

# GUIDE IN WRITING PROJECT EVALUATION AND DEVELOPMENT (PED) PROPOSALS FOR PROJECTS THAT ARE PART OF THE PROVINCIAL DEVELOPMENT INVESTMENT PROGRAM (PDIP)<sup>1</sup>

## 1. Introduction

- a. This guide is a distillation of the basic approaches and techniques embodied in the Project Development and Evaluation (PED) Guidelines enhanced based on the experiences and feedbacks from the April 26 to 28, 2011 National Economic and Development Authority (NEDA)-Asian Development Bank (ADB) PED Refresher Course Workshop and the NEDA Regional Office (NRO) IV-B (MIMAROPA) May 9 to 11, 2011 PED Writeshop.
- b. This guide lays out the key processes and techniques essential to the development of PED proposals along with essential considerations and tips to facilitate PED proposal preparation given the resource constraints faced by local government units (LGUs).

## 2. The PED Process

### a. PED Process Flow

- 1) The PED process starts by using information from the **PDIP Investment Schedule** and the **Project Brief** underlying each of the PDIP projects.
- 2) The PED process flow is summarized in Figure 1.

### b. Which PDIP project need to undergo the PED process

- 1) All projects in the PDIP need to undergo **BASIC PED**.
- 2) Only projects that can be considered **large** (in terms of project cost, see Appendix A for the 2010 indicative project cost cut-off for Philippine provinces) and those that will require **external funding** sources will undergo additional analyses that in addition to basic PED constitute **COMPREHENSIVE PED**.

### c. Focus of Evaluation

- 1) **Basic PED**, especially for **small** projects, embodied in the **Project Brief** of the PDIP plus the additional information in the **Situational Profile** – “With” and “Without” Project (See Table 2 Vol. 5 of PLPEM Guidelines) is essentially focused on **impact evaluation** -- outcome and impact of the project on the intended beneficiaries and on the province as a whole.
- 2) **Comprehensive PED** to be done on **big** and /or **externally funded** projects goes into a more detailed analyses of project **effectiveness** and **efficiency** including a comparison of alternative delivery systems.

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<sup>1</sup> Prepared by Norman Ramos, Project and Financial Specialist, under ADB TA 7074-PHI: Strengthening Provincial and Local Planning and Expenditure Management Phase 2.

d. **Who** conducts the evaluation?

1) Basic PED: LGU

2) Comprehensive PED

a) Projects for implementation by LGU:LGU

- i. Wholly funded by **LGU**: Comprehensive PED requirements with heavy focus on financial analyses.
- ii. Partly or wholly funded by banks and **local financing institutions**: Comprehensive PED requirements with heavy focus on market and financial analyses + additional documentary requirements that may be required by the financing institution.
- iii. With funding assistance from **multilateral** funding institutions like the Asian Development Bank (ADB) and the World Bank (WB): Comprehensive PED requirements with heavy focus on economic analyses and on certain social issues like gender, poverty, and equity.

b) Projects for implementation by private sector: Private sector proponent.

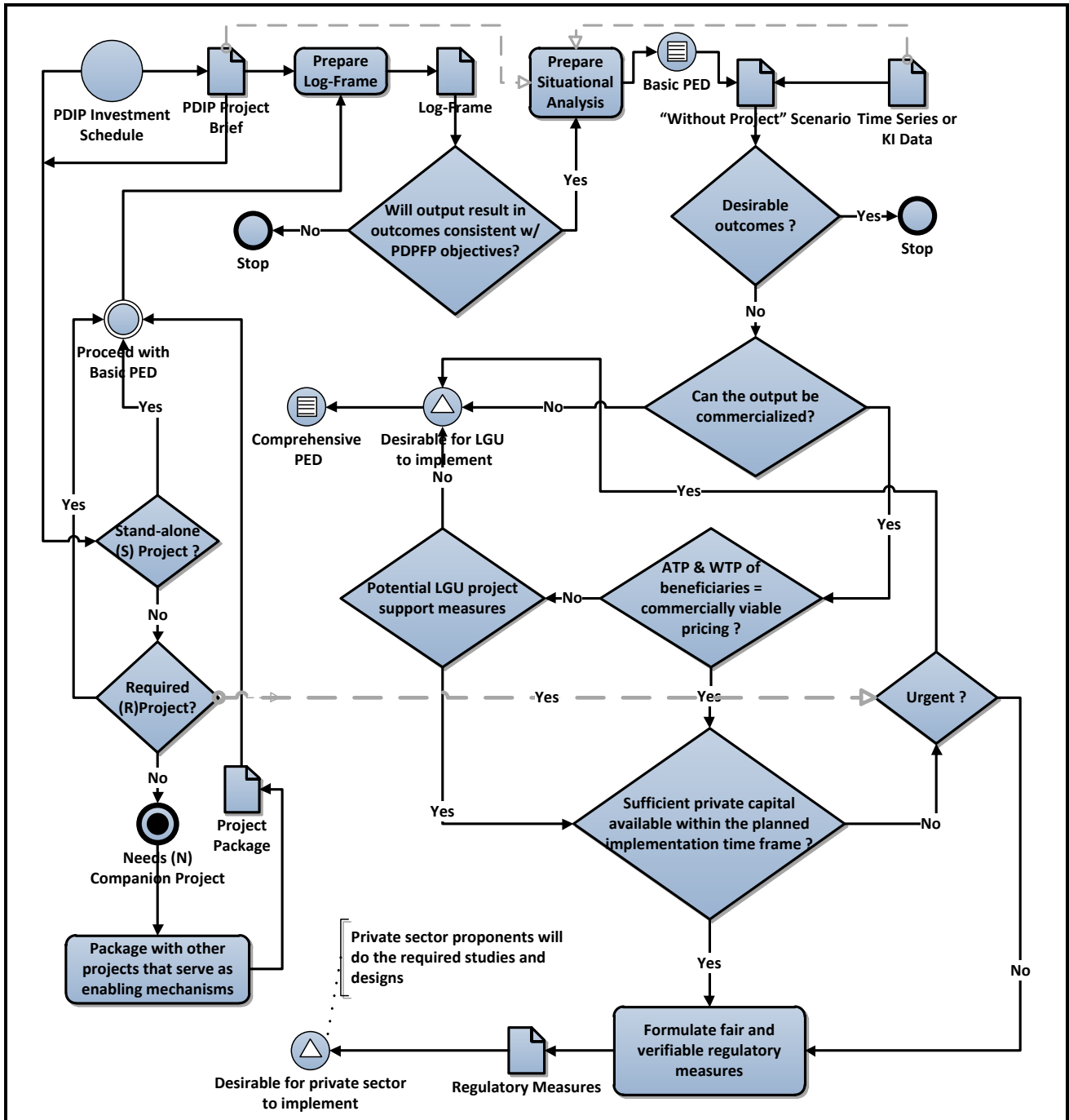
e. **Analytical Approach** for PED

1) LGUs need to focus the PED analyses on planning the project around the:

- a) **Market situation** – volume of demand and what the user-beneficiaries “can” and are “willing” to pay in terms of a combination of “user fees and charges” and “taxes” -- the two cost recovery mechanisms for LGU projects.
- b) **Technical aspects** – project scope, design and specifications are properly aligned with the market situation and are environmentally benign or the mitigation (or compensation) for potential negative environmental effects properly provided for in the project design and costs.
- c) **Financial (Economic) sustainability** – financial in terms of adequate funds flow for the project cost and the subsequent annual operating and maintenance (O & M) costs because there is adequate cost recovery and sufficient financial (economic) incentives for the project.

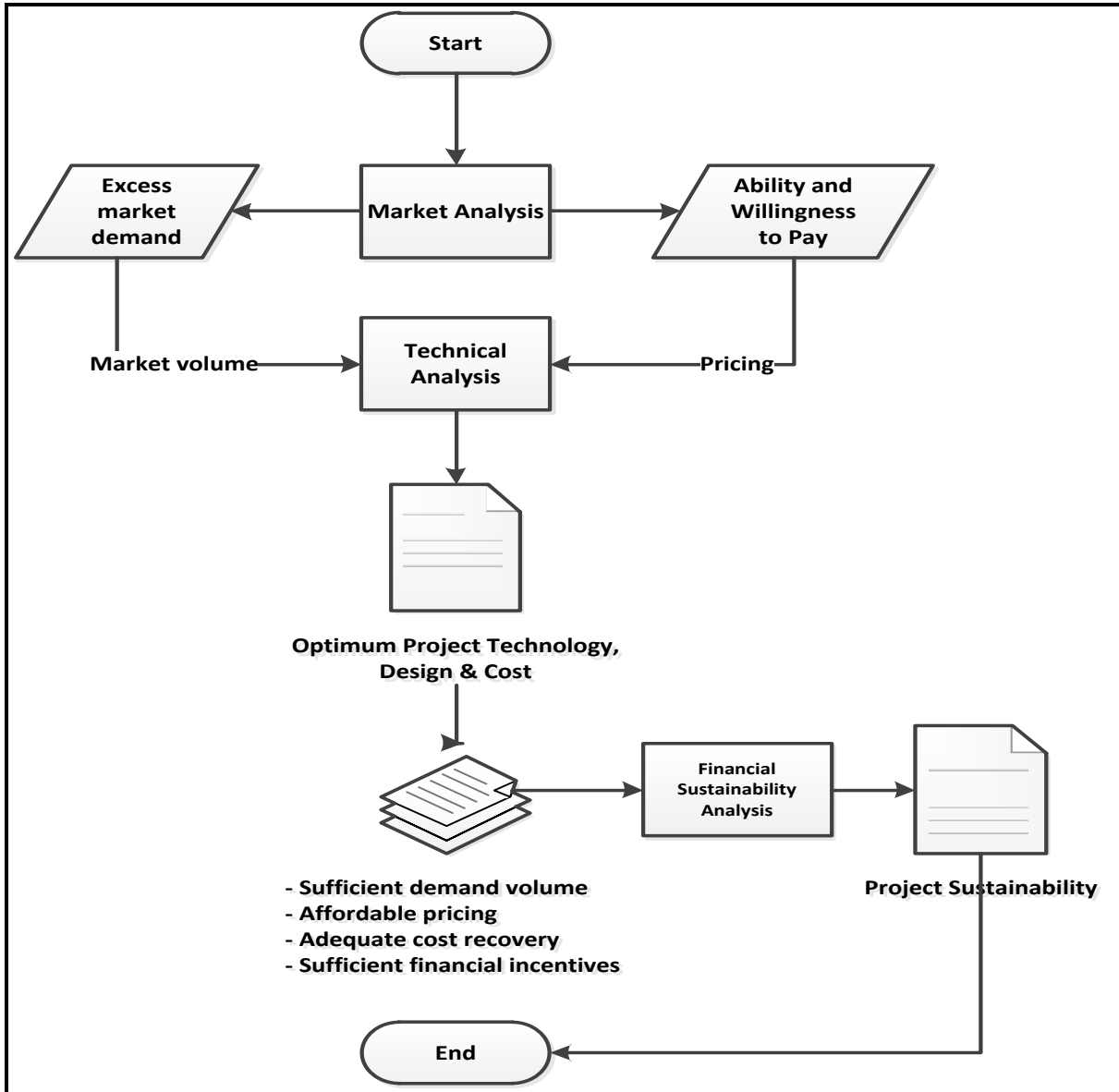
2) The flow of the analytical approach is presented in Figure 2.

Figure 1. The PED Process Flow



Source: NEDA-ADB PED Refresher Course Materials

Figure 2. Analytical Approach for PED



Source: NEDA-ADB PED Refresher Course Materials

### 3. General Tips in Writing PED Proposals

- a. Spell out acronyms in the first instance it was mentioned.
- b. The proposal needs to be persuasive, inviting, easily understandable, interesting to read, and funder should feel the project is necessary and worthwhile financing.
- c. The proposal should be technically correct – make sure the data is right.
- d. Assume that the reader is non-technical.
- e. Use the active rather than the passive voice whenever possible (e.g. “regional trainers will conduct all refresher courses” rather than “all refresher courses will be conducted by regional trainers.”)
- f. Always check spelling and grammar.
- g. Use the Appendices for detailed technical discussions and lengthy lists, and base data.

### 4. Writing the PED Proposal

This section sets out the format and the contents of the PED proposal. The required content is broken down into Basic PED and the additional requirements for Comprehensive PED. Whenever appropriate, illustrative examples are presented.

#### a. Project Title

##### **For both Basic and Comprehensive PED**

- 1) Make the title **comprehensive yet simple**, such that the reader would instantly grasp the nature and scope of the project.
- 2) It would help if the title shows the **coverage** and **ownership** of the project, e.g., Provincial, Regional, City.
- 3) For example, instead of simply writing “Proposed Municipal Hospital for Balabac, Palawan”, a more exact title would be “Proposed Renovation, Facility Upgrade and Operationalization of the Municipal Hospital in Balabac, Palawan.” From the more comprehensive title, it can be understood that the project involves building renovation, facility upgrade, and operationalization of an existing hospital site and physical facility.

#### b. Project Proponent

##### **Basic PED**

- 1) Name of Proponent
- 2) Address of Proponent
- 3) Contact Person and Numbers/Email address – the contact person should be the best person to discuss the proposal.

### **Comprehensive PED**

- 1) Description of who the LGU-borrower will be in terms of:
  - a) Organizational structure - LGU offices and departments including the names of department heads.
  - b) Development thrusts and priorities of the LGU.
  - c) Major sources of LGU revenues including the Internal Revenue Allotment (IRA).
  - d) Existence of necessary legislative basis for the planned project borrowing.

### **c. Project Location**

#### **For both Basic and Comprehensive PED**

- 1) Specify the exact geographic area (e.g., barangay, municipality, province). It is desirable that a location map and pictures of the project site be provided.
- 2) Cite the physical dimensions and suitability of the project site.
- 3) For example, "The existing hospital is strategically located within one of the Angeles City's six growth centers — the Pampang Growth Center. The area has the lowest population density among the six city growth centers with ample expansion area. It has a public transport terminal that makes it accessible to city residents as well as people from nearby towns. The expansion project is to be located in a vacant portion within the present 11,056.96 sq.m. hospital compound. The lot size is sufficient to meet the expansion requirements."

### **d. Project Beneficiaries**

#### **Basic and Comprehensive PED**

- 1) Identify the beneficiaries by location and by sectoral stake in the project, e.g., farmers for an irrigation project, elementary school-age children for an elementary school, sick people for a medical facilities, etc. If necessary, further refine the breakdown by income class, gender, physically disadvantaged, etc.
- 2) Quantify the total number of beneficiaries.

#### **Comprehensive PED**

- 1) Break down the total number of beneficiaries into the relevant classificatory categories particularly relevant market niches like PHILHEALTH and non-PHILHEALTH patients, in-patient and out-patient for hospitals, primary and intermediate levels for elementary schools, etc.

### **e. Project Implementation Duration**

#### **Basic and Comprehensive PED**

- 1) Specify in months and years from the targeted start-up date.
- 2) You may also specify duration per phase or stage of the project (e.g., preparatory or

pre-implementation phase, implementation phase, pre-bidding phase, construction phase, etc.).

#### **f. Current Situation (Problems and Needs)**

##### **Basic and Comprehensive PED**

- 1) Contextualize the project such that you can show that the problem being addressed is important or that the concern fits the funder's priority areas.
- 2) Use relevant and accurate facts to show the current situation. This may require further investigation and consultations with the stakeholders.
- 3) You may use tools to identify problems such as:
  - a) Problem tree analysis (Appendix B)
  - b) SWOT analysis especially for institutional projects (Appendix C).
- 4) The problem analysis is the starting point for the planning process and the evaluation process. It provides a baseline against which future work can be measured.
- 5) Presented in Table 1 is an illustrative sample of how the current situation may be summarized in a PED proposal.

**Table 1. Current Situation Analysis for the Proposed Renovation, Facility Upgrade and Operationalization of the Municipal Hospital in Balabac, Palawan**

<ul style="list-style-type: none"><li>• The Balabac Hospital Building consisting of a hospital building, a staff house, and an elevated water tank was constructed in 1997.</li><li>• Unfortunately, the facilities never became fully operational since both the provincial government of Palawan and the municipal government of Balabac were not able to provide funds to properly and sufficiently equip, operate and maintain the hospital up to the present.</li><li>• At present, health facilities in the municipality consist of 1 Rural Health Unit and 5 Barangay Health Stations manned by 1 Municipal Health Officer, 2 Nurses, 14 Midwives, and 1 Sanitary Inspector.</li><li>• Annually, some 40 patients needing more intensive in-patient care including diagnostic and laboratory services have to be airlifted to Puerto Princesa at a cost of PhP 30,000 per patient.</li><li>• Given the annual medical care budget of the average Balabac resident, outside hospital care is beyond their ability to pay.</li></ul>
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Source: NRO IVB Writeshop Materials

#### **g. Objectives**

##### **Basic and Comprehensive PED**

- 1) A good objective usually states:
  - a) What you want to achieve (your ends);

- b) How you want to achieve it. (your means); and
  - c) Who the main beneficiaries will be.
- 2) Projects usually have two kinds of objectives:
- a) “Goal” or “General Objective” or “Overall Objective”
  - b) “Specific Objective” or “Project Purpose”
- The terms used by different funders vary so it may be useful to know what terms are used by the funder so you can use the same terms that the funder uses.
- 3) “Goal” or “General Objective” or “Overall Objective”
- a) The Goal or General Objective or Overall Objective states the overall development towards which the “Specific Objective” or “Project Purpose” should contribute.
  - b) The General Objective or Goal must be compatible with the development goals stated in the PDPFP.
  - c) The General Objective or Goal cannot be achieved solely because of the project. The project should only make a contribution towards achieving the General Objective or Goal.
  - d) It usually takes a longer time to achieve the General Objective or Goal than to achieve the Specific Objective or Project Purpose.
  - e) The Overall Objective provides a long-term, accumulative goal.
- 4) “Specific Objective” or “Project Purpose”
- a) The Specific Objective or Project Purpose is something that the project should be able to achieve.
  - b) It is a result that should be possible in the time specified.
  - c) A project may have more than one Specific Objective or purpose but it is better to focus on the most important one.
  - d) The objective needs to be SMART: S- Specific; M – Measurable, A -Agreed upon by everyone involved; R - Realistic; and T – Time bound.
  - e) It is desirable to include specific targets. For example, how many fishermen will have increased their income and by how much? The indicators will be used to measure the progress of the project.
  - f) The Project Purpose provides a shorter-term, immediate objective.
  - g) Examples of SMART objectives:
    - i. Train at least 200 displaced overseas Filipino workers over 50 years old in entrepreneurial skills by July 2012.
    - ii. Establish a provincial trade and investment center which will provide advice and investment materials and registration services to investors by July 2012.

## h. Logical Framework (Logframe) Analysis

- 1) The logframe for the project should describe the project in a logical way so that it is well designed, described objectively, can be evaluated, and clearly structured.
- 2) Specify the following:
  - a) Goal of the sector to which the project belongs;
  - b) The purpose or expected outcome of the project that will contribute to meeting this goal;
  - c) The project's outputs or result areas that will result in the expected outcome or fulfill the project purpose;
  - d) The project's activities to mobilize inputs (financial, human, technical and material resources) that are needed to produce the output or result areas;
  - e) A list of verifiable indicators of success;
  - f) The proposed strategy to measure accomplishment; and
  - g) Important assumptions and potential risks.
- 3) The project proponent must be able to trace the goal of the project back to the development goals articulated in the Provincial Development and Physical Framework Plan (PPDPFP).
- 3) Ascertain that the output will result in the outcomes you are interested in.
- 4) The outcome is always stated in terms of how the project will affect the beneficiaries, e.g., changes in the quality of life and income.
- 5) You should be able to answer the following:
  - a) Are the project goals and objectives in line with the goals and objectives articulated in the PDPFP?
  - b) Is there a logical path coming from the proposed activities of the project to the desired outputs and the promised outcomes and impacts?
  - c) How can the transformation from input to output to outcome and impact be improved? Will the project require other components or other projects to effect the transformation?

**Table 2. Project Logframe**

<b>Narrative Summary</b>	<b>Objectively Verifiable Indicators</b>	<b>Means of Verification</b>	<b>Key Assumptions And Risks</b>
Overall Development Goal			
Project Purpose			
Output or Result Areas			
Activities			

Source: Vol. 5, PLPEM Guidelines

**Table 3. Information Contained in Logframe Analysis**

	<b>Activity Description</b>	<b>Indicators</b>	<b>Sources of Verification</b>	<b>Assumptions (Risks)</b>
<b>Development Goal</b>	The broad development 'impact'/higher level objective to which the Activity will contribute. Also the ultimate result to which the project is contributing (impact of the project).	Helps answer the question 'Is progress being made towards the goal?'	How the information will be collected, when and by whom and how it will be reported.	
<b>Objectives (or Purpose)</b>	The more specific development outcome/s to be achieved by the Activity. Also the change that occurs if the project outputs are achieved (effect of the project).	Helps answer the question 'Have the Activity outcomes been achieved?' measured in terms of quality, quantity and time.	Sources of information and how it will be reported.	Factors outside the Activity management's control that may impact on the Activity Objectives to Goal link.
<b>Outputs</b>	The products and/or services delivered by the Activity which are under the implementation management's control. Also the specifically intended results of the project activities used as milestones of what has been accomplished at various stages during the life of the project.	Helps answer the question 'Have the outputs been delivered?' measured in terms of quality, quantity and time.	How the information will be collected, (when and by whom) and how it will be reported.	Factors outside the project management's control that may impact on the Output to Activity Objective link.
<b>Tasks/ Activities</b>	The tasks that have to be completed to deliver the planned outputs.	Helps identify whether tasks/activities have been completed according to plan.	(Sometimes a summary of costs/budget is given in this box).	Factors outside the Activity management's control that may impact on the tasks/ activities to output link.

Source: <http://nzaidtools.nzaid.govt.nz/logical-framework-approach/developing-logical-framework-matrix>

### **i. Justification and Benefits**

#### **Basic and Comprehensive PED**

- 1) Show the Situational Profile table (Table 4) describing "With" and "Without" Project (this procedure is facilitated by the project's logframe). Fill up only the relevant cells in the table.
- 2) Start with the outcome, then describe the current situation.
- 3) Forecast what will be the outcome going into the future if the project will not be undertaken. We refer to this as the "without project" scenario. Be sure to consider the following:
  - a) The "Without Project" scenario should consider future developments.
  - b) It is not always correct to assume that over time, the "Without Project" scenario will simply be the value of the outcome at the "initial year".

- c) The “initial year” should not coincide with extraordinary events, like an El Niño, or an earthquake, unless these are normal occurrences.
  - d) A time series may be needed to forecast outcomes given the status quo.
- 4) Forecast what will be the corresponding outcome going into the future if the project will be undertaken. We refer to this as the “With Project” scenario. Be sure to consider the following:
- a) The “With Project” scenario should consider only the incremental effects of the project. For example, the incremental costs of a hospital renovation and upgrade project should only be the costs of the renovation and upgrade. The cost of the existing facilities are considered as “sunk costs” and does not enter the analysis.
  - b) If necessary, add an extra page identifying potential positive and negative externalities and to whom these externalities would accrue.
- 5) For basic PED, it usually suffices to just identify the beneficiaries and the potential benefits. Table 5 shows a sample basic PED type presentation of the justification and benefits for the Proposed Renovation, Facility Upgrade and Operationalization of the Municipal Hospital in Balabac, Palawan.
- 6) For comprehensive PED, formal financial and/or economic analyses are usually needed. For projects looking for local bank financing, financial analyses will be sufficient with a short write-up on the economic justification. For projects seeking assistance from multilateral agencies like the ADB or WB, more detailed economic analyses may be required including discussions on such topics as gender, poverty, and equity. Table 6 shows that there is an excess demand for hospital beds while Table 7 shows the potential economic benefits and costs along with the corresponding economic feasibility indicators.

**j. Description of the Project**

The purpose of this section is to give funders a good idea of what the project is and what it hopes to achieve. It should be able to attract funders to allocate money for the project.

**Basic PED**

- 1) Project Background as contained in the Project Brief
  - a) Project Basis and Rationale - Describe the products or services and processes to be offered as a result of the project. Discuss the probable impact of the project -- economic, social, environmental, human development, etc. Describe previous work or efforts to address the problem or need, if any, to show that the project is part of the LGU’s continuous efforts to solve the problem.
  - b) For revenue-generating projects, describe how the project will earn revenues. For non-revenue projects, focus on the non-revenue benefits (social, human development, environmental aspects) and fulfillment of the LGU’s service delivery role.
  - c) Implementing Arrangements – identify who is the implementing department.
  - d) Proposed Project Costs.

- ii. It is not necessary to itemize in detail all expenses at this time. The breakdown could just be by major expense items like land acquisition, site development, access road, buildings and structures, etc.
  - iii. Focus on totals per year, and per broader category.
- e) Proposed Local Source of Project Financing, e.g., 20% development fund, savings from general fund, etc.

**Comprehensive PED**

1) Detailed Project Background

- a) Project Basis and Rationale as contained in the Project Brief - Describe the products or services and processes to be offered as a result of the project. Discuss the probable impact of the project – economic, social, environmental, human development, etc. Describe previous work or efforts to address the problem or need, if any, to show that the project is part of the LGU’s continuous efforts to solve the problem.
- b) For revenue-generating projects, describe how the project will earn revenues. For non-revenue projects, focus on the non-revenue benefits (social, human development, environmental aspects) and fulfillment of the LGU’s service delivery role.
- c) Implementing Arrangements + Project Management and Organization. If necessary, describe the specialty labor, firms, or technical consultants to be hired.
- d) Proposed Project Costs itemized by project work items, e.g., landscaping, structural, electro-mechanical, painting, etc.
- e) Proposed Method of Financing broken down into local sources and external sources – borrowings, grants, etc.
- f) Proposed Terms and Conditions of Borrowings in terms of source, interest rate, and amortization period.
- g) Proposed Collateral Offered.

**k. Project Management**

**Comprehensive PED**

- 1) Identify the main implementing body and partners, if any.
- 2) Describe implementing arrangements between partners. Partners may include donor, sub-contractors, private management firm, and joint venture partner, among others.
- 3) Show an organization chart including the positions, basic job descriptions, and number of personnel.
- 4) Identify if a new body/entity and new positions will be created.
- 5) For an existing entity, specify if there will be changes in the organizational structure and how the personnel will be deployed.

## **I. Details of Project Cost and Financing**

### **Comprehensive PED (especially for projects requiring multilateral financing assistance)**

- 1) Check that all costs are reasonable. Scale down costs that seem excessive to make the likelihood of funding your proposal more realistic.
- 2) Specify what items you would like the donor to fund, whether in whole or in part.
- 3) Get some idea of the usual amount provided by the funder for this type of project.
- 4) Describe your financing strategy for the project (who else will be providing financial support, how much, in what form; mechanisms that will have to be put in place to implement the strategy).
- 5) Address the cost-benefit issue, justifying the cost in terms of the benefits.

## **m. Gantt Chart of Activities**

- 1) Use this chart to show the main activities of the project, with a horizontal bar for each activity to represent the period over which it is to be performed.
- 2) You may also show the critical path (sequence of activities requiring the longest time for project completion) to highlight the critical activities that must be performed in proper sequence. You may use Microsoft Project which shows the earliest time and latest time that each event can occur.

**Table 4. Sample Situational Profile Format**

Name of Community: \_\_\_\_\_

**PERMANENT PROFILE**

Municipality \_\_\_\_\_

Barangays Covered \_\_\_\_\_

Distance from town center \_\_\_\_\_

Topography \_\_\_\_\_

Climate \_\_\_\_\_

Soil type \_\_\_\_\_

Water resources \_\_\_\_\_

Land area \_\_\_\_\_ of which \_\_\_\_\_ are agricultural area

**Without Project Situation** **With Project Situation**

**PUBLIC AND PRIVATE FACILITIES**

Facilities for agricultural production 

--

Postharvest facilities 

--

Agri-processing facilities 

--

Irrigation systems 

--

Roads and bridges 

--

Training facilities 

--

Potable water supply and households served

	No. of households served
Level I	
Level II	
Level III	

Health facilities 

--

Educational facilities 

--

Income class \_\_\_\_\_

Name of Community: \_\_\_\_\_

**VARIABLE PROFILE**

**Human Capital**

Population \_\_\_\_\_ people \_\_\_\_\_ households

Growth rate \_\_\_\_\_

Age-Sex Distribution

	Male	Female	Total
<1			
1 - 5			
6 - 9			
10 - 12			
13 - 16			
17- 40			
41 - 65			
>65			

**Without Project Situation** **With Project Situation**

Labor Force of which \_\_\_\_\_ % are in agriculture

\_\_\_\_\_ No. of days employed per year

\_\_\_\_\_ % are in agriculture

\_\_\_\_\_ No. of days employed per year

**Health Status**

Mortality rate \_\_\_\_\_

Morbidity rate \_\_\_\_\_

Nutritional Status of Population Served (PS)

Status	No. of PS
Normal	
1st degree	
2nd degree	
3rd degree	
TOTAL	

Other Remarks 

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Name of Community: \_\_\_\_\_

**VARIABLE PROFILE**

**Human Capital**  
 Population \_\_\_\_\_ people \_\_\_\_\_ households  
 Growth rate \_\_\_\_\_  
 Age-Sex Distribution \_\_\_\_\_

**Without Project Situation** **With Project Situation**

**Income Profile**  
 Ave. HH nonfarm income \_\_\_\_\_  
 Ave. HH farm income \_\_\_\_\_  
 Ave. HH income \_\_\_\_\_

**Income opportunities**

	Without Project Situation					With Project Situation				
	Major crops	Area planted	Yield	Gross Return	Cost of Production	Major crops	Area planted	Yield	Gross Return	Cost of Production
Farming										
Cropping										
Pattern										

	Without Project Situation				With Project Situation			
	Livestock	Number	Gross Return	Cost of Production	Livestock	Number	Gross Return	Cost of Production
Livestock								

	Without Project Situation				With Project Situation			
	Enterprise	Capitalization	Net Income	No. Employed	Livestock	Number	Gross Return	Cost of Production
Enterprise								

Name of Community: \_\_\_\_\_

	Without Project			With Project		
	Establishment	No. Employed	Ave. Wage	Establishment	No. Employed	Ave. Wage
Fixed wage						

**Technological profile**

Farming Technology \_\_\_\_\_

Access to Technology \_\_\_\_\_

**Financial Capital**

	Without Project			With Project		
	Lending Institution	No. who accessed	Status	Lending Institution	No. who accessed	Status
Access to formal credit institutions						

Access to informal credit Institutions \_\_\_\_\_

**Marketing Outlet** \_\_\_\_\_

Source: Vol 5, PLPEM Guidelines

**Table 5. Sample Basic PED type Presentation of the Justification and Benefits for the Proposed Renovation, Facility Upgrade and Operationalization of the Municipal Hospital in Balabac, Palawan**

“Without” Project Situation	“With” Project Situation
<ul style="list-style-type: none"> <li>• Service area population averaging 35,000 per year do not have adequate access to hospital facilities.</li> <li>• Nearest alternative hospital facilities are:               <ul style="list-style-type: none"> <li>- RTN (Private) Hospital: 50 nautical miles</li> <li>- Brooke’s Pt. Hospital: 66 nautical miles</li> <li>- Palawan Provincial Hospital and Adventist Hospital: 146 nautical miles</li> <li>- Kota Kinabalu in Malaysia: 116 nautical miles.</li> </ul> <p>(1 nautical mile = 1.852 km.)</p> </li> <li>• Cost of airlift to Puerto Princesa: PhP 30,000 per patient.</li> </ul>	<ul style="list-style-type: none"> <li>• Service area population will have access to better hospital facilities including diagnostic and laboratory services.</li> <li>• The need for airlifts will be drastically reduced if not outrightly eliminated.</li> </ul>

Source: NRO IV-B Writeshop Materials

**Table 6. Sample Comprehensive PED type Presentation of the Justification and Benefits for the Proposed Renovation, Facility Upgrade and Operationalization of the Municipal Hospital in Balabac, Palawan: Presence of Excess Demand for Hospital Beds**

APGR	0.02	Morbidity Rate Per Capita	0.08	Local In-Patient Admission Rate/Sick Person	0.39	Airlift Rate/Sick person	0.02	Outpatient Admission Rate/ Sick Person	0.91
Year	Pop'n	Potentially Sick	Potential Hospital In-patient			Out-patient	Demand/Supply Forecasts		
			Local	Airlifted	Total In-patient		Supply of Bed	Demand for Bed (NB)	Surplus/Deficit
Col. 1	Col. 2	Col.3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10
Act. 2007	29,622								
2008	30,303								
2009	31,000								
2010	31,713	2,562	1,000	40	1,040	2,331	10	16	(6)
2011	32,443	2,621	1,023	41	1,064	2,385	10	16	(6)
2012	33,189	2,681	1,047	42	1,088	2,439	10	17	(7)
2013	33,952	2,743	1,071	43	1,113	2,496	10	17	(7)
2014	34,733	2,806	1,095	44	1,139	2,553	10	17	(7)
2015	35,532	2,870	1,120	45	1,165	2,612	10	18	(8)
2016	36,349	2,937	1,146	46	1,192	2,672	10	18	(8)

$$NB = \frac{(IPA * ALS)}{(DBO * BOR * APB)}$$

IPA	No. of In-patients	<b>Col. 6</b>
ALS	Ave. length of stay per patient in days	<b>5</b>
DBO	No. of days in a year bed is in operation (95% of 365)	<b>347</b>
BOR	Bed occupancy rate (DOH records 90 to 95%)	<b>0.95</b>
APB	Ave. Patient per day	<b>1</b>

Source: NRO IV-A Writeshop Materials

**Table 7. Sample Comprehensive PED type Presentation of the Justification and Benefits for the Proposed Renovation, Facility Upgrade and Operationalization of the Municipal Hospital in Balabac, Palawan: Economic Feasibility Analyses**

<b>Justification and Benefits: Airlift Cost Savings + Benefits from Averted Deaths</b>								
Benefits of Hospitalization								
Average Patient Age 30								
Retirement Age 65								
Annual Per Capita Income 21,387								
Discount Rate 3%								
Mortality risk reduction due hospitalization/patient 6.5%								
PV of Potential Income from average patient age to 65 459,547								
Year	Finance Rate	15%	Reinvestment Rate	3%	Total Project Benefits	PV of Project benefits and Costs		
	Total Project Costs	Airlift Costs Savings	Benefits of reduced mortality due to hospital facilities	Residual Value of Capital Costs		Discounted Total Project Costs	Discounted Total Project Benefits	Discounted Net Project Benefits
2012	13,990,000	0			0	13,990,000	0	(13,990,000)
2013	6,626,454	1,200,000	31,979,404	0	33,179,404	5,762,134	28,851,655	23,089,521
2014	6,626,454	1,227,600	32,714,930	0	33,942,530	5,010,551	25,665,429	20,654,878
2015	6,626,454	1,255,835	33,467,373	0	34,723,208	4,357,001	22,831,073	18,474,072
2016	6,626,454	1,284,719	34,237,123	12,124,667	47,646,508	3,788,697	27,242,046	23,453,349
<b>Economic Feasibility Indicators</b>						<b>NPV</b>	<b>71,681,820</b>	
						<b>EIRR</b>	<b>59%</b>	
						<b>B/C Ratio</b>	<b>3.18</b>	

Source: NRO IVB Writeshop Materials

**Appendix A. Indicative Estimates of Cut-off Cost for "Big Projects"  
in Philippine Provinces: 2010**

Region	Province	Share of Province in the IRA	Minimum Mandatory Development Fund Appropriation of the Province	No. of Municipalities in the Province	Cut-off Cost for "Big Projects"
			20% of the IRA as per Sec. 287 of LGC		20% Devt Fund ÷ No. of Municipalities
<b>1</b>	Ilocos Norte	615,333,076	123,066,615	22	5,593,937
	Ilocos Sur	631,115,200	126,223,040	32	3,944,470
	La Union	603,917,631	120,783,526	19	6,357,028
	Pangasinan	1,661,792,310	332,358,462	44	7,553,601
<b>2</b>	Batanes	211,566,205	42,313,241	6	7,052,207
	Cagayan	1,122,775,941	224,555,188	28	8,019,828
	Isabela	1,373,147,861	274,629,572	35	7,846,559
	Nueva Vizcaya	581,830,076	116,366,015	15	7,757,734
	Quirino	437,610,388	87,522,078	6	14,587,013
<b>3</b>	Aurora	424,447,362	84,889,472	8	10,611,184
	Bataan	564,575,678	112,915,136	11	10,265,012
	Bulacan	1,609,986,306	321,997,261	21	15,333,203
	Nueva Ecija	1,290,931,836	258,186,367	27	9,562,458
	Pampanga	1,160,889,159	232,177,832	20	11,608,892
	Tarlac	888,903,704	177,780,741	17	10,457,691
	Zambales	598,734,192	119,746,838	13	9,211,295
<b>4A</b>	Batangas	1,356,721,887	271,344,377	31	8,753,044
	Cavite	1,549,036,274	309,807,255	19	16,305,645
	Laguna	1,410,373,432	282,074,686	27	10,447,211
	Quezon	1,384,760,890	276,952,178	40	6,923,804
	Rizal	1,264,413,792	252,882,758	13	19,452,520
<b>4B</b>	Marinduque	347,776,304	69,555,261	6	11,592,543
	Occ. Mindoro	665,049,078	133,009,816	11	12,091,801
	Or. Mindoro	730,701,081	146,140,216	14	10,438,587
	Palawan	1,183,132,510	236,626,502	23	10,288,109
	Romblon	409,558,288	81,911,658	17	4,818,333
<b>5</b>	Albay	855,616,810	171,123,362	15	11,408,224
	Camarines Norte	542,113,850	108,422,770	12	9,035,231
	Camarines Sur	1,139,991,220	227,998,244	35	6,514,236
	Catanduanes	401,792,010	80,358,402	11	7,305,309

Region	Province	Share of Province in the IRA	Minimum Mandatory Development Fund Appropriation of the Province	No. of Municipalities in the Province	Cut-off Cost for "Big Projects"
			20% of the IRA as per Sec. 287 of LGC		20% Devt Fund ÷ No. of Municipalities
	Masbate	746,134,818	149,226,964	20	7,461,348
	Sorsogon	632,378,261	126,475,652	14	9,033,975
<b>6</b>	Aklan	516,999,816	103,399,963	17	6,082,351
	Antique	569,485,628	113,897,126	18	6,327,618
	Capiz	652,426,933	130,485,387	16	8,155,337
	Guimaras	285,705,239	57,141,048	5	11,428,210
	Iloilo	1,221,648,177	244,329,635	42	5,817,372
	Negros Occ.	1,644,809,867	328,961,973	19	17,313,788
<b>7</b>	Bohol	981,269,387	196,253,877	47	4,175,614
	Cebu	1,554,848,566	310,969,713	47	6,616,377
	Negros Or.	1,030,138,693	206,027,739	20	10,301,387
	Siquijor	255,958,866	51,191,773	6	8,531,962
<b>8</b>	Biliran	288,147,736	57,629,547	8	7,203,693
	E. Samar	617,518,638	123,503,728	23	5,369,727
	Leyte	1,111,992,636	222,398,527	41	5,424,354
	N. Samar	643,959,777	128,791,955	24	5,366,331
	S. Leyte	471,697,834	94,339,567	18	5,241,087
	W. Samar	801,877,183	160,375,437	25	6,415,017
<b>9</b>	Basilan	516,764,784	103,352,957	8	12,919,120
	Zamboanga del Norte	970,935,734	194,187,147	25	7,767,486
	Zamboanga del Sur	824,515,694	164,903,139	26	6,342,428
	Zamboanga Sibugay	604,726,839	120,945,368	16	7,559,085
	Sulu	651,076,953	130,215,391	19	6,853,442
	Tawi-Tawi	536,792,257	107,358,451	11	9,759,859
<b>10</b>	Bukidnon	1,212,677,398	242,535,480	20	12,126,774
	Camiguin	241,277,851	48,255,570	5	9,651,114
	Lanao del Norte	596,147,956	119,229,591	22	5,419,527
	Misamis Occ.	539,823,084	107,964,617	14	7,711,758
	Misamis Or.	680,345,628	136,069,126	24	5,669,547
<b>11</b>	Davao del Norte	722,839,723	144,567,945	8	18,070,993
	Compostela Valley	676,841,937	135,368,387	11	12,306,217

Region	Province	Share of Province in the IRA	Minimum Mandatory Development Fund Appropriation of the Province	No. of Municipalities in the Province	Cut-off Cost for "Big Projects"
			20% of the IRA as per Sec. 287 of LGC		20% Devt Fund ÷ No. of Municipalities
	Davao del Sur	768,600,071	153,720,014	14	10,980,001
	Davao Oriental	682,262,464	136,452,493	11	12,404,772
<b>12</b>	Lanao del Sur	1,230,826,978	246,165,396	39	6,311,933
	N. Cotabato	1,109,397,410	221,879,482	17	13,051,734
	Maguindanao	1,078,632,935	215,726,587	28	7,704,521
	Sarangani	574,616,045	114,923,209	7	16,417,601
	S. Cotabato	728,510,795	145,702,159	10	14,570,216
	Sultan Kudarat	739,758,104	147,951,621	11	13,450,147
<b>13</b>	Agusan del Norte	481,883,855	96,376,771	11	8,761,525
	Agusan del Sur	934,944,092	186,988,818	14	13,356,344
	Surigao del Sur	682,017,759	136,403,552	18	7,577,975
	Surigao del Norte	496,155,631	99,231,126	20	4,961,556
	Dinagat Island	284,032,784	56,806,557	7	8,115,222
<b>CAR</b>	Abra	499,187,124	99,837,425	27	3,697,682
	Benquet	501,826,710	100,365,342	13	7,720,411
	Ifugao	411,260,799	82,252,160	11	7,477,469
	Kalinga	443,989,296	88,797,859	8	11,099,732
	Apayao	438,825,488	87,765,098	7	12,537,871
	Mt. Province	371,913,184	74,382,637	10	7,438,264
<b>All Provinces</b>	<b>80</b>	<b>62,278,999,768</b>	<b>12,455,799,954</b>	<b>1,500</b>	<b>8,303,867</b>

Source: Calculated from Department of Budget and Management (DBM) data on IRA appropriation per province in 2010 as published in the DBM webpage.

## APPENDIX B. PROBLEM TREE ANALYSIS

### Problem Analysis involves four main steps:

- Agree on the problem or need that should be analyzed.
- Identify the 'focal problem', i.e. the problem or need that the target group considers to be the most critical.
- Identify all of the other problems associated with the focal problem.
- Develop a **problem tree** to show the hierarchy of all of the problems in terms of their cause and effect relationship.
- The problem tree should be developed as a participatory group activity. (6 to 8 people is often a good group size: if more people need to be involved, use more groups.) It is important to ensure that groups are structured in ways that enable particular viewpoints, especially those of the less powerful, to be expressed. For example, women will often have a very different perception of the community's problems than the men.

### Developing a problem tree requires the following 5 steps:

- Brainstorm suggestions to identify the focal problem and write it on a card or 'Post-it'.
- Brainstorm all of the related problems to the focal problem and write each problem on a separate card (or a Post-it).
- Establish a hierarchy of causes and effects - problems that are directly causing the focal problem go below it, and problems that are effects of the focal problem go above.
- For each problem ask the question 'What causes this problem?' Write the causes on separate cards and place them below the problem they cause. If there are two or more causes of a problem, and one is not the cause of the other then place them on the same level.
- Review the problem tree for completeness and accuracy and connect the problems with cause-effect arrows/lines to show the links.

### Key points to remember:

- The quality of the tree will depend on involving the right people.
- It may be best to run separate problem analysis workshops with different stakeholder groups.
- The process is as important as the product and should be seen as a learning and relationship-building experience.
- The problem tree should be a valid but simple representation of the current negative situation.
- Do not try and cover every cause of every problem identified - concentrate on the most important ones.

## APPENDIX C. SWOT ANALYSIS

SWOT Analysis can be used to analyze a situation and develop suitable strategies. You can also use it to get an understanding of your competitors, which can give you the insights you need to formulate a coherent and successful competitive position.

When carrying out your SWOT Analysis, be realistic and rigorous. Apply it at the right level, and supplement it with other option-generation tools where appropriate.

By understanding your business or organization, SWOT can help you uncover opportunities that you are well placed to exploit and help you manage and eliminate threats. Also, by looking at yourself and your competitors using the SWOT framework, you can start to craft a strategy that helps you distinguish yourself from your competitors, so that you can compete successfully in your market.

Strengths and weaknesses are often internal to your organization, while opportunities and threats generally relate to external factors.

	Positive	Negative
Internal	<b>STRENGTHS</b>	<b>WEAKNESSES</b>
External	<b>OPPORTUNITIES</b>	<b>THREATS</b>

Fill in the SWOT template by answering the following questions:

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• What advantages does your organization have?</li> <li>• What do you do well?</li> <li>• What unique or lowest-cost resources can you draw upon that others can't?</li> <li>• What do others see as your strengths?</li> <li>• What is your organization's unique selling proposition (USP)?</li> </ul>	<ul style="list-style-type: none"> <li>• What could you improve?</li> <li>• What should you avoid?</li> <li>• Where do you have fewer resources than others?</li> <li>• What do others likely to see as your weaknesses?</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• What opportunities are open to you?</li> <li>• What trends could you take advantage of?</li> <li>• How can you turn your strengths into weaknesses?</li> </ul>	<ul style="list-style-type: none"> <li>• What threats could harm you?</li> <li>• What threats do your weaknesses expose you to?</li> <li>• What obstacles do you face?</li> <li>• What are your competitors doing?</li> <li>• Are quality standards or specifications for your job, products or services changing?</li> <li>• Is changing technology threatening your position?</li> <li>• Do you have bad debt or cash-flow problems?</li> <li>• Could any of your weaknesses seriously threaten your business?</li> </ul>

## **Strengths**

Consider your strengths from both an internal perspective, and from the point of view of your customers and people in your market.

You should also be realistic. When looking at your strengths, think about them in relation to your competitors. For example, if all of your competitors provide high quality products, then a high quality production process is not a strength in your organization's market, it is a necessity.

## **Weaknesses**

Consider Weaknesses from an internal and external basis: Do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you?

## **Opportunities**

Useful opportunities can come from such things as:

- Changes in technology and markets on both a broad and narrow scale.
- Changes in government policy related to your field.
- Changes in social patterns, population profiles, lifestyle changes, etc.
- Local events.

A useful approach when looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities. Alternatively, look at your weaknesses and ask yourself whether you could open up opportunities by eliminating them.

## **Threats**

Look at external factors, such as new government regulations, or technological changes in your industry.

## **Tips**

- Accept only precise, verifiable statements ("Cost advantage of Php 10/ton in sourcing raw material x", rather than "Good value for money").
- Ruthlessly prune long lists of factors, and prioritize them, so that you spend your time thinking about the most significant factors.
- Apply it at the right level - for example, you might need to apply SWOT Analysis at product or product-line level, rather than at the much vaguer whole company level.

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