



REPUBLIC OF THE PHILIPPINES  
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

# Value Engineering/Value Analysis: The Philippine Experience

**RODERICK M. PLANTA**

Assistant Secretary, NEDA Investment Programming Group

October 2020





# Presentation Outline

- I. The Philippine's Commitment on implementing VE/VA
- II. VE/VA Studies Administered by National Economic and Development Authority (NEDA)\*
- III. Challenges/Opportunities
- IV. Way Forward

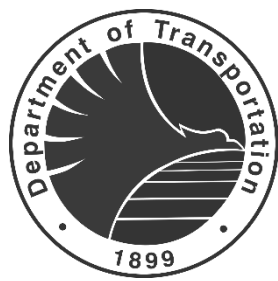


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# The Philippine Experience



# "Institution Strengthening of the National Economic and Development Authority (NEDA) and other Oversight Agencies on Value Engineering, Contract Preparation and Performance Monitoring of Infrastructure Projects"





National Economic and  
Development Authority

# VALUE ANALYSIS Handbook

June 2009

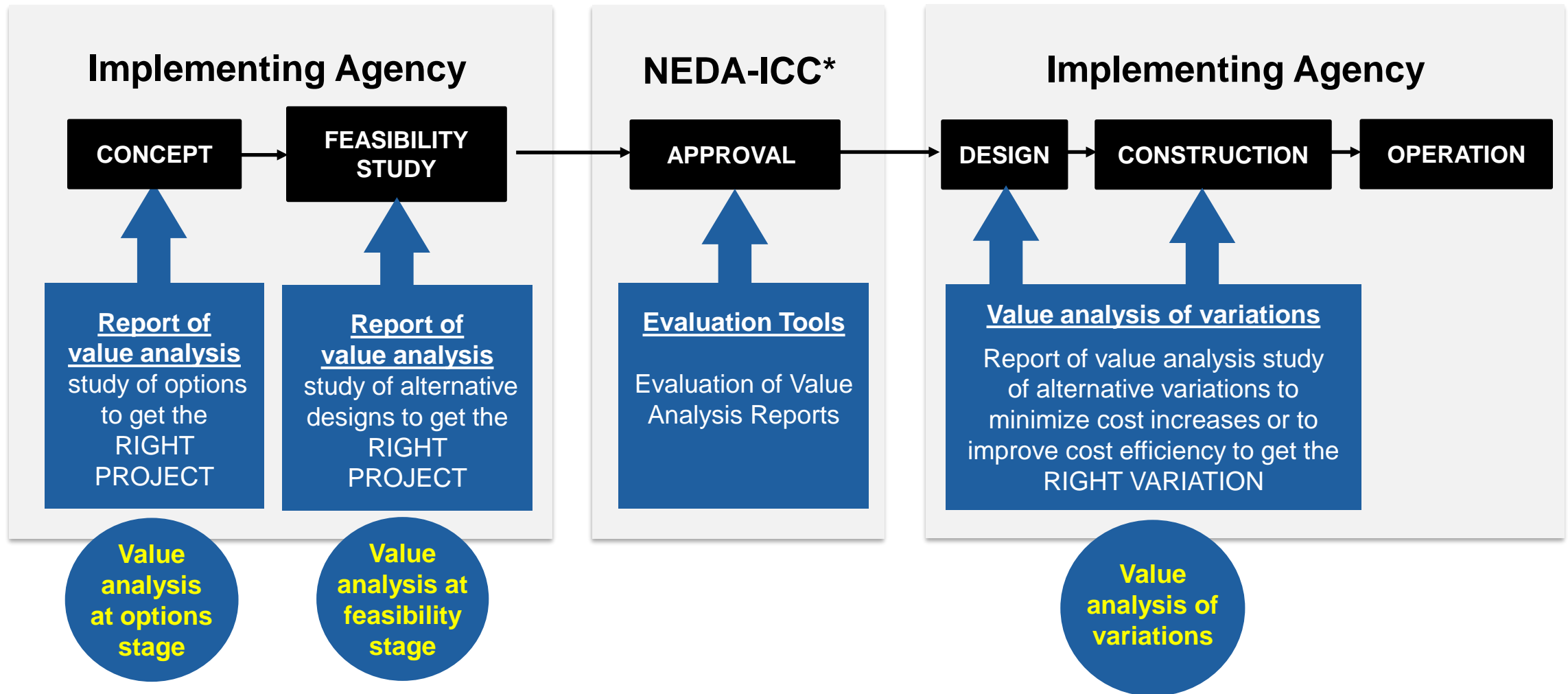


**Australian Government**  
**AusAID**

- ✓ A reference for the Government of the Philippines (GOP) in reviewing and validating value analysis studies conducted by proponent agencies
- ✓ Shall help assure that the GOP is getting the best value for money in major development projects reviewed by the Investment Coordination Committee

www. <http://www.neda.gov.ph/wp-content/uploads/2014/01/Value-Analysis-Handbook.pdf>

## VE/VA and Risk Analysis in the Project Development Cycle



\* Investment Coordination Committee (ICC)



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# **VE/VA Studies Administered by NEDA**

# 2009 Pilot Study

## VE/VA and Risk Analysis on Line 1 South Extension Project



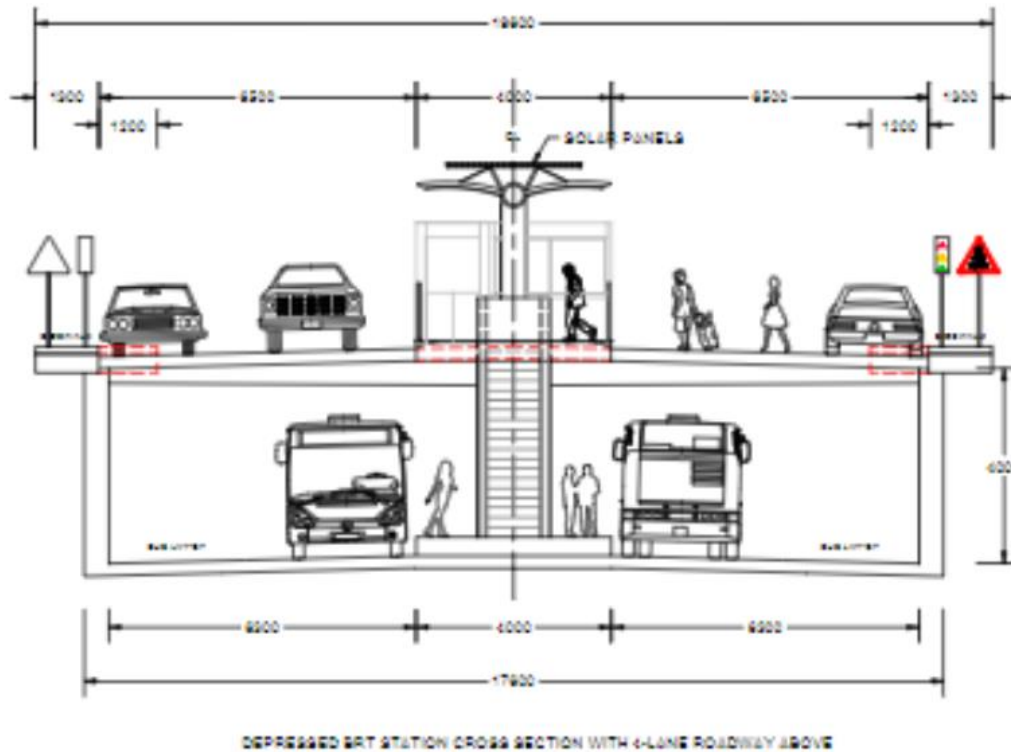
Resulted in

# 8%

cost savings

2014

## VE/VA on the Study on Cebu Bus Rapid Transit (BRT) Project



Recommended  
**Depressed BRT Option**

Potential

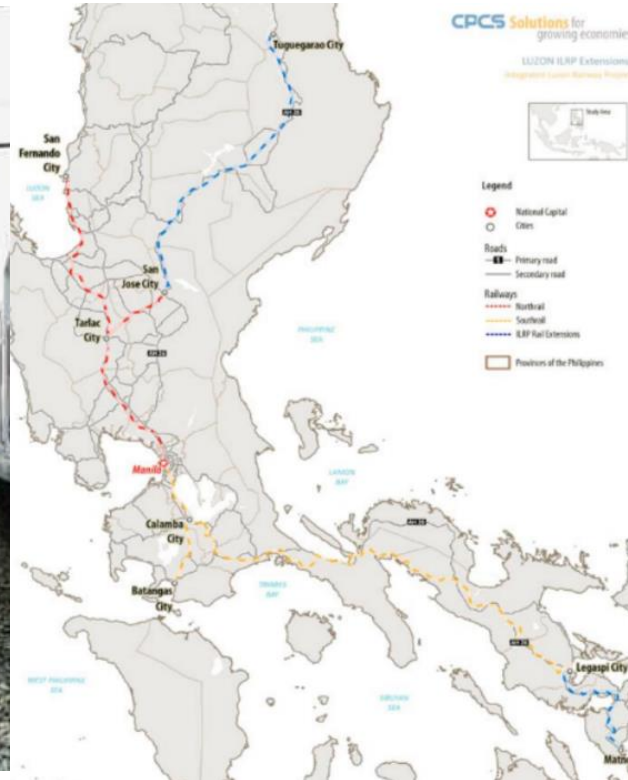
**8.5%**

Total Project Investment Reduction

2014

## VE/VA Study on Rail Gauge and Train Type

Development of a Unit Cost Study for the Road Transport Sector



Recommended to retain **Narrow Gauge** with **dual gauge capability**, implement **Dual Mode Unit**, and maintain **Diesel Locomotive Technology** for **Freight Systems**

# 2016

## VE/VA Study for the Automated-Guideway Transit (AGT) System

As part of the Feasibility Study for the Project



Supported the case for the implementation of an AGT system as a good compromise to serve as a feeder system in Metro Manila and decongest major thoroughfares in smaller urban areas.

**2018 / 2019**

## **VEVA for Infrastructure Development Projects**

Panay River Basin Integrated Development Project (PRBIDP)



Derived alternatives  
with better value  
compared to baseline.

Potential

**9.8%**

cost savings

## Capacity Building Activities

<b>2015</b>	Contract for the Advisory Services for Capacity Building on VE/VA Infrastructure Projects
	On-the-Job Capacity Building on VE/VA of Infrastructure Projects
<b>2017</b>	On-the-Job Capacity Building on VE/VA of Infrastructure Projects Phase 2
<b>2019</b>	Value Methodology Associate (VMA) Program and Certification for NEDA Technical Staffs and Managers



# VE/VA Studies Administered by NEDA

2009 - 2020

COMPLETED	
Project Specific	5
Policy and Capacity Building	8
ONGOING	
Project Specific	1

## 2020 (Ongoing)

### VE/VA for the M'lang and Masbate Airport Development Projects



Duration: **01 September 2020 to 30 March 2021**

Conduct of VE/VA Study and VMF1 Workshop: **October to November 2020**



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# Challenges

## Challenges / Opportunities

1. The VE/VA process as defined/applied by international institutions **is not yet widely or fully recognized, understood and institutionalized in the Philippines.**
2. While local consulting firms have started equipping their personnel in VEVA, **Government has to rely largely on foreign Certified Value Specialists (CVS) given local limited capacity.**
3. **Decision makers have yet to fully realize the importance of VE/VA.**



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# Way Forward

1. Recommend VE/VA Funds in the annual budget.
2. Enhance the project selection process focusing on high-impact projects.
3. Establish a system for monitoring results of VE/VA studies specific for Infrastructure Projects
4. Expand the coverage of capacity-building of personnel on VE/VA.
5. NEDA to continue supporting the integration of VE/VA in the Government's Project Development Cycle



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