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CIDA Assistance to Telecommunications Development in the Philippines

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Canada 

Executive Summary

Introduction and Methodology

The purpose of this report is to summarize the findings of an impact evaluation of CIDA's assistance to telecommunications development in the Philippines between 1986 and 1998, consisting of a desk study and four field studies. The methodology for the desk study consisted of a review of project files and interviews with key personnel at CIDA including former and current CIDA staff, CIDA telecommunications experts and Canadian Executing Agencies (CEAs). The field mission produced four sub-studies: 1) Case Study in Batangas province, 2) Case Study in Lanao del Norte province, 3) Telecommunications Institutional Mapping Study, and 4) Tracer Study on participants in CIDA's training and technical assistance project. These sub-studies are available in Volume II.

Data for these sub studies were collected through in-person interviews, a survey questionnaire with probing interviews, focus group meetings and field site visits with Filipino partner telecommunications organizations (DOTC, NTC, MTPO) and a large number of primary beneficiaries (individual users) and secondary beneficiaries (organizational users) in the Philippines. In addition to Universalial and Performance Review Branch evaluators, a team of local Filipino consultants from the Asian Institute of Management was sub-contracted to manage the local data collection and to provide a sound understanding of the rapidly evolving telecommunications sector in the Philippines. Overall, more than 15 persons in Canada and 129 in the Philippines were contacted for data to support the study.

Background on CIDA's Telecommunications Projects

The Government of Canada has provided official development assistance to the Philippines for almost two decades. Since the fall of the Marcos regime, CIDA and the Government of the Philippines have worked together to improve the physical capital stock and the institutional and organizational capacity of the telecommunications sector. Over the past 10 years, CIDA has contributed \$33 million to a series of three projects that aimed to install Public Call Offices (PCOs) in 26 provinces of the most under-served and remote areas of the Philippines and to provide technical assistance to the sector. The technical assistance involved a wide range of government organizations responsible for telecommunications throughout the country. The main organizations included the Department for Transport and Communications (DOTC), the National Telecommunications Commission (NTC) and the Municipal Telephone Project Office (MTPO). CIDA's technical assistance was intended to improve the organizational capacity of telecommunications organizations as well as the institutional and enabling environment supporting the sector itself. The implementation of these projects has involved a wide range of stakeholders including Canadian government agencies such as the Export Development Corporation, Canadian and Philippines private telecommunications firms, individual professionals in the sector and a significant number of government agencies in the Philippines.

Development Context

According to the 1998 UNDP statistics, the Philippines' Human Development Index (HDI) ranked 98th in the world. Life expectancy at birth is 65 years, under five mortality is 38 per 1000 live births, the adult literacy rate, 94.6%, is among the highest in South East Asia and the GDP per capita is US \$2,762.

Project Performance

The analysis of project results was based on an evaluation approach centred on the overall impacts of three projects considered as a group (or programme) rather than on the individual projects. The results and impacts of these interventions were assessed at three distinct levels: 1) Individual (Community, Household level); 2) Organizational (Capacity Development level); and 3) Institutional (Macro level). This framework for results complements that outlined in the ISPR Workbook and highlights the different levels of impact and the synergistic influence they have upon each other. Given this framework, the most prominent results produced during the project include the following:

Results at the Individual Level

- Improved ability of primary beneficiaries to maintain family relations and social networks.
- Improved economic opportunities and development at community level.
- Increased access to social security benefits and services for poorer segments of the population.
- Enhanced local awareness and demand around the use and benefits of information and communication technology.
- Enhanced skills of secondary beneficiaries such as professionals in the telecommunications sector

Results at the Organizational Level

- Improved operational and strategic management of private and public organizations in Batangas and Lanao del Norte provinces, particularly in local government and business sectors.
- Enhanced ability of Canadian telecommunications companies to operate and compete in the sector in the Philippines, leading to enhanced business development and profitability.
- Improved planning and policy formulation capacity of the Department of Transport and Communications (DOTC), although lack of resources challenges sustainability of these interventions.
- Improved capacity of the National Telecommunications Commission (NTC) to deal with public and private agencies/companies.
- Enhanced ability of DOTC, NTC to access and use foreign funds.

Results at the Institutional Level

- Demonstrated ability of local areas to respond to and benefit from telecommunications services, thus enhancing support for new telecommunications enabling environment that promotes universal coverage. However, the privatization strategy for PCOs was not successfully realized due to the challenging enabling environment.
- Enhanced institutional capacity to design and implement policy (re: interconnection, competition and privatization).
- Improved ability for stakeholders to manage competitiveness in the sector.
- Facilitation of packaging and privatizing of telecommunications systems (e.g. DIGITEL system in 1993).
- Improved allocation of resources to telecommunications policy-making bodies.

The most prominent results were evident at the individual and organizational levels, with less significant impact at the institutional level. Through CIDA's appropriate mix of telecommunications interventions, the program was able to improve the level of telecommunications infrastructure in some of the most underserved areas of the Philippines which led to improved social and economic conditions for individuals and improved capacity of private and public sector organizations. At the institutional level, results were not as significant because of the unstable enabling environment supporting the development of the telecommunications sector in the Philippines and the rapidly evolving nature of the telecommunications sector itself. These institutional realities also affected the sustainability of results at the individual and organizational levels. For example, shifts in the GOP's policy that moved the balance from public to private ownership of infrastructure, has made privatization of PCO systems a challenge due to their limited prospects for profitability. This has left the majority of PCO systems unprivatized, resulting in poor system performance and challenges to their long-term sustainability.

Some of these constraints could have been addressed through timely application of lessons learned and through improved planning and feasibility studies in the early stages of the projects. The inability of the TISP project, for example, to ensure that maintenance and management of project benefits were looked after has seriously compromised the sustainability of project results. Other constraints to performance include:

- Misunderstanding between major stakeholders regarding project objectives and purposes; (CEAs and technical assistance experts did not fully understand poverty reduction objectives of projects)
- Confusion over roles and responsibilities for certain project components; (Need for clearer allocation of responsibility to MTPO/TELOF organizations to ensure project sustainability)
- Monitoring and evaluation systems that were not aligned with overall development objectives of projects. (Poverty reduction objectives and cross-cutting themes not fully integrated into monitoring and evaluation systems)

Key Factors Affecting Project Results

The following were key factors in facilitating the projects' achievements:

Partnership

Strong partnerships were formed between the Filipino and Canadian private sectors leading to improved networks between Canada and the Philippines and strong new business opportunities for Canada in the ASEAN region. Canadian companies (CEA's) also formed strategic partnerships amongst themselves to ensure that relevant expertise was available for the projects and that they were implemented effectively and efficiently. These profitable partnerships ensured that there were benefits for both Canada and the Philippines and assisted in building the positive growth and momentum of all telecommunications interventions over the ten-year implementation period.

Relevance and Good Timing

The strategic programming approach that characterized CIDA's assistance to the GOP was relevant, timely and beneficial to socio-economic development conditions and needs in the Philippines in the period 1987- 1998. The complementarity of the projects' designs ensured there was consistency with the GOP's needs and priorities in the telecommunications sector (e.g. infrastructure support coupled with institutional and policy support). This approach brought significant benefits to the Canadian private sector and further enhanced the reputation of Canadian suppliers of telecommunications technology and expertise. It also was a key factor in bringing about intended results at CIDA's three key performance areas: 1) Individual, 2) Organizational and 3) Institutional.

Innovation and Creativity

Project managers applied innovative and creative measures with regard to experimenting with project design (e.g. privatization strategy). They also took timely risks to ensure that results were achieved and to move towards longer term project sustainability. For example, innovative strategies to deal with operational challenges of the projects were implemented and technological adaptations were made so systems were up to date and could properly function in the challenging physical environments where they were required to perform. These creative management solutions were essential to the overall success of CIDA's interventions in the sector, particularly given the rapidly evolving nature of telecommunications in the Philippines.

Infrastructure Services Themes and Issues

CIDA's intervention in this sector has made a substantial contribution to improving the level of telecommunications infrastructure in some of the most underserved areas of the Philippines. Support for enhanced telecommunications physical capital stock has improved the capacity of local organizations which serve the poor to deliver their services more effectively and efficiently.

Lessons Learned

The major lessons learned from this impact evaluation include the following:

For Policies

Lesson:

- Conducive enabling environments are necessary for many of the fundamental changes required to provide infrastructure services equitably, so donors need to pay particular attention to the enabling environment, including strategic investment to help make the enabling environment more conducive. To help make enabling environments more conducive for strategic management, regulation and the equitable provision of services, donors need to pay particular attention to strengthening the capacity of institutions and organizations in recipient countries.

Recommendation:

- Before entering a new sector for infrastructure services programming, CIDA should continue to invest in developing an understanding of the institutions and rules that govern the sector, including an analysis of programming opportunities that help make the enabling environment more conducive.

Lesson:

- In conducive enabling environments, donors can play a significant role in helping developing countries to shape infrastructure policies that contribute to efficient and effective services that benefit the poor.

Recommendation:

- CIDA should pay more attention in its projects to providing support for infrastructure services policy reform that emphasizes improving the lives of the poor.

For Country Programs

Lesson:

- To make effective investments, donors need a thorough understanding of the national “institutions” that comprise both the formal and implicit rules governing the sector. Otherwise, programs will fail because of faulty assumptions about how things work in the sector within the country.

Recommendation:

- CIDA's country program development frameworks (CDPFs) should incorporate knowledge of the institutions and organizations within the sectors of CIDA programming.

For Projects

Lesson:

- One of the major determinants of results that CIDA controls is the selection of highly competent contractors/executing agencies.

Recommendation:

- In evaluating proposals related to infrastructure services by prospective Canadian Executing Agencies, CIDA should pay increasing attention to the quality of prior contract work.

Lesson:

- Because technological change is so much accelerated in telecommunications as opposed to other infrastructure services, projects in telecommunications need to be more responsive to new opportunities, with more timely mechanisms for decision-making, than do projects in other infrastructure services.

Recommendation:

- In planning programs in the telecommunications sector, CIDA should establish mechanisms for frequent review of program/project performance, including the implications of rapidly changing technology.

Lesson:

- Through strategic CIDA-private sector partnerships that acknowledge the essential role of the private sector in developing sustainable infrastructure services, CIDA can help ensure that its project results are sustainable.

Recommendation:

- CIDA should continue to capitalize on the involvement of private sector partners so as to help position them to continue to provide infrastructure services in a sustainable way after the CIDA investment has been concluded.

Lesson:

- CIDA's support for project monitoring and evaluation needs to be at the societal/ultimate beneficiary level as well as the technical level if CIDA is to be able to manage its infrastructure services projects for development results.

Recommendation:

- Terms of reference for monitoring and evaluation of infrastructure services should include requirements to examine effects and impacts on ultimate beneficiaries.