

**CY 2011**



# ODA PORTFOLIO REVIEW

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## Acronyms

<b>AARNR</b>	Agriculture, Agrarian Reform and Natural Resources
<b>ABM</b>	Agency Budget Matrix
<b>ADB</b>	Asian Development Bank
<b>AM</b>	Alert Mechanism
<b>ARCDP II</b>	Second Agrarian Reform Community Development Project
<b>ARCP II</b>	Agrarian Reform Communities Project II
<b>ARLDP</b>	Arterial Road Links Development Project
<b>ARMM</b>	Autonomous Region in Muslim Mindanao
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASFPD-PMO</b>	ARMM Social Fund Project- Project Management Office
<b>AusAID</b>	Australian Agency for International Development
<b>BAR</b>	Budget Accountability Report
<b>BCDA</b>	Bases Conversion and Development Authority
<b>BIR</b>	Bureau of Internal Revenue
<b>BOC</b>	Bureau of Customs
<b>BPR</b>	Budget Performance Review
<b>BSP</b>	Bangko Sentral ng Pilipinas
<b>BTr</b>	Bureau of Treasury
<b>CAS</b>	Country Assistance Strategy
<b>CBHCP</b>	Credit for Better Health Care Project
<b>CHARMP2</b>	Second Cordillera Highland Resources Management Project
<b>CLEECF</b>	Credit Line for Energy Efficiency and Climate Change Protection in the Philippines
<b>CNS/ATM</b>	New Communications, Navigation and Surveillance/ Air Traffic Management Systems Development Project
<b>CO</b>	Cost Overrun
<b>COA</b>	Commission on Audit
<b>CPC</b>	Country Programme for Children
<b>CPMC</b>	City Project Monitoring Committee
<b>CRIP</b>	Cordillera Road Improvement Project
<b>CSO</b>	Civil Society Organization
<b>DA</b>	Department of Agriculture

<b>DAR</b>	Department of Agrarian Reform
<b>DBCC</b>	Development Budget Coordination Committee
<b>DBM</b>	Department of Budget and Management
<b>DBP</b>	Development Bank of the Philippines
<b>DENR</b>	Department of Environment and Natural Resources
<b>DEO</b>	District Engineering Office
<b>DepEd</b>	Department of Education
<b>DFA</b>	Department of Foreign Affairs
<b>DILG</b>	Department of Interior and Local Government
<b>DOE</b>	Department of Energy
<b>DOF</b>	Department of Finance
<b>DOF-CAG</b>	Department of Finance - Corporate Affairs Group
<b>DOF-MDFO</b>	Department of Finance - Municipal Development Fund Office
<b>DOH</b>	Department of Health
<b>DOJ</b>	Department of Justice
<b>DOST</b>	Department of Science and Technology
<b>DOTC</b>	Department of Transportation and Communication
<b>DP</b>	Development Partner
<b>DPWH</b>	Department of Public Works and Highways
<b>DSWD</b>	Department of Social Welfare and Development
<b>DTI</b>	Department of Trade and Industry
<b>EDCF</b>	Economic Development Cooperation Fund
<b>EO</b>	Executive Order
<b>e-SLDR</b>	e-State of Local Development Report
<b>e-SLGR</b>	e-State of Local Governance Report
<b>EU</b>	European Union
<b>FAP</b>	Foreign-Assisted Project
<b>FAST</b>	Forward Action and Support Taskforce
<b>FMR</b>	Farm-to-Market Road
<b>FOA</b>	Forward Obligation Authority
<b>GAA</b>	General Appropriations Act
<b>GE</b>	Grant Element
<b>GFI</b>	Government Financial Institution
<b>GID</b>	Governance and Institutions Development
<b>GIFMIS</b>	Government Integrated Financial Management System
<b>GOCC</b>	Government-Owned and -Controlled Corporation
<b>GOJ-JICA</b>	Government of Japan - Japan International Cooperation Agency

<b>GOP</b>	Government of the Philippines
<b>GP</b>	General Provision
<b>GPPB</b>	Government Procurement Policy Board
<b>HLF</b>	High Level Forum
<b>IA</b>	Implementing Agency
<b>IAC</b>	Inter-Agency Committee
<b>ICC</b>	Investment Coordination Committee
<b>ICC-CC</b>	Investment Coordination Committee - Cabinet Committee
<b>ICC-TB</b>	Investment Coordination Committee - Technical Board
<b>INFRA</b>	Infrastructure
<b>InfRES</b>	Infrastructure for Rural Productivity Enhancement Sector
<b>IT&amp;T</b>	Industry, Trade and Tourism
<b>JAW</b>	Joint Analytic Work
<b>KALAHI-CIDSS</b>	Kapit-Bisig Laban sa Kahirapan - Comprehensive Integrated Delivery of Social Service
<b>KEXIM</b>	Export-Import Bank of Korea
<b>KfW</b>	Kreditanstalt für Wiederaufbau
<b>KOICA</b>	Korea International Cooperation Agency
<b>LBP</b>	Land Bank of the Philippines
<b>LDC</b>	Local Development Council
<b>LGPMS</b>	Local Governance Performance Monitoring System
<b>LGU</b>	Local Government Unit
<b>LIDP</b>	Logistics Infrastructure Development Project
<b>LIP</b>	LGU Investment Programme
<b>LISCOP</b>	Laguna de Bay Institutional Strengthening and Community Participation
<b>LLDA</b>	Laguna Lake Development Authority
<b>LWUA</b>	Local Water Utilities Administration
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MB</b>	Monetary Board
<b>MBURDP</b>	Mega Bridges for Urban and Rural Development Project
<b>MCC</b>	Millennium Challenge Corporation
<b>MDFO</b>	Municipal Development Fund Office
<b>MFO</b>	Major Final Output
<b>MMFCP</b>	Metro Manila Flood Control Project
<b>MO</b>	Memorandum Order
<b>MPMC</b>	Municipal Project Monitoring Committee
<b>MWSS</b>	Metropolitan Waterworks and Sewerage System

<b>MYOA</b>	Multi-Year Obligational Authority
<b>NCA</b>	Notice of Cash Allocation
<b>NCRFW</b>	National Commission on the Role of Filipino Women
<b>NEDA</b>	National Economic and Development Authority
<b>NEDA-PMS</b>	National Economic and Development Authority – Project Monitoring Staff
<b>NEP</b>	National Expenditure Program
<b>NG</b>	National Government
<b>NGA</b>	National Government Agency
<b>NG-LGU</b>	National Government - Local Government Unit
<b>NGO</b>	Non-Government Organization
<b>NIA</b>	National Irrigation Administration
<b>NorthRail</b>	North Luzon Railways Corporation
<b>NPC</b>	National Power Corporation
<b>NPS</b>	National Program Support
<b>NRO</b>	NEDA Regional Office
<b>OA</b>	Oversight Agency
<b>ODA</b>	Official Development Assistance
<b>OECD-DAC</b>	Organization for Economic Cooperation and Development - Development Assistance Committee
<b>OES</b>	Office of the Executive Secretary
<b>OFID</b>	OPEC Fund for International Development
<b>OP</b>	Office of the President
<b>OPIF</b>	Organizational Performance Indicator Framework
<b>OSG</b>	Office of the Solicitor General
<b>PCR</b>	Project Completion Report
<b>PD</b>	Paris Declaration
<b>PDF</b>	Philippines Development Forum
<b>PDMF</b>	Project Development and Monitoring Facility
<b>PDP</b>	Philippine Development Plan
<b>PFG</b>	Partnership for Growth
<b>PGB</b>	Policy Governing Board
<b>PGLDN</b>	Provincial Government of Lanao del Norte
<b>PI</b>	Performance Indicator
<b>PIEEP</b>	Philippine Industrial Energy Efficiency Project
<b>PIO</b>	Project Implementation Officer
<b>PIP</b>	Public Investment Program
<b>PMC</b>	Project Monitoring Committee

<b>PMO</b>	Project Management Office
<b>PMS</b>	Presidential Management Staff
<b>PMU</b>	Project Management Unit
<b>PNP</b>	Philippine National Police
<b>PNR</b>	Philippine National Railways
<b>PPA</b>	Philippine Ports Authority
<b>PPMC</b>	Provincial Project Monitoring Committee
<b>PRIME</b>	Philippines' Response to Indigenous People and Muslim Education
<b>PRRC</b>	Pasig River Rehabilitation Commission
<b>PTWSSP III</b>	Provincial Towns Water Supply and Sanitation Project III
<b>RA</b>	Republic Act
<b>RaFPEP</b>	Rapid Food Production Enhancement Programme
<b>RBPMs</b>	Results-Based Performance Management System
<b>RDC</b>	Regional Development Committee
<b>RIMS</b>	Result and Impact Management System
<b>RLA</b>	Regional Line Agency
<b>RM</b>	Results Matrix
<b>ROW</b>	Right of Way
<b>RPMC</b>	Regional Project Monitoring Committee
<b>RPMES</b>	Regional Project Monitoring and Evaluation System
<b>RPP</b>	Rural Power Project
<b>S2LDIP</b>	Support for Strategic Local Development and Investment Project
<b>SA</b>	Settlement Agreement
<b>SARO</b>	Special Allocation Release Order
<b>SBC</b>	Small Business Corporation
<b>SBMA</b>	Subic Bay Metropolitan Authority
<b>SC</b>	Supreme Court
<b>SER</b>	Socio-economic Report
<b>SGH</b>	Seal of Good Housekeeping
<b>SRCD</b>	Social Reform and Community Development
<b>SRTC</b>	Statistical Research and Training Center
<b>SUC</b>	State Universities and Colleges
<b>SWDRP</b>	Social Welfare and Development Reform Program
<b>TPKP</b>	Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project
<b>TPM</b>	Tulay ng Pangulo Para sa Magsasaka
<b>TSA</b>	Treasury Single Account
<b>TWG</b>	Technical Working Group

<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>UNFPA</b>	United Nations Population Fund
<b>UNICEF</b>	United Nations Children's Fund
<b>USAID</b>	United States Agency for International Development
<b>USG</b>	United States Government
<b>WB</b>	World Bank

# Executive Summary

## Introduction

Official Development Assistance refers to transfers of resources which aim to promote the economic development and welfare of developing countries. In Philippines, ODA was utilized to finance the gaps in investment requirement of priority development initiatives of the government. From CY 2006 to CY 2011, ODA on the average financed about 29 percent of the investment requirements of the country.

## ODA Profile

Total commitment of the GOP loans portfolio as of 31 December 2011 is US\$8.6 billion, covering 71 projects loans (79.8% or US\$ 6.86 billion) and nine program loans (20.2% or US\$1.74 billion). The CY 2011 figure is a 16 percent drop from CY 2010's total commitment of US\$9.935 billion. Consistent with previous years, Japan is the biggest source (US\$2.738 billion or 32 percent) while the Infrastructure Sector remains the largest recipient of ODA loans (US\$4.95 billion or 58 percent).

Meanwhile, 484 projects are currently ongoing under the grants portfolio, with total grant assistance worth US\$2.089 billion provided by 15 Development Partners. The USA, Australia and EU are the leading providers of grants in the Philippines with total grants assistance of US\$841.43 million (USAID and MCC implemented ODA), US\$0270.18 million, and US\$197.06 million, respectively. The SRCD sector was the major recipient of grant assistance in CY 2011 (US\$876.41million or 42 %), followed by the GID (US\$478.95 million or 23 %), and the INFRA sector (US\$384.54 million or 18 %).

## Performance

### *Financial*

Financial performance declined in CY 2011 compared with CY 2010. Portfolio-wide average annual and historical performances (disbursement rate and availment rate) decreased in comparison with CY 2010. A historical assessment showed that disbursement rates of the ODA loans portfolio in the last 11 years were consistently above 70 percent. Availment rates only registered 60 percent on the average from CY 2001 to CY 2005 but increased to above 70 percent starting CY 2006 to the current rate of 78 percent. Lastly, disbursement level of ODA loans was recorded to be at least US\$1.00 billion per year.

Total commitment fees paid in CY 2011 decreased to US\$8.96 million (14.6 %) from US\$10.49 million in CY 2010.

Meanwhile, cumulative grant utilization amounted to US\$1.20 billion with a utilization rate of 58 percent.

### *Physical*

Physical performance of ongoing loan-assisted projects also declined in CY 2011. Of the 75 projects active projects in CY 2011, 15 are ahead/on schedule, 36 behind schedule, three projects are at the start-up stage, with the remaining 21 projects either completed/fully availed/cancelled.



A total of 20 actual problem projects were identified for priority monitoring and facilitation through NEDA's Alert Mechanism. Fourteen of these projects were reported to be at the critical stage, an increase from CY 2010's ten projects.

### **Key Implementation Issue**

Major implementation issues are categorized into the following:

**Startup Delays.** Three projects reported delays at project startup, due to lack of personnel and resources. Other startup issues cited were delays in: (a) signing of MOAs; (b) final approval of loan; and (c) selection of subprojects.

**Budget and Funds Flow Bottleneck.** Two projects experienced budget and funds flow issues due to: (a) delayed downloading of funds to local sites; and (b) lack of appropriation to support GOP-related activities and taxes.

**Prolonged procurement.** Four projects experienced prolonged/delays in procurement due to: (a) bidding failures; (b) additional documents required by DPs prior to issuance of NOL; and (c) poor bid evaluation practices.

**LGU participation.** Issues with the NG-LGU cost sharing policy, particularly the inability/difficulty of LGUs to provide counterpart funding, resulted in delays in the implementation of five projects.

**Low Utilization of ODA Relending Facilities.** Five relending projects reported low utilization in CY 2011. Reasons cited were: (a) uncompetitive interest rates of the lending facilities; (b) slow rate of sub-loan releases; (c) stringent procurement guidelines of some DPs; (d) target subprojects takes time to be developed.

**Cost Overrun.** Six ongoing projects reported cost overruns in CY 2011 amounting to PhP7.2 billion. All projects that incurred cost overruns belong to the infrastructure sector of which five are implemented by DPWH and one by DOTC.

Other issues reported are: (a) unfamiliarity with disbursement processes of DPs; (b) unsuitability of project design to local sites; (c) poor performance of contractors/consultants; (d) insufficient manpower; and (e) organizational changes in Implementing Agencies (IAs), among others.

Based on the agency consultations, 20 ODA-funded projects are most likely to seek restructuring due to: (a) changes in scope, (b) increase in cost, (c) extension of loan validity, (d) supplemental loan or additional financing; and/or, (f) partial or full cancellation, in CY 2012.

For CY 2011, implementation of five projects was physically suspended.

### **Results**

An assessment was conducted on the link between programs and projects and the agency MFOs, as well as their contributions to the achievement of the sector and subsector outcome statements of the PDP. Of the 25 agencies consulted, 13 reported results on 36 ongoing programs and projects. Results (outputs, outcomes, and impacts) observed from completed projects were also highlighted.

## **Initiatives to Better Manage for Results**

Various initiatives that enhance results orientation in the Philippines undertaken by the GOP, DPs and other stakeholders in CY 2011 were identified.

The Government of the Philippines continues to adopt a whole-of-government approach to better manage for development results. Various initiatives/enhancements related to planning, budgeting, implementation, and monitoring and evaluation processes were undertaken together with DPs and other stakeholders. These include the following:

- Conduct of the CY 2011 Philippines Development Forum;
- Formulation of Results Matrices (RM) of the Philippine Development Plan 2011-2016;
- Public Financial Management (PFM) reforms;
- Enhancement in the Local Governance Performance Monitoring System;
- Aid Effectiveness Initiatives supported;
- Conduct of the First M&E Network Forum; and
- Issued other relevant policies, i.e., E.O. 43 on Reorganization of Cabinet clusters and A.O. 25 Harmonizing the national government performance monitoring, information, and reporting systems

## **Actions Taken and Recommendations**

In CY 2011, NEDA's Joint Analytic Work (JAW) with ADB, JICA and WB along with other oversight agencies has initiated the following policy changes that helped address the funds flow issues in ODA projects: (a) lifting of the pre-audit requirements (COA Circular No. 2011-002); (b) instituting of the quarterly lapsing of Notice of Cash Allocation (DBM Circular Letter No. 2011-7); and (c) streamlining of MDFO's documentary requirements for fund releases to LGUs. In addition, ADB, JICA and WB conducted a study of their individual Philippine portfolios to assess the success as well as sustainability factors of ODA projects in the country.

Progress in the compliance of IAs to the CY 2010 ODA Review recommendations addressing implementation issues has been mixed. On the other hand, substantial compliance with the CY 2010 recommendations on overall portfolio management has been undertaken through various TAs, joint analytic works, and interagency initiatives.

Priority recommendations for CY 2012 and beyond are focused on: (a) enhancements to the conduct of the ODA Portfolio review (in terms of process and coverage); and (b) specific action plans for IAs, OAs, and DPs to further improve ODA portfolio management and strengthen managing for results.

## THE OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PORTFOLIO REVIEW

### 1.1 Legal Mandates

Republic Act (RA) No. 8182, also known as the ODA Act of 1996, as amended by RA 8555, mandated NEDA to: (a) conduct an annual review of the status of all projects financed by ODA; and, (b) identify causes of implementation and completion delays or reasons for bottlenecks, cost overruns (actual and prospective) and continued project or program viability. NEDA is required to submit to Congress a report on the outcome of the review not later than June 30 of each year.

The ODA Act complemented NEDA Board Resolution No. 30 Series of 1992, which instructed the NEDA – Investment Coordination Committee (ICC) to review all ongoing ODA-funded programs and projects, with the aim of improving ODA absorptive capacity.

To further ensure that the objectives of development projects are achieved, the NEDA Board Resolution No. 3 Series of 1999 required the ICC and IAs to report on project outcomes and impact.

### 1.2 Objectives

Consistent with the above mandates, the objectives of the CY 2011 Review are to: (a) identify key implementation issues/problems and cross-cutting concerns that hamper project implementation; (b) report on actions taken by concerned entities to facilitate project implementation; (c) report results (outcomes and outputs) derived from implementing ODA programs and projects; (d) formulate recommendations; and (e) track developments on recommendations made in previous portfolio reviews.

The report also highlights major initiatives made in CY 2011 to better manage for development results.

### 1.3 Methodology

The Review covers the ODA loans and grants portfolio as of 31 December 2011 (i.e., new, ongoing, and closed within CY 2011). The Review assessed the performance of 25 IAs with active ODA portfolios. These IAs include 19 National Government agencies (NGA), three Government-Owned and/or -Controlled Corporations (GOCCs) and three Government Financial Institutions (GFIs)]. The assessment was complemented with agency consultations. (See **Annex 1-A** for list of IAs covered by the Review and **Annex 1-B** for project descriptions).

The NEDA, through the Project Monitoring Staff, undertook the Review as mandated. Key oversight agencies (OAs) such as DBM, COA, and DOF as well as major development partners –ADB, JICA, WB— participated during the agency-level meetings.

A preliminary version of the report was submitted to DBM as input to the CY 2013 budget preparation process. In the finalization of the report, the draft findings were presented to and commented by the members of the ICC Technical Board on 21 May; the Project Implementation Officers (PIOs) on 23 May; the OAs (DBM, GPPB, DOF, MDFO, COA, and BTr) and DPs both on 4 June; and the NEDA Sector and Oversight Staffs on 20 June 2012.

For this year's review, the NEDA Regional Offices (NROs) and stakeholders in Regions XI (11 June), I (14 June), VI (18 June) were also consulted.

#### **1.4 Structure of the Report**

The Review report is organized in nine sections. Section 1 discusses the portfolio review process. Section 2 provides a brief introduction on ODA in the Philippine context, ODA programming, budgeting, and monitoring and evaluation (M&E) processes.

Section 3 reports on the portfolio profiles in terms of magnitude and distribution of ODA loans and grants.

Section 4 extensively discusses the financial and physical performance of both ODA loan- and grant-assisted projects. Financial performance was assessed by looking at the programs and projects' absorptive capacity. Meanwhile, overall progress of project implementation is highlighted under the Physical Performance Section. The priority programs and projects under the alert mechanism are also reported.

Section 5 discusses the key implementation issues of the ODA portfolio.

Section 6 report results on two levels – outputs and outcomes. As part of this year's enhancements, program and project outputs were assessed in terms of its contributions to the attainment of IAs' major final outputs (MFOs). In addition, the review discusses the consistency of observed results from ODA programs and projects with the societal goal, sector and intermediate outcome objectives which are specified in the Philippine Development Plan-Results Matrices (PDP-RM) 2011-2016.

Section 7 highlights the CY 2011 initiatives in managing for development results. Finally, Section 8 covers the recommended actions for CY 2012 and beyond, as well as Joint Analytic Work (JAW) updates.

Pursuant to RA 7192 or the Women in Development and Nation-Building Act, a report on the Gender-Responsiveness of ODA Projects is included.

## INTRODUCTION

### 2.1 ODA Definition

ODA is defined as a loan or grant administered with the objective of promoting sustainable social and economic development and welfare. ODA resources must be sourced from governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements, or which are members of the United Nations, their agencies and international or multilateral lending institutions.

#### Box 1. ODA Definition of OECD

The Organization for Economic Cooperation and Development – Development Assistance Committee (OECD-DAC) defines ODA as flows to countries and territories and multilateral development institutions, which are:

- a. transfers of resources, either in cash, or in other forms such as commodities or services;
- b. provided by official agencies, including state and local governments, or by their executive agencies;
- c. administered with the objective of promoting economic development and welfare of developing countries; and,
- d. concessional in character and conveys a grant element of at least 25 percent.

The OECD limits the scope of ODA reporting and excludes the following areas: (a) military aid, (b) peacekeeping, (c) civil police work, (d) social and cultural programs, (e) assistance to refugees, (f) nuclear energy, (g) research, and (h) anti-terrorism.

Consistent with the ODA definition of OECD, an ODA must be concessional in nature, i.e., must contain a grant element of at least 25 percent. Grant element is the reduction enjoyed by the borrower when debt service payments, i.e., principal and interest<sup>1</sup>, are less than the face value of the loan.

The weighted average grant element of all ODA at anytime shall not be less than 40 percent (Section 3 of ODA Act) and each ODA must obtain a grant element of at least 25 percent (Section 2 of ODA Act).

#### Box 2. Concessionalality of ODA Loans to the Philippines

The weighted grant element of all active loans in the CY 2011 portfolio is 61.67 percent, which is above the 40 percent benchmark set by the ODA Act. Grant element of individual loans signed in CY 2011 ranged from 69 to 89 percent, which is likewise above the minimum GE requirement for a loan to qualify as an ODA. Meanwhile, the weighted average of all ODA as of 31 December 2011 is 74.05 percent.

Source: DOF<sup>2</sup>

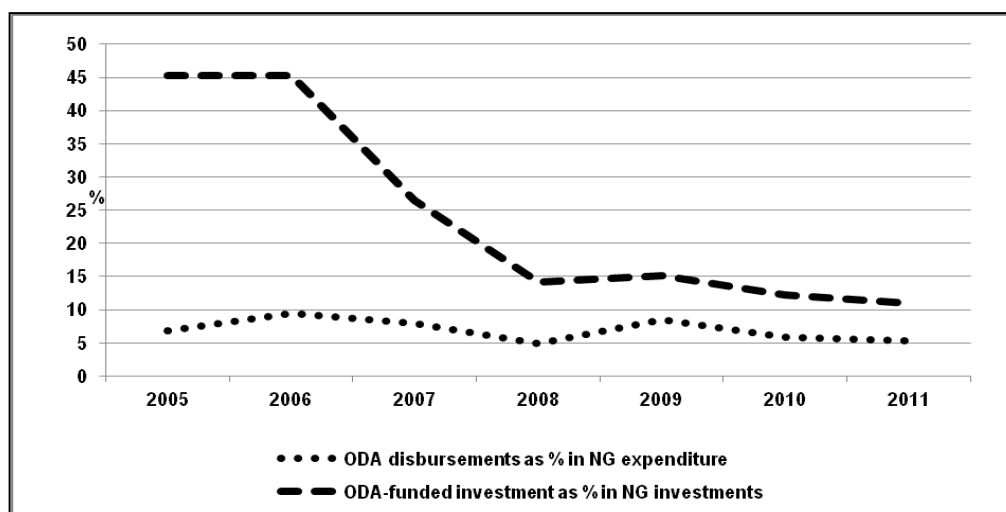
<sup>1</sup> The principal and interest must be expressed in their present values and discounted at 10 percent.

<sup>2</sup> Grant element (GE) computation from DOF does not include projects implemented by GOCCs and GFIs, except for the Northrail Project Phase 1, Sections 1 and 2.

## 2.2 ODA as Source of Public Investment

ODA is an important source of development funds for a growing economy like the Philippines. It has helped the economic expansion and filled in the gaps in the investment requirements of the country, by financing its priority development initiatives.

Figure 2.1 illustrates the magnitude of ODA investment against the total national government (NG) investment. From CY 2005 to CY 2011, ODA on the average financed about 29 percent of the investment requirement of the national government. However, it has been showing a declining trend, starting from 45 percent in CYs 2005-2006 to the current rate of 11 percent (CY 2011).



Source: ADB 2011 Country Portfolio Review Report

**Figure 2.1 ODA Investment as Percentage of NG Investment**

## 2.3 ODA and Public Sector Management in the Philippines

The management of ODA can be contextualized within the public sector management framework (planning and programming, budgeting, implementation, monitoring and evaluation).

### 2.3.1 Planning and Programming

The Philippine Development Plan (PDP) contains the development goals and priority policies of the government, serving as the blueprint for the country's development. The PDP is intended to drive agencies' operations and guide both public investments, including ODA projects, and private sector investment. As the Philippines' independent economic development and planning agency, NEDA is mandated to oversee the formulation and implementation of the PDP as well as its accompanying regional development plans (RDPs). Likewise, NEDA monitors the compliance of the line agencies with the priorities set forth in the PDP and RDPs.

Development Partners (DPs) align their development initiatives with the country's development plan through their Country Assistance Strategies (CAS). These assistance

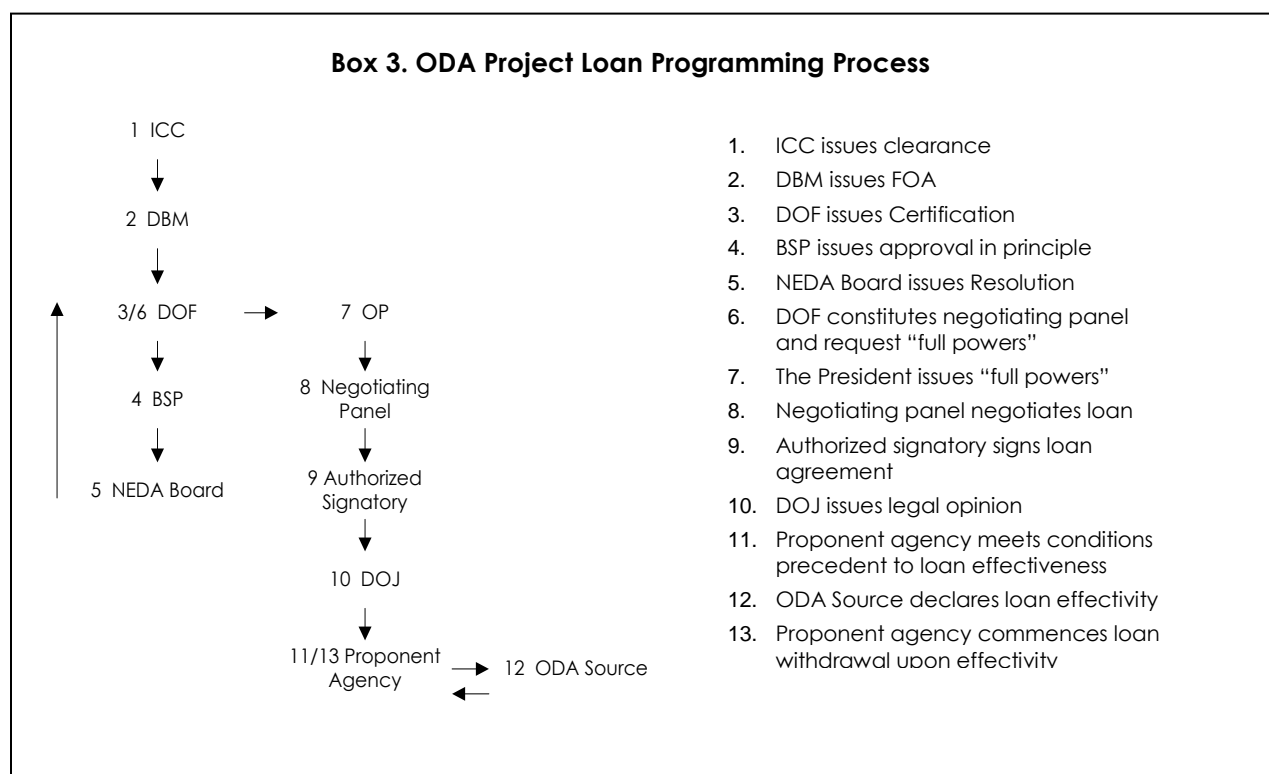
strategies serve as the DPs' cooperation framework as well as basis for the programming of ODA. (See **Annex 2-A** for the list of CAS of DPs.)

ODA Programming is the process of matching the resource requirements of the government's priority programs and projects with available ODA resources. It is undertaken to enable the Philippine government to effectively identify and provide proper funding sources to its pipeline of priority projects.

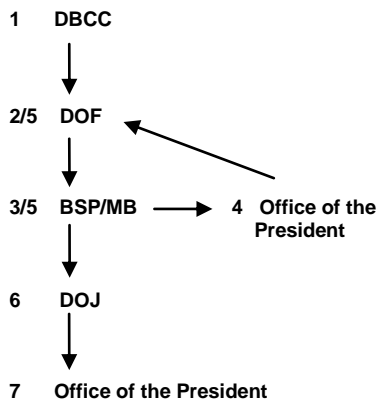
Through the Philippines' Public Investment Program (PIP), the government identifies the priority programs and projects considered to have significant developmental impact for the country. The PIP is a companion document of the PDP and serves as the basis for the approval of major development programs and projects, including those eligible for ODA funding.

Programs and projects intending to tap ODA funds to finance its activities are subjected to Development Budget Coordination Committee (DBCC) and Investment Coordination Committee (ICC) evaluation, respectively. Upon securing DBCC or ICC approval, the government commences with loan negotiations. The ODA programming process involves several government agencies, as shown in Box 3 (for project loans) and Box 4 (for program loans).

The programming process for grants, however, may take on various routes and may vary depending on the DP's mode of processing as well as the GOP's authorized signatories, such as DOF, DFA, NEDA, and IAs. The programming process for grants that require ICC review is shown in Box 5.

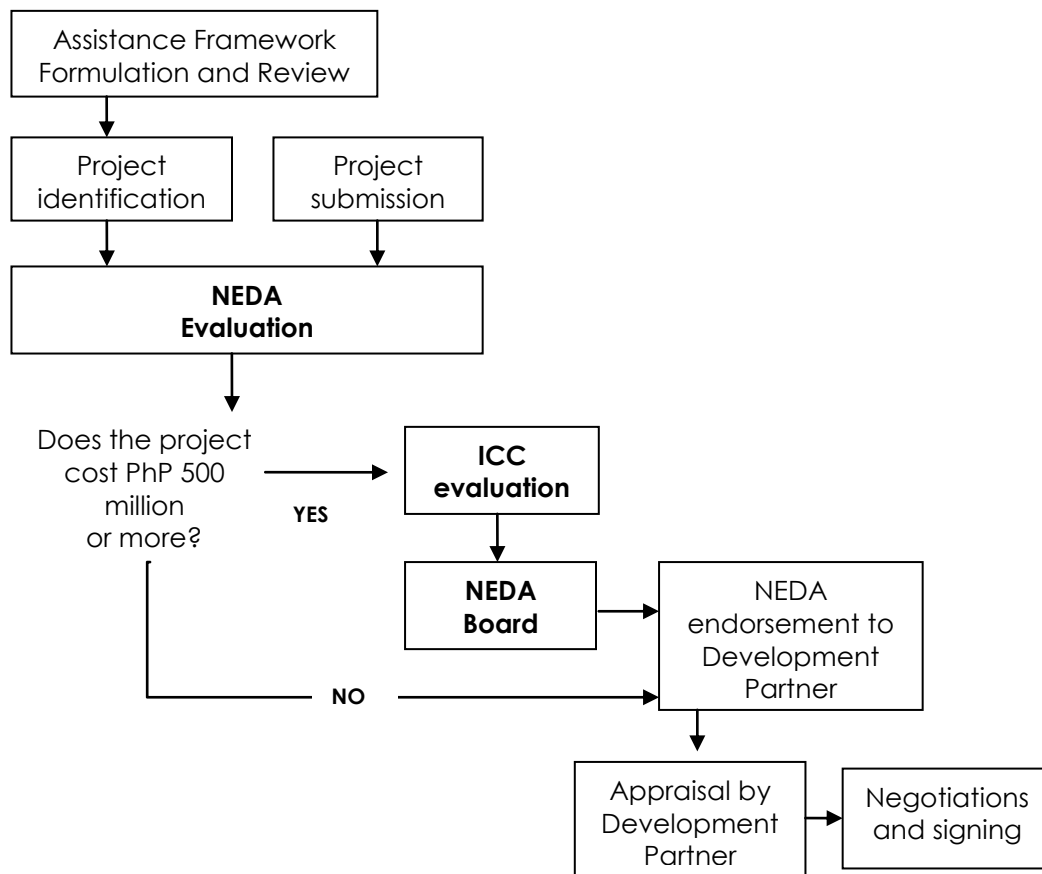


#### Box 4. ODA Program Loan Programming Process



1. DBCC issues resolution
2. DOF request for MB approval-in-principle
3. BSP issues approval in principle
4. The President issues "full powers"
5. DOF signs loan agreement and request for final MB approval
6. DOJ issues legal opinion
7. ODA Source declares loan effectivity

#### Box 5. ICC-Reviewed ODA Grants Programming Process



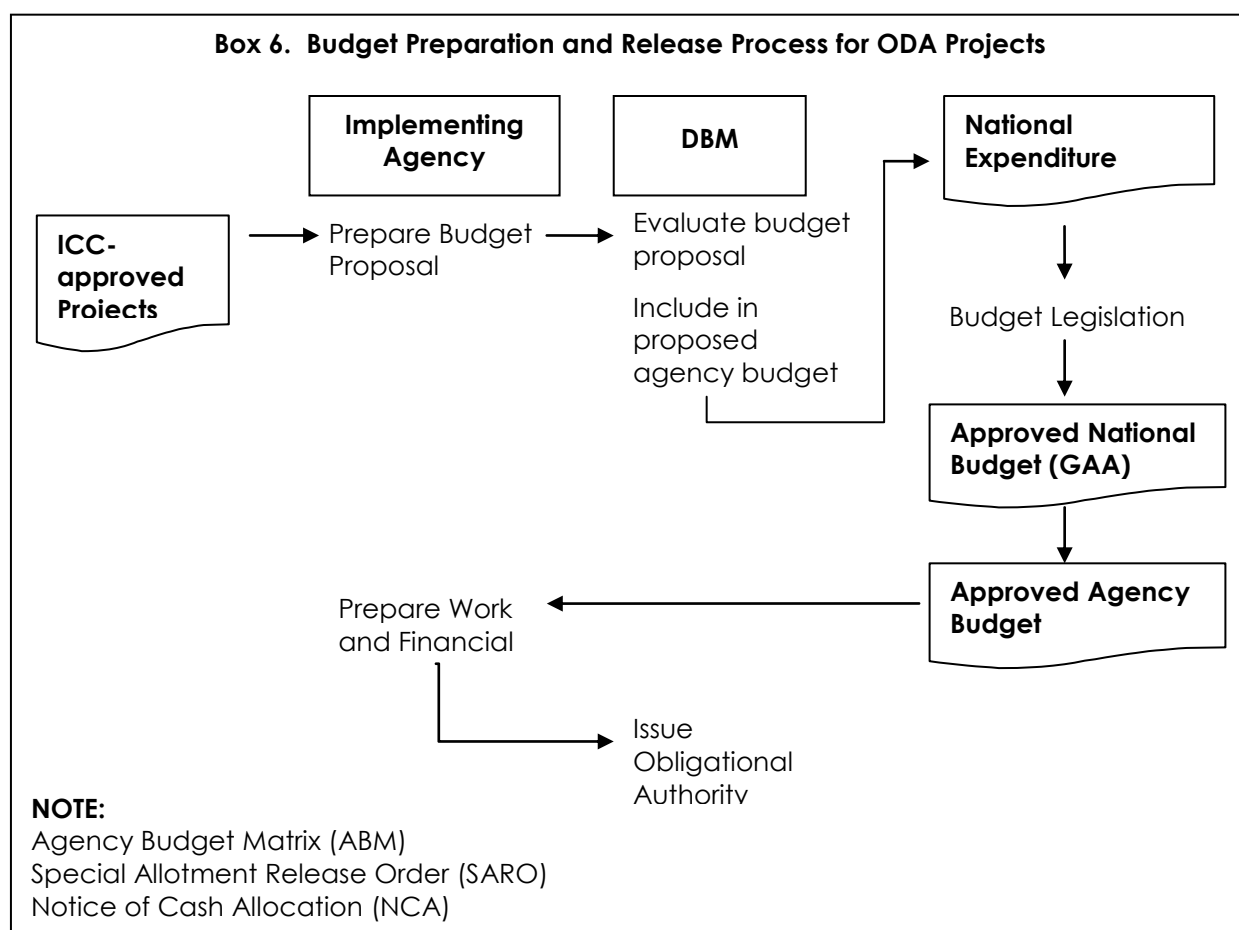
### 2.3.2 Budgeting

ODA inflows require budget appropriation prior to disbursement by agencies. ODA loans which are implemented by NGAs must be reflected in any national budget document.



Generally, loans to GOCCs and GFIs are not reflected in the annual budget as these institutions are not dependent on national government funds. Meanwhile, ODA grants are automatically appropriated and are not fully reflected in the annual budget.

The Department of Budget and Management (DBM) sets the guidelines and formulates the national budget to support the implementation of the government's national priorities, including ODA funded projects. In addition, DBM: (a) examines the budget implications of proposed ODA projects; (b) recommends to Congress (as part of the annual budget preparation process) the annual budgetary requirements of ODA projects; and (c) sets the guidelines/policies for the efficient and proper disbursement of ODA.



Source: DBM

### Box 7. Multi-Year Obligational Authority

The Multi-Year Obligational Authority (MYOA) refers to an authority issued by the DBM, either for locally-funded or foreign-assisted programs and projects implemented by agencies, in order to authorize agencies to enter into multi-year contracts for the full project cost. A MYOA, which contains an annual breakdown of the full project cost, obligates agencies to include in their budget proposal for the ensuing years the amount programmed for the said year/s.

Section 24 of the General Provisions of the FY 2011 General Appropriations Act (GAA) under RA 10147 guides the issuance of the MYOA to agencies. It states that "in the implementation of multi-year projects, where the total cost is not provided in this Act, agencies shall request the DBM for the issuance of a multi-year obligational authority, following the guidelines under DBM Circular Letter No. 2004-12 dated 27 October 2004. Notwithstanding the issuance of a MYOA, the obligation to be incurred in any given calendar year shall in no case exceed the allotment released for the purpose during said calendar year."

Source: DBM

### 2.3.3 Implementation

The IAs undertake management of ODA projects through a project management office/unit (PMO/U) that is responsible for the implementation and coordination of projects. Overall supervision of these units, on the other hand, is exercised by a senior official within the agency. For IAs with large ODA portfolios, cluster setups of PMOs were employed for ease of managing the portfolio. Specialized units for some agencies also oversee individual PMO operations. PMO/U staffs maybe regular staff (organic) of the agencies, and/or contractual staff hired within the project duration. For IAs with small portfolios, regular staffs are assigned to be part of the PMO tasked to implement the project. In this setup, most often, project operations are mainstreamed within the agency.

**Table 2.1 Implementation Arrangements for ODA Projects**

Arrangement	Implementing Agency
Project-based	
• PMO per project	• ASFPMO, DA, DAR, DepEd, DENR, DOTC, DOH, DPWH, DSWD, DTI, LLDA, NCRFW, NIA, Northrail PNP
• With clustering	• DILG, DPWH
With Supervising Unit within the IA Managing the PMOs	• ASFPMO, BIR, DA, DAR, DENR, DBP, DepEd, DOE, DOH, DOST, DTI, LLDA, LBP, LWUA, MWSS NIA, SC

### 2.3.4 Monitoring and Evaluation

The monitoring and evaluation (M&E) of ODA is undertaken both by the government and DPs. On the part of the government, M&E is conducted both at the IA, oversight agency (OAs), and interagency committees (IACs) levels.

#### *Implementing Agency level*

The M&E of implementation of ODA projects vary among the IAs. The M&E functions may be: (a) embedded within the PMO; (b) fall within the responsibility of the

planning/specialized unit within the IAs; or (c) exercised by both the PMO and other units within the IA. Table 2.2 summarizes the distribution of M&E functions of IAs, as reported.

**Table 2.2 M&E Functions in Agencies**

<b>M&amp;E Functions</b>	<b>Agencies</b>
Embedded in PMO	(8) ARG, BIR, DOE, LBP, North Rail, PNP, SBC, SC
Planning/specialized unit within the IA	(6) DBP, DOH, DOTC, DSWD, LWUA, MWSS
Joint function of PMO and other units in IA	(10) DA, DAR, DENR, DepEd, DILG, DOST, DPWH, DTI, LLDA, NIA
<b>TOTAL</b>	<b>24</b>

### **Oversight Agency Level**

#### **NEDA**

At the OA level, the M&E of ODA is primarily done by NEDA. Mandated through EO 230 (Reorganizing the NEDA), RA 8182 (ODA Act of 1996), as well as EO 376 and EO 93 (Regional Project Monitoring and Evaluation System or RPMES), NEDA monitors and evaluates the implementation of ODA projects through various reporting mechanisms and activities.

#### **Box 8. NEDA Reports and Activities on M&E of ODA**

##### **Reports**

- Annual ODA Portfolio Review Report - reviews the implementation of the ODA portfolio.
- Quarterly Loans Performance Report - provides financial absorptive capacity performance of the GOP ODA loans portfolio using financial indicators (i.e., disbursement level, disbursement rate, availment rate, disbursement ratio, and utilization rate).
- Semestral Grants Report – provides the magnitude and utilization of ODA grants portfolio.
- Quarterly Cost Overrun Report – updates on the incidence of cost overruns in the ODA portfolio.
- Semestral Alert Mechanism Report– classifies projects into *Potential* and *Actual* problem projects for priority monitoring and implementation.
- End-of-Project Report – provides the details on project design and implementation, divergence between appraisal targets and actual accomplishments and reasons thereof, lessons learned in implementation and initial assessment upon project completion.

##### **Activities**

- Project Implementation Officers (PIO) Meeting – regular quarterly meeting of designated PIOs of all agencies to discuss on agencies' ODA portfolio performance and other related developments.
- Monitoring Visits/Supervision Missions – on-site validation activities being conducted with DPs and IAs as necessary.

##### **Activities**

- Re-evaluation - re-evaluation of projects with requests for change in cost, scope, implementation period/ loan validity and supplemental funding
- Ex-post Evaluation – evaluation of selected ODA projects two to three years after project

completion.

- NPMC Meeting – regular meeting of NPMC members to discuss issues raised at the national level, among others.
- Capacity building on M&E – provision of technical assistance in M&E within NEDA as well as other stakeholders.
- Post-programming Activities – conduct post-programming activities linked with the national Plan.
- Project Facilitation - conduct project problem-solving sessions with the national and regional IAs as well as DPs.

### *DBM*

The Budget Performance Review (BPR) by the DBM tracks the budget execution of government agencies. Conducted semestrally, the BPR focuses on the agencies' ability to deliver its Major Final Outputs (MFOs). It utilizes financial and physical performance data (MFO performance indicators and targets) captured from agencies' budget accountability reports (BARs) submitted to DBM. A report to the President and the Congress is submitted by the end of each year.

### *COA*

Pursuant to Section 8(b) of RA 8182, the COA conducts audit of ongoing and completed projects for its annual submission to the Congress and to the auditors of NGAs, GOCCs and LGUs concerned. Scope of the audit report includes all ODA loans contracted and guaranteed by the NG since 1 January 1995 (effectivity date of RA 8182) up to the year of review. The report contains consolidated audit observations and recommendations which are grouped into audit issues related to budget, procurement of consulting services, civil works and goods, financial performance, physical performance, and project sustainability, among others.

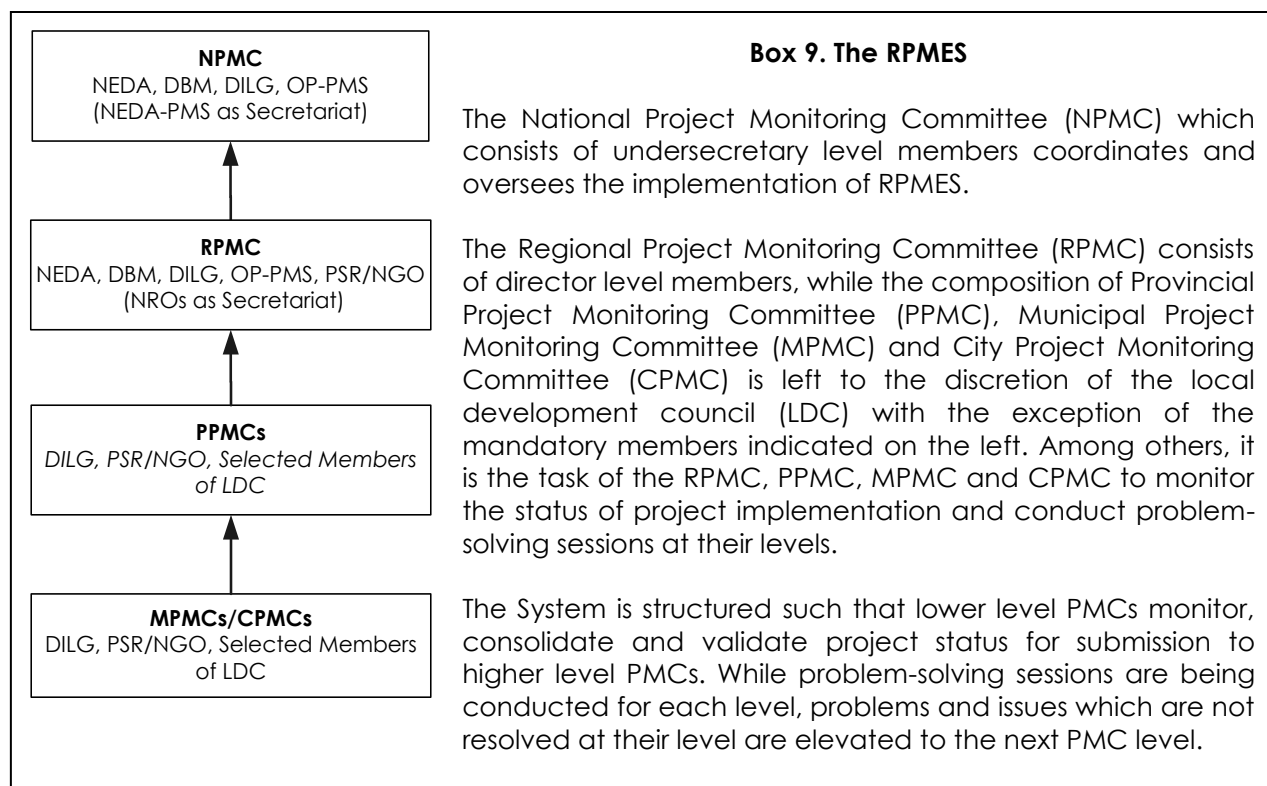
## ***Interagency Committees***

### *Investment Coordination Committee*

The M&E function of the ICC complements its core mandate of reviewing and evaluating major capital projects with respect to their technical, financial, economic, social, environmental and institutional development, feasibility/viability. For instance, project restructuring of ongoing projects such as extensions of more than a year, substantial change in scope, and increase in cost by more than 20 percent requires ICC approval.

### *Project Monitoring Committees under the RPMES*

The RPMES was established to facilitate project implementation, and devolve project facilitation, problem solving and M&E to the regional, provincial, city, and municipal levels with the extensive participation of various agencies, LGUs and non-government organizations (NGOs). The RPMES covers all development projects—inclusive of ODA projects, undertaken by NGAs, LGUs, state universities and colleges (SUCs) and GOCCs at the regional, provincial/city and municipal levels.



In addition, various initiatives to enhance the M&E of projects (including ODA) were conducted at the regional level. These include recognition of good practices for Regions I and XI, intensified problem-solving sessions for Regions VI, IV-A and IV-B, formulation of 'Procedures in the Conduct of Field Monitoring Visits' by Region II and publication of development updates by Region V. (See **Annex 2-B** for details on various M&E initiatives at the regional level)

### Development Partners

Supervision/Implementation Review Missions are generally conducted by DPs. These aim to improve the quality of project implementation and achieve better results on the ground. Outputs of the missions include project status, rating of the project performance for the period of review, diagnosis of implementation issues, and proposed action items, among others. Results of the review missions are reported to the concerned implementing and oversight agencies.

## ODA PORTFOLIO

The Portfolio covers all active programs and projects funded by ODA loans and grants, from 1 January to 31 December 2011, including those that closed within this period<sup>3</sup>. Active programs and projects cover newly signed loans and continuing loans from the previous year.

### 3.1 ODA Loans Profile

Total ODA commitment less of cumulative cancellations for CY 2011 reached US\$8.60 billion for 80 loans supporting 71 programs and projects. The loans consist of 71 project loans of US\$6.86 billion (79.8%) and nine program loans of US\$1.74 billion (20.2%). Of the total loans portfolio, 59 are ongoing<sup>4</sup> (US\$5.862 billion), 13 were closed (US\$0.740 billion); six new<sup>5</sup> loans became part of the portfolio (US\$1.50 billion); and two loans<sup>6</sup> are yet to be made effective (US\$0.50 billion).

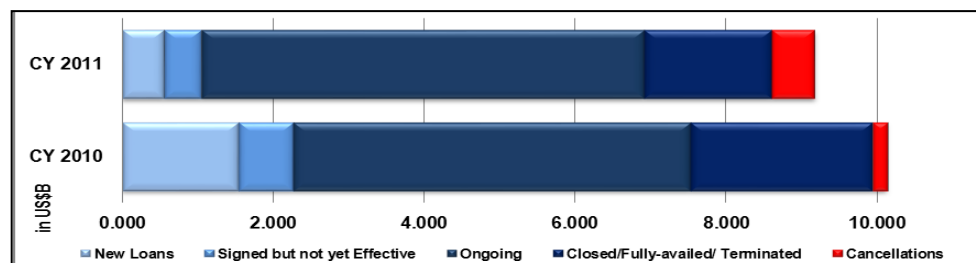
**Table 3.1 Composition of the Loans Portfolio (CY 2010 vs CY 2011)**

Status	CY 2010		CY 2011	
	Amount	No.	Amount	No.
<b>Newly Signed</b>	<b>2.236</b>	<b>12</b>	<b>1.496</b>	<b>6</b>
Not Effective	0.855	3	0.013	1
Effective	0.680	5	0.533	2
Closed during the Year	0.701	4	0.950	3
<b>Continuing</b>	<b>7.698</b>	<b>81</b>	<b>7.102</b>	<b>74</b>
Not Effective	0.719	3	0.500	2 <sup>a</sup>
Ongoing	5.264	63	5.862	59 <sup>b</sup>
Closed	1.715	15	0.740	13
<b>TOTAL</b>	<b>9.935</b>	<b>93</b>	<b>8.599</b>	<b>80</b>

<sup>a</sup>Includes the Laguna Lake Rehabilitation Project, which did not become effective and was terminated

<sup>b</sup>Includes the Credit Facility for Environmental Management Project, which was cancelled on 28 February 2012

The total amount of loans portfolio decreased in CY 2011 from CY 2010. In addition, there was a decline in the number of new, continuing, and closed loans in CY 2011. Thirteen loans amounting to US\$ 0.582 billion, however, had partial/full cancellations in CY 2011 compared to 11 loans that had partial/full cancellations in CY 2010 amounting to US\$ 0.196 billion.



**Figure 3.1 Composition of the Loans Portfolio (CY 2010 vs CY 2011)**

(See **Annex 3-A** for the list of active loans covered in the CY 2011 ODA Portfolio Review).

<sup>3</sup> The Portfolio does not include ODA programs and projects in the pipeline.

<sup>4</sup> One ongoing loan was cancelled in CY 2011.

<sup>5</sup> Three of the new loans also closed in CY 2011.

<sup>6</sup> One project loan that is yet to be made effective was terminated in CY 2011.

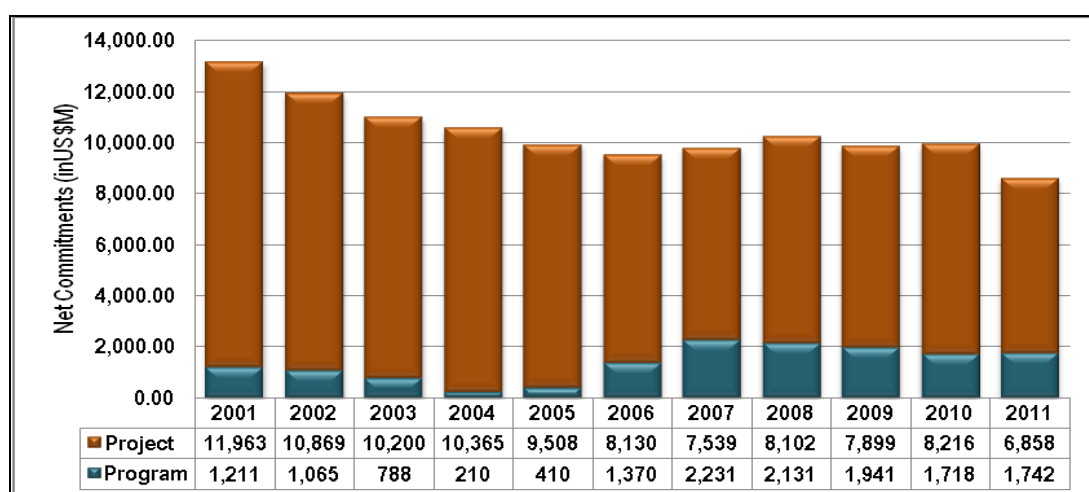
(See **Annex 3-B** for the list of New Loans, **Annex 3-C** for Closed/Terminated Loans, **Annex 3-D** for Loans with Partial/Full Cancellations, and **Annex 3-E** for Closed Loans with Extension.)

## 3.2 Net Commitments

### Magnitude

Total net commitment of US\$8.60 billion in CY 2011 is the lowest in the last ten years<sup>7</sup>. This is lower by 13 percent (US\$1.33 billion) compared with the CY 2010 level of US\$9.93 billion. Program loans commitment level increased from US\$1.72 billion to US\$1.74 billion, while project loans commitment level declined from US\$8.22 billion to US\$6.86 billion.

Total net commitment shows a decreasing trend in the last decade, from US\$13.17 billion in CY 2001 to the current level of US\$8.6 billion.

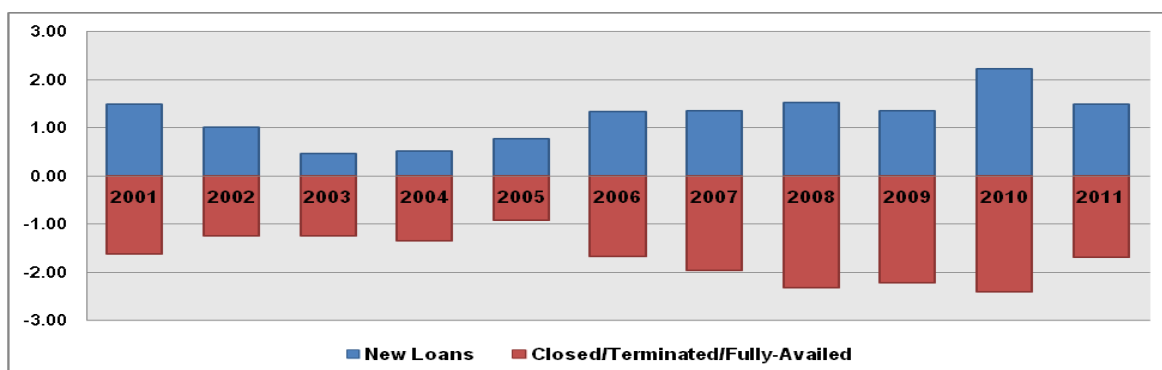


**Figure 3.2 ODA Loans Net Commitments (2001 -2011)**

### Historical Inflow and Outflow

Figure 3.3 shows the recorded inflow and outflow of ODA loans on an annual basis. In general, the total amount of closed loans is higher than the level of new commitments that became part of the GOP loans portfolio. The largest amount of closed loans was recorded in CY 2010, while CY 2005 has the smallest amount of ODA loans outflow. Regardless of the number of continuing loans in the portfolio, the net flows would significantly affect the increase/decrease in the level of commitments being reported each year.

<sup>7</sup> As part of the NEDA-PMS revision policy, the total net commitment that were reported in previous ODA Portfolio Reviews were adjusted based on the list of new and closed loans reported annually, as well as the partial cancellations made during the year. Adjustments in total net commitments were reflected in some years, particularly when new loans were reported only after these became effective in the following year and not at the time of signing year. On the other hand, there were closed loans that were reported in two succeeding portfolio reviews, which increased the total net commitment of the subsequent year.



**Figure 3.3 Historical Inflow and Outflow of ODA Loans (CY 2001-CY 2011)**

### 3.3 Distribution

#### *By Development Partners*

The GOJ-JICA is still the biggest source of ODA loans with 32 percent (US\$2.738 billion), followed by WB at 29 percent (US\$2.479 billion) and China with 13 percent (US\$1.14 billion). France contributed 8.4 percent (US\$0.721 billion) and Other Sources, 7.0 percent (US\$0.598 billion). (See Table 3.2.)

New commitments from WB in CY 2011 include two single tranche program loans - *First Development Policy Loan to Foster More Inclusive Growth* and the *Disaster Risk Management Development Policy Loan with Catastrophe Deferred Drawdown Option*, and an additional financing for the *Laguna De Bay Institutional Strengthening and Community Participation Project*.

Meanwhile, ADB also provided one program loan in CY 2011 amounting to US\$200 million (*Financial Market Regulation and Intermediation Program*), which is 50 percent lower than the total amount of new loans provided in CY 2010. Nonetheless, ADB's share to the total portfolio, as well as China, almost remains the same. New commitments from JICA reached US\$524 million, which is 35 percent of the total new loans extended to the Philippines. For the other funding sources, only Korea provided a new loan worth US\$13 million. (See **Annex 3-F** for the distribution of total commitment by development partner and **Annex 3-G** for the historical distribution of new commitments.)

**Table 3.2 ODA Loans Commitment and By Development Partners, (CY 2010 vs. CY 2011)**

Development Partner	Commitment Level		New Loans (US\$B)			
	CY 2011		CY 2010		CY 2011	
	US\$B	Share (%)	US\$B	Share (%)	US\$B	Share (%)
GOJ-JICA	2.738	31.8	0.376	16.8	0.524	35.0
WB	2.479	28.8	0.744	33.3	0.760	50.8
China	1.141	13.3	0.117	5.2	-	-
ADB	0.922	10.7	0.400	17.9	0.200	13.3
France	0.721	8.4	0.194	8.7	-	-
Other Sources*	0.598	7.0	0.406	18.1	0.013	0.9
<b>TOTAL</b>	<b>8.599</b>	<b>100.0</b>	<b>2.237</b>	<b>100.0</b>	<b>1.497</b>	<b>100.0</b>

\*Other funding sources include: Austria, Belgium, Germany, IFAD, Korea, Netherlands, OFID, Saudi Arabia, Sweden, Spain and UK.



Loan commitments are further classified by agency type (**Annex 3-H**), budget dependency (**Annex 3-I**), LGU participation (**Annex 3-J**), and with MDFO as conduit (**Annex 3-K**).

#### **Box 10. Classification of ODA Loans by Type of Assistance**

The GOP loans portfolio is classified as either: (a) multilateral or (b) bilateral. Bilateral assistance were further categorized into two modes of financing: (i) pure – soft loans and/or grants and (ii) mixed credit - combination of soft loan or direct grant and commercial loan from donor- appointed private bank.

See **Annex 3-L** for the list of loans by type of assistance.

#### **By Region**

For the CY 2011 ODA Review, 60 percent (US\$5.13 billion) of ODA loans are implemented nationwide, while 22 percent (US\$1.94 billion) went to specific regions. Table 3.3 shows that the National Capital Region (NCR) received the largest amount of ODA loans amounting to US\$1.17 billion or roughly 14 percent of the total ODA commitments in CY 2011. Some regions do not have specific projects but are recipients of projects classified under nationwide, multiregional and major island groups.

**Table 3.3 ODA Loans Commitment By Coverage Areas**

<b>Region</b>	<b>Number of Loans</b>	<b>Amount (in US\$M)</b>	<b>% Share</b>
<b>Luzon</b>	<b>20</b>	<b>1,740.31</b>	<b>20.24</b>
CAR	2	36.60	0.42
NCR	6	1,174.36	13.66
I	2	124.15	1.44
III	5	346.08	4.02
IV-A	3	14.33	0.17
Luzon-wide	2	44.79	0.52
<b>Visayas</b>	<b>2</b>	<b>80.44</b>	<b>0.93</b>
VI	1	13.06	0.15
VIII	1	67.38	0.78
<b>Mindanao</b>	<b>8</b>	<b>321.86</b>	<b>3.74</b>
X	2	105.49	1.23
ARMM	2	61.95	0.72
Mindanao-wide	4	154.42	1.80
<b>Multiregional</b>	<b>17</b>	<b>1,325.55</b>	<b>15.41</b>
<b>Nationwide*</b>	<b>33</b>	<b>5,131.42</b>	<b>59.67</b>
<b>TOTAL</b>	<b>80</b>	<b>8,599.58</b>	<b>100.00</b>

\*Including program loans.

#### **By Sector**

ODA loans are classified into five sectors: Agriculture, Agrarian Reform and Natural Resources (AARNR); Governance and Institutions Development (GID); Industry, Trade and Tourism (IT&T); Infrastructure (Infra); and Social Reform and Community Development

(SRCD). Table 3.4 shows the implementing agencies and key activity areas that fall in each of the five sectors.

**Table 3.4 ODA Loans Sector Classification**

Sector	Key Activities/Components	Agencies
AARNR	Farm-to-market roads, irrigation systems/facilities, agriculture and enterprise development, agricultural credit, multi-purpose buildings, bridges, flood protection, solar driers, warehouses, potable water supply, watershed conservation, forest management and agro-forestry, agribusiness, environmental management (e.g. climate change, disaster risk reduction)	DA, DAR, DENR, DPWH, LBP, LLDA, NIA, DBP
GID	Tax reforms, human resource development and management, judicial reforms, local governance	BIR, DILG, PNP, SC
IT&T	Trade and investment, environmental technologies in industries, microfinance and microenterprise development	DBP, DTI, LBP, SBC, BOC
INFRA	Power and electrification, air transport, rail transport, road transport, water transport, flood control and drainage facilities, solid waste management, water supply and sanitation, local roads and bridges, other public works (e.g. public markets, bus terminals)	DBP, DOE, DOST, DOTC, DPWH, LBP, LWUA, MWSS, NorthRail,
SRCD	Primary and secondary education, women's health and safe motherhood services, hospital services, nutrition and population, social reform and community development, farm-to-market roads, multi-purpose buildings, potable water supply	ASFPD, DBP, DepEd, DOH, DSWD

Infra sector remains to be the largest recipient of ODA loans in CY 2011 with 58 percent (US\$4.950 billion), due to the increase in new commitments to the sector during the year. There were also significant increases in the ODA for the SRCD and IT&T sectors in CY 2011 which were results of additional program loans for the said sectors. Meanwhile, the decline in the shares of GID and AARNR sectors was due to the absence of/or decrease in the new commitments in CY 2011, respectively.

**Table 3.5 ODA Loans Net Commitment By Sector  
(CY 2010 vs. CY 2011)**

Sector	Net Commitment		New Loans (US\$B)			
	CY 2011		CY 2010		CY 2011	
	US\$B	Share (%)	US\$B	Share (%)	US\$B	Share (%)
INFRA	4.950	57.6	0.235	10.5	0.537	35.9
SRCD	2.206	25.6	1.144	51.1	0.750	50.1
AARNR	1.192	13.9	0.396	17.7	0.010	0.7
IT&T	0.219	2.5	-	-	0.200	13.4
GID	0.033	0.4	0.461	20.6	-	-
<b>TOTAL</b>	<b>8.599</b>	<b>100.0</b>	<b>2.237</b>	<b>100.0</b>	<b>1.497</b>	<b>100.0</b>

(See **Annex 3-M** for the distribution of total ODA loans net commitments by sector and subsector.)

### 3.4 Age of the Portfolio

#### Ongoing Loans

Out of the 60 ongoing loans, 30 loans (50 % of the portfolio) have an age ranging from one to three years. There are four loans in the portfolio which have been ongoing for ten years or more.

**Table 3.6 Age of Ongoing Loans**

Sector	Years											
	0	1	2	3	4	5	6	7	8	9	10	>11
AARNR	1	-	5	4	3	1	1	-	-	-	2	-
GID	-	-	-	-	-	1	-	-	1	-	-	-
INFRA	1	3	8	5	1	2	3	2	-	1	1	1
ITT	-	-	-	-	-	1	-	-	-	-	-	-
SRCD	-	3	2	-	1	2	1	2	1	-	-	-
<b>Total</b>	<b>2</b>	<b>6</b>	<b>15</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>1</b>

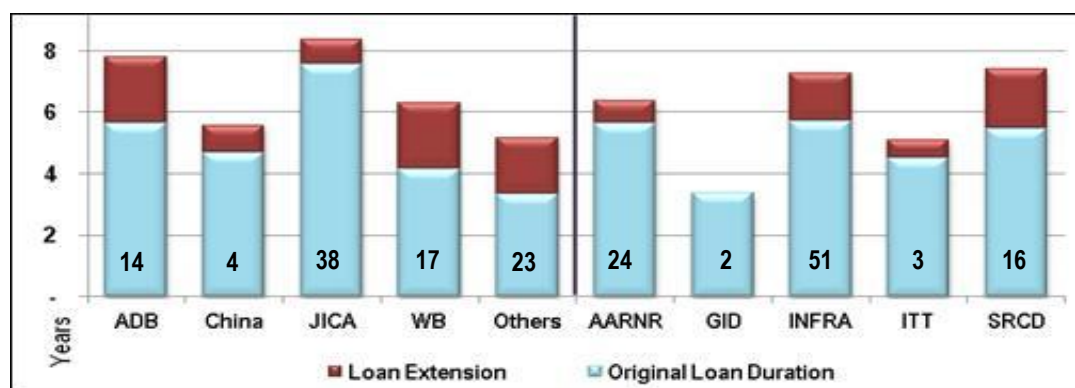
Sixteen loans have an age ranging from six to 11 years. Among these, eight loans are under the Infra sector, followed by SRCD with four loans, while AARNR and GID has three and one, respectively.

#### Closed Loans

A total of 96 loans closed in the past five years with an average loan duration of 7.04 years. Of the total, 67 had exceeded their original loan duration by an average of 1.5 years.

By DP, JICA has the longest loan duration with an average of 8.37 years, inclusive of about one-year extension. This is followed by ADB with an average of 7.80 years with two-year extension. Loans financed by other funding sources average 5.17 years with 1.84 years of extension. Lastly, WB has the longest extension period with an average of 2.17 years per project with total loan duration of 6.31 years.

By sector, SRCD-related projects had the longest loan duration with an average of 7.40 years, followed closely by Infra and AARNR sectors with 7.31 and 6.38 years, respectively.



**Figure 3.4 Average Age of Closed Loans by DPs and Sector (CY 2007-2011)**

On the other hand, Table 3.7 shows that the average age of closed loans in the CY 2011 portfolio is around seven years with an average extension of about two years per project.

**Table 3.7 Average Age of Closed Loans (in Years) in CY 2011**

	Project Title	IA	DP	Original Loan Validity	Extension	Age at Loan Closing
1	Agrarian Reform Communities Development Project II	DAR	WB	4.58	2.50	7.08
2	Agrarian Reform Communities Development Project II (Additional Financing) <sup>8</sup>	DAR	WB	0.92	0.50	1.42
3	Tulay ng Pangulo para sa Magsasaka Project <sup>9</sup>	DAR	UK	4.86	0.00	4.86
4	Urgent Bridges Construction Project for Rural Development	DPWH	JICA	7.01	2.00	9.01
5	Central Mindanao Road Project	DPWH	JICA	7.00	0.67	7.67
6	Metro Manila Urban Transport Integration Project	DPWH	WB	5.32	3.00	8.32
7	Bridge Construction Acceleration Project for Calamity-Stricken Areas	DPWH	Austria	2.82	0.62	3.44
8	KALAH-CIDSS Project	DSWD	WB	6.54	1.92	8.46
9	Local Government Unit Investment Programme <sup>10</sup>	LBP	Germany	4.32	0.00	4.32
10	Laguna De Bay Institutional Strengthening and Community Participation	LLDA	WB	4.84	2.00	6.84
11	Southern Philippine Irrigation Sector Project	NIA	ADB	6.68	5.00	11.68
12	Banaoang Pump Irrigation Project	NIA	China	6.01	3.51	9.52
13	Northrail-Southrail Linkage Project	PNR	Korea	2.00	3.79	5.79
<b>Average</b>				<b>4.84</b>	<b>1.96</b>	<b>6.80</b>

### 3.5 ODA Grants

#### Magnitude

As of CY 2011, the cumulative amount of the ODA Grants Portfolio was US\$2,089.04 million, coming from 15 DPs. The amount was distributed to 484 projects implemented with GOP as the executing agency or simply as a beneficiary. (See **Annex 3-N** for details.)

In addition, the Philippines is also a recipient of other grant assistance not included in the portfolio. These grants are extended to other stakeholders (NGOs, CSOs) as well as regional (ASEAN), interregional (Asia-Pacific Region) and global projects of which the Philippines is one of the beneficiary countries.

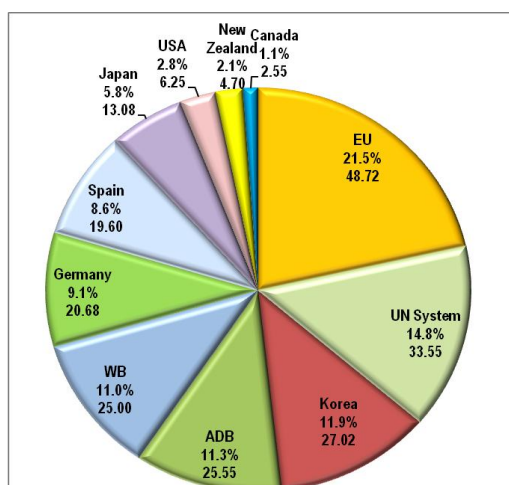
<sup>8</sup> In the case of ARCDP II Additional Financing, the loan was extended to coincide with the closing of the original loan. Thus, the six-month extension does not affect nor has bearing on the overall performance of the project.

<sup>9</sup>Contract for the Tulay ng Pangulo para sa Magsasaka was terminated in 2008 before its loan closing in 15 October 2011.

<sup>10</sup> The loan for LIP was already closed in December 2010, however, no official letter yet on the closing of the loan was received.

(See **Annex 3-O** for examples of these types of assistance, based on submissions by DPs.)

### New Grants in CY 2011



A total of 135 new grants<sup>11</sup> were provided to the GOP, amounting to US\$226.71 million. EU provided the largest amount of new grant assistance in CY 2011 at US\$48.72 million. The UN System provided the second largest amount of new assistance (US\$ 0.034 billion) while Korea (KOICA) provided the third largest, with US\$0.027 billion.

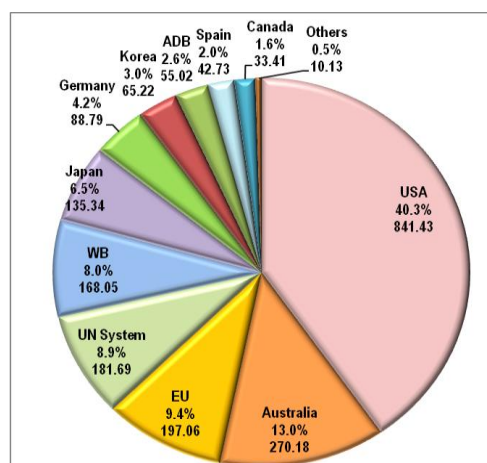
**Figure 3.5 Percentage Distribution of New Grants by DP (in US\$M)**

### Distribution

The distribution figures below are based on cumulative amounts as of December 2011. (See **Annex 3-P** for details on distribution of grants by DP and by Sector.)

### By Development Partner<sup>12</sup>

The USA, Australia and EU are the leading providers of grants to the GOP. The USA (USAID and MCC) accounted for the largest share of the grants portfolio at around 40 percent (US\$841.43 million). Australia (AusAID) accounted for the second largest share, with 13 percent (US\$270.18 million). EU had the third largest share with around 9 percent (US\$197.06 million).



**Figure 3.6 Percentage Distribution of Grants by DP (amounts in US\$M)**

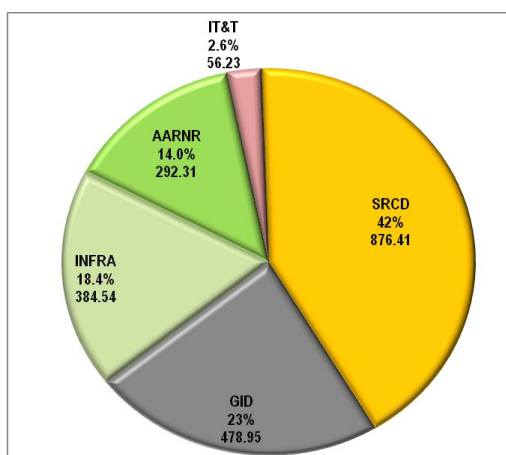
<sup>11</sup> New grant projects are comprised of projects with effectivity dates starting in CY 2011 and previously closed grants with renewed effectivity dates

<sup>12</sup> Grant assistance figures are attributed to the DP disbursing the grant funds, to prevent double counting of projects and committed amount.

### Box 11. Classification of ODA Grants by Type of Assistance

The grants portfolio can also be classified according to the following types: (a) technical assistance; (b) technical cooperation; (c) capital grants; (d) emergency/relief; (e) mixed; and (f) others.

See **Annex 3-Q** for the distribution of grants by type of assistance.



**Figure 3.7 Percentage Distribution of Grants by Sector**  
(amounts in US\$M)

#### By Sector

In terms of distribution by sector, the SRCD sector was the major recipient of grant assistance with its 42 percent share (US\$876.41 million). The GID sector received the second largest share at 23 percent (US\$478.95 million). The third largest share of grants went to the Infra sector with 18 percent (US\$384.54 million).

#### By Region

About 61 percent of the grant projects (US\$1,278.18 million) were implemented in selected areas and not necessarily region-wide.

Most of the grants implemented in a specific region were implemented in NCR, accounting for about 3 percent of the total grants portfolio (US\$66.33 million).

**Table 3.8: Distribution of Grants by Region**

Region	Number of Grants	Grant Amount (US\$M)	Percentage Share (%)
<b>Luzon</b>	<b>86</b>	<b>113.06</b>	<b>5.41</b>
II	5	11.19	0.54
III	4	10.76	0.52
IV-A	4	5.61	0.27
IV-B	2	12.77	0.61
V	12	5.45	0.26
CAR	1	0.95	0.005
NCR	58	66.33	3.17
<b>Visayas</b>	<b>9</b>	<b>16.98</b>	<b>0.81</b>
VII	5	4.59	0.22
VIII	4	12.39	0.59
<b>Mindanao</b>	<b>34</b>	<b>74.78</b>	<b>3.58</b>
X	9	7.69	0.37
XII	4	0.68	0.03
XIII	5	7.48	0.36

Region	Number of Grants	Grant Amount (US\$M)	Percentage Share (%)
ARMM	16	58.93	2.82
<b>Multi-regional</b>	<b>265</b>	<b>1,278.18</b>	<b>61.19</b>
<b>Nationwide</b>	<b>90</b>	<b>606.04</b>	<b>29.01</b>
<b>TOTAL</b>	<b>484</b>	<b>2,089.04</b>	<b>100.00</b>

**Box 12. ODA Projects Supporting MDGs, Climate Change Mitigation/Adaptation and Disaster Risk Reduction**

In support to international commitments, FAPs were tagged as: (a) Supporting the Millennium Development Goals (MDGs); (b) Addressing Climate Change Mitigation/Adaptation; and (c) Contributing to Disaster Risk Reduction.

See **Annex 3-R** for the complete list of ODA loans and grants supportive of the MDGs, **Annex 3-S** for the list of ODA loans and grants addressing Climate Change and **Annex 3-T** for the list of ODA loans and grants supportive of DRR.

## PERFORMANCE

### 4.1 Financial Performance

#### ODA Loans

Financial performance is measured using four indicators: (a) disbursement level; (b) disbursement rate; (c) availment rate; and (d) disbursement ratio.

Financial performance declined in CY 2011 compared to CY 2010. While there was an increase in the annual disbursement, this was attributed to the single tranche release of three program loans which became part of the portfolio in CY 2011. Disbursement rate for project loans in CY 2011 slightly decreased compared to CY 2010 while availment rate decreased by as much as 8.7 percentage points. This translates into an increase in disbursement backlog (difference between scheduled and actual availment) from US\$0.96 billion in CY 2010 to US\$1.20 billion in CY 2011.

**Table 4.1 ODA Loans Financial Performance (CY 2010 vs. CY 2011)**

Performance	Indicator		CY 2010	CY 2011
Annual Disbursement	Disbursement Level (US\$B)	Total	1.61	1.87
		Projects Only	0.76	0.80
Performance against annual target	Disbursement Rate (%)	Total	79.7	79.5
		Projects Only	69.3	68.1
Performance against historical target	Availment Rate (%)	Total	82.9	77.7
		Projects Only	79.8	71.1
Annual disbursement against available loan balance	Disbursement Ratio (%)	Total	30.4	32.3
		Projects Only	19.2	18.3

(See **Annex 4-A** for the Disbursement Levels, **Annex 4-B** for the Disbursement Rate, **Annex 4-C** for the Availment Rate, and **Annex 4-D** for the Disbursement Ratio.)

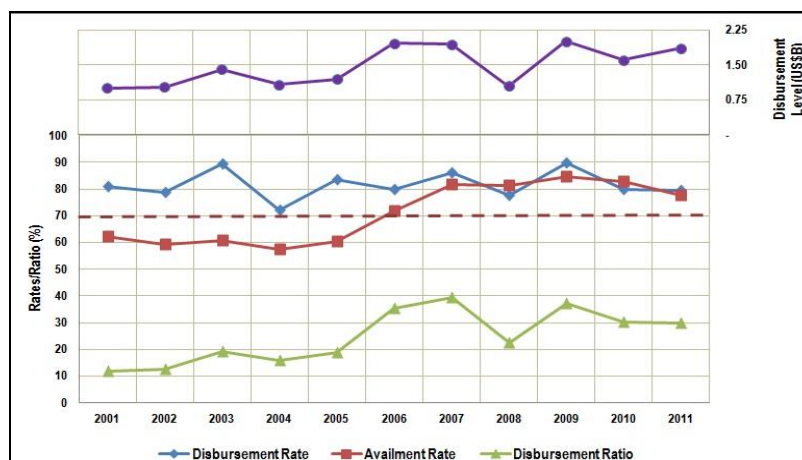
Figure 4.1 shows that disbursement rates (annual performance) of the ODA loans portfolio in the last 11 years were consistently above 70 percent rates<sup>13</sup>. Availment rates (historical performance) only registered on the average 60 percent from CYs 2001 to 2005 but increased to above 70 percent starting CY 2006 to the current rate of 78 percent. Disbursement ratio, on other hand, ranged from 10 percent to 40 percent in the last 11 years. Lastly, disbursement level of the loans was recorded to be at least US\$1.00 billion per year. Note, however, that total portfolio includes single tranche program loans which significantly contributed to the level of disbursements per year.

Meanwhile, there was a decrease in the availment rate and disbursement rate from CY 2010 to CY 2011. In order to maintain, if not exceed, the historical performance in CY 2010 which reached 83 percent, the loans portfolio should have been registered an actual

<sup>13</sup> The indicative performance benchmark is based on historical disbursement and availment figures, where availment and disbursement rates averages for the last 10 years do not fall below 70 percent.



availment of US\$4.45 billion, or an additional of US\$0.277 billion to the cumulative disbursement as of December 2011. A breakeven analysis showed that an additional disbursement of US\$5.20 million would make the CY 2011 annual performance at par with CY 2010.



**Figure 4.1 Historical Absorptive Capacity (Total Portfolio)**

Table 4.2 shows the annual and historical performances of IAs. Based on the 70 percent benchmark on availment and disbursement rates, seven of the 20 agencies performed well, while five were not able to achieve both the annual and historical benchmarks.

**Table 4.2 CY 2011 Financial Performance By Agency**

Historical and Annual Financial Indicators	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	DepEd, DPWH, <u>DSWD</u> , <u>DTI</u> , <u>LBP</u> , LLDA, MWSS	BIR, DAR, DOTC
Below 70 percent Disbursement Rate	ASFPD-PMO, <u>DBP</u> , DOH, <u>NIA</u> , SC	<u>DA</u> , DENR, <u>DOE</u> , LWUA, <u>NorthRail</u>

IAs that are underlined have the same performance as in CY 2010.

MWSS improved its financial performance (both annual and historical) in CY 2011, while DA, DOE and NorthRail still registered poor performances (both annual and historical) in CY 2011. On the other hand, DSWD, LBP and DTI maintained their good financial performances in CY 2011.

**Table 4.3 Financial Performance By Agency (CY 2010 vs. CY 2011)**

Financial Performance (CY 2010 vs. CY 2011)	Availment Rate	Disbursement Rate	Availment and Disbursement Rate
Improve (from Below 70% in CY 2010 to 70% and Above in CY 2011)	DOH, DPWH, SC	BIR, DepEd, DOTC, LLDA	MWSS
Worsen (from 70% and Above in CY 2010 to Below 70% in CY 2011)	DAR	ASFPD-PMO, DENR	

Meanwhile, out of the 52 ongoing<sup>14</sup> project loans, only 14 projects or 27 percent achieved more than 70 percent of their annual and historical targets. Nineteen projects or 36 percent performed well either historically or annually while 19 project loans or 36 percent failed to reach the 70 percent benchmark (Table 4.4). Reasons for low disbursements include suspension of contract, difficulty in LGU compliance in the NG-LGU cost sharing scheme, and project reconfiguration, among others.

**Table 4.4 Financial Performance of Project Loans**

Historical and Annual Financial Indicators	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	14	7
Below 70 percent Disbursement Rate	12	19*

\*Supporting 17 projects

Of the 17 projects that were not able to achieve both their historical and annual targets, 14 were reported as Actual Problem Projects based on NEDA's internal Alert Mechanism. Three projects loans were reported as potential problem projects: Provincial Towns Water Supply Programme III, KALAH-CIDSS Additional-Financing and Philippine Energy Efficiency Project. Meanwhile the ARMM Social Fund-additional Financing was reported as on schedule despite its low disbursement rate. (See Section 4.3 for further discussion on the Alert Mechanism.)

**Table 4.5 List of Project Loans with Below 70% Availment and Disbursement Rates**

Loan Title	IA	DP	Availment Rate (%)	Disb. Rate (%)
1. ARMM Social Fund (Additional Financing)	ARG	WB	64.07	48.13
2. Second Cordillera Highland Agriculture Resource Management Project	DA	IFAD	25.10	12.92
		OFID	-	-
3. Mindanao Rural Development Project Phase 2	DA	WB	44.23	54.35
4. Agrarian Reform Communities Project II	DAR	ADB	17.99	5.40
		OFID	-	-
5. Credit for Better Health Care Project	DBP	ADB	5.03	1.47
6. Integrated Coastal Resources Management Project	DENR	ADB	33.15	41.43
7. Philippine Energy Efficiency Project	DOE	ADB	24.56	20.83
8. Greater Maritime Access RoRo Ports	DOTC	France	25.90	-
9. New Communications, Navigation and Surveillance/Air Traffic Management Systems Development	DOTC	JICA	12.28	35.74
10. Bacolod-Silay Airport Access Road Project	DPWH	Korea	23.84	68.75
11. Mindanao Roads Improvement Project	DPWH	Saudi	24.24	15.14
12. National Road Improvement Management Project Phase II	DPWH	WB	14.34	32.12
13. KALAH-CIDSS Project (Additional Financing)	DSWD	WB	39.77	-
14. Credit Line for Energy Efficiency and	LBP	Germany	-	-

<sup>14</sup> Excluding newly signed, newly effective, cancelled, as well as terminated project loans.

Loan Title	IA	DP	Availment Rate (%)	Disb. Rate (%)
Climate Protection in the Philippines				
15. Local Government Unit Investment Programme II	LBP	Germany	38.79	30.25
16. Provincial Towns Water Supply Programme III	LWUA	Germany	10.70	8.90
17. NorthRail Project Phase 1 Section 1	NorthRail	China	57.40	6.16

### **Performance of Projects with Additional Financing (AF)**

As of December 2011, the total ODA loans commitment through AF amounted to US\$150 million. These sought to support implementation of additional activities for five projects in the areas of environmental management, rural development, social welfare, and power supply. Four of these projects are still ongoing while one closed in CY 2010. The AF for the KALAH-I-CIDSS Project which amounted to US\$60 million was the biggest AF approved by the ICC.

#### **Box 13. Additional Financing (AF)**

The WB provides AF to ongoing projects to finance (a) completion of the original project activities in the event of an unanticipated financing gap or a cost overrun; (b) activities that scale-up a project's impact and development effectiveness; and or, (c) modified project activities included as part of project restructuring when the original loan amount is insufficient to cover such activities.

AF is provided as a separate loan constituting a new loan commitment and negotiations where implementation is limited to only three years.

Source: WB

Financial performance of projects with AF were subpar. Although about US\$21.3 million was disbursed for CY 2011, the overall availment rate was only at 42 percent, while utilization rate was only 21 percent, considering two projects are about to close in CY 2012 and early CY 2013.

**Table 4.6 Performance of Projects with AF**

Project Title	Disbursement Level (US\$M)	Disbursement Rate (%)	Availment Rate (%)	Disbursement Ratio (%)	Utilization Rate (%)
Rural Power Project	12.4	141	40	16	31
ARMM Social Fund Project	5.4	48	64	15	18
KALAH-I-CIDSS	11.7	-	40	20	20
LISCOP	0.02	-	1.5	0.25	0.25
<b>TOTAL</b>	<b>21.3</b>	<b>168</b>	<b>42</b>	<b>16</b>	<b>21</b>

### **Program Loans**

Program loans are availed of by the GOP to support/assists formulation of policies and set of activities for specific purpose, sectors and agencies. Program loans releases are in tranches (when conditions were met) or similar to project loans such in the case of the WB's National

Program Support loans. Table 4.7 shows the three single-tranche program loans amounting to US\$950 million which were fully availed of in CY 2011.

**Table 4.7 Single-Tranche Program Loans in CY 2011**

Program Title	DP	Amount (US\$B)
First Development Policy Loan to Foster More Inclusive Growth	WB	0.250
Disaster Risk Management Development Policy with a Catastrophe Deferred Drawdown Option	WB	0.500
Financial Market Regulation and Intermediation Program	ADB	0.200

On the other hand, the NPS loans assist the health, education, taxation, environment and natural resources sectors. As of CY 2011, availment rate of NPS reached 86 percent, which is about 15 percent higher than last year's performance. This can be attributed to the increase in disbursement levels of said program loans amounting to US\$122.91 million. Nonetheless, the annual performance (disbursement rate) of these program loans decreased in comparison with that in CY 2010, largely due to a higher disbursement target for the Social Welfare and Development Reform Project in CY 2011 that was not achieved.

**Table 4.8 Financial Performance of National Program Support Loans (CY 2010 vs. CY 2011)**

Program Title	Availment Rate (%)		Increase (Decrease)	Disbursement Rate (%)		Increase (Decrease)
	CY 2010	CY 2011		CY 2010	CY 2011	
National Program Support for Basic Education (NPSBE)	81.3	93.21	14.65	54.73	70.14	28.16
National Sector Support to Health Reform Program (NSSHRP)	75.5	74.3	(1.59)	32.68	41.14	25.89
National Program Support for Tax Administration Reform (NPSTAR)	18.8	30.4	61.70	-*	153.26	100.00
National Program Support for Environment and Natural Resource Management (NPSENRM)	68.3	56.5	(17.28)	60.26	33.73	(44.03)
Social Welfare and Development Reform Program (SWDRP)	69.4	95.0	36.89	100.00	51.14	(48.86)
<b>TOTAL</b>	<b>74.95</b>	<b>85.99</b>	<b>14.73</b>	<b>64.79</b>	<b>53.05</b>	<b>(18.11)</b>

\*No disbursement target in CY 2010.

### **Delays of Budget Support Loan**

For CY 2011, all the five program loans experienced delays in the committed activities that would trigger disbursements from the loans. The following table details the causes of delays in the said loans.

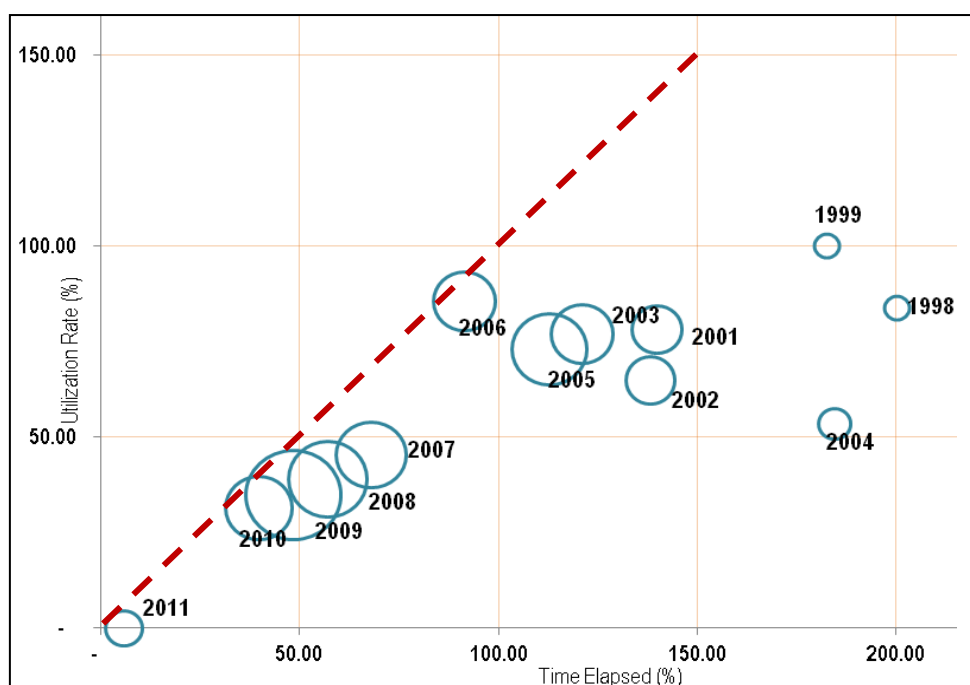
**Table 4.9 Reasons for Delays of Budget Support Loans**

Project	Reasons
National Program Support for Basic Education (NPSBE) WB/US\$200.0 million	<p>Delayed compliance by DepEd to the financial and non-financial covenants specifically on the validation of the SBM Grants, submission of audited project financial statements, submission of updated Project Implementation Plan (PIP), and the hardship allowances of teachers still not fully applied in all Regions.</p> <p>The total appropriation for construction of sanitation facilities under the School Building Program for FYs 2006 – 2010 could not be reimbursed through NPSBE because the 2010 SBP followed RA9184 guidelines which did not conform to the agreed Principal-Led Scheme for NPSBE or as approved by the WB.</p>
National Sector Support to Health Reform Program (NSSHRP) WB/US\$110.0 million	<p>Low utilization of the US\$40.0 million under Component 1: Health Financing. PhilHealth expenses cannot be reimbursed unless the DOH, PhilHealth, and DBM issue a joint circular allowing 100% government coverage of the PhilHealth Sponsored Program using the allocation for the Health Financing component.</p>
National Program Support for Tax Administration Reform (NPSTAR) WB/US\$11.0 million	<ul style="list-style-type: none"> <li>- The budget for the Tax Credit Certificate Administration was removed from the 2011 approved budget of the BIR</li> <li>- Publication of the Revenue Regulations (RR) on Accounts Receivable did not push through because the draft RR was not approved by the BIR management</li> <li>- Non-approval yet by the Commissioner of the issuances (Revenue Regulations and Revenue Memorandum Order) to effect the Registration Manual which will provide for the continuous enhancements of registration procedures</li> </ul>
National Program Support for Environment & Natural Resource Management (NPSENRM) WB/US\$50.0 million	<p>Both loan and grant funds remain to be underutilized:</p> <ul style="list-style-type: none"> <li>- DENR prefer to access its regular budget because of additional reporting requirements associated with the loan; and difficulties in financial reporting resulting in delay submission of liquidation documents to the Bank; and,</li> <li>- LGU sub-projects received their initial release of GEF funds mid-year of 2011 only.</li> </ul> <p>Failure of LGUs to prepare the Statement of Work Accomplishments (SWAs) and the difficulties of Field Project Management Teams to conduct verification activities resulted in limited liquidation reporting.</p>
Social Welfare Development Reform Program (SWDRP) WB/US\$405.0 million	<p><b><u>National Household Targeting System – Poverty Reduction</u></b> NPMO Staffing - Low turn-out of qualified applicants due to non-competitive salaries and fast turn-over of employees due to non-regular status;</p> <ul style="list-style-type: none"> <li>- Contract with AMTI for NHTS-PR Enhancement Project – issue on DSWD's readiness affecting implementation schedule as well as several provisions in the AMTI contract;</li> <li>- Many stakeholders still do not have clear idea of household targeting process and how best to utilize the database at the local level.</li> </ul>

Project	Reasons
	<p><b><u>Pantawid Pamilyang Pilipino Program (4Ps):</u></b></p> <ul style="list-style-type: none"> <li>- Geographic difficulties and inadequate banking institutions/facilities to handle cash payout was a major challenge in reaching beneficiaries in far flung areas.</li> </ul> <p><b><u>Building of Institutional Capacity to Lead in Social Protection:</u></b></p> <ul style="list-style-type: none"> <li>- Delayed engagement of consultant for Vulnerability and Adaptation Manual for Social Protection due to lack of interested applicants.</li> </ul>

### Utilization Performance and Time Elapsed

Figure 4.2 shows the relationship between utilization rate and time elapsed of loans classified as active in CY 2011. Time elapsed is reckoned from the effectivity date to the loan's original closing date. Further, this does not include single tranche program loans, as well as loans that are yet in effect. Lastly, the size of rings pertains to the total net commitments of active loans signed in each specific year. (See **Annex 4-E** for details.)



**Figure 4.2 Utilization Rate and Time Elapsed (CY 2011)**

As of CY 2011, a total of 27 project and program loans were already way past the original implementation period or with more than 100 percent time elapsed. These loans include those that were signed in 1998 (1 loan, US\$92.20 million), 1999 (1 loan, US\$50.01 million), 2001 (4 loans, US\$262.39 million), 2002 (4 loans, US\$653.41 million), 2003 (4 loans, US\$144.57 million), 2004 (3 loans, US\$454.75 million), 2005 (5 loans, US\$147.37 million), 2006 (2 loans, US\$168.07 million), 2008 (1 loan, US\$31.79 million), 2009 (1 loan, US\$31.10 million), and 2010 (1 loan, US\$9.72 million).

Meanwhile, three ongoing program and project loans were almost 100 percent past their original implementation period but with still more than 30 percent difference between their time elapsed and utilization rate. These loans include the following:

- a. Arterial Road Bypass Project (Plaridel and Cabanatuan)/JICA/DPWH
- b. Health Sector Reform Project/Germany/DOH
- c. National Program Support for Tax Administration Reform/WB/BIR

### **Commitment Fees**

Total commitment fees paid in CY 2011 decreased to US\$8.96 million (14.6%) from US\$10.49 million in CY 2010. The top five projects with the highest commitment fees paid in CY 2011 (with combined share of 73.8%) were the following: Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project (TPKP) with US\$2.64 million (29.5%); Greater Maritime Access (GMA) Ports with US\$2.29 million (25.6%); Mega Bridges for Urban and Rural Development Project (MBURDP) with US\$0.95 million (10.6%); Social Protection Support Project with US\$0.47 million (5.2%); and Agno River Integrated Irrigation Project with US\$0.27 million (3.0%). TPKP and MBURDP posted a huge drop in commitment fees paid from CY 2010 to CY 2011, thus contributing to the overall decline in the level of commitment fees paid during the year. (See **Annex 4-F** for a year-on-year comparison of the amount of commitment fees paid per project.)

DAR accounted for the largest amount of commitment fees paid in 2011 with US\$2.74 million (30.6%), followed by DOTC with US\$2.36 million (26.3%), and DPWH with US\$1.14 million (12.7%). (See **Annex 4-G** for a year-on-year comparison of the amount of commitment fees paid by implementing agency.)

#### **Box 14. Commitment Fees Attributable to Implementation Delay and as Cost of Financing**

Commitment fee is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum [Example: 0.75% (rate) x US\$20 million (undisbursed amount) = US\$150,000]. The rate is applied on the undisbursed amount of the entire loan or a portion of thereof (base), which is bigger than the amount scheduled to be disbursed. Thus, even when there is no implementation delay, a certain amount of commitment fee would still be charged as purely cost of financing. Implementation delay only increases the amount.

A desk review was conducted to approximate how much of the commitment fees paid in CY 2011 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay is arrived at by: (a) deducting computed commitment fees assuming 100 percent availment rate to the actual commitment fees paid, or (b) applying the rate to the backlog (scheduled availment less actual availment). The result of the analysis showed that approximately 75 percent of commitment fees paid in CY 2011 may be attributed to implementation delay.

### **ODA Grants**

Cumulative disbursements of grant assistance reached US\$1.20 billion, with a disbursement rate of 58 percent. Figures on grant disbursements are cumulative and reckoned from grant agreement signing/effectivity dates. In addition, certain grant types such as expert



dispatch, equipment, training courses, among others, are considered fully disbursed (100% disbursement rate).

## 4.2 Physical Performance

Out of the 75 programs and projects<sup>15</sup> in the CY 2011 Portfolio, 47 or US\$3.77 billion revised their implementation schedules primarily due to encountered implementation delays, revision/additional scope, among others. Of this number of loans, 26 programs and projects with total commitments of US\$2.28 billion are behind schedule, five on schedule worth US\$0.46 billion, while 14 programs and projects worth US\$0.76 billion were already completed/closed. In addition, two loans were cancelled/terminated. (See **Annex 4-H** for details of physical performance.)

Meanwhile, a total of 28 programs and projects, which accounted for 50 percent or US\$4.31 billion of the total loans portfolio are still on original schedule and did not undergo revisions. Of the total, 10 programs and projects amounting to US\$1.08 billion are already behind schedule while the other ten worth US\$1.70 billion are either ahead or on schedule. Three loans are on their start-up stage, four loans were completed/fully availed during the year while one loan was suspended (Table 4.10).

**Table 4.10 ODA Loans Physical Performance**

Physical Status <sup>16</sup>	CY 2011			
	Implementation Schedule/Net Commitment			
	Original (Count)	Net Comm. (US\$M)	Revised (Count)	Net Comm. (US\$M)
Ahead of schedule	3	536.27	0	-
On schedule	7	1,164.36	5	465.24
Behind Schedule	10	1,084.47	26	2,284.45
New/Start-up	3	547.92	0	-
Completed/Fully Availed	4	977.36	14	763.23
Suspended/Cancelled/Terminated*	1	-	2	262.97
<b>TOTAL</b>	<b>28</b>	<b>4,310.38</b>	<b>47</b>	<b>3,775.89</b>

\*1. Notice of Termination of the Supply Contract for Tulay ng Pangulo para sa Magsasaka - 24 January 2008 (DAR)

2. Notice of Termination of the Supply Contract for Tulay ng Pangulo para sa Kaunlaran - 21 February 2008 (DPWH)

3. Notice of Termination of the Loan Agreement for Laguna Lake Rehabilitation Project acknowledged - 28 June 2011

Of the total loans portfolio, 36 programs and projects or a total commitment of US\$3.37 billion (39%) were behind schedule. Seventeen projects were reported as actual problem projects, while 10 are flagged as potential problem projects. Two of the terminated/suspended loans were also reported as problem projects as of December 2011. Meanwhile, 15 programs and projects or US\$2.16 billion (25%) were either ahead or on schedule.

<sup>15</sup> This does not include signed projects that are yet to be made effective. Note that a project can be supported by two or more loans.

<sup>16</sup> Status based on  $\pm 5$  actual physical slippage.\



## Physical Performance by Sector

The Infra sector accounts for 45 percent of total projects of which eight projects are ahead and/or on schedule or 11 percent of the total portfolio. Nonetheless, the same sector also has the most number of projects that are behind schedule which is about 21 percent of the total number of programs and projects in the loans portfolio. It was followed by the AARNR sector with 10 programs and projects and the SRCD with seven. Meanwhile, two projects under the GID sector are behind schedule.

**Table 4.11 Physical Performance by Sector**

Sector	Ahead of Schedule	On Schedule	Behind Schedule	New/Start-up	Completed /Fully-availed	Terminated/Suspended/Cancelled	Total
INFRA	3	5	16	2	7	1	34
AARNR	-	3	10	1	6	1	21
SRCD	-	3	8	-	4	-	15
IT&T	-	1	-	-	1	1	3
GID	-	-	2	-	-	-	2
<b>TOTAL</b>	<b>3</b>	<b>12</b>	<b>36</b>	<b>3</b>	<b>18</b>	<b>3</b>	<b>75</b>

## 4.3 Alert Mechanism

The NEDA's internal Alert Mechanism (AM) identifies and flags projects which require priority monitoring and facilitation. The AM utilizes indicators to classify ongoing ODA loan-assisted programs and projects into **Potential** (with one indicator category breached) and **Actual** problem projects (with two indicator categories breached). Actual problem projects are further classified into two *alert levels*: **Level I** or the *Early Warning Stage*; and **Level II** or the *Critical Stage*. An actual problem project that stays in the early warning stage for *at least six months* gets elevated to the critical stage.

The four indicator categories used to identify potential and actual problem projects include leading indicators on financial, physical, cost overrun and project completion (Indicator 1-4, respectively), which are described in the following table:

**Table 4.12 Alert Mechanism Leading Indicators**

Indicator	Description
<b>Financial</b>	1a: Poor annual disbursement performance 1b: Poor historical disbursement performance 1c: Delayed disbursement performance measured against time
<b>Physical</b>	2a: Delayed overall physical implementation 2b: Failure to report on overall physical accomplishment 2c: Delay in major activities required to proceed in Implementation
<b>Cost Overrun</b>	3a: Potential cost overruns 3b: Actual cost overruns
<b>Project Completion</b>	4: Projects with loans closing within the year

A completing project (based on Indicator 4) will only be flagged as an actual problem project if it breached at least another indicator.

### **Alert Status of Ongoing Loan-assisted Projects**

The alert status of all ongoing projects as of December 2011 is summarized in Table 4.13. Twenty were identified as actual problem projects requiring priority monitoring and facilitation. (See **Annex 4-I** for the complete list of project and details on the alert status).

**Table 4.13 Summary of Alert Status as of December 2011**

<b>Alert Status</b>	<b>No. of Projects</b>
<b>Actual Problem Projects</b>	
<b>Alert Level II</b>	14
<b>Alert Level I</b>	6
<b>Potential Problem Projects</b> (one indicator breached)	15
<b>On Schedule</b>	23
<b>TOTAL</b>	<b>58</b>

**Table 4.14 List of Actual Problem Projects**

<b>Alert Level II (Critical Stage)</b>
<ol style="list-style-type: none"> <li>1. Agrarian Reform Communities Project II (DAR)</li> <li>2. Credit for Better Health Care Project (DBP)</li> <li>3. Credit Line for Energy Efficiency and Climate Protection in the Philippines (LBP)</li> <li>4. Health Sector Reform Project (DOH)</li> <li>5. Help for Catubig Agricultural Advancement Project Stage I (NIA)</li> <li>6. Integrated Coastal Resources Management Project (DENR)</li> <li>7. Local Government Units Investment Programme II (LBP)</li> <li>8. Mindanao Rural Development Project-Phase 2 (DA)</li> <li>9. Mindanao Roads Improvement Project (DPWH)</li> <li>10. New Communications, Navigation and Surveillance/Air Traffic Management Systems Development Project (DOTC)</li> <li>11. NorthRail Project Phase 1 Section 1 (Northrail)</li> <li>12. Second Cordillera Highland Agricultural Resource Management Project (DA)</li> <li>13. Support for Strategic Local Development and Investment Project (LBP)</li> <li>14. Tulay ng Pangulo Para sa Magsasaka Project (DPWH)</li> </ol>
<b>Alert Level I (Early Warning Stage)</b>
<ol style="list-style-type: none"> <li>1. Bacolod-Silay Airport Access Road Project (DPWH)</li> <li>2. Bridge Construction/Replacement Project (DPWH)</li> <li>3. Greater Maritime Access (GMA) RoRo Ports (DOTC)</li> <li>4. National Road Improvement Management Project Phase II (DPWH)</li> <li>5. Participatory Irrigation Development Project (NIA)</li> <li>6. Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project (DAR)</li> </ol>

A significant portion of the total backlog in ODA loans can be attributed to the delays experience by the potential and actual problem projects identified under the alert mechanism. Together, the 20 actual and 15 potential problem projects posted a combined disbursement backlog of US\$1.04 billion, which is equivalent to 86.67 percent of the CY 2011 total backlog of US\$1.20 billion.

## Profile of Projects for Priority Monitoring

In terms of implementing agencies, DPWH has the most number of projects for priority monitoring (actual and potential problem projects) with ten. This is 58.9 percent of the department's portfolio (17 projects) and 17.2 percent in terms of the entire ODA loans portfolio. LBP and DOTC followed with four and three projects, respectively.

**Table 4.15 Alert Status of Projects by Agency**

Project Title	Actual Problem		Potential Problem	Total
	Level 2 (Critical)	Level 1 (Early Warning)		
DPWH	2	3	5	10
LBP	3	-	1	4
DOTC	1	1	1	3
DAR	1	1	-	2
DBP	1	-	1	2
DOH	1	-	1	2
NIA	1	1	-	2
DENR	1	-	1	2
DA	2	-	-	2
NorthRail	1	-	-	1
DSWD	-	-	1	1
LLDA	-	-	1	1
BIR	-	-	1	1
DOE	-	-	1	1
LWUA	-	-	1	1

In terms of sector, Infra has the most number of projects for priority monitoring with 21, which represents 36.2 percent of the total ODA portfolio. The AARNR and SRC sectors follow with nine and four projects, respectively.

**Table 4.16 Alert Status of Project by Sector**

Sector	Actual Problem		Potential Problem	Total
	Level 2 (Critical)	Level 1 (Early Warning)		
AARNR	5	2	2	9
GID	-	-	1	1
ITT	-	-	-	-
INFRA	7	4	10	21
SRCD	2	-	2	4

## Alert Status from CY 2009 to CY 2011

Since the Alert Mechanism's institutionalization in CY 2009, the total number of actual problem projects increased while the total number of ODA loans decreased. The portion of problematic projects against the total portfolio has increased from 26 percent in CY 2009 to 35 percent in CY 2011, despite a slight decrease to 25 percent in CY 2010.

**Table 4.17 Alert Status of ODA Projects, CY 2009-2011**

Alert Status	No. of Projects*					
	CY 2009		CY 2010		CY 2011	
	Number	Share (%)	Number	Share (%)	Number	Share (%)
<b>Actual Problem Projects</b>	<b>18</b>	<b>26</b>	<b>17</b>	<b>25</b>	<b>20</b>	<b>34</b>
Alert Level II	16	23	10	15	14	24
Alert Level I	2	3	7	10	6	10
<b>Potential Problem Projects</b>	<b>23</b>	<b>33</b>	<b>21</b>	<b>31</b>	<b>15</b>	<b>26</b>
<b>On Schedule</b>	<b>28</b>	<b>41</b>	<b>29</b>	<b>43</b>	<b>23</b>	<b>40</b>
<b>TOTAL</b>	<b>69</b>	<b>100</b>	<b>67</b>	<b>100</b>	<b>58</b>	<b>100</b>

\*Based on year-end reports

#### 4.4 Assessment of Performance by Supervision Missions

This section reports the results of review/evaluation missions conducted for selected projects at different stages of implementation. Specifically, the section highlights the following: (a) performance ratings; and (b) outcomes/results observed during the review/evaluation missions.

**Table 4.18 CY 2011 Supervision/Implementation Review Missions with Ratings/Remarks**

IA	Project	DP	Rating/Remarks
ARMM	ASFP	WB	Satisfactory
DOH	IDF-Results Based ME3 for Health Sector Reform (TF 095275)	WB	Procurement –unsatisfactory
DOH	2 WHSMP	WB	Financial Management-moderately satisfactory
DOH	NSSHRP	WB	Financial Management moderately unsatisfactory
DOH	HSDP	ADB	Good progress since last review mission. Requires closer monitoring of the remaining project implementation period
DOH	HSDP	ADB	No overall rating. Mission suggests closer monitoring of progress within the next three months.
DPWH	NRIMP II	WB	Moderately unsatisfactory, pending restructuring, based on its implementation performance and progress towards achieving its development objectives
DSWD	KALAH – CIDSS	WB	Satisfactory
DSWD	SPSP	WB	Satisfactory
DTI-SBC	RuMEPP	IFAD	Satisfactory

In CY 2011, a total of 25 supervision missions (for 20 projects) were conducted by ADB, WB and Netherlands for their various loan-assisted projects. Of the missions conducted, two were Midterm Review Missions (ICRMP and NRIMP II) and one was the Project Completion Report Mission for SPISP. (See **Annex 4-J** for details.)

Out of the 20 projects with supervision missions, only five have overall ratings from which four were rated satisfactory and one, moderately unsatisfactory.

## 4.5 Assessment of Performance of Completed Projects

Four road projects of DPWH, one DOE project and one irrigation project are at risk of not being able to sustain their benefits due to lack or inadequate funds for operation and maintenance and absence of mechanism for adoption by responsible agencies.

**Table 4.19 Projects with Sustainability Issues**

Project/IA/DP	Issue Details
Rural Power Project/DOE/WB	Several agencies are involved in the sustainability of the project; absence of mechanisms that can be followed by the agencies
Southern Philippines Irrigation Sector Project /NIA/ADB	Inadequate financial capacity of Irrigators Associations and significant reduction in the O&M personnel of NIA
ARLDP V, RRNDP III, CMRP and UBCPRD/DPWH/JICA	Several road sections were damaged by heavy typhoons

### Box 15. Sustainability of Flood Control Projects

In view of the apparent O&M issues of ex-post evaluated flood control projects, JICA conducted in CY 2011 a study on the sustainability of its assisted flood control projects. The study looked into the flood control management of projects, particularly on the O&M skills of personnel, O&M financing, and organizational structure of O&M responsible units.

The study shows that in general, while the DPWH District Engineering Offices (DEOs) have the necessary skills in O&M, LGU staff appears to lack the technical knowledge in the O&M of flood control facilities. Further, issues on insufficiency of O&M budget and vague demarcation of O&M roles among responsible units were identified. Consequently, the study recommends to: (1) conduct technical training for personnel for all O&M responsible units; (2) secure and if necessary, increase budget allocation for flood control projects; and (3) ensure clarity of O&M roles in the MOA.

Source: Study on the Sustainability of JICA-assisted Flood Control Projects, 2011

## 4.6 Closed Projects in CY 2011 with Incomplete Outputs

Of the 11 closed loans in CY 2011, three had incomplete outputs. In addition, one grant project was closed but with remaining deliverables.

**Table 4.20 List of Closed Projects with Incomplete Outputs in CY 2011**

IA	Closed Projects/ Funding Agency	Updates
<b>LOANS</b>		
DA	<ul style="list-style-type: none"> <li>InfRES/ADB</li> </ul> <p><u>Particulars:</u> There were 22 FMR sub-projects (28 contract packages) in Regions V and VIII, which were not completed at loan closing of June 2011.</p>	ADB did not approve the request of the agency for another 22 month-extension of the project. The extension was supposedly to complete pending works, repair damaged FMRs and/or concrete critical sections of selected FMRs. DA is currently undertaking the remaining works using GOP funds.

IA	Closed Projects/ Funding Agency	Updates
DPWH	<ul style="list-style-type: none"> <li>UBCPRD /JICA</li> </ul> <p><u>Particulars:</u> During implementation, ICC approved the downsizing of the scope from 201 to 139 bridges due to various reasons. At loan closing in September 2011, only 122 bridges were reported completed.</p>	Implementation of the balance of 17 bridges is now funded locally, in addition to the earlier 62 bridges dropped from JICA funding. DPWH is requested to continue to report to NEDA the progress of the remaining bridges until completion.
NIA	<ul style="list-style-type: none"> <li>BPIP/China</li> </ul> <p><u>Particulars:</u> The Project closed in December 2011 with about 99 percent physical accomplishment. The LGU officials in the Vigan, Ilocos Sur preferred the lining of canals, however: (a) it is not included in the contract cost; (b) no budget was allocated for it; and, (c) completion will exceed the closing date of the project. The remaining works, which include a portion of Lateral A covering 575 hectares, were deleted from the CAMC contract and will be completed under the CY 2012 budget.</p>	Funding was already released to the PMO and construction activities are expected to be completed by June 2012.
DAR	Tulay ng Pangulo Para sa Magsasaka Project/UK	In CY 2008, DAR pre-terminated the supply contract prior to loan closing on 15 October 2011. Uncompleted works include installation of 435 double-lane Compact 200 bridges (total of 11,287 lm) and single-lane emergency bridges with total length of 875 lm.
<b>GRANT</b>		
DSWD	<ul style="list-style-type: none"> <li>PODER Ph 6/AECID</li> </ul> <p><u>Particular:</u> 96 sub – projects completed (Slippage: - 3.1%)</p> <ul style="list-style-type: none"> <li>Strengthening Government Mechanisms in Mainstreaming Gender in the Reproductive Health, Population and Anti – VAW Programs/ UNFPA</li> </ul> <p><u>Particular:</u> (Slippage: -5.0%)</p> <ul style="list-style-type: none"> <li>Bicol Recovery Project/ UNDP</li> </ul> <p><u>Particular:</u> Only able to deliver 3 out of the 4 target basic facilities and no Terminal Evaluation submitted</p>	PODER Phase 6 - Activities to complete the remaining output are being implemented through the LGU's own resources.

#### 4.7 Completed Projects with Damaged Outputs in CY 2011

DPWH reported that six loan projects, which were completed prior to CY 2011, incurred damages. Below are the details:

**Table 4.21 Damaged DPWH Projects**

<b>Completed Projects (Year of Closing)</b>	<b>Details/Updates (as of December 2011)</b>
Arterial Road Links Development Project, Phase V (2010)	Some portions were heavily damaged by typhoons. Repairs being funded by local funds.
Arterial Road Links Development Project, Phase VI (2009)	Gatanguit-Calbiga Section damaged. No repair works had been carried. DPWH observing unstable road conditions.
Laoag River Flood Control and Sabo Project (2009)	Damaged portions of the dikes are being rehabilitated.
Pinatubo Hazard Urgent Mitigation Project II (2006)	Left dike upstream and downstream of Mancatian Bridge, deteriorated East Megadike asphalted road, depressed Sto. Tomas-Minalin tail dike, and Sta. Ursula Bailey Bridge are being rehabilitated
Pampanga Delta Development Project (2003)	Deteriorated dikes are being rehabilitated.
Pinatubo Hazard Urgent Mitigation Project I (2001)	Right dike of Sacobia River upstream of the Nielsen Steel Bridge is being rehabilitated.

## KEY IMPLEMENTATION ISSUES

Major implementation issues are categorized into: (a) start-up delay; (b) budget and funds flow bottlenecks; (c) prolonged procurement; (d) LGU participation; (e) low utilization of ODA relending facilities; (f) cost overrun; and (g) others.

**Table 5.1 Number of Projects with Implementation Issues**

Category	No. of Projects
Start-up delay	3
Budget and funds flow bottleneck	2
Prolonged Procurement	4
LGU participation	5
Low utilization of ODA Credit facilities	5
Cost Overrun	6
Others	12

### 5.1 Start-up Delay

For CY 2011, three projects were delayed at project start. These are: (a) Philippines' Response to Indigenous People and Muslim Education (PRIME) – no personnel and resources allocated to implement the Department Orders relative to the project implementation; (b) Philippine Industrial Energy Efficiency Project (PIEEP) – delay in hiring of National Project Manager; and (c) Provincial Towns Water Supply and Sanitation Project III (PTWSSP III) – delayed signing by DOF of MOA on the forex risk cover fee and guarantee fee; delayed BSP-MB final approval of the loan; and delay in the finalization of the list of water districts due to the competing initiative of the then LWUA Board to extend grant and interest-free assistance to the water districts against the full regular loan offered under the Project.

### 5.2 Budget and Funds Flow Bottlenecks

Two projects were reported to have been delayed due to budget issues.

**Table 5.2 Projects with Budget and Funds Flow Issues**

Project/IA/DP	Issue Details
Integrated Coastal Resources and Management Project DENR / ADB	Delay in downloading of funds to Project Implementing Units
Establishment of an Early Warning System for Disaster in Metro Manila PAGASA / KOICA	No appropriation for GOP-related activities and taxes in CY 2011.

For the CY 2011 Review, funds flow timeliness of nine agencies (BIR, DAR, DENR, DSWD, NIA, SC, DPWH, DTI and DBP) were assessed. Total processing time from submission of withdrawal application up to the release of the NCA of the nine agencies ranged from 3 to 147 days or an average of 35.29 days. Agencies with the shortest and longest funds flow processing time are found in Table 5.3.



**Table 5.3 Funds Flow Duration of Ongoing Loans (in Days)**

Stage	CY 2011			CY 2010
	Shortest Processing in Time	Longest Processing	Average Processing Time	Average Processing Time
Stage 1: Withdrawal Application Processing	1 (BIR/DENR/DSWD/SC)	80 (DBP)	16.83 (DENR/DPWH DTI/DBP)	18
Stage 2: BTr Notice	Less than 1 day (DAR/DSWD)	50 (BIR)	7.84 (BIR/(DPWH/DTI)	9
Stage 3: NCA Processing	Less than one day (DAR)	137 (DPWH)	19.24 (BIR/DPWH/DTI)	18
<b>Total Processing Time</b>	<b>3</b>	<b>147</b>	<b>35.29</b>	<b>43</b>

### 5.3 Prolonged Procurement

In CY 2011, two DPWH projects and one project each from DENR and DOTC suffered delays due to prolonged procurement process.

**Table 5.4 Projects with Prolonged Procurement**

Project/IA/DP	Issue Details
Mindanao Roads Improvement Project I /DPWH / Saudi Fund	Bidding failure for CP 1B – Cotabato City East Diversion Road
National Road Improvement & Management Program II DPWH / WB	Extended procurement process for several CPs due to additional information and justification that were requested by WB prior to issuance of NOL
Laguindingan Airport DOTC / EDCF/KEXIM	Delay in the procurement and implementation of Air Navigation System and Support Facilities component (ANSSF)
National Program Support for Environment & National Res Mgt Program DENR / WB	Poor bid evaluation practices of some Regional Offices. Deviations in the cadastral survey bidding documents and procedures by some regions resulting in delays in the review of the Bid Evaluation Report by the WB.

For all types of contracts (i.e., civil works, consulting services, and goods), implementing agencies tend to adhere to development partner guidelines.

#### Box 16. Number of Contracts by Procurement Guidelines Used and by Type

There were 180 contracts for ongoing ODA projects in CY 2011. In terms of procurement guidelines, 170 contracts were drawn following development partner guidelines. DPWH (58) had the most number of contracts following development partner guidelines while DILG (4) had the most number of contracts following RA 9184.

Procurement Guidelines	Agencies	Civil Works	Consulting Services	Goods
<b>DP</b>	ASFD-PMO, BIR, DA, DAR, DENR, DOE, DOH, DOTC, DPWH, DSWD, DTI-SBC, MWSS, NIA, SC	64	64	42
<b>RA 9184</b>	DILG, DPWH, MWSS	4	4	2

## 5.4 Issues on Projects with LGU Participation

The NG-LGU cost sharing policy continues to affect the implementation of some projects with LGU participation as in the case of the Agrarian Reform Communities Project II (ARCP II), which reported the same problem in the CY 2010 Portfolio Review, and the UNDP grant-assisted Bicol Recovery Project. Three more projects reported LGU-related issues (details in table below).

**Table 5.5 Projects with LGU issues**

Project/IA/DP	Issue Details
Rapid Food Production Enhancement Programme (RAfPEP)/DA/IFAD	Inability/difficulty of LGUs to provide counterpart funds delayed the start of rehabilitation/restoration of irrigation facilities.
Agrarian Reform Communities Project II/ DAR/ADB/OFID Bicol Recovery Project/ DSWD/UNDP	Inability/difficulty of LGUs to provide counterpart funds. Possible withdrawal of interest of some LGUs in the implementation of subprojects
Manila Third Sewerage Project LBP/WB	On the Sewage Management Component, LGU refused to issue construction permit because a homeowners association reneged on its earlier agreement (MOA and Board Resolution) to implement the project.
Localizing the MDGs: Improving the Capacity of LGUs to Deliver Population and Reproductive Health Information & Services at the Local Level/DILG/UNFPA	Some LGUs are delayed in complying with specific outputs as scheduled resulting in delay in the liquidation for activities conducted by DILG Regional Offices

## 5.5 Low Utilization of ODA Credit Facilities

Five projects reported low utilization/disbursements in CY 2011 namely: (a) Support for Strategic Local Development and Investment Project (S2LDIP); (b) Credit Line for Energy Efficiency and Climate Change Protection in the Philippines (CLEECP); (c) Credit for Better Health (CBH); (d) Logistics Infrastructure Development Project (LIDP); and, (e) Rural Power Project (RPP). Reasons for the low utilization are listed in Table 5.6.

**Table 5.6 Credit Facilities with Low Utilization in CY 2011**

Project/IA/DP	Issues (Details)
Credit for Better Health Care/DBP/ADB	-Uncompetitive interest rates -Exclusion of projects located in NCR
Logistics Infrastructure Development /DBP/JICA	-Slow rate of sub-loan release
Rural Power Project/ DBP/WB	- Uncompetitive interest rates
Credit Line for Energy Efficiency and Climate Change Protection in the Philippines (CLEECP)/LBP/KfW	-Most of the projects in the pipeline are mini-hydro and biomass projects with long process of project study, permitting and implementation process. Renewable energy process are also awaiting implementation of feed-in-tariff (FIT)

Project/IA/DP	Issues (Details)
Support for Strategic Local Development and Investment Project (S2LDIP)/LBP/WB	-Very few LGUs have availed of the loan facility due to procurement, environmental safeguards and social safeguard requirements of WB which they find too stringent

## 5.6 Cost Overrun

Cost overrun is defined as additional costs over and above the ICC-approved project cost [Section 2.1 (j) of the IRR of ODA Act].

### Cost Overrun Stock<sup>17</sup> (CY 2007 – CY 2011)

A total of 85 projects were completed from CY 2007 to CY 2011. Out of the total, 34 projects incurred cost increases totaling PhP51.39 billion or 15 percent higher than the total approved costs for all completed projects. Meanwhile, cost increases for the 34 projects with cost overruns is 31 percent of ICC-approved costs. (See **Annex 5-A** for the detailed list of Closed Projects from CY 2007 to CY 2011 and **Annex 5-B** for the list of Closed Projects with Cost Overrun.)

**Table 5.7 Cost Overrun Stock**

Year	No. of Completed Projects			Approved Cost of Completed Projects			Revised Cost of Projects with CO	CO		% of CO to Total Cost
	Total	With-Out CO	With CO	Total	With-Out CO	With CO		Amount	%	
2007	15	13	2	88,394	74,609	13,785	21,433	7,648	55	9
2008	24	12	12	84,991	34,264	50,727	66,148	15,420	31	18
2009	20	12	8	59,828	32,792	27,036	38,708	11,672	43	20
2010	15	9	6	73,762	26,394	47,368	58,871	11,503	24	16
2011	11	5	6	39,811	14,993	24,817	29,964	5,146	21	13
<b>Total</b>	<b>85</b>	<b>51</b>	<b>34</b>	<b>346,786</b>	<b>183,052</b>	<b>163,734</b>	<b>215,123</b>	<b>51,389</b>	<b>31</b>	<b>15</b>

Note: All costs in PhP Million

CY 2008 registered the highest cost overrun in terms of absolute amount of cost increase with PhP15.42 billion for 12 out of 24 completed projects. CY 2011 has the least amount of cost overrun in terms of absolute amount of PhP5.15 billion for six completed projects. In terms of percentage cost increase against the total original approved costs for all closed projects, there was a significant increase from nine percent in CY 2007 to 20 percent in CY 2009. Thereafter, continued decreases were recorded until CY 2011 at 13 percent.

### Cost Overrun By Agency

All 34 completed projects involved construction and/or rehabilitation of roads, ports, rails, bridges, irrigation, flood control, power structures and environmental management.

<sup>17</sup> The cost overrun stock sums up all the amount of cost overrun incurred by all completed ODA loans as of the reporting period.

By implementing agency, the DPWH has the most number of completed projects with cost overruns (17 projects) amounting to PhP24.77 billion. This is followed by NIA with four projects, with cost overruns amounting to PhP3.97 billion.

In terms of percentage cost increase, there is a wide range of increases by agency, from 20 percent (SBMA and LRTA) to 67 percent (PRRC) of approved project costs. See Table 5.8 for details.

**Table 5.8 Cost Overrun By IA (in PhP million)**

Agency	No. of Projects	Approved Cost	Revised Cost	Cost Overrun	% Cost Increase
DPWH	17	74,014	98,779	24,765	33
NIA	4	13,450	17,422	3,972	26
DOTC	3	15,400	19,718	4,318	29
BCDA	1	26,327	32,805	6,478	25
SBMA	1	6,912	8,277	1,365	20
LRTA	1	8,000	9,622	1,622	20
PPA	1	5,555	7,209	1,654	33
PNR	1	3,364	4,155	792	24
PGLDN	1	1,509	2,024	515	34
PNOC	1	2,171	3,505	1,334	61
DBP	1	1,890	3,030	1,140	60
PRRC	1	4,324	7,237	2,913	67
DOT	1	819	1,340	521	64
<b>Total</b>	<b>34</b>	<b>163,734</b>	<b>215,123</b>	<b>51,389</b>	<b>31</b>

#### **Possible Cost Overrun Amount in CY 2012**

Prospects of cost overruns in CY 2012 seem to indicate that the percentage of project cost increases will be maintained within manageable levels (i.e., below 10%). This is based on data on 16 projects expected to be completed in CY 2012. Of the 16, three projects have incurred cost overruns amounting to PhP6.76 billion. These are the following:

**Table 5.9 Cost Overrun of Projects Expected to Close in CY 2012**

	Project Title	Funding Agency	Implementing Agency	ICC-approved Cost	Proposed Revised Cost	Cost Overrun
1	Arterial Road Bypass Project I (Plaridel and Cabanatuan)	JICA	DPWH	3,069	3,726	657
2	North Rail Project Phase 1 Section 1	China	NorthRail	56,482	62,476	5,994
3	Widening of Gapan-San Fernando-Olongapo	Korea	DPWH	1,567	1,680	113
	<b>TOTAL</b>			<b>61,118</b>	<b>67,882</b>	<b>6,764</b>

*Note: All costs in PhP Million*

For breakdown of reasons for cost overrun of the three projects, see **Annex 5-C**.

### Box 16. Cost Overrun of Ongoing Projects

In CY 2011, six projects were reported to have incurred cost overrun. Of the six, three requests for cost increase amounting to PhP2.73 billion were approved by the ICC-CC. The remaining three requests amounting to PhP5.25 billion are either awaiting ICC approval or are still under secretariat review. Details of these projects are shown below:

	Project /IA/DP	Recent ICC-Approved Cost	Proposed/ Revised Cost	Cost Overrun (PhP Million)
<b>ICC-CC Approved</b>				
1	Arterial Road Bypass Project I (Plaridel and Cabanatuan)/DPWH/JICA	3,069	3,726	657
2	Widening of Gapan-San Fernando-Olongapo (GSO) Road Including Sta. Cruz Bridge and Emergency Dredging/DPWH/Korea	1,567	1,680	113
3	National Road Improvement and Management Program, Phase 2/DPWH/JICA	27,434	29,395	1,961
	<b>Sub-total</b>	<b>32,070</b>	<b>34,801</b>	<b>2,731</b>
<b>Scheduled for ICC Review</b>				
4	New Communications, Navigation, Surveillance/ Air Traffic Management Systems Development Project/DOTC/JICA	10,870	13,272	2,402
5	Bridge Construction/ Replacement Project/DPWH/Spain	3,186	4,970	1,784
6	Pinatubo Hazard Urgent Mitigation Project Phase III/DPWH/JICA	4,699	4,950	251
	<b>Sub-total</b>	<b>18,755</b>	<b>23,192</b>	<b>4,437</b>
	<b>Total</b>	<b>50,825</b>	<b>57,993</b>	<b>7,168</b>

### Downscaled Projects in CY 2011

For CY 2011, one project reported to have downscaled its project scope without reducing its project cost. The project delivered fewer outputs than what was originally approved by the ICC while still maintaining the same project cost. Details of said project are shown in the Table 5.10.

**Table 5.10 Project with Reduced Scope**

Project/IA/DP	ICC Approved Cost (PhPM)	Reduction In Scope (Components/Outputs/Activities Cancelled)												
Pasig-Marikina River Channel Improvement Project Phase II/DPWH/JICA	4,608.68	<p>Differences between ICC-approved scope and actual scope are as follows:</p> <table> <tr> <th>Works</th><th>ICC-Approved Scope</th><th>Actual Scope</th></tr> <tr> <td>Revetments (km)</td><td>17.60</td><td>9.57</td></tr> <tr> <td>Parapet Walls (km)</td><td>28.2</td><td>6.56</td></tr> <tr> <td>Excavation (m3)</td><td>15,000</td><td>54,000</td></tr> </table>	Works	ICC-Approved Scope	Actual Scope	Revetments (km)	17.60	9.57	Parapet Walls (km)	28.2	6.56	Excavation (m3)	15,000	54,000
Works	ICC-Approved Scope	Actual Scope												
Revetments (km)	17.60	9.57												
Parapet Walls (km)	28.2	6.56												
Excavation (m3)	15,000	54,000												

Project/IA/DP	ICC Approved Cost (PhPM)	Reduction In Scope (Components/Outputs/Activities Cancelled)
		According to DPWH, the change in scope was due to the substantial price increase of construction materials (particularly steel sheet piles which account for 70% of project cost), as well as the heavily deteriorated existing riparian structures in some of the areas brought about by typhoon "Ondoy" in September 2009, which need urgent rehabilitation. Due to these factors, the ICC-approved cost was no longer sufficient to accomplish the ICC-approved scope, and construction works of specific stretches along Pasig River were deferred.

## 5.7 Other Implementation Issues

Twelve projects reported other issues. Details on other implementation issues are listed in Table 5.11:

**Table 5.11 Other Issues**

Issue Details	Project/IA/DP
Unfamiliarity with DP's disbursement process	CHARMP2 / DA / OFID CBFMP / DENR / KfW
Initially delivered bridge materials were according to project specifications but were unsuitable to actual project site conditions.	TPKP/ DAR / France
Final identification of project sites is still being firmed up	
Poor performance of contractor resulted in termination of contract; repackaging of remaining works and revision of cost	HCAAP / NIA / JICA MRIP / DPWH / Saudi Fund
Insufficient manpower assigned to implement the project with the implementation of NIA's Rationalization Plan	PIDP / NIA / WB
Unusual heavy and constant rains in project sites	HCAAP / NIA / JICA
Security of installed facilities	Strengthening of Flood Forecasting and Warning System for Dam Operations / PAGASA / JICA
Organizational changes in the agency	PTWSSP III / LWUA / KfW
The requirement for POs to register with either SEC, DOLE or CDA delay the start of sub-project implementation	ARMM Social Fund (Additional Financing) / ARG / WB
Judicial action on issuance of titles of acquired properties being awaited	LADP/DOTC/Korea
Construction of radar facility in Ilocos Norte on hold, pending resolution of issues on MOA between DOTC and DND	CNS-ATM/ DOTC/JICA

## 5.8 Implementation Issues Likely to Trigger ICC Action<sup>18</sup>

A total 20 ODA-assisted projects were identified that are most likely to seek ICC re-evaluation due to: (a) changes in scope; (b) increase in cost; (c) extension of loan validity; (d) supplemental loan or additional financing; and/or (f) partial or full cancellation, in CY 2012. These projects and implementing agencies are indicated in Table 5.12.

**Table 5.12 Agencies with Projects Likely to be Restructured**

Agency	No. of Projects	Implementation Issues
DPWH	5	Procurement issue (2 projects); processing of payment to contractor after loan closing (1 project); contract still outstanding after loan closing (1 project); and changes in detailed design (1 project)
DOTC	2	Budget constraint (1 project); delay in negotiation for the ANS component resulting to Loan extension(1 project)
LWUA	1	Low availment of financing
DBP	2	Low availment of financing (2 projects)
LBP	3	Forex gain to finance additional subprojects but these will not be completed by loan closing date, and reallocation of funds to finance additional subprojects (1 project); delays due to difficulty in acquiring permits (1 project); and uncertainty in issuance of tariff guidelines (1 project)
DA	1	NG:LGU cost sharing issue (1)
NIA	1	Revised cost estimates resulting in redesign of remaining works and additional time needed to procure and implement repackaged works (1 project)
DAR	2	Unsuitability of project design to sites and limited manpower (1 project); contract terminated and loan closed (1 project)
DOH	1	Withdrawal of LGUs to implement subprojects, procurement, and design changes of subprojects
ARMM	1	Delayed loan effectiveness has shortened project implementation period
NorthRail	1	Second loan not made effective and project suspended indefinitely while first loan with low disbursement and to close in December 2012
<b>TOTAL</b>	<b>20</b>	

**Annex 5-D** provides a list of these projects as well as the highlights of their implementation status, ICC action required and/or status, and Alert Mechanism ratings.

Of the 20 projects, the requests of three projects have been already endorsed by the ICC-TB for ICC-CC approval while the request for loan validity extension, additional cost and works was already approved by the ICC-CC on 8 February 2012 (see **Annex 5-E** for latest status).

<sup>18</sup> ICC approval of change in project's scope, cost and time.



## 5.9 Suspended Projects

For CY 2011, implementation of five projects was physically suspended. In the case of *Laguna Lake Rehabilitation Project*, the opinion/clarifications submitted by the Office of the Chief Presidential Legal Adviser in November 2010 were made the basis of the President's decision not to proceed with the implementation of the project. The termination of the loan agreement was formally acknowledged by the lender on 28 June 2011.

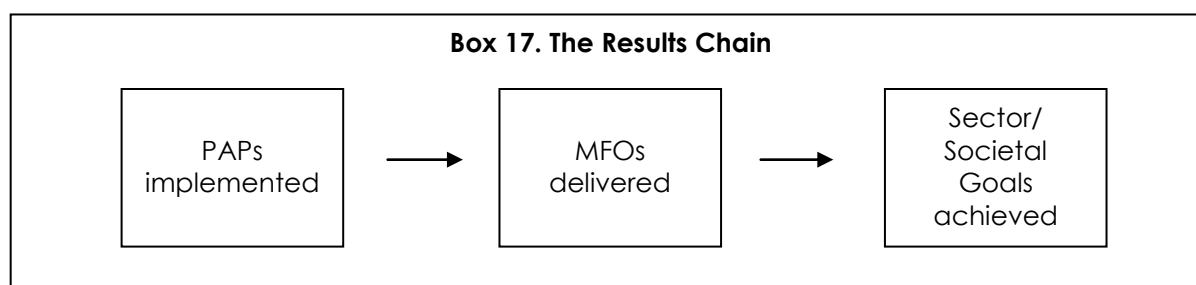
For the following seriously delayed projects, decisions on how to proceed with implementation remain crucial:

- (a) *Greater Maritime Access (GMA) Ports*. In May 2011, DOTC recommended to the Office of the President (OP) that the project be cancelled due to costly technology, suitability/feasibility concerns, and superfluity of investments. As instructed by OP, NEDA conducted a review of the DOTC recommendation. Per NEDA's review, more technical information and analysis need to be presented so that a precise comparison of project cost versus similar alternatives can be undertaken. A re-evaluation of the project's contractual arrangement and scope by representatives from DOTC, PPA, DOF and OSG is still ongoing.
- (b) *Northrail Project*. Phase I, Stage I (Caloocan-Malolos) has remained suspended for over a year due to unresolved issues pertaining to the construction contract and its delivery. Per OP memo to the DFA dated 19 December 2011, GOP and China will create a whole new project that incorporates several elements of the existing project, but will be an entirely new project. This requires a new feasibility study that calls for a new round of ICC approval process.
- (c) *New Communications, Navigation and Surveillance/Air Traffic Management (CNS/ATM) Systems Development Project*. In CY 2011, works were put on slow mode and eventually suspended in November 2011. This was a result of delayed/non-payment of consultants and contractors for services already rendered. The situation was compounded by the delayed completion of the review of project contracts under the new DOTC administration.
- (d) *Tulay ng Pangulo para sa Magsasaka (TPM)*. The supply contract was terminated in 2008 due to noncompliance with a number of contract provisions. A settlement agreement (SA) was signed in June 2010 between the DAR and the supply contractor to recoup part of the advance payment and for the formal closure of the terminated supply contract. Said agreement is not supported by a necessary budget cover for CY 2012.



## RESULTS

Among the objectives of the ODA Review is to report on results i.e., outputs, outcomes and impacts, derived from implementing ODA programs and projects. The results chain is the causal sequence of development interventions that stipulates the necessary sequence to achieve desired objectives –beginning with inputs moving through activities and outputs, and culminating in outcomes and impacts<sup>19</sup>.



An enhancement for this year's Review is to establish the link between these programs and projects and the agency MFOs, as these contribute to the achievement of the sector and subsector outcome statements of the PDP. The initiative intends to improve management of development results by making the Plan results-oriented. As a parallel initiative, DBM National Budget Circular 532 required agencies to submit PAPs that directly contribute to the achievement of their MFOs.

### 6.1 Reported Results of Ongoing Projects

Out of 25 agencies consulted, 13 reported results on 36 programs and projects.

**Annex 6-A** shows the details on projects' outputs and outcomes contribution to the achievement of agency MFOs as well as their contribution to the development objectives of the PDP RM 2011-2016.

### 6.2 Results of Completed Projects

The extent of results achieved by 29 completed ODA projects funded by ADB (28 projects) and WB (1 project) were culled out from Project Completion Reports (PCRs) prepared between CYs 2005 and 2010. Most of the projects achieved their intended development objectives. (See **Annex 6-B** for the detailed account of the reported results)

### 6.3 Results of Ex-Post Evaluation

Ex-Post evaluation of projects is usually conducted three years after project completion.

Two ex-post evaluation missions were conducted jointly by JICA and NEDA in CY 2011 for two completed projects implemented by DPWH i.e. Cordillera Road Improvement Project and Metro Manila Flood Control Project (MMFCP)- West of Mangahan Floodway (Table 6.1).

<sup>19</sup> OECD Glossary of Terms

Meanwhile, 20 JICA-funded projects between CY 2001 and CY 2008 were subjected to ex-post evaluation. Two of these projects were rated Unsatisfactory. Details on the findings of the ex-post evaluations are provided in **Annex 6-C**.

#### Box 18. Evaluation Criteria for Ex-Post Evaluation

**Relevance:** Extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.

**Efficiency:** Measures the outputs -- qualitative and quantitative -- in relation to the inputs. It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results.

**Effectiveness:** A measure of the extent to which an aid activity attains its objectives.

**Impact:** Positive and negative primary and secondary long-term effects – both intended and unintended – produced directly or indirectly by a development intervention

**Sustainability:** The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.

Source: OECD Glossary of Key Terms in Evaluation and Results Based Management, 2010

**Table 6.1 Ex-Post Evaluation Missions Conducted in CY 2011**

Project/IA/DP	Rating	Outcomes
Cordillera Road Improvement Project (CRIP)/DPWH/JICA	B (Satisfactory)	<ul style="list-style-type: none"> <li>Reduced travel time from 5 hours to 3 hours from Baguio to Aritao (about 100 km)</li> <li>Improved road quality as road closures during rainy season reduced from 2-3 days to only a few hours</li> <li>Increased income by at least 10%</li> <li>Reduced vehicle operating and maintenance costs</li> <li>Improved access to basic social services</li> </ul>
Metro Manila Flood Control Project (MMFCP)- West of Mangahan Floodway/DPWH/JICA	C (Partially Satisfactory)	<p>Improved living conditions by mitigating flood damage</p> <p>Of 125 beneficiaries surveyed:</p> <ul style="list-style-type: none"> <li>94% feel more secure from flooding</li> <li>52% experienced slight to substantial increase in earnings</li> <li>93% experienced improved access to markets and basic services</li> <li>72% noted improved health care</li> <li>73% observed an overall improvement in the quality of life</li> <li>Increased construction of residential buildings that led to increased land prices</li> </ul>

## INITIATIVES TO BETTER MANAGE FOR DEVELOPMENT RESULTS

This section highlights various initiatives to enhance results orientation in the GOP. These initiatives were either undertaken or enhanced by the GOP, DPs and other stakeholders in CY 2011.

### 7.1 CY 2011 Philippines Development Forum

The Philippines Development Forum (PDF) is the primary mechanism of the government for facilitating substantive policy dialogue among stakeholders on the country's development agenda. It also serves as a venue for developing consensus and generating commitments among different stakeholders toward critical actionable items of the government's reform agenda.

The last PDF meeting<sup>20</sup> was held on 26 February 2011 with the theme 'Implementing President Aquino's Social Contract to Achieve Inclusive Growth'. The PDF consisted of plenary sessions with discussions focused on the PDP and current government priorities (priority programs under the clusters on governance and security, human development, and economy).

### 7.2 Formulation of Results Matrices (RM) of the Philippine Development Plan 2011-2016

The RM compendium was completed in June 2011 and was printed in December 2011. The RM contains statements of the results to be achieved (sector and subsector outcomes) with corresponding indicators, baseline information, end-of-Plan targets and responsible agencies. Also, initial efforts to refine the RM were made on: (a) strengthening the RM-Organizational Performance Indicator Framework (OPIF)- Public Investment Program (PIP) linkage; (b) formulation of regional and sector RMs; and (c) development of an RM M&E framework.

### 7.3 Public Financial Management (PFM)<sup>21</sup> Reforms

Jointly crafted by COA, DBM, DOF and BTr, the PFM Reforms Roadmap was approved by the heads of COA, DBM and DOF in February 2011. The Roadmap contains specific strategies and action plans to address major gaps and weaknesses in the PFM through effective interventions in the short, medium and long-term.

Related to PFM reforms are various initiatives by the GOP:

*Executive Order 55 (Directing the Integration and Automation of Government Financial Management Systems)*

The EO, which was signed on 6 September 2011, mandates that the financial management

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<sup>20</sup> The 2011 PDF was attended by around 300 participants coming from the government, development partners, and other stakeholders.

<sup>21</sup> PFM is a system of rules, procedures and practices for the government to manage its public finances. It encompasses government-wide financial activities such as budget formulation, authorization, execution, control, accounting, reporting, monitoring, evaluation and auditing, including cash and public debt management, resource allocation, among others.

systems of COA, DBM and DOF shall be automated and fully integrated to serve as the backbone of the financial reporting system of the government.

Under the EO, the PFM Committee<sup>22</sup> is mandated to carry out all necessary activities for the completion and installation of various PFM systems: (a) Government Integrated Financial Management System (GIFMIS)<sup>23</sup>; (b) Treasury Single Account (TSA)<sup>24</sup>; (c) an efficient budget release system with predictable and streamlined allotment and cash release programs; (d) regular in-year reporting system on the status of budget execution, and timely year-end audit reporting of agency financial and physical operations; and, (e) systematic recording and reporting of all liabilities of government entities including real and contingent liabilities.

#### *National Budget Circular (NBC) 528 (Guidelines on the Release of Funds for FY 2011)*

Through the NBC 528, agency allotments that do not need prior clearance were fully released under the Agency Budget Matrices (ABM)<sup>25</sup>. This corresponds to some PhP717 billion or 74 percent of the total budget, net of automatic appropriations. Under NBC 528, budget items under the ABM were segregated between those “needing clearance” and those “not needing clearance.” In the previous years, only 75 percent of budget items classified as “not needing clearance” were released under the ABM, while the remaining 25 percent were withheld pending submission of accountability reports and the undertaking of agency performance reviews in the third quarter. Said practice of withholding funds contributes to the delays the implementation of programs and projects.

#### *NBC 532 [Guidelines on the Review of Major Final Outputs (MFOs) and Performance Indicators (PIs) and Restructuring of Programs, Activities and Projects (PAPs)]*

Issued by the DBM on 28 November 2011, NBC 532 provides the guidelines on the review of the MFOs, PIs and PAPs. Said review is needed to ensure that all MFOs are consistent with the agencies' mandates, that PAPs are linked with the MFOs for the purposes of better cost estimation and expenditure prioritization, and that PIs specify the standard for MFO delivery. The Circular was issued in view of the thrust for results-based budgeting by using OPIF as the basis for allocating the budget and monitoring, reporting and evaluating department/agency performance. The approved restructured MFOs/PIs and PAPs shall be used for the 2013 annual budget preparation activity.

#### *Enhanced Transparency and Good Governance in the CY 2012 Proposed Budget*

Provisions promoting transparency and good governance have been included in the CY 2012 Proposed Budget. *General Provision (GP) Section 88* enjoins all NGAs to maintain a *Transparency Seal* to be posted on their official websites. The Seal shall contain the agency's mandates and functions, annual reports for the last three fiscal years, approved

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<sup>22</sup> Under the EO 55, the GIFMIS Committee, which is tasked to develop the GIFMIS, implement the PFM Reforms Roadmap, and operationalize the Treasury Single Account (TSA), was renamed as the PFM Committee.

<sup>23</sup> The GIFMIS is an IT-based system for budget management and accounting aimed to improve Public Expenditure Management (PEM) processes, enhance greater accountability and transparency across government agencies.

<sup>24</sup> The TSA provides BTr an effective way of cash management and rationalizing agency bank accounts, an economical system for cash disbursements which will remove revenue and expenditure floats, and an efficient reconciliation of bank balances.

<sup>25</sup> ABM is an official document that disaggregates all programmed appropriations of each agency and provides the basis for determining the timing, composition and magnitude of releases.

budgets, major programs and projects, status of implementation and program/project evaluation, among others.

In addition, *GP Sections 55 and 56* tighten the use of savings or the realignment of funds and close the avenues for often abused areas. These reiterate the need for DBM approval of the realignment of funds: (a) across allotment classes; (b) among objects of expenditures within capital outlays; (c) for use in the payment of magna carta benefits; and (d) savings from mandatory expenditures.

#### **7.4 Enhancement of the Local Governance Performance Monitoring System**

The LGPMS is a web-based self-assessment, management development tool that enables local governments to determine their capabilities and limitations in the delivery of public services. Its latest version, the LGPMS 2.1 which was operationalized in 2010, has now integrated the DOH's 'LGU Scorecard on Health' and the DOT's 'Local Tourism Statistics', and now serves as a common guide in generating performance information on local governments.<sup>26</sup>

Among the national reports developed by the LGPMS are the annual e-State of Local Governance Report (e-SLGR), State of Financial Performance Report, and the e-State of Local Development Report (e-SLDR). These reports serve as feedback mechanisms to determine what and where resources are needed by the LGUs. Furthermore, LGPMS information are linked to incentives and awards system of the DILG for local governments which are the Seal of Good Housekeeping (SGH) and the Gawad Pamanang Lahi (Gawad).<sup>27</sup>

#### **7.5 Aid Effectiveness Initiatives**

The Fourth High-Level Forum (HLF4) on Aid Effectiveness was held from 29 November to 1 December 2011 in Busan, South Korea. As in past HLFs, the Philippine delegation to the HLF4 was composed of the DOF (as head of delegation), DBM and NEDA, as well as representatives from various civil society groups. Also, a Philippines' Country Statement (PCS), which contains the country's shared principles, existing challenges, and affirmation of aid effectiveness commitments, was drafted as input to the HLF4.

Country progress in improving aid effectiveness is measured through the Paris Declaration (PD) surveys wherein 12 indicators of progress were identified for the five PD commitment areas.<sup>28</sup> In the Philippines, monitoring of the 12 indicators is carried out on an annual basis

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<sup>26</sup> The DOH LGU Scorecard shall be used to determine which LGUs need interventions to uplift the quality of their health services, while the local tourism statistics will help the DOT focus on developing the local tourism industry.

<sup>27</sup> LGPMS result is a criterion in the SGH under the "Gold category" which is the highest award level among the three categories on the SGH. Minimum SGH criteria are: (a) Full disclosure of financial documents; and (b) Audit (COA) opinion of local governments' financial operations. The Seal is a requirement in accessing the Performance Challenge Fund, a grant given to LGUs to finance development projects. Likewise, the Gawad, which was re-launched in 2011, is an overall award concept for local governments covering various areas of governance, (i.e., transparency, accountability, participation, administration, socio-economic and environmental service performance). The Performance Index which is based on the LGPMS is a major criterion in the Gawad.

<sup>28</sup> The NEDA-PMS acts as the Philippines' PD Survey Secretariat which oversees the progress of the GOP in fulfilling its commitments under the 2005 Paris Declaration for Aid Development Effectiveness. The PD seeks to accomplish by CY 2010, substantial progress towards efficient and effective development partnership.

and the last survey<sup>29</sup>, which covered CY 2009 and CY 2010, was conducted in the first quarter of CY 2011.

#### **Box 19. The Fourth High-Level Forum (HLF4) on Aid Effectiveness**

The HLF4 follows previous HLFs in Rome (2003), Paris (2005) and Accra (2008) which set the formulation of the principles for effective aid. It was attended by over 3,000 delegates comprising ministers from both developed and developing countries, government representatives, parliamentarians, civil society organizations (CSOs) and private sector representatives.

The HLF4 aimed to: (a) assess the global progress in improving the quality of aid against agreed commitments; (b) share global experiences in delivering the best results; and (c) agree on the Busan outcome document to further enhance efforts globally and within countries to make aid more effective in reducing poverty and achieving the Millennium Development Goals (MDGs).

The HLF4 main outcomes are set out in the Busan Partnership Document which established an agreed framework for development cooperation.

Survey results indicate that in terms of the extent to which the principles of aid effectiveness are being practiced and promoted, ownership by the GOP remains strong. Some progress has also been achieved in terms of alignment of DP processes to country systems as well as harmonization of efforts and procedures among DP agencies. While initiatives towards an integrated results orientation of government systems and processes are currently underway, efforts are required to sustain and fully operationalize these reforms. More efforts are required for mutual accountability in terms of strengthened role for Congress, as well as transparency, and governance.

#### **Box 20. US-Philippines Partnership for Growth Joint Statement of Principle**

Signed in November 2011, the *US-Philippines Partnership for Growth Joint Statement of Principles* re-affirms the commitments from the PD on aid effectiveness. Among others, the Joint Statement re-affirms the two countries' desire to work together to achieve results with the GOP intending to execute economic reforms to spur inclusive economic growth, and the US government embracing the principles of country ownership and partnership, as well as mutual accountability.

Source: Partnership for Growth: A US Government Fact Sheet, 2012

## **7.6 First M&E Network Forum**

NEDA, in partnership with UNICEF (under Country for Program Children or CPC 6), held on 7-8 November 2011 the first M&E Network Forum<sup>30</sup> in the Philippines with the theme *Evaluation*

<sup>29</sup> The survey responses covered 19 development partners and 95 percent of the Philippines' core aid. The final results of the PD surveys for the Philippines were submitted to OECD-DAC in July 2011, in time for the Fourth High-Level Forum in Busan, South Korea held from 29 November to 1 December 2011.

<sup>30</sup> Approximately 200 participants from various sectors (GOP, civil society, NGOs, academia, LGUs, and international development agencies) participated in the Forum. Resource persons from various oversight agencies, implementing agencies, statistical institutions, DPs, LGU, international evaluation organizations, and academe were invited to present and discuss various topics relating to the forum's theme.



*Theory, Approaches and Practices in the Philippines.* The Forum: (a) increased understanding among various sectors of the importance of M&E in Managing for Development Results (MfDR); (b) advocated the value of measuring performance and success in development intervention programs, policies and projects of the government and private sectors; (c) raised awareness on building M&E capacity in organizations; and (d) launched the Network.

The M&E Network Philippines aims to provide a venue for continuing and meaningful exchanges of ideas, experiences and lessons among evaluation stakeholders (e.g., evaluators, users of evaluation outputs, policymakers) to further enhance M&E capacity development in the country. Also, the Network is envisioned to advance professionalism in the M&E community and to instill the culture of evaluation in the country.

## **7.7 Other Relevant Policy Issuances in CY 2011**

*EO 43 (Pursuing our Social Contract with the Filipino People<sup>31</sup> through the Reorganization of the Cabinet Clusters)*

Issued on 13 May 2011, EO 43 organized the cabinet into five clusters: (a) Good Governance and Anti-Corruption; (b) Human Development and Poverty Reduction; (c) Economic Development; (d) Security, Justice and Peace; and (e) Climate Change Adaptation and Mitigation. The cabinet clusters shall serve as the primary mechanism for directing all efforts towards the realization of the five key result areas (KRAs) of the Social Contract.

Under the said issuance, the five KRAs of the Social Contract were identified as: (a) Transparent, accountable, and participatory governance; (b) Poverty reduction and empowerment of the poor and vulnerable; (c) Rapid, inclusive, and sustained economic growth; (d) Just and lasting peace and the rule of law; and, (e) Integrity of the environment and climate change adaptation and mitigation. All agencies shall orient their programs, projects, and activities towards the pursuit of these KRAs to achieve focus and optimal impact given the available resources of the GOP.

*Administrative Order 25 (Creating an Inter-agency Task Force on the Harmonized National Government Performance Monitoring, Information and Reporting Systems)*

The AO 25 was issued in December 2011 in view of the varying performance monitoring and reporting of different agencies as well as the deficiencies and duplications in the current performance monitoring systems. The end view is to establish a unified and integrated Results-Based Performance Management System (RBPMS), with the OPIF and RM as the underlying frameworks, which shall be the basis for performance-based allowances, incentives, or compensation of government personnel. Functions of the task force<sup>32</sup> include the development of a common set of performance scorecard and the design of a Government Executive Information System (GEIS).

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<sup>31</sup> The President's Social Contract with the Filipino People is a sixteen-point agenda that lays down the vision of the GOP in the various priority areas of development.

<sup>32</sup> The task force is chaired by the DBM and co-chaired by the Office of the Executive Secretary (OES) with NEDA, Presidential Management Staff (PMS), and DOF as members. Other government oversight offices (e.g., Civil Service Commission, Career Executive Service Board, COA, Office of the Ombudsman) and private sector (through the National Competitiveness Council) shall also be involved.

## ACTIONS TAKEN AND RECOMMENDATIONS

This section is presented in three categories: (a) update on the recommended actions from the Joint Analytic Work (JAW) inclusive of a more specific action plan; (b) update on actions taken on the CY 2010 Review recommendations (including the proposed enhancements on the methodology and content for future ODA reviews); and (c) recommendations for implementing and oversight agencies for CY 2012 and beyond.

### 8.1 JAW Updates

Since its inception in CY 2010, the JAW exercise involving NEDA, ADB, JICA, and WB undertook an assessment of and recommended options to address key cross-cutting and recurrent implementation issues in the ODA portfolio. The following sets of issues have been assessed under the JAW platform:

- Phase I (CY 2010) – Start-up delays and funds flow bottlenecks
- Phase II (CY 2011) – Success factors in implementing ODA-assisted projects and Sustainability of ODA interventions

#### Box 21. The JAW Process

The JAW exercise is a multistakeholder process. At the initial stage, members of the JAW team jointly identify key implementation issues needing immediate attention. Further assessment is conducted through a consultation process involving the implementing agencies (IAs), where an enriched discussion on the JAW issues is achieved by way of sharing of respective experiences as well as views among the IAs on the selected issues. In the same venue, IAs and the JAW team mutually agree on an action plan to address the priority issues. Recommendations are elevated to the Forward Action Support Taskforce (FAST) –composed of oversight agencies– which takes the lead and through several workshops, supervises the implementation of the JAW action plans. Agencies represented in the FAST are BTr, COA DBM, DOF, GPPB-TSO, LBP, MDFO, and NEDA (PIS and PMS).

#### JAW Phase I

NEDA continued to work closely with its Forward Action Support Taskforce (FAST) counterparts to monitor the implementation of JAW recommendations. However, variances in the level of complexity among the issues meant that progress (and resolution) was more rapidly achieved with some problems than with others. Implementation of recommendations to address the start up delay issues of insufficient 1<sup>st</sup> year budget and delays in procurement remains a continuing exercise, as the JAW Secretariat was instructed by the ICC to conduct a more in-depth study to obtain more information on the nature of the problems. Meanwhile, significant progress was achieved on various funds flow issues with the MDFO's endorsement of the streamlined requirements for fund releases to LGUs, as well as COA's lifting of preaudit requirements.

Table 8.1 enumerates the accomplishments on the implementation of the CY 2010 JAW action plan:



**Table 8.1 Compliance to the CY 2010 JAW Action Plan**

Issue	CY 2010 Action Plan	Progress	Actions Taken in CY 2011 and Next Steps
<b>Start-up Delays</b>			
Insufficient 1 <sup>st</sup> year budget for new projects	<ul style="list-style-type: none"> <li>• DBM to reflect upfront in the budget call guideline the ICC-CC approval as a requirement for inclusion of projects in agency budget proposal</li> <li>• Prepare an ICC directive to clarify the first quarter cut off time by DBM</li> <li>• Come up with a list of priority projects certified by NEDA, DOF and DBM during the programming exercise, which will be used as basis of inclusion of the projects identified in the annual budget proposal.</li> </ul>	<b>Continuing</b>	<ul style="list-style-type: none"> <li>• JAW recommendations to address start-up delays were presented to the ICC-Technical Board members for endorsement, in its meeting on 8 December 2011.</li> <li>• ICC-TB deferred action on the JAW recommendations to address the issue on insufficient budget and instructed the JAW secretariat (NEDA-PMS) to carry out further studies to substantiate the issue.</li> </ul> <p><u>Next Steps</u></p> <p>NEDA-PMS survey of IA experiences on start-up delay issues commenced in 1<sup>st</sup> quarter CY 2012. NEDA-PMS is expected to report back to ICC-TB on the updated JAW proposals and findings of the survey in CY 2012.</p>
Delays in procurement process	<ul style="list-style-type: none"> <li>• Prepare a draft circular on advance procurement</li> <li>• NEDA to consider inclusion of documents related to advance procurement in basic requirements for ICC approval.</li> </ul>	<b>Substantial Progress</b>	<p>The ICC-TB endorsed the inclusion in the ICC Checklist of Requirements for review and approval of proposed project, the proposed APAs prior to loan signing, including timelines and budget for each activity.</p> <p><u>Next Steps</u></p> <p>Obtain clearance for adoption of proposed ICC PE Form 7, which incorporates the detailed procurement plan and APA in the ICC Checklist of Requirements.</p>
Lack of GOP readiness filters for	<ul style="list-style-type: none"> <li>• Integration of a project readiness filter into the ICC processes</li> </ul>	<b>Continuing</b>	<p>Proposed project readiness filter is one of the priority issues being studied under the</p>

Issue	CY 2010 Action Plan	Progress	Actions Taken in CY 2011 and Next Steps
proposed projects			ongoing ADB-CDTA to NEDA on Results Oriented Strategic Planning and Development Management for Inclusive Growth – Key Output 2 (ODA Portfolio Management Strengthened)  <u>Next Steps</u>  NEDA-PMS to present proposed readiness filter to NEDA management and IAs within CY 2012.
<b>Funds Flow Bottlenecks</b>			
Delays in fund Releases to PMOs	FAST members to conduct meetings to monitor funds flow and resolve issues if any.	<b>Done</b>  Meetings to be conducted as the need arises	
Delays in fund releases from MDFO to LGUs	<ul style="list-style-type: none"> <li>MDFO to secure its Policy Governing Board's (PGB) approval of the streamlined documentary requirements for funds releases to LGUs.</li> <li>COA to provide MDFO with the streamlined pre-audit requirements for funds releases to LGUs.</li> </ul>	<b>Done</b> <ul style="list-style-type: none"> <li>MDFO's Policy Governing Board (PGB) approved the JAW recommended revised list of supporting documents for fund releases</li> <li>COA lifted pre-audit requirements for ODA-funded projects through COA Circular No. 2011-002 dated 22 July 2011. This was also partly triggered by the discussions under the JAW actively attended by COA representatives.</li> </ul>	
Lapsing of NCA	DBM to present findings of study on the policy of monthly lapsing of NCA to FAST members	<b>Done</b>  On the basis of the results of said study, DBM issued Circular Letter No. 2011-7 (dated 28 September 2011) instituting the quarterly validity of NCA effective 1 October 2011. However, acting on the President's instruction to ensure immediate implementation of various programs of the government through the optimum utilization of their available NCAs, the DBM issued Circular Letter 2011-15 (dated 26 December 2011) reverting back to the monthly lapsing of NCAs.	

### JAW Phase II

The second phase of JAW commenced in CY 2011 and assessed the success factors as well as sustainability of ODA projects, with the aim of extracting lessons learned from past

projects and recommend solutions to ensure quality at exit of completing projects. ADB, JICA and WB each assessed the performance of completed projects in their respective Philippine portfolios. NEDA intends to institutionalize said activity in order to regularly document the performance of completed projects.

**Box 22. Successfulness and Sustainability of ODA-assisted Projects in the Philippines**

ADB, JICA and World Bank studied the success factors and sustainability of projects in their Philippines portfolio by looking at Project Completion Reports of its respective projects from CYs 2001 to 2008. The result of this study is presented in table below:

DP	Success of Projects in the Philippines	Project Sustainability in Philippines
ADB	<ul style="list-style-type: none"> <li>• <b>49% of projects have been successful/highly successful</b>, below Vietnam (93%), Thailand (88%), Cambodia (83%), Lao PDR (79%) and Indonesia (64%)</li> <li>• Use of wrong instrument and over-ambitiousness cause failures</li> <li>• NG projects more likely to be successful than LGU projects</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Only 58% of projects rated sustainable</b></li> <li>• Likely sustainable project would be (i) in the financial, health and social protection, transport and information, communication and technology, or energy sectors<sup>1</sup>; (ii) financed through program or project loan; (iii) an NG project; (iv) little extended, if at all; and (v) needing satisfactory borrower performance</li> </ul>
JICA	<ul style="list-style-type: none"> <li>• <b>61% of projects have been successful/highly successful</b>, below Thailand (96%) and Indonesia (82%)</li> <li>• Projects in the Power and Transportation sectors more unsuccessful</li> <li>• Projects are High in Relevance but Low in Efficiency and Low/moderate in Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• <b>67% of projects rated b (no major problems)</b></li> <li>• Financial situation of the IAs and O&amp;M agencies is the main problem for sustainability</li> </ul>
WB	<ul style="list-style-type: none"> <li>• <b>72% of projects had satisfactory outcome ratings (Satisfactory and Moderately Satisfactory)</b> below the average for East Asia (82%)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>70% are likely to sustain the outcomes achieved</b></li> <li>• Sustainability is associated with: <ul style="list-style-type: none"> <li>✓ Strong support to continue interventions beyond project period</li> <li>✓ Strong sense of ownership and buy-in from various stakeholders</li> <li>✓ Budgetary resources provided even after project closing</li> <li>✓ Awareness, interest and commitment from civil society</li> </ul> </li> </ul>

## 8.2 Action Taken on the Recommendations of the CY 2010 ODA Portfolio Review

### Action Taken By Implementing Agencies

Compliance to the CY 2010 ODA Review recommendations for implementing agencies has been mixed. Some of the recommendations were substantially complied with; some had limited compliance, while action on other recommendations are ongoing (See **Annex 8-A** for the specific actions taken to the recommendation by implementing agency and to the specific actions carried-out to improve performance and resolution of implementation bottlenecks).

### Action Taken on Recommendations and Proposed Enhancements of the CY 2010 ODA Review

Most of the recommendations of the CY 2010 ODA Review were complied with. Continuing efforts are being carried out under the various TAs, joint analytic works, and interagency initiatives. Table 8.2 summarizes actions taken by concerned agencies on the recommendations generated in last year's review:

**Table 8.2 Actions Taken on Recommendations from CY 2010 Review**

Recommendation	Responsibility	Actions Taken/Status
Strengthen country systems in evaluation through development of an Evaluation Manual.	NEDA	Ongoing.
Translate/cascade RMs into agency-level development planning, enhancing current RMs with the inclusion of OPIF organizational outcomes and MFOs of pilot agencies.	DBM, NEDA, pilot IAs	<p>Ongoing. NEDA-DBM workshops were conducted on 14 March and 20 March to come up with a results framework linking DBM's OPIF and NEDA's PDP RM 2011-2016 for the following sectors – infrastructure, industry, governance, peace and order, agriculture, agrarian reform and natural resources, education and health sectors</p> <p>Under the MfDR for Health (UNDP), workshops for the formulation of common results framework for the health sector and resolution of operational linkages with the LGUs were conducted.</p> <p>The TA on Harmonization and Development Effectiveness (ADB) ongoing with efforts focus on cascading of RM-OPIF in agencies under the social,</p>

Recommendation	Responsibility	Actions Taken/Status
		infrastructure and rural development sectors (cascading to units within the agencies).  Other efforts on linking, planning, and budgeting being pursued under the ADB-CDTA to NEDA.
Ensure submission by IAs of PCRs for their completed projects, and subsequent analysis and documentation through preparation of end of project reports (EOPRs). Lessons learned from EOPRs to benefit appraisal of new projects and ongoing M&E of ongoing ones	NEDA, IAs	Already being carried-out/implemented. DAR provided copies of ARISP2 and ARCDP2 PCRs. End-of-Project Reports were prepared for both projects.
Ensure the immediate conduct of a start up workshop for relevant stakeholders of newly effective projects. Said activity would, among others, define M&E requirements, processes and milestones of the IAs, OAs and DPs.	NEDA, IAs	Under the ongoing ADB-CDTA to NEDA, a guideline on the conduct of the start-up workshop for new projects was prepared by the ODA Portfolio Management Specialist.
Continue capacity building and advocacy of MfDR within the GOP bureaucracy.	NEDA, IAs	Procurement activities for the IFAD TA to strengthen NEDA/IAs' capacity in Results-based Monitoring and Evaluation commenced in CY 2011.
Formulate assessment criteria on M&E capability for regional oversight agencies.	NEDA	Included under the IFAD TA on RbME.

Furthermore, the CY 2010 ODA Review proposed several enhancements for future ODA Reviews which have been carried out and incorporated in the CY 2011 ODA Review.

**Table 8.3 Status of CY 2010 Proposed Enhancements**

Chapter/Title	Recommendations/Future Enhancements	Status
1/ Introduction	<ul style="list-style-type: none"> <li>Mapping of ODA</li> </ul>	Preparatory activities undertaken
2/ ODA Loans Portfolio	<p>Conduct technical analysis with other oversight agencies on portfolio-related matters, in order to:</p> <ul style="list-style-type: none"> <li>Improve reporting and comparability of ODA statistics across DPs, i.e., apply base year for more accurate comparisons of yearly ODA commitments, review foreign exchange conversions, consider reporting all financial aspects of the Report in peso terms, etc.;</li> <li>Refine computation of Grant Element (GE)</li> </ul>	Initial reviews/assessments conducted.

Chapter/Title	Recommendations/Future Enhancements	Status
	<p>to consider only active loans for a given year (not cumulative), as well as include (by DOF-CAG) GE computation for GOCC-/GFI-implemented projects;</p> <ul style="list-style-type: none"> <li>Consider use of weighted physical performance especially for non-infrastructure sectors.</li> </ul>	
3/ ODA Grants Portfolio	<ul style="list-style-type: none"> <li>Enhancements <ul style="list-style-type: none"> <li>Reporting on results;</li> <li>Revision policy for data finalization, which would be one quarter after end of each year; and,</li> <li>ODA Grant Programming Process Flow</li> </ul> </li> </ul>	Enhancements incorporated in the CY 2011 ODA Report.
4/ Cost Overrun	<ul style="list-style-type: none"> <li>Develop an effective system and procedure for reporting and monitoring to take into account the gaps and weakness in the existing system and procedure; and,</li> <li>Devise appropriate measures to ensure effective institutionalization</li> </ul>	Revised reporting mechanism adopted and results incorporated in the CY 2011 ODA report.
5/ Results	<ul style="list-style-type: none"> <li>Analyze reasons for varying quality of reports on results;</li> <li>Formulate impact-level indicators per sector to make the portfolio comparable to other impact measurement mechanisms of DPs (e.g., IFAD's RIMS)</li> </ul>	<ul style="list-style-type: none"> <li>Done. Some constraints/issues in reporting of results by agencies identified;</li> <li>Done. The PDP 2011-2016 RMs has indicators at the sector and subsector levels.</li> </ul>
6/ Key Implementation Issues	<ul style="list-style-type: none"> <li>Actively engage existing M&amp;E structures (NPMC, ICC, PIO, DP Portfolio reviews)</li> </ul>	Done. Consultation meetings with DPs, OAs, IAs, LGUs, CSOs, and selected regions conducted.
7/ Aid Effectiveness Initiatives	<ul style="list-style-type: none"> <li>Strengthen and integrate the collective efforts of OAs in better ODA management and administration</li> <li>Strengthen country systems in evaluation</li> </ul>	Continuing activity.
8/ Recommended Actions for CY 2011 and Beyond	<ul style="list-style-type: none"> <li>Continuing conduct of portfolio-related thematic studies between annual reviews;</li> <li>Review of M&amp;E Units and project implementation units in relation to results reporting;</li> </ul>	<ul style="list-style-type: none"> <li>JAW regularly meets to discuss ODA portfolio related issues</li> <li>Consultation with IAs to discuss project implementation issues regularly conducted</li> </ul>

Chapter/Title	Recommendations/Future Enhancements	Status
	<ul style="list-style-type: none"> <li>Strengthen further knowledge management, e.g., management information system support; and</li> <li>Conduct continuing capacity building in all aspects of ODA portfolio management.</li> </ul>	<ul style="list-style-type: none"> <li>Development of the Programs and Projects Information Exchange System ongoing</li> <li>IFAD TA on RbME, KfW and ADB TA on Harmonization of Development Effectiveness ongoing.</li> </ul>

### 8.3. Recommendations for CY 2012 and Beyond

#### *For Implementing Agencies*

Agency-specific recommendations to address technical, institutional, financial and operational issues were discussed during the agency consultation meetings. The consolidated action plans to improve portfolio performance of specific implementing agencies for CY 2012 and beyond is reflected in **Annex 8-B**.

#### *Other Recommendations for CY 2012 and Beyond*

Recommendations listed are the results of the current portfolio review, continuing actions suggested in previous reviews, and proposed actions related to results monitoring and evaluation including ODA management.

These recommendations will be further discussed with OAs, IAs, DPs, NROs and concerned CSOs to determine detailed steps, timelines and specific responsible entities.

**Table 8.4 Recommendations for CY 2012 and Beyond**

Recommendations	Responsible Agency
<ul style="list-style-type: none"> <li>Prepare policy guideline on how to improve project's quality at exit. Review existing GOP policies and mechanisms aimed to improve project's quality at exit.</li> </ul>	NEDA, JAW Team
<ul style="list-style-type: none"> <li>Undertake a review of the existing AM with emphasis on the following: <ul style="list-style-type: none"> <li>✓ Assess the effectiveness of existing AM indicators</li> <li>✓ Establishment of a more systematic method for addressing the priority projects by identifying specific actions required from key stakeholders (i.e., NEDA-PMS, NEDA Management, and Implementing Agencies)</li> <li>✓ Provide list of specific projects being implemented in the regions with Alert Levels 2 and 1 to the NROs for facilitation/resolution of issues</li> </ul> </li> <li>Include in AM reports, a list of ongoing projects that would likely require ICC approval for change in scope, cost and time</li> </ul>	NEDA-PMS

Recommendations	Responsible Agency
<ul style="list-style-type: none"> <li>Review possibility of setting up Project Development and Monitoring Facility (PDMF) to support: (a) improving project readiness and, (b) conduct of monitoring and evaluation activities</li> </ul>	NEDA
<ul style="list-style-type: none"> <li>Set-up a mechanism of automatic review of ICC of projects with less than 10% disbursement or no construction commenced 2 years after loan effectiveness</li> </ul>	NEDA-PMS
<ul style="list-style-type: none"> <li>Provide updates on the policy pronouncement on the NG-LGU cost sharing scheme.</li> </ul>	OES
<ul style="list-style-type: none"> <li>Propose the adoption on the use of PE Form 7 as support to the institutionalization of project readiness filter and the conduct of advance procurement activities</li> </ul>	ICC
<ul style="list-style-type: none"> <li>Carry out impact and ex-post evaluation of programs and projects.</li> </ul>	NEDA/IAs
<ul style="list-style-type: none"> <li>Make JAW more thematic/sector focused, and develop a three-year agenda for JAW to programmatically support ODA Portfolio Review</li> </ul>	JAW Team
<ul style="list-style-type: none"> <li>Strengthen results monitoring specifically reporting on project outcomes by: (a) consolidate project logframes of all ongoing loan-assisted projects, (c) revisit quality of indicators; (c) identify when said projects are expected to deliver results/project outcomes, (c) require IAs to report at least two outcome indicators.</li> </ul>	NEDA-PMS

### **Continuing and Planned Enhancements for the CY 2012 ODA Review**

Proposed enhancements for the CY 2012 ODA Review are as follows:

**Table 8.5 Planned Enhancements for CY 2012 ODA Review**

Section	Recommendation/Future Enhancements
ODA Loans Portfolio	<ul style="list-style-type: none"> <li>Assess the average time between project approval (loan effectiveness) and 10% disbursement of funds of project loans in support on the issue of start-up delay</li> <li>Cluster (by sector or IA) closed loans indicating the aggregate amount in the past 10 years</li> <li>Identify types and modalities of program loans</li> <li>Include distribution across Planning periods</li> <li>Forecast the possible amount of ODA commitments in the coming years by looking at ODA commitments possible to be approved in the succeeding years.</li> <li>Forecast possible ODA performance next year considering absorptive capacity performance of loans this year and other factors constant</li> <li>Assess the impact of GOP's action to clean –up the portfolio (e.g. some projects were suspended and terminated, some loans were no longer made effective) to the target portfolio performance and to the suppose target beneficiaries, target project objectives</li> </ul>
ODA Grants Portfolio	<ul style="list-style-type: none"> <li>Further enhance grants reporting by: (a) considering FY reporting of DPs, (b) refining types of grant assistance and modalities, (c) identify grants not implemented by GOP</li> </ul>



Section	Recommendation/Future Enhancements
	<ul style="list-style-type: none"> <li>• Review low utilization of grant performance considering the nature, types and source of the grant assistance. Utilization of grants were noted low considering these are funds not needing repayments and free of charge</li> </ul>
ODA Loans and Grants Portfolio	<ul style="list-style-type: none"> <li>• Include in the assessment the amount of ODA expected to be committed by the DPs in the next or succeeding years and the effect of this in the national and sectoral commitments.</li> <li>• Revisit sector classification being used and compared consistency with sector classification used by sector staffs and NROs and OAs</li> </ul>
Physical Implementation	<ul style="list-style-type: none"> <li>• Indicate the aggregate loan amounts of projects that are behind, on schedule or ahead of schedule in their implementation</li> </ul>
Alert Mechanism	<ul style="list-style-type: none"> <li>• Identify how much of the agency/sector portfolio is at Alert Level 2 or in Alert Level 1 by clustering projects in Alert Level 2 and 1 and indicating aggregate loan amount</li> <li>• Track the progress/changes in alert status of projects</li> </ul>
Results	<ul style="list-style-type: none"> <li>• Further enhance results orientation in the ODA Review by improving assessment of contribution of FAPs to agency MFOs and to the development objectives stated in the PDP RM by – (a) GOCC MFOs, (b) compare with the target specified in the RM; (c) report projects which has no results yet and those with existing results but did not report; (d) include project results provided by DPs , (e) identify projects in the portfolio capable of delivering results during implementation and projects which can only deliver impact few years after completion</li> <li>• Ensure project logframes development objectives and indicators are consistent with the development objectives and indicators of the PDP 2011-2016 RMs.</li> <li>• Analyze impact of loan cancellations in the accomplishment of project outcomes</li> </ul>
Key Implementation Issues	<ul style="list-style-type: none"> <li>• Include an assessment of funds flow for demand driven projects</li> <li>• Provide feedback/status on actions taken by the IAs to resolve implementation issues identified</li> <li>• Endeavor to provide regional dimension of project implementation issues</li> <li>• Long term tracking of recurring key implementation issues</li> </ul>
Recommended Actions for CY 2012 and Beyond	<ul style="list-style-type: none"> <li>• Establish mechanism to monitor compliance to the recommendations and for the proposed enhancements of this year's review</li> <li>• Continuing conduct of portfolio-related thematic studies between annual reviews</li> <li>• Strengthen further knowledge management (e.g., management information system support among others);</li> <li>• Conduct continuing capacity building in all aspects of ODA portfolio management.</li> <li>• Enhance regional disaggregation of ODA projects by identifying the corresponding amounts allotted for each region covered by a multi-regional implemented projects and come up with the total ODA commitments for the region.</li> <li>• Expand regional consultations of the Review</li> <li>• Prepare policy briefs on the compliance by the concerned agencies to the proposed policy recommendations and enhancements of the Annual review</li> </ul>

## CY 2011 REPORT ON THE CLASSIFICATION OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PROJECTS ACCORDING TO GENDER RESPONSIVENESS

Republic Act (RA) No. 7192, or the "Women in Development and Nation-Building Act", was signed into law in 1992 by then President Corazon C. Aquino. This law supports the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), which was adopted in 1979 by the UN General Assembly and defines the commitment of the states to end discrimination against women in all forms. The law also provides, among others, for the NEDA to monitor the amount of ODA allocated for gender-responsive programs and projects. This mandate was reinforced by RA 9710 or the "Magna Carta of Women", which was signed into law in 2009 by then President Gloria Macapagal-Arroyo.

In keeping with these mandates, NEDA prepares an annual report on the gender-responsiveness of ODA-assisted programs and projects using the Harmonized Gender and Development Guidelines (HGDG) for Project Development, Implementation, Monitoring and Evaluation. For the past six years, NEDA, in coordination with the ODA-GAD Network<sup>1</sup>, has been tracking the level of ODA allotted for women's concerns based on inputs from the donor agencies. This is the fourth year that gender and development perspective is incorporated in the ODA Portfolio Review, with inputs from implementing agencies using the classification presented in the Harmonized GAD Guidelines<sup>2</sup>.

For the CY 2011 report, the IAs again provided information on the gender-responsiveness of their projects using templates in the Harmonized GAD Guidelines. (See Table 10.1 on the "Classification of ODA Projects by Gender-Responsiveness".) Box 7, Summary Assessment of Proposed Projects, guided the assessment of completed and ongoing projects in CY 2011.

A total of 23 implementing agencies submitted their inputs. These agencies are the following: Departments of Agriculture (DA), Agrarian Reform (DAR), Education (DepEd), Environment and Natural Resources (DENR), Health (DOH), Interior and Local Government (DILG), National Defense – Office of Civil Defense (DND-OCD), Public Works and Highways (DPWH), Science and Technology (DOST), Social Welfare and Development (DSWD), Trade and Industry (DTI), Transportation and Communications (DOTC), Supreme Court (SC), Bureau of Internal Revenue (BIR), National Irrigation Administration (NIA), National Commission on Indigenous People (NCIP), Philippine National Police (PNP), Philippine Carabao Center (PCC), Philippine Commission on Women (PCW), Laguna Lake Development Authority (LLDA), Philippine National Railways (PNR), Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP), and the ARMM Regional Government.

**Table 10.1. Classification by Gender-Responsiveness (Project Development)**

Item	No. of Projects	Amount (USM\$)	Percent distribution
Percent of total portfolio budget adjudged to be			
• Gender-responsive	22	1,594.74	10.03
• Gender-sensitive	15	1,167.12	7.34
• With promising GAD prospects	21	13,029.59	81.94
• GAD invisible in the project(s)	3	109.06	0.69
<b>TOTAL</b>	<b>61</b>	<b>15,900.52</b>	<b>100.00</b>

*In consolidating these inputs, all allocations were expressed in US dollars. The Bangko Sentral ng Pilipinas (BSP) average annual exchange rates for 2011 were applied to convert Philippine Pesos, and Canadian dollars into US dollars (1 PhP = US\$ 0.02309; 1 Cdn\$ = 1.011648).*

Of the 70 projects reported by the IAs, nine do not have information on the GAD rating and assessment. Therefore, at the project design stage, the report covers only 61 programs/projects with total ODA allocation of US\$15.9 billion.

Analysis of the submitted reports (Table 10.2) shows that about 17 percent of their reported ODA portfolio support projects that were deliberately designed to be gender responsive/sensitive. The bulk of about 82 percent of the projects were classified as "with promising GAD prospects". Only less than 1 percent were 'GAD invisible', or with no gender issues or concerns identified in the project design.

Most of the ODA-assisted projects of the agencies (Table 10.2) supported the infrastructure, governance and institutional support sectors (44%). About 33 percent of the projects assisted the productive sectors of industry and services, agriculture, agrarian reform and natural resources (33%). Projects for social reform and development comprised 21 percent and only one integrated (multisectoral) project.

In terms of amount, most ODA went to the governance and institutional development sector (68%) amounting to US\$10.74 billion. This is followed by the infrastructure development sector with 20 percent share.

**Table 10.2. Classification of Projects, by GAD category (PD)\*, in US\$M**

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total**
Agriculture, Agrarian Reform and Natural Resources	409.68 (28.5) (5 projects)	652.14 (45.3) (6 projects)	321.58 (22.3) (5 projects)	56.55 (3.9) (1 project)	1,439.95 (100) (17 projects)
Governance and Institutional Development	40.46 (0.4) (7 projects)	32.51 (0.3) (1 project)	10,667.58 (99.3) (1 project)	1.77 (0.02) (1 project)	10,742.32 (100) (10 projects)
Infrastructure Development	948.51 (30.5) (2 projects)	376.93 (12.1) (4 projects)	1,731.00 (55.7) (10 projects)	50.74 (1.6) (1 project)	3,107.18 (100) (17 projects)
Social Reform and Development	116.50 (23.2) (5 projects)	105.54 (21.0) (4 projects)	279.93 (55.8) (4 projects)	--	501.97 (100) (13 projects)
Industry and Services	12.12 (29.1) (2 projects)	--	29.51 (70.9) (1 project)	--	41.63 (100) (3 project)
Integrated Sector (multi-sectoral)	67.47 (100.0) (1 project)	--	--	--	67.47 (100) (1 projects)

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total**
<b>Total</b>	<b>\$1,594.74 (10.03)</b> <b>(22 projects)</b>	<b>\$1,167.12 (7.34)</b> <b>(15 projects)</b>	<b>\$13,029.60 (81.94)</b> <b>(21 projects)</b>	<b>\$109.06 (0.69)</b> <b>(3 projects)</b>	<b>\$15,900.52 (100)</b> <b>(61 projects)</b>

\* The italicized entries in the parentheses refer to the percentage of allocation for each sector by GAD category to the total ODA for the sector.

\*\* Details may not add up to totals due to rounding.

In terms of classification by gender-responsiveness of the projects, based on their allocation, the Infra sector has the largest percentage share at US\$3.11 billion for the sector. The AARNR sector had the most gender-sensitive projects, covering a total of 6 projects and representing 45.3 percent of the total reported ODA allocation for the sector. The GID sector showed the largest number of projects with promising GAD prospects, with one project and total allocation of US\$11 billion (99.3%). Lastly, the agriculture sector had the most number of allocated funds that is GAD-invisible project, at 3.9 percent.

**Table 10.3. Classification by Gender-Responsiveness  
(Project Implementation, Management, Monitoring and Evaluation)**

Item	No. of Projects	Amount (USM\$)	%
Percent of total portfolio budget adjudged to be			
• Gender-responsive	23	1,888.68	11.56
• Gender-sensitive	24	12,162.37	74.42
• With promising GAD prospects	15	2,291.17	14.02
• GAD invisible in the project(s)	0	0.00	0.00
<b>TOTAL</b>	<b>62</b>	<b>16,342.22</b>	<b>100.00</b>

At the project implementation, management, monitoring and evaluation (PIMME) stage, a total of 62 projects reported were assessed by the implementing agencies. Table 10.3 shows that about 12 percent and 74 percent of their total ODA portfolio were gender responsive and gender sensitive projects, respectively, at implementation. Meanwhile, about 14 percent were projects with promising GAD prospects. There were no projects reported that are classified as 'GAD invisible', or with no gender issues or concerns.

It can be noted that at the PIMME stage, a greater percentage of the portfolio budget went to gender sensitive projects, compared to that at the project design stage (Table 3 vs. Table 1).

On the other hand, Table 10.4 generally shows that the AARNR sector had the most number of projects reported (20 out of 62 projects). In terms of GAD category, the highest number of gender responsive projects and percentage allocation were in the SRD sector and GID sector with seven projects each. However, in terms of percentage allocation of sector portfolio, the GID sector ranked first with 66 percent of sector allocation, or US\$10.7 billion. Twelve out of 24 gender sensitive projects were under the AARNR sector, which had a share of 45 percent of the total ODA allocation for gender sensitive category. The Infra sector had seven projects with promising GAD prospects.

**Table 4. Classification of Projects, by GAD category (PIMME)\*, in US\$M**

<b>Development Sector</b>	<b>Gender Responsive</b>	<b>Gender Sensitive</b>	<b>With Promising GAD Prospects</b>	<b>GAD Invisible</b>	<b>Total**</b>
Agriculture, Agrarian Reform and Natural Resources	\$402.50 (20.8) (4 projects)	\$874.59 (45.2) (12 projects)	\$657.07 (34.0) (4 project)	--	\$1,934.16 (100) (20 projects)
Governance and Institutional Development	40.46 (0.4) (7 projects)	10,700.09 (99.6) (2 projects)	--	--	10,740.55 (100) (9 projects)
Infrastructure Development	1,150.78 (37.7) (3 project)	562.71 (18.4) (6 projects)	1,342.94 (43.9) (7 projects)	--	3,056.43 (100) (16 projects)
Social Reform and Development	222.44 (44.3) (7 projects)	17.89 (3.6) (3 projects)	261.65 (52.1) (3 projects)	--	501.98 (100) (13 projects)
Industry and Services	5.03 (12.1) (1 projects)	7.09 (17.0) (1 projects)	29.51 (70.9) (1 project)	--	41.63 (100) (3 project)
Integrated Sector (multi-sectoral)	67.47 (100.00) (1 project)	--	--	--	67.47 (100.0) (1 projects)
<b>Total</b>	<b>\$1,888.68 (11.56) (23 projects)</b>	<b>\$12,162.37 (74.42) (24 projects)</b>	<b>\$2,291.17 (14.02) (15 projects)</b>	--	<b>\$16,342.22 (100) (62 projects)</b>

\* The italicized entries in the parentheses refer to the percentage of allocation for each sector by GAD category to the total ODA for the sector.

\*\* Details may not add up to totals due to rounding.

Similar with the project development (PD) stage, the GID sector also covered the largest ODA allocation amounting to US\$10.7 billion (66%) which composed of nine projects followed far behind by the Infra sector with US\$3.06 billion (19%) of the total ODA allocation. In contrast, the IS sector shared the least of 0.3 percent among the six development sectors with three projects.

Notably both from the PD and PIMME stage, the GID sector had the biggest allocation in the ODA budget, because of their project "National Program Support for Tax Administration" of the Bureau of Internal Revenue (BIR) which amounted to US\$10.7 billion.

In the AARNR sector, gender-responsive/sensitive projects in this sector addressed, among others, issues on women's access and control over resources/services which reinforces barriers to participation and decision making capacities of men and women. These were addressed through integration of gender concerns in planning and implementation of project to ensure that women and men benefit equally, and purposive targeting of beneficiaries for training and activities involving additional sources of credit and income.

Gender issues addressed by gender-responsive/sensitive projects in the GID sector include lack of management support and appreciation for gender and development and gender mainstreaming, weak implementation of enabling laws on women's representation in decision-making bodies, gender inequality on access to information and knowledge that can exacerbate currently existing social and political inequalities, and presence of informal justice system that often promote patriarchal values. These were addressed by adopting an operational gender strategy that seeks to produce a set of gender outputs at the national and local levels, hiring of gender equality experts, collection of sex disaggregated data, orientation on GAD, and expansion and dissemination of laws on women and children.

In the SRD sector, gender issues identified included women's multiple burdens (productive and reproductive) and the nonrecognition of gender-differentiated roles, needs and burdens given that projects may often add burdens to women, low involvement of men in reproductive health and safe motherhood initiatives. These were addressed through social marketing and health education, promotion of safe motherhood, complementary feeding, and reproductive health, and community-based health education.

In the IS sector, gender issues identified included lack of livelihood opportunities for women in rural areas, women entrepreneurs need for assistance in product development, business and marketing, and lack of participation of women in rural livelihood activities. These were addressed through gender analysis in the preparation of feasibility studies and business plans, provision of training and initial start-up capital to women's livelihood activities, and increased investment and credit provided by projects such as the Agricultural Credit Support Project.

Finally, in the Infra sector, gender issues included low awareness of gender issues/laws among personnel that implement urban/infrastructure projects, discrimination against women in the hiring of the project labor force, vulnerability of women in disasters, and lack of alternative choices for women for reliable, safe, comfortable and affordable transport. Project goals, moreover, are stated in general terms, and gender issues are not identified in project preparation and implementation. These issues were addressed through orientation on GAD, incorporating improvements such as in the design of roads to make it user-friendly in order to facilitate mobility of women and children who are more prone to road-related accidents, good street lighting to deter abuse or harassment against women, and improved drainage facilities to minimize burden on women who clean up after floods.

In terms of the agencies' assessment on the gender-responsiveness of their projects, there has been improvement in the quality of assessment, particularly in identifying gender issues of their respective projects. This shows that there were staffs who were aware and can identify GAD concerns. However, a few submissions in classifying projects as projects with "no gender issues identified" still classified as gender-responsive/sensitive. This was the same observation in the past reporting periods particularly in projects considered as GAD invisible where agencies view gender as "not applicable". Given the results of this monitoring activity, agencies are still faced with the challenge to enhance their gender awareness and sensitivity, as well as the skills of the project staffs and personnel of implementing agencies on gender analysis.

## Glossary of Terms

<b>Alignment</b>	One of the five principles of Paris Declaration. Donors based on their overall support on partner countries' national development strategies, institutions and procedures
<b>Annual ODA Portfolio Review Report</b>	Document that reviews the performance of the projects included in the ODA portfolio of the recently concluded calendar year
<b>Availment Rate</b>	Cumulative actual disbursements as a percentage of cumulative scheduled disbursement reckoned from the start of implementation (i.e. Loan effectivity) up to the reporting period.
<b>Commitment Fee</b>	Amount levied by the funding institution on the undisbursed loan amount or a portion thereof, payable per annum.
<b>Cost Overrun</b>	Per ODA Act of 1996 IRR, it refers to 'the additional costs over and above the ICC-approved project cost.'
<b>Counterpart Funds</b>	Per RA 8182 (ODA Act of 1996), it refers to 'the component of the project cost to be financed from government-appropriated funds, as part of the government's commitment in the implementation of the project. In the case of government-owned and -controlled corporations (GOCCs), the total peso counterpart may be the equity contribution of the national government and/or internally generated cash.'
<b>Development Partner</b>	The donor/ funding agency or country making a financial commitment to the project.
<b>Development Results</b>	Outputs, outcomes, or impacts of a development intervention.
<b>Disbursement Level</b>	Actual disbursements for the year.
<b>Disbursement Rate</b>	Actual disbursements as a percentage of target disbursements for the year.
<b>Disbursement Ratio</b>	Ratio of the actual disbursements for the year to the net loan amount available during the year.
<b>End-of-Project Report</b>	Document that provides the details on project design and implementation, divergence between appraisal targets and actual accomplishments and reasons thereof, lessons learned in implementation and initial assessment upon project completion
<b>Ex-Post Evaluation</b>	Evaluation of selected ODA projects conducted two to three years after project completion



<b>Foreign-Assisted Project (FAP)</b>	Development projects that benefited from financial or technical assistance from abroad; another term for Official Development Assistance or ODA
<b>Forward Action Support Taskforce (FAST)</b>	Composed of NEDA, DBM, GPPB, MDFO, COA, BTr, LBP, ADB, JICA and WB, FAST was organized in 2010 to firm up and operationalize the recommended actions as well as explore other options intended to address cross-cutting and recurrent implementation issues such as start up delays, funds flow bottlenecks and problems in LGU participation.
<b>Grant Element</b>	Per RA 8182 (ODA Act of 1996), <b>Grant Element</b> is 'the reduction enjoyed by the borrower whenever the debt service payments which shall include both principal and interest and expressed at their present values discounted at ten percent (10%) are less than the face value of the loan or loan and grant. The grant element is computed as the ratio of (a) the difference between the face value of the loan or loan and grant and the debt service payments to (b) the face value of the loan or loan and grant.' Further, the weighted average grant element of all ODA at anytime shall not be less than forty percent (40%) and each ODA must contain a grant element of at least twenty-five percent (25%).
<b>Harmonization</b>	One of the five principles of Paris Declaration. Donors' actions are more harmonized, transparent and collectively effective.
<b>Implementing Agency (IA)</b>	Per RA 8182 (ODA Act of 1996), it refers to 'any department, bureau, office, commission, authority or agency of the national government, including government-owned or -controlled corporations (GOCCs), authorized by law or their respective charters, and local government units (LGUs) likewise authorized by law to undertake development projects.'
<b>Investment Coordination Committee (ICC)</b>	Established under Executive Order No. 230, or "Reorganizing the National Economic and Development Authority" which is tasked to act as a recommendatory body to the NEDA Board, the <b>ICC</b> is mandated to evaluate specific major capital project with respect to their technical, financial, economic, social, environmental and institutional development feasibility/viability and from the context of sectoral plans and geographical strategies. The Committee recommends the projects to the NEDA Board for confirmation of its approvals.
<b>ICC-Approved Cost</b>	Total project cost as approved by the ICC.



<b>Joint Analytic Work (JAW)</b>	A platform for joint in-depth analysis and action planning on selected key implementation issues. It utilizes the existing ODA review processes such as the individual agency consultations and the presentation of draft findings to the inter-agency committees.
<b>Loan Agreement Cost</b>	Loan amount as indicated in the loan agreement.
<b>Loan/Grant Closing Date</b>	Date the project's financial activities are stopped, afterwhich the borrower can no longer disburse from the loan/grant account, as indicated in the loan/grant agreement. This is also synonymous to Loan/Grant Closing Date.
<b>Loan Effectivity Date</b>	Date afterwhich disbursements can be made.
<b>Loan/Grant Signing Date</b>	Date the project's loan/ grant agreement is signed.
<b>Major Final Outputs (MFOs)</b>	Goods and services that a department and its attached agencies is mandated to deliver to external clients through the implementation of programs, activities and projects [DBM National Budget Memorandum No. 112, ser. 2011]
<b>Managing for Development Results (MfDR)</b>	A management strategy that focuses on development performance and on country outcomes improvements. It uses practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation.
<b>Managing for Results</b>	One of the five principles of Paris Declaration. All countries will manage resources and improve decision-making for results.
<b>Monitoring and Evaluation</b>	Periodic tracking of inputs, activities, and outputs of projects that involves both field and desk work, and assessment of achievement of outcomes midway during project implementation and immediately after project completion
<b>Monitoring Visits/Supervision Mission</b>	On-site validation activities being conducted with DPs and IAs as necessary
<b>Mutual Accountability</b>	One of the five principles of Paris Declaration. Donors and partners are accountable for development results.
<b>Net Commitment</b>	Total commitment less cumulative cancellations.
<b>New Loan</b>	Loans that were signed within the reporting year.
<b>NPMC Meeting</b>	Regular meeting of NPMC members that serve as platform for the discussion of issues raised at the national level, among others

<b>Official Development Assistance (ODA)</b>	Per RA 8182 (ODA Act of 1996), <b>ODA</b> is a loan or loan and grant which meets all of the following criteria: (a) Administered with the objective of promoting sustainable social and economic development and welfare of the Philippines; (b) Contracted with governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements or which are members of the United Nations, their agencies and international or multilateral lending institutions; (c) No available comparable financial institutions; and, (d) Contain a grant element of at least twenty five percent.
<b>Organizational Performance Indicator Framework (OPIF)</b>	OPIF is an approach to expenditure management that directs resources for major final outputs (MFOs) towards results and measures department/agency performance by key quality, quantity, timeliness and cost indicators
<b>Oversight Agency (OA)</b>	Any department, authority, office, or agency mandated by law to oversee the implementation of development projects
<b>Ownership</b>	One of the five principles of Paris Declaration. Partner countries exercise effective leadership over their development policies, and strategies and coordinate development actions.
<b>Paris Declaration (PD)</b>	Endorsed on 2 March 2005, an international agreement to which Ministers, Heads of Agencies and other Senior Officials adhered and committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators.
<b>Philippines Development Forum (PDF)</b>	Primary mechanism of the Government for facilitating substantive policy dialogue among stakeholders on the country's development agenda. It also serves as a process for developing consensus and generating commitments among different stakeholders toward critical actionable items of the Government's reform agenda.
<b>Philippine Development Plan (PDP)</b>	Document that contains GOP's six-year development plan that lays out its objectives and strategies, from 2011 to 2016, developed by the National Economic and Development Authority in coordination with government departments and stakeholders from all regions of the country

<b>Program Loan</b>	ODA loans that assist recipient countries in policy improvement and reform implementation. Program loans support implementation of national strategies or of poverty reduction strategies over longer time spans. Loan agreements are signed and funds are provided based on confirmation that reform items have been achieved by the partner country's government. In many instances, program loans take the form of co-financing with other multilateral institutions.
<b>Project Completion Report (PCR)</b>	Report on the physical and financial status of development projects, as well as outstanding issues and emerging outcomes, prepared by the project monitoring office/unit starting six months before project completion date, and submitted not later than six months after project completion date
<b>Project Facilitation</b>	Project problem-solving sessions conducted with the national and regional implementing agencies as well as development partners
<b>Project Implementation Officer (PIO)</b>	Officer of an implementing agency, normally with the rank of undersecretary or equivalent, designated to oversee the implementation of all projects of his agency, and to participate in Quarterly Project Implementation Officers' Meetings and Investment Coordination Committee – Cabinet Committee Meetings
<b>Project Implementation Officers' Meeting</b>	Regular quarterly meeting of designated PIOs of all agencies that serves as a platform for the discussion of agencies' ODA portfolio performance and other related developments
<b>Project Loan</b>	ODA loans that finance projects such as roads, power plants, irrigation, water supply and sewerage facilities. Project loans are used for the procurement of facilities, equipment and services, or for conducting civil and other related works.
<b>Project Monitoring Office/Unit</b>	Office or unit through which implementing agencies manage ODA projects
<b>Project Start Date</b>	Date the project started implementation.
<b>Public Investment Program (PIP)</b>	Ordered listing of priority programs and projects of the government considered to have the biggest impact on the development of the country
<b>Quarterly Alert Mechanism</b>	Instrument that classifies projects into potential and actual problem projects for priority monitoring and implementation
<b>Quarterly Loans Performance Report</b>	Document that provides financial absorptive capacity performance of the GOP ODA loans portfolio using financial indicators (i.e., disbursement level, disbursement

	rate, availment rate, disbursement ratio, and utilization rate)
<b>Re-evaluation</b>	Re-evaluation of projects with requests for change in cost, scope, implementation period/ loan validity and supplemental funding
<b>Results</b>	The output, outcome, or impact (intended or unintended, positive and negative) of a development intervention.
<b>Results Matrix (RM)</b>	A document that will accompany the PDP, it contains statements of the results to be achieved (sector and sub-sector outcomes) with corresponding indicators, baseline information, end-of-Plan targets and responsible agencies.
<b>Scheduled Project Completion Date</b>	Date the project is scheduled to be physically complete as approved by the ICC.
<b>Semestral Grants Report</b>	Document that provides information on the magnitude and utilization of ODA grants portfolio
<b>Technical Co-operation</b>	Per OECD-DAC, includes 'both (a) grants to nationals of aid recipient countries receiving education or training at home or abroad, and (b) payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and not separately identified as technical co-operation in statistics of aggregate flows.'
<b>Time Elapsed</b>	Ratio of (a) the age in implementation years (from loan effectivity to reporting date) to (b) the planned length in implementation years (from loan effectivity to original loan closing date).
<b>Undisbursed Amount</b>	Amount committed but not yet spent.
<b>Utilization Rate</b>	Total cumulative disbursements as a percentage of the total net commitment.