

DevPulse

NEDA Development Advocacy Factsheet

Visit the DevPulse Blog at <http://devpulse-neda.blogspot.com>

Vol. 13 No. 5 15 March 2009

2008 ODA disbursements decline

Data from the National Economic and Development Authority (NEDA) show that as of end 2008, total official development assistance (ODA) loans reached US\$9.7 billion, consisting of US\$7.9 billion in project loans (82%) and US\$1.8 billion in program loans (18%). Total ODA loans for 2007 likewise reached US\$9.7 billion.

ODA disbursement level for the year, defined as the actual amount of disbursements from all ODA loans, declined by 60 percent to US\$781 million in 2008 from US\$1.95 billion in 2007. Disbursements from project loans hit US\$701 million while program loans reached US\$80 million.

NEDA Director for Project Monitoring Erick Planta cited zero disbursements in loans from several aid agencies as the primary reason for the poor disbursement level. "The significant decrease in disbursements was largely attributed to zero disbursements of four program loans and 22 project loans funded by the Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), World Bank and others," he said.

Disbursement ratio, or the ratio of actual disbursements to the net loan amount available during the year, likewise declined to 22 percent in 2008 from 39 percent the previous year. Director Planta explained that the disbursement ratio was largely affected by low disbursement level, and the fact that only two loans became effective in 2008.

Of the 115 program and project loans, 21 have disbursement rates below 50 percent. Implementing agencies attributed the poor disbursement performance of some projects to procurement problems such as delayed procurement and processing of contracts and delayed procurement of consultants; and financial issues such as delayed release of budget, cost increases and delayed settlement of contractor's bills. Other problems include slow gestation of activities, design modification, management changes, poor performance of contractor, limited technical

Figure 1
ODA commitment by funding source (CY 2008)

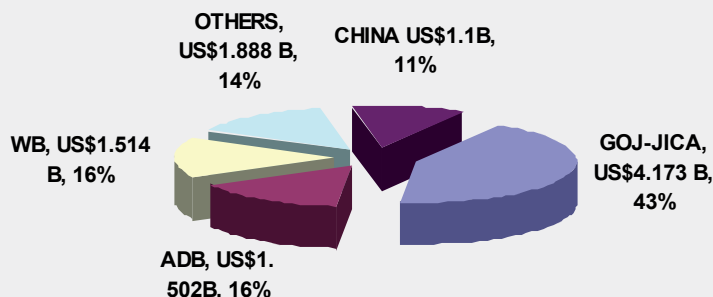


Table 1
New loans (CY 2008)

#	Project	Fund Source	Agency	Net Commitment (US\$M)
Newly signed (not yet effective)				
1	Agrarian Reform Communities Project II	ADB	DAR	70.000
2	Environmental Development Project	JICA	DBP	273.79
3	The Global Food Crisis Response Program Development Policy Operation	WB	DOF	200.000
4	National Road Improvement Management Project Phase II	WB	DPWH	232.000
5	Second Agrarian Reform Communities Project	OPEC	DAR	30.000
6	Second Cordillera Highland Agricultural Resource Management Project	OPEC	DA	10.000
subtotal newly-signed/ not yet effective				815.79
Newly effective				
7	DPWH Bridge Construction Acceleration Project for Calamity-Stricken Areas	Austria	DPWH	32.77
8	Mega Bridges for Urban and Rural Development	France	DPWH	200.00
subtotal newly-effective				232.77
TOTAL (US\$ M)				1,048.56

Table 2
Closed/fully availed loans (CY 2008)

#	Project	Fund Source	Agency	Net Commitment (US\$M)
1	Financial Market Regulation and Intermediation Program	ADB	DOF	200.00
2	Development Policy Support Program-Subprogram 2	ADB	DOF	250.00
3	Secondary Education Development and Improvement Project	ADB	DepEd	32.119
4	Metro Manila Air Quality Improvement Project	ADB	DENR	28.039
5	Agrarian Reform Communities Project	ADB	DAR	72.596
6	MWSS New Water Source Development Project	ADB	MWSS	1.189
	subtotal ADB			585.132
7	Cordillera Road Improvement Project	JICA	DPWH	52.42
8	PJFH Mindanao Section Rehabilitation Project Phase II	JICA	DPWH	70.58
9	MM Flood Control Project- West of Mangahan Floodway	JICA	DPWH	90.49
#	Project	Fund Source	IA	Net Commitment (US\$M)
10	Mindanao Container Terminal Project	JICA	PHIVIDEDEC	78.89
11	Social Reform Related Feeder Ports Development Project	JICA	DOTC	47.23
12	New Iloilo Airport Development Project	JICA	DOTC	136.40
13	Second Magsaysay Bridge and Butuan City Bypass Roads Construction Project	JICA	DPWH	38.64
14	Selected Airports Development Project	JICA	DOTC	61.36
15	Batangas Port Development Project	JICA	PPA	135.76
16	Arterial Road Links Development Project Phase IV	JICA	DPWH	144.79
17	LRT Line 1 Capacity Expansion Project, Phase II	JICA	LRTA	195.62
	subtotal JICA			1,052.18
18	Non-Intrusive Container Inspection System Project I	China	BOC	50.00
19	Non-Intrusive Container Inspection System Project II	China	BOC	100.00
	subtotal CHINA			150.00
20	Western Mindanao Community Initiatives Project	IFAD	DAR	11.99
21	LRT Line 1 Rehabilitation II, Modernization II	Belgium	LRTA	17.32
22	Mindanao Second Roads Improvement Project	Kuwait	DPWH	1.64
23	Technical Education and Skills Development Project	NDF	TESDA	9.44
24	Technical Education and Skills Development Project	OPEC	TESDA	7.00
25	Solar Power Technology Support to Agrarian Reform Communities Project	Spain	DAR	26.00
	subtotal OTHERS			73.39
	TOTAL (US\$ M)			1,859.52

capability of local governments, security issues, bidding failures, and delayed availability of the Project Operation Manual.

Meanwhile, disbursement rate, or the actual disbursements as a percentage of target disbursements, reached 85 percent in 2008 from 86 percent in 2007. ADB loans had the highest disbursement rate at 93.3 percent followed by JICA at 93 percent. Loans from China had the lowest disbursement rate at only 9.9 percent.

The NEDA Project Monitoring Staff said that agencies are trying to improve their disbursement numbers by following prescribed timelines, improving documentation and immediate submission of requirements to the Department of Budget and Management to ensure the timely budget release. Agencies are also addressing project-specific issues (i.e. right of way problems, design modifications, etc.).

Despite the poor performance of other performance indicators, availment rate, or the cumulative actual disbursements as a percentage of cumulative scheduled disbursement, increased to 84 percent from 82 percent in 2007 due to the completion of 25 loans in the portfolio.

Figure 2
ODA disbursements by funding source (CY 2008)

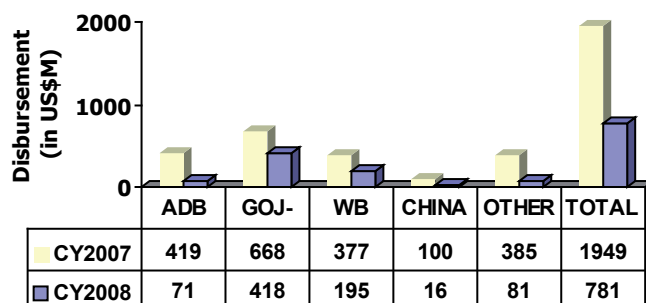


Figure 3
ODA availment rate by funding source (CY 2008)

