

# DevPulse

NEDA Development Advocacy Factsheet

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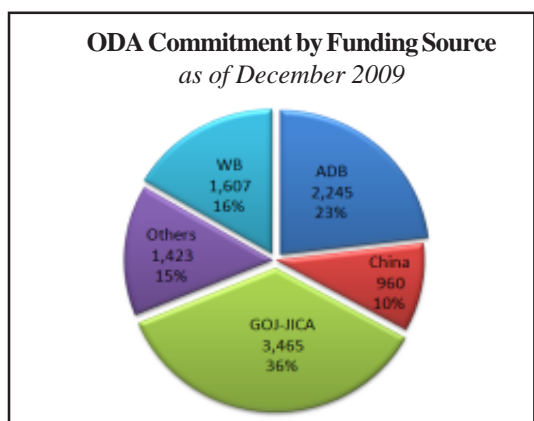
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## EFFICIENT USE OF ODA SEEN IN 2009

The National Economic and Development Authority (NEDA) reported that as of December 2009, total official development assistance (ODA) loans amounted to US\$9.7 billion which financed 100 programs and projects. The NEDA Project Monitoring Staff (PMS), in a preliminary report, also said that program loans accounted for 25 percent or US\$2.5 billion of the total amount while project loans accounted for the remaining 75 percent or US\$7.2 billion.

ODA refers to grants and concessional loans from bilateral and multilateral institutions to developing countries. It is obtained by the Philippine government for financial cooperation and technical cooperation.

By funding source, Japan had the highest commitment with 36 percent or US\$3.5 billion, followed by the Asian Development Bank (ADB) with 23 percent or US\$2.2 billion and the World Bank (WB) with 16 percent or US\$1.6 billion. China ranked as the fourth highest funding source with 10 percent or US\$96 million of the total ODA commitments.

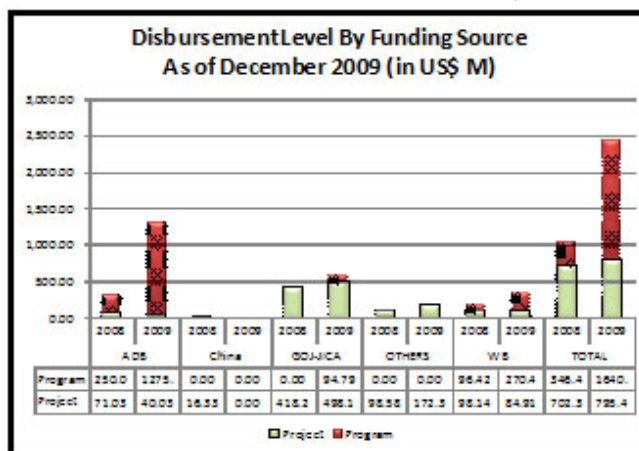


By sector, infrastructure accounted for the largest share with 56 percent or US\$5.5 billion. This was followed by the agriculture, natural resources and agrarian reform sector and the governance sector, both with 15 percent (US\$1.40 billion) of the total ODA net commitment.

The NEDA PMS also reported that total ODA disbursements increased by 132 percent from US\$1.0 billion in 2008 to US\$2.4 billion in 2009. Disbursements from project loans increased by 13

percent to US\$795.4 million in 2009 from US\$702.3 million in the previous year.

The significant increase in disbursements is largely attributed to tranche releases of five program loans from the ADB and WB which totalled US\$1.48 billion.

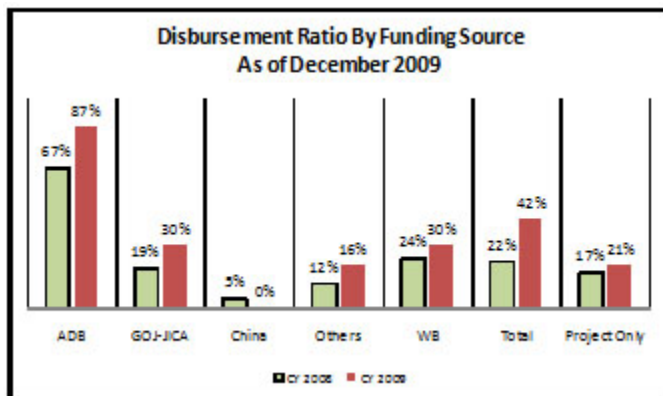


These loans are: (a) Countercyclical Support Loan, ADB (US\$500 million); (b) Development Policy Support Program – Subprogram III, ADB (US\$250 million); (c) Local Government Financing and Budget Reform Program–Subprogram 2, ADB (US\$225 million); (d) Governance in Justice Sector Reform Program – Subprogram I, ADB (US\$300 million); and (e) the Global Food Crisis Response Program Development Policy Operation.

In terms of financial performance indicators, both annual and historical, more efficient use of ODA was observed in 2009 compared to the previous year. Disbursement rate of project loans increased by 10 percentage points from 68 percent in 2008 to 78 percent in 2009. Disbursement rate is the percentage of actual disbursements during the year over targets set at the start of the year.

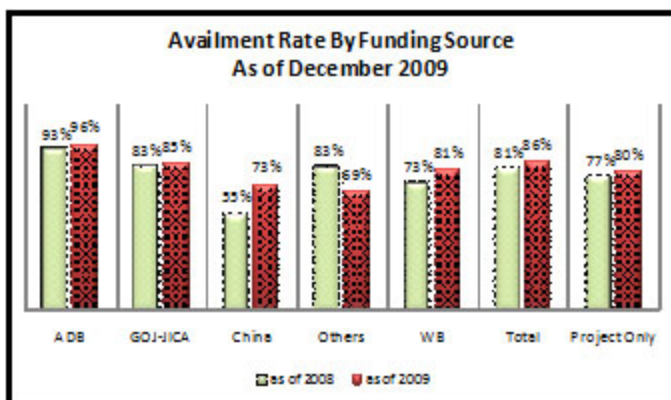
Funding Source	Project	Program	Total
ADB	60.36	100.00	98.04
GOJ-JICA	89.04	100.00	90.63
China	-	-	-
Others	93.90	-	93.90
WB	66.48	88.93	82.29
Overall GOP	77.63	97.99	

Disbursement ratio for project loans, another financial indicator for annual performance, increased by four percentage points from 17 percent in 2008 to 21 percent in 2009. Disbursement ratio is the percentage of actual disbursements during the year over the total available funds. This indicates that on average, ODA project loans are fully utilized within a period of five years.



With better performance in 2009, the Philippine government's portfolio was able to catch up on previous years' disbursement delays. This is indicated by the increase of three percentage points registered in the availment rate of project loans, from 77 percent in 2008 to 80 percent in 2009.

Availment rate for 2009 is the cumulative actual disbursements as a percentage of cumulative scheduled disbursements reckoned from the start of implementation of all projects up to December 2009.



The increases registered in all of the financial indicators in 2009 are considered significant when compared to the indicators posted during the past eight years (2001-2008). The continuous increases achieved by the Philippine government portfolio in financial indicators through the years may be attributed to improved business processes in implementing agencies as well as sustained support, supervision, monitoring and evaluation by oversight agencies and development partners.

The major issues encountered by program and project loans with disbursement rates below 50 percent include: delayed procurement and

processing of contracts/subproject preparations, delayed submission of relevant documents to effect disbursements, delayed settlement of contractor's bills, issues with NG-LGU cost sharing, among others.

### **EFFORTS TO IMPROVE ODA LOANS USE / PERFORMANCE MONITORING**

The NEDA continues to design measures to enhance ODA reporting and reviewing process. The NEDA-PMS recently initiated the following enhancements: (a) steps towards adopting the ODA Portfolio Review as a common platform; (b) disaggregating financial performance indicators; (c) including reports on ODA grants, cost overruns, and project outcomes; and (d) incorporating gender-responsiveness of projects, based on internal assessment of implementing agencies in the Report.

Efforts were also seen through the Alert Mechanism, the proposed Monitoring and Evaluation (M&E) Network and the Good Practice Award.

The Alert Mechanism for flagging projects for priority monitoring is employed as a tool to classify problem projects into potential and actual, by using leading indicators, with the purpose of establishing a management approach toward problem identification and facilitation.

The M&E Network serves as an initial step towards integrating monitoring and evaluation activities in the country. It is proposed to provide a forum to discuss challenges and achievements on project or program monitoring and evaluation in the country. Specifically, it intends to provide a venue for dissemination and discussion of evaluation findings; foster exchange of views among M&E practitioners; generate policy agenda for action from M&E experiences, findings and recommendations; and strengthen and broaden the capacities of the network members.

On the other hand, the Good Practice Award proposes to recognize government implementing agencies (IAs) that performed very satisfactorily in implementing ODA projects. It aims to multiply the benefits of good practices by allowing other IAs to adopt such practices.

### **POPULARIZING ODA**

The ODA Communication Network was organized with bilateral and multilateral development agencies and NEDA as network members. This undertaking was initiated by the NEDA in partnership with ADB and WB.

The Network aims to provide a venue for sharing among the members the practices in their respective communities for results reporting on ODA. The Network is a tool for improving ODA communication processes between the donor agencies and the NEDA.

■ *Michelle Ardales*