

The Republic of the Philippines

FY2020 Ex-Post Evaluation Report on Technical Cooperation Project

“Capacity Development in Public-Private Partnership (PPP) Project Formulation”

External Evaluator: Naomi Nakai, Keishi Miyazaki, OPMAC Corporation

0. Summary

The objectives of this project were to accelerate the infrastructure development necessary for the country’s economic development by enhancing the capacity for Public-Private Partnership (PPP) project formulation between the Philippine government and implementing agencies. In the Philippines, under severe fiscal circumstances, foreign direct investment has tended to be low due to delays in infrastructure development, which have hindered economic growth. Therefore, the Philippine government has been working to accelerate infrastructure development by utilizing PPP to tap the private sector’s efficiency, innovations and financial capital. The objectives of this project were consistent with the Philippines’ development policy and development needs as well as with Japanese aid policy. However, the relevance is evaluated to be fair as there are issues in the setting of logical pathways and indicators leading from the project activities to the overall goal, as well as the project design in areas such as the implementation structure. At the time of project completion, it was considered that the acquisition of knowledge and the strengthening of implementing agencies’ capacities through training had generally been made, except for some agencies, although they had not yet been institutionalized. In addition, although the indicators of the overall goal have been generally achieved, the degree of the contribution of this project is unclear. On the other hand, although there are some issues in capacity improvement of the implementing agencies and the PPP Center, it has been confirmed that the effect is manifested to some extent. Based on the above, the effectiveness and impact are considered to be fair. Although the project cost was mostly as planned, the project period exceeded the plan, therefore, the efficiency is fair. Regarding sustainability, new methods and institutional arrangements have been introduced after project completion in terms of systems and structure. None of these affect the sustainability of this project but instead are considered desirable from the perspective of the sustainability of the project effects. No major problems have been observed in the policy and political commitment and the institutional/organizational, technical, or financial aspects. Therefore, the sustainability of the project effects is high.

In light of the above, this project is evaluated to be partially satisfactory.

1. Project Description



Project Location



Operation training at Baguio Sewage Treatment Facility
(Photo provided by PPP Center)

1.1 Background

In the Philippines, foreign direct investment has tended to be lower than in other ASEAN countries due to delays in infrastructure development, which have hindered economic growth. The President Aquino administration, formed in 2010, declared in the Philippine Development Plan (2011-2016) that public investment in 2016 would be increased to 2.7%¹ of GDP, which was thereafter raised to 5.0% in a 2013 review. The administration announced a policy emphasizing PPP, which could develop large-scale infrastructure by utilizing private funds as an essential means of achieving the goal. Against this background, JICA collected and analyzed information on the current status and issues of PPP in the Philippines and made policy recommendations through two surveys. This project was implemented as a technical cooperation project related to the ODA loan of the Development Policy Support Program (Investment Climate) to respond to the issues.

¹ From 2000 to 2010, the average public investment as a percentage of GDP was 2.1%.

1.2 Project Outline

Overall Goal		An improved PPP project formulation process will contribute to infrastructure development necessary for sustainable economic development of the Philippines.
Project Purpose		Capacity of the GOP (Department of Public Works and Highways: DPWH), Department of Transportation (DOTr) ² , Department of Health (DOH) will be improved to formulate PPP projects.
Outputs	Output 1	The selection of PPP candidate projects will be enhanced with added consistency and strategic consideration.
	Output 2	PPP project formulation capacity of the following Implementing Agencies (DPWH, DOTr, DOH, Iloilo City LGU.) will be strengthened.
	Output 3	A policy discussion is facilitated relative to the GOP support mechanism for PPP financing.
Total Cost (Japanese Side)		504 million yen
Period of Cooperation		November 2014 – December 2017 (including extended period: January 2017 – December 2017)
Target Area		The Republic of the Philippines
Implementing Agency		Counterpart: PPP Center, DOH, DPWH, DOTr, Iloilo City LGU
Other Relevant Agencies / Organizations		Department of Finance (DOF) - Target agency of activities for Output 3.
Consultant in Japan		Joint Venture: Deloitte Tohmatsu Financial Advisory LLC (Japan) / Castalia Limited (New Zealand)
Related Projects		[ODA Loan] Development Policy Support Program (Investment Climate) (Signing of Loan Agreement: October 2012) * This project was a technical cooperation project related to the above ODA loan project. [Other Donors] Asian Development Bank (ADB), “Strengthening Evaluation and Fiscal Cost Management of Public-Private Partnerships” (2014 – 2017) (Technical Assistance)

2. Outline of Evaluation Study

2.1 External Evaluator

Naomi Nakai (OPMAC Corporation)

Keishi Miyazaki (OPMAC Corporation)

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted with the following schedule.

² DOTr was Department of Transportation and Communications (DOTC) at the start of the Project.

Duration of the Study: December 2020 – January 2022

Duration of Field Study: February 1, 2021 – March 26, 2021

2.3 Constraints during the Evaluation Study

With difficulties in conducting face-to-face interviews with the implementing agencies and project members due to the outbreak of the coronavirus disease (COVID-19), information was mainly gathered through online interviews. However, in some areas where communication systems were poor, there was the cancelation of online focus group interviews, and thus there were certain restrictions on the availability of information.

In addition, since no ex-ante evaluation was conducted for this project, project information, especially information on the project planning stage, was limited compared to the usual ex-post evaluations of technical cooperation projects. The lack of information was supplemented by interviews with JICA officials who were familiar with the project at the planning stage and other materials provided by JICA. However, access to some information remained limited³.

3. Results of the Evaluation (Rating: C⁴)

3.1 Relevance (Rating: ②⁵)

3.1.1 Consistency with the Development Plan of the Philippines

The project was consistent with the development plan of the Philippine government both at the time of project planning and at the time of project completion. In the Philippine Development Plan (2011-2016) at the time of planning, accelerating infrastructure development was positioned as an important strategy and as one of the five key strategies. Under the President Aquino administration, the goal was to increase the ratio of public infrastructure investment to 2.7% of GDP in 2016. One of the means to achieve that goal was to develop large-scale infrastructure by actively introducing PPP which taps the private sector's efficiency, innovations and financial capital.

At the time of project completion, the Philippine Development Plan (2017-2022) listed 15 strategies, including the acceleration of infrastructure development. In addition, it was presented in the 10-point Socioeconomic Agenda announced by President Duterte when he took office in 2016 that PPP plays an essential role in public investment, and therefore the administration would accelerate annual public expenditures for infrastructure to account for 5.0% of GDP, with PPP playing a key role.

³ The data and information collection in this ex-post evaluation was made through (i) the questionnaire survey with 6 agencies (PPP Center, DPWH, DOTr, DOH, Iloilo City LGU, NEDA), (ii) the online interview survey with 8 agencies and persons concerned (PPP Center, DPWH, DOTr, DOH, Iloilo City LGU, Civil Aviation Authority, JICA, JICA experts of the project), and (iii) Focus Group Interview with 2 agencies (PPP center, DPWH) in addition to the review of existing project related documents.

⁴ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

⁵ ③: High, ②: Fair, ①: Low

After President Duterte took office, expenditure for infrastructure reached an average of 6.3% of GDP in 2017-2018. This is more than double the average of 3.0% during the previous regime, indicating an acceleration in infrastructure development. Under the President Duterte administration, more priority to infrastructure spending has been given in the national budget, such as for the promotion of the Build Build Build (BBB) program⁶. In addition, under this administration, the Philippine government has raised the upper limit of the budget deficit to GDP ratio from the previous 2% to 3% in light with low-interest rates worldwide. As a result, government borrowing such as ODA is directed more toward infrastructure spending. Meanwhile, 30 of the government's 104 flagship projects will be implemented as PPP (as of August 2020), which remains as an important means for the government to achieve its goal of accelerating infrastructure development.

Table 1: Average Infrastructure Expenditure and Budget Deficit (as a percentage of GDP)

	Average Infrastructure Expenditure	Budget Deficit (as a percentage of GDP)
President Aquino administration (2011-2016)	3.0	1.6
President Duterte administration (2017-2018)	6.3	2.7

Unit: %

Source: Department of Budget Management, Philippines

The President Duterte administration has come to see the use of PPP as an effective tool to primarily reduce the overconcentration of population in the capital and realize inclusive growth through job creation and infrastructure development in various regions. The PPP Center, which is the counterpart of this project, is a government agency responsible for policy and institutional design, coordination with related organizations, project formation, advice on implementation and the monitoring, etc., of PPP projects in the Philippines, and is an attached agency of the National Economic and Development Authority (NEDA). In 2017, the PPP Center announced the “Local PPP Strategy” and has been strengthening the support of implementing agencies such as local governments.

3.1.2 Consistency with the Development Needs of the Philippines

Consistency with development needs was high both at the time of project planning and project completion. The development needs of this project at the time of planning were as described in “1.1 Background.” This ex-post evaluation sought to confirm whether the project purposes of (1) Infrastructure development through PPP (Overall Goal), (2) Enhancement of PPP project formulation capacity of the implementing agencies (Project Purpose, Output 1 and Output 2)

⁶ The BBB Program is a development project that aims to accelerate spending on infrastructure, promote growth, create jobs, and develop industries to uplift the lives of Filipinos by targeting sectors such as railways, airports, industrial parks, energy, water sources, irrigation, flood management, and redevelopment.

and (3) Development of a system to promote the entry of the private sector into PPP projects (Output 3), met the needs of the Philippines at the times of project planning and project completion.

(1) Infrastructure Development through PPP

As mentioned above, infrastructure development through PPP was a key strategy under the President Aquino administration at the time of project planning. It was also being emphasized by the President Duterte administration when the project was completed.

(2) Enhancement of PPP Project Formulation Capacity of the Implementing Agencies

In the existing studies⁷ before project implementation, issues with project formulation capacity and implementation capacity were pointed out, such as insufficient development of good project candidates and many delays in infrastructure development through PPP due to the limitation of the implementing agency's PPP project implementation capacity. In this project, the capacities of target implementing agencies were evaluated, and a program suitable for each, based on their capacity at that time, was provided. The programs did not solve all the issues pointed out in the above existing studies, however, they also responded to issues recognized at the time of project planning, as described later in terms of "Effectiveness."

(3) Development of a System to Promote the Entry of the Private Sector into PPP Projects

At the time of project planning, the existing surveys pointed out the need for a system that would allow the private sector to enter an appropriate competitive environment. In addition, during the implementation of the project, JICA experts examined the guarantee system necessary to promote the entry of the private sector. However, as described later in "Appropriateness of the Project Plan and Approach," it was not possible to approach improvement of this system in this project. Therefore, although it is considered that there was a need, there were issues in the project plan and approach as described later.

3.1.3 Consistency with Japan's ODA Policy

The purpose of this project was consistent with the Country Assistance Program for the Philippines (April 2012) which contained "Sustainable Economic Growth through Promotion of Investment." In addition, it was also in line with the goal of JICA's country analysis paper for the Philippines (March 2012), which stated that it would provide technical support to improve the PPP system and strengthen capacity and comprehensively support infrastructure development under "Sustainable Economic Growth through Promotion of Investment."

⁷ The study on improvement of the PPP system (FY2011) and the study on supporting institutional development of PPP (FY2013).

3.1.4 Appropriateness of the Project Plan and Approach

Some issues were recognized in setting the logic and indicators of the Project Design Matrix (PDM), management of the PDM following scope changes, the position of the project as a technical cooperation project related to ODA loan, and collaboration with ADB.

3.1.4.1 Setting of the Logic and Indicators of the PDM

The outputs described in the PDM are: (1) Selection of PPP candidate projects will be enhanced with added consistency and strategic consideration, (2) PPP project formulation capacity of the following Implementing Agencies (DPWH, DOTr, DOH, Iloilo City LGU) will be strengthened, and (3) A policy discussion is facilitated relative to the GOP support mechanism for PPP financing. Through these three outputs, the project aimed to improve the capacity of the GOP (DPWH, DOTr, DOH, Iloilo City LGU) to formulate PPP (the Project Purpose).

Looking at each output to achieve the project purpose, Output 2 and the project purpose both point to the same content, given that the implementing agencies and the GOP assumingly indicate the same target agencies with difference terms. That is, the project purpose is a paraphrase of Output 2. Since the selection process of PPP projects in the implementing agencies is also part of the project formation, it can be said that Output 1 will contribute to the improvement of the PPP project formation capacity, which is the project purpose. On the other hand, the policy dialogue (policy discussions conducted between JICA and DOF) envisioned in Output 3 indirectly affects the overall goal of “An improved PPP project formulation process will contribute to the infrastructure development necessary for sustainable economic development of the Philippines”. However, the direct impact on the achievement of the project purpose is considered to be limited.

In addition, generally, in a technical cooperation project, the Output is the result of the activities, and the project purpose is the direct outcome that is manifested during the period up to project completion. Therefore, the indicators of the outcome and project purpose represent the situation/status to be achieved when the project is completed. However, in the case of this project, considering that it would take about three years after project completion to establish a model for PPP project formation, and for the results to appear in the number of tenders for the PPP project, the indicator was set to three years after project completion for Output 2 and the project purpose. In other words, the original aim of this project was to build a model for PPP project formation, and Output 2 and the project purpose described in the PDM corresponded to the overall goals.

In light of the above, it is considered that there are issues in the PDM in terms of logic, from activities to the overall goal and their indicators.

3.1.4.2 Management of the PDM Following Scope Changes

When this project began in November 2014, it was expected that Output 1 would select specific PPP projects based on the master plan, which would be used as pilot projects in Output 2 to conduct the feasibility study and provide support for creating tender documents mainly by on-the-job-training (OJT). In other words, Output 1 and 2 aimed to improve the PPP project formation capacity of the target implementing agencies by supporting the restructuring of the process of “consistent and strategic selection of PPP projects based on the master plan.” However, when the project began and the pilot projects were selected, it became clear that it was difficult to provide support in the way initially envisioned, mainly from the perspective of complying with the Environmental and Social Consideration Guidelines, and therefore the scope was revised in September 2015. In doing so, the terms of reference of the JICA experts of the project stipulated in the contract changed. However, the PDM was not modified accordingly. For this reason, the activities and outputs that were outside the project scope due to the scope change remained in the PDM. It can be argued that the PDM should have been thoroughly reviewed at the timing of the scope change.

In this ex-post evaluation, evaluation is fundamentally performed according to the PDM. However, as for effectiveness, it is necessary to confirm the outcomes up to project completion. Therefore, instead of confirmation of achievements of the indicators with the target years as three years after project completion, an examination was mainly made of the results of the activities, and the evaluation of the impact focus on the status of the manifestation of the project purpose and outputs at the time of the ex-post evaluation, in addition to the achievement status of the overall goal.

3.1.4.3 Position as a Technical Cooperation Project Related to ODA Loan

At the time of project planning, through linking the project to, and cooperation with, the ODA loan “Development Policy Support Program (Investment Climate)”, the synergistic effect of increasing and speeding up the development effect of the ODA loan was expected. However, the mechanism for cooperation between the two projects was not incorporated into the project plan, and no substantial collaboration between the two projects was carried out during the project implementation period. It would be a challenge to expect synergistic effects to occur spontaneously in situations where the experts and related parties who support each project differ. Therefore, it is necessary to have a system for mutually utilizing the outputs of both projects, such as institutionalizing the periodic coordination meetings into the project implementation schemes.

3.1.4.4 Collaboration with ADB

As mentioned above, the same can be said for collaboration with ADB. In parallel with this project, ADB provided technical assistance related to PPP. As it mainly targeted NEDA, which is responsible for the approval process of PPP projects, and DOF, which is the competent authority for financial support system development, cooperation related to Output 3 of this project was expected. At the time of project planning, the necessity for collaboration with ADB was confirmed, but no agreement had been reached on establishing a structure or a scheme for specific collaboration. As a result, the collaboration between this project and ADB was not realized during project implementation.

In light of the above, this project was highly relevant to the development plan and development needs of the Philippines, as well as to Japan's ODA policy. However, there were issues in the appropriateness of project planning, and therefore, its relevance is fair.

3.2 Effectiveness and Impacts⁸ (Rating:②)

3.2.1 Effectiveness

In technical cooperation projects, effectiveness is generally evaluated by the output of the activities achieved and the degree of achievement of the project purpose by the time of project completion. As mentioned above, since the indicators are set to be achieved three years after project completion for Output 2 and the project purpose, in this ex-post evaluation, the indicators set in the PDM for the project purpose and Output 2 were not used as an index of effectiveness, and analysis was performed based on the activity results. For Output 1 and Output 3, in addition to the activity results, the degree of achievement of the indicators and the degree of the contribution of this project were analyzed.

3.2.1.1 Achievement of Project Purpose

The project purpose was “capacity of the GOP (DPWH, DOTr, DOH, Iloilo City LGU) will be improved to formulate PPP projects.” The project aimed to achieve the project purpose through these three outputs: “the selection of PPP candidate projects will be enhanced with added consistency and strategic consideration” (Output 1), “PPP project formulation capacity of the following Implementing Agencies (DPWH, DOTr, DOH, Iloilo City LGU) will be strengthened” (Output 2), and “a policy discussion is facilitated relative to the GOP support mechanism for PPP financing” (Output 3).

However, as stated in “3.1.4 Appropriateness of Project Plans and Approach”, while Output 3 would improve the PPP system in the Philippines in a broad sense, it is difficult to say that it directly contributes to the achievement of the project purpose. As for Output 1 and Output 2,

⁸ Sub-rating for Effectiveness is to be put with Consideration of Impacts.

both should have contributed to the accomplishment of the project purpose, as the selection process of PPP projects is also a part of PPP project formation. However, since it became unnecessary to select PPP projects due to the scope change of September 2015, the activities related to Output 1 in PDM were hardly implemented. As a result, there were no cases in which this project contributed to restructuring the process of “consistent and strategic selection of PPP projects based on the master plan” that was initially the aim of this project. Due to this, it is considered that Output 1 has not contributed to the improvement of PPP project formation capacity. As for Output 2, although it did not build a model for PPP project formation, it can be said that it contributed to the improvement of PPP project formation capacity such that it was able to handle the weak areas of each implementing agency.

The aim of Output 2 was to improve the PPP project formation capacity of the implementing agency by analyzing its PPP project implementation capacity, identifying issues, and formulating and implementing training to solve the problems. The original plan was to strengthen the capacity of implementing agencies through OJT using the pilot projects selected in Output 1. After the scope was changed, capacity assessments were conducted for each implementing agency, and capacity-building programs were set up according to the issues identified (Table 2). This capacity-building program is no longer in the form of OJT based on pilot projects, but the primary activities were not changed from the initial plan. In addition, the capacity assessment of each implementing agency conducted by the experts was evaluated as appropriate by the PPP Center and the implementing agency.

Table 2: Capacity Building Direction, Programs/Assistance and the Actual Situation of each Implementing Agency (at time of project completion)

DOH	Direction	Actual
	<ul style="list-style-type: none"> Acquisition of basic knowledge of PPP Understanding the PPP process Acquisition of basic skills for implementing PPP 	<ul style="list-style-type: none"> PPP Unit was established. Training programs were conducted 8 times and more than 20 people participated. DOH-sponsored workshops: 3 times/ more than 100 participants each time. A screening and scoping guidebook for PPP projects were implemented.
	Programs/Assistance	
	<ul style="list-style-type: none"> Establishment of PPP Unit Implementation of training programs Implementation of DOH-sponsored workshops Preparation of screening and scoping guidebook 	
DPWH	Direction	Actual
	<ul style="list-style-type: none"> Acquisition of basic knowledge and concept of PPP Understanding the differences between the public and private roles of PPP in the sewage and road sector, and how to use PPP in practice Development of skills needed to extract and prioritize PPP projects Acquisition of management methods for PPPs proposed by the private sector 	<ul style="list-style-type: none"> Training programs were conducted 8 times for 12 people of implementing agencies in charge of PPP projects. A Guideline for Adopting PPP to NSSMP projects was prepared.
	Programs/Assistance	
	<ul style="list-style-type: none"> Implementation of training programs Preparation of manuals and guidelines 	

DOTr	Direction	Actual
	<ul style="list-style-type: none"> • Improvement of organizational structure (establishment of PPP Unit) • Preparation of manuals 	<ul style="list-style-type: none"> • Establishment of a project model type PPP unit and the improvement of the organizational structure including assignment of a new position of Deputy Secretary in charge of PPP were proposed. • The project implementation manual was prepared. • A training program on contract management (one time) was organized.
Programs/Assistance		
	<ul style="list-style-type: none"> • Proposal for improvement of organizational structure • Creation of manual 	
Iloilo City LGU	Direction	Actual
	<ul style="list-style-type: none"> • Identification and prioritization of potential PPP projects that will realize the city of Iloilo's future vision through review of infrastructure projects and preparation of financial plans. 	<ul style="list-style-type: none"> • A project prioritization tool was prepared and candidate PPP projects were selected by using the tools. • A workshop was organized once at the end and the above selection of candidate PPP projects was explained. • The Proof of Concept of the proposed Iloilo City Sewerage and Septage Project were prepared and presented by the LGU officials.
	Programs/Assistance	
<ul style="list-style-type: none"> • Preparation of tools • Implementation of a training workshop (1 time) • The following are implemented through OJT • Preparation of a long list from the development plan • Prioritization (Identification of potential PPP projects) 		

Source: Project completion report, response to the questionnaires.

The evaluation of each implementing agency's capacity building program was divided according to the capacity level of each implementing agency before project implementation, and to whether the content of the capacity building program was centered on training or whether it focused on organizational reform. The target implementing agencies where training was the center of the capacity building program were generally well-received.

At DOH where knowledge about PPP was insufficient before project implementation, it was not possible to improve the organizational capacity of PPP through training alone. Still, there was feedback that the basic concepts learned in training helped promote PPP. In addition, DPWH, which already had abundant experience in PPP projects in the road sector, highly evaluated the capacity building program for the gaining of practical knowledge for utilizing PPP in the water sector through training. On the other hand, DOTr, which also has abundant PPP experience in the transportation sector, used a program that focused on organizational reform rather than training. However, according to their feedback, one seminar of about 30 minutes was not enough to strengthen capacity (organizational reform will be described later).

At the time of project completion, not all the implementing agencies had used the manuals and tools developed by this project. However, there were many opinions that the content was valuable and helpful.

Regarding organizational reform, only DOH had established a new PPP unit by the time of project completion. Although DOTr proposed the establishment of a PPP unit, establishment was not achieved. As it is considered essential that manuals, tools, and organizational reforms

are embedded and utilized after project completion, a further analysis based on the impact was conducted (details described later).

To summarize the above, in this project, the assessment of PPP project formation of the target implementing agencies was carried out, and capacity building programs were formulated and implemented according to the capacity of each implementing agency. As these activities led to the acquisition of knowledge and the strengthening of the organization based on the level of each implementing agency to some extent, it is considered that Output 2 was mostly achieved. On the other hand, the activities related to Output 1 and Output 3 have hardly been implemented, and the level of the model building of PPP project formation aimed at by this project has not been reached. Therefore, the achievement of effectiveness (project purpose) is evaluated as fair.

3.2.2 Impact

As mentioned in “3.1.4 Appropriateness of the Project Plan and Approach,” there are issues with the PDM logical pathway, such as the achievement year for indicators of the project purpose and Output 2 being set three years after project completion. Therefore, the evaluation of impact focused on the project purpose, the achievement of the outputs, and the achievement status of the overall goal at the time of the ex-post evaluation.

3.2.2.1 Achievement of Project Purpose

The table below shows the achievement of each indicator at the time of the ex-post evaluation.

Table 3: Achievement of Project Purpose

Goal	Indicator	Actual																
Project Purpose: Capacity of the GOP (DPWH, DOTr, DOH, Iloilo City LGU) will be improved to formulate PPP projects.	The following targets have been achieved for next three years after the project completion.																	
	(1) More PPP projects are put to bid per year than the previous three years.	<table border="1"> <thead> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>No. of bids</td> <td>2</td> <td>2</td> <td>6*</td> <td>1</td> <td>2</td> <td>1</td> <td>5</td> </tr> </tbody> </table>	Year	2012	2013	2014	2017	2018	2019	2020	No. of bids	2	2	6*	1	2	1	5
	Year	2012	2013	2014	2017	2018	2019	2020										
No. of bids	2	2	6*	1	2	1	5											
(2) The average number of bidders per a bid of a PPP project increase than the previous three years.	<table border="1"> <thead> <tr> <th>Year</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>No. of bidders **</td> <td>6</td> <td>1.5</td> <td>2.7</td> <td>2</td> <td>3</td> <td>1</td> <td>2</td> </tr> </tbody> </table>	Year	2012	2013	2014	2017	2018	2019	2020	No. of bidders **	6	1.5	2.7	2	3	1	2	
Year	2012	2013	2014	2017	2018	2019	2020											
No. of bidders **	6	1.5	2.7	2	3	1	2											

Source: PPP Center

Note 1:* Of the six bids conducted in 2014, two were canceled in 2016.

Note 2: ** Annual average number of bidders per a bid.

Regarding the achievement of the project purpose, the number of bids has not significantly changed between before and after project implementation, and the average number of bidders

per project is almost the same except in exceptional circumstances. Both numbers increase or decrease depending on the year. Since these indicators rely on the difficulty of the project, the form of PPP, the scale, etc., it is not possible to make a general comparison based on the size of the numerical values⁹. On the other hand, since the content of support for each implementing agency differs from the initial plan due to the change in scope, the effects of project implementation do not necessarily lead to an increase in the number of bids and bidders. Therefore, to more accurately measure the impact of this project after completion, the status of the results (especially Output 2) at the time of the ex-post evaluation was confirmed and analyzed.

The organizational reform and institutionalization of guidelines seems to have been difficult during the three-year project period (two years after the full-scale capacity-building program began). However, in DOH, a PPP unit¹⁰ has been established, and although it still has insufficient personnel, it exists as the Health Project Management Office, and manages six pipeline projects, providing support for improving the capacity of regional offices. In addition, the “Screening and Scoping Guidebook for PPP Projects” developed in this project was incorporated into the ministerial ordinance¹¹ in 2019 and is still used today. The two PPP projects selected based on this guidebook will be bid in 2021.

At DPWH, a PPP capacity building program (training) was conducted for existing departments such as the Environmental Social Safeguards Division (ESSD) and the PPP Service Division. Currently, in addition to ESSD and the PPP Service Division, DPWH also handles PPP projects at the United Project Management Office for Flood Control (UPMO). Most of the staff who have attended the training program still belong to the same department and utilize what they learned in training at work. The level of recognition of this project was high, and as mentioned in Effectiveness, all participants commented that the training was practical and beneficial. On the other hand, although the guidelines developed by this project have been acknowledged, they are not currently used because the ministry has not officially accepted them. In order to be used, in addition to updating the contents of the guidelines based on changes that have occurred after project completion, it is necessary to have procedures within the ministry officially accepted by DPWH. At the time of the ex-post evaluation, DPWH confirmed that no such plans were in place. However, some DPWH officials commented that the fact that these guidelines were not officially used does not impact their validity and that they were helpful as reference material for work.

⁹ While the number of bids and the average number of bidders per project for the solicited proposal for PPP projects have not significantly changed, the openness to unsolicited proposals for PPP projects increased the number of private companies submitting proposals. This background is considered that changes in policy directions brought about by the new administration in the middle of the project.

¹⁰ Later, the DOH PPP unit is named as DOH-PPP for Health.

¹¹ Administrative order on the revised PPP policy framework to support universal healthcare (Administrative Order 2019-0028).

At DOTr, JICA experts proposed the establishment of a PPP unit and improvements in the organizational structure. Although DOTr considered that the analysis by JICA experts was valid, they did not accept the proposal, and even at the time of ex-post evaluation, operation continues under the same organizational setting as in 1986. Compared to 1986, the scale and number of projects in DOTr are now very different, and they are fully aware of the need for organizational reform. On the other hand, reform requires an increase in staff and funds, and DOTr cannot do it alone. As for now, DOTr employs temporary staff and has established a Project Management Office (PMO) to implement each PPP project. However, when handled by temporary staff, the knowledge attained through PPP project management is not accumulated within DOTr as an institutional memory. Therefore, the assignment of staff with no fixed employment period (Plantilla Positions) and the execution of a rational organizational reform is under consideration. This project also created a project implementation manual for DOTr. Still, this is not officially used, although it is referred to in some projects¹², because it is premised on the above-mentioned organizational structure reform.

In Iloilo City, PPP candidate projects were selected through OJT using a project prioritization tool developed by JICA experts. The project that was given high priority using this tool was a Mass Rapid Transport System that included an elevated monorail. However, this PPP candidate project has not been implemented due to changes in the priority considerations of the city. This tool was not being used at the time of the ex-post evaluation. LGUs in the Philippines, including Iloilo City, will select projects using the Goal Achievement Matrix (GAM) based on “the Urban Land Use Planning Guidelines” established in 2008. The GAM has been used as a tool for project selection from 2009 to the time of ex-post evaluation. In July 2021, the City Government of Iloilo issued Executive Order No. 74-2021 creating the PPP Selection Committee (PPP-SC) of Iloilo City. The roles of the PPP-SC include the preparation of feasibility or project study and selection/tender documents for PPP projects. The City has 2 PPP projects in the pipeline at the time of ex-post evaluation. It is expected that the PPP formulation tools developed by the project may be used in the future to complement the existing framework of Iloilo City.

When organizational reform or a manual is developed in a project, it is necessary that it continues to be utilized even after the project is completed in order to sustain the effect. For that purpose, it needs to be institutionalized, at least within the target implementing agency. On the other hand, it is considered extremely difficult for each implementing agency to institutionalize the proposed organizational reforms, the tools developed, the guidelines and manuals within a limited project period of about two to three years. This project was only able to reach the proposal stage within the project period. Especially when there are existing

¹² Projects supported by Japan. For example, projects partially supported by ODA and partially (operation, etc.) by private companies.

institutionalized tools, as in the case of Iloilo City, or when achievement cannot be made without involving other ministries or changing the law, such as in the case of DOTR's organizational reform plan, it is not easy to institutionalize the outputs of the project. Nevertheless, at DOH, the PPP unit established through this project has continued operations, the guidebook was incorporated into the ministerial ordinance after project completion, and PPP projects are selected based on the guidebook and are undergoing bid preparations. This is one example in which the aim of this project, capacity improvement of the implementing agency, was realized.

3.2.2.2 Achievement of Overall Goal

The overall goal of this project was “an improved PPP project formulation process will contribute to the infrastructure development necessary for the sustainable economic development of the Philippines.” To measure the achievement status, “the numbers of both PPP projects being put to bidding and contract” and “the share of investment in infrastructure against GDP” were set as indicators.

Looking at the number of PPP projects which were successfully awarded, the policy change is visible. The sum of national-level projects within the three years from 2014 compared to the three years from 2017 decreased by eight. On the other hand, the number of projects in rural areas increased by six during the same period. The total is a decrease of two cases, but considering that the latter includes the period immediately after the inauguration of the President Duterte administration, this is not considered to be a negative decrease¹³.

Table 4: Number of PPP projects which were successfully awarded before and after Project Completion (preliminary figures)

	3 years before completion (2014-2016) (number of bids)	3 years after completion (2017-2019) (number of bids)	Increase/decrease (number of bids)
National level	12	4	-8
Local level	27	33	+6
Total	39	37	-2

Source: PPP Center

As mentioned in “Relevance,” there was a change in administrations in the Philippines during the implementation of this project. The President Duterte administration emphasized the acceleration of infrastructure development more than the previous administration had, and therefore policies such as raising the upper limit of the budget deficit to GDP ratio from the

¹³ Although the Duterte administration was inaugurated in July 2016, the procedures and decision-making of essential government projects may not progress, or there may be cases where they are postponed during the transition between administrations or the period until the new administration is established and fully starts-up.

previous 2% to 3% were taken to increase infrastructure spending. Prior to the outbreak of COVID-19, the Philippine economy was strong and tax revenues were steadily increasing. Against this backdrop, the ratio of infrastructure investment against GDP during the first two years of the President Duterte administration more than doubled from an average of 3.0% during the President Aquino administration to 6.3%.

Table 5: Achievement of Overall Goal

Goal	Indicator	Actual
Overall Goal: an improved PPP project formulation process will contribute to infrastructure development necessary for sustainable economic development of the Philippines.	The following goals have been achieved for the next three years after the project completion.	
	(1) The number of both PPP projects being put to bidding and contract of those with successfully awarded will increase in comparison to the previous three years.	2014-2016: 39 projects 2017-2019: 37 projects
	(2) The share of investment in infrastructure against GDP rises.	President Aquino administration (2011-2016) average: 3.0% President Duterte administration first half (2017-2018) average: 6.3%

Source: PPP Center, Department of Budget and Management, the Philippines.

Note: Regarding “(1) The number of both PPP projects being put to bidding and contract of those with successfully awarded”, the actual number of projects which are awarded as successful bidders are provided.

Under the President Aquino administration, the fiscal situation was tight, and therefore PPP were actively selected to finance the acceleration of infrastructure investment under a limited budget. On the other hand, while the President Duterte administration positions the implementation of PPP projects as one of its priorities, it anticipates using PPP projects as a means to reduce the concentration of over-population in the capital and realize inclusive growth through job creation and infrastructure development in various regions (GOP’s priority issues). The PPP Center has also formulated the Local PPP Strategy for LGUs and is strengthening its support of local implementing agencies.

In light of the above, it can be seen that the numeric indicators of the overall goal were mainly achieved. However, it is not clear whether this is due to the results of this project, as they largely depend on the policy priority changes¹⁴ set by the two administrations. However, with the support of the Philippine government's policy, at the time of the ex-post evaluation, it is thought that the infrastructure development necessary for economic growth was accelerating.

¹⁴ Worded as ‘enhancement of priority’ in policy documents.

3.2.2.3 Other Positive and Negative Impacts

A secondary effect of capacity building at the PPP Center was observed. In this project, the PPP Center was expected to play a role in overall management and was not the main target of capacity building. However, the PPP Center was provided with the opportunity to join training programs for each implementing agency as an observer and hold workshops with JICA experts. In addition, all deliverables created by JICA experts for each implementing agency were also provided to the PPP Center and, therefore, can be referred to at any time. In response, the PPP Center gave the positive feedback that this project provided opportunities to utilize tools that would improve PPP's capacity. For example, DOTr's contract management manual development was a good starting point for PPP Centers to devise similar tools for other agencies to use. The project also delivered new insights into capacity gaps between implementing agencies. When the PPP Center provided support to implementing agencies after project completion, there was feedback on how its implementation had taken place with attention to the capacity gap.

The number of advisory services carried out by the PPP Center reached 62 in 2020 alone. As for training programs utilizing the outcomes of this project, in 2020, for example, two training programs were conducted for DOH on the themes of PPP project identification, project development, etc.

From these facts, it is considered that this project had a secondary effect of capacity building even at the PPP Center, which was not the main capacity-building target.

To summarize the above, it is considered that at the time of project completion, Output 1 had not been implemented, but that Output 2 had generally been achieved due to knowledge acquisition through training, except for some implementing agencies, and organizational reform. However, it is considered that it did not reach the level of building a PPP project formation model in each implementing agency, and therefore the achievement of the project purpose is fair. Regarding the overall goal, although indicators such as the number of bids (contracts) and the GDP ratio of infrastructure investment have been generally achieved, the degree of the contribution of this project is unclear. However, capacity improvement at implementing agencies and the PPP Center have been confirmed to some extent, and the effects have been observed. In light of the above, the effectiveness and impacts of the project are fair.

3.3 Efficiency (Rating:②)

3.3.1 Inputs

The inputs of this project are as shown in the table below.

Table 6: Planned and Actual Inputs

Element of input	Planned	Actual (at project completion)
Dispatch of experts	Short-term: 15 persons (172.55 man-months)	Short-term: 36 persons (153.15 man-months)
Training participants	Not listed	63 people in total
Project cost of Japan side (total)	Total 499 million yen	Total 504 million yen
Inputs by partner country	Counterparts, office space, information materials, etc.	Counterparts, office space, information materials, etc.

Source: Provided by JICA

3.3.1.1 Elements of Inputs

In September 2015, approximately one year after project implementation, a feasibility study was conducted where the scope changed from support for preparation of tender documents to focus on capacity development. As a result, the composition of experts has changed, with an increase from 15 experts in the plan to 36 experts in actual results. However, on an input man-month basis, the actual result was 153.15 man-months, compared to the planned 172.55 man-months. These were appropriate changes due to the change in scope, and the procedure was adequately carried out.

As part of the capacity development program, training indicates the total number of participants in seminars, etc., held in the Philippines. In addition, three workshops have been held at DOH, etc., in which more than 100 people participated each time.

3.3.1.2 Project Cost

The project cost was almost as planned. Specifically, the actual amount was 504 million yen, 101% of the planned amount of 499 million yen. This was mainly due to the extension of the project period under the change of scope and the increased number of trips. However, due to the change of scope, the project employed younger experts instead of veteran experts. This reduced the total number of experts from the planned input man-month of 172.55 to the actual 153.15 man-months. Efficient travel planning also took place. Therefore, the project avoided a significant increase in cost.

3.3.1.3 Project Period

The project period exceeded the plan. Specifically, the actual period was 37 months (November 2014 to December 2017), 128% of the planned 29 months (August 2014 to December 2016). The project was extended twice. The first was an extension until July 2017, and the second was an extension until December 2017.

According to JICA experts, after changing the scope, the target agencies to conduct capacity development were reselected, the capacity of each agency was reassessed, and programs were developed before being provided. The first extension was made in consideration of the time

required for these steps. This procedure was carried out when the contract of the JICA experts changed (when the scope changed in September 2015). After that, when the specific content of support was decided and the period required for support was clarified (May 2017), the procedure for re-extension was carried out.

Although the project cost was almost as planned, the project period exceeded the plan. Therefore, the efficiency of this project is fair.

3.4 Sustainability (Rating:③)

3.4.1 Policy and Political Commitment for the Sustainability of Project Effects

As mentioned in “3.1.1 Consistency with the Development Plan,” in the Philippines, PPP policy has been emphasized under both the President Aquino and Duterte administrations. Although there were changes in how priorities were set under the President Duterte administration, the tools, manuals, training contents, etc., developed through this project withstood administration change, and the effects are considered sustainable. In addition, according to JICA experts, as the President Duterte administration emphasizes PPP in local areas, the tools, manuals, training contents, etc., developed through this project will offer further effectiveness. However, the shift in priorities due to administration change has meant an increasing need to strengthen capacity in areas not covered by this project. For example, the hybrid model¹⁵ actively promoted and unsolicited proposals by private businesses under the President Duterte administration are the areas that require the review and improvement of existing policies and legal systems. In addition, following the COVID-19 pandemic from 2020, IT, health, logistics, etc., are now recognized as new priority areas at the local level. Under these circumstances, the role of PPP, which supplements government capabilities, is again drawing attention to the provision of infrastructure services.

3.4.2 Institutional/Organizational Aspect for the Sustainability of Project Effects

Since 2017, NEDA has acted as the secretariat for the approval process of PPP projects, and the PPP Center, as a member of the ICC Technical Board¹⁶ under NEDA, has participated in PPP screening when needed. In addition, it also provides technical and financial advice¹⁷ to implementing agencies for pre-approval projects. The ICC Technical Board comprehensively deliberates on projects from the perspective of all the financial resources of ODA, PPP, and the General Appropriations Act (GAA). The evaluation of candidate projects from various aspects

¹⁵ A method in which infrastructure development is carried out with government budget and ODA, and management is entrusted to private businesses.

¹⁶ The ICC Technical Board is the body that reviews various aspects (legal, institutional, technical, economic, financial aspects, bankability, risk allocation, etc.) of the proposed PPP project.

¹⁷ From 2014 to 2016, the PPP Center acted as the secretariat for the approval process for PPP projects, and also conducted initial screenings.

such as the legal, institutional, technical, economic and financial aspects, bankability, risk allocation, etc., has been strengthened under the President Duterte administration. Therefore, the sustainability of the outputs of this project is considered to be improving in the desired way.

Of the PPP units of each implementing agency established or strengthened through this project, the PPP unit of DOH continues operations as the Health Project Management Office. At DOH, under the COVID-19 catastrophe, there has been an increasing call for projects in the health and medical fields, and its institutional strengthening is expected moving forward. The existing units in charge of DPWH's PPP operations (ESSD, PPP Service Division, the Unified Project Management Office for Flood Control) have also been sustained. However, as mentioned above, although the establishment of a PPP unit was proposed, it was never established within DOTr. With the deteriorating financial conditions of the Philippine government due to the COVID-19 pandemic, there is the possibility that some infrastructure development will be implemented as a PPP project, including the hybrid system, and DOTr will view organizational strengthening as a critical issue in the future. On the other hand, Iloilo City LGU has started to create the PPP Selection Committee (PPP-SC) in July 2021 in charge of preparation of feasibility or project study and selection/tender documents for PPP projects. There is expected that the PPP formulation tools will be used in the future to complement the existing framework in Iloilo City LGU.

3.4.3 Technical Aspect for the Sustainability of Project Effects

At DPWH, 11 of the 12 employees who participated in the capacity development program implemented by this project continue to work and are involved in the PPP project. In contrast, at DOTr and DOH, where a PPP unit has been established, most of the staff who participated in the capacity development program have already left their positions and are no longer in the organization. This is because the implementing agencies have a fixed number of permanent staff and increasing the number beyond that is challenging. Therefore, PPP project implementation is handled by hired temporary staff. As DOTr points out, when a project is over, temporary staff are dismissed and do not remain in the organization, so the knowledge and know-how related to PPP projects fail to be accumulated.

To solve this problem, it is desirable that each implementing agency officially accept the manuals and tools prepared by this project and utilize them systematically. However, as mentioned above, although they are used as a reference within DOTr and DPWH, they have not been officially utilized. In addition, the manuals and guidelines prepared by this project also need to be updated regularly in order to respond to subsequent changes. For this reason, at the time of the ex-post evaluation, each implementing agency was implementing PPP projects using the BOT Law and existing institutionalized tools and guidelines.

3.4.4 Financial Aspect for the Sustainability of Project Effects

Infrastructure spending by the Philippine government has increased significantly since the change in government. In addition to the steady increase in annual revenue, it is thought that the President Duterte administration's decision to raise the upper limit of the budget deficit from the previous 2% to 3% of GDP is another background factor. External debt is an increase in the upper limit of the budget deficit which is within the control of the government and therefore is not particularly an issue.

Table 7: Trends in the Philippine Government's Revenue and Infrastructure Spending (2014-2020)

Unit: 1 billion pesos

Year	2014	2015	2016	2017	2018	2019	2020
Revenue	1,909	2,109	2,196	2,473	2,850	3,150	3,536
Infrastructure Spending	246	576	650	991	991	862	973

Source: Department of Budget and Management, the Philippines

Note: 1 peso=0.4585 yen (Foreign exchange rates dated August 19, 2021, Central Bank of the Philippines)

Looking at the revenue and expenditure of the PPP Center, which was the counterpart of this project, revenue decreased significantly between 2014 and 2019. On the other hand, operating expenses have increased considerably. Shortfalls have increased, but there are no operational problems as the government provides subsidies based on the GAA. The primary source of revenue for the PPP Center other than government subsidies is the fees¹⁸ for technical assistance provided by the PPP Center, which increase or decrease depending on the number of awarded bidders. The increase in operating costs may also be due to the implementation of the Salary Standardization Law, the increase in the number of permanent staff, the rise in the price of leased office space, the procurement of necessary items for ICT maintenance, and inflation.

Table 8: Revenue and Expenditure of the PPP Center (2014-2019)

Unit: million pesos

Year	2014	2015	2016	2017	2018	2019
Revenue	107	79	31	59	8	5
Operating Cost	100	126	133	146	178	199
Surplus/Insufficient funds	7	-47	-102	-88	-170	-194

Source: Department of Budget and Management, The Philippines

¹⁸ The source of revenue for the PPP Center (other service revenue) refers to the 10% administrative costs included in the refund of technical assistance costs from the awarded bidder or implementing agency of the PPP project. This depends on how long the refund from the awarded bidder or implementing agency is collected and/or the number of projects granted during that period.

In light of the above, no major issues have been observed in the policy/political commitment, institutional/organizational, technical, or financial aspects. Therefore, the sustainability of the project effects is high.

4. Conclusion, Lessons Learned and Recommendations

4.1 Conclusion

The objectives of this project were to accelerate the infrastructure development necessary for the country's economic development by enhancing the capacity for Public-Private Partnership (PPP) project formulation between the Philippine government and implementing agencies. In the Philippines, under severe fiscal circumstances, foreign direct investment has tended to be low due to delays in infrastructure development, which has hindered economic growth. Therefore, the Philippine government has been working to accelerate infrastructure development by utilizing PPP to tap the private sector's efficiency, innovations and financial capital. The objectives of this project were consistent with the development policy and development needs of the Philippines as well as with Japanese aid policy. However, the relevance is evaluated to be fair as there are issues in the setting of logical pathways and indicators leading from the project activities to the overall goal, as well as the project design in areas such as the implementation structure. At the time of project completion, it was considered that the acquisition of knowledge and the strengthening of implementing agencies' capacities through training had generally been made except for some agencies, although these had not yet been institutionalized. In addition, although the indicators of the overall goal have been generally achieved, the degree of the contribution of this project is unclear. On the other hand, although there are some issues in the capacity improvement of the implementing agencies and the PPP Center, it has been confirmed that the effect has been manifested to some extent. Based on the above, the effectiveness and impact are considered to be fair. Although the project cost was mostly as planned, the project period exceeded the plan, therefore, the efficiency is fair. Regarding sustainability, new methods and institutional arrangements have been introduced after project completion in terms of systems and structure. None of these affect the sustainability of this project but instead are considered desirable from the perspective of the sustainability of the project effects. No major problems have been observed in the policy and political commitment and the institutional/organizational, technical, or financial aspects. Therefore, sustainability of the project effects is high.

In light of the above, this project is evaluated to be partially satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Implementing Agency

None

4.2.2 Recommendations to JICA

None

4.3 Lessons Learned

(1) Setting the Project Purpose, Outputs and Indicators for Technical Cooperation Projects

Some issues were found in the PDM of this project, such as similarities in the project purpose and some outputs, or that even if some outputs were achieved, this did not lead to achievement of the project purpose, or that the goal was set too high for the results of activity carried out by the project to be evaluated appropriately. At the time of project planning, it is desirable that the focus is placed on development issues that can be solved within the project period and limited input, and to set indicators that can appropriately grasp the results of activities.

(2) Necessity of PDM Modification Due to Scope Change

After the project began, it was found that the original plan could not be implemented as expected, so there was a change in scope. During this, although the expert's contract was modified, the contents of the PDM were not amended as they could be widely interpreted, even after the scope was changed. However, in reality, due to the scope change, two of the three outputs were not implemented. If there is a change in scope which means that any of the activities will not be implemented, or if changes need to be made to the outputs, purpose, or indicators in order that the results can be evaluated appropriately, consultations should take place with project stakeholders and the PDM should be modified as necessary.

(3) Ideal Project Implementation Structure for Synergistic Effects/Collaborations

This project was a technical cooperation project related to the ODA loan. It was expected that the implementation of the project would increase the development effect of the ODA loan project and accelerate the manifestation of the impact (synergistic effect). In addition, collaboration with ADB, which provided technical assistance related to PPP during the same time, was also planned. However, no specific mechanism for collaboration was incorporated into the project implementation structure for either of these at the time of planning and, therefore, collaboration was not realized during project implementation. In projects where synergistic effects from collaboration are expected, collaboration is rarely realized spontaneously. Therefore, it is necessary at the time of project planning to arrange regular coordination meetings for collaboration, and to include specific plans for these such as the expected participants, frequency, and venue, into the project implementation structure.

(End)