REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

ODA PORTFOLIO REVIEW 2013

115A

ODA

PORTFOLIO REVIEW

2013

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Acronyms

2WHSMP	Second Women's Health and Safe Motherhood Project
AARNR	Agriculture, Agrarian Reform and Natural Resources
ADB	Asian Development Bank
ADSDPP	Ancestral Domain Sustainable Development and Protection Plan
AF	Additional Financing
AFFS	Agroforestry Farmers Field Schools
AM	Alert Mechanism
APCoP-MfDR	Asia Pacific Community of Practice on Managing for Development Results
ARB	Agrarian Reform Beneficiary
ARCP2	Agrarian Reform Communities Project II
ARG	ARMM Regional Government
ARMM	Autonomous Region in Muslim Mindanao
BAC	Bids and Awards Committee
BC/RP	Bridge Construction/Replacement Project
BEAM	Basic Education Assistance for Muslim Mindanao
BEMOC	Basic Emergency Obstetric Care Centre
BIR	Bureau of Internal Revenue
BLGF	Bureau of Local Government Finance
BNAQ-5	Bigte – Novaliches Aqueduct – 5
BOD	Bio-Oxygen Demand
BSP	Bangko Sentral ng Pilipinas
CADT	Certificate of Ancestral Domain Titles
CAR	Cordillera Administrative Region
CBFMP	Community Based Forest Management Project
CC	Climate Change
CEMOC	Comprehensive Emergency Obstetric Care
CF	Commitment Fee
CFAD	Community Fund for Agricultural Development
CLE	Country-level Evaluation
CLEECP	Credit Line for Energy Efficiency and Climate Protection in the Philippines
CNS/ATM	New Communications, Navigation and Surveillance/Air Traffic Management Systems Development
COA	Commission on Audit
CP	Contract Package
CPMC	City Project Monitoring Committee
CSD	Comprehensive Site Development
CSO	Civil Society Organization
CWCFMA	Community Watershed Conservation, Forest Management and Agro-forestry
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DFA	Department of Foreign Affairs
DFAT	Department of Foreign Affairs and Trade
DILG	Department of Interior and Local Government
DOE	Department of Energy
DOF	Department of Finance
DOF-MDFO	Department of Finance - Municipal Development Fund Office
DOH	Department of Health
DOST	Department of Science and Technology
DOTC	Department of Transportation and Communication
DOTC-CAAP	Department of Transportation and Communication - Civil Aviation Authority of the Philippines
DP	Development Partner
DPWH	Department of Public Works and Highways
DRR	Disaster Risk Reduction
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EDCF	Economic Development Cooperation Fund
EoPR	End-of-Project Report
ERF	Enterprise Rehabilitation Financing
ESS	Environmental and Social Safeguard
EU	European Union
FAiTH	Foreign Aid Transparency Hub
FAO	Food and Agriculture Organization
FFS	Farmers' Field School
FIC	Fully Immunized Children
FLUP	Forest Land Use Plan
FMR	Farm-to-Market Road
FOA	Forward Obligation Authority

Acronyms

GAA	General Appropriations Act
GAD	Gender and Development
GEF	Global Environment Facility
GFI	Government Financial Institution
GID	Governance and Institutions Development
GMA Ports	Greater Maritime Access Ports
GOCC	Government-Owned and -Controlled Corporation
GP	Grant Proceeds
GPA	Good Practice Award
GPMF	Global Partnership Monitoring Framework
GPH	Government of the Philippines
GWP	GREAT Women Project
HH	Household
HSRA-SP	Health Sector Reform Agenda – Support Programme
IA	Implementing Agency
ICC	Investment Coordination Committee
ICC-CC	Investment Coordination Committee - Cabinet Committee
ICRMP	Integrated Coastal Resources Management Project
ICT	Information and Communications Technology
IFAD	International Fund for Agricultural Development
Infra	Infrastructure
INREMP	Integrated Natural Resources and Environment Management Project
IRPEP	Irrigated Rice Production Enhancement Project
IT&T	Industry, Trade and Tourism
IPCC	Intergovernmental Panel on Climate Change
JAW	Joint Analytic Work
JICA	Japan International Cooperation Agency
JUSTICE	Judicial Strengthening for Court Effectiveness
KALAHI-CIDSS	Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
KfW	KreditanstaltfürWiederaufbau
LBP	Land Bank of the Philippines
LDC	Local Development Council
LGU	Local Government Unit
LISCOP	Laguna de Bay Institutional Strengthening and Community Participation Project
LLDA	Laguna Lake Development Authority
Logframe	Logical Framework
LP	Loan Proceeds
LRMDC	Learning Resource and Management Development Center
LRMDS	Learning Resource and Management Development System
LWUA	Local Water Utilities Administration
M&E	Monitoring and Evaluation
MB	Monetary Board
MBURD	Mega Bridges for Urban and Rural Development
MCC	Millennium Challenge Corporation
MDG	Millennium Development Goal
MfDR	Managing for Development Results
MFO	Major Final Output
MIS	Management Information System
MOA	Memorandum of Agreement
MOOE	Maintenance and Other Operating Expenses
MPMC	Municipal Project Monitoring Committee
NPSTAR	National Program Support for Tax Administration
MWSS	Metropolitan Waterworks and Sewerage System
NGALGU	National Government Assistance to Local Government Units
NCIP	National Commission on Indigenous People
NCR	National Capital Region
NEDA	National Economic and Development Authority
NEDA-MES	National Economic and Development Authority –Monitoring and Evaluation Staff
NEP	National Expenditure Program
NG	National Government
NGA	National Government Agency
NG-LGU	National Government - Local Government Unit
NHTS-PR	National Household Targeting System for Poverty Reduction
NIA	National Irrigation Administration
NORAD	Norwegian Agency for Development Cooperation
NPC	National Power Corporation
NPMC	National Project Monitoring Committee
NRO	NEDA Regional Office

Acronyms

OA	Oversight Agency
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OECD-DAC	Organization for Economic Cooperation and Development - Development Assistance Committee
OFID	OPEC Fund for International Development
O&M	Operations and Maintenance
OPAPP	Office of the Presidential Adviser on the Peace Process
OPARR	Office of the Presidential Assistant for Rehabilitation and Recovery
O&M	Operation and Maintenance
PAGASA	Philippine Atmospheric, Geophysical & Astronomical Services Administration
PBGS	Performance-based Grant System
PCR	Project Completion Report
PCW	Philippine Commission on Women
PD	Paris Declaration
PDP	Philippine Development Plan
PEEP	Philippine Energy Efficiency Project
PFM	Public Financial Management
PhilHealth	Philippine Health Insurance Corporation
PIB	Performance –Informed Budget
PIO	Project Implementation Officer
PIU	Project Implementation Unit
PMO	Project Management Office
PNP	Philippine National Police
PO	People's Organization
POPSTIRP	Post Ondoy and Pepeng Short-term Infrastructure Rehabilitation Project
PPMC	Provincial Project Monitoring Committee
PPP	Public-Private Partnership
PSA	Participatory Situation Analysis
PSR	Private Sector Representative
RA	Republic Act
RAY	Reconstruction Assistance on Yolanda
RbME	Results-Based Monitoring and Evaluation
RDC	Regional Development Committee
RDP	Regional Development Plan
RHU	Rural Health Unit
RM	Results Matrix
RRM	Regional Results Matrix
ROWA	Right of Way Acquisition
RPMC	Regional Project Monitoring Committee
RPMES	Regional Project Monitoring and Evaluation System
SARO	Special Allotment Release Order
SBC	Small Business Corporation
SC	Supreme Court
SME	Small and Medium Enterprises
SPA	Sub-project Agreement
SPHERE	Support to the Philippine Basic Education Reforms
SRCD	Social Reform and Community Development
SRE	Statement of Receipts and Expenditures
SUC	State Universities and Colleges
SWDRP	Social Welfare and Development Reform Project
TA	Technical Assistance
TAF	Technical Assistance Facility
TB	Tuberculosis
TPC	Total Project Cost
TPKP	Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WD	Water District

Message of the Secretary



In behalf of the National Economic and Development Authority (NEDA), I am pleased to share with you the CY 2013 Official Development Assistance (ODA) Portfolio Review Report. This is the government's main source of ODA information, and is extensively used by implementing and oversight agencies, development partners, civil society organizations, and the academe.

This year's Report introduces timely initiatives to validate the alignment of active ODA programs and projects with the Philippine Development Plan (PDP) 2011-2016 Midterm Update. The CY 2013 Report features a review of total expenditure performance covering loan and grant proceeds including government and private sector financing. It also introduces assumptions and risk monitoring and analysis to closely monitor risks and develop strategies to address key project implementation issues of selected programs and projects.

The annual ODA Review draws on the country's rich experience in aid monitoring and evaluation in order to harmonize and tighten our development interventions and make aid truly effective. It will continue to espouse the government's reform initiations in upholding transparency, accountability, and participatory governance.

The NEDA will continue working with our various partners to improve the quality of aid and promote results-based policymaking. We hope that our partners in government and in the development community will continue to join us as we espouse reforms to promote transparency, accountability, and participatory governance.

ARSENIO M. BALISACAN
Socioeconomic Planning Secretary
and NEDA Director-General

CY 2013 ODA PORTFOLIO REVIEW REPORT

Executive Summary

Official Development Assistance (ODA) Profile

Total ODA Portfolio as of December 2013 amounted to US$12.05 billion consisting of 77 loans (US$9.09 billion) and 503 grants (US$2.97 billion).

The JICA remained the biggest source of loans with 35.5 percent share (US$3.23 billion) followed by WB and ADB with 25.7 percent (US$2.34 billion) and 18 percent (US$1.64 billion) shares, respectively. For ODA grants, Australia, the USA (USAID and MCC), and the UN System are the three leading providers with 30.06 percent (US$ 891.29 million), 29.52 percent (US$875.33 million), and 13.73 percent (US$407.27 million), respectively.

In terms of distribution per sector, the Infrastructure sector accounted for the largest share (57%) of the loans portfolio amounting to US$5.17 billion for 38 loans followed by Agriculture, Agrarian Reform and Natural Resources (AARNR) and Governance and Institutions Development (GID) with 15 and 14 percent shares, respectively. On the other hand, the Social Reform and Community Development (SRCD) sectoris the major recipient of grants assistance amounting to US$1.54 billion (comprising 217 projects) or 51.8 percent of the total grants portfolio. The GID and Infrastructure sectors follow with 20.17 and 12.91 percent shares, respectively.

Performance

Financial

In general, the absorptive capacity of ODA loans declined in CY 2013. Comparing CY 2013 with CY 2012 financial performance of ODA loans, there was a 3.89 percentage point increase in availment rate (from 72.45 percent in CY 2012 to 76.34 percent in CY 2013), while the remaining three financial indicators declined.

The decline in disbursement level could be attributed to (a) seven ongoing loans which registered zero disbursements; and (b) five newly-effective loans with zero disbursements. Relatedly, disbursement rate decreased to 60 percent resulting in a US$480 million disbursement shortfall, largely due to unmet disbursement targets for CY 2013 of DPWH, DBP, DSWD, LBP, and NIA. Lastly, the decline in disbursement ratio was due to lower disbursements made by ongoing project loans and closed program loans against the available loan balance at the beginning of the year.

Grants financial performance is measured in terms of cumulative disbursement levels reckoned from grant agreement signing dates and annual disbursements. Cumulative utilization of grant assistance as of CY 2013 reached US$1.56 billion, with a utilization rate of 52.45 percent. Meanwhile, the disbursement level in CY 2013 amounted to US$499.21 million, an increase of US$244.51 million from CY 2012 disbursement of US$254.70 million.

Physical

Nine out of 66 programs and projects funded by ODA loans were physically completed in CY 2013. Of the remaining 57 programs and projects, physical implementation of 16 was on schedule, 2 were ahead of schedule while 39 were delayed. Comparing with CY 2012, seven projects had improved performance, 13 became worse off than CY 2012 status, and 37 had the same physical performance.

A total of 17 actual problem projects were classified for priority monitoring and facilitation. Of these,14 were identified to be in Critical Stage (Level II), having implementation issues that remained unresolved for at least six months. Meantime, four of the actual problem projects have already closed with incomplete outputs by end of December 2013.

Key Implementation Issues

There were 59 reported issues encountered in CY 2013.

Prolonged Procurement. A total of 13 projects experienced prolonged procurement due to delayed procurement of consulting services and failure of bidding for civil works, among others.

Budget and Funds Flow Bottleneck. Ten projects were affected by budget and funds flow issues due to delays in fund releases and submission of liquidation reports.

Damaged Outputs. Nine projects reported damages to outputs due to typhoon Yolanda and Bohol earthquake.

Issues with Relending Facilities. Five projects reported issues on relending facilities concerning low demand due to uncompetitive cost of fund.

Issue on Right-of-Way and Land Acquisition. Four projects reported difficulties in acquiring right-of-way.

Issues with LGU-implemeted Projects. Four projects were affected by LGU-related issues such as NG-LGU Cost sharing and weak capacity.

Start-up Delays. Two projects encountered start-up delays due to changes in project management and delays in the finalization of sub-loan agreements.

Other implementation issues encountered include: (a) suspension of implementation; (b) sustainability issues; (c) policy issues; (d) NCIP issue; (e) poor performance of consultants; (f) non-familiarity with policies; and (g) technical or project-related issue

Results

A total of 12 ongoing and 5 closed projects reported on results (outputs and outcomes). Results from ex-post evaluation and completion reports were likewise reported.

In terms of contributions to the PDP priorities, 22 ongoing programs and projects have already demonstrated results contributing to the sector outcomes of various chapters of the PDP-RM, as follows. Two projects reported outcomes supporting the objective of achieving a sustainable fiscal sector; two projects supported the aim of globally competitive and Innovative industry and services sectors; two projects supported the achievement of a competitive and sustainable agriculture and fisheries sector; seven projects were consistent with improving the human development status; two projects contributed to effective and transparent governance; two projects supported sustainable and climate resilient environment and natural resources; and five projects were aligned with enhancing quality, adequacy, and accessibility of infrastructure facilities and services.

Initiatives to Better Manage for Development Results

The Report high lighted various initiatives that were undertaken in CY 2013 to better manage for development results. Among others, the Report cited the conduct of the mid-term update of the Philippine Development Plan (PDP) and Regional Development Plans (RDPs) as well as the revalidation of the Results Matrices (RM) and Regional Results Matrices (RRMs).

Actions Taken and Recommendations

Specific actions were undertaken by the implementing agencies (IAs) in terms of the recommendations from the CY 2012 ODA Review to address implementation issues. In addition, compliance to the CY 2012 recommendations to improve overall ODA portfolio management was undertaken under several NEDA-led activities in collaboration with various IAs, development partners (DPs) and oversight agencies (OAs).

Recommendations for CY 2014 and beyond to further improve ODA portfolio performance involve various activities concerning: (a) alignment of results framework of DPs with the PDP-RM; (b) continuous tracking of aid effectiveness indicators; (c) assessment of ODA against other financing sources; and, (d) dissemination of good practices, among others. Said recommendations are to be conducted by OAs, DPs, and IAs.

SECTION 1

The Official Development Assistance (ODA) Portfolio Review

1.1. Mandate

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, NEDA Board Resolution No. 3 Series of 1999 required the ICC and IAs to report on project outcomes and impacts.

1.2. Objectives

In support of the above mandates, the annual reviews are conducted to: (a) identify key implementation issues and problems (i.e. cost overrun, procurement delays, etc.) and cross-cutting concerns that hamper project implementation; (b) report on actions taken by concerned agencies to facilitate project implementation; (c) report results (outputs and outcomes) derived from implementing ODA programs and projects; (d) formulate recommendations; and, (e) track developments on recommendations made in past portfolio reviews.

1.3. Methodology

The Review covered all ODA loan- and grant-assisted programs and projects that were signed, became effective, were implemented or completed from January 1, 2013 to December 31, 2013. The review process involved consultations and discussions with 23 agencies involved in implementing the programs/projects. NEDA undertook the Review with the participation of oversight agencies (OAs) such as DBM and DOF and the various development partners (DPs).

The following schedule was followed in presenting and reviewing the draft findings:

Date	Reviewers
4 June 2014	Project Implementation Officers
11 June 2014	Oversight agencies and development partners
30 May 2014	NEDA Region 10
5 June 2014	NEDA Region 3
20 June 2014	NEDA Region 7
20 June 2014	NEDA Sector Staffs
30 June 2014	Investment Coordination Committee

1.4. Enhancements in the CY 2013 Review

Several enhancements were made in this year's Review. To complement the assessment of financial performance of the ODA loans portfolio, a review of total expenditure performance covering all sources of financing was introduced. The CY 2013 Report also validated the alignment of ongoing ODA programs and projects with the Revalidated Results Matrices of the different chapters of the Updated Philippine Development Plan 2011-2016. Another innovation is the introduction of assumptions and risk monitoring and analysis in the Review process. Finally, the report featured ODA on disaster relief and recovery.

1.5. Structure

This Report is organized in seven sections inclusive of an Introduction. Section 2 provides an overview of the ODA portfolio while Section 3 reports on the financial and physical performance of the ODA Loans and Grants Portfolios, respectively. Section 4 discusses in detail key implementation issues. Section 5 reports on results (outputs and outcomes). Section 6 highlights the initiatives undertaken to better manage for development results. Section 7 covers the actions taken on the CY 2012 Review recommendations, as well as presents recommendations for 2014 and beyond.

The review included 17 National Government (NG) agencies, two Government Owned and/or Controlled Corporations (GOCCs), three Government Financial Institutions (GFIs) and one local government unit (LGU)

From loan and grant proceeds, government and private sector counterparts

SECTION 2

ODA Portfolio

The total ODA portfolio as of December 2013 amounted to US$12.05 billion, consisting of 77 loans worth US$9.089 billion (75% of total portfolio), and 503 grants worth US$2.97 billion (25% of total).

In terms of total ODA covering both loans and grants, Japan had the largest share in the portfolio representing 27.4 percent (US$3.30 billion). This is followed by the World Bank with 20.5 percent share (US$2.47 billion), ADB with 14.7 percent share (US$1.77 billion), Australia with 7.4 percent share (US$ 0.89 billion), and USA with 7.3 percent share (US$0.88 billion). Assistance from these top five DPs amounted to 77 percent of the portfolio (US$9.3 billion).

Table 2.1. **Total ODA, by Development Partner (in US$ Million)**

Development Partner	Loan Amount	Grant Amount	Total ODA	% Share	Rank
Japan	3,228.42	74.13	3,302.55	27.40	1
WB	2,337.59	131.39	2,468.98	20.48	2
ADB	1,641.25	128.63	1,769.88	14.68	3
Australia	-	891.29	891.29	7.39	4
USA	-	875.33	875.33	7.26	5
France	817.02	-	817.02	6.78	6
Korea	524.76	83.96	608.72	5.05	7
UN System	81.14	407.27	488.41	4.05	8
China	205.75	1.59	207.34	1.72	9
Germany	58.98	111.20	170.18	1.41	10
EU	-	163.96	163.96	1.36	11
OFID	70.00	-	70.00	0.43	12
Spain	42.74	26.98	69.72	0.58	13
Canada	-	52.17	52.17	0.58	14
Italy	34.21	-	34.21	0.28	15
Austria	27.15	-	27.15	0.23	16
Saudi Arabia	20.00	-	20.00	0.17	17
New Zealand	-	15.70	15.70	0.13	18
Norway	-	1.90	1.90	0.02	19
TOTAL	**9,089.01**	**2,965.49**	**12,054.51**	**100**	

Box 2.1. **ODA Loans Portfolio in Pesos**

Magnitude

For CY 2013, the total project cost for all active ODA loans amounted to PhP562.19 billion, with the local counterpart amounting to PhP147.03 billion or 26 percent. The following table summarizes the share of the loans proceeds and the government counterpart to the entire portfolio. The complete table of project costs per agency is presented in Annex 2-A.

Total Project Cost (in PhP B)*	LP		GPH		GP	
	PhP B	% share	PhP B	% share	PhP B	% share
565.19	418.16	73.99	147.03	26.01	3.98	1

*Excludes PhP3.40 billion worth of Technical Assistance and PhP30.93 billion Private Sector (PPP) contributions supporting several ODA loans-assisted projects.

GPH Counterpart vs. Total Project Cost

On a per project basis, the average share of counterpart funding to total project cost is 27 percent. Meanwhile, the following table indicates the various ranges of average counterpart share to total project cost per agency (details are provided in Annex 2-B).

Average Counterpart Funding	Implementing Agency
30% and above	DPWH, LWUA
20%-29%	ARG, DA, DAR, DOE, DSWD, LBP, NIA, NLRC,
1%-19%	DBP, DENR, DILG, DOH, DOTC, DTI, LLDA, MWSS, SC

2.1. ODA Loans Profile

CY 2012 PORTFOLIO

The US$9.089 billion[3] loans portfolio comprised 67 project loans amounting to US$6.71 billion (74%) and 10 program loans worth US$2.38 billion (26%). The 67 project loans supported the implementation of 62 projects[4] while the 10 program loans supported the implementation of 9 programs. See Annex 2-C for the list of loans covered in the Review.

Box 2.2. **Concessionality of ODA Loans to the Philippines**

The grant element is a measure of the concessionality of a loan calculated as the difference between the face value of a loan and the discounted present value of the service payments the borrower will make over the lifetime of the loan, expressed as a percentage of the face value (Source: OECD).

As provided by DOF, the historical weighted average of the grant element of all direct loans as of CY 2013 is 59 percent which is greater than the 40 percent requirement specified in the ODA Act. Meanwhile, weighted average of the grant element of all ongoing direct loans as of 31 December 2013 is 71 percent.

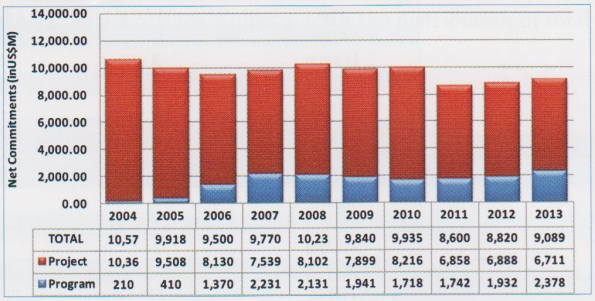
See Annex 2-D for the financing terms of development partners, i.e. interest rate, maturity (interval to final repayment) and grace period (interval to first repayment of capital).

The CY 2013 loans portfolio increased by US$268 million compared with CY 2012. Thirteen loans (worth US$2.746 billion) were signed within CY 2013 while 64 loans (worth US$6.343 billion) were continuing from previous years. A comparison of the CY 2012 and 2013 portfolio composition is shown in Table 2.2.

Table 2.2. **CY 2012 and CY 2013 Composition of Loans in US$ Billion**

Status	CY 2012		CY 2013	
	Amount	Count	Amount	Count
Newly Signed	**2.316**	**17**	**2.746**	**13**
Not Effective	-	-	1.288	5
Effective	1.570	14	1.159	7
Fully-availed but not yet closed	0.096	1	0.300	1
Closed during the Year	0.650	2	-	-
Continuing from Previous Years	**6.505**	**63**	**6.343**	**64**
Ongoing	5.656	48	5.821	55
Closed during the Year	0.849	15	0.521	9
TOTAL	**8.821**	**80**	**9.089**	**77**

Figure 2.1 shows the magnitude of the portfolio in the past ten years while Figure 2.2 shows the annual net flow of new and closed/terminated/fully-availed loans.[5]



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOTAL	10,57	9,918	9,500	9,770	10,23	9,840	9,935	8,600	8,820	9,089
Project	10,36	9,508	8,130	7,539	8,102	7,899	8,216	6,858	6,888	6,711
Program	210	410	1,370	2,231	2,131	1,941	1,718	1,742	1,932	2,378

Figure 2.1. **Historical Net Commitment in US$ Million (CY 2004 - 2013),by Loan Type)**

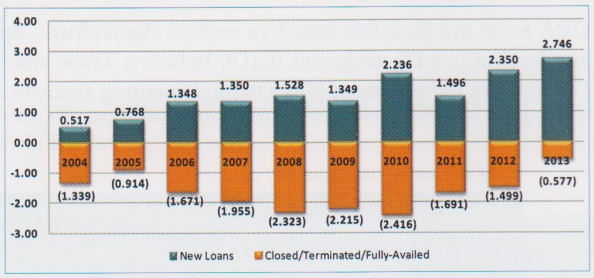


Figure 2.2.**Historical ODA Loan in US$ Million (CY 2004-CY 2013)**

2.2. ODA Loans Distribution

Distribution by Development Partner

JICA had the biggest share in the ODA loans portfolio, with US$3.228 billion (21 loans) or 35.5 percent share of the total loans portfolio. The WB had the second largest share with US$2.337 billion (17 loans) or 25.7 percent, followed by ADB (US$1.641 billion for 11 loans) or 18 percent (Table 2.3).

Net of cancellations amounting to US$150.04million
Of the 62 projects, five were financed by two loans each while the remaining 57 projects were financed by 1 loan each.
Annual net flow is the difference between the total ODA commitment of new loans (inflow) and closed loans (outflow) in a reporting period. This is different from computing the net resource transfer. As defined by OECD, net resource transfer is a current account deficit excluding any net interest payments.

Table 2.3. **ODA Loans Distribution by Development Partner**

Development Partner	Loan Amount	Loan Amount (US$ M)	% Share	Rank
Japan	21	3,228.42	35.52	1
WB	17	2,337.59	25.72	2
ADB	11	1,641.25	18.06	3
France	3	817.02	8.99	4
Korea	8	524.76	5.77	5
China	2	205.75	2.26	6
UN System (IFAD)	4	81.14	0.89	7
OFID	3	70.00	0.77	8
Germany	4	58.98	0.65	9
Spain	1	42.74	0.47	10
Italy	1	34.21	0.38	11
Austria	1	27.15	0.30	12
Saudi Arabia	1	20.00	0.22	13
TOTAL	**77**	**9,089.01**	**100**	

Distribution 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). Implementing agencies and key activity areas in each of the five sectors are described in Table 2.4.

Table 2.4. **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, NIA, DB
GID	• Tax reforms • Human resource development and management • Judicial reforms • Local governance	BIR, DILG, PNP, SC, DOF, OPAPP
IT&T	• Trade and investment • Environmental technologies in industries • Microfinance and microenterprise development	DBP, DTI, LBP, SBC
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
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	ARG, DBP, DOH, DSWD, DepEd

The infrastructure sector accounted for the largest share of the loans portfolio (57%) amounting to US$5.173 billion for 38 loans. The second largest share (15%) was in the AARNR sector (US$1.393 billion for 23 loans) while the GID sector posted the third largest share with 14 percent (US$1.338 billion for 5 loans) (Table 2.5). (See Annex 2-E for the distribution of total ODA loans net commitments by sector and subsector).

Table 2.5. **ODA Loans Distribution by Sector**

Sector	Loan Count	Loan Amount (US$ B)	Share (%)
Infrastructure	38	5.173	56.91
Agriculture, Agrarian Reform and Natural Resources	23	1.393	15.33
Social Reform and Community Development	9	1.070	11.77
Governance and Institutions Development*	5	1.338	14.72
Industry, Trade, and Tourism	2	0.115	1.27
TOTAL	**77**	**9.089**	**100**

2.3. Age of the Loans Portfolio

Ongoing Loans

The age of a loan is reckoned from effectivity date to end of CY 2013. Of the 61 ongoing loans, 16 loans (26%) were on the first year and nine projects are aged six years and above (15%). Age distribution of ongoing loans by sector is presented in Table 2.6.

Table 2.6. **Age of Ongoing Loans**

Sector	Years												Total
	0	1	2	3	4	5	6	7	8	9	10	>11	
AARNR	1	4	1	2	5	2	2		1				18
GID	2	1											3
INFRA	6	10	2	1	7	1	2	1			1	1	32
IT&T		1						1					2
SRCD			2	2	1	1							6
TOTAL	**9**	**16**	**5**	5	13	**4**	**4**	**2**	**1**	**0**	**1**	**1**	**61**

Closed Loans

Box 2.3. **Loan Closing Date and Project Completion Date**

The closing date of an ODA loan is the latest date wherein loan withdrawals against eligible expenditure items are allowed by the DP. On the other hand, project completion date refers to the physical completion of the project. Normally, project completion should be within the loan closing.

Closing dates may be extended (revised) as agreed by the DP and the IA, provided that ICC approval is first secured.

For CY 2013, the average age of a closed loan is 6.09 years, the second lowest mark in the last five years. Meanwhile, the average extension of project loans during the same period is 1.12 years. The average age of closed loans from CY 2009 to CY 2015 is shown in Table 2.7.

Table 2.7. **Age of Closed Loans within the Past Five Years***

Sector	Years				
	2009	2010	2011	2012	2013
Loan Count	19	20	8	14	**9**
Net commitment (US$M)	825.93	1,757.80	553.39	849.35	**521.43**
Ave. Loan Validity	6.38	4.73	4.93	5.22	**5.22**
Ave. Age	6.85	6.07	6.90	7.29	**6.09**
Ave. Extension	0.47	1.34	1.96	1.70	**1.12**

* excludes single-tranche program loans

In terms of distribution by DP, JICA loans had the highest average age of 8.6 years (including 0.81 year extension) while ADB loans had the longest average extension of 1.66 years. (Figure 2.3)

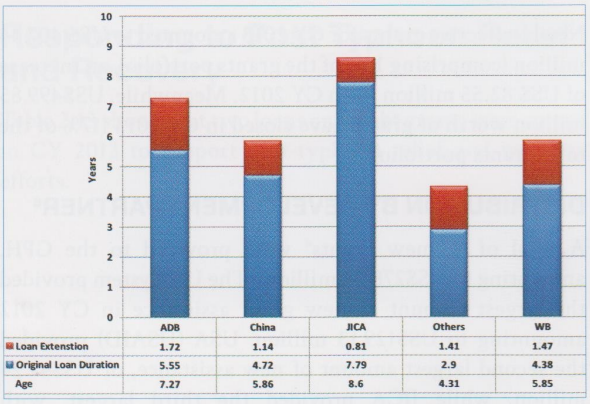
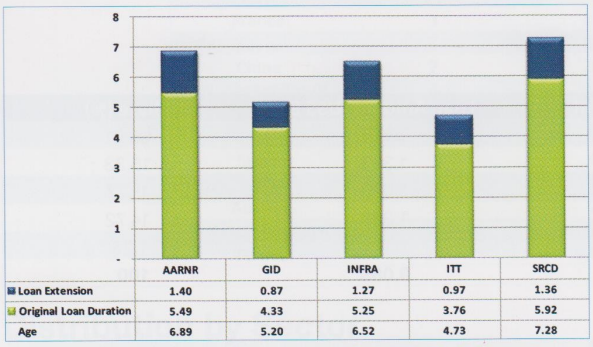


Figure 2.3. **Average Age of Closed Loans (CY 2009 - CY 2013), by Development Partner**

By sector distribution, loans under the SRCD sector had the highest average age with 7.28 years (1.36 years extension), while the Infra sector had the longest average extension of 1.41 years. (Figure 2.4)

By sector distribution, loans under the SRCD sector had the highest average age with 7.28 years (1.36 years extension), while the Infra sector had the longest average extension of 1.41 years. (Figure 2.4)



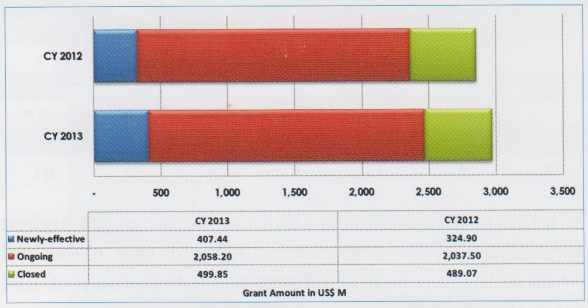
	AARNR	GID	INFRA	ITT	SRCD
Loan Extension	1.40	0.87	1.27	0.97	1.36
Original Loan Duration	5.49	4.33	5.25	3.76	5.92
Age	6.89	5.20	6.52	4.73	7.28

Figure 2.4. **Average Age of Closed Loans (CY 2009-CY 2013), by Sector**

2.4. ODA Grants Profile

Magnitude and Distribution

As of CY 2013, there are 503 active grant-assisted projects with a cumulative grant amount of US$2.97 billion.



	CY 2013	CY 2012
Newly-effective	407.44	324.90
Ongoing	2,058.20	2,037.50
Closed	499.85	489.07

Grant Amount in US$ M

Figure 2.5. **ODA Grants Magnitude (CY 2012-CY 2013)**

Newly-effective grants for CY 2013 amounted to US$ 407.44 million (comprising 13% of the grants portfolio), an increase of US$ 82.55 million from CY 2012. Meanwhile, US$499.85 million worth of grants have closed in CY 2013 (17% of the total grants portfolio).

DISTRIBUTION BY DEVELOPMENT PARTNER[6]

A total of 96 new grants[6] were provided to the GPH, amounting to US$278.57 million. The UN System provided the largest amount of new grant assistance in CY 2012 amounting to US$129.13 million. USA (USAID) provided the second largest amount of new assistance, or US$49.24 million, while JICA provided the third largest, with US$26.30 million (Figure 2.8).

Table 2.8. **ODA Grants Distribution by DP**

Development Partner	Grant Amount	2009	2010
Australia	891.29	30.06	1
USA	875.33	29.52	2
UN System	407.27	13.73	3
EU	163.96	5.53	4
WB	131.39	4.43	5
ADB	128.63	4.34	6
Germany	108.20	3.65	7
Japan	74.13	2.50	8
Canada	52.17	1.76	9
Korea	83.96	2.83	10
Spain	26.98	0.91	11
New Zealand	15.70	0.53	12
KfW	3.00	0.10	13
Norway	1.90	0.06	14
China	1.59	0.05	15
TOTAL	2,965.49	100	

DISTRIBUTION BY SECTOR

In terms of sectoral distribution, the SRCD remains the major recipient of the ODA grant assistance amounting to US$1,537.25 million (comprising 217 projects) or 51.84 percent of the total grants portfolio. The GID sector follows with a 20.17 percent share (US$598.08 million for 104 projects) while the Infra sector is the third largest recipient representing 12.91 percent (US$382.87 million for 35 projects).

Table 2.9. **ODA Grants Distribution by Sector**

Sector	Project Count	Grant Amount (US$M)	Percentage Share
SRCD	217	1,537.25	51.84
GID	104	598.08	20.17
Infra	35	382.87	12.91
AARNR	127	377.30	12.72
IT&T	20	69.99	2.36
TOTAL	**503**	**2,965.49**	**100**

2.5. Other ODA Disaggregation

Distribution Area

LOANS

More than half (55.80%) of loan-supported programs/projects had a nationwide coverage (US$5.071 billion for 28 loans) while 17.84 percent (US$1.621 billion for 21 loans) were implemented in multiple regions[7].

For loans implemented in specific regions, NCR and Region III accounted for the largest and second largest shares with US$909 million for four projects (10% of the portfolio) and about US$574 million for six projects (6.32%), respectively. Table 2.10shows the distribution of loans by area covered.

[6]Grant assistance figures are attributed to the DP disbursing the grant funds, to prevent double counting of projects and committed amount.
[7]The programs/projects supported by these loans were implemented in selected areas and not necessarily region-wide. Further, selected regions which do not have region-specific projects directed to their areas may be recipients of projects classified under nationwide, multi-regional and major island groups.

Table 2.10. **ODA Loans Distribution by Area**

Region	No. of Loans	Amount (US$ M)	% Share
Luzon	**16**	**1,703.18**	**18.74**
CAR	2	36.60	0.40
NCR	4	909.05	10.00
I	1	89.15	0.98
III	6	574.17	6.32
IV-A	1	10.00	0.11
IV-B	1	71.61	0.79
Luzon-wide	1	12.60	0.14
Visayas	**5**	**392.01**	**4.31**
VI	2	220.94	2.43
VII	1	107.46	1.18
VIII	2	63.61	0.70
Mindanao	**7**	**300.71**	**3.31**
X	2	102.75	1.13
ARMM	2	60.00	0.66
Mindanao-wide	3	137.96	1.52
Multi-regional	**21**	**1,621.81**	**17.84**
Nationwide	**28**	**5,071.32**	**55.80**
TOTAL	**77**	**9,089.03**	**100**

GRANTS

More than half (55.80%) of loan-supported programs/projects had a nationwide coverage (US$5.071 billion for 28 loans) while 17.84 percent (US$1.621 billion for 21 loans) were implemented in multiple regions .

For loans implemented in specific regions, NCR and Region III accounted for the largest and second largest shares with US$909 million for four projects (10% of the portfolio) and about US$574 million for six projects (6.32%), respectively. Table 2.10 shows the distribution of loans by area covered.

Table 2.11. **ODA Grants Distribution by Area**

Region	No. of Grants	Amount (US$ M)	% Share
Luzon	**48**	**135.837**	**4.58**
II	4	9.13	0.3
III	4	20.03	0.6
IV-A	3	5.11	0.19
IV-B	3	1.58	0.06
V	4	9.80	0.35
CAR	2	4.06	0.15
NCR	28	86.13	2.96
Visayas	**13**	**20.729**	**0.70**
VI	3	8.74	0.06
VII	5	5.39	0.17
VIII	5	6.60	0.15
Mindanao	**43**	**149.17**	**5.03**
IX	5	5.39	0.02
X	8	5.83	0.19
XI	8	4.73	0.17
XII	1	0.05	0
XIII	2	4.87	0.05
ARMM	19	128.29	4.58
Multi-regional	**274**	**1,659.19**	**55.95**
Nationwide	**125**	**1,000.57**	**33.74**
TOTAL	**503**	**2,965.49**	**100**

Addressing Climate Change (CC) and Contributing to Disaster Risk Reduction (DRR)

A total of 18 programs and projects (loans and grants) amounting to PhP95.972 billion had components dealing with climate change strategies/interventions and disaster risk reduction, as shown in Table 2.12. (See Annex 2-G for the complete list of loans and grants supporting climate change mitigation/adaptation and disaster risk reduction).

Table 2.12. **ODA Programs and Projects with CC Adaptation and Mitigation Components**

Fund Source	Total Cost	CC and DRR Initiatives						
		Adaption		Mitigation		DRR		Total
		No.	(PhP M)	No.	(PhP M)	No.	(PhP M)	(PhP M)
Total	**95,972.16**	10	17,563.92	12	56,363.33	1	0.95	**73,928.20**
Loans	**95,463.36**	7	17,540.01	10	55,912.33	1	0.95	**73,453.29**
Grants	**508.80**	3	23.91	2	451.00	-	-	**474.91**

Box 2.4. **Climate Change Adaptation and Mitigation and Magnitude Disaster Risk Reduction**

The Intergovernmental Panel on Climate Change (IPCC) defines climate change (a) adaptation, (b) mitigation, and (c) adaptation and mitigation strategies as follows:

- Adaptation – includes practical interventions to protect countries and communities from the likely disruption and damage that will result from effects of climate change;
- Mitigation – anthropogenic interventions taken to reduce the sources or enhance the skins of greenhouse gases;
- Adaptation and Mitigation – includes interventions that resemble the requirements for both adaptation and mitigation.

The ADB defines DRR as a "series of interconnected actions to minimize disaster vulnerability by avoiding (prevention) or limiting (mitigation and preparedness) the adverse effects of hazards within the broad context of sustainable development." DRR is also an integral component of CC adaptation.

Responding to Post Typhoon Relief and Recovery

Table 2.13 shows that two loans and eight grants were signed in CY 2013 to support post-typhoon relief and recovery efforts.

Table 2.13. **ODA Grants Distribution by Area**

Project Title	Amount (US$ M)
Loans	
1. Assistance for Relief and Recovery from Typhoon Yolanda/ADB	500.00
2. Second Development Policy Loan to Foster More Inclusive Growth: Supplemental Financing for Post Typhoon Recovery/WB	500.00
Grants	
1. Typhoon Haiyan (Yolanda) Project /ADB	3.00
2. Support for Post Typhoon Yolanda Disaster Needs Assessment and Response/ADB	0.73
3. Philippines Typhoon Haiyan Response/Austalian DFAT	40.40
4. Emergency Response to Restore the Rural Livelihoods of Farmers Affected by Typhoon Haiyan in Regions VI, VII and VIII /FAO	3.30
5. Typhoon Yolanda Response/UNICEF	8.76
6. CVC for TS Haiyan/WHO	0.10
7. Provision of Emergency Health Services to Populations Affected by Typhoon Yolanda/WHO	12.67
8. Emergency Measure After Typhoon Yolanda/ KfW	3.67

The following table presents the indicative loans and grants that will fund the ongoing reconstruction and recovery efforts in the Yolanda-affected areas for CY 2014.

Table 2.14. **Indicative Loans for Restructuring to Support Post-Yolanda Efforts**

Project Title	Amount (US$ M)
Loans	
1. Participatory Irrigation Development Project/ WB	8.41
2. National Road Improvement Management Program II/WB	60.00
3. Support for Strategic Local Development and Investment Project/WB*	TBD
3. Support for Strategic Local Development and Investment Project/WB*	9.00
Grants	
1. Emergency Assistance and Early Recovery from Poor Municipalities Affected by Typhoon Yolanda/ADB	20.00

Box 2.5. **Foreign Aid Transparency Hub (FAiTH)**

The Foreign Aid Transparency Hub, or FAiTH, is an online portal of information on calamity aid and assistance pledged or given by countries and intergovernmental organizations.

FAiTH tracks the status of foreign aid coursed through government agencies like the Department of Social Welfare and Development (DSWD), the National Disaster Risk Reduction and Management Council (NDRRMC), as coursed through the Office of Civil Defense (OCD), and the Commission on Filipinos Overseas' (CFO) LINKAPIL Program. It currently tracks foreign aid for the victims of Typhoon Yolanda, and subsequently, for the victims of other calamities. (Source: www.gov.ph/faith)

Supporting the Millennium Development Goals (MDGs)

For CY 2013, 97 loans and grants amounting to PhP162,473.17 million support the achievement of the eight MDGs[8]. Of this number, 75 ODA projects worth PhP97.64 billion (60.1%) support specific MDGs while 22 ODA projects worth PhP64.83 billion (39.9%) support several MDGs (Table 2.15).

Of the ODA projects supporting specific MDGs, 19 support the achievement of Goal 7 (Ensuring Environmental Sustainability) while 16 project support Goal 1 (Eradicate Extreme Poverty). Meanwhile, MDG Goals 3 and 8 had the lowest number of projects (four and two projects, respectively).

Table 2.15. **ODA Programs and Projects Supporting the Achievement of MDGs**

Millennium Development Goals								No. of Projects	Project Cost (PhP M)
1	2	3	4	5	6	7	8		
Goal - Specific									
✓								16	26,298.53
	✓							15	12,331.90
		✓						4	35.52
				✓				9	10,769.62
					✓			10	2,797.53
						✓		19	43,998.78
							✓	2	1,407.01
SUBTOTAL								**75**	**97,638.89**
Cross - Cutting									
✓						✓		5	11,667.28
			✓	✓				3	2,158.69
✓	✓	✓	✓	✓				2	35,730.15
	✓		✓	✓		✓		2	653.35
		✓				✓		2	317.81
			✓	✓	✓			2	2,120.29
✓		✓						1	2,090.32
✓				✓	✓	✓		1	18.47
✓	✓	✓	✓			✓		1	7,563.00
✓		✓				✓		1	2,237.82
			✓	✓	✓	✓	✓	1	256.29
						✓	✓	1	20.81
SUBTOTAL								**22**	**64,834.28**

NOTE: See Annex 2-H for the complete list of ODA loans and grants supportive of the MDGs.

Promoting Gender Responsiveness of Projects

Eighteen implementing agencies[9] provided information on gender responsiveness of projects. The turnout of submission for the CY 2013 report (86%) is higher than the CY 2012 submissions (46%). Further, out of the 68 projects reported by the IAs, 43 have information on the GAD rating for the project design stage while 63 provided ratings for project implementation, management, monitoring and evaluation.

[8]MDG Goals: (1) Eradicate Extreme Poverty; (2) Achieve Universal Primary Education; (3) Promoting Gender Equality and Empowering Women; (4 Reduce Child Mortality); (5) Improving Maternal Health; (6) Combating HIV/AIDS, Malaria and Other Diseases; (7) Ensuring SUstainability; (8) Develop a Global Partnership for Development

[9]Out of 21 consulted for this year's ODA Portfolio review

Table 2.16. **Classification by Gender-Responsiveness**

Classification	Project Development (PD)			Project Implementation, Management, Monitoring and Evaluation (PIMME		
	No. of Projects	Amount (US$M)	%	No. of Projects	Amount (US$M)	%
Gender-responsive	14	79.09	7.98	27	216.537	13.73
Gender-sensitive	15	736.422	74.30	22	1,305.477	82.76
With promising GAD prospects	5	173.298	17.49	5	53.128	3.37
GAD invisible in the project(s)	9	2.233	0.23	9	2.233	0.14
Total	**43**	**991.043**	**100**	**63**	**1,577.375**	**100**

SECTION 3

Performance

3.1. Loans Financial Performance

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

Box 3.1. **Definition of Absorptive Capacity Indicators**

Disbursement level refers to the actual expenditures/draw-downs from loan proceeds for a given period.

Disbursement rate is defined as the actual disbursement level as a percentage of target disbursement for the period. It reflects the planning and implementation capacities of project management offices.

Availment rate is defined as the cumulative actual disbursements as a percentage of cumulative scheduled disbursement both reckoned from the start of implementation up to the reporting period.

Typically, projects in their initial stages register a close-to-zero availment rate. A project that has an availment rate closer to 100 percent signifies that it is on track or catching up with its scheduled availment. Meanwhile, a project that is about to close but still registers a comparably low availment rate reflects that it has a large backlog and may require loan validity extension subject to ICC action.

Disbursement ratio is the ratio of actual disbursements for a given year to the loan balance available at the beginning of that year. Disbursement ratio increases/improves with an increase in actual disbursement.

Source: NEDA-Monitoring and Evaluation Staff

Overall Loans Portfolio

CY 2013 FINANCIAL PERFORMANCE

In general, absorptive capacity declined in CY 2013. Availment rate increased by 3.89 percentage points from 72.45% in CY 2012 to 76.34% in CY 2013. Meanwhile, disbursement levels, disbursement rates and disbursement rations declined (Table 3.1). (See Annex 3-A for details on ODA loans financial performance)

DISBURSEMENT LEVEL. Overall disbursement level for CY 2013 declined to US$856 million due to: (a) seven ongoing projects which registered zero disbursements;(b) five newly-effective loans with zero disbursements; and (c) disbursement shortfall of several implementing agencies. See Annex 3-B for the list of loans with zero disbursements.

Table 3.2. **Disbursement Shortfall in CY 2012 and CY 2013 (US$M)**

Performance	CY 2012	CY 2013
Annual Disbursement Level	1,506.83	855.72
Annual Disbursement Target	2,193.70	1,425.98
Shortfall	686.34	570.26
Disbursement Rate (%)	68.71	60.01

DISBURSEMENT RATE. Disbursement rate was recorded at 60 percent, an 8.7 percentage point decrease from CY 2012 performance. Actual disbursement fell short of the CY 2013 target by US$570.26 million. Disbursement rates of ongoing loans and newly-effective loans were recorded at 48.48 percent and 7.37 percent, respectively. For ongoing project loans, disbursement rate was 40.28 percent (US$323.44 million out of US$802.99 million) or a disbursement shortfall of about US$480 million.

AVAILMENT RATE. A 3.89 percentage point increase in availment rate was recorded, from 72.45 percent in CY 2012 to 76.34 percent in CY 2013. This resulted in a lower availment backlog of US$0.997 billion compared with US$1.51 billion in CY 2012. The increase in the availment rate was attributed to high performance of program loans.

Table 3.1 **ODA Loans Financial Performance (CY 2012 vs. CY 2013)**

Financial Indicators	Newly Signed		Continuing		Total	
	2012	2013	2012	2013	2012	2013
Disbursement Level (US$B)	0.757	0.303	0.733	0.553	1.490	0.856
Project	0.011	0.003	0.47	0.371	0.481	0.374
Program	0.746	0.300	0.263	0.182	1.009	0.483
Disbursement Rate (%)	54.00	88.73	51.86	50.96	68.71	60.01
Project	143.79	138.67	50.48	80.71	51.57	43.36
Program	100.00	88.43	54.55	43.13	82.17	85.34
Availment Rate (%)	96.76	95.71	68.41	74.62	72.45	76.34
Project	29.61	52.82	61.48	102.82	60.82	102.46
Program	100.00	96.44	105.47	68.05	103.73	70.6
Disbursement Ratio (%)	36.94	20.76	16.82	12.89	25.36	15.29
Project	0.67	2.82	12.8	45.19	11.01	7.78
Program	167.2	75.06	38.51	9.54	70.89	60.38

DISBURSEMENT RATIO. Disbursement Ratio. The ratio decreased by 10.07 percentage points, from 25.36 percent in CY2012 to 15.29 percent in CY 2013 due to lower disbursements made by ongoing project loans and closed program loans over the available loan balance at the beginning of the year.

ODA Loans Portfolio Financial Performance in the Past Ten Years

DISBURSEMENT LEVEL. Disbursement Level. The disbursement level in CY 2013 (US$0.856 billion) was the lowest in ten years. Average disbursement level amounted to US$1.51 billion per year, with the highest disbursement level reported in CY 2009 (US$2.01 billion). Table 3.3 summarizes annual loan disbursement level in the last ten years.

Table 3.3. **Historical Disbursement Level**

Financial Indicator	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Ave.
Disbursement Target (US$B)	1.09	1.21	1.97	1.95	1.05	2.01	1.61	1.87	1.51	0.85	1.51
Disbursement Rate (%)	1.40	1.45	2.47	2.26	1.35	2.24	2.02	2.35	2.19	1.43	1.92
Program	77.86	83.45	79.76	86.28	77.78	89.73	79.70	79.57	68.95	59.44	78.25

DISBURSEMENT RATE, AVAILMENT RATE, DISBURSEMENT RATIO. From CY 2006 to CY 2013, the portfolio's availment rate reached the average 70 percent threshold. Disbursement rate in CY 2013 (60%) was the lowest in the past ten years. It was the second consecutive year that the portfolio's disbursement rate failed to reach the 70 percent threshold. Disbursement ratio started to decline in CY 2011. (Figure 3.1)

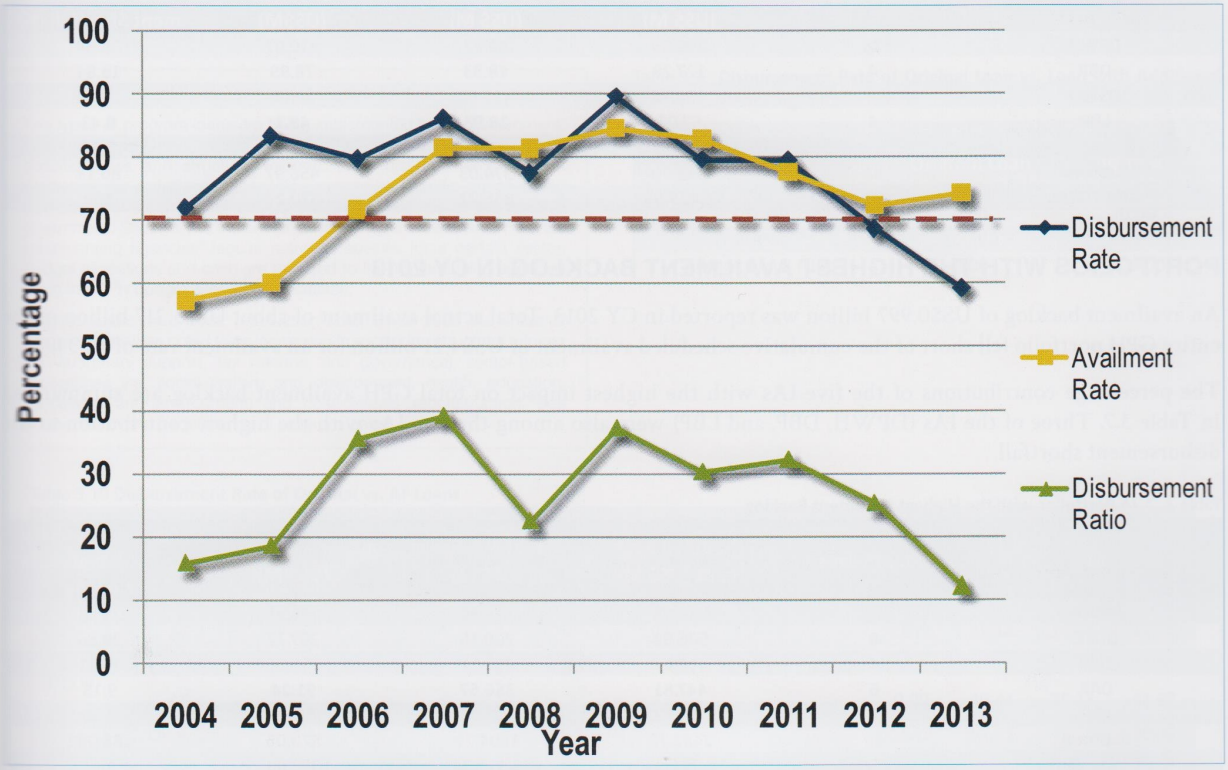


Figure 3.1. **Historical Disbursement Rate, Availment Rate and Disbursement Ratio**

Performance of IA Portfolios

Annual and historical portfolio performances of IAs are shown in Table 3.4. Based on the 70 percent threshold level on availment rates and disbursement rates, six agencies performed well historically and annually. Meanwhile, six agencies were not able to achieve both the 70 percent threshold. Further, seven agencies were in the same category as with CY 2012 performance. Agencies with changes in financial performance are shown in Table 3.5.

PORTFOLIOS WITH THE HIGHEST DISBURSEMENT SHORTFALLS IN CY 2013

The top five agencies that did not meet the disbursement targets for CY 2013 were DPWH, DBP, DSWD, LBP, and NIA. Their CY 2013 disbursement shortfall constituted 80.13 percent of the total shortfall (Table 3.6).

Table 3.4. **CY 2013 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	DILG, DOE, DOF, DSWD, DTI, LLDA	
Below 70 percent Disbursement Rate	ARG, DAR, DENR, DOH, LBP, MWSS, NIA	BIR, DA, DBP, DOTC, DPWH, LWUA

Underlined IAs were in the same CY 2012 performance category

Table 3.5. **Agencies with Change in Financial Performance (CY 2012 vs. CY 2013)**

Financial Performance	Availment Rate	Disbursement Rate	Availment and Disbursement Rate
Improved (from Below 70% in CY 2012 to 70% and Above in CY 2013)	DAR, NIA,	DSWD	DOE, LLDA
Worsened (from 70% and Above in CY 2012 to Below 70% in CY 2013)	DA	ARG, DENR, DOH, LBP, MWSS, DBP	

Table 3.6. **Portfolios with the Highest Disbursement Shortfall**

IA	No. of Loans	Target Disbursement (US$ M)	Actual Disbursement (US$ M)	Disbursement Shortfall (US$M)	Percentage Share to GPH Disbursement Shortfall (%)
DPWH	18	296.89	86.82	210.07	36.84
DBP	4	127.28	48.33	78.95	13.84
DSWD	4	258.74	186.68	72.06	12.64
LBP	4	67.03	18.93	48.1	8.43
NIA	5	81.06	33.27	47.79	8.38
Subtotal	35	831.00	374.03	456.97	80.13
GPH TOTAL	**77**	**1,425.98**	**855.72**	**570.26**	**100**

PORTFOLIOS WITH THE HIGHEST AVAILMENT BACKLOG IN CY 2013

An availment backlog of US$0.997 billion was reported in CY 2013. Total actual availment of about US$3.217 billion of the entire GPH portfolio fell short of the cumulative scheduled availment of US$4.21 billion (or an availment rate of 76.34%).

The percentage contributions of the five IAs with the highest impact on total GPH availment backlog are summarized in Table 3.7. Three of the IAs (DPWH, DBP, and LBP) were also among the five IAs with the highest contribution to the disbursement shortfall.

Table 3 .7. **IA Portfolios with the Highest Availment Backlog**

IA	No. of Loans	Scheduled Availment (US$ M)	Actual Availment (US$ M)	Availment Backlog (US$ M)	Percentage Share to GPH Availment Backlog
DPWH	18	834.95	578.37	256.58	25.73
DOTC	8	506.92	209.15	297.77	29.86
DBP	4	418.57	267.91	150.66	15.11
DAR	6	447.81	356.57	91.24	9.15
LBP	4	274.53	192.72	81.81	8.20
Subtotal	40	2482.78	1604.72	878.06	88.06
TOTAL GPH	**77**	**4,214.83**	**3,217.74**	**997.09**	**100**

Performance of Program and Project Loans

Based on the 70 percent threshold on availment rates and disbursement rates, 19 program and project loans performed well both historically and annually. Meanwhile, 33 program and project loans were unable to achieve both the 70 percent thresholds.

Table 3.8. **Financial Performance of Program and Project Loans in CY 2013**

Historical and Annual Financial Indicators	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	19	3
Below 70 percent Disbursement Rate	17	33

The number of ongoing project loans with less than 70 percent disbursement and availment rates increased from 20 loans in CY 2012 to 33 loans in CY 2013. (See Annex 3-C for the list of program and project loans with less than 70 percent availment and disbursement rates.)

3.2. Performance of Projects with Additional Financing (AF)

The World Bank-funded ARMM Social Fund Project registered better disbursement performance on its project loan with AF, compared to its original project loan performance during its first year of implementation (Table 3.9). Meanwhile, KALAHI-CIDSS and SWDRP exhibited better performance in its original project loan, compared with its additional financing performance. LISCOP registered zero disbursement rates both in its original loan and additional financing performance. Table 3.10 shows the average disbursement rate of projects with additional financing compared to their original loan performance.

Box 3.2. **Types of Program Loans**

Two types of program loans are being implemented by the government. First, are the policy-based program loans that support policy conditionalities and structural reforms. Loan disbursements are not earmarked for activities/projects implemented by specific implementing agencies, but form part of the general cash envelope of the national government. Second, are the sector-based program loans which finance implementing agencies' regular activities specific for a certain sector. Budget allocations and cash are released to the implementing agencies using the GPH budget execution processes.

Program loans have lower transaction cost. Since 2006 the share of program loans was noted to be increasing in support to structural reforms (i.e. budgetary support, tax reforms, and governance), sector-based approaches (i.e. social welfare and development, health, education, agriculture, and environment) and post-disaster reconstruction. See Annex 3-D for the performance of program loans.

Table 3.9. **Disbursement Rate of Original Loan vs. Loan with Additional Financing in its First Year**

LOANS	Disbursement Rate (%)	
	Original Loan	With AF
KALAHI-CIDSS	50.71	11.74
LISCOP	0.00	0.00
SWDRP	100.00	0.63
ARMM Social Fund	0.00	100.00

Table 3.10 **Disbursement Rate of Original vs. AF Loans**

Project Title	Type	Disbursement Rate (%)										Ave.
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
KALAHI CIDSS	Original		50.71	63.45	103.32	59.45	47.39	89.10	8.97	60.75			60.39
	AF									11.74	25.14	14.74	17.21
LISCOP	Original		0.00	0.00	53.70	18.59	44.28	36.03	45.39	100.89			37.36
	AF									0.00	40.44	85.18	41.87
SWDRP	Original								100.00	51.14	51.97	73.21	69.08
	AF											0.63	0.63
ARMM Social Fund	Original	0.00	21.66	92.45	43.15	71.12	64.87	65.21	122.90				60.17
	AF								100.00	48.13	71.14	68.01	71.82

ODA Loans Financial Performance in Peso

To complement the assessment of financial performance of the ODA loans portfolio, this section aims to quantify total expenditures covering all sources of financing, i.e., from loan and grant proceeds, government and private sector counterparts.

CUMULATIVE EXPENDITURES AGAINST TOTAL PROJECT COST

As of CY 2013, total expenditures amounted to PhP196.25 billion against the total project cost (TPC) of PhP599.54 billion, or an expenditure rate of 33 percent as shown in Table 3.11. Annex 3 - E provides details of actual expenditures as of CY 2013 ofall programs and projects.

Table 3.11 Summary of Actual Expenditures as of CY 2013 by Program and Project (in PhP M)

	LP	GP	GPH	PPP	Total
Program					
TPC	101,774.59	907.71	11,392.78	0.00	114,075.08
Actual cumulative expenditures	39,676.40	949.20	6,380.44	0.00	47,006.04
Expenditure rate (%)	38.98	104.57	56.00	0.00	41.21
Project					
TPC	316,388.49	2,496.95	135,640.46	30,934.19	485,460.09
Actual cumulative expenditures	89,227.29	1,445.51	58,575.25	0.00	149,248.05
Expenditure rate (%)	28.20	57.89	43.18	0.00	30.74
Programs and Projects					
TPC	418,163.08	3,404.66	147,033.25	30,934.19	599,535.17
Actual cumulative expenditures	128,903.70	2,394.71	64,955.68	0.00	196,254.09
Expenditure rate (%)	30.83	70.34	44.18	0.00	32.73

FINANCIAL PERFORMANCE OF THE PESO PROCEEDS OF THE LOANING CY 2013

Expenditures in CY 2013 amounted to PhP46.35 billion out of the target expenditure of PhP75.67 billion, which translated to an expenditure rate of 61.26 percent (Table 3.12). Thus the total project cost approach yielded a better financial performance against pure loan disbursement rate performance (Annex 3-F - Actual and Target Expenditures in CY 2013 by Project and Program).

For CY 2013, the expenditure rate of loan proceeds in peso terms stood at 61.04 percent, slightly higher than the reported60.10 percent disbursement rate of the ODA loans portfolio.

The following reasons may explain the differences in the performance between these two indicators: (a) foreign exchange conversion at the time of transaction; and (b) differences in timing and data sources for target setting of disbursements and expenditures.

Table 3.12 Summary of Actual Expenditures in CY 2013 by Project and Program (in PhPM)

	LP	GP	GPH	PPP	Total
Program					
Target Expenditure	19,942.16	97.18	1,962.44	0.00	22,001.78
Actual Expenditure	20,302.90	54.58	1,621.30	0.00	21,978.78
Expenditure rate (%)	101.81	56.16	82.62	0.00	99.90
Project					
Target Expenditure	36,752.35	210.26	16,707.99	0.00	53,670.60
Actual Expenditure	14,304.61	193.88	9,877.12	0.00	24,375.60
Expenditure rate (%)	38.92	92.21	59.12	0.00	45.42
Programs and Projects					
Target Expenditure	56,694.51	307.44	18,670.43	0.00	75,672.38
Actual Expenditure	34,607.51	248.46	11,498.42	0.00	46,354.38
Expenditure rate (%)	61.04	80.81	61.59	0.00	61.26

BY IMPLEMENTING AGENCY

As of CY 2013, the top five agencies with the highest percentage of cumulative expenditures to total project cost were the following: (a) ARG (149% or PhP2.48 billion expenditure out of PhP1.67 billion TPC); (b) DBP (97% or PhP35.71 billion out of PhP36.67 billion); (c) MWSS (97% or PhP5.92 billion out of PhP6.09 billion); (d) DILG (87% or PhP1.33 billion out of PhP1.53 billion); and (e) DTI (85% or PhP1.09 billion out of PhP1.28 billion). See Annex 3-G for the summary of agency expenditures as of CY 2013.

Meanwhile, in terms of annual expenditure performance, the top five agencies were: (a) LBP (with 229% or PhP1,825.38 million expenditure out of PhP796.66 million target); (b) ARG (147% or PhP485.00 million out of PhP331.00 million); (c) DA (114% or PhP1,427.72 million out of PhP1,247.02 million); (d) DOF (104% or PhP12,733.80 million out of PhP12,214.50 million); and (e) DILG (100% of the PhP964.50 million target). See Annex 3-H for a summary of agency expenditures in CY 2013.

Using the total project cost approach, the ARG, LBP, DA, and DBP registered better financial performance. DOE, on the other hand, moved to the group with below 70 percent disbursement rate.

Table 3.13 **CY 2013 Financial Performance of IAs Based on Total Project Cost Approach**

	Disbursement Rate	Expenditure Rate
70 percent and Above	DILG, DOE, DOF, DSWD, DTI, LLDA	ARG, DILG, DOF, DSWD, DTI, LBP, LLDA, DA, DBP
Below 70 percent	ARG, DAR, DENR, DOH, LBP, MWSS, NIA, BIR, DA, DBP, DOTC, DPWH, LWUA	DAR, DENR, DOE, DOH, MWSS, NIA, BIR, DOTC, DPWH, LWUA

[10] *TPC is based on revised project cost.*
[11] *Percentage of total expenditures in CY 2013 vis-à-vis the agency's total target expenditure for CY 2013*

Commitment Fees

Total commitment fees (CFs) paid in CY 2013 amounted to US$4.67 million, lower by US$2.13 million compared to CY 2012 CFs of US$6.81 million (Table 3.14). Annex 3-K shows historical data on the commitment fees paid from CY 2004 to CY 2013. About 51 percent of commitment fees paid in CY 2013 was at tributed to implementation delay (Box 3.3).

Table 3.14. **CFs Paid as Percentage of Total Net Commitment in CY 2012 and CY 2013**

	2012	2013
Net Commitment (Project Loans Only) (US$M)	6,888.00	6,710.71
Commitment Fees Paid (US$M)	6.808	4.674
Percentage of CFs Paid to Project Loans Net Commitment (%)	0.10	0.07

In CY 2013, the top five projects with the highest amount of CFs paid (with combined share of 70.68 percent) were the following: Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo Project (TPKP) with US$1.35 million (29%); Greater Maritime Access (GMA) Ports with US$0.72 million (15%); Mega Bridges for Urban and Rural Development Project (MBURDP) with US$0.48 million (10%); Road Upgrading and Preservation Project with US$0.40 million (8.5%); and Social Protection Support Project with US$0.37 million (8%). (See Annex 3-L for cumulative CFs paid per project from CY 2002 to CY 2013 and Annex 3-M for a year-on-year comparison of the amount of CFs paid by implementing agency.)

Box 3.3. **Commitment Fees Attributable to Implementation Delays and as Cost of Financing**

Commitment fees refer to 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, certain commitment fees would still be charged as purely cost of financing. Implementation delays only increase the amount.

A review was conducted to approximate how much of the commitment fees paid in CY 2013 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availmentrate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay are computed 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 51 percent of commitment fees paid in CY 2013 may be attributed to implementation delays.

3.3. Grants Financial Performance

For this year's Review, grants financial performance was measured in terms of cumulative disbursement levels reckoned from grant agreement signing dates and annual disbursements. Cumulative utilization of grant assistance as of CY 2013 reached US$1.555 billion, with a utilization rate of 52.45 percent.

Meanwhile, the disbursement level in CY 2013 amounted to US$499.21 million, an increase of US$244.51 million from CY 2012 disbursement of US$254.70 million. (Figure 3.2)

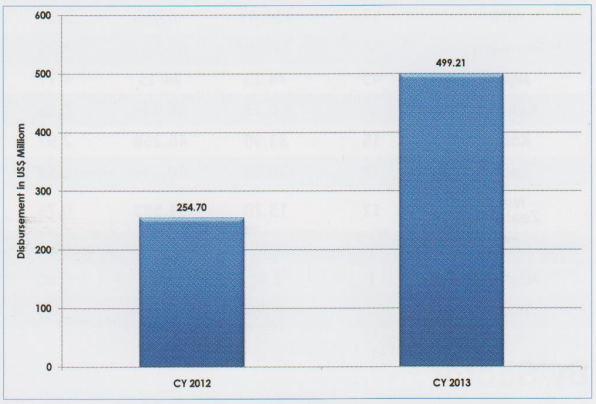


Figure 3.2. **ODA Grants Disbursement Level (CY 2012 - CY 2013)**

The following table shows the five DPs with the highest contribution to the CY 2013 total grant disbursement level.

Table 3.15. **Disbursement Level by DP**

DP	Disbursement Level (CY 2013)	% Share to Total Disbursement
Australia	153.97	30.84
USA	117.453	23.53
Japan	74.13	14.85
UN System	39.60	7.93
WB	37.00	7.41

By Development Partner

The following table shows the grant utilization per DP in CY 2013.

Table 3.16. **Grant Utilization by DP**

Development Partner	No. of Projects	Grant Amount (US$ M)	Utilization (US$ M)	% Share to Total Utilization
USA	50	875.33	463.13	29.78
Australia	79	891.29	440.08	28.29
UN System	154	407.27	132.54	8.52
EU	9	163.96	113.94	7.33
WB	46	131.39	99.413	6.39
ADB	57	128.63	36.055	2.32
Germany	15	111.20	67.389	4.34
Japan	43	74.13	74.13	4.77
Canada	7	52.17	44.939	2.89
Korea	15	83.96	46.268	2.97
Spain	14	26.98	24.644	1.58
New Zealand	12	15.70	11.591	0.75
China	1	1.59	1.250	0.08
Norway	1	1.90	0.00	0.00
TOTAL	503	2,965.49	1,555.36	100

By Sector

The following table provides the total utilization per sector in CY 2013.

Table 3.17. **Grant Utilization by Sector**

Sector	No. of Projects	Grant Amount (US$ M)	Utilization (US$ M)	% Share to Total Utilization
SRCD	217	1,537.25	768.23	49.39
GID	104	598.08	338.85	21.79
AARND	127	377.30	246.04	15.82
Infra	35	382.87	153.62	9.88
IT&T	20	69.99	48.63	3.13
TOTAL	**503**	**2,965.49**	**1,555.36**	**100**

3.4. Physical Performance

Seven out of 66 programs and projects funded by ODA loans were physically completed in CY 2013. Of the remaining programs and projects, physical implementation of 18 was on schedule or ahead of schedule while 39 were delayed (Table 3.18). Twelve of the delayed projects in CY 2013 breached one or both of the physical indicator thresholds in the Alert Mechanism (i.e., negative physical slippage of at least 10%, and delays in any major activity in the critical path for at least 6 months). Meanwhile, physical performance of the majority of the programs and projects (37 programs and projects) remains the same in CY 2013 as compared to the CY 2012 physical status. Excluding those completed programs and projects, seven reported a better physical performance in CY 2013 while physical status of the other 13 declined in comparison to the CY 2012 physical accomplishments (Table 3.19).

Table 3.18. **Physical Performance of Active Programs and Projects**

Physical Status	No. of Projects	% to Active Projects
Ahead of Schedule	2	3.0
On Schedule	16	24.2
Behind Schedule	39	59.1
Physically Completed	9	13.7
TOTAL	66	100.0

Table 3.19. **ODA Loans Physical Performance (CY 2012 vs. CY 2013)**

Physical Performance (CY 2013 vs CY 2012)	Ahead of Schedule	On Schedule	Behind Schedule	Total
Same Performance	2	9	26	37
Improved/Better Performance	1	6		7
Declined/Worse Performance			13	13
Completed Projects				9
TOTAL	3	15	39	66

By sector, AARNR and Infra had the highest percentage of delayed projects in 2013 with 71.4 percent (15 of 21 projects) and 59.4 percent (19 of 32 projects), respectively. Third was SRCD with 50.0 percent (4 of 8 projects) (Table 3.20). On the other hand, the IT&T and GID sectors generally performed well in CY 2013. Meanwhile, the DPWH had the most number of delayed projects in 2013 followed by DAR, DBP, DENR, and NIA (Annex 3-N).

Table 3.20. **Physical Performance by Sector**

Physical Performance (CY 2013 vs CY 2012)	Sector					
	Infra	AAR NR	SR CD	IT&T	GID	Total
Ahead of Schedule	1	1	-	-	-	2
On Schedule	8	3	3	1	1	16
Behind Schedule	19	15	4	-	1	39
Physically Completed	4	2	1	1	1	9
TOTAL	32	21	8	2	3	66

[12] *This does not include projects with signed loans that are yet to be made effective. Note that a project can be supported by more than one loan.*

Projects with Incomplete Outputs at Loan/Grant Closing in 2013

Eight projects (7 loans and 1 grant) that closed in 2013 had incomplete outputs (Table 3.21). For Post Ondoy and Pepeng Short-Term Infrastructure Rehabilitation Project, the original scope of works was completed prior to loan closing but additional contract packages were included to utilize loan savings.

Table 3.21. **Projects with Incomplete Outputs at Loan/Grant Closing in CY 2013**

Project/DP/IA/Particulars	Recent Updates
Loans	
National Program Support for Tax Administration Reform (NPSTAR)/WB/BIR Of the 23 sub-projects to be delivered under the Program, eleven (11) were completed, eleven (11) were cancelled and one (1) was terminated due to the contractor's inability to deliver contract requirements. The terminated contract was supposedly for the Geographical Information System (GIS) sub-project under the Tax Compliance Component.	As of December 2013, the Program disbursed US$6.75 million or 61 percent of the total loan of US$11 million. The remaining US$4.24 million or 39 percent of the loan amount was cancelled in January 2014
National Program Support for Environment and Natural Resources Management Program/WB/DENR Loan closed in December 2013 with 8.57 percent of works unmet, particularly activities under component 3 including: (i) pollution reduction; (ii) MBCO operations; and (iii) engagement of consultants.	The incomplete outputs will be undertaken using DENR regular funds.
Second Women's Health and Safe Motherhood Project/WB/DOH Achieved 87 percent physical accomplishment at loan closing, with the End Line Survey left uncompleted. The remaining 13 percent includes end line surveys, training and workshops, which were cancelled due to a moratorium issued by the Secretary due to typhoon Yolanda. The remaining activities will be carried out using GOP counterpart funds	Survey was not carried out due to bidding failure and loan closing. The evaluation of the pilot intervention was based on data regularly submitted by the LGUs.
Post Ondoy and Pepeng Short-Term Infrastructure Rehabilitation Project/JICA/DPWH The original scope of works was completed prior to loan closing but additional contract packages were included due to savings.	Remaining contract packages were completed after the loan closed in September 2013.
Mega Bridges for Urban and Rural Development/France/DPWH Out of the 10 flyovers (1,955 lm) and 72 universal bridges (2,594 lm) for construction/installation, 15 unibridges (556 lm) and 6 flyovers (1,175 lm) remained ongoing or yet to start.	On 25 June 2013, DPWH signed a MOA with the Supplier to formalize the supplier's commitment to remain fully engaged with the project until its revised completion date of 29 October 2016. On 13 July 2013, a final disbursement of JPY630.87 M was made in accordance with the said MOA
Bridge Construction and Replacement Project/Spain/DPWH The Spanish supply contract was 100 percent completed but civil works was only at 34.3 percent as of December 2013. Of the 91 target bridges (total length of 3,675 lm), construction of 80 bridges (2,985 lm) were ongoing/yet to start. Out of the 80 bridges, 43 are supposed to be undertaken thru turn-key construction by the same supply contractor using a supplemental loan, which DPWH deferred pending the resolution of the Senate Blue Ribbon Committee investigations.	In 2013, as a result of a meeting among DPWH, DOF, NEDA and DFA, it was agreed to resume implementation as approved by the NEDA Board (i.e., use of supplemental loan). A MOU between GPH and GOS is now under preparation. Target schedule of turn-key construction through supplemental loan is in June 2014.

Project/DP/IA/Particulars	Recent Updates
Help for Catubig Agricultural Advancement Project/JICA/NIA The following project activities were completed as of December 2013: • Construction of Catubig Diversion Dam and Appurtenant Structures including supply, delivery, and installation of steel gates; • Labor and material hauling for the construction of on-farm facilities, Pinipisakan IA Service Area; • Construction of Catubig Irrigation sub-system on-farm facilities, Haremasan Area; and • Construction of Catubig Irrigation sub-system on-farm facilities, Pinipisakan Area.	The following remaining works will be carried out using local funds. Target completion is in 2016. • Construction of Hagbay Diversion Dam and Apputenant Structures (supply, delivery, and installation of steel gates) • Construction of the remaining works of Bulao Diversion Dam and Appurtenant Structures (supply, delivery, and installation of steel gates) • Construction of PinipisakanSiphonica Bridge Flume and Concrete Lining for critical portion of Catubig Right Main Canal • Construction of Catubig Right Main Canal's Lateral 1, 3, 4, and 5 Structures and Creek Improvement • Construction of On-Farm Facilities Pinipisakan IA • Construction of On-Farm Facilities Haremasan IA • Construction of On-Farm
Grant	
Support to the Philippine Basic Education Reforms (SPHERE)/ DFAT (Aus)/ DepEd Grant closed in November 2013 with reported 54 percent slippage of its physical status. Cited reasons for the slippage are the procurement issues in the Regional and Division Offices for classroom construction and delivery/ installation of the Learning Resource and Development Center (LRMDC) equipment and furniture.	Remaining outputs particularly on the School Building Construction component will be covered by existing DepEd GAA funds.

Projects Restructured in CY 2013

Section 5 of the ODA Act of 1996 (RA 8182) and Section III of the ICC Guidelines and Procedures require that all requests for change in scope, extension in implementation period or loan validity or, change in cost shall be reviewed, approved and confirmed by the ICC and/or the NEDA Board. In CY 2013, 22 projects were re-evaluated by the ICC or the ICC Secretariat (Table 3.22). The DPWH and DepEd had the most number of projects restructured with four each. Refer to Annex 3-O for details.

Table 3.22. **Projects Restructured in CY 2013**

Nature of Restructuring	Number of Projects		Distribution by IA
	Loans	Grants	
a. Change in scope	6	1	
• change in scope only	-	1	DepEd - 1
• with reallocation	2	-	DOTC – 1; DPWH – 1
• with loan extension	1	-	LWUA – 1
• with reallocation and loan extension	1	-	DAR - 1
• with increase in cost	1	-	DPWH - 1
• with increase in cost and reallocation	1	-	DPWH - 1
a. Loan/grant extension	10	3	
• loan/grant extension only	9	3	DA – 1; DAR – 1; DENR – 2; DepEd – 3; DOE – 1; DPWH – 1; DSWD – 1; LBP – 2
• with reallocation	1	-	DPWH – 1
c. Increase in cost	-	-	
b. Others	2	-	DBP – 1; DOTC – 1
Total	**18**	**4**	

Projects with Change in Scope

Changes in project scope, either upscaling or downscaling, were requested due to the following: (a) as a result of detailed engineering and to suit actual field conditions; (b) excess funds that lead to additional outputs not within the agreed scope; or (c) an implementing agency's desire to stay within available budget where unit cost increases have occurred. In 2013, six ODA loan-assisted projects were re-evaluated by the ICC for such changes. In addition, one grant-assisted project was reviewed by the ICC Secretariat (Table 3.23).

Table 3.23. **Projects with Incomplete Outputs at Loan/Grant Closing in CY 2013**

Project/DP/IA/Particulars	Recent Updates
Loans	
Agrarian Reform Infrastructure Support Project III/JICA/DAR	Increase in the number of ARCs from 129 to 136 and reduction of target irrigable areas. The change in scope necessitated a reallocation of funds from contingencies to civil works as well as one-year extension of project completion date.
Puerto Princesa Airport Development Project/Korea/DOTC	Increase in passenger terminal area, cargo terminal area and number/area of apron stands as a result of updated air traffic volume projections. The change in scope required loan reallocation from contingencies to building works, navigational aids and design/ consulting services.
Pasig Marikina River Channel Improvement Project II/JICA/DPWH	Additional scope – flood control structures within the Malacañang Area, and additional works and modifications to address the Presidential Security Group's (PSG) security concerns.
Pinatubo Hazard Urgent Mitigation Project III/JICA/DPWH	Additional works such as consultancy services and construction works for Contract Packages (CP) 2, 3B, and 4.
Post Ondoy and Pepeng Short-Term Infrastructure Rehabilitation Project/ JICA/DPWH	Inclusion of 15 additional sub-projects (8 under flood control component and 7 under roads and bridges component).
Provincial Towns Water Supply and Sanitation Project III/Germany/LWUA	Replacement of three pre-identified Water Districts with other WDs due to reluctance of the pre-identified WDs to join the project. Request also includes loan extension.
Grants	
Philippine Response to Indigenous People and Muslim Education/ Australia/DepEd	Expansion of program scope to include Region III as one of the beneficiary regions as requested by NCIP. The RDC Resolution cited a total of 236,487 IPs in Central Luzon who are entitled to have access to quality basic education.

Projects with Loan/Grant Extensions

Loan/grant extensions are caused by: (a) lengthy resolution of ROW issues; (b) protracted procurement process due to, among others, bidding failure, complaints of losing bidders and court-related issues, and non-concurrence of development partner at different stages of bidding; (c) start-up delays; (d) change in scope/design; (e) to allow completion of all works including rectification of defects identified; and, (f) repackaging of projects. In 2013, there were ten loans and three grants approved for extension by the GPH. Extensions ranged from 5 to 24 months (Table 3.24).

Table 3.24. **24 Loans with Extensions Approved by GPH in CY 2013**

Project/DP/IA/Particulars	Extension (in mos.)	Recent Updates
Loans		
Second Cordillera Highland Agricultural Resource Management Project/OFID/DA	12	Extension from 31 July 2014 up to 31 July 2015 to allow more time to complete the sub-projects which were already programmed and committed by the LGUs.
Agrarian Reform Communities Project II/OFID/DAR	12	Extension from 31 December 2013 to 31 December 2014 due to difficulty of partner LGUs to comply with the NG-LGU cost sharing policy.
Integrated Coastal Resources Management Project/ ADB, IFAD/DENR	12	Extension from 30 June 2013 to 30 June 2014 to enable the completion of planned activities and maximize the benefits from the project.
Land Administration and Management Project II/WB/ DENR	6	Extended from 30 September 2013 to 31 March 2014 to keep the original loan effective while awaiting approval and effectivity of the additional financing as a requirement by the WB.
Philippine Energy Efficiency Project/ADB/DOE	6	Extension from 30 June 2013 to 31 December 2013 to complete the commissioning of the Lamp Waste Management Facility.

Project/DP/IA/Particulars	Extension (in mos.)	Recent Updates
Bridge Construction and Replacement Project/Spain/ DPWH	7	Request for final extension of validity period of commercial loan (Deutsch Bank S.A.E) from 18 February 2013 to 11 September 2013 until final payment of EUR28,710.59 to the supplier has been made.
	5	Request for final extension of validity period of soft loan (Instituto de Credit Official of Kingdom of Spain) from 10 June 2013 to 27 November 2013 until final payment of EUR83,812.19 to the supplier has been made.
Bacolod-Silay Airport Access Road Project/Korea/DPWH	11	Extension from 31 July 2014 up to 31 July 2015 to allow more time to complete the sub-projects which were already programmed and committed by the LGUs.
Social Welfare and Development Reform Project/WB/ DSWD	18	Extension from 31 July 2014 up to 31 July 2015 to allow more time to complete the sub-projects which were already programmed and committed by the LGUs.
Support for Strategic Local Development and Investment Project/WB/LBP	13	Extension from 31 July 2014 up to 31 July 2015 to allow more time to complete the sub-projects which were already programmed and committed by the LGUs.
Credit Line for Energy Efficiency and Climate Protection in the Philippines/KfW/LBP	6	Extension from 31 July 2014 up to 31 July 2015 to allow more time to complete the sub-projects which were already programmed and committed by the LGUs.
Provincial Towns Water Supply and Sanitation Project III/KfW/LWUA	24	Extension from 31 July 2014 up to 31 July 2015 to allow more time to complete the sub-projects which were already programmed and committed by the LGUs.
Grants		
School Building Program for Basic Education/Australia/ DepED	10	Extension from 30 August 2013 to 30 June 2014 due to delayed project start. SBP4BE officially took off in November 2012 (instead of 16 February 2012) following the establishment of the Technical Support Unit. This consequently delayed the project's actual start of implementation. The national and local elections held in May 2013 likewise affected the local bidding process.
Support to the Philippine Basic Education Reforms/WB/ DepED	6	Extension from 31 May 2013 to 30 Nov 2013 to makeup for delays in the construction of classrooms and procurement of equipment necessary to operationalize the Learning Resource Management and Development Centers.
Education Performance Incentive Partnership/ DepED	12	Extension from 31 December 2013 to 31 December 2014 to accommodate implementation delays of various Project components.

Projects with Cost Overrun

Cost overruns are defined as additional costs over and above the ICC-approved project cost (Section 2.1 of the IRR of the ODA Act). In 2013, the ICC approved cost overruns in two projects amounting to PhP1.40 billion (Table 3.25) while the request for the Agno River Integrated Project was disapproved with the instruction of repackaging the project into a new proposal.

Table 3.25. **Grant Utilization by Sector**

Project/ Funding Source	IA	Original Cost	Proposed Cost	Cost Increase
Pasig Marikina River Channel Improvement Project II/JICA	DPWH	4,608.68	5,541.51	932.83
Pinatubo Hazard Urgent Mitigation Project III/ JICA	DPWH	5,285.67	5,749.26	463.59
TOTAL				1,396.42

Changes in cost, more often in the form of overruns, arise from: (a) bid results; (b) increase in prices of materials; (c) changes in scope/variation orders; and (d) customs and tax duties. In some cases, the change may necessitate a supplemental loan.

Box 3.4. **Climate Change Adaptation and Mitigation and Disaster Risk Reduction**

Cost overrun stock sums up all the amount of cost overrun requests under the ICC and NEDA Board review stages, incurred by all active ODA loans, as of the reporting period. A project is removed from cost overrun stock upon meeting the following conditions: (a) the ODA loan with cost overrun has closed, (b) the request is disapproved by the ICC, or (c) the implementing agency withdraws the request.

In CY 2013, the cost overrun stock decreased to PhP8.81 billion from PhP19.43 billion in CY 2012 due to the closing of ODA loans with cost overrun. In particular, two loans that closed in CY 2013 incurred cost overruns amounting to PhP3.37 billion: (a) Bridge Construction/ Replacement Project (DPWH) – PhP1.78 billion and (b) Help for Catubig Agricultural Advancement Project Phase I (NIA) – PhP1.59 billion.

Projects with Loan Cancellations/ Other forms of Restructuring

Project restructuring may be in the form of partial loan cancellation. In 2013, the ICC approved the cancellation of an amount of US$10.88 million from the Credit for Better Health Care Project upon the request of DBP as a result of the dropping of possible Metro Manila projects. A total of US$7.41 million was also cancelled from the loan proceeds for ICRMP representing uncommitted loan balances which cannot be utilized by loan closing date of June 2014. Furthermore, an amount of US$119.62 million was automatically cancelled upon closing of three loans for the DPWH (BC/RP – US$0.18 M; POPSTIRP – US$17.96 M and MBURD – US$99.96 M) and one loan for DOE (PEEP – US$1.825 M). Meantime, the ICC approved the reallocation of funds across components in eight projects (Annex 3-P).

Projects Likely to be Restructured in CY 2014

Based on the series of agency consultations conducted, thirteen projects will most likely seek restructuring in 2014 (Annex 3-Q).

Table 3.26. **Projects Likely to be Restructured in 2014**

Agency	No. of Projects	Reasons for Restructuring
DPWH	6	Implementation delays due to ROW problems and change in design, reconstruction/ replacement of damaged outputs, and changes in scope
DOTC	3	Implementation delays and changes in scope
LBP	1	No takers (relending project) which will lead to changes in scope to utilize the loan
DA	1	Delay in the availability of agency's Counterpart Financing Assistance (CFA)
LLDA	1	Cancellation due to change in priorities and change in administration
NIA	1	Delays in procurement of civil works resulting from insufficient manpower due to the implementation of NIA's Rationalization Plan.

3.5. Actual Problem Projects in CY 2013

Individual measures of project performance (i.e. physical, financial, etc) are often combined to come up with a composite set of indicators to assess overall performance at any given period. The NEDA Alert Mechanism (AM) uses such composite set of indicators to identify programs and projects for priority monitoring.

Box 3.5. **The Alert Mechanism**

The AM aims to flag projects which require priority monitoring and facilitation by classifying them into Potential (with one indicator category breached) and Actual problem projects (with at least two indicator categories breached). Actual problem projects are further classified into two alert levels: Level I, which is the Early Warning Stage; and Level II, which is the Critical Stage. The AM uses the following enhanced leading indicators on financial, physical, cost overrun and project implementation categories (indicators 1-4) to identify potential and actual problem projects.

The Alert Mechanism

Indicator 1: Financial	
1a	Disbursement rates below 50 percent for at least one year (or in the last four quarterly reporting periods)
1b	Difference between time elapsed (based on revised loan closing dates) and utilization rate is more than 30 percent
Indicator 2: Physical	
2a	Negative physical slippage of at least 10 percent
2b	Delays in any major activity in the critical path for at least 6 months and/or with some activities for completion only after an extended period of implementation/loan validity
Indicator 3: Cost Overrun	
3a	Potential cost overruns of at least 10 percent of ICC-approved cost
3b	Actual cost overruns of at least 10 percent of ICC-approved cost
Indicator 4: Stage of Project Implementation	
4a	Projects that are on their final year of implementation
4b	Project has entered midterm of implementation

Project Alert Status as of December 2013

As of December 2013, a total of 17 actual problem projects were classified for priority monitoring and facilitation, a decrease of only one project compared to 18 projects reported in last year's review. (Refer to Annex 3-R for the list of actual problem projects).

Fourteen of the 17 actual problem projects were identified to be in Critical Stage (Level II), as these had implementation issues that remained unresolved for at least six months. Meantime, four of the actual problem projects had already closed with incomplete outputs by end of December 2013.

Table 3.27. **Project Alert Status (CY2012 vs. CY2013)**

Agency	No. of Projects		Tracking 2012's progress
	As of Dec 2012	As of Dec 2013	
Actual Problem Projects	**18**	**17**	**7 projects were dropped in CY 2013:** - 2 closed in CY 2012[/1] - 5 improved[/2] **6 new projects were added[3/]**
Alert Level II (Critical)	17	14	
Alert Level I (Early Warning)	1	3	

[/1]Rural Power Project and Mindanao Roads Improvement Project
[/2]Credit for Better Health Care Project, Gapan-San Fernando-Olongapo Road Project Phase 2, Bacolod-Silay-Airport Access Road Project, Laguna de Bay Institutional Strengthening and Community Development Project, Road Upgrading and Preservation Project
[/3]National Road Improvement and Management Project Phase 2, Health Sector Reform Project, Mega Bridges for Urban and Rural Development, Laguindingan Airport Air Navigation System and Support Facilities Supply, Road Improvement and Institution Development, Second Women's Health and Safe Motherhood Project

Table 3.28. **Actual Problem Projects as of December 2013 (Alert Level II)**

Project Title	Updates as of 15 June 2014
1. Credit Line for Energy Efficiency and Climate Protection in the Philippines/LBP/KfW	LBP is requesting for an additional one-year and fifteen days (from 31 December 2013 to 15 January 2015) extension of loan validity to accommodate the processing and approval of a redesign of CLEECP and widen the scope of the program. This extension is in addition to the two earlier six-month extensions of 31 December 2012 to 30 June 2013, and 30 June 2013 to 31 December 2013 approved by the ICC.
2. Integrated Coastal Resources Management Project/DENR/WB	Overall physical accomplishment is 85.09 percent, while financial performance is 72 percent. Physical accomplishment per component is as follows: • Policy and Institutional Strengthening and Development-100 percent • ICRM and Biodiversity Conservation-97 percent • Enterprise Development and Income Diversification-94 percent • Social and Environmental Services and Facilities-87 percent
3. New Communications, Navigation and Surveillance/Air Traffic Management Systems Development/DOTC/JICA	Actual physical accomplishment is 38.6 percent as against the target of 43.1 percent, registering a negative slippage of 4.5 percent. The long-pending ROW for the radar site in Pasuquin, Ilocos Norte would entail execution of a Memorandum of Agreement between DOTC and DND
4. Agrarian Reform Communities Project II/DAR/ADB/OFID	Cumulative physical performance is 64.88 percent as against the cumulative target of 88.34 percent, with utilization rate of 18.3 percent and five percent for ADB and OFID, respectively. Following the temporary suspension of NG-LGU cost sharing scheme policy and as advised by the ICC-CC, the Project explored and followed a revised cost sharing scheme. This is expected to fast track implementation and completion of project deliverables by OFID loan closing date. In 2013, the project was granted with 1 year loan validity extension (until 31 December 2014) under OFID loan, one of the two loans supporting the project. Cited reason for the extension was due to implementation delays due to difficulty of LGU to comply with the NG-LGU cost sharing policy at project start-up thus delaying the approval, procurement and implementation of proposed subprojects. On the other hand, ADB loan will be closed on 30 June 2015. DAR submitted in June 2014 the documents supporting their request for a one-year validity extension.
5. Second Cordillera Highland Agricultural Resource Management Project/DA/ADB/IFAD	The Project's cumulative physical accomplishment is 75 percent as against the target of 85 percent, registering a negative slippage of ten percent. The prolonged approval of the amendment to the Project Financing Agreement (FA) was a major factor in the delayed implementation of the AAIGA component. The amended FA was signed on 21 February 2014. The request for one-year loan extension, from 31 July 2014 to 31 July 2015 was approved by the OFID on 3 June 2014.

Project Title	Updates as of 15 June 2014
6. Provincial Towns Water Supply Programme III/LWUA/KfW	There are currently 11 WDs that have submitted water supply proposals and have undergone econ-financial evaluations by LWUA. There are also 9 more WDs that have signified their interest but have yet to undergo the attendant evaluations conducted by LWUA. Of the 11 WDs that have undergone econ-financial evaluations by LWUA, 2 water supply sub-projects from WDs from Aparri and Victorias already obtained approval from the Board and their respective WDs have signed sub-loan agreements with LWUA. Said WDs are in the process of procuring the Contractor as well as supplies and construction materials for the task ahead.
7. National Program Support for Tax Administration/BIR/WB	The loan closed on 30 June 2013, with disbursement deadline until 30 October 2013. The remaining amount of US$4.25 million or 38.68% of the total loan amount of US$11.00 million was cancelled as of June 2013 (based from the WB and BIR). Based on the first quarter of CY 2014 BIR submission, of the 23 sub-projects reported under the Program, eleven (11) were completed, eleven (11) were cancelled and one (1) was terminated due to the contractor's inability to deliver.
8. Participatory Irrigation Development Project/NIA/WB	The project's overall physical accomplishment is 50 percent. Accomplishments under the institutional and irrigation reform components are well advanced. Implementation of the NIA's Rationalization Plan (RP) is complete with only the final documentation and audit remaining to be finalized. Major procurements have been completed and are under implementation, except for the Maranding River Irrigation System. Ongoing and completed works have been assessed as generally satisfactory. Majority of works can be completed within the current project period. However, there are nine irrigation systems that are expected to be completed beyond the loan closing date of 31 March 2015.
9. Tulay ng Pangulo para sa Kaunlarang Pang-agraryo Project/DAR/France	Loan was considered closed on 19 February 2014 as per schedule with undelivered outputs. The Project has completed the construction of only 15 out of the 418 bridges targeted despite the provision of a one year loan validity extension from 19 February 2013 to 19 February 2014. Major cause of delay was the suspension of construction/installation of bridges in view of the investigation being conducted by the Senate Blue Ribbon Committee. Thus, DAR is still waiting for the clearance from OP to proceed with the implementation. Both the DPWH and DAR Secretaries have already sent an official communication to the OP to follow up the OP clearance. DPWH has included in its 2014 and 2015 budget provisions for TPKP. Meanwhile, to assure funding for the construction of the remaining bridges, a MOA among DAR, DPWH and the supplier was signed 30 January 2014. Meanwhile, on the plan of the DPWH to reconstruct the damaged bridges along Bohol Circumferential Road where materials for two bridges (Tutlugan and Desamparados) will be sourced under this project, DAR in its letter dated 04 April 2014 confirmed that these bridges were already included on the scope of TPKP.
10. Help for Catubig Agricultural Advancement Project Stage I/NIA/JICA	After revised loan closing in January 2013, remaining works are being funded using local funds. Overall physical accomplishment is 78 percent against the target of 83 percent. Six of the 14 contract works for the irrigation and drainage component were already complete. The remaining eight contract works are still ongoing, with actual physical accomplishments ranging from 10 percent to 84 percent.
11. Greater Maritime Access Modular Roro Ports/DOTC/France	The remaining balance from the French loan was proposed to be utilized by the proposed Philippine Ports and Coast Guard Capability Development Project, which was approved by the NEDA Board in November 2013. The DOF is currently awaiting the approval from the DP to proceed with the project.

Project Title	Updates as of 15 June 2014
12. National Road Improvement Management Project Phase II/DPWH/WB	Physical accomplishment for the Road Improvement (RI) component is 98%, with five (5) out of ten (10) sub-projects completed as of April 2014 and the remaining five (5) sub-projects substantially complete. For the Asset Preservation component, the four (4) LTPBM Contracts started construction in late 2013 and are targeted to complete by 2018 (beyond loan closing date of 31 Dec 2014). Eight (8) out of nine (9) contract packages (CPs) for Preventive Maintenance Year 1 (PM1) are complete as well as the three (3) out of nine (9) CPs for PM2. Most ICD goods and services CPs have been contracted with a number of these contracts either in the warranty/maintenance services or in advanced stages of completion. The DPWH proposed to change the financing mix of the RI and LTPBMC components of the project to increase its utilization of the loan. This was endorsed by DOF through its letter to WB in February 2014. The DPWH also requested for a two-year extension of the loan validity period from 31 December 2014 to 31 December 2016 and for restructuring/reallocation of the loan to accommodate additional works supportive of Yolanda Reconstruction initiatives of the GPH. This was also endorsed by the DOF to WB through its letter dated 04 April 2014.
13. Health Sector Reform Project/DOH/KfW	Overall physical accomplishment is 78 percent against the 89 percent target. Construction is ongoing in three out of twelve borrower LGUs. The status of these on-going sub-projects are as follows: • Lanao del Norte Provincial Hospital (also known as the Kapatagan Hospital) - 46% complete with possibility of non-completion by December 2014. • Sorsogon Provincial Hospital- 70% complete. Targeted to be completed by October 2014. • Zamboanga del Sur Medical Center- 92% complete. Remaining civil works were completion of the Medical Arts Building and installation of elevator. Despite being the first sub-loan to be approved under the project, the provincial hospital in Lanao del Norte remains uncompleted. It has the risk of not being completed by October 2014 (the deadline of the sub-loan approval between MDFO and the provincial Government). The remaining uncompleted civil works after October 2014 will have to be funded by the provincial Government of Lanao del Norte whether using its own funds or borrowings from the MDFO regular loans to LGUs. Only two out of the twelve borrower-LGUs did not qualify for the Performance Based grants (PBGS) under the project. These were the Province of Zamboanga del Sur and Municipality of Margosatubig, Zamboanga del Sur. Total PBGS released to date is PhP26 Million against the targeted PhP32 million.
14. Mega Bridges for Urban and Rural Development / DPWH/France	Project implementation is slightly ahead of schedule with overall weighted physical accomplishment of 58.16 percent against a target of 56.43 percent (positive slippage of 1.73 percent) based on DPWH computations using the revised implementation schedule. Out of the ten target flyovers with total length of 1,955 lm, four were completed with total length of 780 lm, while six are yet to start construction. Out of the original target of 72 unibridges with total length of 2,594 lm, only 64 will be constructed using 72 spans of steel bridging materials with total length of 2,480.4 lm. Fifty-one unibridges were completed, six are ongoing construction, and seven are yet to start construction. The remaining flyovers and unibridges are targeted to be completed by 2016.

Actual Problem Project Contributions to the Availment Backlog

Of the total availment backlog of about US$997 million of the entire GPH ODA portfolio, 52.11 percent or US$519.64 million is attributed to the 17 actual problem projects. This represented a decrease of US$548 million compared with the reported CY 2012 US$1,067 million availment backlog of the 18 actual problem projects.

Two actual problem projects made significant disbursements in CY 2013. The TPKP of DAR was able to disburse US$270.19 million, thus reducing its backlog from US$276.70 million in CY 2012 to US$6.51 million in CY 2013, while DOTC's New CNS/ATM registered a decrease in backlog of US$205.62, from US$236.33 million in CY 2012 to US$30.71 million in CY 2013.

SECTION 4

KEY IMPLEMENTATION ISSUES

4.1 Key Implementation Issues

Major implementation issues encountered by loan and grant-assisted programs and projects are categorized into: (a) prolonged procurement (b) budget and funds flow bottlenecks; (c) damaged outputs; (d) issues with relending facilities; (e) ROWA (f) LGU participation; (g) start-up delay; and (h) others. There were 59 reported incidents of implementation issues encountered in CY 2013.

Table 4.1. **Classification of Key Implementation Issues**

Category	No. of Incidents
Prolonged procurement	13
Budget and funds flow bottlenecks	10
Damaged outputs	9
Issues with relending facilities	5
Issues on projects with LGU participation (e.g. NGU-LU cost sharing, weak capacity, issues with local leadership, compliance with MB requirements for sub-loan applications)	4
Issue on right-of-way and land acquisition	4
Start-up delay	2
Other Issues (suspension of implementation, sustainability issues, policy issues, NCIP issue, poor performance of consultants, non-familiarity with policies, and technical or project-related issues)	12
Total	59

Prolonged Procurement

Thirteen projects in CY 2013 encountered implementation delays due to prolonged procurement. Five projects were implemented by DENR, three by DPWH, two by NIA, and one each by DAR, DOE and PAGASA. Specific issues related to procurement included delayed procurement of consulting services, failure of bidding for civil works, among others.

Table 4.2. **Projects with Prolonged Procurement Issues**

Project/IA/DP	Issue Details
1. Mindanao Sustainable Settlement Area Development/DAR/ JICA	Delay in the procurement of consulting services due to issues on the ratings made by the external evaluators raised by a bidder resulting in the DAR-BAC declaring a failure of Bidding on the procurement of Consulting Services per DAR-BAC Resolution No. 34, series of 2013.
2. Integrated Coastal Resources Management Project/DENR/ADB	LGU unfamiliarity with procurement process resulted in delays in the procurement for aquatic and land based enterprises and eco-tourism based demonstrations.
3. Forestland Management Project/DENR/JICA	Delay in the procurement of Consultancy Services pending resolution of DENR proposal to shift from Firm to Individual Consultants.
4. Integrated Persistent Organic Pollutants Management Project/DENR/WB/ GEF	Procurement delays were encountered due to: (a) lack of qualified/interested consultants/ firms; (b) prolonged negotiations due to tax issues; (c) failure of bidding due to extremely high bid proposals.
5. Philippine Chiller Energy Efficiency Project/DENR/GEF/ WB/ OTF/MLF	Delays in the implementation schedule of chiller replacement due to constraints experienced by suppliers in the importation of new chiller units overseas.
6. Arterial Road Bypass Project Phase II/ DPWH/JICA	DPWH declared a failure of bidding for civil works for CPs III and IV due to high bids on 9 July 2013.
7. Flood and Risk Management Project along Selected Principal Rivers/DPWH/JICA	Delay in the procurement of consulting services for the detailed engineering design due to differing opinions between DPWH and JICA on man-days of the consultant.
8. Road Upgrading and Preservation Project/DPWH/JICA	Delay in the procurement of civil works/ consultancy services in the Road Upgrading/ Improvement, the Road Asset Preservation, and Institutional Capacity Development component.
9. Participatory Irrigation Development Project/NIA/WB	Project delays were brought about by prolonged procurement of civil works contracts and other related activities brought about by the downsizing of the NIA organization due to the implementation of NIA's Rationalization Plan.
10. National Irrigation Sector Rehabilitation and Improvement Project/NIA/JICA	Delay in the procurement of consulting services for the Detailed Design due to difficulties encountered in creating the PMO.
11. Philippine Energy Efficiency Project/ DOE/ADB	ADB will not finance the pilot testing of the facility since decision to have PNOC as the operator did not undergo bidding process. Thus, DOE decided to operate the facility and the final site of the LWMF was identified in Sta. Maria Drive, Bagumbayan, Taguig City. Agreement with the site owner was finalized on 28 May 2013.

Project/IA/DP	Issue Details
12. Philippine Climate Change Adaptation Project/DENR/WB/GEF	Late/slow procurement of consulting services.
13. Improvement of the Flood Forecasting and Warning System for Magat Dam and Downstream Communities/PAGASA/NORAD	Technical specification of equipment and other project deliverables delayed procurement. This issue was carried over from CY 2012 to CY 2013.

Budget and Funds Flow Bottlenecks

Implementation of ten projects in CY 2013 was delayed due to budget and funds flow bottlenecks. The list of projects and issue details are shown in Table 4.3.

Table 4.3 **Projects with Budget and Funds Flow Issues**

Project/IA/DP	Issue Details
1. Agrarian Reform Infrastructure Support Project/DAR/JICA	• Need for additional appropriation amounting to PhP119 million to cover the foreign exchange differentials due to shortfall of Peso equivalent for consulting services • Reversion of PhP195.6 million civil works funds to Bureau of Treasury would affect the approval/implementation of 15 irrigation subprojects currently undergoing detailed design and program of works.
2. National Program Support for Tax Administration Reform/BIR/WB	Payment for several major activities still being processed or yet to be paid by BIR.
3. Support to the Philippine Basic Education Reforms/DepEd/Australian Embassy -DFAT	Delayed downloading of funds from DepEd Central Office resulting in inability to procure the required LRMDS equipment (ICT equipment, multifunction printer and 10 targets for the DVD writer) for the four project sites.
4. Community Based-Forest and Management Project/LBP/KfW	Delayed downloading of funds from KfW to LBP. LBP has not yet received the withdrawal application dated 10 May 2013 amounting to PhP13.721 million.
5. Second Cordillera Highland Agricultural Resource Management Project/DA/IFAD/OFID	• Insufficient funds due to IFAD cap on Special Account • Delayed processing and replenishment of project's Special Account, particularly for OFID funds affected disbursement payments to rural infrastructure contractors.
6. Community-Based Forest and Mangrove Management Project in Panay and Negros/LBP/KfW	Need to identify source of funds for the rehabilitation of the 2,000 hectares damaged by Typhoon Yolanda.
7. National Program Support for Environment and Natural Resources Management Project/DENR/WB	Non-issuance of SARO amounting to PhP 19 million caused delays in implementation of additional LGU subprojects and underutilization of the grant amount of US$7 million.
8. Integrated Coastal Resources Management Project/DENR/ADB	• Initial Imprest Account was only enough to fund 5 of the 11 subprojects forcing other LGUs to issue a Notice of Work Suspension for the remaining subprojects, particularly the enterprise development and bio-conservation sub-projects. • Slow liquidation by PIUs affected replenishment of Imprest Account.
9. EU-Health Policy Support Program 2/DOH/EU	Procurement of equipment and civil works was put on hold while awaiting SARO reissuance of lapsed allotment from 2012.
10. Philippine Climate Change Adaptation Project/DENR/WB/GEF	Late submission of liquidation reports delayed replenishment of funds. Thus, available funds/cash are limited to support the various project activities.

Damaged Outputs

Eight implementing agencies (DA, DAR, DepEd, DPWH, DOST, DSWD, DTI and LBP) reported damages to outputs of nine ODA projects or had outstanding issues on sustainability. Details on measures and remedial actions on the projects are listed in Table 4.4.

Table 4.4 **Projects with Damaged Outputs**

Project Title/DP/IA	Details/Updates
1. Irrigated Rice Production Enhancement Project (IRPEP) (under Rapid Food Production Enhancement Programme) /IFAD/DA-NIA	Typhoon Yolanda-damaged outputs include facilities under CIS rehabilitation, post-harvest and CS buffer stocking components. Remedial actions to be taken by the agency are already included in the DA rehabilitation plan of typhoon Yolanda-affected areas.
2. Agrarian Reform Infrastructure Support Project III/JICA/DAR	Seven subprojects (four irrigation systems and three FMRs) were damaged by Typhoon Yolanda or Bohol earthquake.
3. Tulay ng Pangulo para sa Kaunlarang Pang-Agraryo/UK/DAR	Abutment of Rosaban Bridge in Botolan, Zambales was damaged by Typhoon Helen. LGU is outsourcing funds to undertake remedial works.
4. Project for Improvement of the Meteorological Radar/JICA/DOST-PAGASA	Guiuan Meteorological Radar System Station damaged by Typhoon Yolanda. A MOD between GPH and GOJ was signed on 19 February 2014 to start the preparatory works and to ensure the resumption of normal weather observation at the damaged station.
5. Urgent Bridges Construction Project for Rural Development/JICA/DPWH	Reconstruction of the Salacop Bridge that has been washed out by Typhoon Pepeng.
6. KALAHI-CIDSS Project/WB/DSWD	A total of 296 sub-projects (with an estimated cost of PhP36 million) were damaged by Typhoon Yolanda. Repairs of these damaged outputs will be shouldered from the remaining project proceeds, while some costs will be borne by concerned LGUs.

Project Title/DP/IA	Details/Updates
7. Rural Micro-enterprise Promotion Programme/IFAD/ DTI-SBC	Damaged outputs include 37 enterprises and 22 kiosks SB Corporation declared a three-month moratorium on all payments/collections from existing clients in the Yolanda-affected Visayas regions and created the Enterprise Rehabilitation Financing (ERF) of PhP 30 million for the Yolanda MSME victims.
8. Community-Based Forest and Mangrove Management Project in Panay & Negros/LBP/KfW	2,000 hectares of forest mangrove damaged by Typhoon Yolanda.
9. Support to the Philippine Basic Education Reforms/ DepEd/Australian DFAT	Four classrooms damaged by the earthquake in Bohol (Cambuhat Elementary School and Muntesunting Public School)

Issues with Relending Facilities

Five projects reported slow utilization of its credit facilities, as follows:

Table 4.5 **Projects with Issue on Relending Facilities**

Project/IA/DP	Issue Details
1. Credit for Better Health Care Project/DBP/ADB	Low demand by the local government due to existence of other more affordable facilities
2. Logistics Infrastructure Development Project/DBP/ JICA	Pricing competition (attractive commercial credit financing versus fixed long–term development financing)
3. Provincial Towns Water Supply and Sanitation Program III/KfW/LWUA	High cost of relending to water districts
4. Credit Line of Energy Efficiency and Climate Protection in the Philippines/KfW/LBP	Minimal utilization of facility due to non-availment of renewable energy sub-projects
5. Regional Infrastructure Growth Project/DBP/WB	Uncompetitive cost of funds

Issues on Projects with LGU Participation

In CY 2013, four projects were reported to have encountered issues with LGU participation. These were ARCP2, 2WHSMP, HSRA-SP, and INREMP. The details are shown below:

Table 4.6 **Issues on Projects with LGU Participation**

Project/IA/DP	Issue Details
1. Agrarian Reform Communities Project II/DAR/ ADB/OFID	• Inadequate capacity of LGUs to prepare: a. DED for irrigation subprojects and Environmental and Social Safeguard (ESS) compliance b. Comprehensive Land Use Plan (i.e. LGUs belonging to 4th - 6th class municipalities) as one of the requirements for PBGS. • Difficulty of some LGUs' compliance with the equity requirement; aggravated by non-release of NGALGU funds. • Difficulty of LGUs'compliance with some required documents, i.e. COA Audit Report and BLGF-Certified Statement of Receipts and Expenditures (SRE) resulted in slow release of funding support under the Performance-based Grant System (PBGS)
2. Second Women's Health and Safe Motherhood Project/DOH/WB	• Low fund disbursement at LGU level • Inadequate capacity of LGUs in processing liquidation of fund transfers
3. Integrated Natural Resources and Environment Management Project/DENR/ ADB/IFAD	LGUs have difficulty in providing counterpart funds based on NG-LGU cost sharing ratio.
4. Health Sector Reform Agenda Support Program/ DOH/KfW	Low loan disbursement due to slow process of evaluating civil works performance to allow LGUs to disburse funds for on-going construction

Issue on Right-of-Way and Land Acquisition

Four projects encountered ROWA in CY 2013. The projects are being implemented by DAR, DOTC-CAAP, DPWH and LBP.

Table 4.7 **Projects with Issue on Right-of-Way and Land Acquisition**

Project/IA/DP	Issue Details
1. New CNS/ATM Systems Development Project/ DOTC-CAAP/JICA	Long-delayed resolution of right-of-way issue concerning the new radar sites at Pasuquin, Ilocos Norte and Camalaniugan, Cagayan
2. Gapan-San Fernando-Olongapo Road Project II/DPWH/EDCF-KOREA	Some RROW claims were still pending payment due to the difficulty experienced by the claimants in complying with the documentary requirements.
3. Metro Manila Wastewater Management Project/ LBP/WB	• Right-of-way problem for the conveyance system of Ilugin Sewerage Treatment Plant. • Difficulty in acquiring lots for the proposed location of 32 pumps stations for Valenzuela Sewerage Treatment Plant.
4. Agrarian Reform Communities Project II/ DAR/ADB/OFID	Difficulty in completing ROW documentation prior to sub-project approval

Start-up Delay

For CY 2013, two projects encountered start-up delays. The Italian Assistance to Agrarian Reform Community Development Support Program reported delays due to changes in project management as a result of the implementation of Rationalization Plan of DAR. Meanwhile, the Regional Infrastructure Growth Project implemented by DBP reported delays in the finalization of the sub-loan agreement which is still pending with WB.

Other Implementation Issues

Other implementation issues encountered include: (a) suspension of implementation; (b) low utilization of funds; (c) delayed deliveryof equipment; (d) unresolved policy issues; (e) poor performance of consultants; (f) technical and systems related issues; (g) weak project management and M&E; and (h) utilization of project outputs.

Table 4.8 **Other Implementation Issues**

Project/IA/DP	Issue/Details
1. Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo/DAR/French	Suspension of bridge construction due to investigation of the Senate Blue Ribbon Committee resulted in delayed implementation; DAR currently awaiting OP clearance to proceed with implementation
2. Integrated Coastal Resources Management Project/DENR/ADB	• Bio-conservation implementation was delayed due to late completion of the bio- conservation guidelines. • Delayed developmentof incentive/disincentive system endorsement by three national agencies as well as IEC materials for I/DS.
3. New CNS/ATM Systems Development Project/ DOTC-CAAP/JICA	Project suspended for almost two years (November 2011 to August 2013). Enabling factors were put in place to allow contract resumption in August 2013.
4. Laguindingan Airport Air Navigation System and Support Facilities Project/DOTC-CAAP/Korea	Works on the air navigation system component is limited to five hours at night due to the operation of the airport during daytime.
5. JUSTICE Project: e-Courts/SC/USAID	Need to improve some of the installed system's functionalities and validation points in order to make it more user-friendly and more efficient.
6. DPWH Bridge Construction/ Replacement Project/ DPWH/ Spain	The EURO 21.245 million Supplemental Loan and Restructuring Contract Proposal was suspended (as requested by DPWH). The Supplemental Loan and Restructuring Contract Proposal were intended to enable Centunion, the project supplier, to undertake additional works for the construction of 43 bridges.
7. Bacolod-Silay Airport Access Road Project/DOTC/ Korea EDCF	Completed civil works were not yet paid pending approval of the Variation Order No. 3. Likewise, the Supplemental Agreement for the consultancy works had just been approved but payments cannot be made due to the same pending variation order.
8. Integrated Persistent Organic Pollutants Management Project/DENR/WB/GEF	Delay in the delivery of some of the consultants' outputs.
9. Support for Strategic Local Development and Investment Project/LBP/	Two subprojects have sustainability issue: a) Municipal Water System of Tabango, Leyte – water supplied by source not sufficient to meet demand. The LGU is exploring the possibility of developing the Bulalacao Creek as additional source; and, b) Padre Burgos Municipal Water System in Southern Leyte – problem on water quality. LGU is upgrading its water treatment facility
10. Philippines Poverty Environment Initiative II/ DILG/UNDP	The improved policy environment (i.e., timely release of ENR revenues to LGUs) on the benefit-sharing of natural resource revenues between national and local government is urgently needed to be able to move forward with the reform.
11. Community-Based Forest and Mangrove Management Project in Panay and Negros/LBP/ KfW	The lack of sufficient DENR manpower to conduct field validation hampered liquidation of funds by the LGUs. Field validation serves as the basis for progress billing by the LGUs
12. Agrarian Reform Communities Project II/DAR/ ADB/OFID	Difficulty in securing NCIP Certification for LGU proposed subprojects

Box 4.1 **DP-led Supervision/ Implementation Review Missions**

In general, supervision/implementation review missions are mounted by DPs to review project implementation progress, assess achievements and factors affecting progress and recommend measures to strengthen implementation. These missions ensure compliance with loan covenants, procurement, disbursement and the end-use of funds. They are also an effective tool for promoting economy, efficiency and good governance.

In 2013, 19 supervision missions were conducted by ADB, WB and IFAD for 13 projects that are at different stages of implementation. The main findings, recommendations and other pertinent details of the missions are listed in Annex 4-A.

4.3 Efforts to Address Key Implementation Issues

This following discussion contains existing and prospective mechanisms to address key implementation issues.

Introducing Risk Register in Project Implementation

As risk and assumptions are potential sources of implementation issues and bottlenecks, it is imperative that implementing agencies should closely monitor and develop management strategies to mitigate the occurrence of risk and ensure the fulfillment of assumptions.

The key risks and assumptions were classified into seven categories, namely: (a) Financial and Budget; (b) LGU-/Project Beneficiary-/Stakeholder-Related; (c) Project Management; (d) Sustainability/Operation and Maintenance; (e) ROWA; (f) Procurement; and, (g) Other Concerns (climate change, regulatory and institutional concerns; and peace and security).

Box 4.2 **Definition of Risks and Assumptions**

Risks – a specific, uncertain event that may occur to the detriment or enhancement of the project. In particular, these are factors that may adversely affect delivery of inputs, completion of activities, production of outputs and achievement of higher-level objectives, many of which are outside the control of the parties responsible for managing and implementing a program or project.

Assumptions – Hypotheses about conditions that are necessary to ensure that planned activities will produce expected results through logical, cause-effect relationships. Achieving results depends on whether or not the assumptions made prove to be true. Project assumptions are potential causes of project risks specially when there is uncertainty in these assumptions.

Source: Adapted from Manual for Project Monitoring, National Economic and Development Authority Project Monitoring Staff, March 2004

Table 4.9 **CY 2013 Programs and Projects Risk and Assumptions Register**

Project/IA/DP	Assumption/Risk Description	Management Strategies
Financial and Budget		
Rapid Food Production Enhancement Program/DA/ IFAD	Risk: Possible cancellation of the IFAD supplementary financing if DOF does not countersign the FA as soon as possible.	
Stakeholder-Related		
Provincial Towns Water Supply and Sanitation Program III/LWUA/Germany	Risk: Loan not being fully utilized by loan closing date due to insufficient number of Water Districts to avail under the project.	Proactive marketing of the loan facility to WDs.
Judicial Strengthening for Court Effectiveness (Justice) Project: HUSTISYEAH!/SC/ USAID	Assumption: Involved judges and court employees will support the implementation of the project.	Conduct of stakeholders' dialogue where the benefits of the Project can be properly explained and where concerns can be addressed.
Integrated Natural Resources Environmental Management Program/DENR/ ADB/IFAD	Assumption: Target Local Community Organizations and Indigenous People's Organizations beneficiaries are able to actively participate in training programs	
Integrated Natural Resources Environmental Management Program/DENR/ ADB/IFAD	Assumption: Communities see sufficient incentives in diversification of agricultural techniques	
Project Management		
Provincial Towns Water Supply and Sanitation Program III/LWUA/Germany	Risk: Quality Control of Subproject Constructions given the limited technical personnel of LWUA in supervising the construction of facilities.	Engage the association of civil/mechanical engineers in different regions/ provinces in providing construction supervision works in these sub-projects or hire additional contractual engineers to oversee project implementation.

Project/IA/DP	Assumption/Risk Description	Management Strategies
Sustainability		
Judicial Strengthening for Court Effectiveness (Justice) Project : e-Courts /SC/ USAID	Risk: User resistance to operationalize e-Courts	System must be designed in a "user-friendly" manner (fewer steps to complete the tasks, fewer copies made, etc.) Training must also be sufficient to give users enough confidence in using the system.
Bacolod-Silay Airport Access Road/DPWH/Korea	Risk: Damaged road after maintenance period.	Include in the regular O&M fund of the DPWH
Pinatubo Hazard Urgent Mitigation Project III/ DPWH/GOJ-JICA	Assumption: Regular operation and maintenance of completed structures/facilities.	Include in the regular O&M fund of the DPWH
Agrarian Reform Communities Project 2/DAR/ADB	Assumption: Sustainability mechanisms for completed interventions will be enforced, thus project outcome results will be achieved and sustained overtime.	Conduct of annual sustainability monitoring and evaluation to ensure that sustainability measures stipulated in the Sub-Project Agreement (SPA) will be followed.
	Assumption: Sustainability plans to be adopted by the ARBs/peoples' organizations developed and adequate annual allocation for post-project activities provided.	Continuance of local action by the ARBs and POs in order to sustain Project benefits.
Others Risks and Assumptions		
Integrated Natural Resources Environmental Management Program/DENR/ ADB/IFAD	Assumption: Potential negative climate change impacts are appropriately addressed and can be mitigated	
	Assumption: Timely approval of land use assessment and zoning plans	
	Assumption: Appropriate GPH directives enabling convergence of respective institutional mandates	
	Risk: Peace and Security -Armed conflict (political and tribal) persists	

Incorporating Lessons Learned In Design Of Future Development Interventions

Lessons learned are valuable information which, if properly fed back, can improve design and implementation of programs and projects.

In this year's Review, lessons learned were generated from ongoing and completed projects, as well as from impact evaluations and other evaluation studies conducted by DPs. These are categorized as follows: (a) pre-project implementation; (b) financial including budget and funds flow; (c) project management (procurement, communication, institutional, scope, implementation duration, monitoring and evaluation, reporting); and, (d) LGU-related. Details are summarized in Annex 4-B. Lessons learned from completed projects drawn from evaluation documents such as PCRs and EOPRs are detailed in Annex 4-C. Likewise, lessons learned from project reports are summarized in Annex 4-D.

Box 4.3 **Definition of Lessons Learned**

Lessons learned are generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.

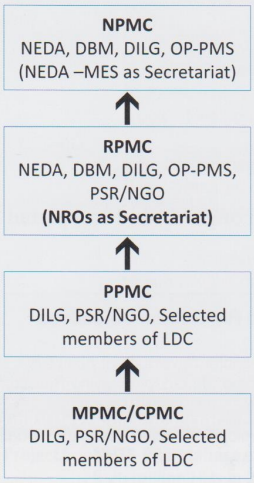
Source: OECD-DAC

Use of Existing Institutional Mechanisms

REGIONAL PROJECT MONITORING AND EVALUATION SYSTEM

The Regional Project Monitoring and Evaluation System (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, local government units (LGUs) and non-government organizations (NGOs). The RPMES covers all development projects—inclusive of ODA projects, undertaken by national government agencies (NGAs), LGUs, state universities and colleges (SUCs) and GOCCs at the regional, provincial/city and municipal levels.

Box 4.4 **RPMES**



The National Project Monitoring Committee (NPMC) which consists of undersecretary level members coordinates and oversees the implementation of RPMES.

The Regional Project Monitoring Committee (RPMC) consists of director level members, while the composition of Provincial Project Monitoring Committees (PPMC), Municipal Project Monitoring Committees (MPMC) and City Project Monitoring Committees (CPMC) is left to the discretion of the local development council (LDC) with the exception of the mandatory members indicated on the diagram. The RPMC, PPMC, MPMC and CPMC monitor the status of project implementation and conduct problem-solving sessions at their levels, among other tasks.

The System is structured such that lower level PMCs monitor, consolidate and validate project status for submission to higher level PMCs. While problem-solving sessions are being conducted for each level, problems and issues which are not resolved at their level are elevated to the next PMC level.

PROJECT IMPLEMENTATION OFFICERS (PIO) MEETING

Created in 1999, the PIO system designates individuals at the Undersecretary level to be held accountable for overseeing the implementation of ODA-funded projects in their respective agencies. The NEDA-MES serves as the PIO Secretariat. Regular quarterly meeting of PIOs discusses agencies' portfolio performance and other related developments.

SECTION 5

Results

This section discusses the initial results (i.e. outputs and outcomes) from ongoing and completed projects linked to the development objectives of the Philippine Development Plan.

Box 5.1 Outcomes Contributing to the Various PDP and RM Sector Objectives

The Updated 2011 to 2016 Philippine Development Plan (PDP) identifies the key sector and sub-sector development objectives, strategies, to achieve the societal goal of "Poverty in multiple dimensions reduced and massive quality employment created". Its accompanying Revalidated Results Matrix (RM) provides results orientation to the Plan by providing an indicator framework to the Plan objectives.

ODA programs and projects are implemented in support of the strategies of the GPH to attain development objectives of the Updated PDP and Revalidated RM.

Out of the total ongoing programs and projects in the GPH portfolio, 22 ongoing programs and projects have already demonstrated results contributing to the sector outcomes of various chapters of the PDP-RM, as follows. Two projects reported outcomes supporting the objective of achieving a sustainable fiscal sector; two projects contribute to the aim of globally competitive and Innovative industry and services sectors; two projects support the achievement of a competitive and sustainable agriculture and fisheries sector; seven projects were consistent with improving the human development status; two projects contributed to effective and transparent governance; two projects supported sustainable and climate resilient environment and natural resources; and, five projects were aligned with enhancing quality, adequacy, and accessibility of infrastructure facilities and services.Details are in Annex 5-A.

5.1. Results of Ongoing Programs and Projects

In CY 2013 there were twelve ongoing programs and projects that reported on results (outputs and outcomes). Table 5.1 shows these results categorized by the year reported and by sector. Four of these programs and projects have reported on results in CY 2012 and continued to report in CY 2013. Meanwhile, the other nine projects have only started to report on results in CY 2013. Broken down by sector the number of projects that reported are the following: Agriculture, Agrarian Reform and Environment Sector – 5; Social Reform and Community Development Sector- 4 and Urban Infrastructure Sector – 3.

Table 5.1 **Projects with Reported Initial Results**

Project Title/IA/DP	Outputs	Outcomes
Project continuing to report on results		
Social Reform and Community Development Sector		
Social Welfare and Development Reform/DSWD/WB Implementation Period: 2010-2015 (revised)	Also in 2012 • 5.26 million poor HHs out of the target of 4.7 million HHs were registered in the National Household Targeting System-Poverty Reduction (NHTS-PR) As of 2013 • Five (5) national programs utilized information from the NHTS-PR for selecting beneficiaries for: (1) 4Ps; (2) Social Pension for Senior Citizens; (3) Sustainable Livelihood; (4) Student Grant-in-Aid Program; and (5) Universal Health Coverage component of the National Health Insurance Program (PhilHealth) (2013) • 833 National and Regional Government Agencies, LGUs and NGOs entered into agreement and used the NHTS-PR database.	As of 2013 • 95% of children 6-14 yrs old in poor beneficiary households attending school • 91.5% of children 0-5 yrs old undergoing growth monitoring and check-ups in accordance with DOH protocol

Project Title/IA/DP	Outputs	Outcomes
KALAHI-CIDSS Project /DSWD/ WB-AF Implementation Period: 2011-2014	As of 2013 • 86% of the target barangays have completed training on Participatory Situation Analysis (PSA), planning, project development and M&E • 86% of barangays with community development plans prepared in accordance with the KALAHI-CIDSS participatory process • 75% of barangays have completed specific training on sub-project management and implementation	Reported in 2012 • Increase in participation of barangay assemblies and understanding of barangay affairs; • Income and expenses in target municipalities shortly sustained though, must follow up in order to sustain • Changed perception and gained knowledge on barangay assemblies; • Change in perception on how barangay leaders should perform; • Barangays which received subproject financing produced empowered volunteers/leaders
Projects Starting to Report on Results in CY 2013		
Social Reform and Community Development Sector		
Social Protection Support Project/ DSWD/ADB Implementation Period: 2011-2016	NHTS-PR Database expanded from 5.2 million in 2011 to 5.26 million HHs in 2013	• 97.6% of HHs meet education conditions regularly (i.e. school attendance) • 75% or 3.9 million out of the 5.2 million target poor HHs receive benefits from social protection programs
Health Sector Reform Agenda Support Program/DOH/ Germany Implementation Duration: 2008-2011 (orig.) 2008-2014 (revised)	Construction/expansion of hospitals, RHU and provision of equipment completed for the 12 LGUs covered by the project.	• 100% of participating hospitals are PhilHealth accredited • 75% of patients at secondary hospitals has been referred from primary care providers or private practitioners
Agriculture, Agrarian Reform and Environment Sector		
Second Cordillera Highland Agricultural Resource Management Project/DA/IFAD & OFID Implementation Period: 2009-2015	• 150 Reforestation POs and 105 Agro-forestry POs provided with training on - nursery and reforestation establishment - simple bookkeeping - community participation in procurement • 6 Farmer Business Schools were completed • 30 Farm to Market Roads rehabilitated • 16 Foot Paths and 4 Foot Bridges completed • 12 Domestic Water Supply systems rehabilitated/ • constructed • 7 Communal Irrigation Systems rehabilitated	• 147 barangays have Comprehensive Site Development (CSD) covenants for reforestation activities to cover 8,565.5 hectares of which 4,146.04 hectares has been planted • 99 barangays already have CSD covenants to develop about 1,360.74 hectares agro-forests of which 118.20 hectares has been planted
Rapid Food Production Enhancement Program/DA/IFAD Implementation Period: 2009-2015	• Distributed 803,750 bags of rice certified seeds • 109 CISs rehabilitated • 168 Farmer's Field Schools conducted • 11 solar dryers constructed • 11 warehouses constructed • 8 warehouses repaired • 4 Mechanical Dryer Retrofitted with Biomass Furnace	Increase in rice yield by farmers in the Farmers' Field School (FFS) areas, as follows: • 11.95 % in Region VIII • 7.32% (1st batch) and 20.65% (2nd batch) in Region X • 20.65% increase in the rice yield of the 1st batch and 2nd batch of FFSs conducted, respectively.
Integrated Coastal Resources Management Project/DENR/ADB Implementation Period: 2007-2014	• Completed maps on the delineation of economic zones for Regions 2, 3, 5, 7 and11. • Scientific assessments of resources and habitats in six provinces completed • Policy studies on eco-tourism, biodiversity conservation, mangrove management, foreshore management, and environmental and social assessment completed.	79 LGUs (out of 80) have adopted their plans; 70 (89%) of them have regularly allocated budget (from their 20% development and general/ regular fund) for implementation of the plan

Project Title/IA/DP	Outputs	Outcomes
Infrastructure Sector		
Support for Strategic Local Development and Investment Project/LBP/WB Implementation Period :2007-201	• Water Supply subprojects: 21 (level III) have been completed and operational; • Flood and Drainage Management: 5.59 km of drainage have been laid. • Three 3 roads subprojects completed with a total of 28.54 kms. (concrete) • Sixteen public markets and/or transport terminal subprojects completed • Four sports complexes completed • Heavy equipment to 16 LGUs provided	• 209,539 of households with improved access to basic social, economic and environmental infrastructure services in participating LGUs. • 65 participating LGUs have improved capacity in conducting pre- and implementation activities for local investments • 1,521 rental area/stalls installed and benefiting 88,049 HHs. • Transport terminals are serving a total of 1,084 vehicles daily.
Provincial Road Management Facility/DILG/ Australian DFAT Implementation Period: 2008-2015	Rehabilitation of 126.5 kilometers and maintenance of 178 kilometers of provincial core roads.	• Rehabilitated/maintained roads serving a total of 51,393 households in 37 barangays. • 10 provincial governments have increased capacity in road management, internal audit and internal control, procurement, human resource development and management, budget and expenditure management.
Angat Water Utilization and Aqueduct Improvement Project Phase 2/MWSS/China Implementation Period: 2010-2013 (orig.) 2010-2012 (revised)	Accomplishments: Package 1 - Construction of Steel Pipe Aqueduct and Concrete-Line Tunnel Package 2 – Rehabilitation of Existing Bigte-Novaliches Aqueduct-5 (BNAQ-5) Package 3 – Bigte Interconnection	394 million liters of water daily from aqueduct leakage can now be used to augment water supply and availability especially in expansion areas in Rizal, Cavite and Bulacan provinces.

5.2 Results of Completed Programs and Projects

Results highlighted in this section were reported by IAs during the agency consultations as well as taken from Implementation Completion and Results Reports, Ex-Post Evaluation Reports, and Impact Evaluation Studies, among others.

Box 5.2 **Reports for Completed Projects**

Project Completion Report/Implementation Completion Report/Terminal Report

Project completion reports are prepared (six months prior or one year after project completion) to account for all project deliverables at completion. The report covers inputs used and activities undertaken to deliver the outputs. It also includes an initial assessment of project outcomes as well as an assessment of the interventions sustainability.

Ex-Post Evaluation

The conduct of ex-post evaluation is carried out two to three years after project completion to assess if the project has achieved its desired objectives. An ex-post evaluation report usually contains an assessment of the achievement of project's medium- and long-term objectives.

Impact Assessment

An assessment of how a project, program or intervention affects an outcome, whether these effects are planned or unplanned, positive or negative, direct or indirect. The timing for the conduct of the assessment will depend on the criteria that would govern the selection of the intervention, primary of which is the potential of evaluation results as a source of lessons learned.

Source: NEDA-Monitoring and Evaluation Staff

Completed in CY2013

Three projects that closed in 2013 reported initial outcomes, with the following details:

Table 5.2 **Reported Outcomes per Sector**

Project	Outcomes
Infrastructure	
Philippine Energy Efficiency Project/DOE/ ADB	• Annual energy savings: - Government Building Retrofit - 11.05 GWh, (PhP 110.46 million) - National Residential Lighting- 306.64 GWh(PhP3.06 billion) - Public Lighting Program – 4,415 MWh (PhP42.59 million) • Estimated annual CO2 emission reduction of 167,500 tons/year • 78.22 Kilo Tons Oil Equivalent electricity and fuel conserved per annum
Enhancing the Capacity for Collection and Application of Fingerprints/DILG-PNP/ JICA	• 83.8% increase (from 16 to 114) in the number of suspects identified through fingerprint recognition. • 91.7% increase (from 29 to 226) of "hits" on fingerprint inquiry
Social Reform and Community Development	
Second Women's Health and Safe Motherhood Project/DOH/WB	• Births delivered by skilled attendant (health professional), either in a facility or at home increased from 60% to 88% • Births delivered in a health facility increased from 38% to 89% • Deliveries by the poor in BEMOCs and CEMOCs financed through PhilHealth Sponsored Program increased from 8% to 33% • Deliveries by the poor in BEMOCs and CEMOCs financed through DOH-LGU Performance Based Grant improved to 81% • Contraceptive prevalence rate increased from 38% to 39% • Births delivered in a health facility in project PLGUs increased from 42% to 87% • Deliveries in BEMOCs in project PLGUs under PhilHealth Sponsored Program improved from 10% to 38%
Basic Education Assistance for Muslim Mindanao (BEAM)-ARMM/DepEd/DFAT-Australia	Observable improvements in health seeking behaviors of school children and in health conditions of schools which led to reduced absenteeism and improved performance of pupils.
Agriculture, Agrarian Reform and Natural Resources (AARNR)	
Agno River Integrated Irrigation Project/ NIA/China	Annual production of milled rice increased by 228,025 tons

Completed in Previous Years

In CY 2013, completion and evaluation studies were conducted for 22 projects completed in previous years. Results from said studies are highlighted in Table 5.3.

Table 5.3 **Reported Outcomes from Programs and Projects Completed in Previous Years**

Program/Projects	Outcomes
I. Ex-Post Evaluation Studies (Annex 5-B)	
Metro Cebu Development Project III/DPWH/JICA	• Traffic congestion reduced along the project area • Travel time along the South Coastal road (project road) reduced by 14 minutes. • Accessibility to facilities (markets, shops, trade centers, social services, hospitals, government offices, Cebu Port, and Mactan Airport) improved • Highway safety improved • Household income increased
2nd Mandaue-Mactan Bridge and Metro Cebu Road Project/DPWH/JICA	• Logistics efficiency between Cebu City and Mactan Island enhanced • Traffic condition in the central urban area of Cebu improved • Access from the Cebu southern district (Naga) to Mactan Island (Mactan International Airport, Economic Zones I and II, and resort areas in the east coast are located) improved
Agno River Flood Control Project II and II-B/DPWH/ JICA	• Minimal flood damage observed after project completion • Overall living environment, safety, health and sanitation situation improved
2nd Magsaysay Bridge and Butuan City Bypass Road/ DPWH/JICA	• Travel time reduced from 30 minutes to 16.5 minutes (old bridge) to 13 minutes (new bridge) • Average velocity of vehicles improved from 20 km/hr to 35 km/hr (old bridge) and 60 km/hr (new bridge) • Number of traffic accidents reduced • Travel cost reduced • Access to key places (shops, markets, schools, hospitals and offices) improved

Program/Projects	Outcomes
Laoag Flood Control and Sabo Project/DPWH/JICA	• Flooding of access roads to the Laoag Airport and to the Gilbert Bridge during rainy season minimized • Access to schools during rainy season improved • Flood damages reduced
Bohol Irrigation Project Phase 2/NIA/JICA	• Average actual gross farm income improved from PhP3,347 per hectare at project appraisal (1999) to PhP25,427 per hectare at project completion (2012). • Actual yield of rice per hectare increased from 2.99 metric tons/ha at project appraisal to 4.38 metric tons/ha during wet season and 4.9 metric tons/ha during dry season at project completion.
Subic- Clark-Tarlac Expressway Project/BCDA/ JICA	• Actual travel time for the sections between Subic and Clark and between Clark and Tarlac was reduced from 120 minutes and 90 minutes to 35 and 22 minutes, respectively.
LRT Line 1 Capacity Expansion Project II/LRTA/ JICA	Beneficiary Survey Results: • About 80 percent of respondents answered that infrastructure in stations were improved after project implementation • Almost 70 percent perceived that the transfers from Line 1 to Lines 2 and 3 became more convenient • Approximately 70 percent replied that the level of comfort in LRT Line 1 improved mainly due to air conditioners provided
Project for Enhancement of the Community-Based Forest Management Program (CBFMP)/DENR/ JICA	Impact Survey Results: • 82 percent of POs surveyed (49 POs) raised their awareness for the CBFM Program, and 72 percent (42 POs) recognized an improvement in the participation of their members. • 9 LGUs improved awareness and attitude • 92 percent of DENR Provincial/Municipal Office staff respondents reported an improvement in awareness and knowledge about CBFM
Mindanao Sustainable Settlement Area Development Project/DAR/ JICA	• Average increment in farm households' annual average total income increased from PhP68,148 in 2004 to PhP116,139 in 2011, up by about 70 percent.
Bago River Irrigation System Rehabilitation and Improvement Project/NIA/ JICA	• Yield for rice increased from 3.2 metric tons per hectare in 2002 to 3.7 metric tons per hectare in 2012 during the wet season, and 2.5 metric tons per hectare to 4.2 metric tons per hectare for the dry season. • Actual annual gross farm income per hectare increased from PhP41,799 to PhP61,359.
II. Other Evaluation Studies (Annex 5-C)	
Project Completion Reports	
Judicial Reform Support Project /SC/WB	• Improved case adjudication and access to justice • Enhanced institutional integrity • Strengthened institutional capacity
National Program Support for Basic Education Project/DepEd/WB	• Beneficiaries indicate that MOOEs are a critical element to ensuring proper functioning of their schools • DepEd allocation for MOOEs had more than tripled. In 2013, the MOOE allocations have increased from PhP9 billion to PhP12 billion.
Rural Power Project/DBP/ WB	• At completion, 10 out of 11 participating ECs were financially viable, as measured by their debt service coverage ratio of greater than one. • 20,975 new customers (target 10,000) were provided service, mostly through solar PV units, which connected 17,340 households and 2,185 public facilities. In addition, 1,450 household connections were provided via mini-grids.
National Sector Support for Health Reform Project/ DOH/WB	• 85% Fully Immunized Children (FIC) rate against the 90% target was achieved by the final year of the project. • The latest TB cure rate was 82%, a slight improvement from the baseline of 81%, but below the 85% target.
Financial Market Regulation and Intermediation Program-Subprogram 2/DOF/ADB	• Business Constraint Index "access to credit" declined to 17.7 from 31.8. • M2/GDP ratio increased to 48.2% from 43% • Financial stability index improved from 3.3 to 4.1 • Rank of Philippine financial markets improved from 42nd place to 40th place
Local Government Financing and Budget Reform Program Cluster/ DOF/ADB	• LGUs reported increased spending for key services • Number of fraudulent cases at all sub-national levels decreased
Support to Philippines Basic Education Reforms (SPHERE)/DepEd/DFAT-Australia	• Increase achievement rate from 65% in 2007 to 67% in 2012. • Improved participation rate from 88% in 2007 to 91% in 2012.
End-of-Project Evaluation	
GREAT Women Project (GWP)/PCW/CIDA	• Succeeded in developing and testing an approach to Women Economic Empowerment (WEE) at national and local levels • NGAs and LGUs able to apply 'gender mainstreaming' in policy-making, planning and budgeting, and service delivery

SECTION 6

MAJOR INITIATIVES TO BETTER MANAGE FOR DEVELOPMENT RESULTS

This section highlights major development effectiveness initiatives that were undertaken in CY 2013.

Mid-term Update of the Philippine Development Plan and the Results Matrices

The issuance of Memorandum Circular No. 43 (4 February 2013) directed the NEDA to update the Philippine Development Plan (PDP) and revalidate the Results Matrix (RM). With the participation of various stakeholders, inter-agency planning committees were organized to facilitate the updating of the PDP and revalidation of the RM.

The PDP update highlights high and sustained economic growth that generates mass employment, as well as growth that reduces poverty. Good governance, national security and ecological integrity remain to be the platform on which the PDP is anchored on. Further, the updated PDP took into account spatial considerations. As differences in provincial characteristics[13] indicate differences in needs, the PDP identified differences in the corresponding appropriate strategies.

In the revalidation of the RM, hierarchy of results was tightened and the indicators were further refined. In particular, annual targets were included and baselines, end-of-plan targets, agency responsible as well as means of verification were updated.

Similarly, the Regional Development Plans and corresponding Regional Results Matrices (RRMs) in the regions were updated.

Performance-Informed Budget (PIB)

In the preparation of the proposed National Budget for fiscal year 2014, the DBM pushed for the adoption of PIB through National Budget Memorandum (NBM) 117 which was issued on 1 March 2013. The PIB required government agencies to strengthen the link between planning and budgeting and to simplify the presentation of the budget.

In the 2014 GAA, both non-financial performance information and allocated resources for the different programs, activities and projects (PAPs) were presented to depict the linkages between budgetary allocation and performance targets. Further, the PAPs were grouped according to the Major Final Outputs (MFOs) that department/agencies seek to achieve to ensure that the budget that goes into a particular PAP is linked directly to the desired output.

Revised Financing Framework of NG Projects

To optimize the use of ODA financing and to take advantage of NG's broader access to foreign capital markets and cheaper domestic financing, the ICC-CC issued the "Implementation Guidelines for the Revised Framework in Financing National Government Projects" in CY 2013. The guidelines recommend the following: (a) proponent agencies to justify projects based on technical and economic merits and project's viability without bias to financing source; (b) ICC Secretariat to apply financial evaluation for revenue-generating proposals based on prevailing applicable government borrowing terms and conditions to be provided by DOF; and, (c) projects approved by the NEDA Board shall be referred by NEDA to DOF for financing.

The guideline shall govern the financing of the ICC/NEDA Board approved projects and will cover projects for initial implementation in CY 2014 (at the interim phase) and projects for implementation in CY 2015 and beyond (at the full phase).

Reconstruction Assistance on Yolanda (RAY)

Published by NEDA on 16 December 2013, the RAY is the government's strategic plan to guide the recovery

[13] *Provinces with highest number of poor families, provinces with highest poverty incidence, provinces exposed to multiple hazards.*

and reconstruction efforts in areas affected by Typhoon Yolanda. The RAY presents: (a) an overview of the disaster; (b) a description of the socioeconomic condition of typhoon-affected areas prior to the disaster; (c) estimates of the overall economic impact of the disaster as well as the economy-wide and regional-level impacts of the disaster on poverty, incomes and employment; and, (d) programming priorities as well as policy implications, among others.

Global Partnership Monitoring Framework (GPMF)

The Fourth High Level Forum resulted in the Busan Partnership wherein (a) ownership of development priorities by developing countries; (b) transparency and accountability to each other; (c) focus on results; and, (d) inclusive development partnerships were identified as the agreement's shared principles.

The GPMF is the main monitoring instrument that intends to track progress on commitments and actions agreed on under the Busan Partnership. The GPMF initiative is managed through a Joint UNDP-OECD Support Team.

As one of the country signatories to the Busan Partnership, the Philippine government has been included in the monitoring process. A baseline survey was conducted to generate country level information on current state of affairs on the ten key indicators[14] of the GPMF.

The country report identified the following conclusions, among others: (a) the country's performance in civil society engagement, transparency of ODA information, annual predictability of aid, and quality of PFM is good given relevant substantial initiatives in these areas; (b) use of country results framework, private sector participation, medium-term predictability, mutual accountability, and tracking of GAD budget performance is rated fair; (c) substantial progress is most notable in the annual predictability of aid and untying of aid; and, (d) more work to be undertaken in the following areas where progress is mixed or little, (i.e., indicators aid on budget, use of PFM and procurement system). Recommendations include closer coordination and more collaborative efforts between DPs and government, continuing support for capacity development of government; increasing resources; leadership; and accountability for results.

3rd M&E Network Forum

The 2013 M&E Network Forum is a collaboration of NEDA, UNICEF and the ADB-sponsored Asia Pacific Community of Practice on Managing for Development Results (APCoP-MfDR). Held from 6-8 November 2013 at the ADB Headquarters, Manila, the Forum carried the theme "A Framework for Developing an Effective M&E System in the Public Sector – Key Considerations from International Experience," wherein senior M&E officials/ practitioners from South and South East Asia participated.

To complement the 2013 M&E Network Forum, a spin-off sub-national forum in Cebu was conducted on 11-12 November 2013 to cascade the knowledge-sharing and learning experiences to national oversight agencies and M&E champions in the regions. The Forum carried the theme 'Establishing an Effective M&E System for Development Results' and was likewise supported by APCoP-MfDR and UNICEF.

[14] **Old indicators** *(previously tracked in the PD Surveys and CLEs): Mutual Accountability, Predictability of Aid, AidonBudget, Use of Public Financial Management (PFM)/procurement systems, and Aid Untying.* **New Indicators** *(introduced under the GPMF): Gender, Private Sector Participation, CSO environment, Transparency, Results.*

SECTION 7

ACTIONS TAKEN AND RECOMMENDATIONS

This section presents the actions taken by IAs on the CY 2012 Review recommendations. It also includes updates on the proposed enhancements from the previous Review and how these were incorporated in the current review's methodology and content. This section also contains recommendations given to IAs to improve project implementation performance for CY 2014 and beyond. Finally, it presents planned enhancements to improve the scope and process of future reviews.

7.1 Actions Taken on the Recommendations of the CY 2012 ODA Portfolio Review

Actions Taken By Implementing Agencies

Implementing agencies have taken note of the recommendations made in the CY 2012 ODA Portfolio Review. Most of them have acted on the recommendations and have made significant progress in resolving target implementation issues. See Annex 7-A for the details on the specific actions taken by the IAs.

Actions Taken on Proposed Enhancements

Corresponding efforts were made for most of the recommendations of the CY 2012 ODA Review. For some recommendations, continuing activities are being carried out under several NEDA-led activities, joint analytic works with DPs, and inter-agency initiatives. Table 7.1 summarizes actions taken by concerned agencies on the recommendations generated in last year's review:

Table 7.1 **Actions Taken on Recommendations from CY 2012 Review**

CY 2012 Recommendations	Responsible Agency	Actions Taken/Status
Conduct of individual agency consultation meetings in the last quarter of 2013 to discuss: (a) actions taken by IAs to resolve implementation issues and compliance with recommendations made during the agency reviews; (b) assessment of achieving CY 2013 disbursement targets of the agencies.	NEDA-MES, IAs	**Done.** One-on-one consultations undertaken specially for problem projects identified through the Alert Mechanism system.
Discuss possible harmonization of existing ODA terms, definition and databases with other OAs	NEDA-MES, other OAs	**Partially done.** Conducted harmonization workshops among NEDA, DBM and selected IAs on result management systems
Conduct a comparative review/assessment of the scope and content of GPH's ODA Portfolio Review and DPs' ODA Portfolio Reviews.	NEDA-MES, DPs	**Done.** Review and assessment of GPH portfolio conducted jointly by NEDA and ADB, JICA and WB.
Fully utilize the JAW with DPs to review project implementation issues and come up with policy guidelines in resolving persistent issues and implementation bottlenecks	JAW Team	**Partially done.** Recommendations to address concerns on the issuance of Monetary Board approval for LGU sub-loan applications presented to ICC.

Table 7.2 summarizes the enhancements that were incorporated in the CY 2013 ODA Review. Other proposed enhancements are currently being carried out and shall be incorporated and reported in future reviews.

Table 7.2 Actions Taken on Proposed Enhancements for ODA Review

Section	CY 2012 Recommendations	Actions Taken / Status
ODA Loans Portfolio	• A parallel reporting of disbursements in Peso should be carried-out to address forex and expenditure issues as well as to improve reporting and comparability of ODA statistics across DPs. • Enhance regional disaggregation of ODA. • Report on the amount of outstanding ODA loans of the GPH (including ODA loans that already closed but not yet paid).	**Continuing work.** • Section 3 of this Report provides data on peso disbursements in CY 2013. • Section 2 of this Report provides the regional disaggregation of both ODA loans and grants.
ODA Grants Portfolio	Review grant performance in terms of utilization.	**Partially done.** Some enhancements incorporated in this year's Review. Other performance indicators being considered to fully assess grants performance.
ODA Loans and Grants Portfolio	Prepare a comparative assessment of GPH's ODA portfolio and ODA portfolio of other developing countries.	**Partially done.** Review of DP-generated assessments conducted for possible incorporation in next year's review.
Physical Implementation	Ensure that all projects report overall physical accomplishment.	**Substantially done.** Improved reporting on overall physical performance through enhanced classification system (Section 3 of this Report).
Alert Mechanism	Periodic review of AM and its indicators.	**Done.** AM system enhanced with deletion of indicators and inclusion of more appropriate ones, i.e. indicators on physical performance and project implementation period. Enhanced AM indicators adapted starting 3rd quarter CY 2013.
Results	• Strengthen results monitoring and evaluation through conduct of (a) GPH-led ex-post and impact evaluations for selected completed ODA projects; (b) ensure all completed projects have PCRs and EOPRs; (c) ensure all ongoing projects have logframes.	**Substantially Done.** • Drafted the Ex-Post Evaluation Manual • Prepared EOPRs for completed projects in 2011 and 2012. • Review of quality and alignment of project logframes with PDP conducted.
	• Revisit quality of development statements (goal, purpose, outputs) and characteristics and dimensions of the indicators of project logframes.	**Partially done.** More active MES involvement in the review of project logframes at ex-ante.
Key Implementation Issues	• Assess the issue of (a) difficulty to secure MB opinion required for sub project approvals; and, (b) interest rates and funds flow of demand driven projects (two-step loan type).	**Partially done.** Recommendations to address issue on issuance of Monetary Board approval for LGU sub-loan applications presented to ICC.
	• Revisit JAW 2 recommendations on start-up delay (advance procurement and available budget) and prepare updates on agencies compliance/action taken on these issues.	.
Lessons Learned	Assess how lessons learned and good practices are utilized in project formulation.	**Partially done.** MES conducted in 2013 a knowledge-sharing forum on EOPRs of completed projects. Likewise, a compendium ofEOPRs was provided to all NEDA sector and regional staffs.

Section	CY 2012 Recommendations	Actions Taken / Status
Recommended Actions for CY 2013 and Beyond	• Conduct continuing capacity building in all aspects of ODA portfolio management.	**Substantially done.** • Conduct of RbME training for NEDA Sector staffs and Regional offices • M&E capacity assessment for 10 selected oversight and implementing agencies • MES conducted an inventory of existing M&E units and systems in all agencies
	• Continuing conduct of portfolio-related thematic studies between annual reviews.	**Done.** Assessment of performance against aid effectiveness indicators conducted through GPMF survey
	• Strengthen further knowledge management (e.g., management information system support among others) on project monitoring and evaluation.	**Partially done.** Several meetings conducted for improvement of current MIS for M&E

7.2 Recommendations for CY 2014 and Beyond

For Implementing Agencies

Agency-specific recommendations to address key implementation issues affecting the agency ODA portfolio performance were discussed during the agency consultation meetings. The consolidated action plans to improve portfolio performance of specific IAs for CY 2014 and beyond is reflected in Annex 7-B.

For Oversight Agencies and Development Partners

Recommendations to improve ODA portfolio performance are listed in Table 7.3.

Table 7.3 **Recommendations for CY 2014 and Beyond**

Recommendations	Responsible Agency
Conduct of an action planning workshop on how to address key implementation issues identified in the Review.	NEDA-led
Continue work on previously recommended enhancements: • Enhance reporting on grants financial performance • Conduct comparative assessment of ODA portfolio of GPH and other developing countries. • Revisit quality of development statements (goal, purpose, outputs) and characteristics and dimensions of the indicators of project logframes • Assess how lessons learned and good practices are utilized in project formulation • Strengthen further knowledge management (e.g., management information system support among others) on project monitoring and evaluation.	NEDA-led
Continue tracking key aid effectiveness indicators	DPs, NEDA
Assess ODA in the context of other sources of development financing	OAs
Enhance reporting on MfDR initiatives undertaken by various agencies and development partners	NEDA
Document, report and disseminate good practices on project implementation	IAs, NEDA
Enhance protocols for better M&E	IAs, OAs, DPs
Continued work on linking results framework, from planning and budgeting through implementation and M&E.	OAs, IAs,DPs
DPs to ensure better alignment of their results framework with the PDP-RM.	DPs, NEDA
Enhance risk register of projects and quality-at-entry mechanisms.	OAs, IAs,DPs

Glossary of Terms

Absorptive Capacity	The country's ability to utilize Official Development Assistance (ODA) effectively and efficiently in the delivery of programs' and projects' objectives and outputs, measured with the use of four financial indicators – Disbursement Level, Availment Rate, Disbursement Rate and Disbursement Ratio.
Additional Financing (AF)	Provided by WB 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.
Alert Mechanism	Instrument that classifies projects into potential and actual problem projects for priority monitoring and implementation.
Alignment	One of the five principles of Paris Declaration. Donors based on their overall support on partner countries' national development strategies, institutions and procedures.
Annual Net Flow	Difference between the total ODA commitment of new loans (inflow) and closed loans (outflow) in a reporting period.
Annual ODA Portfolio Review Report	Document that reviews the performance of the projects included in the ODA portfolio of the recently concluded calendar year.
Assumptions	Hypothesis about conditions that is necessary to ensure that planned activities will produce expected results through logical, cause-effect relationships. Project assumptions are potential causes of project risks especially when there is uncertainty in these assumptions.
Availment Rate	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.
Commitment Fee	Amount levied by the funding institution on the undisbursed loan amount or a portion thereof, payable per annum.
Cost Overrun	Per ODA Act of 1996 IRR, it refers to 'the additional costs over and above the ICC-approved project cost.'
Cost Overrun Stock	The cost overrun stock sums up all the amount of cost overrun requests under the ICC and NEDA Board review stages, incurred by all active ODA loans, as of the reporting period.
Counterpart Funds	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.'
Development Partner	The donor/ funding agency or country making a financial commitment to the project.
Development Results	Outputs, outcomes, or impacts of a development intervention.
Disbursement Level	Actual disbursements for the year.
Disbursement Rate	Actual disbursements as a percentage of target disbursements for the year.
Disbursement Ratio	Ratio of the actual disbursements for the year to the net loan amount available during the year.
End-of-Project Report	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.
Evaluation	Systematic and objective assessment of an ongoing or completed project, program, or policy, including its design, implementation, and results.
Ex-Post Evaluation	Evaluation of selected ODA projects conducted two to three years after project completion.

Glossary of Terms

Expenditures	Actual amount expended for the project.
Foreign-Assisted Project (FAP)	Development projects that benefited from financial or technical assistance from abroad; another term for Official Development Assistance or ODA.
Gender and Development (GAD)	One of the priority programs of the government anchored on ensuring that explicit, implicit, actual and potential gender biases are removed.
Global Partnership Monitoring Framework (GPMF)	The GPMF is the main monitoring instrument that intends to track the progress on commitments and actions agreed on under the Busan Partnership, wherein (a) Ownership of development priorities by developing countries; (b) Transparency and accountability to each other; (c) Focus on results; and, (d) Inclusive development partnerships were identified as the agreement's shared principles. The GPMF initiative is managed through a Joint UNDP-OECD Support Team.
Grant Element	Per RA 8182 (ODA Act of 1996), ***Grant Element*** 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) 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%).
Harmonization	One of the five principles of Paris Declaration. Donors' actions are more harmonized, transparent and collectively effective.
ICC-Approved Cost	Total project cost as approved by the ICC.
Impact Assessment	An assessment of how a project, program or intervention affects an outcome, whether these effects are planned or unplanned, positive or negative, direct or indirect.
Impact Evaluation	Impact Evaluations are carried out to assess achievement of the overall goal (long term effect to the beneficiaries) of the project.
Implementing Agency (IA)	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.'
Investment Coordination Committee (ICC)	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 ICC 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.
Joint Analytic Work (JAW)	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.
Lessons Learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Loan Agreement Cost	Loan amount as indicated in the loan agreement.
Loan/Grant Closing Date	Date the project's financial activities are stopped, after which the borrower can no longer disburse from the loan/grant account, as indicated in the loan/grant agreement. This is also synonymous with Loan/Grant Closing Date.
Loan Effectivity Date	Date after which disbursements can be made.
Loan/Grant Signing Date	Date the project's loan/ grant agreement is signed.

Glossary of Terms

Logical Framework	A project design instrument which clarifies the basic logic of the project, presented in a grid format to show the cause-and-effect linkages among project's inputs, outputs, purpose and goal, their respective indicators and source and methods use in verifying indicators and the important assumptions or risks in implementing the project.
Major Final Outputs (MFOs)	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]
Managing for Development Results (MfDR)	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.
Managing for Results	One of the five principles of Paris Declaration. All countries will manage resources and improve decision-making for results.
Millennium Development Goals (MDGs)	Comprised of eight international development goals targeted to be achieved by 2015, the MDGs form a blueprint agreed to by all the world's countries and all the world's leading development institutions.
Monitoring and Evaluation	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.
Monitoring Visits/Supervision Mission	On-site validation activities being conducted with DPs and IAs as necessary.
Mutual Accountability	One of the five principles of Paris Declaration. Donors and partners are accountable for development results.
Net Commitment	Total commitment less cumulative cancellations.
Official Development Assistance (ODA)	Per RA 8182 (ODA Act of 1996), ODA 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.
Oversight Agency (OA)	Any department, authority, office, or agency mandated by law to oversee the implementation of development projects.
Ownership	One of the five principles of Paris Declaration. Partner countries exercise effective leadership over their development policies, and strategies and coordinate development actions.
Philippine Development Plan (PDP)	Lays out the development plan of the GPH from 2011 to 2016, anchored on the societal goal of *"Poverty in multiple dimensions reduced and massive quality employment created"*. The PDP identifies key sector and sub-sector development objectives, strategies, core programs and projects to achieve development objectives.
Program Loan	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.
Project Completion Date	Refers to the physical completion of the project normally within the loan closing date.
Project Completion Report (PCR)	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.
Project Facilitation	Project problem-solving sessions conducted with the national and regional implementing agencies as well as development partners.
Project Implementation Officer (PIO)	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.

Glossary of Terms

Project Implementation Officers' Meeting	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.
Project Loan	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.
Project Monitoring Office/Unit	Office or unit through which implementing agencies manage ODA projects.
Project Start Date	Date the project started implementation.
Re-evaluation	Re-evaluation of projects with requests for change in cost, scope, implementation period/ loan validity and supplemental funding.
Results	The output, outcome, or impact (intended or unintended, positive and negative) of a development intervention.
Results Chain	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.
Results Matrix (RM)	A document that 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.
Risks	Specific, uncertain event/s that may occur to the detriment or enhancement of the project. In particular, these are factors that may adversely affect delivery of inputs, completion of activities, production of outputs and achievement of higher-level objectives, many of which are outside the control of the parties responsible for managing and implementing a program or project.
Scheduled Project Completion Date	Date the project is scheduled to be physically complete as approved by the ICC.
Time Elapsed	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).
Total Project Cost	Sum of foreign exchange component in peso equivalent and local cost of the project.
Undisbursed Amount	Amount committed but not yet spent.
Utilization Rate	Total cumulative disbursements as a percentage of the total net commitment.

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