

**Logistics Infrastructure Development Project (LIDP)
Training and Technical Assistance Component**

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1 Background

As the country's premiere development financial institution, the Development Bank of the Philippines (DBP) reaffirms its commitment to continuously catalyze global competitiveness through economical, environmental and sociological awareness and sustainability.

The LIDP is a continuation of the previous project of DBP, the SLDP which was initialized in support of the government's Strong Republic Nautical Highway (SRNH) whose primary intention was to stimulate economic activities by lowering the transportation costs and minimizing product travel time. Now, expanding the program to help in the development of transportation and logistics in the Philippines, LIDP was created.

The Logistics Infrastructure Development Project (LIDP) is a 7-year, JPY30.380 billion development project that will provide financing in infrastructure and logistics systems in the country. It consists of two (2) loans: (a) fund for re-lending; and (b) training and technical assistance components (TTAC). The latter allows DBP to hire a team of specialists that will provide consulting services to support the DBP in project implementation.

LIDP, as a Program, experienced start-up delays, its ups and downs and has recently regained its momentum with the support of all members of the Consulting Team and LIDP-DBP team. The vision of helping the government in developing the nation keep the Program heading in the right direction despite of delays and problems it encounters. The consultancy inputs, delivered in an intermittent manner, from the members of the Team with diverse experiences and expertise allowed the integration of different perspectives into the design and preparation of the LIDP-PMO.

To support the DBP in project implementation, the TTAC allows DBP to hire a team of specialists that will provide consulting services.

On February 8, 2011, DBP signed a contract with Berkman International Inc. (BII) for BII and its firm associates, Central Consultant, Inc. of Japan (CCI), Science and Vision for Technology, Inc. (VISION), and Urban Integrated Consultants Inc. (UICI), to provide the consulting services.

1.1 Overview of Logistics Infrastructure Development Project

LIDP is a 7-year, JPY30.380 billion development project that will provide financing in infrastructure and logistics systems in the country. It consists of two (2) loans: (a) fund for re-lending; and (b) training and technical assistance components (TTAC). LIDP is envisioned to assist the Philippines in addressing the need for adequate transport infrastructure, and efficient logistics for the distribution of goods and services in the country. The loan package aims to encourage the participation of private sector, government owned and controlled corporations (GOCCs), local government units (LGUs), cooperatives, and participating financial institutions (PFIs) involved in infrastructure

development. This will be undertaken through investment support in physical infrastructure and institutional capability building program for the private sector, GOCCs, LGUs, PFIs, and other end users.

The LIDP covers five (5) sub-sectors covering two major sectors in infrastructure, namely, transport and logistics. Eligible investments in the transport sector include: 1) RRTS vessels and facilities; and 2) toll roads, LGU roads, and maintenance equipment, while logistics include 3) packaging, transport and distribution facilities; 4) bulk chain, and 5) cold chain.

1.2 Objective of the Technical Assistance Component

The Terms of Reference (TOR) for the LIDP Consulting Services provides the following objectives:

1. To assist DBP, end-users and PFI's in the implementation of the LIDP in terms of strategy formulation, sub-project evaluation, assessment and monitoring, in accordance with the objective of LIDP to promote efficient transport and logistics systems in the Philippines; and to achieve more effective utilization of the fund.
2. To expand competence level (technology transfer) of bank officers and staff, including end-users and industry stakeholders involved in transport and logistics systems through provision of training seminars, actual on-the-job/field work, training and others.
3. To coordinate and build linkages with concerned government agencies and industry stakeholders regarding policy directions for the transport and logistics sector.

The general scope of work is divided into two major activities, namely, project preparation and project implementation and monitoring. Below are the details specified in the TOR.

1.3 Scope of Work

The general scope of work is divided into two major activities, namely: Project Preparation and project Implementation and Monitoring.

a. Activities during the Preparation Phase

During this period, the following activities shall commence with some fully accomplished:

Table 1- List of Activities

Activities	Date
Preparation of the Inception Report	April 1, 2011 – May 15, 2011
Review of Project's Operating Policy Guidelines	April 2011
Rapid Assessment for each of the five (5) sub-sectors	May 2011
Design of Implementation Plan	May 2011
Enhancement of Requirements/Criteria to Qualify to LIDP Loan	June 2011
Assistance in the Identification of Target Clients & sub-projects	June 2011- onwards
Preparation of Technical Guidelines	June 1, 2011 –Sept 30, 2011
Preparation of Related Studies	July 1, 2011 – Nov 30, 2011
Documentation of Best Practices	August 2011 – Dec 2016
Promotional Activities	June 2011 – June 2015
Workshop on Logical Framework (Logframe), Results Monitoring and Evaluation (RME) and Feasibility Study Preparation	July 2011 Onwards

The Inception Report was then submitted to DBP on May 16, 2011. An interagency meeting with DOTC was held on May 17, 2011 and PPA on May 11, 2011 to introduce the project. The review of Shipping Policy was submitted to DBP on May 17, 2011 for comments and recommendations from DBP in line with the enhancement of documentary requirements.

b. Coordination Meetings

In preparation for implementation, the Consultant held series of meetings to discuss the deliverables and the formulation of strategies in accomplishing the services.

- The first coordination meeting of the Consultant was held on April 1, 2011 at the Consultant's office at DBP.

Significant topics discussed were the following:

- i. Orientation to LIDP program regarding the allocated budget of JPY 30.38 billion and the implementation period of more than five (5) years and the closing date of December 24, 2016.

- ii. Queries to DBP pertinent to project implementation
- iii. Preparation of revised work schedule
- The first coordination meeting between DBP and the Consultant was held on April 5, 2011 at the Training Room B, DBP Building. The meeting was presided by VP Paul D. Lazaro.

Significant topics discussed were the following:

- i. Approved accounts
- ii. Allocation of sub-projects
- iii. Marketing plans
- iv. Some deliverables of the Consultant
- v. Web-based monitoring
- The second coordination meeting of the Consultant was held on April 15, 2011 at UICI office in Quezon City.

Significant topics discussed were the following:

- i. Restructuring of related studies
- ii. Design guidelines/criteria
- iii. Logical framework
- iv. Web-based monitoring
- v. Review of work schedule
- vi. Schedule of meeting with other agencies
- The third coordination meeting of the Consultant was held on April 29, 2011 at the Consultants' Project Management Office (PMO) at DBP.

Significant topics discussed were the following:

- i. Review of the revised work schedule
- ii. Preparation of staffing schedule
- iii. Schedule of promotional activities

- iv. Preparation of Inception Report
- v. Additional Specialists for M&E, Bulk Chain and Cold Chain
- Other meetings were conducted at the Consultants' Project Management Office (PMO) at DBP relative to the preparation and review of the Inception Report.

2 Problems encountered and Remedial Actions Taken

There is a first batch of Consultants engage for LIDP Project. But then upon the submission of the Inception Report on May 16, 2011, DBP find them incapable to handle the Project. The Consulting Services was suspended by DBP effective in June 13, 2011 in accordance with Clause GC2.8 of the Contract. DBP pursued the action because of the 2 following reasons:

- a. first the inability of Berkman International, Inc, who led the consortium, to make available the services of the Deputy Project Manager identified under the contract and;
- b. unsatisfactory level of performance of the designated substitute DPM, secondly, the submitted Inception Report contains nothing more than what was already submitted in Berkman's bid proposal

Upon acknowledging the notice of suspension, Berkman immediately addressed the issues raised by DBP and Mr. Raul Roberto de Guzman, Chairman of Berkman International, Inc. acted as the Project Director. Berkman provided DBP with list of candidates for DPM position. Mr. Antonio Rex Chan was considered for the position for his experience and knowledge on logistics and working with other government agencies. Berkman also nominated Ms. Marissa David as Project adviser, being the former Deputy Project Manager of EISCP2 of DBP.

Berkman also have submitted list of CV's for the new roster of Consulting team.

For the national specialists, however, BII has identified the following core group of consultants, aside from the DPM, that are needed to implement the requirements of the project.

These are the following:

1. Transport Planner/Specialist
2. Logistics Planner/Specialist
3. Financial Specialist

4. Environmental and Social Assessment Specialist
5. Institutional Specialist
6. Training Specialist
7. Sub-sector Specialists
 - a. RORO
 - b. Port/Shipyards Planning
 - c. Road
 - d. Bulk Chain
 - e. Cold Chain
8. Other Consultants
 - a. Marketing Specialist
 - b. Monitoring and Evaluation (M&E) Specialist
 - c. Management Information System (MIS) Specialist

Initially, these consultants were given respective assignments particularly for the project preparation phase and in performance monitoring of some of the sub-projects that are on-going.

3 Discussion of Changes in the Project

a. Changes in People Managing the Project

See table 2 for the list of first batch of Consultants that was replaced:

Table 2- List of Replaced Consultants

Consultant	Position
1. Mr. Ruben M. Guilas	Acting Deputy Project Manager/Transport Specialist
2. Ms. Ma. Elizabeth Verzola	Transport Economist
3. Ms. Ma. Lourdes Manatad	Port/Shipyards Planning Expert
4. Mr. Alfredo Salazar	RoRo Vessel Operations Expert

The following are the List of New Consulting Team

Table 3 – List of New Consulting Team

Position	Staff-month Inputs
International	
1. Project Manager	5
2. Financial Analyst	3

Position	Staff-month Inputs
3. Transport Engineer	4
4. Environmental and Social Assessment Specialist	3
Sub-sector Specialists	
5. RORO Vessel Operations	9
6. RORO Vessel Design Expert	4
7. Port/Shipyards Planning	4
8. Road	4
9. Logistics/Transport Economist	4
Pool of Consultants	10
<i>Sub-total (International)</i>	50
National	
1. Deputy Project Manager	45
2. Project Adviser	2
3. Transport Planner/Specialist	6
4. Logistics Planner/Specialist	6
5. Financial Specialist	5
6. Environmental and Social Assessment Specialist	4
7. Institutional Specialist	3
8. Training Specialist	5
Sub-sector Specialists	
9. RORO	6
10. Port/Shipyards Planning	6
11. Road	6
12. Bulk Chain	6
13. Cold Chain	6
Other Specialists	
14. Marketing Specialist	4
15. M&E Specialist	3
16. MIS Specialist	3
Pool of Consultants	29
<i>Sub-total (National)</i>	145
Total (staff-months)	195

The second batch of consulting team was mobilized to provide the LIDP consultancy services to DBP on August 8, 2011 together with the Deputy Project Manager and the Project Adviser. See Table 4 for the list of first batch of Consultants.

Table 4 – 1st Batch of Consultants

Consultant	Position
1. Antonio Rex S. Chan	Deputy Project Manager
2. Marissa V. David	Project Adviser
3. Randolph Carreon	Transport Planner
4. Deo Leo N. Manalo	Logistics Planner
5. Aniceta D. Mago	Financial Specialist
6. Cesar Domingo	Institutional Specialist
7. Preciousa Contreras	Training Specialist
8. Danilo M. Laureta	RoRo Design Specialist
9. Teddy S.J. San Juan	Cold Chain Specialist
10. Arturo M. Ilano	Marketing Specialist
11. Noriel S. Sicad	M&E Specialist
12. James Dexter Grageda	MIS Specialist

The next group of the Consultants to complete the second batch of the Consulting team comes within the period on the project where they are already available. See Table 5 for the 2nd batch of Consultants.

Table 5 - 2nd Batch of Consultants

Consultant	Position
1. Alfredo P. Ocampo	Port/Shipyard Planning
2. Romeo S. Matanguihan	Road Specialist
3. Francis C. Carlos	Bulk Chain Specialist
4. Gudmund Rognstad	Int. RORO Specialist

On July 29 2011, the inception report was submitted by the BII consultant Team in compliance with the consultancy agreement. The inception report was accepted and subsequently DBP lifted the suspension on the consultant's activities effective August 3, 2011.

b. Changes in the List of Deliverables

The following project reports shall be prepared and submitted by the TACT on specified periods, in one electronic and five hard copies:

Table 6 - List of Project Reports

Type of Report	Schedule of Submission
1. Quarterly Progress Reports	Within 10 days after end of each quarter
2. Client Call/Project Visit Report	Within 2 days after client call/project visit
3. Project Evaluation and Endorsement Report	Within 1 week after project visit and upon receipt of complete documents
4. Activity Report	On a per activity basis
5. Final/ Project Completion Report	45 days after End of Contract
6. Other documents, which DBP may reasonably request	

Aside from the above regular reports, the following are the project deliverables and the changes made in the schedule of submission:

Table 7 - List of Project Deliverables

Deliverables	Schedule of Submission
1. Rapid Assessment Report	Mid-October 2011
2. Strategic Marketing Plan	End-October 2011
3. Revised Operating Policy Guidelines	End-September 2011
4. Technical Evaluation Guides	Mid- September 2011 for the 2 generic guides Mid-2012 for the 5 sub-sector specific guides
5. Sub-Project Performance Monitoring Guides	Mid- September 2011 for the 2 generic guides Mid-2012 for the 5 sub-sector specific guides
6. Project Implementation Plan	End-October 2011
7. Promotions Plan	End-September 2011 for initial promotions plan focusing on packaging, transport and distribution facilities, and the cold chain sub-sectors Complete Promotions Plan as part of the Strategic Marketing Plan: End-October 2011

Deliverables	Schedule of Submission
8. Regional Industry Conference on LIDP (at least 4 conferences)	One by end of 2011 Three by first semester of 2012
9. Presentation Paper or Exhibit Materials for Sub-sector Industry Conferences	As needed
10. Policy Papers	One by November 2011; others to be identified and decided later
11. M&E System	Mid-October 2011
12. MIS System	Design and operationalization by end of 2011; continuing administration (if DBP MIS will not be able to handle)
13. Strategies or Policy Recommendations on overcoming achievement of agreed targets of operation and effect indicators	Mid-Project (2013)
14. Training Program	Mid-November 2011
15. Training Workshops for DBP and PFIs	One training workshop before end of 2011; others to be scheduled (from the training program)
16. Training Workshops for end-users	First run by first semester of 2012; others to be scheduled

On August 12, 2011, a Task Authorization was issued to mobilize the consultants to initiate the Project Preparation activities such as: the conduct of Rapid Assessment of Transport and Logistic Sector and the preparation of Strategic Marketing Plan. Likewise, Task Authorization was also issued to initiate the conduct on the design of the Implementation Plan to include the review and Improvement of the OPG, preparation of the logframe, preparation of technical evaluation guidebook, Sub-project Performance Monitoring Guide and a web based MIS, intermediate promotions plan, and the Project Implementation Plan.

4 Work Carried Out for the 3rd Quarter of 2011

a. Rapid Assessment Report

The Transport Specialist and the Logistic Specialist were tasked to do the Rapid Assessment for the LIDP program. The assessment covers the investment opportunities, key players, market, institution and the policy status and needs, economy, technologies and other important areas aspects of the transport and

logistics sector. Gathering of data and information necessary for the report was done and now being consolidate to give the assessment in identifying development needed in each sub-sector of the logistics and transportation. As of September 30, 2011, the consultants have completed the data gathering and written about 50% of the Rapid Assessment Report.

b. Operating Policy Guidelines

The Operating Policy Guidelines, through the information from different expertise during the consultation meetings among members of the Consultant Team and the LIDP-DBP officials provided the context and information in reviewing the documents and recommending data which helps to make the report substantial for the program not just on the content of the OPG but also in the list of eligible sub-projects.

c. Promotions Plan

Draft outline for the Strategic Marketing Plan was submitted to DBP LIDP Project Team. Meeting with the Marketing Department of DBP helps in addressing what should be the target areas of the LIDP program. An Initial promotional plan is being drafted as part of the Strategic Marketing Plan to provide detailed marketing approach and to identify the key players or target clients in each subsector to be able to prescribe strategies on how to position LIDP of DBP in addressing the financial need/requirement of each sector.

d. Management Information System

The design and development of the M&E System cannot proceed until the Operational Policy Guidance, Technical Evaluation Guide and LogFrame documents have been submitted or at least a working draft has been finalized. Activities for the month of August and September 2011 were concentrated on the consultative meetings with LIDP Stakeholders and other LIDP Consultants, review of documents relative to the project and development of the M&ES initial Prototype. A meeting with the DBP DS-ISSU is still being scheduled and a request for the data definition and database structure used by the DBP Program Monitoring System (DPMS) has been made. Draft web based MIS were submitted to LIDP LPT for comments and further development.

e. Logframe and Indicators

The regular consultation meetings with the project team and the DBP official helps in gathering necessary data needed in the preparation of logframe which includes the procedure for the collection and analysis of baseline data to

determine attainment of project targets in terms of impact, outcome, output and other operation and effect indicators.

The performance indicators were reviewed and a revised set of performance indicators were proposed.

5 Expenditures and Budget

The expenditure and budget for this quarter are shown on the table below. The actual expenditures for this quarter are higher than the previous quarter mainly due to the full blast deployment of the consultants.

Table 8 – Budget and Expenditures

	Unit Prices/Budget Figures	Actual Expend. Accum. June '11	Actual Expend. 3rd Qtr. 2011	Budget 3rd Qtr 2011	Budget 4th Qtr 2011	Actual Exp, and budget to Yearend 2011
Man-months Expat Cons.	50	-	0.13			0.13
Man-months Local Cons.	145	3.44	13.67			17.11
Senior Expat Consultants		-				-
Regular Expat Consultants	80,324,067.06	-	223,810.58			223,810.58
Local Consultants	79,178,445.93	1,602,246.11	7,113,059.53			8,715,305.64
Reimbursable Expenses:						
A. LOCAL	39,035,159.02					
Accommodation		6,206.90				6,206.90
Daily Allowance						-
International Travel (Home Ofc)						-
Travel Related Costs						-
Study Tours, internat, Sem.						-
Home Office Communication						-
local Travel		15,234.99				15,234.99
Transportation		727.22				727.22
Communication Cost		2,617.47	22,805.42			25,422.89
Meeting Expenses		5,655.81	8,514.61			14,170.42
Office Operations		188,846.68	217,954.63			406,801.31
Equipment (Computer/Others)		2,518.61				2,518.61
Reports and Drawings (Lumpsum)		6,513.24				6,513.24
B. FOREIGN	15,738,236.85					
Sub-Total	214,275,908.86	1,830,567.03	7,586,144.77	0	0	9,416,711.80
Provisional sums - local	3,675,000.00					
Contingencies - foreign	7,000,000.00					
- local	8,000,000.00					
TOTAL	232,950,908.86					

6 Plans for the 4th Quarter

The planned activities for the next reporting period would be focusing on delivery of outputs from this reporting period. Such outputs are:

- a. Rapid Assessment Report
- b. Operating Policy Guidelines
- c. Strategic Marketing Plan
- d. Implementation Plan

And also, planned activities for the next reporting period will cover the following deliverables:

- a. Technical Evaluation Guide
- b. Sub-Project Performance Monitoring Guide
- c. Training Program
- d. Development of Policy Papers
- e. MIS System

7 Annexes

1. Individual Quarterly Progress Report of the Consultants
2. Initial Draft of Logframe and Indicators
3. Initial Draft of Promotions Plan