out by the EDCOM Report, and was designed to build consensus. About ten input studies were conducted, and numerous consultations were organized nationwide to create ownership. Following project identification in February 1995, a bottom-up planning approach was adopted under which each Divisional DECS Team, with local technical assistance, prepares its own DEDP with involvement of LGUs, Universities, Parent-Teacher Associations (PTAs), and Non-Governmental Organizations (NGOs). The process involved a variety of steps and participatory techniques, from baseline data collection to pilot preparation activities. For the Divisional teams, Bank missions provided capacity-building opportunities in unfamiliar planning and budgeting techniques. In turn, the pilot provinces will help the next batches, initiating a learning process. The LGUs support TEEP and are ready to contribute to its funding and implementation. More information is in Annex 6 and the Technical Volume (TV).

C. PROJECT DESCRIPTION

3.5 To achieve these objectives, the project will have a policy and institutional framework and two investment components.

3.6 Policy and Institutional Framework. The PIF will: (a) improve the adequacy, efficiency, and equity of sub-sectoral *funding* by protecting the elementary education budget; targeting resources to reduce the cost of schooling for poor children; devolving the school construction program, the cost of which will be shared between the Central and Local Governments; and rationalizing staff deployment; (b) ensure that basic inputs are delivered to project *schools* through community involvement and more transparent operations, and improve school processes; (c) introduce *systems and procedures to decentralize* selected education functions and the corresponding resources, to the Divisions and, where feasible, the schools; (d) measure the impact of project interventions on cost and learning guide decision-making; and (e) provide a Plan for the orderly handling of *Land Acquisition, Titling and Resettlement* issues that may be raised by the School Building Program. DECS Secretary has prepared a Memorandum of Policy *(to be signed by the Secretaries of DECS and Finance as a Condition of Negotiation)* outlining these arrangements (Annex 7). Because they require a number of exceptions to existing rules, they will be formalized in a Multi-agency Agreement between DECS, the Commission on Audit, the Department of Budget Management, the Department of Finance, and the National Economic Development Authority (to be signed as a Condition of Negotiations). *Assurances will be sought from GoP that it shall (i) carry out the Project in accordance with the principles set forth in the Memorandum of Policy and with the TEEP Guidelines; (ii) exchange views with the Bank prior to any modification to its memorandum of Policy; (iii) furnish to the*

Bank for its prior approval any proposed modifications to the TEEP Guidelines; (iv) not approve any DEDP for funding under the Project without the prior concurrence of the Bank.

3.7 Investment Components.

- (a) Capacity-building at the National and Regional Levels. This component will: (i) create a national structure for project management and capacity-strengthening; (ii) build capacities in support of policy and decision-making; and (iii) build capacities in support of decentralized implementation and effective schools (estimated baseline cost, US\$24.0 million or 5 percent of total base cost); and
- (b) Educational Improvement in 26 poor provinces. This component will: (i) strengthen capacities in the Divisional Offices, LGUs and other TEEP stakeholders of the targeted provinces; (ii) develop and implement, on a phased basis, locally-prepared, customized Divisional Elementary Education Development Plans (DEDPs) in the 26 provinces). With local variations, the Plans are expected to: (i) *improve learning* through: the provision of textbooks/instructional materials; in-service training (INSET) and pedagogic renovation; and awards from a School Improvement and Innovation Fund (SIIF); (ii) *raise completion rates* through: the provision/rehabilitation/repair and equipment of fully equipped small multigrade village schools; community mobilization; and demand-side interventions, mostly funded as pilots under SIIF; (iii) *expand access* through: the provision of additional school places with furniture and equipment (US\$471.6 million, or 95 percent of total base cost).

3.8 The project will finance largely the same inputs as more traditional education projects. However, the approach is different, with its participatory bottom-up planning process, its emphasis on school processes, systemic capacity-building and learning, and the thrust towards further decentralization.

D. FIRST COMPONENT: CAPACITY-BUILDING AT THE CENTRAL AND REGIONAL LEVELS (US\$24.0 million)

3.9 This component will establish a three-tier national management structure, with antennae in the TEEP Divisions, to help DECS manage the project and build capacities at key levels of the system. It will be financed by the Overseas Economic Cooperation Fund (OECF) of Japan, with the exception of the MIS, which is Bank-funded. Para. 4.7 summarizes the cofinancing plan. *A condition of Effectiveness of the IBRD Loan is that all conditions precedent to the effectiveness of the OECF Loan Agreement shall have been fulfilled.*

SUB-COMPONENT ONE: NATIONAL MANAGEMENT STRUCTURE (US\$5.0 MILLION)

3.10 The Basic Education *Steering Committee*, an existing interagency high-level body chaired by DECS Secretary, will be responsible for overall policy direction and interagency coordination. A TEEP *Managing Council* (TMC) chaired by DECS Undersecretary for Programs and

Operations and composed of DECS staff and education stakeholders (parents, LGU representatives, and an independent Project Advisory Group) will have the authority to approve sub-projects, annual workplans and budgets, and to oversee the work of the PISU.

3.11 Project Implementation Support Unit. The PISU will: (a) support and monitor TEEP day-to-day implementation at the national level, within the TEEP Guidelines and the agreements reached with donors, and (b) capacity-building in DECS. TEEP Director, a full-time civil service official with Assistant-Secretary rank, will be assisted by a PISU Manager (consultant). Within the PISU, there will be two Cells, one for Policy, in charge of TEEP core functions, and the other for Programs, to support implementation of the DEDPs, and manage the capacity-building effort. The PISU will be fully integrated in DECS' Operations Complex and will eventually be merged into it. It will be staffed with (i) a core of DECS personnel, seconded there for the entire life of the project because of their experience with sector project type of approaches, acquired both during PRODED and TEEP preparation; (b) national consultants with strong experience in modern project and education management techniques; and (c) on a rotating basis, DECS staff who will join the PISU for developmental assignments, then return to their base unit to become agents of institutional change. The combination of consultants, temporary and regular staff should provide continuity, ownership and sustainability and should be flexible enough to survive possible restructuring of DECS during project implementation. Annex 8 provides details.

3.12 The national managerial, professional and technical services and related training, equipment, and vehicles required by PISU, including the specialist services for capacity-building in the provinces, will be procured under an umbrella-contract to be reviewed by the Bank and OECF. The selection process will be initiated as soon as OECF funding has been approved (August, 1996). *As a Conditions of Effectiveness, the Borrower shall have (i) established the PISU and appointed its key staff (project director, project manager, facilities specialist, procurement specialist and the TEEP advisors of reach of the six pilot provinces) with qualifications and experience satisfactory to the Bank; and (ii) have formally established and thereafter maintain the TEEP Managing Council with membership, functions and procedures acceptable to the Bank.*

SUB-COMPONENT TWO: SUPPORT TO POLICY AND DECISION-MAKING (US\$9.6 MILLION)

3.13 Research and Evaluation. To give DECS' management access to quality policy analysis, TEEP will support a national Policy Research Unit, to be established outside DECS through local competition. The Unit will carry out studies and rigorous evaluations related to: (a) determinants of student drop-out from elementary school (20%); (b) impact of project reforms on student learning and school completion (50%); and (c) other topics, such as the cost and benefits of adding a 7th year to basic education, at the request of the Secretary (20%). It will also disseminate the results of all research, evaluation and assessment carried out under TEEP (10%). PISU will liaise between DECS and the Policy Unit, identify emerging issues and commission the studies. Details are in the Borrower's Project Implementation Plan (PIP) and the Bank's Technical Volume.

3.14 Assessment. Feeding into this, the project will support activities designed to improve the quality of information on student learning achievement, following on the recommendations of a national workshop on Assessment Systems (November 1993). This will include: (a) capacity-building in national assessment strategies; (b) visits by national sampling consultants; (c) development and implementation of national assessment tests; and (d) higher degree studies in assessment. TEEP will contract a strong national institution with good international linkages to help the National Education Testing Research Center (NETRC) to (i) develop a national sample-based assessment system, (ii) administer tests in mathematics, science, English and/or Filipino to approximately 1,000 students per grade in Grades 2, 4, and 6; and (iii) provide teachers in TEEP provinces with additional support in developing curriculum-based formative assessments. Details are in the Technical Volume. *Assurances will be sought that GoP shall administer the national sample-based assessment tests (i) in all active Project Provinces in 1998, 2000, and 2002; and (ii) in accordance with methods acceptable to the Bank.*

3.15 MIS, Statistics and Planning. Based on a pilot educational MIS developed in three Divisions during preparation, the project will: (a) improve data quality by reducing the demands placed on schools and familiarizing them with data-based monitoring; (b) train DECS-CO, RO and DO staff in the use of this new MIS to support policy-making, scenario development and resource targeting, participatory planning for the DEDPs, decentralization of decision-making to the DOs, and performance monitoring. The new MIS will be implemented in DECS CO, the 16 regional Offices, the 26 TEEP Divisional Offices, 50 selected District Offices and a few selected schools. The MIS is the only element of the first component to be funded by the IBRD Loan. The Loan will finance training specialist services and equipment.

SUB-COMPONENT THREE: SUPPORT TO DECENTRALIZED IMPLEMENTATION AND EFFECTIVE SCHOOLS (US\$9.4 MILLION)

3.16 Budget & Finance: To address the issues identified in the Bank's 1995 Public Expenditure Review, the project will assist DECS Financial and Management Service in developing standards and procedures to (a) improve allocative efficiency, especially expenditure targeting; (b) ensure that funds flow directly to TEEP provinces and in selected cases, to schools; (c) improve budget presentation and monitoring, beginning in FY97; (d) tighten the linkage between policies, allocations, and delivery of education.

3.17 Personnel Management. To improve the utilization and productivity of education personnel in the TEEP provinces, TEEP will assist DECS Human Resource Development Service in conducting manning studies and operational research. The results, which will guide the revision of staffing norms, will be discussed at the joint annual reviews.

3.18 Quality Inputs. Three programs which are critical to quality improvement and the change process underlying TEEP, will be mainly located in the provinces, with the center and regions playing a support role: textbooks and instructional materials, in-service training, and a School Improvement and Innovation Fund. They are described beginning in para. 3.27.

3.19 Advocacy. The project will: (a) inform potential stakeholders (parents, community leaders, LGUs, DECS staff) of TEEP's objectives, approaches, and implementation modalities to gain their active support; (b) help ensure that DECS staff at all levels understands and supports

the value of the participative, grassroots approach to DEDP planning and of decentralized management. Community mobilization methods will be used, in coordination with a series of audio-visual communications and targeted media messages. Based in PISU, with support from the Regional Offices, the team will: (i) conduct research, formulate strategy, manage the production work and community mobilization training; (ii) develop material in accordance with standard communications practice including pre-testing and impact/efficiency evaluation; and (iii) develop in DECS the expertise to manage the program. Details are in the PIP and the TV.

3.20 Preparation Facility. To support the participatory planning of the remaining 20 DEDPs, and their start-up activities, the project will finance Preparation Facility. DEDP Preparation Guidelines form part of TEEP Guidelines.

E. SECOND COMPONENT: ELEMENTARY EDUCATION IMPROVEMENT IN 26 POOR PROVINCES (US\$471.6 MILLION)

3.21 What are the DEDPs? The DEDPs are sub-projects prepared by divisional planning teams following TEEP Guidelines developed by DECS-CO with World Bank assistance and with extensive stakeholder consultations. Although the provinces are pre-targeted, approval of their DEDP is subject to compliance with eligibility criteria. The horizon of the DEDPs is five years, with detailed Annual Work Plans and Budgets, all to be approved by the TEEP Managing Council on the recommendation of PISU. Provinces that do not perform will be suspended after 2 years, and others, substituted for them. Despite local variations, a core of activities has emerged from the six pilot DEDPs. To ensure high-quality start-up and create the conditions for institutionalization, emphasis is being placed on upfront development of capacities, systems and procedures. The focus is on the creation of more "Effective Schools" in poor rural areas, and the entire system is being reorganized to support that approach. Implementation will be the responsibility of the DOs. Annex 9 summarizes the key elements of TEEP Guidelines governing DEDP preparation. The DEDPs for the six pilot provinces are in the TV. *As a Condition of Effectiveness, GoP shall, in respect of the DEDPs for each of the six pilot provinces, cause DECS and the respective DO to enter into a Memorandum of Agreement satisfactory to the Bank with the District education supervisors, respective LGUs, parent representatives, school boards and other concerned parties, which shall set forth the obligations of each party to implement such DEDP in accordance with the TEEP Guidelines. Assurances will also be sought that the respective Memorandum of Agreement will be executed.*

3.22 This component will: (a) strengthen the capacity of the Divisional Offices (DO) as the basic TEEP provincial management structure; (b) strengthen the capacities of the LGUs, PTAs, NGOs and communities, so that they actively support TEEP; and (c) develop and implement the DEDPs.

SUB-COMPONENT ONE: DIVISIONAL/PROVINCIAL MANAGEMENT STRUCTURE AND CAPACITY-BUILDING (US\$28.5 MILLION)

3.23 Divisional Offices. Until now mere administrators and implementors, *the Division Superintendents are becoming managers*. In partnership with other stakeholders, they will (a) oversee the preparation of the DEDPs; (b) cooperate with the Provincial School Boards to mobilize more resources from the SEF and secure approval of the DEDPs; (c) implement the

DEDPs; and (d) use the School Boards as “democratic oversight mechanisms”. Other partners of the DOs will be: the Municipalities and their Engineering Offices, who will implement the school building program (SBP); Teacher Education Institutes and consultants for training; NGOs as service providers, and the private sector, as a potential source of additional funding.

3.24 The Superintendents will be assisted by one TEEP Coordinator per DO and by three months/year of other short-term technical specialist services on demand. They will not substitute for the DO staff, who will *remain in charge*, but will provide on-the-job training, analyses and recommendations for action. The duration (3 years on average) and nature of this assistance may vary depending on the pace at which existing DO staff acquire the new skills required for implementing TEEP. Benchmarks will help the DOs monitor their performance.

3.25 GoP and donor funds will flow directly to the Provinces/DOs via DECS, and the DOs are being reinforced by GoP to handle their new financial responsibilities, described in para. 4.36. The new MIS, designed to help the Divisions in making school-mapping and other allocative decisions, and in monitoring TEEP, will be installed in the DOs. Working closely with DECS-CO's various Support Teams, the new DOs will outcontract support services such as INSET or local adaptation of materials. The specialist services to provide technical support and training will be financed by OECF under the PISU umbrella -contract, with the Bank Loan financing civil works and equipment for the DOs. Annex 10 provides details on decentralization.

3.26 Non-DECS Stakeholders. To mobilize support for TEEP, this group will receive induction and training in areas such as TEEP's approaches and design, the role of human capital in poverty alleviation and growth, communications, and management. The stakeholders include the *LGUs*, which through their School Boards, will share in the cost of TEEP, and through their Engineering Offices, will participate in its implementation; *PTAs*, which will play an increased role as schools are “empowered” and elect a Managing Council; *NGOs*, which will be involved in the advocacy campaign, training, school construction, some of the pilots, and the yearly participatory performance assessment. The Loan will finance workshops and materials.

3.27 School Improvement and Innovation Fund. The SIIF is a tool for pedagogic decentralization and for targeting, with two windows. At the *national level*, it will pilot-test alternative new approaches to issues of national relevance. This window will be managed by PISU, in liaison with DECS Units. At the *Divisional level*, SIIF will target resources at “marginalized” schools to engage them in diagnosing their problems and in defining and implementing their own improvement plans. All schools (and clusters) will be classified in one of three risk categories based on agreed criteria and will compete on the basis of two-year school improvement plans (SIPs) emphasizing school-based quality enhancement. About 1,700 grants, ranging between US\$1,000 - US\$3,000 equivalent, will be awarded.

3.28 The District and Division Supervisors will be trained respectively, to support preparation of the proposals, and to review them. Two-thirds of the grants will be for clusters, so that about 4,000 schools (out of 8,500) could benefit. The SIIF proposals will be subject to rigorous monitoring by the DOs, and spot-checks by PISU. NGOs may be involved in an implementing or monitoring capacity. The advocacy campaign will disseminate success stories, and there will be a yearly stock-taking exercise. SIIF Guidelines, which are part of the TEEP Guidelines, will be finalized as a *Condition of Negotiations*, tested during PY1, and deployed by PY2. Annex 11

provides details, including eligibility criteria. The Bank Loan will fund the demand-side interventions (para. 3.40-3.41), and OECF, the remainder of SIIF activities.

3.29 Below are examples of SIIF proposals, which are detailed in Annex 11:

- **School empowerment** to encourage schools and their communities to diagnose their problems and define their own strategies.
- **School Improvement Plans**, including experiments with more flexible approach to the school calendar, environmental measurement, exchanges between schools, etc.
- **Indigenization of Material and Curriculum** and training of indigenous teachers to assist with the transition from the vernacular to the languages of instruction.
- **Community-based, Early Childhood Development Pilots** to test different organizational models (e.g. center vs. home-based).
- **Special, demand-side programs** including school health and nutrition, modular programs for migrant and nomadic children, etc.
- **Vouchers to retain poor children in school** (para. 3.41).

SUB-COMPONENT TWO: DIVISIONAL ELEMENTARY EDUCATION DEVELOPMENT PLANS (US\$443.1 MILLION)

Improving Learning Achievements

3.30 Quality improvements are the best strategy to make school more interesting and retain children. It can also generate savings through a more efficient flow of pupils. The project will: (a) ensure the availability of textbooks and instructional materials in remote schools; (b) revitalize and refocus in-service training (INSET); and (c) use SIIF to support school-based experiments.

3.31 Textbooks and Instructional Materials. TEEP will: (a) ensure that every teacher and every other pupil in the 26 provinces gets a basic set of quality books and instructional materials at the beginning of the school year and knows how to use them; (b) support the policy and institutional measures required to ensure an orderly transition to a fully private publishing sector. An Instructional Materials Support Team will be trained in DECS-CO with assistance from PISU. Until 1998, textbooks will be reprints of books developed by the Instructional Materials Corporation (IMC), procured following Bank procedures. By SY98-99, textbooks will have been published by the private sector based on DECS specifications and approved by a team of DECS evaluators. Procurement will follow GoP procedures, under which schools will choose from approved DECS lists, and DECS-CO will collate the orders. The computerized processing of orders will be contracted to a private firm. Distribution in prepackaged lots to each DO will be the responsibility of the suppliers, with sanctions for poor performers. From there, communities will assist with timely delivery to the schools.

3.32 For all of the 26 provinces, this program will provide since PY1 one set (= 4) of textbooks per pupil. Although less than presently prescribed by DECS, this is considered adequate, is more sustainable, and will promote prioritization on core disciplines. To contain

costs and promote individual learning, the Grade I - III books will be in an abridged, modular form. Multigrade classes will each receive a science corner and a reading corner to facilitate independent or small group work, and for each pupil, a set (= 3) of workbooks in lieu of textbooks. Each one of the project's classes and 8,500 schools will receive a kit of instructional material. Monograde schools will be equipped with a supplementary library (2 copies of 200 books each). Teachers, principals and supervisors will be trained, for the short-term, in a more creative use of textbooks and other reading material, and for the medium-term, when schools have choice, in the selection of textbooks. The Loan will finance paper and a reprint of the above materials in all 26 provinces in PY1, and school/classroom kits of instructional materials. For the remaining PYs, this program will be GoP-funded. A key indicator of project performance will be that the above-mentioned ratios are achieved in TEEP schools beginning with school year 97-98.

3.33 INSET for Teachers, Principals and Supervisors. To create more adaptive, effective schools that produce independent, critical thinkers, the project will revitalize INSET in the 26 provinces. School and cluster-based, the new INSET will develop teachers into learning facilitators capable of responding to pupils diverse needs, and principals/supervisors into proactive team-leaders. Some 52,000 teachers and 6,000 administrators, i.e., all staff, will participate. Divisions will become codesigners and "clients", instead of mere participants in INSET.

3.34 The program will rely on a four-tiered referral system and an horizontal resource network system. The program involves three distinct phases. PY1 will be a phase of planning and capacity-building. Support teams consisting of 3-4 people at the national level, and 3-4 for each Region/Division will be formed and trained for 3-4 weeks by national and international consultants. Divisional mobile teams of four trainers for 30 teachers will be trained by the support team with assistance of consultants such as TEIs. Beginning in PY2, the mobile teams will deliver the training to schools and clusters, at the rate of five days p.a.. This five-days on-site training will be complemented by five days residential training p.a., normally at the district level, clinic-style. In parallel, school and cluster-based "Learning Action Cells" (or LACs) will begin meeting once a month, operating as professional networks. Formative team evaluation and feedback will be built-in, and a full impact evaluation, scheduled for the mid-term review (2000). The third phase will integrate distance education into the face-to-face program, to accelerate coverage and improve sustainability. It will begin with a one-year research-action phase. Participation will be limited to two carefully selected districts per province initially. The pace and modalities of expansion will be reviewed annually. The TV contains details on the INSET and distance education programs .

3.35 The Loan will finance workshops, equipment, training materials, especially a TEEP Training Manual (part of TEEP Guidelines), vouchers for the DOs to purchase training services, 10 days per annum, for a cumulative total of 60,000 teachers, supervisors and principals; (b) provision of simple technologies in the 500 lead schools (VCRs, cassettes on good teaching practice). No honoraria will be paid, but trainees will earn credits towards promotions.

3.36 SIIF Activities. School empowerment, School Improvements Plans, Curriculum and Materials Indigenization, and Early Childhood Development programs are effective strategies to improve learning. All will be piloted under the SIIF and are described in Annex 11.

Raising Completion Rates

3.37 Table 2.2 suggests that a full drop-out reduction strategy must also (a) support special programs and demand-side interventions to address the issues of health, high cost of public schooling, and need for children to work; (b) mobilize communities; and (c) bring a complete, better equipped elementary school closer to the “barangay” (village).

3.38 Demand-Side Interventions. To address the demand-side issues identified in the DEDPs, the project will pilot special programs and fund them under SIIF because many of them, while critical, are not mainstream to public education. GoP has committed up to five percent of total DEDP base costs to these activities. The pilots’ adoption and eventual expansion will be conditional upon demonstrated LGU financial commitment and compliance with national policies. Special attention will be paid to the needs of ethnic minorities who, as part of the participatory planning process, will be encouraged to voice their felt needs for culturally sensitive educational programs.

3.39 A priority intervention under this heading is *demand-side financing*. While TEEP’s quantity and quality improvements will make education more attractive, this pilot will make it more affordable to the poor by offsetting direct and indirect private costs. The objective will be to determine: (a) within a randomized, experimental setting, the relative effectiveness and the feasibility of generalizing different demand-side interventions; and (b) the subsidy level that proves sufficient to induce enrollment without distorting other economic decisions. Based on models from Latin America and Asia, the pilot will experiment with (i) small scholarships to cover direct and indirect schooling costs; (ii) vouchers in lieu of tuition at any local school (DECS approach for secondary education); and (iii) community vouchers to build and equip schools where none exist. The impact in inducing greater utilization will be discussed at the joint annual reviews. The pilot and its possible extension may be funded out of the Presidential Fund for Poverty Alleviation. The Bank Loan will provide SIIF grants as seed money to develop, and mainstream if justified, demand-side pilot interventions. *Assurances will be sought that GoP shall, by September 30, 1997, prepare and furnish to the Bank for its review and comment, a proposed strategy to address demand-side issues. Assurances will also be sought that GoP shall follow the criteria and procedures set forth in the TEEP Guidelines for the informed participation of, and consultation with, a variety of representative communities, in particular communities with indigenous peoples and ethnic minorities, to ensure that the design and implementation thereafter of the DEDP adequately addresses the needs and cultural preferences of such communities.*

3.40 Community Mobilization The induction and training offered to provincial level stakeholders (para. 3.26) will also be available to Municipal LGUs, School Management Councils (elected from Parents/Teachers Associations) and communities.

3.41 Providing Complete Village Rural Schools and Improving the Physical Environment. These two interventions fall under the School Building Program, discussed in paras. 3.42-3.46.

Expanding Access

3.42 School Construction and Equipment. The project will: (a) reduce the drop-outs caused by distance from school; (b) restore a classroom physical environment that is safe and conducive to learning; and (c) expand access to reasonable quality education in poor rural areas.

3.43 Under (a), TEEP will provide all 6-12 year olds in the 26 provinces access to a complete school less than one hour walk from home. This means promoting small multigrade schools. GoP is introducing hardship allowances for teachers and TEEP will fund cost-effective packages of inputs designed to equalize quality between multi and monograde schools. DECS has started developing for each province, in cooperation with UNICEF, one demonstration multigrade cluster, adapted from Columbia's successful "Escuela Nueva" model. The program will be based on the participatory school mapping exercise initiated during preparation. The exact numbers, to be determined during implementation, fall under the total in (c).

3.44 Under (b) TEEP will, based on province-by province inventory of facilities, finance repairs and rehabilitation of about 23,700 classrooms, the construction of toilets in 1,900 schools; water or electricity connections, desks and furniture. To break the isolation of some of the more remote schools (25 km away from the nearest District), it will test, where technically feasible, simple communication devices such as cellular phones and one-way radios (2 districts/province).

3.45 Under (c), TEEP will build about 6,300 new classrooms and replace about 2,850 existing ones, using an index-based approach which combines real needs, effectiveness, and the creation of economic opportunities through community construction. The school mapping and community mobilization exercise will be repeated for each new TEEP province. It will promote small multigrade, complete schools (3 classrooms, 6 grades) with a catchment below one hour's walk, rather than large schools with a wider catchment. Moving away from standardized models poorly adapted to local conditions, six school prototypes have been developed—for mono and multigrade classes, with variants for different terrains and climatic conditions. The new norms are cost-conscious but integrate new pedagogical standards, such as larger classrooms for multigrade and teachers quarters. The costing also reflects the distances over which materials have to be carried.

3.46 Implementation will be delegated to the Municipalities' Engineering Departments, as this is likely to raise construction quality through more frequent supervision. Details are in Annex 12 and the Technical Volume. For the GoP, this will ease the transition towards devolution of school construction and maintenance, planned for 1997, and heighten Municipalities' commitment to the financing, management, and delivery of quality elementary education. For the LGUs, it will improve the coherence of basic social services delivery, promote synergy between the activities of the various municipal boards (education, health...), and, in the case of isolated barangays, create employment through the use of community construction ("paqyaw"). Each DEDP will specify the scope of the civil works program, the titling situation, the method of construction selected. The Loan will finance civil works contracts, materials and furniture.

4. PROJECT COSTS, FINANCING, AND IMPLEMENTATION

A. COST ESTIMATES

4.1 **Summary of Costs.** Total project cost, including duties and taxes, is estimated at about Pesos 17.1 billion, or US\$586.2 million equivalent. The net of tax cost would be US\$528 million. Investment costs are 87 percent and incremental recurrent costs, 13 percent of total baseline costs. The cost breakdown by component and categories of expenditures is given in Tables 4.1 and 4.2.

Table 4.1: Summary Costs by Component

	(Peso Million)			(US\$ '000)			% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total	
A. Capacity Building at Nat'l & Reg'l Levels							
National Management Structure	95	29	124	3,791	1,175	4,966	1
Support to Policy/Decision Making	232	9	241	9,268	357	9,625	2
Support to Decentralization	181	54	235	7,249	2,165	9,414	2
Subtotal Capacity Building at Nat'l & Reg'l Levels	508	92	600	20,308	3,696	24,005	5
B. Elem. Educ. Improvement in 26 Prov.							
Capacity Building at Provincial Level	600	113	713	24,012	4,504	28,516	6
DEDPs	8,507	2,570	11,077	340,281	102,808	443,090	89
Subtotal Elem. Educ. Improvement in 26 Prov.	9,107	2,683	11,790	364,293	107,312	471,605	95
Total BASELINE COSTS	9,615	2,775	12,390	384,601	111,008	495,610	100
Physical Contingencies	903	274	1,177	36,117	10,959	47,076	9
Price Contingencies	2,963	571	3,534	36,597	6,892	43,489	9
Total PROJECT COSTS	13,481	3,620	17,101	457,315	128,860	586,175	118

4.2 **Basis for Cost Estimates.** Estimated costs for civil works are based on current unit costs for construction which vary from US\$180 (for classrooms) to US\$250 (for Divisional Offices) per square meter of gross floor area of construction. These costs are reasonable compared to similar Bank-assisted construction in the Philippines. Costs of professional services also reflect the fee scale established for similar services provided by local consulting firms. The cost estimates for equipment, vehicles and educational materials are based on lists prepared by the GoP. Furniture and consumable material costs are based on GoP estimates and reflect current prices. The cost of teacher/pupil manuals are based on DECS experience with regard to those to be reprinted, and on current publishing market prices with regard to those to be published; Estimated salaries of additional staff are based on basic pay scales including standard allowances.

4.3 **Duties and Taxes.** All imported goods are subject to customs duties and taxes. The total amount, includes import duties and taxes, is estimated at about US\$58.2 million.

4.4 **Contingency Allowances.** Project costs include physical contingencies (US\$47.1million) at 10 percent of all physical components, operation costs and maintenance, and at five percent for technical assistance and salaries. They also include price contingencies (US\$43.5 million) based on the standard regional and Bank-wide guidelines on inflation factors.

Table 4.2: Summary Costs by Category of Expenditure

	(Peso Million)			(US\$ '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
I. Investment Costs								
A. Civil works								
1. School Buildings	3,740	416	4,156	149,605	16,623	166,228	10	34
2. Other Buildings	197	22	219	7,877	875	8,752	10	2
Subtotal Civil works	3,937	437	4,375	157,482	17,498	174,980	10	35
B. Equipment/Furniture								
1. Equipment	216	1,947	2,163	8,652	77,867	86,519	90	17
2. Furniture	213	-	213	8,535	-	8,535	-	2
Subtotal Equipment/Furniture	430	1,947	2,376	17,187	77,867	95,053	82	19
C. Materials, Kits & Textbooks								
1. Instructional material	492	296	788	19,669	11,833	31,502	38	6
2. Communication material	54	6	60	2,155	239	2,394	10	-
Subtotal Materials, Kits & Textbooks	546	302	847	21,824	12,072	33,896	36	7
D. Specialist Services	401	71	472	16,040	2,827	18,867	15	4
E. Training	2,210	19	2,229	88,402	744	89,146	1	18
F. Special Programs & Grant	450	-	450	17,981	-	17,981	-	4
Total Investment Costs	7,973	2,775	10,748	318,915	111,008	429,923	26	87
II. Recurrent Costs								
A. Personnel	281	-	281	11,250	-	11,250	-	2
B. Operating Costs	687	-	687	27,492	-	27,492	-	6
C. Supervision missions	26	-	26	1,035	-	1,035	-	-
D. Management sessions	0	-	0	14	-	14	-	-
E. Maintenance	647	-	647	25,896	-	25,896	-	5
Total Recurrent Costs	1,642	-	1,642	65,687	-	65,687	-	13
Total BASELINE COSTS	9,615	2,775	12,390	384,601	111,008	495,610	22	100
Physical Contingencies	903	274	1,177	36,117	10,959	47,076	23	9
Price Contingencies	2,963	571	3,534	36,597	6,892	43,489	16	9
Total PROJECT COSTS	13,481	3,620	17,101	457,315	128,860	586,175	22	118

4.5 Foreign Exchange Component. This component--US\$128.9 million--was estimated based on the following foreign exchange proportions: (a) civil works: 10 percent (b) equipment: 90 percent; (c) instructional materials 35 percent; (d) international consultants: 100 percent; (e) consumables, operation and maintenance costs 5 percent. Annex 14 shows additional cost tables.

B. FINANCING PLAN

4.6 The estimated project cost will be financed as follows:

- (a) The GoP will finance US\$316.8 million equivalent (54% of total project costs including taxes and duties), and the LGUs, US\$44.8 million equivalent (7.6% of total project cost);
- (b) The proposed IBRD loan of US\$113.4 million equivalent will finance 19.3% of total project costs net of taxes and duties; it will be made to the Republic of the Philippines which will make the funds available to DECS to implement the project. The level of local cost financing by IBRD (14.5%) is deemed appropriate; and
- (c) The OECF soft loan of US\$ 112.2 million equivalent will finance another 19%.

4.7 The financing plan by disbursement category is summarized in Table 4.3.

Table 4.3: Financing Plan by Disbursement Categories

Unit: US\$'000	IBRD		OECF		LGUs		Government of the Philippines		Total		Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Civil Works	40,860	19.6	65,889	31.5	44,782	21.4	57,424	27.5	208,955	35.6	20,896
2. Equipment & Furniture	47,258	42.8	9,281	8.4	-	-	53,908	48.8	110,446	18.8	11,045
3. Materials, Kits & Textbooks	8,171	20.1	2,586	6.4	-	-	29,926	73.6	40,683	6.9	3,930
4. Training	13,021	12.3	-	-	-	-	92,675	87.7	105,696	18.0	10,570
5. Specialist Services	1,852	8.8	17,446	82.7	-	-	1,797	8.5	21,096	3.6	1,797
6. Special Programs & Grant	2,243	11.1	16,026	78.9	-	-	2,030	10.0	20,299	3.5	2,030
7. Operation & Maintenance	-	-	-	-	-	-	66,157	100.0	66,157	11.3	6,616
8. Personnel	-	-	-	-	-	-	12,843	100.0	12,843	2.2	1,284
Total	113,405	19.3	111,229	19.0	44,782	7.6	316,759	54.0	586,175	100.0	58,167

4.8 Since the LGUs' share in the Internal Revenue Allotment (IRA) will increase by 35 percent in 1997, and at least 12 percent p.a. in the following years, the GoP proposes, in line with the provisions of the LGC, to introduce through TEEP a cost-sharing between the Central and the Local Governments for the School Building Program (SBP). This will (a) facilitate the transition towards their full devolution; (b) allow GoP to target resources at poor LGUs, while expanding the resource base by tapping the affluent LGUs. TEEP is the incentive for the 26 provinces to agree to the cost-sharing. For the rest of the country, the incentive is that it will accelerate devolution of the SBP. For TEEP purposes, the LGU share was estimated at 25% on average.

C. PROCUREMENT

4.9 Procurement of all goods, works and services funded under the Bank loan will be carried out in accordance with Bank procurement guidelines ("Guidelines for Procurement under IBRD Loans and IDA Credits" of January 1995 updated in January 1996, and Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency of August 1981"). Procurement of consultants, equipment, training, SIIF and civil works funded in parallel by OECF will be carried under procedures satisfactory to OECF. The procurement arrangement is in Table 4.4.

4.10 Civil works, equipment, vehicles, furniture, and educational materials will be bulked to the extent possible and procured as follows:

- (a) Individual contracts for purchasing of goods estimated to exceed US\$250,000, will be procured by International Competitive Bidding (ICB) using the Bank's Standard Bidding Document (January 1995). Under ICB, domestic manufactures would be eligible for a margin of preference in bids evaluation of 15% of the c.i.f. costs of the competing imports or the applicable customs duty, whichever is lower. No civil works contracts are expected to be procured under ICB;
- (b) individual civil works contract with an estimated value between US\$500,000 and US\$50,000 and individual contracts for purchasing of goods with an estimated value between US\$250,000 and US\$50,000 will be procured under National Competitive Bidding (NCB) using procedures acceptable to the Bank;

- (c) individual contracts for civil works, in packages of less than US\$50,000 equivalent, will be procured through simplified procurement procedures similar to national shopping applying government procedures by comparing at least three price quotations to be obtained through local advertising from small contractors within the locality;
- (d) individual contracts site materials, in packages of less than US\$50,000 equivalent, will be procured through simplified national shopping applying government procedures by comparing at least three price quotations to be obtained through local advertising from small contractors within the locality;
- (e) individual contracts with community groups for: (i) school construction or (ii) labor for school construction (pakyaw) or (iii) 50 percent of the school furniture, will be directly contracted to increase sustainability through community labor;
- (f) labor for small scale works in remote schools can be carried out by Municipalities through Force Account e.g., using their own personnel and equipment, if no contractor is interested in performing the works at a reasonable cost and no community is interested in and/or capable of, performing the work.

4.11 Procurement Management. A Procurement Team to be established in the PISU at DECS-CO will be directly responsible for ICB and will oversee/provide support to the 26 DOs, who will handle all other procedures. Procurement will be handled by the Prequalification Bids and Awards Commission (PBAC) which by law is mandated to oversee the bidding process. For ICB, to be handled by DECS-CO, the PBAC is chaired by one Under or Assistant Secretary and includes technical staff and a lawyer, with a COA representative as observer. In the provinces, there is also be a provincial PBAC chaired by the Chairman of the School Board with the representatives of the Provincial Departments, and a legal counsel. DECS' DOs will provide the Secretariat. Procurement of school construction and repairs will be handled by the Municipalities, with DECS-DO and DECS-CO monitoring. Except for community works which will be contracted directly, Municipalities will procure works and construction materials through the Municipal PBAC in which representatives of the concerned communities/schools will participate. Annex 12 describes the civil-works management arrangements. Technical oversight/support will be provided at DECS-CO and DO levels until pre-agreed benchmarks of performance are met.

4.12 Civil Works. (a) The construction of 14 DOs, with an aggregate amount of US\$3.2 million, and an estimated unit cost per site of about US\$240,000 for the new constructions, will be carried out through NCB procedures acceptable to the Bank. Due to the phased implementation and the wide dispersion of sites, works cannot be aggregated in large contracts and will not be attractive to foreign contractors. Procurement will be managed by the respective Provincial Offices through their respective Engineering Offices, which are familiar with similar works in scale and will receive procurement training from PISU; (b) Construction/expansion of 238 District Offices, with an average unit cost at US\$ 24,000 for each, and partial refurbishing of all other DOs, ROs and Baguio Center, with an average unit cost at US\$46,000 for each, will be carried out through simplified procedures similar to national shopping (para. 4.10.c) by either Provincial or Municipal Offices through their respective PBAC. The aggregated amount is

estimated as US\$ 6.6 million. (c) Other civil works are the construction of 9,150 classrooms, 1,900 school offices, 1,900 toilets and rehabilitation/repair of 23,700 existing classrooms, with an total aggregated amount of US\$199 million, and unit costs estimated at: (i) US\$21,600-32,000 for each site of 2-3 new classrooms, (ii) US\$4,800 and US\$1,120 for each school office and set of toilets, respectively; (iii) US\$1,600 and US\$4,800 for classroom rehabilitation's and repairs, respectively. All those works will be carried out by Municipalities following one of four options, based on the criteria given in para 4.10 (c) through (f) and ranked by decreasing order of preference: first, simplified procurement procedures similar to national shopping through their respective municipal PBAC; second, direct contract with communities; third, combination of simplified procurement procedures similar to national shopping for the supply of site materials and direct contract with communities for labor (Pakyaw); and, fourth, Force Account, with an aggregated amount less than US\$39 million. The most appropriate options will be determined during DEDP preparation and will be specified in the Memoranda of Agreement to be signed by the Municipalities and DECS DOs and attached to the DEDPs (Annex 12).

4.13 Goods (Equipment, kits, instructional materials, furniture). (a) The items to be procured through ICB (total as US\$84 million) are: computers for central, regional and provincial offices; equipment and vehicles for distance education; copiers, textbook paper and printing contracts; 50% of the standardized school/classroom kits; (b) items to be procured through NCB (total as US\$27.2 million) are: the remaining 50 percent of the school/classroom kits, based on individual school needs and on an annual phased basis (with a unit average amount estimated at US\$170,000 by each of the 26 DOs); 50 percent of the school furniture, with individual value per contract between US\$50,000 and US\$250,000; (c) other procurement methods (total as US\$10.9 million) will apply to contracts managed by each DO on a phased annual basis, with an individual value below US\$50,000, including: (i) the remaining 50 percent of the school furniture, which will be purchased through national shopping with comparison of at least three price quotations, or direct contracts with communities in order to involve them through the use of local labor; (ii) other equipment for the Divisions, to be procured through national shopping.

4.14 Local and Foreign Consultancy Contracts (US\$21.5 million). The bulk of consultant services will be funded by the OECF Loan under procedures acceptable to OECF, and includes : (a) the technical assistance to DECS-CO and the 26 DOs; (b) contracts with NGOs for the yearly independent technical participatory assessment; (c) the Project Advisory Group, which will meet twice a year, (d) assistance to management training, M&E and IEC. Consultancies funded by IBRD include: (a) MIS development, implementation and training and (b) contract services for INSET. Consultants' services contracts shall be awarded in accordance with the "Guidelines for Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" (August 1981). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultant services issued by the Bank.

4.15 IBRD Review. Contracts for goods estimated at US\$1.0 million or more, and consultant services contracts in excess of US\$100,000 for firms (US\$20,000 for individuals) will be subject to prior review by IBRD. With respect to all consultant services contracts in particular, irrespective to value, prior review will be required for (a) terms of reference; (b) single source contracts; (c) all assignments of critical nature (because of environmental safety or public health considerations); and (d) contracts amendments raising the value to US\$100,000 or above for firm, (US\$20,000 or above for individuals). No civil works contracts will meet the Bank

threshold of US\$5.0 million for prior review. Works will be carried out under NCB procedure. For each Division, the first NCB contract for works and the first two NCB contract for goods will be subject to prior review by IBRD. All the ICB and NCB contracts which are not pre-reviewed, will be post reviewed by the Bank. For national shopping and direct contracts (school building program), the post-review process by the Bank will cover 25 percent of the total contracts in the first two years and, if the result is satisfactory, may be gradually reduced the following years, to not less than five percent. The percentage of total contract values that will be covered by the Bank's prior review will be 70 % for goods and 1.5 % for works.

4.16 Procurement information will be collected and recorded as follows: (a) prompt reporting of contract award information by the Borrower; (b) comprehensive quarterly reports from PISU to IBRD covering: (i) revised cost estimates for individual contracts and the whole project ; (ii) revised timing of the procurement actions, including advertising, bidding, contract awards and completion time for individual contracts and (iii) compliance with aggregate limits on specified methods of procurement.

Table 4.4: Procurement Arrangements
In Millions Of Dollars, Including Provisions

Procurement Elements	ICB	NCB	Other ¹	NBF ²	Total ³
School Buildings	-	-	199.0 (38.4)	-	199.0 (38.4)
Other Buildings	-	3.2 (0.8)	6.6 (1.7)	-	9.8 (2.5)
Computers	3.2 (2.4)	-	-	-	3.2 (2.4)
Reproduction Equipment	0.6 (0.0)	-	-	-	0.6 (0.0)
Communication	1.9 (0.3)	-	0.0	-	1.9 (0.3)
Other Equipment	0.0 (0.0)	-	3.1	-	3.1 (0.0)
School Furniture	-	4.9 (1.1)	4.9 (1.1)	-	9.8 (2.2)
Other Furniture	0.0 (0.0)	0.2	-	-	0.2 (0.0)
School Kits	67.3 (31.2)	22.1 (11.1)	-	-	89.4 (42.3)
Vehicle	2.1	-	-	-	2.1
Instructional Materials (published)	3.9 (3.5)	-	-	28.9	32.8 (3.5)
Instructional Material (reprint)	3.6 (3.3)	-	-	-	3.6 (3.3)
Textbook Paper	1.4 (1.4)	-	-	-	1.4 (1.4)
Communication Material	-	-	2.9	0.4	3.3
Training - Accommodation	-	-	-	49.3	49.3
Training Mat & Trainers	-	-	49.0 (11.3)	-	49.0 (11.3)
Workshop	-	-	6.7 (1.7)	-	6.7 (1.7)
SIIF	-	-	10.5 (2.2)	-	10.5 (2.2)
Assessment	-	-	5.6	-	5.6
Research	-	-	4.2	-	4.2
Consultants	-	0.1 (0.0)	21.5 (2.0)	-	21.6 (2.0)
Personnel	-	-	-	12.8	12.8
Maintenance	-	-	-	59.3	59.3
Operating Cost	-	-	-	6.8	6.8
Total	84.2 (42.1)	30.4 (13.0)	314.0 (58.3)	157.6 -	586.2 (113.4)

¹ Other Procurement Methods apply to contract of individual value is below US\$ 50,000 that include: (i) National Shopping for annually phased procurement of small scale works and site-materials, (ii) Direct contracts with local Communities (pakyaw) for labor-intensive works as classroom constructions and furniture, (iii) Municipal force account when works are too small or in too remote areas to attract contractors; and consultant services.

² NBF means non Bank financed.

³ Figures in parentheses are the amounts financed by IBRD, totals may not add up exactly due to rounding.

D. SUSTAINABILITY

4.17 At present education is primarily a Central Government expenditure responsibility. The sector accounts for a relatively high share of GoP's budget (26 percent) , which is to be maintained, as per the Memorandum of Policy. However, within the education budget, there has been a decline in the share of elementary education from its peak of 60 percent in 1987 to around 54 percent in 1993. LGUs have been active in financing education, with their average share increasing from two percent in 1990 to about seven percent in 1993. The school building program (SBP) component of the overall education budget will be partially devolved to the LGUs in 1997. It is expected that the average shares of the LGUs in financing the costs of the SBP in their localities will increase rapidly each subsequent year, with complete devolution achieved in 1999.

4.18 The DEDPs embrace the entire elementary education program for the 26 provinces. The TEEP interventions result in substantial investments in these provinces that would not have occurred without the project. Hence, it is important to ensure that the costs associated with the implementation of the DEDPs are sustainable. The ability of the GoP to finance the project was analyzed by comparing the projected GoP budget allocated to elementary education to the projected subsidy associated with delivering elementary education in the TEEP provinces during the project life. These comparisons identified the annual financing deficits/surpluses within each budget category. The current GoP budget was projected to 2003 using the growth rates of government consumption expenditure from the CAS and the capital account was projected using the growth rates of government investment. The budgets were projected in three different categories: personal services, maintenance and operating expenditures (MOOE) and capital expenditures. According to the Memorandum of Policy, the share of the education budget allocated to elementary education will increase from its current level to 60 percent in the year 2001 and stay constant thereafter. This assumption is built into the projections of the GoP's budget constraint. Three alternate scenarios for projecting the GoP budget constraint are analyzed, and the results are shown in Annex 2, Table 9.

4.19 Scenario 1. In 1996, the share of the 26 TEEP provinces in the elementary education budget is 16.7 percent. Scenario 1 assumes that this share will stay constant throughout the project. The analysis shows that the projected subsidy requirement for elementary education cannot be met by the GoP budget allocated to the 26 TEEP provinces till 2001. [There is a shortfall in the capital account in 2002, but the current account shows a surplus, which results in an overall surplus in 2002. By the year 2003, both the capital and current accounts show a surplus]. The cumulative shortfall over the period 1997-2003 is 2.88 billion pesos, which is four percent of the cumulative national budget allocated to elementary education in these provinces for current and capital expenditures, and 0.78 percent of the total cumulative elementary education budget. The deficit points to the need to explore alternative scenarios to reallocate budgets in line with the increased GoP emphasis on elementary education, and the GoP's intention to target resources to the TEEP provinces, as per the Memorandum of Policy.

4.20 Scenario 2. In Scenario 2, the share of the TEEP provinces in elementary education is increased to 20 percent. This is roughly proportional to the number of 6-12 year old children in

the TEEP provinces.⁴ [The capital account exhibits a deficit till 2001, after which it shows a surplus. The current account, on the other hand, shows a surplus in all years of the project. By looking at the overall subsidy requirements, without regard to the distinction between capital investments and the current account, the results show that] the subsidy requirement can be met in all years except 1998 and 1999. During the project period, 1997 to 2003, there is a cumulative surplus of 10.5 billion pesos, which is about 7.8 percent of the total elementary education budget going to these provinces, and 2.8 percent of the total elementary education budget allocated to current expenditures. The analysis shows that with reallocations across the capital and current accounts, and across years, the GoP has the ability to finance and sustain the project.

4.21 **Scenario 3.** Scenario 3 retains the 20% share of the TEEP provinces and assumes that the costs of the incremental SBP in these provinces will be shared by the LGUs, in line with the proposed devolution of the SBP. The assumption is that the LGUs will finance 25 percent of the overall SBP in these provinces, or approximately 50 percent of the incremental SBP. The cost sharing relaxes the budget constraint for the capital account, and results in lower capital account deficits till 2001, after which the capital account shows a surplus. The cumulative surplus over the period 1997-2003 increases to 11.10 million pesos, indicating a need for rephasing capital expenditures, which will be addressed during implementation. In this scenario, the LGUs' ability to finance their share of the SBP is assessed for the 6 pilot provinces. The analysis shows profiles of the income and expenditures over the project years. The projections includes a substantial increase in the internal revenue allocations (IRA) to these LGU's of about 29 percent in 1997, and subsequent increases of at least 12 percent. The current analysis shows yearly surpluses for all six provinces which indicate that the cost-sharing schemes are sustainable even at the LGU level. Fiscal sustainability studies will be conducted for each of the 20 provinces that will come on-stream in the next two batches of TEEP to ensure that the DEDPs are sustainable for each province. The analysis demonstrates that GoP's ability to finance TEEP is limited under the current allocation of 16.7 percent going to the TEEP provinces. Increased targeting of resources to these provinces, in line with the GoP policy, will indeed make the financing of the project sustainable if the current macroeconomic projections are realized.

E. IMPLEMENTATION

4.23 The project combines piloting, phasing, and incrementality. Because the last batch of TEEP provinces will come on stream in PY3, implementation will last a total of seven years. Annual resource allocations based on national and divisional work plans and budgets, will allow detailed implementation monitoring. During PY1, implementation will be limited to the national level and the first six pilot provinces; it will concentrate on capacity-building, and on testing the pilots, procedures, and systems, developed during preparation, including the signing of contracts with the suppliers of services, the MIS, the development of demonstration school and clusters, and devolution of school construction/maintenance to LGUs. Preparation of the next "batch" of 8 provinces will be initiated, building on lessons learned from the pilots.

⁴ The exact numbers depend on the alternate estimates (from DECS records or calculations based on the 1994 FIES) of the proportion of children of elementary school going age in these provinces, which can be taken as a crude index of need.

4.24 Project Launch Workshops. One initial PLW will be organized with donor participation, followed by province-specific PLWs by the DECS Team. The objective will be to ensure that (a) all stakeholders have a common understanding of all project components, (b) donor procedures for procurement, disbursement, accounting, auditing, and legal aspects are fully understood; (c) all implementors are clear about their work program for PY1; (d) lessons from the preparation process are learned for the benefit of the next batch of provinces. In subsequent years, donors will participate selectively in PLWs. Video-cassettes will be taped for the Bank's input.

4.25 Joint Annual Reviews. Each year the TMC, assisted by the PISU, will conduct (a) a review of new DEDP proposals on the basis of the TEEP Guidelines; and (b) a review of on-going DEDPs based on physical, qualitative and financial data as collected by the participatory performance assessment. The review will look at work plans and budgets against progress as reported by PISU and donors. The format for progress reporting and workplans is presented in the TEEP Guidelines.

4.26 Mid-term Review. This review, to be held in 2000, will assess: (a) the status of implementation, (b) the likelihood that the objectives will be achieved at the end of the project; (c) the project's likely impact after completion; (d) sustainability. It will also determine the work and study program for the rest of TEEP's life, including a draft plan for insuring sustainability.

4.27 Supervision. The Supervision Plan is in Annex 13. The PISU will organize four supervision missions a year, two with the donors (on a more selective basis) and two without (for each Division). This will require the use of PISU national consultants whose reports will be shared with the donors. The main annual review with donors will be based on the performance participatory assessment. Donors supervision missions will be thematic. TEEP Guidelines will be reviewed in light of experience. Changes will have to be endorsed by the Steering Committee and reviewed by the donors. A special focus of supervision will be the quality of the appraisals conducted by the PISU for the second and third batch, and the effectiveness of the participatory performance assessments to be conducted partly by NGOs.

4.28 Implementation Completion Report. Within six months of the Closing Date, PISU will submit project data required by the Bank to prepare an ICR, including a sustainability plan. This will be a participatory exercise. The findings will be shared to learn from the experience.

F. MONITORING AND EVALUATION

4.29 Baseline data were established for all project components, although an important capacity-building exercise during PY1 will be to validate these data to strengthen monitoring. Starting from this base, the instruments to be used to monitor project implementation and its impact on the sub-sector in the targeted provinces include:

- Student assessments to be conducted in PY2, PY4 and PY6
- The research program, especially a survey of school-based determinants of quality and drop-out, to begin in PY1
- The MIS, which includes a module to track physical, qualitative and financial performance against Divisional work plans and budgets (Technical Volume)
- The PISU quarterly progress reports and donors biannual supervision reports

- The (Divisional) participatory performance assessments, to be collated as a basis for the joint annual reviews
- The mid-term review (2000), to be preceded by a full blown Beneficiary Assessment.

4.30 The PISU, each TEEP DO, and each beneficiary school will have their own, more micro, monitoring instruments. Training and specialist services are included in the cost of the umbrella contract.

G. STATUS OF PREPARATION

4.31 The findings of the preparation studies have already been reflected in project design, particularly regarding cost-effective educational investments, the importance of Early Childhood programs in improving language ability in early grades, the design of INSET, and the need to pay attention to school processes and to develop a culture of information-based decision-making. The appraisal process reviewed the sectoral financial policies, the six pilot DEDPs, the project's management arrangements, DECS' Project Implementation Plan, and TEEP Guidelines. New school designs and specifications have already been approved, as well as the criteria for selection of the implementation method. Workshops were organized by UNICEF to develop the multigrade demonstration schools. Procurement for textbook paper is about to be launched.

H. DISBURSEMENTS

4.32 Disbursement Profile. The proposed IBRD loan will be disbursed over seven and a half years, to reflect the standard profile for PHR projects in the Philippines, plus the fact that the last "batch" of provinces will be appraised in PY3. The project is expected to be completed on December 31, 2003 and the loan, closed on June 30, 2004. The experience with other education projects reinforces the justification for a standard disbursement profile. Annex 16 shows forecasts of expenditures and disbursements.

4.33 Disbursement Percentages. The IBRD loan will be disbursed as follows:

- (a) 50% of expenditures on civil works;
- (b) 100% on CIF and ex-factory costs for equipment purchased through ICB, e.g., communication equipment (distance education), printing paper and vehicle;
- (c) 90% of other local expenditures (reprint, furniture, media, training contracts, workshops, SIIF)
- (d) 100% of national consultants, fellowships, study tours, attendance at international conferences

4.34 Documentation requirements. Disbursements for training and workshops, will be made against Statements of Expenditures (SOEs) prepared by DECS-DOs. Disbursements for school construction, rehabilitation and repair will also be made against SOEs based on satisfactory completion of the work. The Municipal LGUs will make the initial payments, in tranches (4 per school), out of their own resources. At monthly intervals, they will be reimbursed by DECS-DO (cf Annex 12 on Civil Works). The DOs will maintain complete records, by site, of work completed and funds disbursed, including Certificates of completion signed by the Municipal

engineer and countersigned by the Mayor and the DO's Superintendent or his/her designated representative. Disbursements for procurement of goods and services under contracts of less than US\$1.0 million for goods and US\$5.0 million for civil works, will also be made against SOEs, with supporting documentation retained by the DOs for review by IBRD supervision missions. All other disbursements will be made against fully documented withdrawal applications.

4.35 Special Account. To accelerate disbursements and allow for direct payment of other eligible local and foreign expenditures, GoP will open and maintain within an Authorized Government Deposit Bank (AGDB) one Special Account (SA) in US Dollars managed by DECS-CO and strictly used for IBRD-financed TEEP expenditures. The Authorized Allocation (AA) will be US\$6 millions, based on four months of expected expenditures. IBRD will make an initial deposit of US\$3 million; the full amount of the AA will be released when disbursement equal or exceed US\$40 million. Applications for replenishment of the SA supported by appropriate documentation, will be submitted monthly. IBRD will replenish the SA upon receipt of satisfactory proof of incurred eligible expenditures.

4.36 GoP Advances to the TEEP Provinces. DECS' DOs will be responsible for making payments related to all expenditures planned in their approved DEDP. In each Division, there will be two separate accounts, one funded by the SA -- called WB Project Account (WBPA) -- and the other for GoP counterpart funding -- called Government Project Account (GPA). In each TEEP province, DECS-DO will open a WBPA in the AGDB local branch, and transfer to it from the SA an initial advance equivalent to 90 days of estimated DEDP expenditures. The DECS-DOs will be responsible for transmitting to DECS-CO satisfactory proof of incurred eligible expenditures for preparation of replenishment applications. In parallel, DECS-CO will delegate to each DECS-DO their approved DEDP budget allocation for TEEP, both for civil works and other expenditures, and transfer the funds to each GPA.

I. AUDITS AND ACCOUNTING

4.37 Project expenditures will be recorded using the central Government's accounting procedures as promulgated by the Commission on Audit (COA). Audits of project accounts, both SA and all PA will be currently audited by appropriate level of COA, according to GoP's procedures which are acceptable to the Bank. The current implementing audit system will be slightly modified to easily segregate the project accounts to facilitate audit later on. Documentation processes will also follow the GoP's procedures.

4.38 Civil-works audits. Every month the Municipalities will summarize project transactions and send copies of them, together with the supporting evidence, to DECS-DOs. The DOs will prepare the corresponding SOEs and transmit copy of them to COA for post-audit simultaneously with their submission to DECS-DO for PA replenishment. Local COA will establish ex-post whether its standards have been complied with. Should COA determine that this is not the case, the corresponding amounts will be automatically deducted from the next invoice submitted by the Municipality.

4.39 Audits of Project Accounts. The Statement of Expenditures and the Special Account will follow a well developed procedure acceptable to the Bank. SOE supporting documentation will be maintained at least once a year after the completion of the audit for the fiscal year in which the last withdrawal was made. The audit report covering a one year period will be submitted to the Bank not later than nine months after the end of the audit period.

4.40 Participatory Performance Audits (PPA). Every year, the joint annual review will be based on a report combining the traditional financial indicators and a PPA to be conducted (four month prior to the review) by NGOs in all the active TEEP Provinces. The PPAs will focus on (i) delivery and use of instructional materials; and use beneficiary assessment techniques to identify stakeholders' perception of problems and acceptable resolutions; (ii) delivery and classroom impact of the INSET program; (iii) implementation of the SBP; and (iv) frequency and impact of contacts between school and community; and (v) progress in making teaching/learning process more interactive. TORs are in the Technical Volume.

J. POVERTY, ENVIRONMENT AND GENDER

4.41 Poverty. The project falls under the category "Program of Targeted Interventions". It is geographically targeted and, within the targeted provinces, phasing will begin with the most disadvantaged districts. The SIIF will direct proportionately more grant at marginalized schools. A pilot voucher scheme will target the poorest households. Criteria for all these schemes have been agreed.

4.42 Environmental Aspects. The project will have no adverse impact on the environment. It will comply with national regulations such as the logging ban regarding the use of construction material. Indigenous people will benefit: they will be consulted about their perceived educational needs, during DEDP preparation and implementation, and the project includes provisions for indigenization of the curriculum and instructional materials. School-mapping will be participatory, and, should there be cases when communities have to be displaced for school construction, the Framework for Land Titling and Resettlement defines a legal process to ensure that the affected groups would be duly compensated. Historically, such cases have been infrequent. Environmentally-oriented proposals will be eligible for school grants under SIIF.

4.43 Gender. As indicated in para. 2.9, gender inequity seems to hurt boys more than girls. The revision of textbooks will apply the existing gender sensitivity norms. Wherever children, boys or girls, are found to have particular needs in the TEEP provinces, these will be addressed under the DEDPs, albeit initially on a pilot basis. For instance, modular teaching will be experimented with for migrant and nomadic children.

5. BENEFITS AND RISKS

A. BENEFITS

5.1 *First*, the project will directly benefit about 2.3 million children (about one fifth of the 6-12 year olds), 70 percent of whom come from poor families. Based on previous studies, the provision of textbooks and furniture alone could improve learning achievements by 20 percent. The completion rate, which averages 55 percent in the targeted provinces, with a range of 30-80 could reach 65, and even 71 percent under a low and a high case scenarios. Up to 250,000 new school places would provide access to better quality education. This will yield intrinsic equity, intergenerational benefits for these children and their families in terms of welfare, prospects for better health, lower fertility, higher life expectancy, and earnings potential. For society, by closing the educational quality gap between rich and poor it will reduce the risk of unrest among young people without a stake in the development of their country, which could deter foreign or national investors on whom growth is highly dependent. *Second*, besides improving equity the project will help GoP to operationalize several other SRA strategies, such as empowerment and enhanced economic opportunities (through community school construction). Intensive capacity-building at the central and provincial levels will support an orderly devolution of education, and more generally, the redefinition of roles between the different levels of Government. The cost-sharing ratio will expand education financing and make it more progressive. *Thirdly*, insofar as GoP is using the project to test a more effective delivery mechanism for education--decentralized, flexible, incremental and result-oriented--TEEP could, once the model is implemented countrywide, have a large multiplier effect and notably improve the cost-effectiveness of educational spending. The use of multigrade will reduce teacher requirements by 4,600.

B. RISKS

5.2 Changes of the magnitude desired by all stakeholders will have to be systemic and sustained, involving commensurate risks at the macro, sectoral, and project levels.

5.3 At the macro level, the main risk is that, if the fast growth of the past two years were to falter, the GoP could not honor its financial commitments arising from TEEP and implementation would slow down. This risk can only be monitored. Even if the project succeeded in equalizing access to quality education, its full benefits will only be captured if this was complemented by policies to create rural employment. There is reason to be optimistic in the seriousness with which the GoP is observing its IMF targets and has started to restore, at least partly, the primacy of education in the budgetary allocations of the past two years.

5.4 At the sectoral level, wavering commitment to targeting and insufficient stability in policy directions could undermine an undertaking—quality education for the poor—which is likely to require a 10-20 years time horizon. Presidential support of social targeting and the country's ambitions to become a NIC, East Asia style, offer hope that the GoP will stay the course (*at least until 1998*). As a complementary strategy, the advocacy campaign should create broad grassroots support for TEEP and what it stands for—democratic governance, transparency—which are highly prized values in modern Philippines society.

5.5 At the project level, three types of risks can be identified. The complexity inherent in TEEP's systemic approach taken here, combined with the shift away from standardized, centralized norms might exceed DECS' capacity to absorb change. This risk has been reduced to manageable proportions through the use of piloting and phasing. Another risk is that of a loss of original focus due to the demands of implementation: political pressure to accelerate or modify the inclusion of new provinces, might force too much corner-cutting; the process of consultation might become more apparent than real; or, the unavoidable disruptions created by the transition towards decentralization might trigger a resurgence of traditional, controlling behaviors. Extensive popular participation and transparency in project preparation and implementation are expected to counter the likelihood of this occurring. A third risk lies in the limited pool of staff experienced in project appraisal techniques at the center and in planning, budgeting and management in the DOs. The safeguards adopted to mitigate this risk include: the use of consultants in the PISU; the emphasis on capacity-building and systematic learning from experience; the gradual transfer of responsibilities as individuals and units demonstrate their ability to take on new roles; the TEEP Guidelines, in which the stakeholders will be trained, to ensure that there is clarity of roles and responsibilities; the yearly controls built in the workplan and budget approval process and annual reviews, which will allow the GoP and the donors to identify emerging problems and jointly devise solutions.

5.6 In all three areas, the donors supporting the project --OECF, AusAID, UNICEF and UNDP, ADB, Ireland-- will have an important support role to play by closely coordinating, systematically using the indicators as compass, and nurturing a constructive dialogue in problem areas. Despite careful design and appraisal, the GoP and the donors recognize that there are residual risks linked to TEEP's innovativeness in an environment traditionally more interested in developing new plans than in implementing them. These risks are considered worth taking, given the problems in the present system.

6. AGREEMENTS REACHED AND RECOMMENDATION

6.1 The Project shall be considered fully appraised once:

- (a) it has been fully approved by the ICC;
- (b) the following documents have been received by the Bank:
 - (i) the revised Memorandum of Policy signed by the Secretaries of Education and Finance (or Budget Management) and embodying the approval of TEEP implementation arrangements by all concerned agencies (DECS, NEDA, DOF, DBM, DPWH, COA...);
 - (ii) a model Memorandum of Agreement to be used for each Project Province;
 - (iii) the revised Project Implementation Plan;
 - (iv) the revised TEEP Core Guidelines;
 - (v) a Resettlement Framework acceptable to the Bank (10 working days before negotiations).

6.2 As Conditions of Negotiations, GoP shall:

- (a) have submitted to the Bank its proposals concerning:
 - (i) the cost-sharing arrangements for the TEEP school-building program (para. 4.8); and (ii) its choice of Loan Terms;
- (b) have formally established the TEEP Managing Council (DECS Internal Order providing for the membership and responsibilities of the Council).

6.3 During Negotiations, assurances will be sought from GoP that:

- (a) it shall (i) carry out the Project in accordance with the principles set forth in the Memorandum of Policy and with the TEEP Guidelines, including the participatory preparation, implementation and evaluation of DEDPs and the informed participation of, and consultation with indigenous people and ethnic minorities to ensure that the design and implementation of DEDPs address their needs and cultural preferences; (ii) exchange views with the Bank prior to any modification to its Memorandum of Policy that would materially and adversely affect the carrying out of the Project; (iii) not amend, suspend, abrogate, repeal or waive the TEEP Guidelines without the prior approval of the Bank; and (iv) not approve any DEDP for funding under the Project without the prior concurrence of the Bank (para. 3.6);

- (b) it shall administer the national sample-based assessment tests (i) in all active Project Provinces in 1998, 2000 and 2002; and (ii) in accordance with methods acceptable to the Bank (para. 3.14);
- (c) it shall, by September 30, 1997, prepare and furnish to the bank for its review and comment, a proposed strategy to address demand-side issues (para. 3.41);
- (d) by March 31, 1997, it shall furnish to the Bank for review and comments a proposed system for the distribution of textbooks and implement it thereafter (para. 3.32);
- (e) based on agreed Terms of Reference, it shall furnish to the Bank: (i) a quarterly progress report by March 31 (Budget Review), June 30, and December 31 of each year; (ii) an Annual Report by September 30 of each year; (iii) a mid-term Report on or about September 30, 2000 (para. 4.18).

6.4 As Conditions of Effectiveness:

- (a) (i) all conditions precedent to the effectiveness of the OECF Loan shall have been fulfilled; (ii) the Borrower shall have established the PISU and appointed key staff (Project Director, Project Manager, Facilities Specialist, Procurement Specialist, and one TEEP Advisor in each of the six pilot Divisional Offices) with qualifications and experience acceptable to the Bank; (iii) the Borrower shall have established and thereafter maintain the TEEP Managing Council with membership, functions and procedures acceptable to the Bank (para. 3.12); and (iv) the Memoranda of Agreement referred to in para. 6.1(c) above shall have been executed in respect of the Provinces of Agusan del Sur, Antique, Benguet, Guimaras, Ifugao and Surigao del Sur (para. 3.21).

6.5 As Conditions of Disbursement:

- (a) for each of the DEDPs: (i) the Bank shall have concurred to its funding under the project; and (ii) a Memorandum of Agreement shall have been executed in respect of the concerned provinces (para. 3.21).

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT
Table 1: Contextual Country Data

	Units	70-75	80-85	88-93	1994	East Asia	Source
GNP per capita	US\$	370	520	850	960	820	SID ¹
Population growth	% of pop.	2.7	2.5	2.2		1.4	SID
Population (1993 estimate)	thousands	43,010	54,668	64,800		1,713,883	SID
School age population	thousands				9,736		DECS
Growth rate school age pop.							
Illiteracy rate ²	% pop. 15+ years	17	12	10		22	SID
- female illiteracy	% pop 15+ years	--	13	11		36	
Percentage of minorities							
Mortality rate at birth	per 1000 live births	71	60	42.2		35.5	SID
Life expectancy at birth	years	58	62	67		68	SID
Daily calories per capita		1806	2137	2242 ³			c. rokx

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- ¹ SID = Social Indicators of Development
- ² Over age 15
- ³ Average of 1988 through 1992 only

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Table 2: Education System Characteristics

	Units	88	89	90	91	92	93	94	95		Source
Total enrollment ¹	thousands	15,290	15,763	16,170	16,577	16,978	17,284	17,817	18,599		DECS
- grades 1-6	thousands	9,973	10,285	10,427	10,596	10,879	10,732	10,904*	11,469		DECS
- grades 7-10	thousands	3,737	3,962	4,034	4,174	4,423	4,590	4,763	4,873		DECS
- grades 11 or more	thousands	1,580	1,516	1,710	1,808	1,876	1,963	2,151	2,257		DECS
-tech/voc enrollment											
Percent that is public enrollment		78	78	78	78	77	77	78			DECS
- grades 1-6	percent	94	93	93	93	91	92	93			DECS
- grades 7-10	percent	63	64	64	65	65	67	68			DECS
- grades 11 or more	percent	15	15	15	17	18	21	23			DECS
Percent female public enrollment											
- grades 1-6								49.6			Country Rpt. on Women
- grades 7-10								51.5			
- grades 11 or more								56.3			
Average years to complete											
- grades 1-6 (Public/Private)									7.5/7.0		Cost/Fin. Rpt.
- grades 7-10 (Public/Private)									5.1/4.8		"
- grades 11 or more											
Completion rate		61.9	65.0	66.0					67/76		
Drop out rates (by grade)		1.76(?)	1.74(?)	1.69(?)							
Repetition rates (Grades 1-6)		1.96	2.16	2.05					3.4		
Number of teachers ²											
-elementary	thousands	307	308	310	314	295	296	303			DECS
-secondary	thousands	109	116	119	120	82	84	92			DECS
Ed staff % of govt. labour force	percent	36	36	39	40	43	43	44			Civil Serv. Rpt.
Education staff % of labour force											
Student/teacher ratios (primary)	students/ teacher	29	31	36			36		23(?)		SID
Student/teacher ratios (secondary)	students/ teacher	31	32	50					16(?)		SID
Teacher/Non-teacher ratio				7.2 ³							

* Enrollment may exceed school age population because of the high proportion of average children.

¹ In this time series 1989 refers to school year 88-89, and so on

² Not including teachers in laboratory schools of SUCs.

³ 1992 only, from "The Philippines: Cost and Financing Issues in Education", Jan. 1996. Based on data provided by DECS and estimates from the Bank of tertiary levels. In each Region, the proportion of non-teaching staff is usually the lowest (about 10%) at the elementary level.

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THIRD ELEMENTARY EDUCATION PROJECT

ECONOMIC ANALYSIS

1. The project's economic analysis (in the Technical Volume) covers the following points:

A. Introduction

B. Coherence with ESW/Sector priorities

- Disparities in educational outcomes
- Educational Outcomes and Poverty
 - * Provincial disparities
 - * Differences between poor and non-poor households
- Determinants of Enrollments and Primary School Completion
- Private Costs of Education
- Do Costs deter enrollments and completion
- Distance to school
- School Quality
- Pre-school programs
- Rates of Return to primary schooling
- Summary and Conclusions

C. Analysis of Alternatives

- Choice of Target Group
 - * Geographic Targeting
 - * Targeting of Schools
 - * Household Targeting
- Choice of Technology
 - * Choice of school inputs to improve test scores
 - * Determinants of learning in the Philippines
 - * Comparing the cost-effectiveness of school inputs on learning achievements
 - * Choice of Monograde vs. multigrade
 - * Choice of Public vs. Private provision
 - * Choice of Public vs. Private Financing

D. Fiscal Impact/Cost-recovery

- Unit costs with and without the project
- Pricing Policy with and without the Project
- Can the GoP afford it?

E. Cost Effectiveness/Cost-Benefit Analysis

- Measurement of effectiveness
 - * Primary school completion
 - * Learning achievements

F. Performance Monitoring Indicators

- Supporting Analytical work

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Project Sustainability

	1997	1998	1999	2000	2001	2002	2003	1997-2003
(Million Pesos)								
Subsidy Requirement								
Current	7,223.97	8,857.41	9,775.01	10,187.80	10,453.44	10,776.78	10,591.14	67,865.56
Capital	882.40	1,894.29	1,687.44	9,468.35	1,325.50	1,106.02	664.43	8,846.37
Budget Constraint								
Scenario 1								
Central Government								
Current	6,348.41	7,562.95	8,461.41	9,468.35	10,594.38	11,847.10	13,249.01	67,531.61
Capital	669.24	692.95	777.15	871.03	976.07	1,092.10	1,222.62	8,846.37
Surplus/Deficit	-1,088.73	-1,201.35	-2,223.89	-1,134.72	-208.50	1,056.40	3,216.06	-2,879.18
Scenario 2								
Central Government								
Current	7,492.80	8,925.50	9,983.38	11,168.76	12,494.04	13,973,922	15,630.39	79,668.78
Capital	700.60	829.41	936.64	1,057.39	1,193.85	1,335,767	1,495.42	7,549.08
Surplus/Deficit	87.03	-996.80	-542.43	752.04	1,908.95	3,426,887	5,870.24	10,505.93
Scenario 3=Scenario 2 Central Government Financing + LGU Financing								
Local Government								
Capital	27.00	66.13	87.68	111.15	117.43	103.40	81.95	594.73
Surplus/Deficit	114.04	-930.66	-454.75	863.19	2,026.38	3,530.28	5,952.18	11,100.66

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PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT
Role of Other Donors

Donor	Focus of Activity	Role in TEEP
Asian Development Bank	Supports Non-Formal and Secondary Education; several grants for institution building (e.g., MIS in higher education); assisting DECS with preparation of Second Secondary education Project targeted at same provinces as TEEP	Close coordination ADB/WB necessary to ensure consistency in policies, design, and to avoid overstretching absorptive capacity of TEEP provinces
AusAID (Australian Bilateral Aid)	In recent years, main focus has been teacher in-service training, especially in lower secondary and elementary Maths, English and Science, in Regions.....(PROBE I & II); has provided expertise for TEEP preparation (distance education, teacher training, assessment); voctech project under preparation	PROBE-assisted Teacher Training Institutions will support TEEP's INSET and school-based management program mainly in Region IX
CIDA (Canadian International Development Agency)	For many years, free provision of paper for textbook provision; more recently, use of TA program to support capacity-building in Local Governments; during TEEP preparation, support to privatization of textbook sector and pedagogical decentralization for school effectiveness (INSET and school-based management)	Operationalization of pedagogical decentralization in TEEP provinces; support to LGU institutions affected by TEEP (School Boards)
JICA (Japanese International Cooperation Agency)	Soft window of Japanese Bilateral Aid; main intervention is Science & Maths Education Manpower Development Project, incl. Science Teacher Training Center at University of Philippines; also assistance to secondary education instructional equipment, and to typhoon-resistant primary and secondary schoolbuildings and educational facilities	TEEP will build on lessons learned from JICA experience and tap Japanese expertise for primary maths and science curriculum and teacher training revision
OECD (Overseas Economic Cooperation Fund)	Main donor to the Philippines; Loan window of Japanese Bilateral aid; has cofinanced several Bank projects including Second Elementary Education and Engineering and Science Education Projects	Cofinancing of about US\$110 million; joint appraisal and supervision with IBRD
UNDP/UNICEF	Promoter of Human Development Approach; integrated focus on children, especially early childhood development, school health, immunization and nutrition, and multigrade teacher training and materials; lead role in preparation of multigrade teachers.	Likely to play an increasing role in the development, support to implementation and evaluation of TEEP multigrade program.
HEDCO (Irish Bilateral Aid)	To be defined and confirmed	Role might include support to INSET and pedagogical renovation through Twinning Arrangement with Teacher Education Instit.

PHILIPPINES: THIRD ELEMENTARY EDUCATION PROJECT

Table 1: 26-Provinces Basic Indicators and Chronological Phasing

Region	Province/ City	TEEP Batch	Enrollments ¹	Number of Schools ²	No. of Incomplete Schools (Public)	No. of Classrooms (Public)	No. of Principals (Public)	No. of Teachers (Public)
A. SRA³ Provinces								
CAR	Benguet	First	43,986	267	64	2,092	55	1,363
CAR	Ifugao	First	22,095	178	42	1,227	27	724
VI	Antique	First	56,728	422	14	2,852	90	2,455
VI	Guimaras	First	17,507	90	7	806	26	585
CARAGA	Agusan del Sur	First	52,121	375	77	2,256	17	1,939
CARAGA	Surigao del Sur	First	61,506	382	78	2,410	44	2,160
CAR	Abra	Third	27,469	250	66	1,680	49	1,97
CAR	Kalinga-Apayao ⁴	Third	29,603	286	53	1,646	35	1,149
CAR	Mt. Province	Third	15,516	148	14	1,190	24	701
II	Batanes	Third	2,275	19	5	134	8	117
IV	Aurora	Third	21,286	106	20	1,028	24	716
IV	Romblon	Second	34,296	183	27	1,847	41	1,312
V	Masbate	Second	83,205	557	74	3,604	129	3,669
VIII	Biliran	Second	16,951	947	15	947	23	835
VIII	Eastern Samar	Third	44,878	399	48	2,435	51	2,234
VIII	Southern Leyte	Second	47,518	305	43	2,266	50	1,987
IX	Basilan	Third	28,233	250	46	1,722	30	1,371
ARMM	Sulu	Third	51,971	368	68	1,757	54	2,145
ARMM	Tawi-Tawi	Third	33,721	220	33	1,112	32	1,306
B. Additional 6 PCDF⁵ Provinces								
VI	Capiz	Third	69,954	385	75	3,147	86	2,754
VII	Negros Oriental	Second	109,441	545	131	4,983	99	3,940
VIII	Leyte	Second	157,018	1,007	130	6,505	161	6,229
IX	Zamboanga del Sur	Second	136,557	848	169	5,765	57	4,742
XII	North Cotabato	Second	103,647	564	43	4,000	88	3,371
ARMM	Maguindanao	Third	83,815	411	77	2,082	63	2,204
TOTAL			1,351,297	9,512	1419	59,493	1363	50,106
C. Additional 5 Intensely Poor Provinces (Pipeline)								
I	Pangasinan		272,391	1,052	31	10,795	399	8,826
VI	Iloilo		187,052	935	0	8,427	246	6,906
VII	Bohol		126,748	877	302	5,489	126	4,706
VII	Cebu		213,013	921	121	8,531	215	7,039
IX	Zamboanga del Norte		67,283	493	81	3,611	82	2,691

¹ 1995 data; need to be replaced by 6-12 for TEEP period

² 1994 data

³ SRA = Social Reform Agenda

⁴ Province split in two; breakdown not yet available

⁵ PCDF = Presidential Countryside Development Fund

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THIRD ELEMENTARY EDUCATION PROJECT

Table 2: Education in the 26 Provinces (94-95)

Region	Province/ City	Participation Rate (Public) %	Completion Rate (Public) %	Achievement Rate (Public) &	Literacy Rate (1990) %
A. SRA¹ Provinces					
CAR	Benguet	90	74	73	93
CAR	Ifugao	83	44	77	77
VI	Antique	84	62	66	90
VI	Guimaras	83	61	65	94
CARAGA	Agusan del Sur	65	62	65	90
CARAGA	Surigao del Sur	77	57	68	93
CAR	Abra	89	68	63	92
CAR	Kalinga-Apayao ²	77	48	61	87
CAR	Mt. Province	84	59	71	81
II	Batanes	97	86	75	96
IV	Aurora	87	61	70	96
IV	Romblon	85	68	65	94
V	Masbate	77	50	54	90
VIII	Biliran	-----	61	89	90
VIII	Eastern Samar	81	62	74	91
VIII	Southern Leyte	89	71	64	92
IX	Basilan	62	35	57	66
ARMM	Sulu	66	33	58	59
ARMM	Tawi-Tawi	93	33	75	59
B. Additional 6 PCDF³ Provinces					
VI	Capiz	83	61	65	90
VII	Negros Oriental	74	42	58	84
VIII	Leyte	83	59	65	91
IX	Zamboanga del Sur	77	48	66	88
XII	North Cotabato	72	60	59	88
ARMM	Maguindanao	72	33	71	88
C. Additional 5 Intensely Poor Provinces (Pipeline)					
I	Pangasinan	93	82	67	96
VI	Iloilo	87	65	65	95
VII	Bohol	83	69	69	92
VII	Cebu	82	65	67	92
IX	Zamboanga del Norte	73	48	58	87

Source: Staff calculations from FIES 1991 data tapes.

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¹ Social Reform Agenda

² Split in two; breakdown not yet available

³ Presidential Countryside Development Fund

PHILIPPINES: THIRD ELEMENTARY EDUCATION PROJECT

Table 3: Poverty in the TEEP Provinces

Name of Province	Population	% of national population	Number of children 6-12 years of age	Nominal Per Capita Mean Expenditure	Incidence of Poverty (% of population)	Depth of Poverty (%)	Severity of Poverty (%)	Contribution to National Poverty (%)	Gini
Abra	214705	0.318	32123	7121.06	66.87	22.83	9.74	0.461	28.74
Agusan Del Sur	408420	0.606	104629	7013.72	81.11	31.07	14.60	1.063	36.22
Antique	484108	0.718	93033	8053.74	57.69	21.25	9.37	0.896	33.76
Basilan	266761	0.396	56249	7381.67	74.62	22.90	8.98	0.639	32.71
Batanes	11531	0.017	1912	18178.79	29.95	11.92	5.39	0.011	45.73
Benguet	552148	0.819	87395	14980.24	18.70	2.78	0.60	0.331	34.05
Capiz	699979	1.038	117169	7443.55	63.25	19.52	0.78	1.421	27.75
Eastern Samar	415178	0.616	63126	7790.99	52.27	15.73	6.50	0.697	30.90
Ifugao	145525	0.215	32575	7563.96	71.85	20.82	7.93	0.336	29.61
Kalinga-Apayao	263184	0.390	48230	9538.98	45.42	13.47	5.39	0.384	31.77
Leyte	1623536	2.408	295156	7815.26	58.31	18.91	8.20	3.039	35.01
Maguindanao	735971	1.091	155685	8792.85	66.94	20.10	7.61	1.581	35.71
Masbate	797683	1.183	136038	5834.58	82.40	40.46	23.52	2.110	40.77
Mountain Provinces	142154	0.211	26833	8000.03	52.061	21.55	9.80	0.238	32.63
Negros Oriental	1062258	1.575	176872	8142.19	62.77	23.04	10.58	2.140	42.03
Cotabato	849405	1.260	155464	8231.73	64.71	26.28	13.12	1.764	39.97
Romblon	201693	0.299	45957	5422.19	89.97	48.45	29.35	0.570	33.58
Southern Leyte	339503	0.503	59457	7953.18	54.29	16.04	6.11	0.592	32.97
Sulu	441861	0.655	103814	6279.80	79.01	23.99	9.44	1.121	19.73
Surigao Del Sur	531162	0.788	100211	10959.45	53.73	18.04	7.41	0.916	39.90
Tawi-Tawi	274188	0.407	47230	8849.76	50.25	13.12	4.54	0.442	27.08
Zamgoanga Del Sur	1699717	2.521	299943	8713.71	52.42	19.75	9.73	2.860	35.99
Aurora	174627	0.259	34397	11462.59	60.10	18.94	7.69	0.337	37.66

Source: FIES, 1994

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Table 4: Poverty Statistics for the Philippines, 1994

	Population	% of national population	Number of children 6-12 years of age	Nominal Per Capita Mean Expenditure	Incidence of Poverty (% of population)	Depth of Poverty (%)	Severity of Poverty (%)	Contribution to National Poverty (%)	Gini
Philippines	67430864	100.00	11289388	12798.42	46.20	15.24	6.67	100.00	39.85
Urban Philippines	33569459	49.78		17227.97	29.49	8.59	3.47	31.77	41.62
Rural Philippines	33861405	50.22		8407.06	62.77	21.84	9.85	68.23	34.52
TEEP Provinces	11553579	17.13	2147429	7913.95	63.20	22.66	10.50	23.44	36.03
Urban TEEP	3161523	4.69		10478.89	47.05	15.09	6.43	4.77	38.36
Rural TEEP	8392056	12.44		6947.67	69.29	25.51	12.03	18.66	32.89
Non-TEEP Provinces	55877285	82.87	9141960	13808.36	42.69	13.71	5.88	76.56	42.61
Urban Non-TEEP	30407936	45.09		17929.67	27.66	7.91	3.17	27.00	41.15
Rural Non-TEEP	25469349	37.77		8887.92	60.63	20.63	9.13	49.56	34.40

Source: Staff calculations from the 1994 FIES.

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THIRD ELEMENTARY EDUCATION PROJECT

PROJECT PERFORMANCE INDICATORS

1. The TEEP is a set of inputs (textbooks, equipment, civil works, specialist services) designed to allow a particular set of activities (policy and institutional change, in-service training...) to be undertaken to achieve a number of outcomes (increased effectiveness and efficiency, more equitable access to quality education, improved learning achievements, reduced drop-outs...) leading to beneficial impacts on education (a more literate and numerate work force, better informed citizenry, more social cohesion...).
2. Performance indicators are designed to answer four basic questions:
 - (a) *For inputs:* were the resources adequate, available on time, and economical?
 - (b) *For project activities:* were the activities completed on time, cost-effectively, to expected quality standards?
 - (c) *For outputs and outcomes:* have the activities led to results, are those results the initially agreed outcomes, have they benefited the intended target group?
 - (d) *For impact:* did all of this lead to improvements in children learning, completion rates, project sustainability?
3. Table 5.1 shows which type of indicators have been selected for each of the two project components. Table 5.2 provides the baseline and quantified targets. Table 5.3 explains how the indicators will be monitored and when. Table 5.4 presents the project's monitoring and evaluation strategy (Tables 5.3 and 5.4 are in the Technical Volume). The following paragraphs provide additional information on the indicators. Given that the number of indicators is limited to 11, a conscious decision has been made not to include in the list the indicators routinely monitored in the Quarterly Progress Reports of the Implementing Agency: disbursements, procurement, number of teachers trained but rather, to complement them.

Extent to which Policy Decisions are Based on Data and Analysis

4. This is one of two non quantified indicators. Obviously policy and investment decisions will always have to reflect political considerations, but the issue is one of balance. Two cases in point are (a) the decision whether to add an 11th year to the 10-year basic education cycle and where in the cycle; and (b) frequent statements about the order of magnitude of teacher shortages, which seem to be seriously overstated due to unreliable data. Decisions made to address the perceived teacher shortage will be incremental and can be corrected; on the other hand, the decision regarding the 11th year, once taken, will have major consequences and will be difficult to reverse. The monitoring of this indicator will be a content analysis of decision rationales. It will be used as an opportunity to maintain a fruitful dialogue on the project research agenda.

Timeliness and Accuracy of Statistical Yearbooks

5. Although it has the capacity, DECS does not publish a Statistical Yearbook on a regular and predictable basis. Sophisticated analysis and even relatively simple operations such as cohort analysis are difficult to perform and the results lack credibility because of the low quality of the data. This issue is also

the cause of major planning problems. The MIS component will help DECS improve the quality of the data by simplifying the requirements on the schools and providing training to all TEEP stakeholders on the collection, value and use of statistics. Monitoring the timeliness of the statistical book (four months after the beginning of the SY) is an easy and objective indicator. Monitoring the quality of the data will require a validity study which could be funded under the research component. Adequate attention to this issue is fundamental to improving and modernizing the management of the sector.

Gap between Planned and Actual Expenditures

6. **Expenditures:** Multiple changes in budget format and nomenclature make it difficult to observe relevant indicators over a period of time. In addition, the recording of actual expenditure commitment does not match the detailed format of initial budget appropriations. This makes it difficult to monitor the actual implementation of specific budget programs and objectives. The following will be monitored:

- (a) *In PY1:* Revision of the budget presentation (as recommended in Public Expenditure Review)
- (b) *Every PY:* The pattern of actual versus budgeted expenditures. Baseline: during 1991-93, underspending averaged 6 percent of DECS total budget allocation. Target: constant increase in the expenditure/budget allocation ratio.

Institutionalization of In-service Training (INSET)

7. This indicator will be measured by the following items: (a) formalization of an INSET policy statement and Plan of Action; (b) full development of INSET Guidelines; (c) full deployment of INSET support structure; (d) adequate INSET budget; (e) on-going monitoring of INSET program, with a focus on substance (is teacher behavior changing? for instance, during classes, is the proportion of time spent by the teacher lecturing as opposed to actively engaging the pupils declining?), not just process (number of teachers trained); and (f) integration of distance education into INSET Plan of Action. Elements (a) through (e) should be in place before project effectiveness, but are expected to be refined from year-to-year in light of experience as new batches of provinces are coming on stream. Element (e) will require special studies, to be funded under the research component, and (f) is unlikely to be operationalized until PY3. This is closely linked to the next indicator.

Level of Resources Flowing Directly to Schools

8. Resources will flow directly to schools under two schemes:

- (a) DECS Orders Nos. -- and -- which direct the transfer of GAA funds for school construction, desks, INSET and MOOE to the Divisions and, where possible, the schools themselves.
- (b) The School Improvement and Innovation Fund (SIIF).

TEEP will monitor: (i) operationalization and implementation of the two DECS Orders; and (ii) the award of grants to schools as follows:

Number of Grants:

Category of School	97	98	99	20	01	02	03	Total
High Risk (45% of Grants)		45	135	225	360			765
Medium Risk(45% of Grants)		45	135	225	360			765
Low Risk (10% of Grants)		10	30	50	80			170
Total		100	300	500	800			1,700

In addition to those mechanistic indicators, spot-checks conducted by NGOs in the context of the annual participatory performance audit will monitor the qualitative impact of these grants and more generally pedagogic improvements at the school level (five percent of the total). They will monitor: (a) the frequency, purpose and outcome of meetings or other forms of interaction between the school and the community (PTAs, LGUs, other), for which schools will be asked to keep a simple record; (b) at the school level, changes in the nature and impact of contacts between the supervisor, principal and teachers (also to be recorded succinctly in a school diary); and (c) the number of school management councils functioning after three years (*definition by negotiations*).

Central/Local Government Cost-sharing as a Targeting Mechanism

9. The formula, to be based on ability-to-pay {own revenues+IRA/population}, equity [headcount index] and need [completion rate], will be presented at negotiations. The project will monitor the share of total education expenditures, by category (capital, personnel, MOOE) going to the 26 provinces, both as a group and individually, relative to their population. *Baseline:* (to be refined by negotiations) the 26 provinces account for 20 percent of the country's school-age population, and 26 percent of the poor, yet they only receive 16.7% of resources. *Target:* at a minimum, beginning in PY1, (Philippine FY1997) the TEEP provinces should receive no less than 20 percent of total appropriations for elementary education. This should be adequate to ensure project sustainability but for real targeting should gradually be increased to (their share of the poor?). Underlying this, TEEP will also assist DECS in monitoring the Memorandum of Policy commitment to maintain the share of education in the national budget (excluding debt payment and IRA) at 26 percent, and to increase the share of elementary education from 47 percent (present) to 60 percent by 2001.

Textbook:pupil ratio in Remote Schools

10. *Baseline:* The textbook:pupil ratio in the six pilot provinces ranges from 1:3 in Benguet to 1:6 in Antique, Agusan and Surigao. *Target:* DECS is committed to providing one set of four books for every two pupils (or a 2:1 ratio) and one set of three workbooks for every multigrade child, by the beginning of SY97-98. The criteria for DEDP approval will include the spelling out of a divisional strategy for ensuring that, once the books are delivered to the district level, community arrangements are set-up to ensure that they are transported to the schools. Bank missions will monitor the budget allocation for textbooks and instructional materials and the annual performance audit will conduct spotchecks in remote schools to verify availability.

Pupils Scores in English, Mathematics and Science

11. *Baseline:* The achievement rates are presented in Annex 5 (DECS to provide detailed breakdown by negotiations).

	English	Mathematics	Science
Benguet			
Ifugao			
Antique			
Guimaras			
Agusan			
Surigao			

Target: a 20 percent increase by the end of the project. Initial NEAT scores will be statistically equated with a new instrument to be used in PY2, PY4 and PY6 to monitor impact on a sample basis.

Completion Rates through Grade VI

12. *Baseline:* The completion rates are presented in Annex 5. At present, in the TEEP provinces they range from 30 to 80 percent and average 55 percent. *Target:* the following list shows, under two scenarios, the potential impact, on completion rates, of a package of three interventions -- teacher in-service training, school buildings, and instructional material. The impact was estimated on the basis of (a) three Bank studies on the cost-effectiveness of different educational inputs on elementary completion in the Philippines; and (b) where Philippines-specific studies were not available, on comparable analyses conducted in Vietnam and Indonesia. The two scenarios reflect respectively 50 and 90 percent of the potential impact of the three sets of inputs. TEEP's evaluation studies will improve the coverage and quality of the school-level data available in the country. The indicators will be monitored by province.

Initial Completion Rate	End-of-Project Scenario 1	End-of-Project Scenario 2
30	47.0	52.4
35	52.2	57.6
40	57.4	62.6
45	62.4	67.4
50	67.0	71.7
55	71.5	75.9
60	75.6	79.7
65	79.6	83.2
70	83.3	86.4
75	86.8	89.5
89	90.0	92.2

Percentage of Children Less Than One Hour's Walk from School

13. *Baseline:* The table below summarizes the nationwide situation. The indicator will be specified by province, based on the detailed school-map.

	Percentage of Students		
	Grade 1	Grade 4	Grade 6
Less than 1 hour	87	77	79
1 hour or more	13	23	21

Source: Cortes and de Guzman: The Determinants of Schooling Achievement, HSMS Report No. 4

Target: 95 percent of the 6-12 year olds will be less than one hour's walk from school by the end of the project.

Participation

14. Participation lies at the core of TEEP preparation and implementation, based on the assumption that stakeholder involvement will lead to improvements in the quality of education. *Baseline:* until now, parents and communities have never been consulted. *Target:* stakeholder must be satisfied that they have been consulted during preparation of their DEDPs, and, during implementation, that their needs are being addressed. The method to be used are the yearly participatory assessments mentioned in para. 8. Stakeholders are defined as DECS personnel at all levels, school boards and school managing councils, parents and LGUs, with special attention to ethnic communities.

PHILIPPINES: THIRD ELEMENTARY EDUCATION PROJECT

Table 5.1: Project Performance Indicators

Component	Issue	Input Indicators	Output/Outcome Indicators	Impact Indicators ¹
Capacity building performance is measured by improvements in key management behaviors	Policy decisions seldom based on analysis		Education policy decisions more often based on data and adequate analysis	
	Publication of statistical book irregular, incomplete and inaccurate data		Timely preparation (4 months) of accurate national educational statistics	
	Financial and physical achievements lagging behind SAR schedules		Expenditures--and the number of new classrooms, trainees and textbooks--within 5% of each annual plan	
	INSET supply-driven, teacher-centered, with inequitable access			Institutionalized human resource development program
	Lack of discretionary resources at school level	Investments in school-based innovations		
	Potential LGU funding untapped, risk of wider inequities			Cost sharing for central/local Government targeting on poor
DEDPs: Education quality improvements are measured by increases in test scores, completion rates, and access to complete schools in the targeted provinces; participation measured by stakeholder satisfaction	Dearth of textbooks in remote schools		Ratio of textbook-to-student	
	Limited access to complete school major cause of dropout		Percent of children within one-hour walk of a complete school	
	Limited learning in poor provinces/schools ²			Scores on learning achievement tests in English, math and science
	Low completion rates in poor provinces			Completion rates through grade VI
			Satisfaction of stakeholders vs. involvement in DEDPs	

¹ Trends on the quantitative impact indicators will be assessed during project implementation.

² Sample based assessment will provide scores every second year that can be statistically converted to equivalent NEAT scores.

PHILIPPINES: THIRD ELEMENTARY EDUCATION PROJECT

Table 5.2: Project Performance Indicators, Annual Targets

Component	Indicator	Baseline CY96	Unit	97	98	99	00	01	02	03
Capacity building: Performance is measured by improvements in key management behaviors	More information-based policy decisions.	Policy decisions more political than data-based	study							
	Preparation of accurate national educational statistics within 4 months of beginning of school year	Erratic publication (12 mos.), incomplete and inaccurate data	months % error	10	8	6	4	4	4	4
	Institutionalized human resource development program	Erratic process with little demand driven planning	done ¹							
	Expenditures--and the number of new classrooms, trainees and textbooks-- within 5% of each annual plan	Achievements are 25% behind annual schedules for education projects	%	15	12	10	8	7	6	5
	Investments in school-based innovations	No money currently flows to the schools for special projects	no. of grants		100	300	500	800		
	Central/Local government cost sharing of school building program as tool for targeting on poor	Varies by province (see text)	%	20						tbd
DEDPs: Education quality improvements are measured by increases in test scores, completion rates, and access to complete schools in the targeted provinces	Scores on learning achievement tests in English, math and science	Varies by province. NEAT test scores 65.13 (weighted average) in 1995 ²	Percentage points increase	65						20
	Ratio of textbook-to-student in remote schools	1:4 ratio (to be validated prior to the project launch workshop)	no.	1:4						2:1
	Percent of children within one-hour walk of a complete school	79% (to be validated prior to the project launch workshop)	%	79						95
	Completion rates through grade VI	Varies by province. Weighted average for 26 provinces was 55% in 1995	%	55						71
	Stakeholder satisfaction	No participation	Particip. Perf. Assmt.							

¹ Qualitative assessment of the following "in place": policies, procedures, structure, staffing, budget, and an operating plan of action; numbers trained.

² Sample based assessment will provide scores every 2nd year that can be statistically converted to equivalent NEAT scores to be monitored on province basis.

PHILIPPINES: THIRD ELEMENTARY EDUCATION PROJECT

Table 5.3: Project Performance Indicators Sources and Timing

Component	Indicator	Source	Timing	Method
Capacity building	More education policy decisions based on data and analysis	PRF1, SPN2, Eval	Annual, selective studies	Service contracts to begin in PY3.
	Timely preparation of more accurate national educational statistics	SPN ³ Eval ⁴	Annual, selective data quality evaluations	Observe: is data due when planned, study to check usability.
	Expenditures—and the number of new classrooms, trainees and texts—within 5% of each annual plan	SPN, MIS ⁵ , Eval	Annual, two studies on quality of analysis	Select key decisions, review relevant records, do interviews.
	Institutionalized human resource development program	MIS, SPN	Annual	Assess quality of policies, plans, staffing, implementation and evaluation of this function.
	Investments in school-based innovations	MIS	Quarterly	PISU monitors quarterly, aggregates annually. Annual participatory assessment.
	Cost sharing by LGUs as tool for targeting on poor	PRF, MIS	Annual	DS aggregates DO data; annual validation by NGO/community teams.
DEDPs: Education quality improvements	Scores on learning achievement tests in English, math and science	MIS	PY 2, 4 & 6	Sample based assessment managed from headquarters.
	Ratio of textbooks-to-student	PRF, Eval	Annual	DO collects from principals, DS aggregates for PISU, NGO/community yearly assess.
	Percent of children within one-hour walk of a complete school	MIS, PRF	Annual	School mapping data will be integrated with the MIS; PRF will cover for first two years.
	Completion rates through grade VI	MIS, Eval	Annual	First year needed to sharpen baseline data accuracy.
	Participation	Yearly assmt.	Annual	Participatory performance assessment.

¹ PRF refers to the project report forms designed for this project.

² Supervision will be done by Bank staff and Donors, but in field situations independent organizations such as NGOs will be engaged to assist in this role.

³ Supervision will be done by Bank staff and Donors, but in field situations independent organizations such as NGOs will be engaged to assist in this role.

⁴ Evaluation research will be conducted by specialists such as university professors of education with appropriate research experience in overall framework of the Policy Unit.

⁵ In cases in which the MIS does not generate sufficiently specific data, it will be supplemented by appropriate PRF information; this will be determined by the Project Implementation Support Unit.

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Table 5.4: Monitoring and Evaluation, Constraints and Strategies

Challenges	Constraints	Strategies	Positive Indicators
Quality of monitoring	Bias when each DS ⁶ must monitor his or her own success in creating changes in subordinates	Studies by PISU, Regional, and contractor staff to test accuracy	Consistent information from various sources
	Lack of knowledge and values about monitoring	Training managed by PISU and delivered by Regional staff	Quality of data submitted from field
Quality of evaluation	Lack of technical training and skills needed for design and analysis	Provided by PISU or Regional staff, or contractors ⁷	Peer reviewers approve of designs and analysis
	Design and analysis not oriented to practical application	Researchers submit all plans to a research committee of managers	Non-technical staff believe research is useful
Frequency of monitoring	No travel money is provided, or if provided, money is used improperly	PISU and COA will review local internal control systems and recommend improvements	Consistent information from various sources
	A DS with many schools, may not have the time to systematically monitor performance in all locations	TEEP will pilot new supervision approach	Absence of incomplete data due to staff shortages
Use of contractors	Pressure to show favoritism	Make bidding process more transparent and broaden PBAC to spread decision-making	Contractor surveys indicate fairness in the system ⁸
	Lack skill in selecting and managing contractors	PISU trains superintendents in selection and management of contractors	Contractor surveys indicate fairness in the system
Use of information	Reports are not timely	Reduce amount of information requested; establish flexible policy on missing information	Information is on hand when needed; written action plans are available for review
	No one wants to submit negative or critical reports to top management	Opportunity and resources to improve a situation are provided before any negative report is forwarded to management	Surveys of monitoring staff indicate that they are seen as "helpful" by field
	Lack of policies in advance to determine actions to be taken	Plan, participatively, the steps to be taken when a problem arises	Monitoring staff seen as "fair" by field

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⁶ DS refers to Division Supervisor

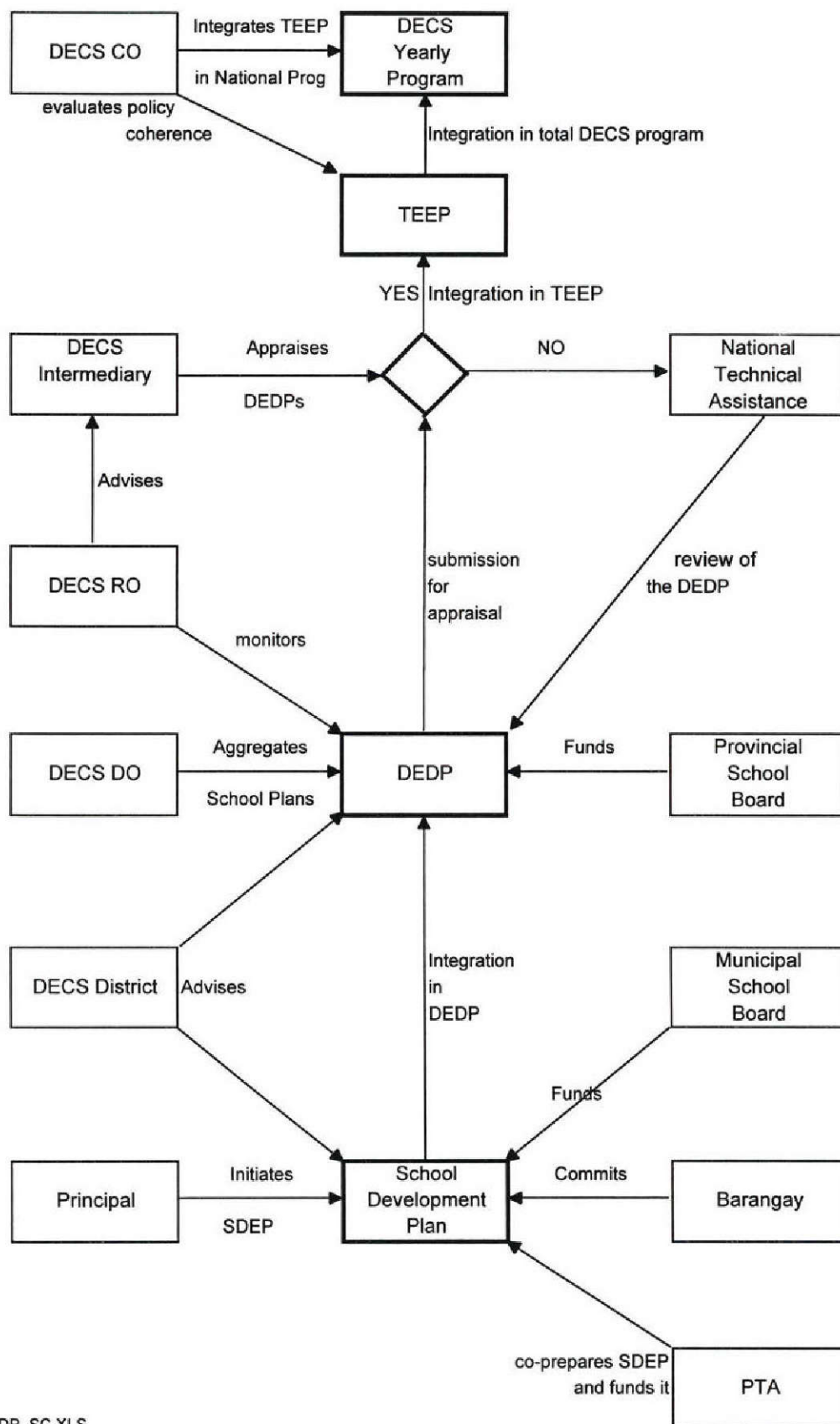
⁷ Contractors would typically be university professors with expertise in field survey research design and analysis, although less technically trained NGO staff may be used for some monitoring and less technically demanding evaluation projects.

⁸ Contractors who have both won and lost bids, as well as local DECS staff, will be surveyed since they are critically important stakeholders as far as gaining community participation in this project is concerned.

WHO in DECS ?

Products

WHO outside DECS ?



DRAFT MEMORANDUM OF POLICY
June 4, 1996 version

MEMORANDUM

FOR: THE INVESTMENT COORDINATION COMMITTEE OF NEDA
FROM: THE SECRETARY OF EDUCATION, CULTURE AND SPORTS

**SUBJECT: PROPOSED POLICIES GOVERNING PUBLIC INVESTMENTS IN
ELEMENTARY EDUCATION PROJECTS, INCLUDING THE THIRD
ELEMENTARY EDUCATION PROJECT**

The Department of Education, Culture and Sports is proposing an investment in the total amount of _____ under the Third Elementary Education Project (TEEP). The total project expenditure is proposed to be incurred over a period of 7 years starting 1996 (on retroactive financing basis) until the year 2003. The details of the project, its financing plan and its implementation are contained in a separate set of project documents already submitted to the ICC.

The purpose of this memorandum is to present, for separate ICC approval, the proposed general policies applicable to TEEP as well as to other future public investment projects in elementary education. These policies are essential for the effective and sustainable implementation of TEEP. In addition to facilitating this particular project, these policies will also set the critical parameters for much of the technical and managerial work needed to improve public elementary education which should be undertaken by the DECS as well as other cooperating government agencies, such as DBM, DOF, DPWH, the local governments, among others.

The favorable endorsement of ICC of these proposed policies, for eventual NEDA Board approval, is being sought in order to ensure that these policies govern not only the work of DECS but also the related work of the rest of government.

Broad Legal Basis of Government Policy on Elementary Education

Government policy on elementary education is fundamentally governed by the following specific provisions of the 1987 Constitution:

- *"the State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make education accessible to all."*

- the State shall, among others, *"establish, maintain and support a complete, adequate, and integrated system of education relevant to the needs of the people and society; and establish and maintain a system of free public education in the elementary and high school levels."*
- all educational institutions shall *"inculcate patriotism and nationalism, foster love of humanity, respect for human rights, appreciation of the role of heroes in the historical development of the country, teach the rights and duties of citizenship, strengthen ethical and spiritual values, develop moral character and personal discipline, encourage critical and creative thinking, broaden scientific and technological knowledge, and promote vocational efficiency"*.

The legislation governing the current operation of the Department of Education, Culture and Sports, Executive Order No. 117, a law under the Freedom Constitution that reorganized the DECS, declares the State policy that:

"the educational system shall make maximum contribution to the attainment of national development goals; the State shall promote and maintain equality of access to education and enjoyment of the benefits thereof by all citizens; and the State shall use education as an instrument for the development of the cultural communities of the nation and the deprived communities to enrich their participation in the community and national life and to unify all Filipinos into a free and just nation."

Substantive Directions Under the Ramos Administration

These general Constitutional and legislative provisions have been translated into specific substantive executive directions under the administration of President Fidel V. Ramos. The current Medium Term Philippine Development Plan directs education to contribute to people empowerment and world competitiveness. The government's Masterplan for Basic Education further defines the goal of quality education as the development of people who

"believe in God, love the country and people, proud of being Filipino with its culture and history, committed to conserving and developing the nation's resources, possesses indigenous and international values, proficient in Filipino and English, creative and critical thinkers who are lifelong learners, and capable of coping with changes in the environment and with competition."

For elementary and secondary education levels, this goal has been defined by the same Masterplan as balanced development of the Filipino child in terms of

"literacy and numeracy, character formation and physical development, mastery of fundamental learning skills and preparation for tertiary studies or the world of work".

In terms of the intended curriculum for elementary education, these same child development goals have been translated into desired competencies in core subjects of elementary education, namely, Filipino, English, Math, Science, Social Studies and Values Education.

Elementary education has been designed by the DECS with the intention of meeting four specific learning objectives, namely:

- (1) build basic knowledge and foundation skills, attitudes and values essential to personal development and social integration;*
- (2) provide learning experiences that increase awareness and responsiveness essential for constructive and effective involvement with society;*
- (3) enhance love of nation and culture; and*
- (4) promote work experiences to prepare for honest and gainful work.*

The education policy of the Ramos Administration has explicitly added education's contribution to the improvement of the living standards and socio-economic status of the disadvantaged. As stated in the Education for All Plan:

"Basic education as an anti-poverty instrument can provide the skills, attitudes, knowledge and values that people can use to organize themselves for common access to useful information, and a united approach to greater productivity. It can also empower the marginalized and prevent their exploitation and alienation from the development process."

Thus basic education, including elementary education, has been made an essential part of the Social Reform Agenda. Public elementary education is included in the SRA both as a sectoral intervention in the social sector, as well as a geographically targeted intervention in the poorest provinces.

Priority Goals in Elementary Education

In order to satisfy these Constitutional, legislative and executive mandates, elementary education outcomes in general have to improve. Since close to 93% of total elementary school enrollment (or about 80% of total elementary school age population) are in public schools, the outcomes of public elementary education, in particular, have to substantially improve. The key outcomes of interest are interrelated: universal participation in schooling; uninterrupted completion of 6 years of instruction; and higher levels of learning achievement.

But in order to substantially, systematically and sustainably improve student outcomes from public elementary education, two key intermediate and parallel objectives have to be both attained in due course. The institutional capacity of DECS to manage the delivery of effective elementary education has to be strengthened. At the same time, those critical

conditions of public elementary education delivery that have the greatest contribution to participation, completion and achievement also have to be improved. Improved capacity to manage provision of effective education has to be achieved together with improved conditions in provision of effective education.

The policies proposed below seek to contribute to meeting the following priority goals:

Primary Goal: improve student outcomes from public elementary education in terms of participation, completion and achievement.

Corollary Goal A: improve DECS management and professional capacity for delivering public elementary education that yields better outcomes.

Corollary Goal B: improve actual conditions for delivering public elementary education that yields better outcomes.

Policies on Financing Public Elementary Education

1. Financing and Educational Quality: Government will progressively mobilize increasing levels of sustainable central, local and private financing necessary to achieve ever improving educational outcomes while improving equity in access to education. At each level of financing made available by the economy, DECS, as the primary government agency in education delivery, shall be mandated to obtain the best possible aggregate student outcomes within the budget constraints.

2. Inter-Sectoral Resource Allocation: As education already accounts for a relatively high 26% of the annual national government budget, government will maintain this approximate percentage share. Absolute increases in public expenditure in education will primarily come from increased levels of government resource mobilization.

3. Intra-Sectoral Resource Allocation: Within the annual public education budget of the national government, total allocations for public elementary education will progressively be increased each year in order to restore at the latest by the year 2001 the peak 60% share of elementary education last achieved in 1987. Thereafter this total share will be maintained over the longer term. In order to achieve this target, DECS will maintain a dialogue with CHED under the auspices of NEDA, DOF and DBM in order to identify options for achieving more efficient and equitable re-allocations of national government financing between the basic education and tertiary education levels.

4. Allocation Among Expenditure Categories: Within the total annual budget for public elementary education sourced from national and local governments, allocations among expenditure items will seek, at least, to prevent any future decline in real terms of the average MOOE per enrolled student (estimated at P125 per student per year in 1994). By using revised norms for budgeting recurrent costs in the national budget and obtaining increased local government contributions for elementary education, average real MOOE

per student in the future will be targeted towards raising the national average together with ensuring more progressive school-to-school variations around the average..

5. Central-Local Cost Sharing: Within the total annual budget for public elementary education sourced from national and local governments, the average total share of local governments will be encourage to further continue its increase (estimated at 2% in 1990, rising to 7% in 1993), while ensuring that variations among LGUs around the average are more progressive.

The specific average share of all local governments in public financing for elementary education in the future will emerge as the result of pursuing the following specific initiatives:

a. Local government financing of schoolbuilding: Average shares of local governments in financing the costs of schoolbuilding in their localities will rapidly increase each year. It is targeted that all schoolbuilding construction will be fully financed by all LGUs (with a few highly meritorious exceptions) by the year 1999, the first full year in the administration of local officials newly elected in 1998.

b. School MOOE financing by local governments: Rich local governments such as cities, first and second class municipalities, and first and second class provinces will be encouraged to increase their share in financing MOOE of schools in their localities. This will allow DECS to reduce national funding for these better off localities without adversely affecting education quality and accordingly increase national funding for school MOOE in poorer localities with poorer LGUs.

c. Assignment of selected school expenditure items to LGUs: Agreements will be negotiated with LGUs that will identify specific public elementary education expenditure items (e.g. repair and maintenance of schoolbuildings, portion of textbook requirements beyond the nationally financed minimum, water and electricity supply for schools, etc.) which could regularly be borne by the budgets of various levels of local governments.

d. Setting education-oriented priorities in the use of SEF. Administrative regulations will establish a common set of priorities to be eligible for financing from Special Education Funds of the LGUs. This will ensure that this mandatory source of LGU financing for education will be used first for those expenditure items with the greatest contribution to education quality, before other less cost-effective items.

e. Criteria for central-local cost sharing: Targeted expenditure sharing between central and local governments will be set using formula-based and objective criteria. The criteria shall consider national government financing allocation

objectives, local governments' needs and financial capability, and consequent willingness to pay behaviors.

6. Public-Private Cost Sharing: Financing deemed adequate to meet the public goals of public elementary education will primarily come from public sources, from national and local governments. But actual levels of public financing for public schools may still be deemed insufficient by some parents in terms of achieving their desired private educational outcomes for their children. Their response is private financing of schooling in the form of enrollment in private schools, or more commonly, when parents augment public school budgets through donations or own purchase of school inputs like books and educational materials, or by paying for transportation to reach farther but better quality public schools. Estimates indicate that such private financing of elementary education accounts for as much as 36% of total elementary education costs in 1994. Such high private costs of public elementary education relative to household incomes adversely affect participation and completion of children from the poorest households.

Total public financing from national and local government sources shall be raised and targeted to achieve adequate minimum public educational outcomes in all cases, even without need for private contributions. The levels of financing should be such that the poor can obtain adequate minimum education without having to contribute. This is the financial condition of a free public elementary education.

But households' private demand for educational outcomes beyond the minimum publicly defined levels shall be respected. Encouragement of private schools is one option. Household contributions towards obtaining education beyond the adequate minimum levels in public schools is also another option.

A key policy in education financing, therefore, will be to target public financing in order to substantially reduce underlying as well as explicit private costs of public elementary education for children of poor households, while at the same time allowing room for financing from non-poor users of public schools to contribute towards matching public education outcomes with higher private aspirations.

7. School Focus of Public Education Financing: Except for the essential costs of education administration at central, regional and divisional levels to be largely borne by the national government budget, all available public financing for public elementary education, from national and local sources, will be allocated, utilized, accounted for, and monitored with consistent focus on their impact on schools, classroom processes and student outcomes.

Policies on Education Administration

1. School Focus of Education Administration: The operations of public elementary education will be progressively re-engineered towards focusing on schools, classroom processes, and student outcomes. The emphasis shall increasingly be the implemented

curriculum, rather than the intended curriculum. Administrative attention shall be directed towards actual staff deployment for teaching, on-hand availability of textbooks and instructional materials, prevalent teaching practices encouraged by in-service teachers training and instructional supervision in the field, and the specific material conditions of learning in terms of classrooms, furniture, and equipment available.

2. Decentralization of Education Administration: Decision-making authority on resource allocation, personnel deployment, and instructional operations shall be decentralized first to division offices, then to districts and then to schools. Decentralization to 26 provinces covered by TEEP will be given priority. Decentralization in the first 6 pilot divisions will be implemented in 1996; an additional 8 divisions in 1997, and another 12 divisions in 1998. Shortly after 1998 or earlier, decentralization to all other divisions will proceed. Starting in 1997, pilots in district and school level decentralization will also be started with substantial expansion of coverage of district and school level decentralization targeted for 1998 and 1999.

3. Decentralization of National Education Budget: The allocation, release, management and accounting of national government funds for public elementary education shall be decentralized. All central and national budget items for eventual use by division, district and school operations shall be incorporated as part of the division's appropriations. For the 1997 GAA, appropriate language will be sought that will authorize direct budgetary releases to division offices with corresponding obligational and disbursement authorities granted to division offices. Future budget allocations will be made increasingly location-specific until all public elementary schools shall have become distinct decentralized budgetary and administrative entities. Contributions of local governments shall be similarly allocated, utilized and accounted to district and school levels.

4. Devolution of Schoolbuilding Construction: Consistent with provisions of the Local Government Code of 1991, schoolbuilding construction shall be devolved to municipal governments. Implementation of this policy shall be phased. Responsibility for undertaking schoolbuilding construction projects will be immediately devolved to municipal governments. Financing of these projects will be initially shared between central and local governments until such time when local governments shall fully finance them. In the first 26 provinces covered by divisional decentralization, municipal governments will fully undertake schoolbuilding construction with central-local sharing in the costs of such construction.

5. Protecting Public Schools from Non-Instructional Demands. DECS and local governments shall agree to protect schools from extraneous demands of non-instructional concerns. The division offices shall be authorized by DECS to review for eventual elimination those activities, procedures and work loads not directly related to instruction. The local governments shall be similarly requested to review for eventual elimination those activities involving teachers and students undertaken at localities which seriously distract them from the instructional tasks of schools.

6. Systematic Learning in School Effectiveness: The central, regional and divisional levels of DECS administration shall establish mechanisms for experimenting with administrative and pedagogical innovations for obtaining widespread better student outcomes from public elementary schools under various conditions, specially from small schools in rural areas. Financial and personnel management policies shall be developed, tested and adopted for this purpose. A policy and operations research program shall be established. A special fund for school improvements and innovations projects shall be established and maintained to support pilots and demonstration efforts. Learning from these efforts shall be systematically validated, disseminated and institutionalized.

7. Providing School Heads for Small Schools: The current staffing norms for school heads shall be revised to permit the assignment of a full-time school head for small rural schools. The revised policies shall allow for assignment of school heads to a cluster of small schools, or the addition of teacher items in multigrade schools to free up a teacher's time for instructional supervision, or provision of increased MOOE to schools to pay for principals supervising isolated small schools without heads.

Policies on Accountability to Stakeholders

1. National Policy Oversight: The Social Development Committee of the NEDA Board shall oversee the adoption and implementation of these policies from the perspective of the social sectors. The National Committee on Education for All shall be the forum for coordinating elementary education initiatives within the broader context of improving basic education. The Social Reform Council shall provide overall policy guidance in the implementation of public elementary education programs as part of the Social Reform Agenda.

2. Departmental Policy Direction: The DECS Management Committee shall be the primary locus for decision-making involving cross-cutting issues affecting public elementary education. A TEEP Project Management Policy Committee within DECS shall provide intra-departmental administrative and technical guidance focused on the implementation of the project.

3. Professional Educators Oversight: An Advisory Committee of Eminent Educators shall serve as a mechanism for mobilizing national and international experts that can provide inter-disciplinary and visionary perspectives to the broad sweep of policies and programs for improving public elementary education. This group can serve as a technical and professional pillar of support for carrying out the education innovations and institutional changes being planned.

4. Measurement of Impact and Communication of Measurements: A wide variety of measurements shall be employed to fully inform decision-makers at various levels of the impact and results of the improvement process. Sample-based student assessments supplementing the NEAT shall be undertaken to generate information for analyzing

student outcomes in relation to administrative and pedagogical efforts. A division based educational management information system shall be installed and operated to generate regular school operations data which can be processed for use in decentralized management decision-making. Annual participatory technical audits shall be organized and undertaken to provide qualitative information, case studies, process observations and similar data to supplement E-MIS and student assessment analyses. Routine DECS financial and administrative monitoring shall also add to internal organizational data relevant to measurement of output and impact. Special evaluation studies, field assessment missions and other forms of episodic measurements shall also be undertaken. The data and analysis produced by these efforts shall be publicized, disseminated, and discussed at various levels, in various settings, and involving a wide range of stakeholders.

5. Community Participation and Oversight: For each individual school, a community-based forum shall be established and supported to perform a participatory role and an oversight function in school improvements. Wherever the School Board is appropriate, it will be used for this purpose. When there are existing active organizations in the community with legitimate interest in and concern for the public school in the community, then the division shall establish links with them and facilitate their participation in school improvement. PTCAs are, of course, another available mechanism for the same purpose.

6. Local Government Participation and Oversight: DECS shall enter into agreements with LGUs which, among others, shall provide for a free flow of information about public elementary education operations to the appropriate LGU bodies. Quarterly financial and performance reports shall be prepared by divisions to inform LGUs about the progress of school improvement. The agreements shall also define the substantive involvement of LGUs in decision-making and implementation affecting the local education of their residents. This involvement shall not only cover those aspects for which local government financing is being sought, but should also include all areas where LGU expertise and knowledge could help produce better results.

7. Accounting, Auditing and Financial Reporting: Resources flowing into divisions and schools that come from national government, local governments and community contributions shall be properly accounted and recorded. Financial audits by COA shall be routinely performed. Financial reports on all transactions shall be prepared and submitted to pertinent authorities.

Application of these Policies to TEEP

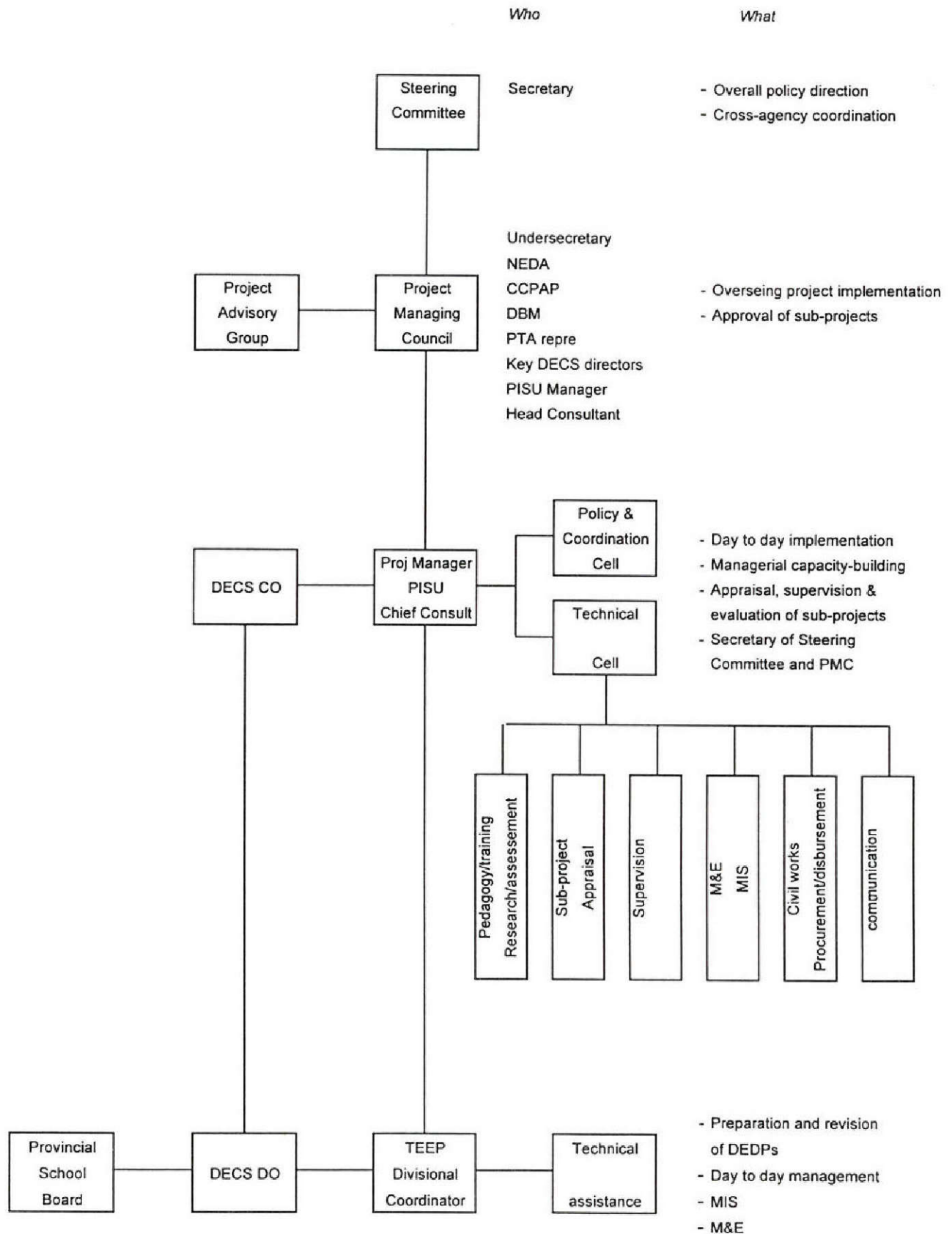
The above policies shall form the basic policy and institutional framework of the Third Elementary Education Project. Some of these policies are essential pre-conditions for effective implementation of TEEP; others are logical consequences of the technical work to be undertaken under TEEP.

Part of the resources provided by TEEP shall be needed to build capacity and create conditions for fully implementing the above policies. But the bulk of TEEP resources can only be fully mobilized and optimally utilized when the above policies are firmly in place. In this sense, these policies and TEEP are organically linked. Thus approval of the TEEP investment proposal should be accompanied by corresponding approval of these proposed policies.

When approved, these policies shall be communicated to IBRD and OECF as financing agencies of the TEEP for their information and guidance.

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THIRD ELEMENTARY EDUCATION PROJECT
Management Structure

Annex 8



PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

DEDP Criteria

I. Criteria for Appraisal. Supporting Evidence (to be included in the proposal)

Focus on quality improvements	<ul style="list-style-type: none"> Proposed inputs are designed to improve pupil learning and present rationales on how this should happen Baseline data on learning levels are, or will be, available Where necessary, there are specific strategies for special groups such as cultural minorities Either 1.(v) proposed inputs are prioritized in terms of expected relative effectiveness, or 1.(vi) it is demonstrated how the proposed inputs will work together to produce expected outcomes
Focus on access	<ul style="list-style-type: none"> Proposed inputs are designed to improve both participation and cohort survival rates. Baseline data are provided for the division.
Decentralization	<ul style="list-style-type: none"> Division's Education Development Program (EDP) includes a strategy for decentralization of key tasks based on (i) DECS overall policy for decentralization, deconcentration and devolution, and (ii) a diagnosis of its current capacities. Action plans and budgets are developed at the division level and include investments designed to improve Division's managerial capacities. These action plans include adequate resources (in terms of administrative/managerial authority, training, and equipment), as well as clear guidelines for procedures
Improved delivery of pedagogical services	<ul style="list-style-type: none"> Acceptable plans for development of enhanced capacity for textbook availability development, teacher and staff training, student learning assessment, and program evaluation.
Financial Feasibility	<ul style="list-style-type: none"> Program resources involve an increment over historic allocations for elementary education. Relevant annual program costs are reflected in annual Division Plan and LGU budgets. Annual recurrent costs of the investment are shown to be sustainable at the end of the project.
Technical Feasibility	<ul style="list-style-type: none"> Strategies are based on empirical evidence or experience in the Philippines (preferably) or elsewhere.
Managerial Feasibility	<ul style="list-style-type: none"> Implementation will be done by an agency (e.g., Division Office) empowered to make financial, staffing and program design decisions Plan for MIS development that meets GoP requirements.
Participatory Planning	<ul style="list-style-type: none"> DEDPs have been prepared with participation of LGUs (provincial, municipal, barangay), DECS personnel at division, district and school level plans, and parents.

II. The Technical Volume Contains the Following Criteria:

1. Criteria for District prioritization in the six Pilot Provinces
2. Criteria for schools prioritization in each District
3. Criteria in defining Priorities and Indicators for Evaluation and Monitoring of Civil Works
4. Criteria for selecting TEIs
5. Criteria for selecting NGOs
6. Criteria for competition under the SIIF

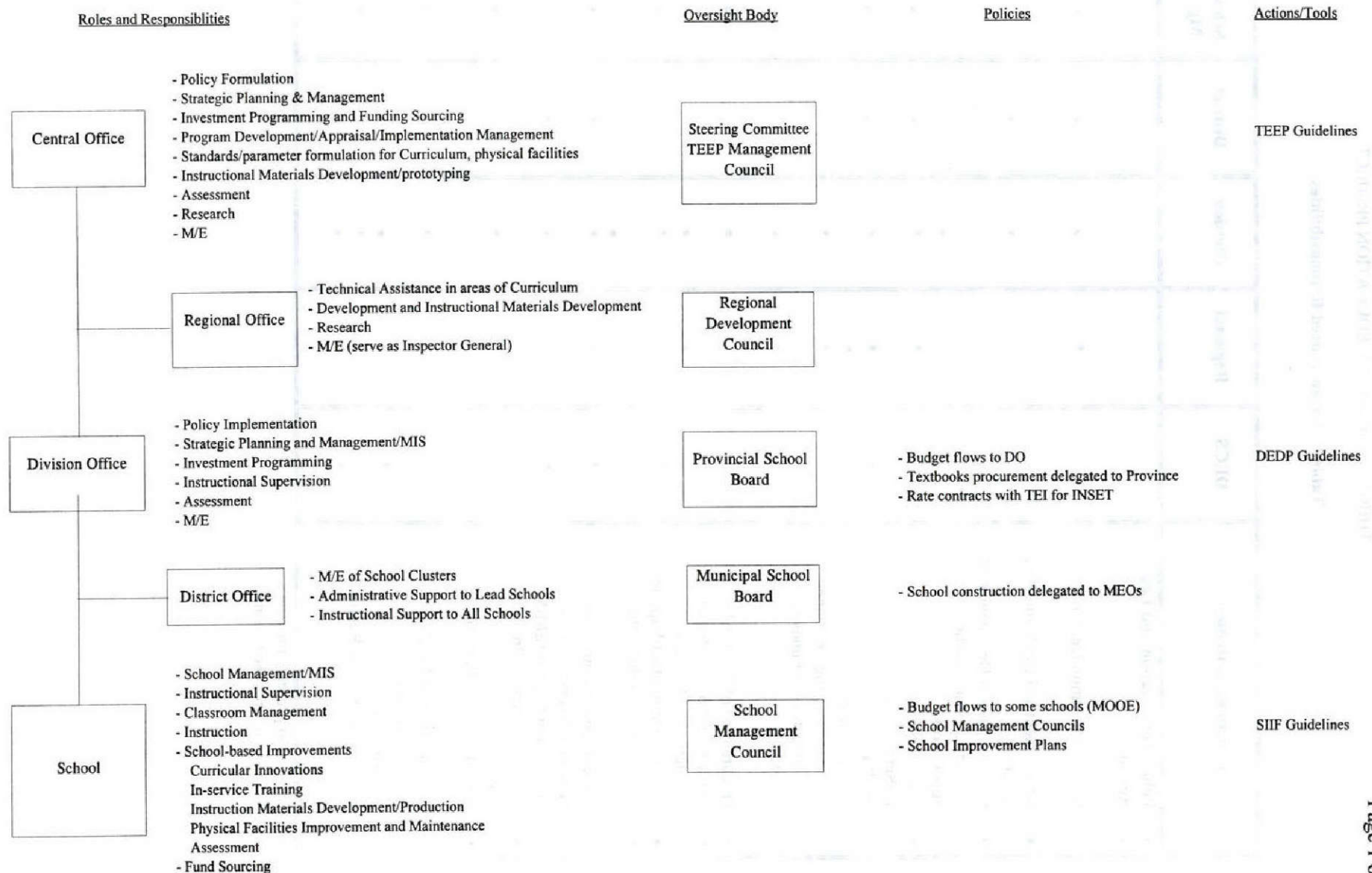
III. TEEP Guidelines Outline

1. Program Goals, Objectives and Policies
2. Program Management
3. Program Guidelines for Preparation of DEDPs
4. Procedure for Appraisal of Proposals
5. Annual Work Plan and Budget Process
6. Project Implementation Network and Support Structure (PINS)
7. Project Implementation Support Unit (PISU)
8. Project Financing, Accounting and Fund Disbursement
9. Project Monitoring, Reporting and Supervision
10. Technical Assistance
11. International Cooperation Programs
12. Procurement Rules and Procedures governing Goods, Services and Works
13. School Improvement and innovations Fund (SIIF)
14. Implementation of the Schoolbuilding Program
15. Implementation of INSET and Management Training Activities
16. Textbook Procurement and Distribution
 - a. Procurement and Distribution of reprints
 - b. Procurement and Distribution under textbook privatization

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THIRD ELEMENTARY EDUCATION PROJECT

Decentralized Educational Planning and Management



PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Table 1: Decentralized Responsibilities

Functions/Activities	DECS	Regional	Division	District	Schools Mgmt.	Local Gov't Units (LGUs)
<ul style="list-style-type: none"> • Policy Formulation and Legal Action 	*					
<ul style="list-style-type: none"> • Budget Allocation Decisions 	*	*	•	•	•	•
<ul style="list-style-type: none"> • Recruitment and Deployment of Teachers 			*	*	•	
<ul style="list-style-type: none"> • Recruitment and Deployment of Principals/Head Teachers and Supervisors 			*			
<ul style="list-style-type: none"> • Teacher Salaries 	*	*	*	•	•	
<ul style="list-style-type: none"> • In-Service Training 						
<ul style="list-style-type: none"> ⇒ Principals 	*	*	*	•	•	
<ul style="list-style-type: none"> ⇒ Supervisors 	*	*	*			
<ul style="list-style-type: none"> ⇒ Non-Teaching Personnel 	*	*	*			
<ul style="list-style-type: none"> ⇒ Allocation of Funds for INSET 	*	*	•			
<ul style="list-style-type: none"> • Procurement of Textbooks 	*		•		•	
<ul style="list-style-type: none"> • Procurement of Additional Instructional Materials 		*	*			
<ul style="list-style-type: none"> • Procurement of other Supplies 	*	*	*		•	
<ul style="list-style-type: none"> • Curriculum Development Materials 	*		•			
<ul style="list-style-type: none"> • Student Assessment/Testing 	*	*	*	*	*	
<ul style="list-style-type: none"> • Education Management of Information System (EMIS) 	*	*	*	*	*	
<ul style="list-style-type: none"> • Education Projects/Program Management 	*		•		•	
<ul style="list-style-type: none"> • School Building Program 						
<ul style="list-style-type: none"> ⇒ Allocation of Funds 	*	•	•	•	•	•
<ul style="list-style-type: none"> ⇒ Construction and Rehabilitation 	*	•	•	•		•
<ul style="list-style-type: none"> ⇒ Maintenance and Repair 			*	*	*	•
<ul style="list-style-type: none"> ⇒ Planning for New Schools 	*	*	*	•	•	•

Note: * Refers to present situation
• Refers to proposed changes

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Table 11.1: EXAMPLES OF SCHOOL IMPROVEMENT AND INNOVATION FUND (SIIF) PILOTS

TITLE	OBJECTIVE	PURPOSE	TARGET	INSTRUMENT
⇒ School Empowerment	Improving learning	Assess the relative cost-effectiveness of different school-level managerial arrangements; test different areas of delegation of authority.	400 randomly selected schools	National window
⇒ School Improvement Plans	Improving learning	Demonstrate to what extent and under what conditions school-based planning for quality improves pupils' achievements in the Philippines.	marginalized schools.	Divisional window
⇒ Indigenization of Material and Curriculum	Improving learning	Determine the best modalities for ensuring that ethnic minority children have access to relevant instruction.	TEEP areas with a critical mass of minority children	National window, because of cost and potential impact
⇒ Early Childhood Development	Improving learning	As an input into ECD project under preparation, to test the effectiveness and replicability of various institutional arrangements.	About 400 units in the most disadvantaged communities	Divisional window, in liaison with PISU and the ECD project preparation team
⇒ Special, demand-side programs	Increasing completion rates	Determining cost-effective prototype investment and institutional packages, for instance in health, nutrition, modular instructional programs for children of migrant workers or nomadic tribes, flexible school calendar or schedules, to address demand-side issues raised in the DEDPs.	the most disadvantaged districts in each TEEP province	Divisional window, in liaison with PISU for cross-fertilization
⇒ Vouchers	Increasing completion rates	Determine: (a) the relative effectiveness and feasibility of different demand-side financing mechanisms; and (b) the optimum subsidy level to keep poor children in school.	about 400 extremely poor communities, randomly selected	National window, in liaison with the presidential Fund to Fight Poverty

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TEEP STRATEGY FOR ETHNIC MINORITIES

1. **Background.** There are about 60 cultural minority groups in the Philippines. These groups, totaling about 6 million individuals, are distributed around Northern and Central Luzon, Mindoro, Western Mindanao and Sulu islands. The groups TEEP is most likely to affect are: (a) in the North, the Apayao, Bontoc, Ibaloy, Ifugao, Kalinga, Kankanan and Tingguian; (b) in Visayas, the Negritos; and (c) in the South, the Manobos, Tasaday, Manaraw, Yakan and Tausug. The Project file contains information on each of these groups. During the pilot phase, the two groups whose specific problems were raised and addressed in the DEDPs are the Ifugaos (most of Ifugao Province population) and the Manobos (20 percent of Agusan del Sur). For practical purposes, the issues affecting the children of plantation ("sacada") migrant workers are being treated under the same heading.
2. **Objectives.** The main objective of the TEEP Strategy for Ethnic Minorities is to ensure that tribal minority groups in the provinces covered by the project receive culturally appropriate benefits. This will be achieved through the informed participation of the people concerned in the preparation, implementation, supervision and monitoring of project activities.
3. In the context of the TEEP, the objective is to improve learning achievements, elementary school completion rates and access to culturally appropriate elementary education for ethnic minority communities.
4. **Strategy.** The project strategy is based on the informed participation of the beneficiary communities through:
 - (a) Information of potential stakeholders in the minority communities (parents, community leaders, teachers) of TEEP's objectives, approaches and implementation modalities to gain their active involvement. As for all other aspects of the DEDPs, community mobilization methods will be used together.
 - (b) Consultation and participatory planning involving the local community (Parent Teacher Associations and School Management Councils) in the planning of civil works, in the identification of their perceived educational needs including provisions for indigenization of the curriculum and teaching materials, and in the assessment of project performance in meeting these needs.
 - (c) Local school management and supervision by School Management Councils appointed by Parent Teacher Associations.
 - (d) Annual participatory performance audits based on beneficiary assessment techniques will provide a feed-back mechanism to adjust project plans and implementation through identification of the stakeholder's perception of problems and acceptable solutions to these.

5. To achieve this level of participation, the project's School Improvement and Innovation Fund (SIIF) will target resources to "marginalized" schools, many of which will be in minority areas, to engage the involved communities in diagnosing their problems and in defining and implementing their own improvement plans.

6. **Components and Activities.** Activities relevant to ethnic minority communities which can be supported by SIIF funds are:

- School empowerment where School Management Councils and PTAs are supported to establish a capacity to undertake management and supervision of local school affairs.
- School improvement plans which will include experiments with a more flexible approach to the school calendar, so that it is adapted to the possibilities and constraints regarding attendance imposed by local seasonal agricultural calendars and work requirements.
- Indigenization of educational materials and curriculum through the (i) translation and/or adaptation of centrally developed learning materials to make them relevant in a local cultural context; (ii) training of teachers (including people from the minority group) in bilingual instruction as well as the transition from the vernacular to the official languages of instruction.
- Special poverty oriented demand side programs which will make education more affordable to the poor and improve the readiness of poor children for school. The programs consist of (i) small scholarships to cover direct and indirect schooling costs; (ii) vouchers in lieu of tuition at any local school; (iii) community vouchers to build and equip schools where none exist, and (iv) the development of a model for school health and nutrition programs.
- Early Childhood Development (ECD) programs to facilitate the transition from the vernacular to the official language of instruction.

7. In addition to the above, a special SIIF component of the TEEP will address the needs of nomadic and migrant children by building on the experience of both the UNICEF supported program of multigrade and multilevel education and the ADB funded Informal Education Project. This activity will experiment with multilevel, modular teaching materials that would be made available in existing formal or non-formal education facilities operating along flexible schedules. Pupils, and possibly their parents, could pick up the curriculum where they had left it, wherever the agricultural or seasonal cycle would allow them to resume studying. This activity will be preceded by a comprehensive stock-taking exercise because of the large body of previous experiments along these lines which have never been institutionalized, and because of potential economies of scale with other activities. For this reason, this component will at best start in PY2 or PY3.

8. The impact of the activities listed above are expected to be (i) improved learning achievement; (ii) higher completion rates; and (iii) expanded access to quality education.

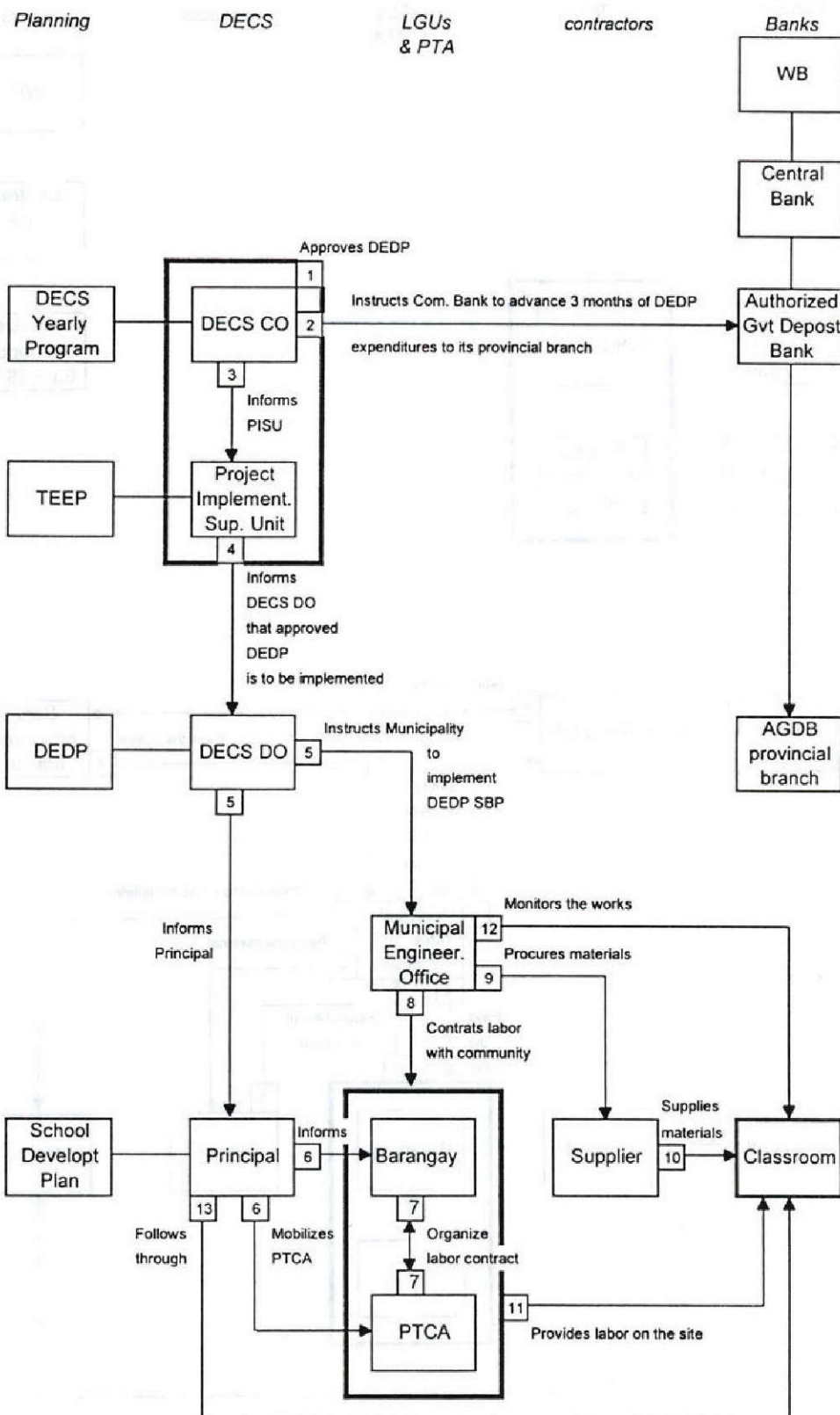
9. **Approach.** Preparation of the DEDPs will continue to involve sociologists to ensure that the rights and interests of indigenous people are fully taken into account. Representatives of ethnic groups will be fully integrated in the participatory planning and evaluation activities, especially the annual performance audit to be conducted with NGOs and the Beneficiary Assessment which will precede the mid-term review (2000) activities. The DECS-CO contact person for each province will ensure that the National Authorities concerned (such as the Office for Northern Cultural Communities or the Office of Muslim Affairs, full list in the Project File) are kept informed of DEDP activities and that these comply with national policies. In reviewing DEDP proposals affecting minorities, PISU and the TEEP Management Council will use the following criteria: (a) interest on the part of the group concerned; (b) potential impact, based on the numbers affected; (c) transferability, to achieve economies of scale; (d) availability (of materials, course...); and (e) previous involvement of other agencies.

10. **Monitoring.** Each of the activities listed above as well as the participatory approach will be monitored as part of the provincial level DEDPs though:

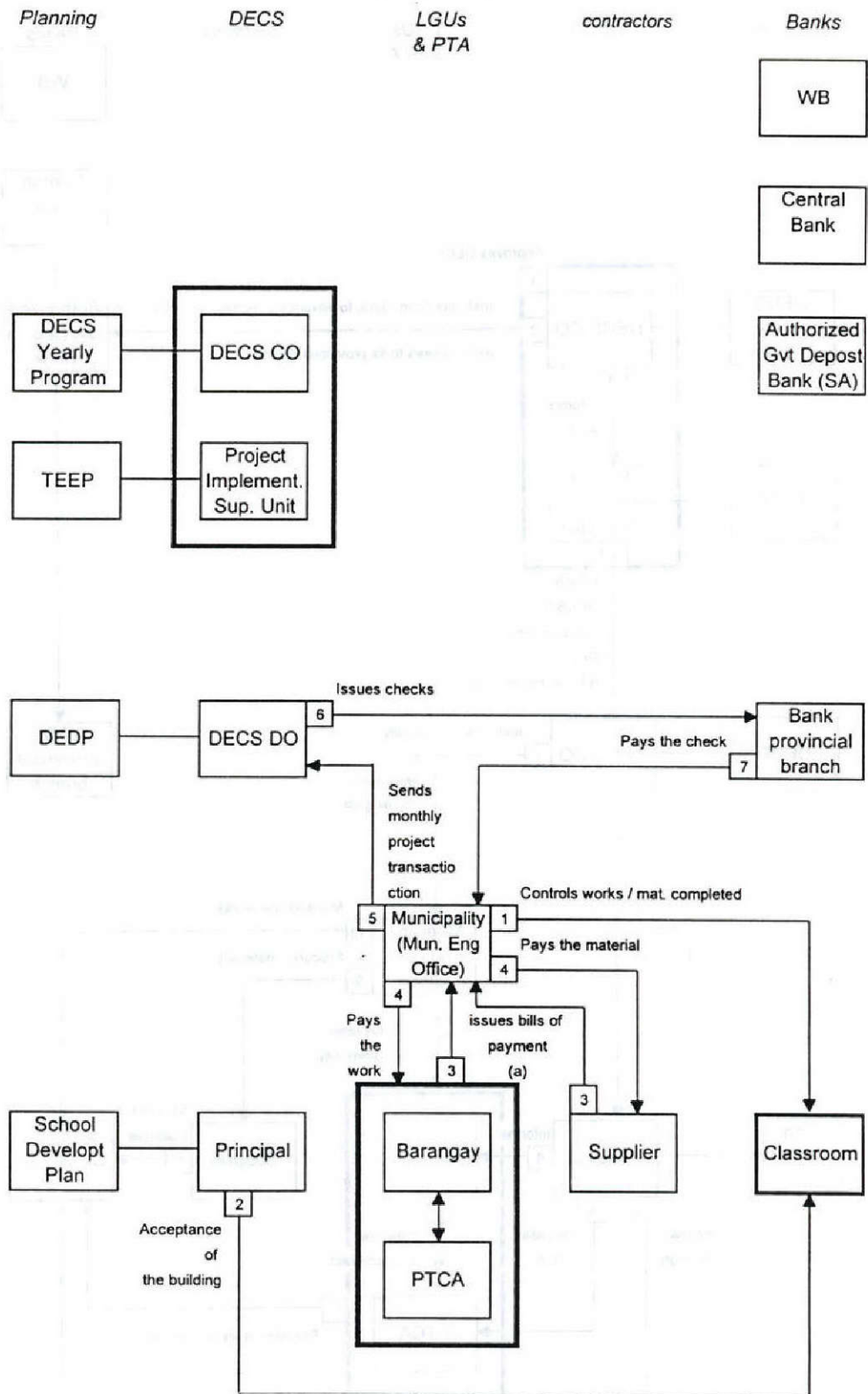
- Annual participatory performance assessments which include beneficiary assessment techniques to identify the perception of problems by stakeholders.
- Collection of disaggregated monitoring data on minorities regarding the relevant Project Performance Indicators (see Annex 5).

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SCHOOL BUILDING PROGRAM **Implementation diagram**

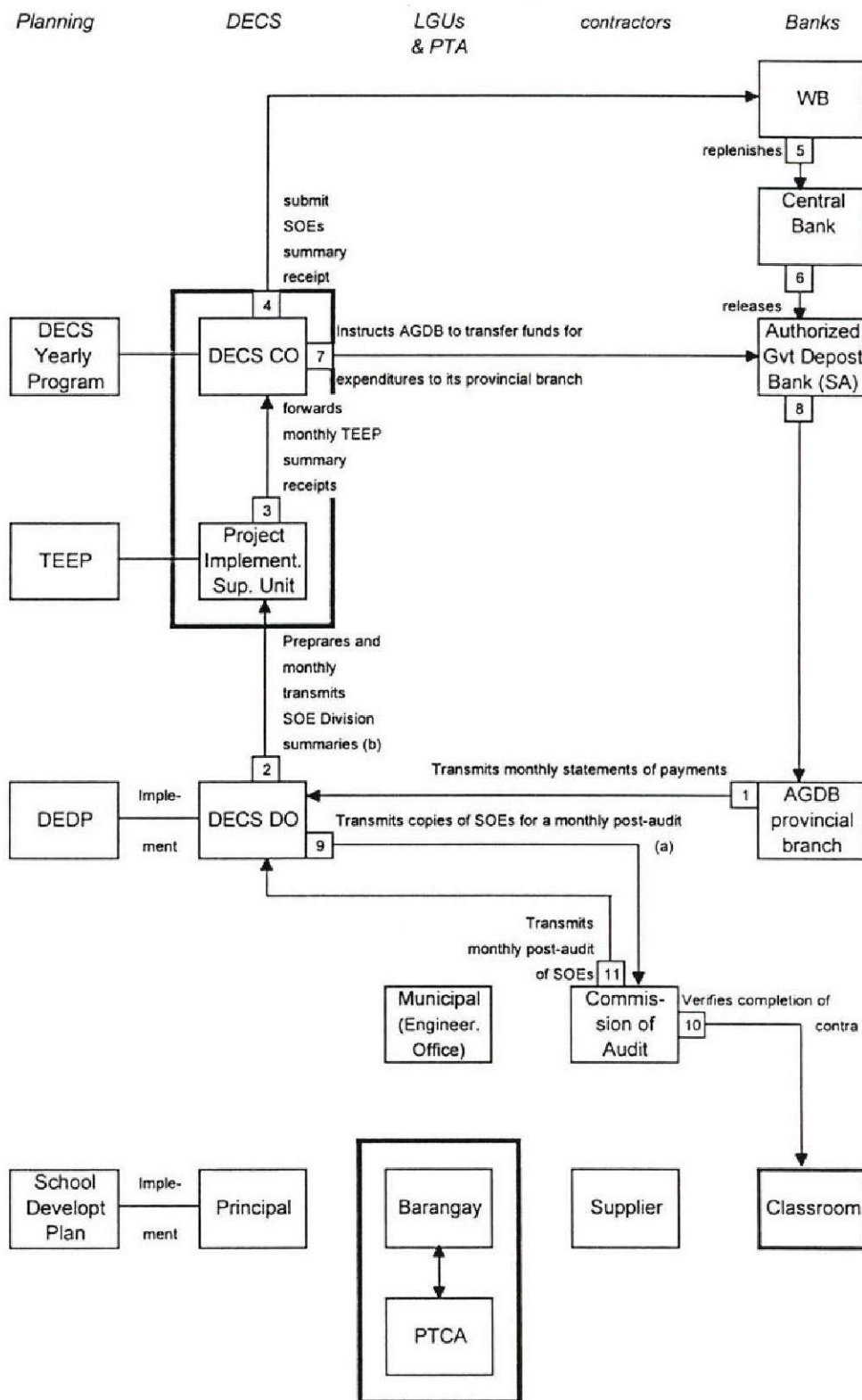


SCHOOL BUILDING PROGRAM Payments Diagram



(a) Including certification of works completion by Municipal Engineer Office and acceptance of the Building by School Princ

SCHOOL BUILDING PROGRAM
WB replenishment diagram



(a) Monthly post-audit of SOEs is not a prerequisite for replenishment

(b) Non eligible expenditure(s) eventually stated by COA in previous SOEs is (are) deducted from from next SOE summary

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT
SUPERVISION PLAN

Objectives and Strategy

1. **Bank Inputs.** TEEP's supervision plan aims to (a) ensure timely and effective implementation of the various programs and disbursements; (b) build the capacity of DECS at the central and divisional levels to supervise and evaluate elementary education sub-projects; (c) strengthen collaboration among concerned donors.
2. Because capacity-building is at the core of TEEP, it is proposed that responsibility for supervision be increasingly shifted to the Resident Mission. This will allow (a) formal and on the job training of PISU staff and consultants in supervision techniques; and (b) close monitoring of implementation, procurement and disbursement through quarterly field missions (two with, and two without HQ participation; will decline to two by PY3¹) and close contact with the PISU, DOF's CCPAP and NEDA's Project Monitoring Staff.
3. At the moment, donors for the project are OECF and the Bank. AusAID, CIDA, UNDP/UNICEF, and (subject to confirmation) the Irish Government also support TEEP. The donors will have quarterly meetings with the PISU. OECF and the Bank will conduct joint supervision missions initially twice a year, and at least once a year after PY3, and will exchange supervision reports. The other donors will be invited to join in once a year. Supervision will be thematic and will include, in addition to the usual measures of successful implementation--procurement and disbursement--then ten indicators presented in Annex 6 and qualitative aspects such as classroom processes, the use of textbooks, and LGU/community participation. The supervision work will be increasingly provided by the RM, with HQ staff and consultants as needed. The annual GoP/Donor reviews will be held in... (*specify date*) to match GoP's budget cycle.
4. During PY1, supervision will concentrate on capacity-building in supervision techniques and on project launch activities in the six pilot provinces. Beginning in PY2, it will focus on PISU's management and supervision capacity of active DEDPs, spot-checks of Divisional, District and school-based implementation activities, and launching activities for the following batches of provinces.

Staffing for Bank Inputs

5. The following basic staffing arrangement is proposed:

¹ To be endorsed by EA1's DMT and ResRep.

Task Manager in HQ, to provide overall guidance;
Co-TM in the RM for day-to-day management and
procurement/disbursement/auditing supervision
Local Support Consultants
Bank Staff and International Consultants, initially twice a year, to decline
to once a year once the project is fully on track (PY3).

Over time, Task Management will shift to the Resident Mission, with support from HQ. The specialization of the consultants will be determined by the nature of the problems identified during implementation. Specialized expertise will be brought to bear when needed outside the formal mission structure.

GoP Inputs

6. Annual work plans and budgets (AWPB) will be prepared by each DO within the context of its approved DEDP, and for each capacity-building (sub)component. These plans will be reviewed by the PISU, which will make a recommendation for approval by the TEEP Managing Council. The sum of all the approved AWPBs will constitute the overall annual project plan. *(Note: GoP and the donors to decide whether the AWPB mission and the annual review should be timed simultaneously or at an interval).*

7. Quarterly progress reports (give dates) will be submitted by the PISU to the donors in a format agreed during appraisal. The reports will include:

Narrative Report

- (a) a concise narrative section describing (i) activities undertaken under the annual work plan (AWP) since the last reporting period; (ii) activities initiated under the APW; and (iii) additional, unplanned activities;
- (b) major achievements;
- (c) problems encountered and solutions proposed;
- (d) activities planned for the next reporting period: (i) as per the AWP and (ii) other, with explanation and rationale;

Statistical Report: a province by province one page summary tabular account built from eight reporting forms: (i) DEDP Activity Report, including an update of basic data, inputs delivery, and qualitative assessments (e.g., of learning) when available; (ii) DEDP Activities to be added/dropped in the AWP; (iii) DEDP Fund Advance Report Summary; (iv) DEDP Expenditures by Activity; (v) DEDP expenditure by Category; (vi) DEDP Procurement Actions; (vii) DEDP Additional Staff Appointments; (viii) DEDP Claims of Reimbursement for eligible expenditures.

To the extent possible, the reports will use automatic reporting built-in in the MIS, and will form the basis for the semi-annual donor missions.

8. The annual joint GoP/Donors performance review will be based, in addition to the above, on the financial audit report for the preceding year and on a participatory performance assessment (PPA). The PPA is meant to complement the mechanical review of procurement and disbursements by a more qualitative monitoring of processes at the grass-root level, especially in the following areas: (a) capacity-building in the DOs; (b) implementation of the pilots (SIIF, school empowerment, ECD); and (c) school and classroom processes. The PPA will be contracted to a management consulting firm with sub-contracts to NGOs in the provinces. The staff of the NGOs will receive training on TEEP and on the indicators to be monitored. They will conduct spot-checks of about 5-10% of field activities and discuss with the communities at large (DECS, LGUs, PTAs) their perceptions of TEEP implementation, problems identified and solutions proposed. Based on the PPA, the donors will agree with DECS on which sites they themselves will visit during their missions (success stories vs. problem cases).

9. The PISU will monitor and report on implementation progress, based on inputs from the relevant entities and using the MIS. Additionally, it will organize provincial level project launch workshops and implementation reviews. These reviews will be timed to support the joint GoP/Donors review.

10. The PISU will coordinate arrangements for supervision missions, including the timely (one month advance) dispatch of supporting documentation to the donors. Mission briefings upon arrival and wrap-up meetings will be chaired by DECS Secretary and will include, for the annual review, high-level representation from DOF, NEDA and DBM.

11. The PISU will prepare and submit to IBRD, within six months of the Closing Date, a final Implementation Completion Report and a plan for the future operation of the completed project.

Field Supervision

Indicative Dates	Activity	Staff Input (sw)
10/96	First PLW for Batch 1; review of PISU capacity	
	Initiation of preparation for B2	20
03/97	Review of preparation of B2; 98 budget proposal; capacity-building	20
10/97	First Annual Review; review B1 AWP Appraisal of B2; review of PISU capacity	
	Initiation of preparation for B3	20
03/98	Review 99 budget proposals	
	Visit to selected B1 and B2 provinces	20
10/98	Second Annual Review; review B1+B2 AWP	

	Appraisal of B3 (declining donor involvement)	
	Review of PISU performance/	
	Review of capacity-building	20
03/99	Review 2000 budget proposals	
	Visit to selected B1, B2 and B3 provinces	20
10/99	Third Annual Review; review B1-B3 AWP	
	Review Capacity-building	
	Prepare plan for mid-term review	20
03/00	Review 2001 budget proposal;	
	Mid-term Review (adjustments?)	20
10/00	Fourth Annual review; 26 AWP	10
	Site visits	
03/01	Review 2002 budget proposals;	
	Capacity-building	
	Site visits	10
10/01	Fifth Annual Review; 26 AWP	10
03/02	Review 2003 Budget proposal	10
10/02	Sixth Annual Review	10
03/03	Review 2004 Budget	10
10/03	Implementation Completion Mission	10

12. Joint Annual reviews will be held in October and the budget reviews, in March of each year. A comprehensive mid-term review will be held in March 2000. It will determine whether there is a need to restructure the project or modify the implementation targets of all or some components.

13. Each mission will involve: (a) at least one week in the field (over the life of the project, each province will be visited at least once); (b) the services of one education specialist and one management/implementation specialist; (c) a review of procurement, civil works, financial statements and disbursements, Loan covenants, technical assistance textbook delivery in remote schools and training activities. The specialized skills to be added on the basis of needs will include: education finance, educational decentralization, teacher training, MIS, textbooks and instructional materials, school-based management, research and assessment.

14. Initially all missions will be jointly conducted by the donors. The desirability and feasibility of limiting the number of joint missions to one per year will be reviewed at the mid-term review (2003).

**Philippines Third Elementary Education Project
Costs and Financing**

Unit: US\$ '000

Expenditure Accounts by Years -- Base Costs

	1997	1998	1999	2000	2001	2002	2003	Total
I. Investment								
A. Civil								
1. School								
New Classrooms	4,860	12,960	17,01	19,17	19,17	15,660	9,990	98,820
Classroom Rehabilitation	1,200	3,600	5,280	5,280	5,280	4,320	1,680	26,640
Classroom repair	1,12	4,000	5,840	5,840	5,840	4,640	1,760	29,040
School Facilities	444	1,640	2,420	2,340	2,220	1,77	888	11,72
Subtotal School	7,624	22,200	30,550	32,630	32,510	26,396	14,318	166,228
2. Other								
Expansion of District Offices	-	4,760	-	-	-	-	-	4,760
Construction of Divisional Offices	-	2,800	-	-	-	-	-	2,800
Refurbishing Baguio Center	44	-	-	-	-	-	-	44
Refurbishing Regional Offices	144	320	400	240	-	-	-	1,10
Other civil works	44	-	-	-	-	-	-	44
Subtotal Other	232	7,880	400	240	-	-	-	8,752
Subtotal Civil	7,856	30,080	30,950	32,870	32,510	26,396	14,318	174,980
B.								
1.								
School kits	9,631	25,536	16,220	1,280	1,28	1,008	412	55,368
Classroom Kits	8,726	4,180	2,665	2,396	2,160	1,450	816	22,393
Other Equipment	2,804	-	-	-	-	-	-	2,804
Computers	595	530	599	-	-	-	1,000	2,724
Vehicles	594	572	660	-	-	-	-	1,826
Photocopiers	15	160	240	-	10	-	-	561
Communication Devices	172	372	299	-	-	-	-	843
Subtotal	22,673	31,350	20,683	3,676	3,451	2,458	2,228	86,519
2.								
Classroom furniture	850	2,430	2,178	1,260	990	360	288	8,356
Other Furniture	55	52	73	-	-	-	-	179
Subtotal	904	2,482	2,251	1,260	990	360	288	8,535
Subtotal	23,577	33,832	22,934	4,936	4,441	2,818	2,516	95,053
C. Materials, Kits &								
1. Instructional								
Textbooks sets (reprint)	2,898	-	-	-	-	-	-	2,898
Teacher Manual (reprint)	376	-	-	-	-	-	-	376
Textbooks sets (published)	-	-	6,010	4,984	-	6,134	5,074	22,202
Teacher Manuals (published)	-	-	429	312	-	446	317	1,504
Multigrade sets	-	1,200	-	-	2,080	-	-	3,280
Printing Paper	1,242	-	-	-	-	-	-	1,242
Subtotal Instructional	4,516	1,200	6,439	5,296	2,080	6,581	5,390	31,502
2. Communication material	139	256	432	432	432	476	227	2,394
Subtotal Materials, Kits &	4,655	1,456	6,871	5,728	2,512	7,057	5,61	33,896
D. Specialist								
International Specialists	603	855	846	189	130	108	96	2,827
National Specialists	1,61	2,912	4,071	2,466	1,71	458	275	13,505
NGO Assistance	11	273	507	507	507	390	234	2,535
Subtotal Specialist	2,331	4,040	5,424	3,162	2,349	956	605	18,867
E.								
INSET	2,641	10,51	15,397	16,463	17,47	14,183	5,499	82,164
Per Diem and transportation	138	45	55	-	-	-	-	237
Materials and Trainers	162	54	66	-	-	-	-	282
Workshops	304	978	1,678	810	858	566	442	5,636
Distance Education	36	11	166	166	166	130	49	827
Subtotal	3,281	11,70	17,36	17,438	18,494	14,878	5,989	89,146
F. Special Programs &								
SIIF National Window	320	640	640	640	640	640	320	3,840
SIIF Provincial Window	-	682	1,859	1,12	-	-	-	3,663
Demand side Programs	106	246	458	458	458	352	21	2,288
Assessment	1,560	-	-	1,560	-	-	1,560	4,680
Research	156	624	702	702	702	546	78	3,510
Subtotal Special Programs &	2,142	2,192	3,659	4,482	1,800	1,538	2,169	17,98
Total Investment	43,842	83,304	87,198	68,616	62,106	53,643	31,21	429,923
II. Recurrent								
A. Personnel	538	1,246	2,270	2,462	2,270	1,643	820	11,25
B. Operating Costs	1,286	3,022	4,304	4,496	4,677	4,778	4,931	27,492
C. Supervision missions	48	11	207	207	207	159	96	1,035
D. Management sessions	2	2	2	2	2	2	2	14
E. Maintenance	353	1,31	2,552	3,826	5,087	6,090	6,678	25,896
Total Recurrent	2,227	5,691	9,334	10,993	12,243	12,672	12,526	65,687
Total BASELINE	46,069	88,996	96,532	79,609	74,349	66,315	43,741	495,610
Physical Contingencies	4,421	8,478	8,973	7,458	7,094	6,402	4,250	47,076
Price Contingencies	581	3,389	6,179	7,219	8,781	9,693	7,648	43,489
Total PROJECT COSTS	51,070	100,863	111,68	94,285	90,224	82,411	55,639	586,175

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Project Components by Year -- Base Costs

Annex 14

(US\$ '000)

	Base Cost						
	1997	1998	1999	2000	2001	2002	2003
							Total
A. Capacity Building at Nat'l & Reg'l Levels							
National Management Structure	1,367	1,293	1,187	540	313	133	4,966
Support to Policy/Decision Making	669	1,489	1,768	1,780	1,768	1,521	9,625
Support to Decentralization	1,272	2,281	2,653	966	776	631	9,414
Subtotal Capacity Building at Nat'l & Reg'l Levels	3,307	5,063	5,608	3,286	2,857	2,285	24,005
B. Elem. Educ. Improvement in 26 Prov.							
Capacity Building at Provincial Level	2,282	4,401	7,336	4,846	4,282	2,728	28,516
DEDPs	40,479	79,532	83,587	71,476	67,210	61,302	443,090
Subtotal Elem. Educ. Improvement in 26 Prov.	42,761	83,932	90,924	76,322	71,492	64,031	471,605
Total BASELINE COSTS	46,069	88,996	96,532	79,609	74,349	66,315	495,610
Physical Contingencies	4,421	8,478	8,973	7,458	7,094	6,402	47,076
Price Contingencies	581	3,389	6,179	7,219	8,781	9,693	43,489
Total PROJECT COSTS	51,070	100,863	111,683	94,285	90,224	82,411	586,175

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Expenditure Accounts by Components - Base Costs

Annex 14

	Capacity Building at National & Regional Levels			Elementary Educ. Improvement in 26 Provinces		Total
	National Management Structure	Support to Policy/Decision Making	Support to Decentralization	Capacity Building at Prov. Level	DEDPs	
I. Investment Costs						
A. Civil works						
1. School Buildings	-	-	-	-	166,228	166,228
2. Other Buildings	520	624	-	-	7,608	8,752
Subtotal Civil works	520	624	-	-	173,836	174,980
B. Equipment/Furniture						
1. Equipment	155	1,130	-	4,292	80,942	86,519
2. Furniture	13	16	-	151	8,356	8,535
Subtotal Equipment/Furniture	167	1,146	-	4,443	89,298	95,053
C. Materials, Kits & Textbooks						
1. Instructional material						
Textbooks sets (reprint)	-	-	-	-	2,898	2,898
Teacher Manual (reprint)	-	-	-	-	376	376
Textbooks sets (published)	-	-	-	-	22,202	22,202
Teacher Manuals (published)	-	-	-	-	1,504	1,504
Multigrade sets	-	-	-	-	3,280	3,280
Printing Paper	-	-	-	-	1,242	1,242
Subtotal Instructional material	-	-	-	-	31,502	31,502
2. Communication material	-	354	-	2,041	-	2,394
Subtotal Materials, Kits & Textbooks	-	354	-	2,041	31,502	33,896
D. Specialist Services						
International Specialists	984	1,050	357	437	-	2,827
National Specialists	2,629	1,905	118	8,853	-	13,505
NGO Assistance	-	2,535	-	-	-	2,535
Subtotal Specialist Services	3,613	5,490	475	9,290	-	18,867
E. Training						
INSET	-	-	-	-	82,164	82,164
Per Diem and transportation	-	67	7	97	67	237
Materials and Trainers	-	81	3	117	81	282
Workshops	-	695	1,776	2,470	695	5,636
Distance Education	-	-	-	-	827	827
Subtotal Training	-	843	1,786	2,684	83,833	89,146
F. Special Programs & Grant						
SIIF National Window	-	-	3,840	-	-	3,840
SIIF Provincial Window	-	-	-	-	3,663	3,663
Demand side Programs	-	-	-	-	2,288	2,288
Assessment	-	-	-	-	4,680	4,680
Research	-	-	3,510	-	-	3,510
Subtotal Special Programs & Grant	-	-	7,350	-	10,631	17,981
Total Investment Costs	4,300	8,456	9,611	18,457	389,100	429,923
II. Recurrent Costs						
A. Personnel	450	-	-	5,270	5,530	11,250
B. Operating Costs	210	394	-	4,009	22,880	27,492
C. Supervision missions	5	250	-	780	-	1,035
D. Management sessions	-	-	14	-	-	14
E. Maintenance	-	315	-	-	25,581	25,896
Total Recurrent Costs	666	958	14	10,059	53,990	65,687
Total BASELINE COSTS	4,966	9,414	9,625	28,516	443,090	495,610
Physical Contingencies	293	667	555	2,124	43,437	47,076
Price Contingencies	262	675	851	2,426	39,275	43,489
Total PROJECT COSTS	5,521	10,756	11,031	33,065	525,802	586,175

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Expenditure Accounts by Components - Totals Including Contingencies

Annex 14

Unit: US\$ '000

I. Investment Costs

A. Civil works

- 1. School Buildings
- 2. Other Buildings

Subtotal Civil works

B. Equipment/Furniture

- 1. Equipment
- 2. Furniture

Subtotal Equipment/Furniture

C. Materials, Kits & Textbooks

1. Instructional material

- Textbooks sets (reprint)
- Teacher Manual (reprint)
- Textbooks sets (published)
- Teacher Manuals (published)
- Multigrade sets
- Printing Paper

Subtotal Instructional material

2. Communication material

Subtotal Materials, Kits & Textbooks

D. Specialist Services

- International Specialists
- National Specialists
- NGO Assistance

Subtotal Specialist Services

E. Training

- INSET
- Per Diem and transportation
- Materials and Trainors
- Workshops
- Distance Education

Subtotal Training

F. Special Programs & Grant

- SIF National Window
- SIF Provincial Window
- Demand side Programs
- Assessment
- Research

Subtotal Special Programs & Grant

Total Investment Costs

II. Recurrent Costs

- A. Personnel
- B. Operating Costs
- C. Supervision missions
- D. Management sessions
- E. Maintenance

Total Recurrent Costs

Total PROJECT COSTS

	Capacity Building at National & Regional Level		Elementary Educ. Improvement at 26 Prov.		Total
	National Management Structure	Support to Policy/Decision Making	Support to Decentralization	Capacity Building at Prov. DEDPs	
-	-	-	-	198,976	198,976
602	-	718	-	8,659	9,979
602	-	718	-	207,635	208,955
-	-	-	-	92,989	99,484
172	-	1,330	4,993	173	9,771
14	-	18	-	-	9,975
186	-	1,348	5,165	102,759	109,459
-	-	-	-	3,224	3,224
-	-	-	-	419	419
-	-	-	-	27,052	27,052
-	-	-	-	1,832	1,832
-	-	-	-	3,901	3,901
-	-	-	-	1,382	1,382
-	-	-	-	37,809	37,809
-	-	422	2,452	-	2,873
-	-	422	2,452	37,809	40,683
1,082	402	1,150	488	-	3,122
2,881	135	2,098	9,961	-	15,075
-	-	2,900	-	-	2,900
3,963	536	6,147	10,449	-	21,096
-	-	-	-	98,424	98,424
-	8	75	111	75	268
-	4	91	134	91	319
-	2,132	802	2,949	802	6,885
-	-	-	-	987	987
-	2,143	968	3,194	100,379	106,683
-	4,162	-	-	-	4,162
-	-	-	-	3,889	3,889
-	-	-	-	2,492	2,492
-	-	-	-	5,583	5,583
-	4,173	-	-	-	4,173
-	8,335	-	-	11,965	20,299
4,752	11,014	9,603	21,260	460,547	507,175
512	-	-	6,028	6,302	12,843
251	-	473	4,843	27,614	33,180
6	-	299	935	-	1,240
-	17	-	-	-	17
-	-	381	-	31,339	31,720
789	17	1,153	11,805	65,255	78,999
5,521	11,031	10,756	33,065	525,802	586,175

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Components by Financiers

(US\$ '000)

	IBRD		OECF		LGUs		Government of the Philippines		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Capacity Building at Nat'l & Reg'l Levels										
National Management Structure	151	2.7	3,994	72.3	-	-	1,377	24.9	5,521	0.9
Support to Policy/Decision Making	534	4.8	8,024	72.7	-	-	2,473	22.4	11,031	1.9
Support to Decentralization	2,341	21.8	5,481	51.0	-	-	2,933	27.3	10,756	1.8
Subtotal Capacity Building at Nat'l & Reg'l Levels	3,026	11.1	17,499	64.1	-	-	6,783	24.8	27,308	4.7
B. Elem. Educ. Improvement in 26 Prov.										
Capacity Building at Provincial Level	2,994	9.1	14,085	42.6	-	-	15,986	48.3	33,065	5.6
DEDPs	107,386	20.4	79,645	15.1	44,782	8.5	293,990	55.9	525,802	89.7
Subtotal Elem. Educ. Improvement in 26 Prov.	110,379	19.8	93,730	16.8	44,782	8.0	309,976	55.5	558,867	95.3
Total Disbursement	113,405	19.3	111,229	19.0	44,782	7.6	316,759	54.0	586,175	100.0

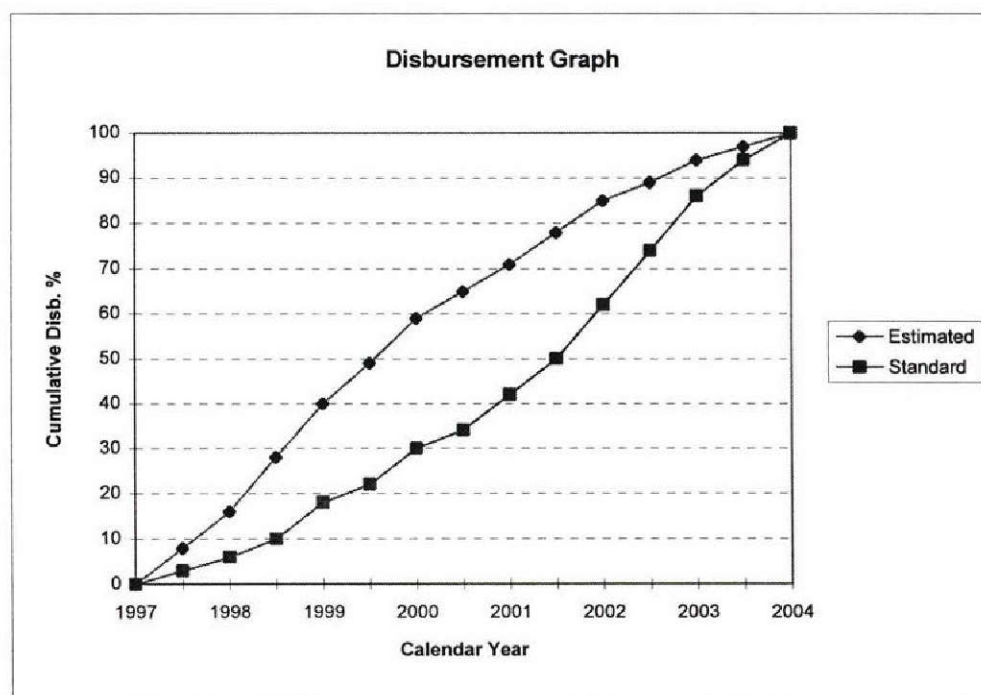
PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Procurement Matrix

Procurement Item	Estimated Contract Cost	Procurement Method	Bank Review	Disbursement Document
Civil Works Contracts	>US\$500,000	ICB	prior review for contracts >US\$5 million	Full-document for contracts >US\$5million
	<US\$500,000 & >US\$50,000	NCB	prior review for the first three contracts; then, post review	SOE for contracts <US\$5million
	<US\$50,000	National Shopping	post review	SOE
	small works in remote areas	Force Account	post review	SOE
Goods (equip. materials & furniture)	>US\$250,000	ICB	prior review for contracts >US\$1 million	Full-document for contracts >US\$1million
	<US\$250,000 & >US\$50,000	NCB	prior review for the first three contracts; then, post review	SOE for contracts <US\$1million
	<US\$50,000	National Shopping	post review	SOE
	small purchasing	community participating direct contract	post review	SOE

PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT
Disbursement Schedule and Profile

Semester	Fiscal Year	Calendar Year	Percentage of Disbursement	
			TEEP Estimated	Philippines Educ. Sector Standard
1		1997	0	0
2	1998		8	3
3		1998	16	6
4	1999		28	10
5		1999	40	18
6	2000		49	22
7		2000	59	30
8	2001		65	34
9		2001	71	42
10	2002		78	50
11		2002	85	62
12	2003		89	74
13		2003	94	86
14	2004		97	94
15		2004	100	100



PHILIPPINES
THIRD ELEMENTARY EDUCATION PROJECT

Documents in Project File

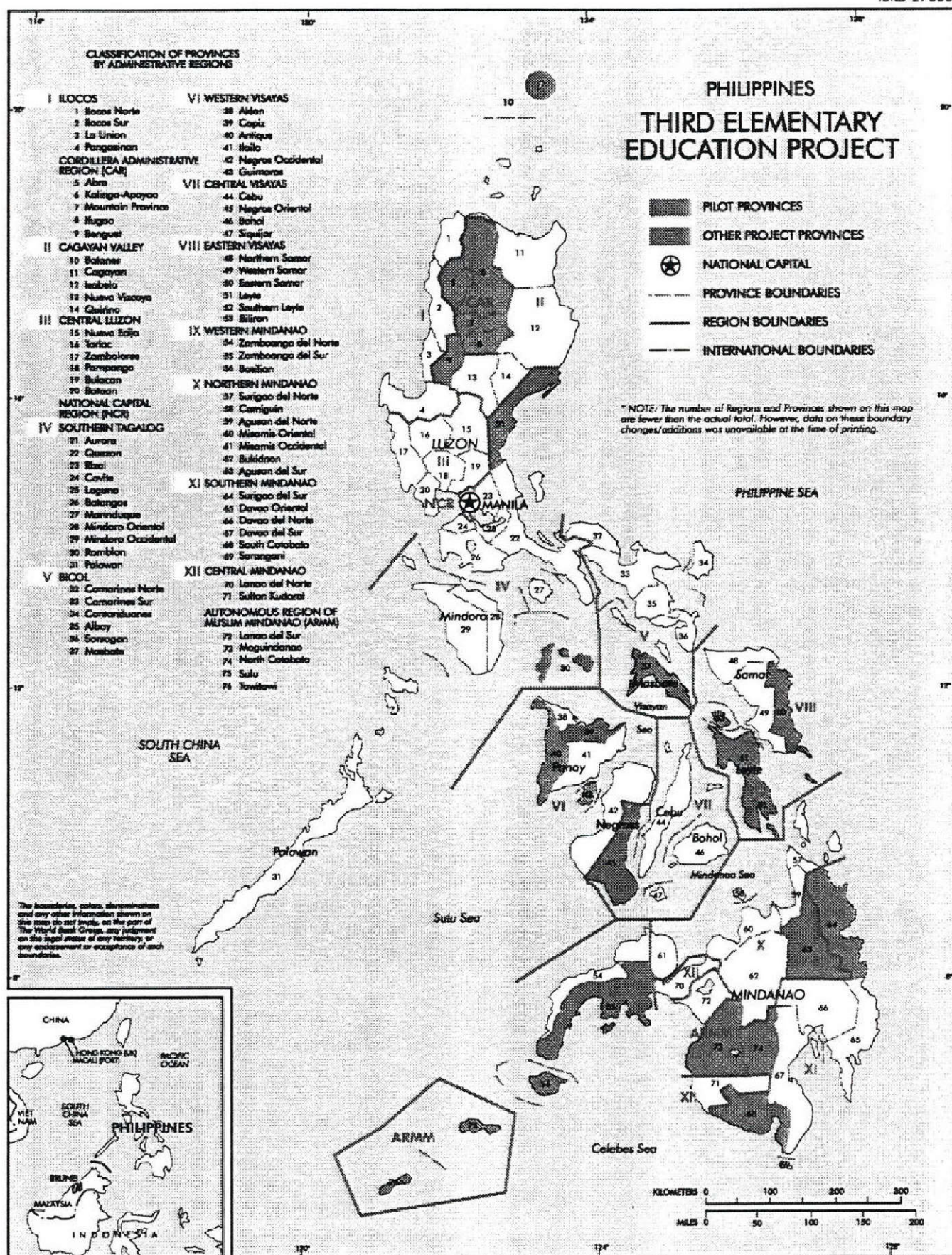
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With the compliments of
Yves Rovani
Director-General
Operations Evaluation

09/28/89

DR. JESUS P. ESTANISLAO

REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

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December 11, 1987

PROTOCOL OF UNDERSTANDING

At the invitation of the Director-General, Operations Evaluation of the World Bank, Mr. Romeo Reyes, Assistant Director-General of the National Economic and Development Authority (NEDA) of the Government of the Republic of the Philippines, visited Washington from December 1 to 12 to discuss in more detail the Evaluation Capability Development Program (ECDP) initiated by the Operations Evaluation Department (OED), with the principal objective to improve the evaluation capability in the Philippines at the central and implementation agencies level, in support of its formulation and implementation of investment policies, strategies and programs. A related objective is to develop the capability of implementation agencies to prepare Project Completion Reports which could also contribute to the needs of the World Bank and donor agencies.

At the end of his visit Mr. Reyes prepared a preliminary paper: "Program of Assistance to the Philippines for Post-Evaluation Capability Development: A Proposal", which was discussed informally with staff of OED and other parts of the Bank.

It has been agreed that as a next step, NEDA will obtain the consensus of Government agencies and implementing agencies on the principles underlying this proposal.

OED, if so requested, will be prepared to continue providing advice and support and to assist as a catalyst in mobilizing technical and financial resources from all sources, bilateral and multilateral, including UNDP.

Within this framework, OED would be prepared to help develop the proposal into a more detailed and quantified action program, through field work in Manila and otherwise.

Various actions would be planned by OED in cooperation with NEDA to support this program on a continuing basis:

- all future OED missions would liaise closely with the NEDA ex-post evaluation division and take opportunity to share evaluation experience gained in other countries with NEDA and other staff.
- ways of associating NEDA staff to evaluation work conducted by OED in the Philippines would be considered.
- OED, in consultation with the World Bank's EDI and other agencies, would consider programming seminars on substantive issues of interest to the Philippines.

It is understood that the Asia Regional Office of the Bank has issued instructions that future PCR missions will closely liaise with NEDA.

It is also understood that in terms of improving PCR preparation in the Philippines, the first focus would be on the agricultural sector, in particular, irrigation.

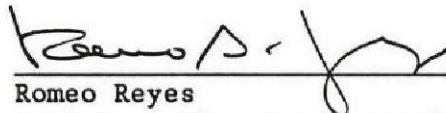
It has been agreed that two follow-up actions will be necessary:

- o within the Philippines, the building of a consensus among implementing agencies regarding ex-post evaluation, in particular, the proposed capabilities development;
- o within the Bank, sizing up the issues related to PCR preparation and quantifying what is needed in the transfer of these responsibilities to the implementing agencies.

Upon completion of these tasks, a mission will visit Manila to detail the proposal into an action program.



Yves Rovani
Director-General
Operations Evaluation Department
World Bank



Romeo Reyes
Assistant Director-General
National Economic and Development
Authority



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16 February 1988

Mr. Yves Rovani
Director-General
Operations Evaluation Department
World Bank
Washington, D.C.

Dear Mr. Rovani:

This has reference to the Protocol of Understanding we concluded during my visit to the Bank last December concerning the improvement of the evaluation capabilities of the agencies in the Philippines.

In accordance with said Protocol, the NEDA and the Project Facilitation Committee (an ad hoc Committee under the Office of the President organized primarily to improve project implementation performance) conducted a government-wide workshop participated in by senior officials from 24 departments and 13 Government-controlled corporations and central policy bodies. During the workshop, I presented the draft Program of Assistance to the Philippines for Post-Evaluation Capability Development: A Proposal which I submitted earlier to you in Washington.

I am pleased to inform you that as a result of the workshop, a consensus was reached among the officials/participants on the need to strengthen the post-evaluation system in the Philippines. In this regard, the aforementioned Proposal was favorably and unanimously endorsed. Likewise, as you are aware, the newly created Division under the NEDA to coordinate post-evaluation activities has now been organized.

With these positive developments, we hope that you could now dispatch a Mission to draw out the details of the action program referred to in the Protocol.

Thank you and best regards. *Pls. convey my best wishes also to Mrs. Rovani.*
Very truly yours,


ROMEO A. REYES
Assistant Director-General

FEB 23 1988

Program of Assistance to the Philippines for
Post-Evaluation Capability Development: A Proposal

A. Background and Justification

Post-evaluation forms an integral part of the project cycle which starts at project identification followed by preparation, ex-ante evaluation and implementation. It involves assessment of a project's actual performance shortly after completion of project implementation and its actual or likely impact on various areas of development concern when it reaches its operational stage, i.e., the stage at which benefits expected from the project are actually or supposedly being generated.

While ex-post evaluation is performed "after the fact" and therefore one cannot do much about the project any more in terms of its design, size or scope, by the time the exercise is completed or even initiated, its importance in the context of the entire project cycle is nonetheless recognized. For one, it provides information as to whether, in retrospect, the decision to implement the project (or a policy/strategy) was a wise decision considering actual project costs, benefits and socio-economic impact. But more importantly, post-evaluation identifies and draws lessons from actual project experience which may be applied to preparation of similar projects in the future. Thus, while the activity is retrospective in character, its application and value are prospective. Ultimately, ex-post

evaluation facilitates ex-ante evaluation through enhancement of the quality of project preparation and design.

It is in recognition of its value in the context of the entire project cycle that several attempts at institutionalizing the conduct of post evaluation in the Philippines were made in the past (refer to Section B).

Project evaluation, both in an ex-post and ex-ante sense, assumes even more importance in the Philippines in light of the magnitude of public investments envisioned for the current plan period 1987-1992. Annually, the share of total investments to GNP is targetted at 3.5% of GNP. In absolute terms, these would amount to \$2.0 to \$2.5 billion annually. These levels of public investments are required in order that the 6.5% annual average growth of GNP for the current plan period may be attained. The number of development projects to be implemented implied by the annual level of public investments indicates the enormity of the evaluation task which lies ahead, both ex-ante and ex-post.

The need to build up the evaluation capability of implementing and central coordinating agencies of the Philippine Government arises also because of the standard requirement of major sources of official development assistance (ODA), i.e., IBRD, ADB and OECF of Japan, that Project Completion Reports (PCRs) be prepared for each project assisted by them shortly after completion of implementation. Hitherto, PCRs were usually prepared by IBRD and ADB staff in the case of IBRD- and

ADB-assisted projects. In the case of OECF-assisted projects, the implementing agencies are required to prepare the PCR based on detailed guidelines supplied by OECF.

Recently, the IBRD's Board of Directors decided to gradually devolve to borrowing member countries the responsibility of preparing PCRs. It is expected that ADB would probably do so as well.

Preparations for and design of a program of assistance to develop the Philippine Government's capability in post-evaluation should be undertaken in the context of a broader need to further expand its capability in project monitoring, ex-ante appraisal, preparation and even identification which are all integral parts of the project cycle.

Recently, serious concerns were expressed by ODA sources and by the Government's coordinating agencies, e.g., NEDA, Department of Finance, over the delays in implementation of on-going projects, thereby causing additional financial cost due to higher commitment fees and inflation. What is causing even more concern is the economic cost which implementation delays entails in terms of deferred and foregone benefits. Estimates indicate that these could run into billions of pesos. Moreover, delays in project implementation also reduce the actual level of public investment expenditures which for CY1986 and 1987 were looked upon as a major source of economic growth. For the first semester of CY1987, actual disbursements for ongoing public investment projects represent only slightly over 2% of GNP as

against a target of 5.1% for the entire year. Thus, timeliness of project implementation could very well affect achievement of economic growth targets.

It is believed that improvements in the ability of implementing agencies to monitor project implementation to immediately detect implementation bottlenecks and to take/recommend appropriate remedial measures would go a long way towards reducing implementation delays.

Of equal concern is the rather weak pipeline of adequately prepared projects which may be considered ready for implementation and for ODA financing. This weakness is partly attributable to the standards of project preparedness, criteria for ODA financing eligibility and administrative procedures imposed by the NEDA Board and its Investment Coordination Committee which many agencies have difficulty with. On the other hand, NEDA currently suffers from inadequate manpower with sufficient expertise and experience to appraise proposed projects and recommend their approval by competent authorities on a timely basis. To some extent, therefore, improvement of capability in ex-ante evaluation would somehow strengthen the pipeline of "matured" projects.

The weakness of the pipeline, however, is caused for the most part by poor quality of project preparation work. This translates itself into project proposals which do not meet the standards of project preparedness referred to earlier and which do not allow appraisal in light of eligibility criteria also

referred to earlier. Invariably, project proposals are held in abeyance or returned to proponents due to inadequate documentation, inappropriate design or scope, unclear identification/valuation of outputs/benefits, inaccurate estimations of costs, etc. To the extent that improvement of ex-post evaluation capability would eventually manifest itself in improved project preparation, the former would also address, albeit indirectly, the problem of weak pipeline. Directly improving project preparation and ex-ante evaluation capability would obviously be a more direct way of addressing the problem.

Efforts at developing post-evaluation capability, particularly in the Philippines, should preferably be accompanied by similar efforts at developing capability in project preparation, ex-ante evaluation, and monitoring of project implementation. Thereby, projects identified in the public investment program would be adequately prepared, promptly appraised and approved for ODA funding and implementation, closely monitored and completed on schedule and as planned, and thoroughly post-evaluated.

Design and execution of an evaluation capability development program at this time would be opportune in view of most recent initiative to strengthen the institutional base for evaluation. Under Executive Order No. 230 reorganizing the National Economic and Development Authority, a post-evaluation division to be staffed by eight (8) professionals is created. In the past, ex-post evaluation in NEDA was carried out on an ad-hoc

basis and through a special project which enabled hiring of contractual personnel on a six-month basis. Under the same Executive Order, the ex-ante evaluation function of NEDA was re-affirmed as the technical staff of the Board's Investment Coordination Committee. A Public Investment Staff (PIS) was created which will be responsible, among others, for developing standards/guidelines for ex-ante evaluation for guidance of other staff of NEDA in project appraisal and of implementing agencies in project preparation.

By January 1988, the new professional staffs of NEDA who will be responsible for carrying out these evaluation functions will have been recruited as regular staff of the NEDA Technical Secretariat.

B. Post-Evaluation Capability and Experience in the Philippines

Initiatives to promote the conduct of post-evaluation in the Philippines were taken way back in mid-70's when a Post-Construction Appraisal Project (PCAP) was launched in NEDA with modest funding support drawn from the lump-sum Feasibility Studies Fund. Through PCAP, whose Executive Director is the Assistant Director General for Programs and Projects, a group of NEDA regular professional staff was assigned to undertake post-evaluation work on a part-time basis, in addition to their regular functions. Depending on level of funding support obtained from the Department of Budget and Management, "full-time" contractual personnel were hired and field visits to project sites became possible. In July 1979, Letter of

Instruction (LOI) No. 902 was issued, requiring all implementing agencies and NEDA to prepare PCRs and PPARs respectively for all major development projects six months to one year after completion of project implementation. It also required implementing agencies and NEDA to prepare Mid-Operation Reports (MORs) and Mid-Operation Appraisal Reports (MOARs), respectively.

With the LOI serving as a legal framework, a system for the conduct of post-evaluation was established whereby:

- (a) NEDA determines which projects are eligible for post-evaluation;
- (b) NEDA provides guidelines for PCR preparation;
- (c) NEDA provides assistance to implementing agencies in the preparation of PCRs where assistance is necessary and solicited;
- (d) Implementing agencies prepare PCRs and submit same to NEDA for review;
- (e) NEDA prepares PPARs and submits same to the NEDA Board for information and appropriate action;
- (f) NEDA conveys to implementing agencies significant findings relative to their sector/projects and calls attention of such agencies to measures/follow-up actions emerging from PCRs/PPARs;
- (g) Implementing agencies take/recommend remedial measures/follow-up actions relating to completed projects which had become operational and to similar

projects for which preparation and design were underway;

- (h) NEDA monitors follow-up actions being taken or not taken by implementing agencies, PCRs and PPARs prepared by lending institutions; and
- (i) NEDA serves as liaison between implementing agencies and lending institutions with respect to post-evaluation activities.

During initial stages, NEDA prepared guidelines for PCR preparation and, in some instances, participated in PCR preparation. It also prepared several PPARs based on the PCRs prepared by implementing agencies which were subsequently forwarded to the NEDA Board.

As the agencies became more active in PCR preparation on their own and the lending institutions in PPAR preparation, NEDA shifted the focus of its attention to monitoring of PCRs and PPARs prepared by either the implementing agencies or lending institutions, summarizing and synthesizing significant findings, highlighting common implementation problems and calling attention of concerned agencies thereon and on corresponding remedial measures or follow-up actions.

Notwithstanding the ad-hoc nature of the exercise, the uncertainty of funding support and the limited manpower who could participate in the operation of the post-evaluation system, a modest capability within the Government has been built yielding the following outputs.

Under PCAP's auspices, seven (7) PCRs were prepared by implementing agencies with assistance from NEDA, of which three (3) were IBRD-assisted, namely, Bataan Thermal Power Plant (Loan 809-PH and Credit 296-PH); package of three (3) road sections under Loan 950-PH; and General Santos Port under Loan 939-PH. The rest were ADB and USAID-assisted projects, namely, Angat River Irrigation System (ADB Loan 134 and 135-PH) and Cagayan de Oro Water System Improvement (USAID Loan 492-H-023). These PCRs were circulated to NEDA officials concerned, Departments of Budget and of Finance, other implementing agencies who had interest in the projects and to concerned lending institutions.

Five (5) PPARs were also prepared, three (3) of which were IBRD-assisted, as follows: Bataan Thermal Plant, Aurora Penaranda Irrigation Project (Loan 984-PH), and Second Livestock (Loan 1225-PH). The other two were Avotas Fish Port and Fish Market (ADB Loan 61 and 62-PH) and Cagayan de Oro Water System Improvement. In accordance with the provisions of LOI 902, these were transmitted to the NEDA Board for information and appropriate action.

In collaboration with the Central Bank of the Philippines, PCAP staff also undertook a survey of farmers-borrowers and participating rural banks on the impact of the Second Rural Credit Project (Loan 607-PH) which served as input to IBRD's Impact Evaluation Report: Philippines - Second Rural Credit Project. This effort was given due acknowledgment in the aforementioned IBRD report. Similarly, many of the PCRs

and PPARs prepared by the Philippine Government were also acknowledged in other OED reports.

Through PCAP, a series of three (3) Annual Reviews of PPARs was also produced and disseminated to all concerned agencies of Government. The third and last of the series reviewed the experience of nine projects, for which PPARs were prepared by IBRD and ADB during CY1985 and 1986. It focussed on project effectiveness in terms of achieving its economic, financial and institutional objectives.

Attempts at promoting the development of capability in and possible institutionalization of project impact analysis were also made in 1978 when a research project entitled "Economic and Social Impact Analysis (ESIA)" was launched with a USAID grant of \$2.5 million.

With the assistance of a group (about 15) of academics from local universities (mostly from the U.P. System), methods for quantitative project impact analysis were developed for each project category, e.g., rural roads, irrigation, education, ports, electrification, population planning, etc. Most of the analytical methods were patterned after the "quasi-experimental" design using the "before/after and with/without project" approach. An overriding concern among the researchers was the problem of isolating the impact of a specific development project on target beneficiaries from that of other government interventions and of other variables not necessarily related to the project itself. Notwithstanding the difficulty of impact

attribution, these methods were subsequently applied to actual development projects which were in their operational stage. The process through which outputs of different types of projects generate impact, whether intended or not, on the socio-economic conditions of the intended and unintended beneficiaries was traced, indicators of impact were identified and secondary/primary data sets were generated to measure the impact indicators.

The experience of academics in the formulation and application of impact analysis methods revealed that quantitative impact assessment of actual development projects can be done in the Philippines using locally available expertise. However, when attempts were made to replicate the application of these methods to a different set of development projects and by the practitioners themselves, i.e., project planners and evaluators in government, both at the national and sub-national levels, the following difficulties were encountered:

- (a) quantitative impact assessment requires financial resources which may not be made available on a sustained basis from normal budgetary sources;
- (b) the social and economic research skills required to carry out the application of impact assessment methods even after they have been simplified are not normally possessed by practitioners in government;
- (c) impact analysis of development projects requires staff time which practitioners may not be prepared to

allocate in view of staff time required in ex-ante evaluation and preparation;

- (d) impact analysis requires a tremendous amount of information which can only be obtained at huge financial cost.

With reference to (d) above and to permit conduct of impact assessment at reasonable financial cost, Monitoring and Evaluation (M&E) Systems must be built into project design, which specifies the impact indicators to be measured and allows collection of statistical data at pre-determined points in the project implementation/operation process to measure such indicators. Thereby, the need for expensive surveys to collect primary data after project completion would be minimized if not eliminated.

C. The Tasks Ahead

In light of the legal and institutional framework that currently exists and the experience gained thus far in the actual conduct of post-evaluation in the Philippines upon which further and sustained efforts may be built, the following tasks lie ahead in the medium-term (5 years):

1. Review and revise as necessary and appropriate existing institutional arrangements with respect to project monitoring, ex-post and impact evaluation. To accomplish this, the following activities need to be undertaken:
 - (a) In light of recent government-wide reorganization, establish the mandate of individual government agencies

which participate directly and indirectly in the project cycle, with particular attention to monitoring and ex-post evaluation.

- (b) In light of (a), delineate responsibilities for monitoring of project implementation for the purpose of monitoring the progress of implementation of the public investment program in financial and physical terms, monitoring of project implementation to facilitate and in preparation for subsequent post-evaluation and possible project impact analysis, conduct of post evaluation through preparation of PCRs as required by IBRD, ADB and OECF and as may be required by the new system, reporting and dissemination of findings to appropriate officials/institutions, execution of required follow-up actions, monitoring and reporting of follow-up actions taken or not taken.
- (c) For purposes of (a) and (b) above, prepare for and conduct series of bilateral consultation meetings between NEDA and each concerned agency or a government-wide multilateral conference involving both implementing agencies or coordinating/support agencies, e.g., Department of Finance, Department of Budget and Management, Commission on Audit, Presidential Management Staff of the Office of the President, etc.
- (d) Based on all of the above, document the institutional responsibilities and linkages with respect to monitoring

and ex-post evaluation in the broader context of the project cycle, obtain the necessary clearance/approval from competent authorities and issue necessary implementing order for guidance/compliance of all concerned.

2. Based on (1) above, design a comprehensive system of post-evaluation, documenting in detail the institutional/administrative arrangements, the post evaluation process including its relationship with the Comprehensive Investment programming System (CIPS) currently being designed, information flow sub-system including networking and central data base, etc. To accomplish the foregoing, the following activities would need to be undertaken:
 - (a) Identify consultancy requirement for formulation of system design.
 - (b) Prepare Terms of Reference for consultant, identify and procure consultancy services.
 - (c) Documentation of system design, approval by competent authority and issuance of necessary implementing order for guidance of all concerned.
 - (d) Conduct of orientation seminars on the new system of post-evaluation with a view towards (i) enhancing appreciation of implementing agencies, enlisting their utmost cooperation and participation; (ii) determining technical assistance (training/advisory/logistics)

requirements to effectively operate the system;

(iii) formulation of detailed annual work program for the next five years in terms of:

- number of completed projects for which PCRs or PPARs will be prepared
- number of projects in operation for which impact evaluation will be conducted
- number of projects under preparation for which M&E system will be built into
- number of existing M&E systems already built into project design or into agency organizational structure which will be reviewed and revised.

3. To support the operation of the system, the following would be undertaken:

- (a) Formulate and execute a technical assistance program to operate the system. (Consultancy services which may be required in the design of the system may be procured under an on-going UNDP-assisted project).
- (b) Formulate and adopt a standard operating procedure where annual budgetary requirements of each implementing agency in the conduct of post-evaluation is provided for either in respective agency budgets or in project budget which may be chargeable against government or donor contributions to the project.
- (c) Formulate and adopt a set of guidelines for post-evaluation, impact analysis and building-in of M&E

system in project design taking into account the peculiar requirements of IBRD, ADB, OECF of Japan and of the post-evaluation system itself.

- (d) Where found necessary and appropriate, assistance from government agencies which have developed some capability in post/impact evaluation, e.g., National Irrigation Administration, NEDA, would be provided to others.

With reference to 2(d)(iii) above, priority will be given to IBRD, ADB and OECF-assisted projects which have been completed for quite some time but for which PCRS have not been prepared. In the case of IBRD-assisted projects alone, 15 projects were completed between FY1984 and FY1987 for which PCR preparation has not been initiated/completed. For FY1988, IBRD intends to issue 11 PCRs, three of which are for projects implemented by NIA which probably has the strongest capability in PCR preparation.

D. Technical Assistance Program

The immediate objective of the program would be to help install and operate a new system of ex-post evaluation in the Philippines in light of the legal and institutional framework that now exists, building on the experiences and modest capability generated thus far since post-evaluation activities were initiated in mid-1970s.

The longer-term objective would be to strengthen the post-evaluation capability within the Philippines Government not only in assessment of project performance and impact but also in

evaluating effectiveness of policy-based loans (and grants) which were provided for balance of payments and budgetary support in a quick-disbursing fashion. In the long-term, the program also seeks to enhance the quality of project design and documentation of project proposals thereby facilitating ex-ante evaluation of proposed projects in the future and enriching the pipeline of projects ready for implementation.

The program is designed within the context of the Evaluation Capability Development Program (ECDP) initiated by OED and with the expectation that OED will continue to be the principal source of advice and support and will assist as a catalyst in mobilizing technical and financial resources to be delivered from UNDP, with which close cooperative arrangements are considered, and other bilaterals and multilaterals.

In the preparation and initial phase of the program, UNDP is envisioned as the source of funding support. Technical assistance in the form of advisory services is anticipated even at the preparatory stage, particularly in the formulation of systems design. In the event that the technical assistance program has not been approved at that time, the consultant(s) would be funded (if necessary) through an on-going UNDP-assisted project under Philippine Government's execution. To the extent possible, cost sharing by appropriate bilateral sources would be solicited even at the initial phase of the program with the expectation that institutions other than UNDP would increasingly bear the cost of the program in the latter phases.

If the program should successfully accomplish its objectives, it is planned to be replicated in other countries as part of the ECDP of IBRD.

Technical assistance is envisioned to be delivered through any or a combination of the following modalities:

- (a) In-Country structured training or seminar for personnel of implementing agencies and of NEDA as overall coordinator of the post-evaluation system. Training curriculum would include design and operation of M&E System built into project design and/or agency organizational structure, techniques of project performance and impact evaluation, information networking and build-up of central data base to support the post-evaluation system, etc. While EDI is envisioned to assist in the design and execution of the training program, resource persons are expected to come mainly from IBRD's OED and Operations and from other institutions identified by EDI.
- (b) Participation of NEDA and implementing agency staff in training programs conducted outside the country relating to post-evaluation. In November 1988, EDI will be conducting in Kuala Lumpur a seminar on Monitoring and Evaluation of Development Projects. At least four participants from the Philippines would be

invited by EDI as part of this technical assistance program.

- (c) Short-term assignment of local personnel to OED/IBRD, Post-Evaluation Office of ADB, OECF of Japan and other sources of official development assistance which has a post-evaluation unit as part of its ODA administrative structure. Post-evaluation skills are envisioned to be transferred to local personnel through interaction with experts in their day-to-day work.
- (d) Advisory services, particularly in the system design and in installation and operation of the system, including information networking and build-up of central data base.
- (e) Logistical support to operate the system, including computer hardware/software.
- (f) Exchange of visits between personnel of the Government of the Philippines and other countries which have had some experience in post-evaluation, e.g., India, Pakistan, South Korea.
- (g) Regional seminar for participants from IBRD borrowing member countries whereby structured training on the techniques/principles of post-evaluation may be conducted and multilateral sharing of country experiences may also be made.

The latter two modalities are included in view of the intention to replicate the program in other countries if found

warranted. Through these modalities, Filipino participants could benefit from the experience of other countries in terms of what they have done or attempted to do in the field of ex-post evaluation. Knowing other countries' experience and the capability which they may have developed would also facilitate determination of whether and how the ECDP as piloted in the Philippines can and should be replicated in other countries.

Overall management and execution of the T/A program would be the responsibility of the Philippine Government through NEDA.

December 10, 1987

The World Bank
Washington, D.C. 20433
U.S.A.

1964/B

YVES ROVANI
Director-General
Operations Evaluation

April 21, 1988

H. E. Mrs. Solita Monsod
Minister of Planning and
Director-General of NEDA
Manila, Philippines

Dear Mrs. Monsod:

I was delighted to learn from Mr. Reyes' letter of February 16 that officials participating in the government-wide workshop organized by NEDA and the Project Facilitation Committee reached a broad consensus on the need to strengthen ex-post evaluation in the Philippines, and that your Government would like us to help you to realize this objective.

To ensure that ex-post evaluation is enduringly institutionalized in your country, I believe it would be prudent, as a first step, to discuss, define and agree in detail on an appropriate strategy, sound basic principles and a viable framework which has full support and commitment from relevant ministers and implementing agencies, in addition to NEDA. Once this is clarified and firmly established, the subsequent task of developing the concept as well as cost estimates, and thereafter, the details of an action program which could be funded by different donor agencies, would be facilitated considerably.

I propose to send a mission to Manila, May 2 for about two weeks to help outline and discuss the strategy and, given my own commitment to the success of this effort, to join the mission for the period May 4 to May 6. Mr. Davar, as consultant to OED, will be in charge of this project. As an Assistant Director of our former East Asia Region, he has, I believe, considerable and relevant experience to contribute. I have also invited Mr. John Cleave, Project Advisor of the Bank's Country Department responsible for the Philippines, to join me and Mr. Davar since I believe it is important to address ex-post evaluation in the operational context for which he has responsibility in the Bank. He too has substantial personal experience to contribute.

I look forward to our meeting you on May 5, as arranged tentatively by your secretariat in your absence. I hope that Mr. Christian Polti, Principal Evaluation Officer of OED will be able to join us for this meeting. He is leading a separate mission preparing an impact evaluation of the Upper Papanga and Aurora Penanrande Irrigation Projects, which we have discussed in general terms with Messrs. Reyes and Alday in Washington. I believe that you will be interested both in the subject and in the potential that this type of work would offer for future cooperation between OED, NEDA and other Philippine agencies.

Further to meeting with you, I also would like the mission to meet with Mr. Vincent Jaime, Secretary of Finance; Mr. Fiorolo Estuar, Chairman of the Project Facilitation Committee, and Mr. Macaraig, the President's Executive Secretary. In your absence I have asked the Bank's Resident Representative, Mr. Rolando Arrivillaga, to make the necessary appointments, preferably after my

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meeting with you. I would of course be delighted should you decide to participate in those subsequent meetings. In this case please advise Mr. Arrivillaga accordingly.

Our task would be considerably facilitated if certain background data could be prepared before the mission arrives. We have discussed the type of information needed with Romeo Reyes when he was here in Washington and have taken the liberty to ask your staff (Mr. Harry S. Pasimio) directly to prepare the necessary data sets.

Let me once again reiterate how happy I am that you have invited us to help strengthen the Philippines' ex-post evaluation. We will look forward to meeting you in Manila.

With best regards,

Sincerely,



Yves Rovani

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PHILIPPINESPCR Pipeline by Implementing Ministry or Agency and by Donor Agency

(i) <u>Loan No./Project</u>	(ii) <u>Realistic Completion Date</u>	(iii) Therefore: <u>PCR Planned for CY</u>
		<u>89</u> <u>90</u> <u>91</u>

I. Implementing Ministry/Agency Name (b/)A. ADB - financed projects (c/):

- 1.
- 2.
- 3.

B. IBRD-financed projects (c/):

- 1.
- 2.
- 3.

C. OECD-financed projects (c/):

- 1.
- 2.

D. USAID-financed projects (c/):

- 1.
- 2.

E. Other Donor-financed projects (c/):

- 1.
- 2.

NOTE:

a/ Please do not use Closing Dates in Loan Agreements with donors. Insert "Month/Year", which the Implementing Ministry or Agency considers to be a realistic date for completing the project.

b/ Insert name of Ministry (e.g. Agriculture, Education, Public Works, etc.) or of Agency (eg. NIA, DBP etc.) concerned.

c/ Then list Projects broken down by each major Donor Agency indicated, for which that Implementing Ministry or Agency has to do a PCR.

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PHILIPPINES

Current Staff Availability for Ex-post Evaluation Work,
By Implementing Ministry or Agency

Implementing Ministry/Agency (a/) :

1) Professional Discipline (b)

2) Numbers Currently Available

NOTE:

a/ Insert name of the Ministry (eg. Agriculture or NEDA) or Agency (eg. NIA, DBP, etc.) concerned. Under each such Ministry or Agency, provide the data required.

b/ Insert broad professional disciplines like, engineer, financial analyst, economist, planner etc., and match numbers currently available against each such disciplines in Column 2.

The World Bank
Washington, D.C. 20433
U.S.A.

YVES ROVANI
Director-General
Operations Evaluation

June 3, 1988

H. E. Mrs. Solita Callas-Monsod
Secretary for Planning and
Director-General of NEDA
NEDA Building
Amber Avenue, Pasig
Manila, Philippines

Dear Mrs. Monsod:

Let me thank you as well as Messrs. Pasimio, Reyes and Mrs. Arboleda, for the courtesies and hospitality extended to me as well as to Messrs. Davar and Cleave, during our recent visit to Manila.

As I mentioned during our meeting, Philippines is the first developing country to take the medium-term initiative of wanting to develop its own self post-evaluation capacity for donor and nationally financed projects. Given this laudable vision and the Operation Evaluation complex's considerable interest in helping your country to move towards its realization through a significantly ambitious first phase program, I decided to make a special trip to Manila for this purpose, entrusted the work to one of the most experienced ex-Assistant Directors of the World Bank who knows East Asia and Philippines well, and invited Mr. Cleave to join us. We met many persons in major implementing ministries and agencies, as well as some of your cabinet colleagues.

After a careful review, we have come to the conclusion that a beginning can, and must, be made to help Philippines begin creating an institutional capacity for itself doing post-evaluations of its investment projects. However, at this time, your government's understandable higher priority is for project facilitation work in relation to post-evaluation work, and the resources are currently concentrated on achieving that paramount objective. In the circumstances, only a rather modest beginning for institutionalizing self post-evaluation seems feasible and pragmatic at this stage. Undoubtedly, relative priorities on such matters of national import, can only be set by the Philippines. But let me say, that should these relative priorities change at any time in the near-term future, I would be happy to help develop a more significant follow-up program, correspondingly supported by more substantial Technical Assistance programs for which grant monies can always be found.

The mission's findings and the proposed first phase program, modestly sized to match resources which are likely to become realistically available, are amplified in Messrs. Davar and Cleave's report. I can do no better than to share that report with you, and am enclosing it. Mr. Davar had, of course, very much hoped to debrief you personally. But given your extremely busy schedule, he has debriefed Messrs. Pasimio and Reyes in depth. I understand, they regard the conclusion as realistic

and consider the proposed program as pragmatic, in the present circumstances in the Philippines. Mr. Davar has also provided ample guidance, to enable Mr. Pasimio and his staff to develop background analysis, formulate program options as well as the basis for the Technical Assistance programs and related matters. I understand that Mr. Pasimio considers end September to be a reasonable target date, for the draft preparation material to be sent to us in Washington. I shall arrange to send an appropriate team, soon after this material is received.

It was encouraging to find that most of the implementing ministries and agencies met by the mission, are interested in developing their staff capability for doing PCR work and eventually, in playing their part as a self post-evaluation capacity is developed in your country. A training program in project preparation and evaluation for their staffs as well as yours in NEDA, would begin addressing their needs, even under the modest first stage program. To build on their interest, you may wish to consider sharing a copy of the enclosed report with them.

I would also like to draw your particular attention to the last few paragraphs, under the heading "Institutional Matters", of the report. It deals briefly with basic institutional principles which might be prudent to consider pursuing from the beginning, in order to ensure that self post-evaluation is rooted enduringly in the Philippines. I trust that you will see merit in them. As the report recommends, and I also mentioned during our meeting, I would be happy to arrange, if you so desire, for either Mr. Weiner or Mr. Kapur (both of whom are my predecessors) to advise you on a personal basis, on some of the fundamental aspects of the longer-term institutional arrangements for self post-evaluation.

Once again, let me thank you for inviting the Operations Evaluation complex to help your country on this most important work, and for the considerable help which you and your capable colleagues in NEDA have extended to me, Mr. Davar and Mr. Cleave. I shall look forward to working closely and constructively with the Philippines, towards the effective creation of a self post-evaluation capacity over the medium-term future.

With best wishes,

Sincerely,

Yves Rovani

Enclosure

cc: Messrs. Chopra, Kaji, de Lusignan, van der Lugt, Babson, Ikram,
Ms. Dowsett-Coirolo, Patel, Sud, Cleave (o/r)
Mr. R. Arrivillaga, Resident Representative, Manila

OFFICE MEMORANDUM

DATE: June 3, 1988

TO: Mr. Yves Rovani, DGO

FROM: Messrs. Adi J. Dapar (Consultant) and John Cleave, AS2DR

EXTENSION: 75438 and 79041

SUBJECT: PHILIPPINES: Creation of Self Post-Evaluation Capacity

1. Background: In December 1987 while in Washington, NEDA Assistant Director-General, Mr. Reyes, outlined a broad medium-term vision for institutionalizing a self post-evaluation system in the Philippines, for its donor and nationally-financed projects. It was later endorsed by a working group of implementing ministries/agencies (IM/As). Philippines then invited OED to help in gradually establishing the system and securing grant financing for the necessary technical assistance (T.A.) programs. It is the first country making this request. In response, we visited Philippines (May 2-11), and you specially joined us for a few days. (Attachment 1 lists the persons met).

2. Summary and Conclusions: Our conclusions are as follows:

- (a) Despite the Philippines' obvious desire for a significant first phase program of actions, we jointly concluded that at this time, that would not be prudent course, given the constraints of political commitment, resources and capacity for post-evaluation work in relation to the current paramount focus on project facilitation.
- (b) However, a modest beginning could, and should, be now made as the first step. That could be expanded into a larger work program, as soon as changes in the environment permit. That depends very much on the Philippines.
- (c) Such a beginning could be made through the undermentioned activities, to be undertaken in calendar 1989 and 1990, and for which T.A. programs should be developed as soon as feasible:
 - (i) Special studies/sector overviews, based on the existing stock of Project Completion Reports (PCRs) and Project Performance Audit Reports (PPARs), to be done under the leadership of NEDA's post-evaluation Unit, with the participation of a few seconded staff from IM/As. The topics selected would be such as to

help establish the critical value of post-evaluation work for improving project implementation and for future investment programming in the infrastructure sectors.

- (ii) That Unit would do Comments and Reviews on future PCRs of ADB, IBRD, OECF and USAID-financed infrastructure projects prepared by IM/As, not PPARs of such projects.
- (iii) A well-designed training program in project preparation and evaluation, for the staff of NEDA's evaluation Unit, NEDA's sector planning/appraisal units, and of IM/As who are involved with project preparation and evaluation work. Such a program could be implemented, e.g. by the Development Academy of the Philippines, with the initial help of EDI.

Reasons for These Conclusions

3. What led to the basic conclusion that, as the first phase, a rather modest beginning would be prudent instead of a more ambitious one which seemed merited by the Philippine request? Once the concept and advantages of self post-evaluation were explained, those persons met - including the Presidential Executive Secretary Macaraig - agreed that it would be in the Philippine interest to establish it. However, at this time, the highest level political commitment is concentrated on improving project implementation, absorbing available aid and creating an environment for a larger inflow. This became quite clear from discussions at ministerial levels, including, Finance Minister Jayme, Project Facilitation Committee Chairman Estuar, and with most IM/As. NEDA's Director-General, Mrs. Monsod, herself implicitly seemed to suggest that she shared this national priority, when during your meeting she clarified that to provide independence for a post-evaluation system she would be prepared to see that work entrusted to the President's Management Staff, while NEDA continued its project monitoring role. In the present circumstances, this relative Philippine priority is understandable.

4. However, given this environment, it is also understandable that decision-makers will be hesitant about now providing resources for doing post-evaluation work in a substantive manner, even on a pari-passu basis with project facilitation.

5. The staff currently assigned to do PCRs in most IM/As, are those involved with project implementation, and in some cases, drawn from their planning cells. However, for PCR work, whose quality is the bedrock on which a first-class post-evaluation system can be built, staff is currently assigned on an ad hoc basis and in some cases, could be of better quality. Many persons in IM/As regard doing a PCR as a "chore imposed by donors". Most of them seem to be preparing a detailed

compendium of how the project has evolved and an analysis of engineering, contractual and financial problems. At best, these are project performance and financial evaluations, with little attempt at drawing broader lessons which policy-makers at the national level or heads of IM/As would like see (Attachment II), or making an analysis of beneficiary and economic impact. The impression of ADB and USAID, who have tried to use IM/As staff as team members for their audit work, is that, except for the irrigation authority (NIA), their capacity needs considerable upgrading before they can make effective contributions. On the other hand, many IM/As staff feel that, at present, they are collectors of data, facilitators of meetings and at best, providers of the first drafts of PCRs. Consequently, they perceive little learning experience for them in this process, because donor agencies' staff usually redo such first drafts from a donor-centric viewpoint, rather than from the perspective of the Philippine authorities who would like to draw their lessons for their future investment planning, project preparation and implementation purposes.

6. Almost all IM/As we met, favored the creation of institutional arrangements to enable Philippines to do its own post-evaluation work. However, the reaction was mixed, when it came to the question of whether at this time, they could establish a specific group in each IM/A for doing PCR work on their projects. This was so for several reasons: relative higher national priority for project implementation work; insufficient budget and staff resources for an effective post-evaluation effort; need for staff training to yield qualitative PCRs; unclarity as to the priority objectives of PCRs in Philippines and how to go about achieving them; and the like. These are legitimate reasons. Most will have to be addressed by Philippines at the next phase, when it decides to accord self post-evaluation work at least a pari passu priority with project facilitation. Meanwhile, issues like training programs for IM/A and NEDA staff, development of thematic lists of priority topics which PCRs and follow-up post-evaluation work should address from Philippines perspectives, etc., can be, and have been, dealt with in the initial program discussed in subsequent paragraphs. Should NEDA's Director-General concur with this report's proposal, she may consider making it available to the IM/As in order to begin building-up on their interest in having effective institutional arrangements for self post-evaluation in the Philippines. On balance, it is our impression that all concerned will support such an effort, if there is a national decision to establish such arrangements as a matter of relative priorities, and the Government is prepared to address the budgetary question of the adequacy and quality of resources devoted to doing post-evaluation work at both the IM/A and NEDA levels.

7. Some IM/As initially questioned the wisdom of NEDA playing a coordinating and OED-type role for post-evaluation, and proposed alternative institutions or even the creation of a new one. Their primary concerns seemed to be the following: (i) lack of capacity within NEDA to play this role; (ii) whether its staff doing post-evaluations could be objective enough because of their involvement not only in project monitoring, but also in overall investment planning and project appraisals; (iii) whether post-evaluation staff in NEDA could be independent

enough, if they were a part of NEDA. It is constructive that such thinking was reflected by the IM/As even in such preliminary discussions. These are institutional issues, which should be carefully evaluated with flexibility and pragmatism by the Philippine authorities, as the self post-evaluation system evolves over the medium-term future. It was, however, interesting that most IM/As eventually seemed to feel that if sufficient independence could be arranged for persons doing the OED-type of work in NEDA, then it would be the right institution. After all, its Board was an inter-ministerial Board, chaired by the President of Philippines. And Philippines was not the only developing country, where the creation of capacity de nouveau even in existing organizations, much less creation of new ones, was a much more difficult task than building upon an existing stock of resources available in NEDA.

8. Within NEDA today, its new post-evaluation Unit is under an excellent Assistant Director-General, Mr. Pasimio. Both the project monitoring and post-evaluation functions are under him. He has first class managers having potential in: Mrs. Arboleda (Director) who directs several project monitoring divisions as well as the post-evaluation Unit; and Mr. Tungpalan, who is the chief of that Unit. However, this Unit's effective staff strength is 4, excluding the manager and staff on leave; one is a recruit with field experience in health-type projects and the remaining three, are urban/regional planners. Recognizing that this is simply too inadequate a resource base for even a modest first-phase program, Mr. Pasimio believed that he might be able to increase the Unit's staff strength to 8 or 10, by re-deploying slots from Mrs. Arboleda's project monitoring divisions. As they too do not have sufficient experienced technical/engineering staff, he hoped to persuade the sector planning wing of NEDA to exchange staff with those in the post-evaluation Unit. But such staff in the sector wing, seem insufficient. The only viable solution, as part of the first stage program, is to upgrade the capacity of a somewhat expanded post-evaluation Unit through: (i) training in project preparation and evaluation work; (ii) cross-fertilization with seasoned IM/A staff who could work with the Unit initially for 3 to 4 months for each of the special studies and eventually, on a 3 to 4 year exchange basis; (iii) cross-fertilization with experienced domestic/external consultants associated with the Unit on special studies, etc., under T.A. programs; and (iv) use of those experienced staff in NEDA's project monitoring divisions who have not been involved in monitoring the specific project or groups of projects for which a study or PPAR, etc., is to be done.

Proposed First-Stage Program

9. Given the constraints of political commitment, resources and capacity at this time in relation to Philippine's project facilitation objective, the only pragmatic and viable solution for gradually building self post-evaluation capacity, is through a modest program of actions, as the initial step.

10. Although we could not meet Mrs. Monsod for wrap-up discussions, Messrs. Pasimio, Reyes and Ms Arboleda were debriefed in depth. They accept the solution as a prudent conclusion. It was emphasized that the

proposed first stage program can, and should, be expanded as and when the current Philippine environment and relative priorities changed, even if that happened shortly. The control on this was in Philippine hands. Considerable guidance was also provided (documents are in Project Files) to assist the Unit in developing what it currently lacks, including the basic data base on existing PCRs and a realistic PCR pipeline, staffweek planning parameters, projections of supply and demand for its future work, development of work program options, etc. Buttressed by their own initiatives, that should enable the Unit to prepare appraisable proposals for the proposed action and T.A. programs, or for a larger viable program as and when the changed Philippine environment permits. Mr. Pasimio believed that end September '88 would be a realistic target date for the Unit to submit these proposals to OED.

11. The components proposed are as follows:

- (a) Special Studies/Sector Overviews: Based on Mr. Pasimio's belief that the staff strength of NEDA's post-evaluation Unit could be modestly upgraded in terms of numbers as well as technical/engineering capacity (para. 8) and assuming the availability of 2 to 3 seasoned technical personnel from the IM/As on secondment for 3 to 4 months for each study/overview and of domestic/external consultants through a T.A. program, that Unit could handle a maximum of 2 special studies and sector overviews in each of the CYs89 and 90. A more comfortable pace might be 1 in CY89 and 2 in CY90. The critical criterion for selecting their themes is, that the results of such studies/overviews would demonstrate to the higher echelons of the government that post-evaluation can indeed provide extremely valuable inputs which would dovetail admirably with the completion of the current major concern over project facilitation and with better investment planning, particularly in the infrastructure sectors (which accounted for nearly 75 percent of Philippine investments in the last few years and could account for over 60 percent in the coming years). Such a breakthrough is unlikely to be achieved by only doing PPARS, or audits of a cluster of projects, or other traditional forms of post-evaluation work. If the studies/overviews succeed in achieving their crucial objective, then the political commitment for doing post-evaluation work in a rigorous manner would stand enhanced at least pari passu with project facilitation work. That should lead to the release of larger and qualitative resources for it, in a year or two. Mr. Pasimio liked the following menu of topics proposed:

Special Studies:

- (1) Causes and Delays in Implementing Infrastructure Projects: Lessons for Future Improvement.

- (ii) Cost Recovery Under Philippine Programs (Power, Irrigation and Water Supply): Objectives, Achievements and Lessons.
- (iii) Causes of Cost Overruns in Infrastructure Projects: Lessons for the Future.

Sector Overviews:

- (i) National/Rural Road Development Programs: Sector Operations Review and Lessons.
- (ii) Rural Development Investments: (Area development, rural roads, water supply, health and education): Retrospective Review and Lessons from Philippine Programs.
- (iii) Industrial/Agro-Industrial Credit Programs: Experience of Policies, Institution-Building and Impact Lessons for the Future.

Mr. Pasimio has agreed to test this menu within NEDA, solicit other topics meeting the objective, and begin work on designing the first study which could commence in early 1989.

- (b) Reviews and Comments on PCRs: Given the size and capacity problems of the post-evaluation Unit, PPARs of individual projects or of clusters, thereof, should not be attempted for at least 2 calendar years. As capacity is built, post-evaluation work in future phases could progressively include PPARs of some complex projects and preferably audits of clusters of projects, subsector/sector reviews and special studies, and eventually, impact studies. However, in the next 2 calendar years, it would be prudent to build up the know-how and capacity of the Unit by doing only Reviews and Comments on PCRs that will be produced in future by the IM/As, of ADB, IBRD, OECF and USAID - financed infrastructure projects. The reason for suggesting infrastructure projects initially, is because of their past and future preponderance in the Philippine programs. While NEDA's data base is inadequate, a guesstimate would be that an average of about 15 to 18 PCRs per year would still have to be thus reviewed in the next 2 calendar years. This should be within the reach of the Unit with some effort, and with the support of domestic/external consultants under a T.A. program. It is also quite important, that the Unit establishes an internalizing, reiterative process (such as seminars, workshops, etc.) with the IM/As, to share the lessons it draws from its reviews. That would provide a healthy beginning for institutionalizing post-evaluation work in the country.

- (c) Training in Project Preparation and Evaluation: Considerable benefits would accrue to NEDA's post-evaluation and sector staff appraising projects, as well as to the IM/As staff doing project preparation and PCR work, from participation in well-designed and continuing Training Courses established in the Philippines in project preparation and evaluation. Over the medium-term, it would lead to the creation of a large nucleus of trained personnel, who would talk and think about these matters in a common way, as evidenced by similar courses in Morocco and Tunisia. A teaching institution, e.g. the Development Academy of the Philippines, could provide these courses, initially in collaboration perhaps with EDI.

Institutional Matters

12. When the self post-evaluation system fully evolves in the Philippines, it would be desirable to ensure independence and objectivity on the part of those undertaking the coordinating and OED-type of work. Mrs. Monsod herself seemed to recognize this as a desirable objective during your meeting, when she suggested the Presidential Management Staff as one possibility. As discussed earlier (para. 7), it is however interesting that even NEDA skeptics eventually seemed to feel that NEDA was the right organization for institutionalizing OED-type work in the Philippines, rather than creating a new institution or building capacity in other existing ones. But to ensure relative independence for those undertaking this role, to avoid potential conflict of interest, for all IM/As to perceive such arrangements as being so and therefore to support them unreservedly, one possible longer-term solution might be to consider placing the post-evaluation Unit under the NEDA Director-General for administrative and budget purposes only, and for it to function as a Secretariat for NEDA's Board, which in effect, is an inter-ministerial group chaired by the country's President. Such issues should be addressed with flexibility and pragmatism, so that the system evolves in an enduring manner supported by all concerned in the Philippines. Should Mrs. Monsod agree, the proposal you made during your meeting, that you would be happy to arrange for either Mr. Weiner or Mr. Kapur (the past Director-Generals of IBRD's OED complex), to advise her personally on such fundamental institutional aspects, would enable the post-evaluation system to evolve in the Philippines on an enduring, and yet realistic, basis.

13. In the interim, the coordinating and OED-type role could continue to be played by the post-evaluation Unit, under Mr. Pasimio. Even in that context, it would be wise to consider following some basic principles from the beginning, which could help: avoid a perception on the part of IM/As of conflict of interest, generate acceptance of those playing the OED-type role and evolve a collegiate lesson-learning environment in the Philippines.

14. Such principles which should help post-evaluation become rooted enduringly from the initial phase are summarized below:

- (a) NEDA staff involved with project monitoring under Mr. Pasimio's setup, should preferably not be tapped for post-evaluation work. To the extent this is unavoidable because of the scarcity of experienced technical/professional staff, it would be desirable to use only those persons who have not been involved in monitoring a specific project or groups of projects for which a study, or other types of post-evaluation work is to be done. This would help ensure a needed level of objectivity and avoid potential conflict of interest.
- ✓ (b) The staff doing OED-type of work must be experienced and seasoned in project preparation, implementation and appraisal, in a wide variety of sectors. Without that, they will simply be unable to command the professional respect of the IM/A staff who will be asked to accept the lessons drawn from post audit work. An ideal longer-term arrangement would be for an exchange of some of the seasoned technical/professional staff of IM/As with those in the post-evaluation Unit for 3 to 4 years and then returning to their respective organizations. It would be prudent for the Philippines to gradually initiate such a process.
- ✓ (d) Reporting on policies and issues to the NEDA Board, is the ultimate "sanction" which will always be available to the post-evaluation Unit, in its future relationships with the IM/As. However, the Unit's present perception that that is its only role, can only foster a negative attitude from the IM/As. Richer dividends are more likely, if the Unit creates an environment from the beginning, that its paramount objective is to work closely with all IM/As and the sector personnel of NEDA, to provide both with a continuing feedback of value for the preparation and appraisal of future investment projects. In other words, it should adopt the perspective of "internalizing" the findings of its post-evaluation work, in order to enable the IM/A and NEDA staff to do better sector investment planning, project preparation and appraisals.

Attachments

cc: Messrs. Chopra (OEDDR); Kajfi (AS2DR); de Lusignan (EDIDR);
Ikram (AS2CO); Sud (AS2IE); Patel (AS2IN);
Ms. Dowsett (AS2AG); Babson (AS2PH); van der Lugt (DGO)
Mr. Arrivillaga, Resident Representative

Key Persons Met by the Mission

NEDA

Mrs. S. Monsod	Director-General
Mr. F. Alburo	Deputy Director-General
Mr. A. Pasimio	Assistant Director-General
Mr. R. Reyes	Assistant Director-General
Mrs. H. Arboleda	Director, Project Monitoring Staff
Mr. R. Tungpalan	Bureau Chief, Project Evaluation

Finance

Mr. V. Jayme	Minister of Finance
Mr. E. Leong	Under-Secretary, Finance

President's Office

Mr. Catalino Macaraig, Jr.	Executive Secretary to the President
Mr. Fiorello Estuar	Presidential Advisor and Chairman, Project Facilitation Committee

Ministry of Agriculture

Mr. Ansaldo	Undersecretary, Agriculture
Mr. J. Ochoa and his staff	Planning Service Division

Ministry of Public Works (DPWH)

Mr. T. Encarnacion	Undersecretary, DPWH
Mr. Bonoan	Assistant Secretary, Planning
Mr. R. Rosales	Assistant Secretary, Internal Audit

National Power Corporation

Mr. E. Aboitiz	President
Mr. F. Delgado	Sr. Vice President, Engineering
H. Ibarra, Jr.	Sr. Vice President, Corporate Affairs
Mr. C. Herrera	Vice President, Finance

Metropolitan Waterworks & Sewage System

Mr. L. Sison	Administrator, MWSS
Senior Officials	Construction Management and Project Monitoring Departments

- 2 -

National Housing Authority

Mr. A. Fernando
Mr. R. Brockman

Assistant General Manager
Advisor

Philippine Ports Authority

Mr. M. Dumlao, Jr.
Assistant Manager

General Manager
Project Management

Philippine Fisheries Development Authority

Mr. M. Sarmiento
Mr. N. Davila
Ms. G. Santibanez

General Manager
Chief, Project Planning
Chief, Corporate Planning

Asian Development Bank

Mr. M. Alam
Mr. G. Whitlam
Mr. C. Naraswamy

Director, Operations Evaluation
Senior Evaluation Officer
Senior Evaluation Officer

U.S. Aid

Mr. J. Blackwell
P. Deuster

Acting Director, USAID Mission
Program Economist

KEY THEMES CONSIDERED BY SENIOR MANAGERS OF IMPLEMENTING
MINISTRIES AND AGENCIES TO BE OF IMPORTANCE IN PCRS

I. National Power Corporation

1. Besides economic benefits of the project for the country, the direct benefits to the community in the area where the projects are sited.
2. Social benefits and impact on such communities.
3. Environmental impact of the projects.
4. Appropriateness of size, and timing, of the project.

II. National Housing Authority

1. Whether the project has been designed for an appropriate category of beneficiaries.
2. Could a project design, or arrangements of another type, have been more cost effective for the country in securing housing for beneficiaries at different income levels.
3. By comparative yardsticks for project design and arrangements in other countries of the region, how sound is the Philippine project design in terms of costs, effectiveness and impact.

III. Department of Public Works

1. Was the project design, and its timing, appropriate.
2. Why did project costs turn out to be lower or higher, and what lessons can be learned for the future.
3. What policies and procedures, at both the Ministry and country-wide level, cause project delays.
4. Why did traffic (roads and ports) not grow anywhere as projected; Were there special reasons. What are the lessons for the future.
5. Economic, social and environmental impact of the project, and whether it should at all have been undertaken.

WDIAL
.OEDDR
OINFO

-SUBJECT: ECDP
-FILENAME: PHILIPPINES
-DRAFTED BY: ADI DAVAR
-AUTHORIZED BY: YVES ROVANI *Yves* EXT: 33036
-CC: MR. KAJI (AS2DR)
-CC: MR. VAN DER LUGT (DGO)

IBRDMAN
-INTBAFRAD, MANILA, PHILIPPINES
-ATTN: MR. ARRIVILLAGA
-FOLLOWING SENT TO MRS. MONSOD, NEDA

CABLE1
-NEDAPHIL
-NEDA SA PASIG, AMBER AVENUE
-METRO MANILA, PHILIPPINES

BT
WASHINGTON, DC - 8-SEP-88
FOR H.E. MRS. SOLITA CALLAS-MONSOD, SECRETARY FOR PLANNING AND
DIRECTOR-GENERAL OF NEDA.

DEAR MRS. MONSOD:

I TRUST THAT SUBSEQUENT TO MESSRS. DAVAR, CLEAVE AND MY MOST USEFUL DISCUSSIONS IN MANILA AND MY JUNE THIRD LETTER, THE PREPARATION WORK ON THE NEXT STEP FOR STRENGTHENING PHILIPPINES' SELF-EVALUATION CAPACITY FOR ITS INVESTMENT PROJECTS BOTH AT THE CENTER AND IN SELECT EXECUTING AGENCIES IS WELL IN HAND. I WOULD LIKE TO REASSURE YOU AGAIN OF MY CONTINUING SUPPORT FOR THE REALIZATION OF THIS OBJECTIVE, COMMENSURATE WITH THE PRIORITY WHICH YOUR GOVERNMENT AND YOU MIGHT WISH TO ACCORD TO IT AND THE PHILIPPINES RESOURCES WHICH CAN BE COMMITTED TOWARDS ITS REALIZATION. AS SOON AS THE PREPARATION IS COMPLETED, I SHALL BE HAPPY TO ARRANGE FOR A TEAM, PROBABLY AGAIN HEADED BY MR. DAVAR, TO COME TO MANILA FOR DISCUSSIONS AS WELL AS INITIATION OF ARRANGEMENTS AIMED AT SECURING RELEVANT EXTERNAL FINANCIAL SUPPORT FOR THE PROPOSAL.

SINCE WE SHALL BOTH BE IN BERLIN FOR THE BANK'S ANNUAL MEETINGS, I BELIEVE IT WOULD BE MUTUALLY BENEFICIAL FOR US TO MEET, IN ORDER TO UNDERSTAND THE PRESENT SENSE OF GOVERNMENT PRIORITY FOR THE PROPOSAL, EXPLORE HOW CONSTRAINTS - IF ANY - COULD BE ALLEVIATED, AND DISCUSS THE NEXT STEPS WHICH WE BOTH CAN TAKE TO ADVANCE MATTERS. I HAVE ASKED MR. KAJI'S STAFF TO SCHEDULE A MEETING.

WITH WARMEST REGARDS, YVES ROVANI, DIRECTOR-GENERAL, OPERATIONS
EVALUATION, INTBAFRAD

*Paper recommended jointly by
Operative Evaluation and
Economic Dev. Institute
(tentative, no follow up discussed)*

Feb. '89

II. EX-POST EVALUATION CAPABILITIES IN THE PHILIPPINES
AND PROSPECTS OF ORGANISING TRAINING SEMINAR IN

M & E



SITUATION ON PCR AND EX-POST EVALUATION CAPABILITIES AND ON PROSPECTS OF ORGANISING A TRAINING SEMINAR ON MONITORING AND EVALUATION.

My discussions with the representatives of line departments (Department of Agriculture) and NEDA suggested that at this stage training of people in PCR and ex-post evaluation will be quite premature, if not non-consequential, because:

- PCR and ex-post evaluation responsibilities are yet to be clearly defined in the country. Nor are they organisationally structured and/or institutionally mandated at any levels of the government - be it at project, regional or at central level. Therefore, it may not be very wise to train certain people in something which they may neither be organisationally located nor institutionally mandated to apply.
- Line Managers/Project Directors do not view PCR and ex-post evaluation as important tools of development.
- Even when government decide, at times, to initiate a PCR or an ex-post evaluation study, they find it difficult to retrieve information from the project, as the project management which is created for execution of a project gets disbanded almost immediately after the completion of the project.

In view of these organisational inadequacies and institutional weaknesses regarding PCR and ex-post evaluation in the Philippines my views are that:-

- First of all, one has to find ways to impress upon the Project Directors, Line Departments and Policy Managers about the value of PCR and Ex-post Evaluation and their relationships to the entire development management system of the government.
- Secondly, identify information requirements of PCR - those of donors and the government - and indicate ways to standardise them and then assist in developing a reporting format within the government accommodating, as much as possible, demands of different stakeholders.
- Thirdly, identify organisational requirements of PCR and Ex-post Evaluation - from project to region to centre - and structure them as much as possible, within the existing development administration system of the government.
- Fourthly, as a follow-up of the above, obtain policy support on initiation of PCR organisation and institutionalisation of PCR process through executive directive/cabinet decision/NEDA Board directive - whichever is more appropriate and binding.



- Finally, once these organisational requirements have been defined and necessary policy support to these have been indicated, initiate steps to institutionalise the process through appropriate staffing, training and budgetting. Steps should be taken to link the PCR/ex-post evaluation to the planning process of the country.

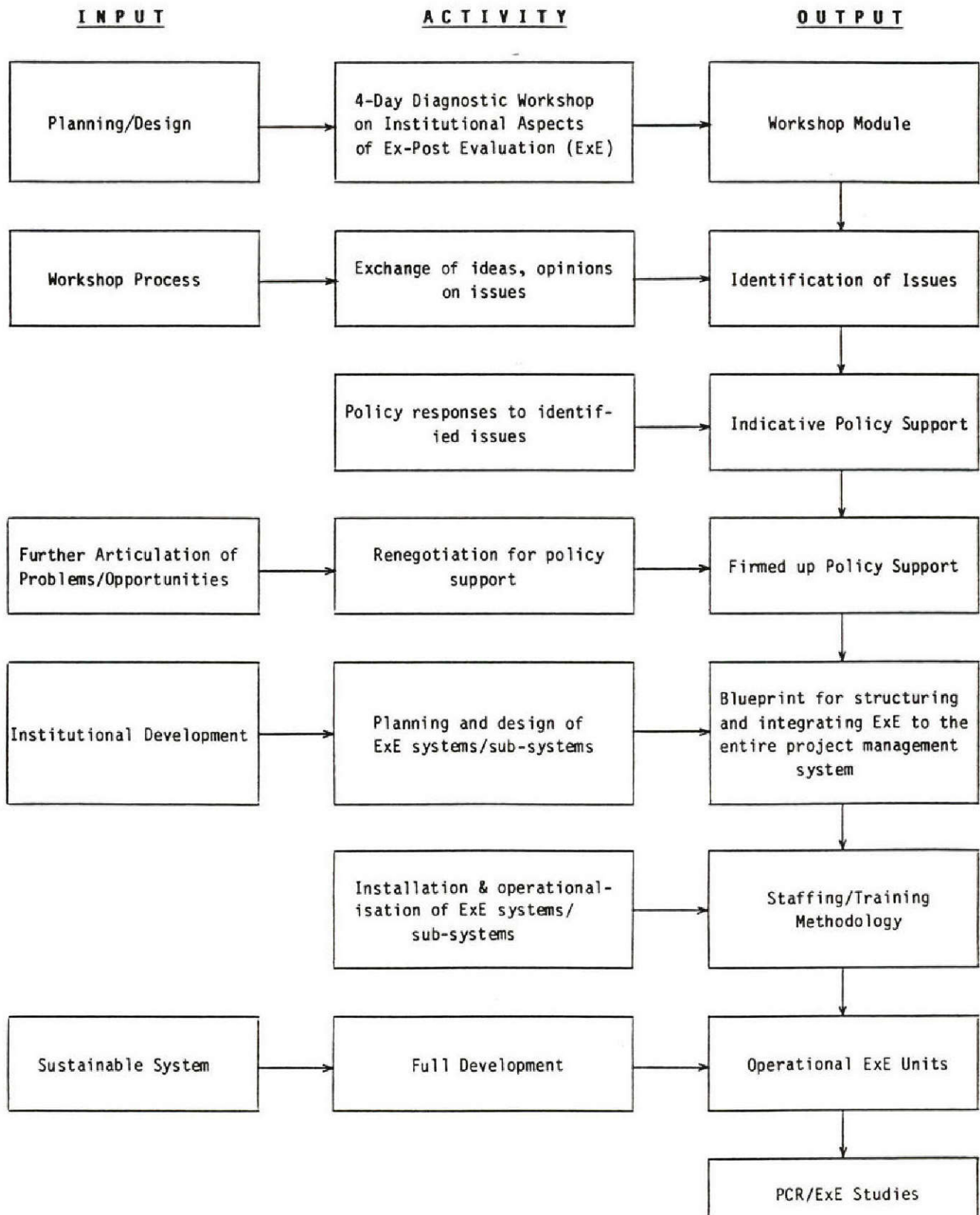
RECOMMENDATIONS

1. At this stage, my suggestion would be not to go for a training seminar on monitoring and evaluation per se, but to organise a diagnostic Seminar/Workshop dealing with the organisational and institutional requirements of PCR and ex-post evaluation in the Philippines.
2. As an outcome of this workshop, a document indicating policy initiatives to be prepared and later use this document for institutional development relating to PCR and ex-post evaluation throughout the entire part of the government - from project to centre. (See attached Flow-Chart on Institutional Development Process in PCR and Ex-post Evaluation in Philippines in Attachment C).

NOTE: Details on proposed workshop as outlined in Item I above follows.

ATTACHMENT C

FLOW CHART INSTITUTIONAL DEVELOPMENT PROCESS FOR EX-POST EVALUATION IN PHILIPPINES





**III. BACKGROUND PAPER ON ORGANISING A DIAGNOSTIC
WORKSHOP ON INSTITUTIONAL/ORGANISATIONAL ASPECTS
OF PCR/EX-POST EVALUATION IN THE PHILIPPINES**



**SEMINAR/WORKSHOP ON ORGANISATIONAL ARRANGEMENTS AND
INSTITUTIONAL NEEDS FOR PROJECT COMPLETION REPORT &
EX-POST EVALUATION IN THE PHILIPPINES**

A. BACKGROUND

The importance of project ex-post evaluation has been widely discussed and there is no doubt that the results, if properly utilised, can be very valuable in guiding future project development work. In the Philippines, although PCR and ex-post evaluation as important tools of development is well recognised, these activities are yet to be appropriately institutionalised for the purpose of regular and continued applications.

In this regard, the National Economic and Development Authority (NEDA), in co-ordination with the World Bank (WB), propose to sponsor a seminar/workshop to identify problems that hinder, and recommend options that will enhance the conduct of project ex-post evaluation in the country, mainly from its institutional and organisation point of view. The Development Academy of the Philippines may be the executing agency for planning and implementation of the seminar/workshop.

B. OBJECTIVES

Specifically, the seminar/workshop shall seek to:-

1. Identify issues and constraints hindering the conduct of ex-post evaluations.
2. Indicate helpful measures that would lead to the institutionalisation of ex-post evaluation in current project development activities and also identify such organisational structures which may be initiated, as far as possible, within current project management and reporting system of the government.
3. Finally, generate commitments from senior government officials, the acceptance and implementation of ex-post evaluation in their agencies as well as in the overall development management system of the government.

C. SEMINAR/WORKSHOP DESIGN

The seminar/workshop shall be carried out in two (2) phases:-

Phase I: Seminar/Workshop Proper

This shall be a three (3) day live-in seminar with participants coming from the ranks of senior project executives of key infrastructure and rural development projects, senior officers of central line bodies concerned with project development and administration as well as some select donor agencies. Through structured discussions, the participants



shall identify and analyse the strategic issues and problems affecting the conduct of project ex-post evaluation in the Philippines, and recommend measures which will promote its full acceptance and indicate organisational arrangements necessary for the institutionalised application of the activity.

To facilitate the exchange of insights and experiences on the subject, the participants shall be asked to prepare individual papers reflecting their own assessment of the prospects of institutionalising ex-post evaluation in their projects/agencies. These papers shall serve as inputs during their discussions, and shall be consolidated at the end of the seminar. To complement the participants' individual papers, NEDA and/or World Bank representatives shall provide inputs on the importance of ex-post evaluation for foreign-assisted projects.

At the end of Phase I, the participants are expected to come up with proposed measures which will promote the institutionalisation of ex-post evaluation in the country. These may include specific action steps to strengthen technical capabilities in this area.

Phase II: Policy Forum

The outputs of Phase I shall be presented and discussed with a panel of key senior officials (Undersecretaries and Assistant Secretaries) in the infrastructure (DPWH, DOTC, NIA, LWUA etc.), rural development (DA, DAR, etc.) and oversight agencies (DBM, COA, DOF, NEDA) is crucial.

An equal number of Phase I participants shall be asked to present their findings and recommendations to the panel. The objective of the Forum discussions which will ensue is to solicit the support and commitment of the Panel to these recommendations.

Agreements reached during the Forum shall be documented and will serve as a guide in the succeeding activities of the sponsoring agencies (NEDA, World Bank) in this area. Participating agencies may also choose to pursue further activities which will develop in-house ex-post evaluation capabilities including establishment of organisational arrangements.

D. CONTENT

Phase I

- Day 1: 1. PCR and Ex-post Evaluation and its relationships to Project Cycle: Panel Speakers
2. Ex-Post Evaluation Experience in Philippines: Overview of Successes & Difficulties (Group Discussion)
- Day 2: 3. Ex-Post Evaluation Experience in Philippines: Methodological and Organisational Issues
- Successes & Difficulties



4. Ex-post Evaluation Experience in Philippines: Organisational Issues
- Strengths and Weaknesses

- Day 3: 5. Ex-post Evaluation Experience in Philippines: Recommendations
- Organisational & Institutional Issues

Phase II

- Day 4: 6. Responses of Policy Makers to Identified Organisational/
Institutional Issues
(Group Discussion)

7. Accepted Recommendations on Policy Initiatives.

E. TIMING AND DURATION

It was agreed, considering the involvement of project directors and other government officials in different sorts of activities during the year, that any time during end February to mid-March is a good time to have the seminar, for this is regarded as a slack period in the Philippines and therefore will achieve the desired level and number of participation.

Duration: Phase I (3 days) + Phase II (1 day).

F. SEMINAR PLANNING

Detailed planning and design of the seminar have to be done during January. Parties involved in planning are: OED, NEDA, Development Academy of Philippines and the International Consultant.

G. NUMBER OF PARTICIPANTS

Phase I 20-25

Phase II 10 (5 Policy Makers + 5 from Phase I)

H. COST AND FUNDING

This Seminar/Workshop is targetted to be conducted sometime in late February or early March 1989. Local cost of the seminar is estimated at P247,698.00, the breakdown is shown in Attachment D. Funding for the workshop, both local and foreign, is expected to come from the donor agency.

NOTE:

Low cost estimates are given by the Development Academy of the Philippines which is negotiable and amendable. It should also be noted that this estimate covers only local costs and does not include costs of international consultant or any other costs relevant to donor

A T T A C H M E N T D

* Proposed Local Budget *

PHASE I : Seminar/Workshop Proper

I.	Professional Fees		86,250.00
	a) Workshop Facilitators	48,750.00	
	b) Honoraria for Participants	37,500.00	
II.	Out-of-Pocket Cost		125,490.00
	a) Supplies & Materials	6,250.00	
	b) Travel & Transportation	50,340.00	
	c) Venue/Facilities/Equipment	4,860.00	
	d) Food	36,540.00	
	e) Rooms	18,000.00	
	f) Miscellaneous	9,500.00	
	Sub-Total		211,740.00

PHASE II: Policy Forum

I.	Professional Fees		8,000.00
	a) Workshop Facilitators	8,000.00	
II.	Out-of-Pocket Cost		5,440.00
	a) Supplies & Materials	600.00	
	b) Travel & Transportation	140.00	
	c) Venue/Facilities/Equipment	400.00	
	d) Food	4,000.00	
	e) Miscellaneous	300.00	
	Sub-Total		13,440.00
	TOTAL		P225,180.00
	plus 10% Value Added Tax		22,518.00
	TOTAL PROJECT COST =		P247,698.00
			=====
			(US\$12,024.00)

NOTE: These estimates have been obtained from the Development Academy
of the Philippines

Budget Assumptions - Phase I

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A. Workshop Facilitators 48,750.00

<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
Planning	2 Facs	4 days	P 2,500	20,000.00
	1 Sec	2 days	500	1,000.00
Implementation	2 Facs	3 days	2,500	15,000.00
	1 Sec	3 days	500	1,500.00
	1 Driver	3 days	250	750.00
Post	2 Facs	2 days	2,500	10,000.00
	1 Sec	1 day	500	500.00

B. Honoraria of Participants 37,500.00

Rate = P 1,500

of pax = 25

II. Out-of-Pocket Cost 125,490.00

A. Supplies and Materials/Reproduction 6,250.00

Rate/pax = P 250

of pax = 25

(includes notebook, certificates, filler, packaging, etc.)

B. Travel and Transportation 50,340.00

1. Airfare

Rate/pax = P 3,500

of pax = 13 (50%)

Total 45,500.00

(round-trip ticket)

2. Bus Rental for DAPCC 4,000.00
(2-way ordinary bus)

3. Gasoline

Rate/liter = P7

of liters = 30 liters

of trips = 4 trips

Total 840.00

C. Venue/Facilities/Equipment		4,860.00
1. Rec Hall		
Rate/hr. = P102/hr.		
# of hrs. = 4 hrs.		
Total	408.00	
2. Workshop Room		
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Total	2,250.00	
4. Equipment	900.00	
Overhead Projector		
3 days x P150/day		
= 450		
PA Systems		
3 days x P150/day		
= 450		
D. Food (plus 1.5% sales tax)		36,540.00
Rate/day = P400		
# of pax = 30		
# of days = 3 days		
Total	36,000.00	
E. Rooms		
Rate/day = P400		
# of pax = 30		
# of rooms = 15		
# of days = 3 days		
Total		18,000.00
F. Miscellaneous/Contingencies		9,500.00

Phase II

I. Personal Services Fee 8,000.00

A. Workshop Facilitators 8,000.00

<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
Planning	1 Fac	2 days	P 1,500	3,000.00
Implementation	2 Facs	.5 days	2,500	2,500.00
	1 Sec	2 days	500	1,000.00
Post	1 Fac	1 day	1,500	1,500.00

I. Out-of-Pocket Cost 5,440.00

A. Supplies and Materials/Reproduction 600.00

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 # of pax = 30
 (includes notebook, certificates,
 filler, packaging, etc.)

B. Travel and Transportation 140.00

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Rate/liter = P7
 # of liters = 20 liters
 Total 140.00

C. Venue/Facilities/Equipment 400.00

1. Audio-Visual Room

Rate/day = P800/day
 # of day = 1/2 day

D. Food (plus 1.5% sales tax) 4,000.00

Rate/day = P50/day (snacks)
 # of pax = 30
 Total 1,500.00

Rate/day = P80/pax (cocktails)
 # of pax = 30
 Total 2,400.00

F. Miscellaneous/Contingencies 300.00

THE WORLD BANK

ROUTING SLIP

DATE: Feb. 13, 1989

FROM THE OFFICE OF THE
DIRECTOR-GENERAL, OPERATIONS EVALUATION

NAME

ROOM NO.

Mr. John Cleave

E-8089

Mr. van der Lugt

H6013

Mr. Rozam
info

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

INITIAL

RECOMMENDATION

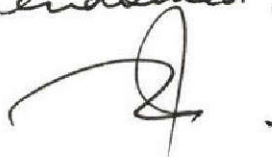
NOTE AND FILE

SIGNATURE

REMARKS:

You might find the attached report of interest, with regard to the promotion of evaluations in the Philippines.

Many thanks. Very interesting to see our views endorsed!



FROM:

Robert-Jan van der Lugt, x32888

REPORT ON MISSION WORK

IN THE PHILIPPINES

1/10/88 - 7/10/88

M.Adil Khan

*Ex-Post
Evaluation
Part II*



Coffey & Partners Pty Ltd

Consulting Engineers
in the geotechnical sciences



C O N T E N T S

- I. STATUS OF PHILIPPINE PAPER(S) FOR KUALA LUMPUR SEMINAR
- II. EX-POST EVALUATION CAPABILITIES IN THE PHILIPPINES AND PROSPECTS OF ORGANISING TRAINING SEMINAR IN M & E
- III. BACKGROUND PAPER ON ORGANISING A DIAGNOSTIC WORKSHOP ON INSTITUTIONAL/ORGANISATIONAL ASPECTS OF PCR/EX-POST EVALUATION IN THE PHILIPPINES



REPORT ON MISSION WORK IN THE PHILIPPINES FROM 3/10/88 TO 7/10/88

This mission had two distinct responsibilities, namely:-

- (I) Assessment of the latest status on and follow-up of supervision of EDI sponsored country paper, "Monitoring and Evaluation of Development Projects in the Philippines" to be prepared by the National Economic & Development Authority (NEDA) of the Philippines for the Regional Seminar on Monitoring & Evaluation to be held in Kuala Lumpur, Malaysia, to be held during 5-15th December, 1988.

- (II) Assessment of steps taken so far to strengthen the PCR and ex-post evaluation capabilities in the Philippines - a concern of the Operations Evaluation Division (OED) of the World Bank. Also on behalf of OED, explore the possibilities of holding a training seminar on monitoring and evaluation in the Philippines sometime next year.

Had several meetings at different levels of the government discussing both of these issues (Attachment A).



ATTACHMENT A

WORLD BANK MISSION IN MANILA

MISSION SCHEDULE - M.A.KHAN

3-7 OCTOBER, 1988

October 3, MONDAY

9:30 am

Briefing Mr. Edgar Callanta, National Consultant.

October 4, TUESDAY

2:00 pm

MR. ROLLY TUNG PALAN, Chief, Post Evaluation Div.
National Economic Development Authority

MR. JOMAR OCHOA, OIC, Project Monitoring & Evaluation Division

MS. PATRICIA MONTEMAYOR, Project Officer,
Foreign Assisted Projects Office

MS. MARITE DAMSONI, Chief, Dept. of Agriculture

6th Floor, NEDA Building,
Amber Ave., Pasig
Metro Manila

Telephone: 6736519

October 5, WEDNESDAY

9:00 am

MS. CARMENCITA ABELLA, Exec. Vice-President, DAP

MR. ARMANDO BONIFACIO, Senior Vice-President, DAP
MR. VICENTE SALAZAR, Director, Public Development
Institute

MR. OSTERE PANDAERO, Director, Management Systems
Development Program

6th Floor,
Development Academy of the Philippines
San Miguel Ave.
(near Medical City)

Pasig, Metro Manila

Telephone: 6735202

October 6, THURSDAY

10:30 am

MR. MANNY LIM, Operations Officer, World Bank
Resident Mission,
RM 200, Multi-Storey Building,
Central Bank of the Philippines,
Malate, Manila

Telephone: 5211317

October 7, FRIDAY

4:00 pm

DR. FLORIEN ALBORO, Deputy Director General,
NEDA (Regional Development Office)



I. STATUS OF PHILIPPINE PAPER(S) FOR KUALA LUMPUR
SEMINAR



STATUS OF PHILIPPINE PAPER(S) ON M & E SITUATION

EDI decided to commission two country papers in the Philippines - one by NEDA involving M & E issues relating to rural and agricultural sector and the other by a private consultant involving social sector.

NEDA Paper

1. Mr. Harry Passimo, Assistant Director General of NEDA who was given the overall responsibility for preparation of the NEDA paper was abroad and therefore was not possible to meet him.
2. However, met Rolly Tungaplan, Chief, Ex-post Evaluation of NEDA - the person who is principally responsible for preparation of NEDA paper. The meeting was also attended to by the representatives of the Department of Agriculture - whose M & E experience is likely to constitute the main focus of the NEDA paper.
3. Although NEDA was supposed to finalise its first draft by middle of September, nothing much was achieved until my visit on 4/10/88 except that, based on the guidelines and outlines given to NEDA during our previous visits in August, NEDA came up with a new outline for the paper (see Attachment B). This new outline was attempting to put more emphasis on ex-post evaluation (at present, very little of it is happening in the country, anyway) and not much on ongoing and other kinds of M & E activities.
4. However, it was explained to them that while ex-post evaluation is an important aspect of M & E activity, EDI's aim is to get a comprehensive view of M & E in the Philippines - starting from implementation monitoring to sustainability to impact.
5. Explained to NEDA people and also to the representatives of the Department of Agriculture (whose papers NEDA is planning to collate for preparation of the country paper) the purpose and content of the Philippine paper all over again. I would hope that they were able to grasp the subject a little better this time.
6. Department of Agriculture decided to submit their draft to NEDA within a week and NEDA will then prepare and submit the country paper by the third week of October, 1988.

The Philippine Second Paper

1. The private consultant, Mr. Edgar Callanta, on receipt of TOR and Guidelines from me prior to my visit there, was already able to produce 2/3rds of the first draft on my arrival.
2. Initial impressions on Callanta's approach suggest that he is going the right direction.
3. His final version of the first draft should be available within the third week of October 1988.

PROJECT MONITORING AND EX-POST EVALUATION: THE PHIL. EXPERIENCE

I. Background

- A. General Country Setting
- B. The Environment Within which the Present M & E was Designed
- C. The Present Policy Environment
- D. Emerging Institutional Arrangements for Planning & Implementation of Projects.

II. Major Existing Project Monitoring Systems

- A. The NEDA Project Monitoring System
 - Mandate
 - Scope/Coverage
 - Approach
- B. The PFC
 - Mandate
 - Scope/Coverage
 - Approach
- C. Major Gaps/Problems

III. Post-Evaluation and Impact Assessment

- A. Definition/Concept
- B. Philippine Experience
- C. The Present System of Post-Evaluation
- D. Major Gaps/Problems

IV. Project Monitoring, Post-Evaluation and Impact Assessment : New Directions

- a. Improvement of the Project Monitoring System
- b. Regionalization and Citizen's Participation
- c. Building-up the Systems and Capabilities for Post-Evaluation and Impact Assessment



II. EX-POST EVALUATION CAPABILITIES IN THE PHILIPPINES
AND PROSPECTS OF ORGANISING TRAINING SEMINAR IN
M & E



SITUATION ON PCR AND EX-POST EVALUATION CAPABILITIES AND ON PROSPECTS OF ORGANISING A TRAINING SEMINAR ON MONITORING AND EVALUATION.

My discussions with the representatives of line departments (Department of Agriculture) and NEDA suggested that at this stage training of people in PCR and ex-post evaluation will be quite premature, if not non-consequential, because:

- PCR and ex-post evaluation responsibilities are yet to be clearly defined in the country. Nor are they organisationally structured and/or institutionally mandated at any levels of the government - be it at project, regional or at central level. Therefore, it may not be very wise to train certain people in something which they may neither be organisationally located nor institutionally mandated to apply.
- Line Managers/Project Directors do not view PCR and ex-post evaluation as important tools of development.
- Even when government decide, at times, to initiate a PCR or an ex-post evaluation study, they find it difficult to retrieve information from the project, as the project management which is created for execution of a project gets disbanded almost immediately after the completion of the project.

In view of these organisational inadequacies and institutional weaknesses regarding PCR and ex-post evaluation in the Philippines my views are that:-

- First of all, one has to find ways to impress upon the Project Directors, Line Departments and Policy Managers about the value of PCR and Ex-post Evaluation and their relationships to the entire development management system of the government.
- Secondly, identify information requirements of PCR - those of donors and the government - and indicate ways to standardise them and then assist in developing a reporting format within the government accommodating, as much as possible, demands of different stakeholders.
- Thirdly, identify organisational requirements of PCR and Ex-post Evaluation - from project to region to centre - and structure them as much as possible, within the existing development administration system of the government.
- Fourthly, as a follow-up of the above, obtain policy support on initiation of PCR organisation and institutionalisation of PCR process through executive directive/cabinet decision/NEDA Board directive - whichever is more appropriate and binding.



- Finally, once these organisational requirements have been defined and necessary policy support to these have been indicated, initiate steps to institutionalise the process through appropriate staffing, training and budgetting. Steps should be taken to link the PCR/ex-post evaluation to the planning process of the country.

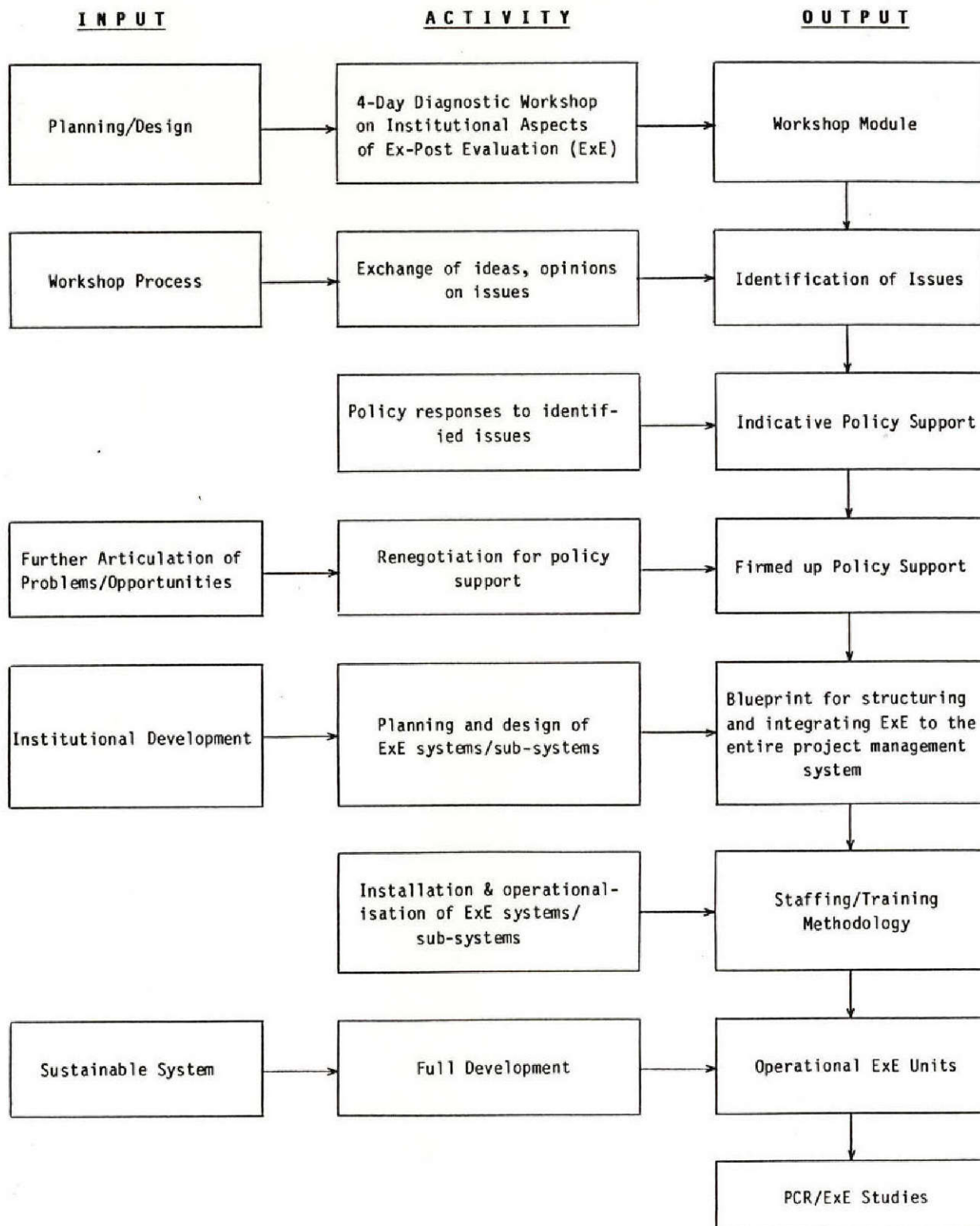
RECOMMENDATIONS

1. At this stage, my suggestion would be not to go for a training seminar on monitoring and evaluation per se, but to organise a diagnostic Seminar/Workshop dealing with the organisational and institutional requirements of PCR and ex-post evaluation in the Philippines.
2. As an outcome of this workshop, a document indicating policy initiatives to be prepared and later use this document for institutional development relating to PCR and ex-post evaluation throughout the entire part of the government - from project to centre. (See attached Flow-Chart on Institutional Development Process in PCR and Ex-post Evaluation in Philippines in Attachment C).

NOTE: Details on proposed workshop as outlined in Item I above follows.

FLOW CHART

INSTITUTIONAL DEVELOPMENT PROCESS FOR EX-POST EVALUATION IN PHILIPPINES





III. BACKGROUND PAPER ON ORGANISING A DIAGNOSTIC
WORKSHOP ON INSTITUTIONAL/ORGANISATIONAL ASPECTS
OF PCR/EX-POST EVALUATION IN THE PHILIPPINES



**SEMINAR/WORKSHOP ON ORGANISATIONAL ARRANGEMENTS AND
INSTITUTIONAL NEEDS FOR PROJECT COMPLETION REPORT &
EX-POST EVALUATION IN THE PHILIPPINES**

A. BACKGROUND

The importance of project ex-post evaluation has been widely discussed and there is no doubt that the results, if properly utilised, can be very valuable in guiding future project development work. In the Philippines, although PCR and ex-post evaluation as important tools of development is well recognised, these activities are yet to be appropriately institutionalised for the purpose of regular and continued applications.

In this regard, the National Economic and Development Authority (NEDA), in co-ordination with the World Bank (WB), propose to sponsor a seminar/workshop to identify problems that hinder, and recommend options that will enhance the conduct of project ex-post evaluation in the country, mainly from its institutional and organisation point of view. The Development Academy of the Philippines may be the executing agency for planning and implementation of the seminar/workshop.

B. OBJECTIVES

Specifically, the seminar/workshop shall seek to:-

1. Identify issues and constraints hindering the conduct of ex-post evaluations.
2. Indicate helpful measures that would lead to the institutionalisation of ex-post evaluation in current project development activities and also identify such organisational structures which may be initiated, as far as possible, within current project management and reporting system of the government.
3. Finally, generate commitments from senior government officials, the acceptance and implementation of ex-post evaluation in their agencies as well as in the overall development management system of the government.

C. SEMINAR/WORKSHOP DESIGN

The seminar/workshop shall be carried out in two (2) phases:-

Phase I: Seminar/Workshop Proper

This shall be a three (3) day live-in seminar with participants coming from the ranks of senior project executives of key infrastructure and rural development projects, senior officers of central line bodies concerned with project development and administration as well as some select donor agencies. Through structured discussions, the participants



shall identify and analyse the strategic issues and problems affecting the conduct of project ex-post evaluation in the Philippines, and recommend measures which will promote its full acceptance and indicate organisational arrangements necessary for the institutionalised application of the activity.

To facilitate the exchange of insights and experiences on the subject, the participants shall be asked to prepare individual papers reflecting their own assessment of the prospects of institutionalising ex-post evaluation in their projects/agencies. These papers shall serve as inputs during their discussions, and shall be consolidated at the end of the seminar. To complement the participants' individual papers, NEDA and/or World Bank representatives shall provide inputs on the importance of ex-post evaluation for foreign-assisted projects.

At the end of Phase I, the participants are expected to come up with proposed measures which will promote the institutionalisation of ex-post evaluation in the country. These may include specific action steps to strengthen technical capabilities in this area.

Phase II: Policy Forum

The outputs of Phase I shall be presented and discussed with a panel of key senior officials (Undersecretaries and Assistant Secretaries) in the infrastructure (DPWH, DOTC, NIA, LWUA etc.), rural development (DA, DAR, etc.) and oversight agencies (DBM, COA, DOF, NEDA) is crucial.

An equal number of Phase I participants shall be asked to present their findings and recommendations to the panel. The objective of the Forum discussions which will ensue is to solicit the support and commitment of the Panel to these recommendations.

Agreements reached during the Forum shall be documented and will serve as a guide in the succeeding activities of the sponsoring agencies (NEDA, World Bank) in this area. Participating agencies may also choose to pursue further activities which will develop in-house ex-post evaluation capabilities including establishment of organisational arrangements.

D. CONTENT

Phase I

- Day 1: 1. PCR and Ex-post Evaluation and its relationships to Project Cycle: Panel Speakers
2. Ex-Post Evaluation Experience in Philippines: Overview of Successes & Difficulties (Group Discussion)
- Day 2: 3. Ex-Post Evaluation Experience in Philippines: Methodological and Organisational Issues
- Successes & Difficulties (Group Discussion)



4. Ex-post Evaluation Experience in Philippines: Organisational Issues
- Strengths and Weaknesses

- Day 3: 5. Ex-post Evaluation Experience in Philippines: Recommendations
- Organisational & Institutional Issues

Phase II

- Day 4: 6. Responses of Policy Makers to Identified Organisational/
Institutional Issues
(Group Discussion)

7. Accepted Recommendations on Policy Initiatives.

E. TIMING AND DURATION

It was agreed, considering the involvement of project directors and other government officials in different sorts of activities during the year, that any time during end February to mid-March is a good time to have the seminar, for this is regarded as a slack period in the Philippines and therefore will achieve the desired level and number of participation.

Duration: Phase I (3 days) + Phase II (1 day).

F. SEMINAR PLANNING

Detailed planning and design of the seminar have to be done during January. Parties involved in planning are: OED, NEDA, Development Academy of Philippines and the International Consultant.

G. NUMBER OF PARTICIPANTS

Phase I 20-25

Phase II 10 (5 Policy Makers + 5 from Phase I)

H. COST AND FUNDING

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Total	18,000.00
F. Miscellaneous/Contingencies	9,500.00

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I. Personal Services Fee

8,000.00

A. Workshop Facilitators

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<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
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400.00

1. Audio-Visual Room

Rate/day = P800/day
of day = 1/2 day

D. Food (plus 1.5% sales tax)

4,000.00

Rate/day = P50/day (snacks)
of pax = 30
Total 1,500.00

Rate/day = P80/pax (cocktails)
of pax = 30
Total 2,400.00

F. Miscellaneous/Contingencies

300.00

ROUTING SLIP

DATE:

2/21/89

FROM THE OFFICE OF THE
DIRECTOR-GENERAL, OPERATIONS EVALUATION

NAME

ROOM NO.

YR

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

INITIAL

RECOMMENDATION

NOTE AND FILE

SIGNATURE

REMARKS:

let's discuss further
follow-up.

FROM:



INTEROFFICE MEMORANDUM

ECONOMIC DEVELOPMENT INSTITUTE - IBRD

DATE: February 17, 1989

TO: Mr. Robert van der Lugt, OED

FROM: Michael Bamberger, EDICD^{ms}

SUBJECT: Sending Ad Khan's Report to NEDA

You had asked me to deliver a copy of Adil Khan's report "Mission work in the Philippines" to NEDA while I am in Manila next week. After having reviewed the report, I think that it would be better for it to be sent directly from OED with an appropriate covering letter. There are several reasons on this. First, the report contains several parts -- not all of which you may wish to send to NEDA. For example, the first section discusses the preparation of a report for the December Kuala Lumpur seminar. This is implicitly criticizing NEDA by saying that it was necessary to contract a consultant to complete the material as NEDA was not able to do so. Second, the report includes recommendations for possible follow-up training activities, including a budget. It would be important to clarify in the letter whether OED would be willing to consider covering the costs of this sem. EDI does not have this activity in its training program so any funding commitment at this point would come from OED.

EDI is planning to organize an M/E activity in Asia in FY90 but we have not yet defined the precise focus. We would certainly involve NEDA and DAP but we have not yet decided whether the activity will take place in the Philippines.

cc: R. Lacey

REPORT ON MISSION WORK
IN THE PHILIPPINES

1/10/88 - 7/10/88

M.Adil Khan

*Ex-Post
Evaluation
part II*



Coffey & Partners Pty Ltd

Consulting Engineers
in the geotechnical sciences



C O N T E N T S

- I. STATUS OF PHILIPPINE PAPER(S) FOR KUALA LUMPUR SEMINAR

- II. EX-POST EVALUATION CAPABILITIES IN THE PHILIPPINES AND PROSPECTS OF ORGANISING TRAINING SEMINAR IN M & E

- III. BACKGROUND PAPER ON ORGANISING A DIAGNOSTIC WORKSHOP ON INSTITUTIONAL/ORGANISATIONAL ASPECTS OF PCR/EX-POST EVALUATION IN THE PHILIPPINES



REPORT ON MISSION WORK IN THE PHILIPPINES FROM 3/10/88 TO 7/10/88

This mission had two distinct responsibilities, namely:-

- (I) Assessment of the latest status on and follow-up of supervision of EDI sponsored country paper, "Monitoring and Evaluation of Development Projects in the Philippines" to be prepared by the National Economic & Development Authority (NEDA) of the Philippines for the Regional Seminar on Monitoring & Evaluation to be held in Kuala Lumpur, Malaysia, to be held during 5-15th December, 1988.

- (II) Assessment of steps taken so far to strengthen the PCR and ex-post evaluation capabilities in the Philippines - a concern of the Operations Evaluation Division (OED) of the World Bank. Also on behalf of OED, explore the possibilities of holding a training seminar on monitoring and evaluation in the Philippines sometime next year.

Had several meetings at different levels of the government discussing both of these issues (Attachment A).



ATTACHMENT A

WORLD BANK MISSION IN MANILA

MISSION SCHEDULE - M.A.KHAN

3-7 OCTOBER, 1988

October 3, MONDAY

9:30 am

Briefing Mr. Edgar Callanta, National Consultant.

October 4, TUESDAY

2:00 pm

MR. ROLLY TUNG PALAN, Chief, Post Evaluation Div.
National Economic Development Authority

MR. JOMAR OCHOA, OIC, Project Monitoring & Evaluation Division

MS. PATRICIA MONTEMAYOR, Project Officer,
Foreign Assisted Projects Office

MS. MARITE DAMSONI, Chief, Dept. of Agriculture

6th Floor, NEDA Building,
Amber Ave., Pasig
Metro Manila

Telephone: 6736519

October 5, WEDNESDAY

9:00 am

MS. CARMENCITA ABELLA, Exec. Vice-President, DAP

MR. ARMANDO BONIFACIO, Senior Vice-President, DAP
MR. VICENTE SALAZAR, Director, Public Development
Institute

MR. OSTERE PANDAERO, Director, Management Systems
Development Program

6th Floor,
Development Academy of the Philippines
San Miguel Ave.
(near Medical City)
Pasig, Metro Manila

Telephone: 6735202

October 6, THURSDAY

10:30 am

MR. MANNY LIM, Operations Officer, World Bank
Resident Mission,
RM 200, Multi-Storey Building,
Central Bank of the Philippines,
Malate, Manila

Telephone: 5211317

October 7, FRIDAY

4:00 pm

DR. FLORIEN ALBORO, Deputy Director General,
NEDA (Regional Development Office)



I. STATUS OF PHILIPPINE PAPER(S) FOR KUALA LUMPUR
SEMINAR



STATUS OF PHILIPPINE PAPER(S) ON M & E SITUATION

EDI decided to commission two country papers in the Philippines - one by NEDA involving M & E issues relating to rural and agricultural sector and the other by a private consultant involving social sector.

NEDA Paper

1. Mr. Harry Passimo, Assistant Director General of NEDA who was given the overall responsibility for preparation of the NEDA paper was abroad and therefore was not possible to meet him.
2. However, met Rolly Tungaplan, Chief, Ex-post Evaluation of NEDA - the person who is principally responsible for preparation of NEDA paper. The meeting was also attended to by the representatives of the Department of Agriculture - whose M & E experience is likely to constitute the main focus of the NEDA paper.
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4. However, it was explained to them that while ex-post evaluation is an important aspect of M & E activity, EDI's aim is to get a comprehensive view of M & E in the Philippines - starting from implementation monitoring to sustainability to impact.
5. Explained to NEDA people and also to the representatives of the Department of Agriculture (whose papers NEDA is planning to collate for preparation of the country paper) the purpose and content of the Philippine paper all over again. I would hope that they were able to grasp the subject a little better this time.
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1. The private consultant, Mr. Edgar Callanta, on receipt of TOR and Guidelines from me prior to my visit there, was already able to produce 2/3rds of the first draft on my arrival.
2. Initial impressions on Callanta's approach suggest that he is going the right direction.
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PROJECT MONITORING AND EX-POST EVALUATION: THE PHIL. EXPERIENCE

I. Background

- A. General Country Setting
- B. The Environment Within which the Present M & E was Designed
- C. The Present Policy Environment
- D. Emerging Institutional Arrangements for Planning & Implementation of Projects.

II. Major Existing Project Monitoring Systems

- A. The NEDA Project Monitoring System
 - Mandate
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- C. Major Gaps/Problems

III. Post-Evaluation and Impact Assessment

- A. Definition/Concept
- B. Philippine Experience
- C. The Present System of Post-Evaluation
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IV. Project Monitoring, Post-Evaluation and Impact
Assessment : New Directions

- a. Improvement of the Project Monitoring System
- b. Regionalization and Citizen's Participation
- c. Building-up the Systems and Capabilities for Post-Evaluation and Impact Assessment



II. EX-POST EVALUATION CAPABILITIES IN THE PHILIPPINES
AND PROSPECTS OF ORGANISING TRAINING SEMINAR IN
M & E



SITUATION ON PCR AND EX-POST EVALUATION CAPABILITIES AND ON PROSPECTS OF ORGANISING A TRAINING SEMINAR ON MONITORING AND EVALUATION.

My discussions with the representatives of line departments (Department of Agriculture) and NEDA suggested that at this stage training of people in PCR and ex-post evaluation will be quite premature, if not non-consequential, because:

- PCR and ex-post evaluation responsibilities are yet to be clearly defined in the country. Nor are they organisationally structured and/or institutionally mandated at any levels of the government - be it at project, regional or at central level. Therefore, it may not be very wise to train certain people in something which they may neither be organisationally located nor institutionally mandated to apply.
- Line Managers/Project Directors do not view PCR and ex-post evaluation as important tools of development.
- Even when government decide, at times, to initiate a PCR or an ex-post evaluation study, they find it difficult to retrieve information from the project, as the project management which is created for execution of a project gets disbanded almost immediately after the completion of the project.

In view of these organisational inadequacies and institutional weaknesses regarding PCR and ex-post evaluation in the Philippines my views are that:-

- First of all, one has to find ways to impress upon the Project Directors, Line Departments and Policy Managers about the value of PCR and Ex-post Evaluation and their relationships to the entire development management system of the government.
- Secondly, identify information requirements of PCR - those of donors and the government - and indicate ways to standardise them and then assist in developing a reporting format within the government accommodating, as much as possible, demands of different stakeholders.
- Thirdly, identify organisational requirements of PCR and Ex-post Evaluation - from project to region to centre - and structure them as much as possible, within the existing development administration system of the government.
- Fourthly, as a follow-up of the above, obtain policy support on initiation of PCR organisation and institutionalisation of PCR process through executive directive/cabinet decision/NEDA Board directive - whichever is more appropriate and binding.



- Finally, once these organisational requirements have been defined and necessary policy support to these have been indicated, initiate steps to institutionalise the process through appropriate staffing, training and budgetting. Steps should be taken to link the PCR/ex-post evaluation to the planning process of the country.

RECOMMENDATIONS

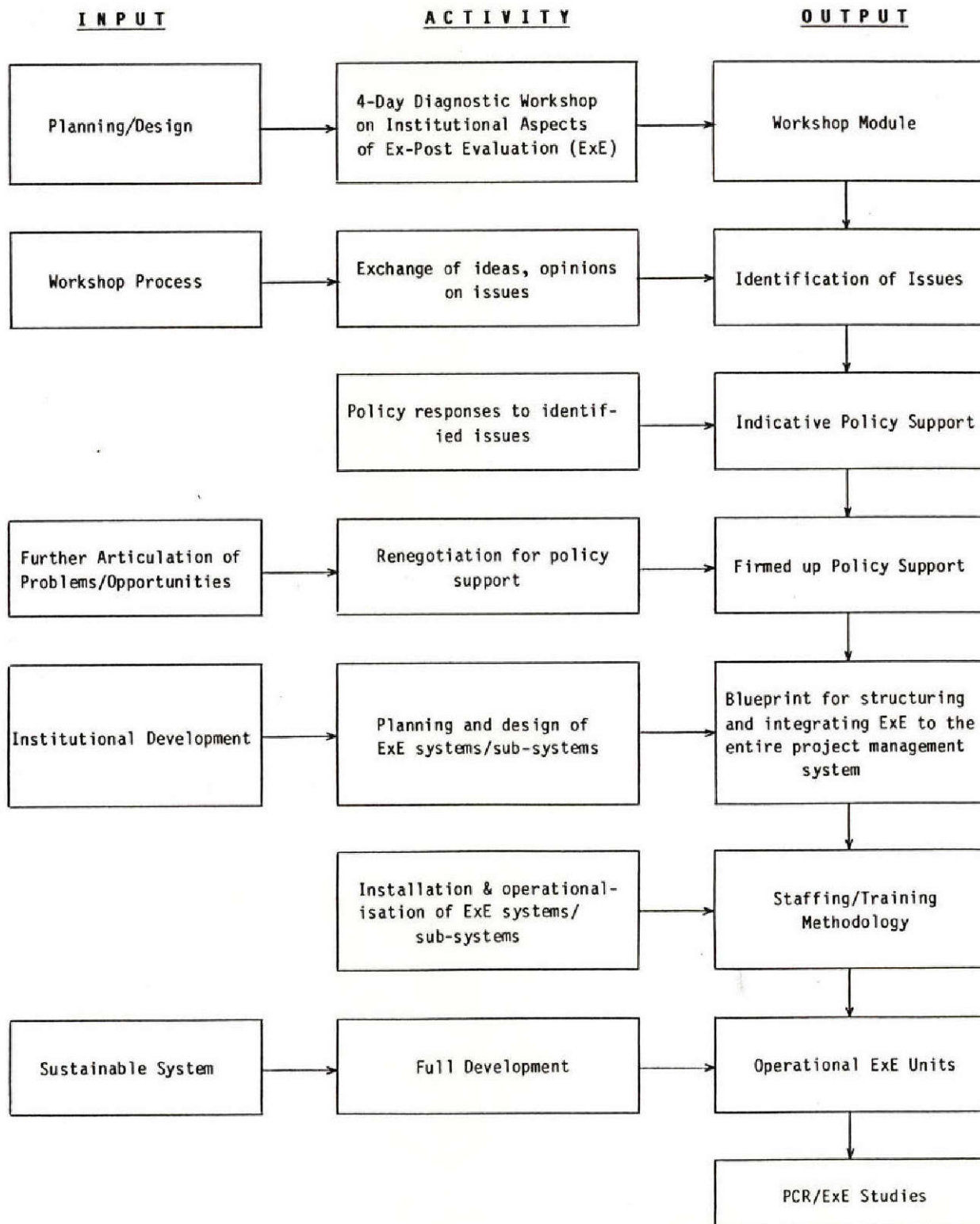
1. At this stage, my suggestion would be not to go for a training seminar on monitoring and evaluation per se, but to organise a diagnostic Seminar/Workshop dealing with the organisational and institutional requirements of PCR and ex-post evaluation in the Philippines.
2. As an outcome of this workshop, a document indicating policy initiatives to be prepared and later use this document for institutional development relating to PCR and ex-post evaluation throughout the entire part of the government - from project to centre. (See attached Flow-Chart on Institutional Development Process in PCR and Ex-post Evaluation in Philippines in Attachment C).

NOTE: Details on proposed workshop as outlined in Item I above follows.

ATTACHMENT C

FLOW CHART

INSTITUTIONAL DEVELOPMENT PROCESS FOR EX-POST EVALUATION IN PHILIPPINES





III. BACKGROUND PAPER ON ORGANISING A DIAGNOSTIC
WORKSHOP ON INSTITUTIONAL/ORGANISATIONAL ASPECTS
OF PCR/EX-POST EVALUATION IN THE PHILIPPINES



**SEMINAR/WORKSHOP ON ORGANISATIONAL ARRANGEMENTS AND
INSTITUTIONAL NEEDS FOR PROJECT COMPLETION REPORT &
EX-POST EVALUATION IN THE PHILIPPINES**

A. BACKGROUND

The importance of project ex-post evaluation has been widely discussed and there is no doubt that the results, if properly utilised, can be very valuable in guiding future project development work. In the Philippines, although PCR and ex-post evaluation as important tools of development is well recognised, these activities are yet to be appropriately institutionalised for the purpose of regular and continued applications.

In this regard, the National Economic and Development Authority (NEDA), in co-ordination with the World Bank (WB), propose to sponsor a seminar/workshop to identify problems that hinder, and recommend options that will enhance the conduct of project ex-post evaluation in the country, mainly from its institutional and organisation point of view. The Development Academy of the Philippines may be the executing agency for planning and implementation of the seminar/workshop.

B. OBJECTIVES

Specifically, the seminar/workshop shall seek to:-

1. Identify issues and constraints hindering the conduct of ex-post evaluations.
2. Indicate helpful measures that would lead to the institutionalisation of ex-post evaluation in current project development activities and also identify such organisational structures which may be initiated, as far as possible, within current project management and reporting system of the government.
3. Finally, generate commitments from senior government officials, the acceptance and implementation of ex-post evaluation in their agencies as well as in the overall development management system of the government.

C. SEMINAR/WORKSHOP DESIGN

The seminar/workshop shall be carried out in two (2) phases:-

Phase I: Seminar/Workshop Proper

This shall be a three (3) day live-in seminar with participants coming from the ranks of senior project executives of key infrastructure and rural development projects, senior officers of central line bodies concerned with project development and administration as well as some select donor agencies. Through structured discussions, the participants



shall identify and analyse the strategic issues and problems affecting the conduct of project ex-post evaluation in the Philippines, and recommend measures which will promote its full acceptance and indicate organisational arrangements necessary for the institutionalised application of the activity.

To facilitate the exchange of insights and experiences on the subject, the participants shall be asked to prepare individual papers reflecting their own assessment of the prospects of institutionalising ex-post evaluation in their projects/agencies. These papers shall serve as inputs during their discussions, and shall be consolidated at the end of the seminar. To complement the participants' individual papers, NEDA and/or World Bank representatives shall provide inputs on the importance of ex-post evaluation for foreign-assisted projects.

At the end of Phase I, the participants are expected to come up with proposed measures which will promote the institutionalisation of ex-post evaluation in the country. These may include specific action steps to strengthen technical capabilities in this area.

Phase II: Policy Forum

The outputs of Phase I shall be presented and discussed with a panel of key senior officials (Undersecretaries and Assistant Secretaries) in the infrastructure (DPWH, DOTC, NIA, LWUA etc.), rural development (DA, DAR, etc.) and oversight agencies (DBM, COA, DOF, NEDA) is crucial.

An equal number of Phase I participants shall be asked to present their findings and recommendations to the panel. The objective of the Forum discussions which will ensue is to solicit the support and commitment of the Panel to these recommendations.

Agreements reached during the Forum shall be documented and will serve as a guide in the succeeding activities of the sponsoring agencies (NEDA, World Bank) in this area. Participating agencies may also choose to pursue further activities which will develop in-house ex-post evaluation capabilities including establishment of organisational arrangements.

D. CONTENT

Phase I

- Day 1: 1. PCR and Ex-post Evaluation and its relationships to Project Cycle: Panel Speakers
2. Ex-Post Evaluation Experience in Philippines: Overview of Successes & Difficulties (Group Discussion)
- Day 2: 3. Ex-Post Evaluation Experience in Philippines: Methodological and Organisational Issues
- Successes & Difficulties (Group Discussion)



4. Ex-post Evaluation Experience in Philippines: Organisational Issues
- Strengths and Weaknesses

- Day 3: 5. Ex-post Evaluation Experience in Philippines: Recommendations
- Organisational & Institutional Issues

Phase II

- Day 4: 6. Responses of Policy Makers to Identified Organisational/
Institutional Issues
(Group Discussion)

7. Accepted Recommendations on Policy Initiatives.

E. TIMING AND DURATION

It was agreed, considering the involvement of project directors and other government officials in different sorts of activities during the year, that any time during end February to mid-March is a good time to have the seminar, for this is regarded as a slack period in the Philippines and therefore will achieve the desired level and number of participation.

Duration: Phase I (3 days) + Phase II (1 day).

F. SEMINAR PLANNING

Detailed planning and design of the seminar have to be done during January. Parties involved in planning are: OED, NEDA, Development Academy of Philippines and the International Consultant.

G. NUMBER OF PARTICIPANTS

Phase I 20-25

Phase II 10 (5 Policy Makers + 5 from Phase I)

H. COST AND FUNDING

This Seminar/Workshop is targetted to be conducted sometime in late February or early March 1989. Local cost of the seminar is estimated at P247,698.00, the breakdown is shown in Attachment D. Funding for the workshop, both local and foreign, is expected to come from the donor agency.

NOTE:

Low cost estimates are given by the Development Academy of the Philippines which is negotiable and amendable. It should also be noted that this estimate covers only local costs and does not include costs of international consultant or any other costs relevant to donor participation.

A T T A C H M E N T D

* Proposed Local Budget *

PHASE I : Seminar/Workshop Proper

I. Professional Fees		86,250.00
a) Workshop Facilitators	48,750.00	
b) Honoraria for Participants	37,500.00	
II. Out-of-Pocket Cost		125,490.00
a) Supplies & Materials	6,250.00	
b) Travel & Transportation	50,340.00	
c) Venue/Facilities/Equipment	4,860.00	
d) Food	36,540.00	
e) Rooms	18,000.00	
f) Miscellaneous	9,500.00	
	Sub-Total	211,740.00

PHASE II: Policy Forum

I. Professional Fees		8,000.00
a) Workshop Facilitators	8,000.00	
II. Out-of-Pocket Cost		5,440.00
a) Supplies & Materials	600.00	
b) Travel & Transportation	140.00	
c) Venue/Facilities/Equipment	400.00	
d) Food	4,000.00	
e) Miscellaneous	300.00	
	Sub-Total	13,440.00
	TOTAL	P225,180.00
	plus 10% Value	
	Added Tax	22,518.00
	TOTAL PROJECT COST =	P247,698.00
		=====
		(US\$12,024.00)

NOTE: These estimates have been obtained from the Development Academy of the Philippines.

Budget Assumptions - Phase I

I. Personal Services Fee 86,250.00

A. Workshop Facilitators 48,750.00

<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
Planning	2 Facs	4 days	P 2,500	20,000.00
	1 Sec	2 days	500	1,000.00
Implementation	2 Facs	3 days	2,500	15,000.00
	1 Sec	3 days	500	1,500.00
	1 Driver	3 days	250	750.00
Post	2 Facs	2 days	2,500	10,000.00
	1 Sec	1 day	500	500.00

B. Honoraria of Participants 37,500.00

Rate = P 1,500

of pax = 25

II. Out-of-Pocket Cost 125,490.00

A. Supplies and Materials/Reproduction 6,250.00

Rate/pax = P 250

of pax = 25

(includes notebook, certificates, filler, packaging, etc.)

B. Travel and Transportation 50,340.00

1. Airfare

Rate/pax = P 3,500

of pax = 13 (50%)

Total 45,500.00

(round-trip ticket)

2. Bus Rental for DAPCC 4,000.00
(2-way ordinary bus)

3. Gasoline

Rate/liter = P7

of liters = 30 liters

of trips = 4 trips

Total 840.00

C. Venue/Facilities/Equipment	4,860.00
1. Rec Hall	
Rate/hr. = P102/hr.	
# of hrs. = 4 hrs.	
Total	408.00
2. Workshop Room	
Rate/hr. = P125/hr.	
# of hrs. = 7 hrs.	
# of days = 3 days	
Total	1,302.00
3. Conference Room	
Rate/hr. = P125/hr.	
# of hrs. = 6 hrs.	
# of days = 3 days	
Total	2,250.00
4. Equipment	900.00
Overhead Projector	
3 days x P150/day	
= 450	
PA Systems	
3 days x P150/day	
= 450	
D. Food (plus 1.5% sales tax)	36,540.00
Rate/day = P400	
# of pax = 30	
# of days = 3 days	
Total	36,000.00
E. Rooms	
Rate/day = P400	
# of pax = 30	
# of rooms = 15	
# of days = 3 days	
Total	18,000.00
F. Miscellaneous/Contingencies	9,500.00

Phase II

I. Personal Services Fee 8,000.00

A. Workshop Facilitators 8,000.00

<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
Planning	1 Fac	2 days	P 1,500	3,000.00
Implementation	2 Facs	.5 days	2,500	2,500.00
	1 Sec	2 days	500	1,000.00
Post	1 Fac	1 day	1,500	1,500.00

II. Out-of-Pocket Cost 5,440.00

A. Supplies and Materials/Reproduction 600.00

Rate/pax = P 20/day
 # of pax = 30
 (includes notebook, certificates,
 filler, packaging, etc.)

B. Travel and Transportation 140.00

1. Gasoline

Rate/liter = P7
 # of liters = 20 liters
 Total 140.00

C. Venue/Facilities/Equipment 400.00

1. Audio-Visual Room

Rate/day = P800/day
 # of day = 1/2 day

D. Food (plus 1.5% sales tax) 4,000.00

Rate/day = P50/day (snacks)
 # of pax = 30
 Total 1,500.00

Rate/day = P80/pax (cocktails)
 # of pax = 30
 Total 2,400.00

F. Miscellaneous/Contingencies 300.00

REPORT ON MISSION WORK
IN THE PHILIPPINES

1/10/88 - 7/10/88

M.Adil Khan

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- Secondly, identify information requirements of PCR - those of donors and the government - and indicate ways to standardise them and then assist in developing a reporting format within the government accommodating, as much as possible, demands of different stakeholders.
- Thirdly, identify organisational requirements of PCR and Ex-post Evaluation - from project to region to centre - and structure them as much as possible, within the existing development administration system of the government.
- Fourthly, as a follow-up of the above, obtain policy support on initiation of PCR organisation and institutionalisation of PCR process through executive directive/cabinet decision/NEDA Board directive - whichever is more appropriate and binding.



- Finally, once these organisational requirements have been defined and necessary policy support to these have been indicated, initiate steps to institutionalise the process through appropriate staffing, training and budgetting. Steps should be taken to link the PCR/ex-post evaluation to the planning process of the country.

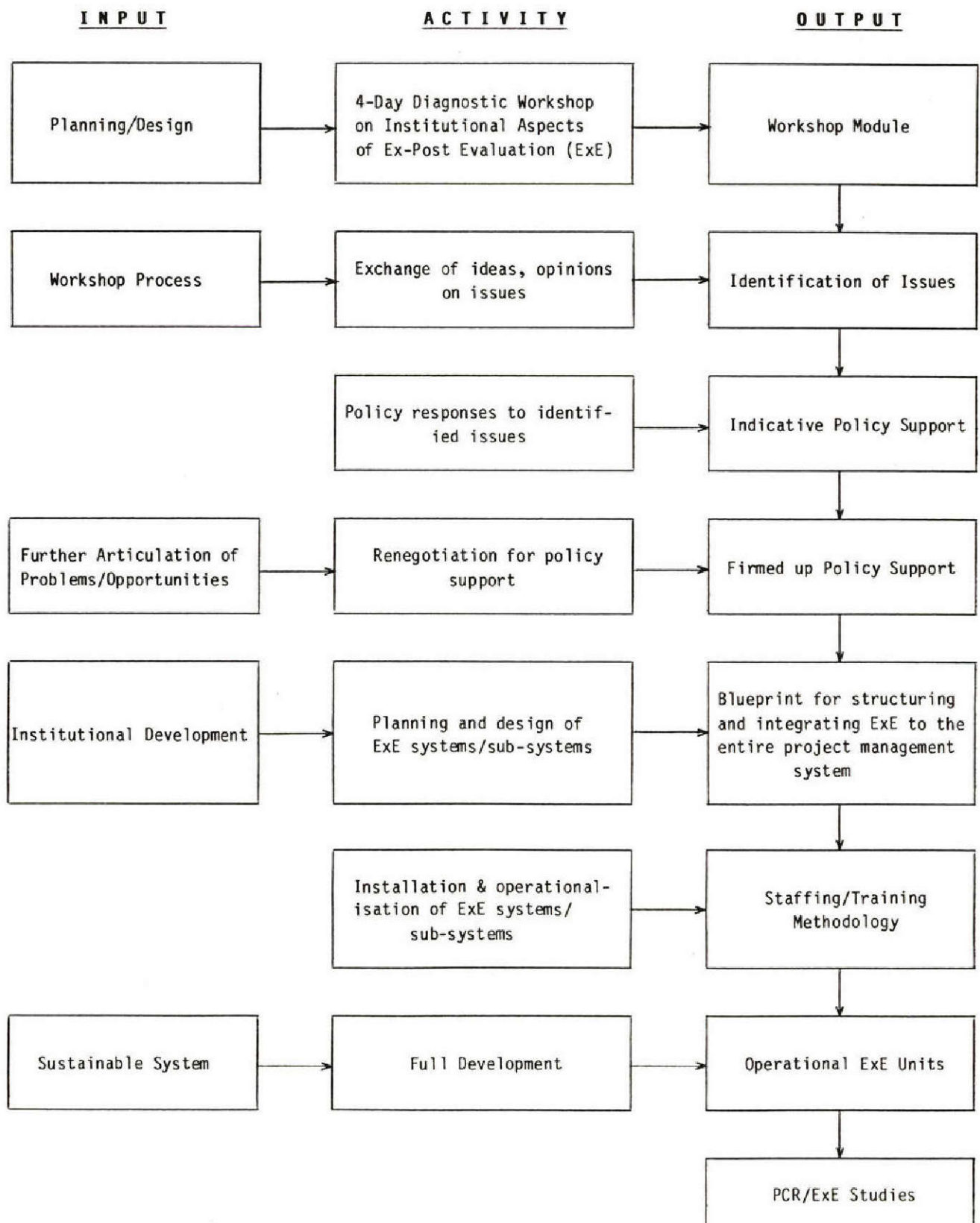
RECOMMENDATIONS

1. At this stage, my suggestion would be not to go for a training seminar on monitoring and evaluation per se, but to organise a diagnostic Seminar/Workshop dealing with the organisational and institutional requirements of PCR and ex-post evaluation in the Philippines.
2. As an outcome of this workshop, a document indicating policy initiatives to be prepared and later use this document for institutional development relating to PCR and ex-post evaluation throughout the entire part of the government - from project to centre. (See attached Flow-Chart on Institutional Development Process in PCR and Ex-post Evaluation in Philippines in Attachment C).

NOTE: Details on proposed workshop as outlined in Item I above follows.

FLOW CHART

INSTITUTIONAL DEVELOPMENT PROCESS FOR EX-POST EVALUATION IN PHILIPPINES





**III. BACKGROUND PAPER ON ORGANISING A DIAGNOSTIC
WORKSHOP ON INSTITUTIONAL/ORGANISATIONAL ASPECTS
OF PCR/EX-POST EVALUATION IN THE PHILIPPINES**



**SEMINAR/WORKSHOP ON ORGANISATIONAL ARRANGEMENTS AND
INSTITUTIONAL NEEDS FOR PROJECT COMPLETION REPORT &
EX-POST EVALUATION IN THE PHILIPPINES**

A. BACKGROUND

The importance of project ex-post evaluation has been widely discussed and there is no doubt that the results, if properly utilised, can be very valuable in guiding future project development work. In the Philippines, although PCR and ex-post evaluation as important tools of development is well recognised, these activities are yet to be appropriately institutionalised for the purpose of regular and continued applications.

In this regard, the National Economic and Development Authority (NEDA), in co-ordination with the World Bank (WB), propose to sponsor a seminar/workshop to identify problems that hinder, and recommend options that will enhance the conduct of project ex-post evaluation in the country, mainly from its institutional and organisation point of view. The Development Academy of the Philippines may be the executing agency for planning and implementation of the seminar/workshop.

B. OBJECTIVES

Specifically, the seminar/workshop shall seek to:-

1. Identify issues and constraints hindering the conduct of ex-post evaluations.
2. Indicate helpful measures that would lead to the institutionalisation of ex-post evaluation in current project development activities and also identify such organisational structures which may be initiated, as far as possible, within current project management and reporting system of the government.
3. Finally, generate commitments from senior government officials, the acceptance and implementation of ex-post evaluation in their agencies as well as in the overall development management system of the government.

C. SEMINAR/WORKSHOP DESIGN

The seminar/workshop shall be carried out in two (2) phases:-

Phase I: Seminar/Workshop Proper

This shall be a three (3) day live-in seminar with participants coming from the ranks of senior project executives of key infrastructure and rural development projects, senior officers of central line bodies concerned with project development and administration as well as some select donor agencies. Through structured discussions, the participants



shall identify and analyse the strategic issues and problems affecting the conduct of project ex-post evaluation in the Philippines, and recommend measures which will promote its full acceptance and indicate organisational arrangements necessary for the institutionalised application of the activity.

To facilitate the exchange of insights and experiences on the subject, the participants shall be asked to prepare individual papers reflecting their own assessment of the prospects of institutionalising ex-post evaluation in their projects/agencies. These papers shall serve as inputs during their discussions, and shall be consolidated at the end of the seminar. To complement the participants' individual papers, NEDA and/or World Bank representatives shall provide inputs on the importance of ex-post evaluation for foreign-assisted projects.

At the end of Phase I, the participants are expected to come up with proposed measures which will promote the institutionalisation of ex-post evaluation in the country. These may include specific action steps to strengthen technical capabilities in this area.

Phase II: Policy Forum

The outputs of Phase I shall be presented and discussed with a panel of key senior officials (Undersecretaries and Assistant Secretaries) in the infrastructure (DPWH, DOTC, NIA, LWUA etc.), rural development (DA, DAR, etc.) and oversight agencies (DBM, COA, DOF, NEDA) is crucial.

An equal number of Phase I participants shall be asked to present their findings and recommendations to the panel. The objective of the Forum discussions which will ensue is to solicit the support and commitment of the Panel to these recommendations.

Agreements reached during the Forum shall be documented and will serve as a guide in the succeeding activities of the sponsoring agencies (NEDA, World Bank) in this area. Participating agencies may also choose to pursue further activities which will develop in-house ex-post evaluation capabilities including establishment of organisational arrangements.

D. CONTENT

Phase I

- Day 1: 1. PCR and Ex-post Evaluation and its relationships to Project Cycle: Panel Speakers
2. Ex-Post Evaluation Experience in Philippines: Overview of Successes & Difficulties (Group Discussion)
- Day 2: 3. Ex-Post Evaluation Experience in Philippines: Methodological and Organisational Issues
- Successes & Difficulties (Group Discussion)



4. Ex-post Evaluation Experience in Philippines: Organisational Issues
 - Strengths and Weaknesses

- Day 3: 5. Ex-post Evaluation Experience in Philippines: Recommendations
 - Organisational & Institutional Issues

Phase II

- Day 4: 6. Responses of Policy Makers to Identified Organisational/
Institutional Issues
(Group Discussion)

7. Accepted Recommendations on Policy Initiatives.

E. TIMING AND DURATION

It was agreed, considering the involvement of project directors and other government officials in different sorts of activities during the year, that any time during end February to mid-March is a good time to have the seminar, for this is regarded as a slack period in the Philippines and therefore will achieve the desired level and number of participation.

Duration: Phase I (3 days) + Phase II (1 day).

F. SEMINAR PLANNING

Detailed planning and design of the seminar have to be done during January. Parties involved in planning are: OED, NEDA, Development Academy of Philippines and the International Consultant.

G. NUMBER OF PARTICIPANTS

Phase I 20-25

Phase II 10 (5 Policy Makers + 5 from Phase I)

H. COST AND FUNDING

This Seminar/Workshop is targetted to be conducted sometime in late February or early March 1989. Local cost of the seminar is estimated at P247,698.00, the breakdown is shown in Attachment D. Funding for the workshop, both local and foreign, is expected to come from the donor agency.

NOTE:

Low cost estimates are given by the Development Academy of the Philippines which is negotiable and amendable. It should also be noted that this estimate covers only local costs and does not include costs of international consultant or any other costs relevant to donor participation.

A T T A C H M E N T D

* Proposed Local Budget *

PHASE I : Seminar/Workshop Proper

I.	Professional Fees		86,250.00
	a) Workshop Facilitators	48,750.00	
	b) Honoraria for Participants	37,500.00	
II.	Out-of-Pocket Cost		125,490.00
	a) Supplies & Materials	6,250.00	
	b) Travel & Transportation	50,340.00	
	c) Venue/Facilities/Equipment	4,860.00	
	d) Food	36,540.00	
	e) Rooms	18,000.00	
	f) Miscellaneous	9,500.00	
	Sub-Total		211,740.00

PHASE II: Policy Forum

I.	Professional Fees		8,000.00
	a) Workshop Facilitators	8,000.00	
II.	Out-of-Pocket Cost		5,440.00
	a) Supplies & Materials	600.00	
	b) Travel & Transportation	140.00	
	c) Venue/Facilities/Equipment	400.00	
	d) Food	4,000.00	
	e) Miscellaneous	300.00	

Sub-Total 13,440.00

TOTAL P225,180.00

plus 10% Value

Added Tax 22,518.00

TOTAL PROJECT COST = P247,698.00

=====

(US\$12,024.00)

NOTE: These estimates have been obtained from the Development Academy
of the Philippines.

Budget Assumptions - Phase I

I. Personal Services Fee 86,250.00

A. Workshop Facilitators 48,750.00

<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
Planning	2 Facs	4 days	P 2,500	20,000.00
	1 Sec	2 days	500	1,000.00
Implementation	2 Facs	3 days	2,500	15,000.00
	1 Sec	3 days	500	1,500.00
	1 Driver	3 days	250	750.00
Post	2 Facs	2 days	2,500	10,000.00
	1 Sec	1 day	500	500.00

B. Honoraria of Participants 37,500.00

Rate = P 1,500
of pax = 25

II. Out-of-Pocket Cost 125,490.00

A. Supplies and Materials/Reproduction 6,250.00

Rate/pax = P 250
of pax = 25
(includes notebook, certificates, filler, packaging, etc.)

B. Travel and Transportation 50,340.00

1. Airfare

Rate/pax = P 3,500
of pax = 13 (50%)
Total 45,500.00
(round-trip ticket)

2. Bus Rental for DAPCC 4,000.00
(2-way ordinary bus)

3. Gasoline

Rate/liter = P7
of liters = 30 liters
of trips = 4 trips
Total 840.00

C. Venue/Facilities/Equipment	4,860.00
1. Rec Hall	
Rate/hr. = P102/hr.	
# of hrs. = 4 hrs.	
Total	408.00
2. Workshop Room	
Rate/hr. = P125/hr.	
# of hrs. = 7 hrs.	
# of days = 3 days	
Total	1,302.00
3. Conference Room	
Rate/hr. = P125/hr.	
# of hrs. = 6 hrs.	
# of days = 3 days	
Total	2,250.00
4. Equipment	900.00
Overhead Projector	
3 days x P150/day	
= 450	
PA Systems	
3 days x P150/day	
= 450	
D. Food (plus 1.5% sales tax)	36,540.00
Rate/day = P400	
# of pax = 30	
# of days = 3 days	
Total	36,000.00
E. Rooms	
Rate/day = P400	
# of pax = 30	
# of rooms = 15	
# of days = 3 days	
Total	18,000.00
F. Miscellaneous/Contingencies	9,500.00

Phase II

I. Personal Services Fee 8,000.00

A. Workshop Facilitators 8,000.00

<u>Activities</u>	<u># of staff</u>	<u># of Days</u>	<u>Billing Rates</u>	<u>Total</u>
Planning	1 Fac	2 days	P 1,500	3,000.00
Implementation	2 Facs	.5 days	2,500	2,500.00
	1 Sec	2 days	500	1,000.00
Post	1 Fac	1 day	1,500	1,500.00

II. Out-of-Pocket Cost 5,440.00

A. Supplies and Materials/Reproduction 600.00

Rate/pax = P 20/day
 # of pax = 30
 (includes notebook, certificates,
 filler, packaging, etc.)

B. Travel and Transportation 140.00

1. Gasoline

Rate/liter = P7
 # of liters = 20 liters
 Total 140.00

C. Venue/Facilities/Equipment 400.00

1. Audio-Visual Room

Rate/day = P800/day
 # of day = 1/2 day

D. Food (plus 1.5% sales tax) 4,000.00

Rate/day = P50/day (snacks)
 # of pax = 30
 Total 1,500.00

Rate/day = P80/pax (cocktails)
 # of pax = 30
 Total 2,400.00

F. Miscellaneous/Contingencies 300.00

