The Project Evaluation Report (PER) details the format of presenting the project to the ICC. It is divided into fourteen (14) sections:

A. **Project’s Historical Background**
   
   This section provides the milestones in project processing including highlights of previous ICC decision, where applicable, and the difficulties in securing ICC requisites.

B. **Project’s Sectoral Program Context**
   
   This section presents the following:
   
   1. Brief overview of sector targets, existing programs and sectoral gaps based on existing master plans/sectoral programs;
   2. How the proposed project addresses the needs, priorities and objectives of the sector;
   3. The linkage of the proposal with other initiatives in the sector as well as related projects in other sectors.

C. **Project’s Regional and Spatial Context**
   
   This section indicates the geographical coverage of the proposed project and its linkage with other projects within the region and across the country. For area-specific projects, justification for the choice of area/s should be clearly stated. This may include, as annexes, location map and other relevant technical diagrams.

D. **Objective**
   
   This section states the problems that the project is designed to address. It may also state the extent to which the project intends to address the identified targets/gaps both spatially and sectorally. This should include, as annex, the validated project logical framework.

E. **Project Description**
   
   This section presents the project’s configuration and scope of works particularly a brief description of the components, the location and the areas of service/influence. This should clearly indicate the outputs of the project.

F. **Project Cost and Financing**
   
   This section indicates the total cost (investment and operations and maintenance) broken down annually and by the following:
   
   1. Activity and by project component;
   2. Source (foreign and domestic funding); and,
   3. Foreign and Peso cost requirement throughout the implementation period.
The suggested format for presenting the summary of implementation schedule and program/project costs is:

<table>
<thead>
<tr>
<th>Activity/Component</th>
<th>Year 1</th>
<th>Year N</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Foreign Source</td>
<td>Local Source</td>
<td>...</td>
</tr>
<tr>
<td></td>
<td>Foreign Cost*</td>
<td>Local Cost</td>
<td>Foreign Cost*</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Expressed in Foreign currency and Peso Equivalent

This section should also provide the source, financing terms and conditions including the computation of the grant element of the external financing source. It should also include the base year for costs and the exchange rate used, with appropriate referencing\(^1\). In addition, the choice of financing source should be clearly justified, i.e., a comparative analysis of financing alternatives.

G. Institutional Arrangements

This section describes the institutional arrangements and cites the technical and financial capability and/or absorptive capacity of the implementing agents.

H. Implementation Schedule

This section presents the work program of the project, i.e., scheduled start and completion of project implementation.

I. Technical/Market/Environmental Evaluation

This section provides the results of the technical analysis on the selection of alternatives (advantages/disadvantages), which have been identified to achieve the objectives of the project, as validated by the Secretariat. The analysis should include the appropriateness of proposed interventions that considers factors such as specific type of demand/market (i.e., market demand forecast) and possible adverse impact/s of the project. Also, the analysis should include a review of the environmental impact of the proposed project design.

J. Financial Analysis

The financial analysis should determine the financial sustainability of the project and its overall success. This section contains the following:

1. Assumptions in estimating the financial indicators;
2. Financial indicators from the following perspectives: a total investment, equity/owner and, where warranted, budgetary. The indicators include financial internal rate of return (FIRR), weighted average cost of capital (WACC), net present value (NPV) and benefit-cost ratio (BCR); and

\(^1\) The applicable exchange rate should be culled from the effective BSP reference rate at the time of evaluation.

\(^2\) The ICC Project Evaluation Guidelines details the procedure for computing for the financial indicators.
3. Sensitivity analysis using the following scenarios:

Case I: Increase in projected costs by 10% or 20%
Case II: Decrease in revenues by 10% and 20%
Case III: Combination of Cases I and II

4. Other measures of financial viability such as, but not limited to, cost effectiveness.

**K. Economic Analysis**

The objective of economic evaluation is to ascertain the project’s desirability in terms of its net contribution to the economic and social welfare of the country as a whole. This section contains the following:

1. Assumptions in estimating the economic indicators;
2. Economic indicators: economic internal rate of return (EIRR), weighted average cost of capital (WACC), net present value (NPV) and benefit-cost ratio (BCR); and
3. Sensitivity analysis using the following scenarios:

    Case I: Increase in projected costs by 10% or 20%
    Case II: Decrease in revenues by 10% and 20%
    Case III: Combination of Cases I and II

**L. Social Analysis**

Social analysis is conducted to determine if a project is responsive to national objectives of poverty alleviation, employment generation and income redistribution. This section identifies the target beneficiaries and affected groups, and the project’s social impact on these groups. This may also include a discussion on social dimensions such as gender and socio-political issues involved.

**M. Issues**

This section highlights the issues that may hamper the implementation of the project, e.g., inconsistencies with existing laws, policies, guidelines and procedures. It also presents a summary of substantive adverse findings on the overall evaluation of the project as well as pending ICC requisite documents.

**N. Recommendation**

This presents the recommendation of the Secretariat regarding the project including the conditionalities, if any.

In reviewing ongoing projects, the above-cited PER format will be adopted but not limited to (refer to PMS Manual on Project Monitoring). On the other hand, the PER format for BOT projects includes other elements (i.e., information on parametric formula, tariff setting, risk sharing, among others).