

18th ODA Portfolio Review 2009



EXECUTIVE SUMMARY

1 Background

The ODA Act of 1996 mandated the NEDA to conduct an annual review of the implementation of all projects funded by ODA. Likewise, two (2) NEDA Board Resolutions in 1992 and 1999 instructed the NEDA Secretariat to conduct annual reviews to improve ODA absorptive capacity and incorporate reporting on results, respectively. Consistent with these mandates, this year's review aims to: (a) assess the performance of all ODA-funded projects; (b) report results and outcomes; (c) identify causes of delay; (d) report on the incidence of cost overruns, and (e) determine actions taken and actions that should be taken by concerned entities to enhance aid effectiveness.

2 ODA Loans Portfolio

The trend in the last five years indicates that loan portfolio size is around US\$ 10 billion. The share of program loans to total net commitment is generally increasing. Total net commitment in CY 2009 amounted to US\$ 9.637 million (for 100 projects supported by 106 loans), supplemented by GOP counterpart amounting to PhP 125.748 billion. Around 24 percent of infrastructure budgets of all NGAs are implemented under foreign-assisted projects.

Infrastructure sector accounts for the largest share in CY 2009 and in the last 10 years. JICA finances the largest share in CY 2009 and in the last 10 years.

Financial performance improved in CY 2009. All financial indicators for both total portfolio and project loans only improved in comparison to 2008 indicators. Compared to a longer period of time, financial indicators in 2009 generally improved vis-à-vis those registered in the period 2001-2008.

In terms of physical performance in CY 2009, the number of projects ahead or on schedule increased compared to 2008, while the incidence of loan extensions and the average length of extension in years decreased in 2009 compared to the period 2006-2008.

3 ODA Grants Portfolio

The Review covered 417 ODA grant-assisted projects (47 new, 292 ongoing and 78 completed within the year) being administered by 24 funding institutions. Cumulative grant amount is US\$ 1.06 billion. However, this excludes grant assistance from GOJ (144 projects) which comes in the form of experts, equipment and studies for which equivalent monetary values can only be determined after project completion.

Social reform and community development sector accounts for the largest share in CY 2009, while the USAID finances the largest share in CY 2009.

Cumulative utilization of the grants portfolio reached US\$ 693.76 million by the end of the year for a utilization rate (total cumulative disbursements as a percentage of the total grant amount) of 66 percent.

4 Outputs and Outcomes

Out of the 25 projects with closed loans in 2009, 22 of these were able to fully deliver complete project outputs.

Reported outcomes were expressed in indicators relevant to the assisted sectors:

- Infrastructure – increased access to electricity, improved wastewater collection, improved transport services and reduced travel time
- Governance and Institutions Development - speedier processing of cases/reduced case congestion and delays, increased access to social services
- Social Reform and Community Development – improved capacity of teachers, improved educational system, increased access to education, increased access to health services

- Agriculture, Agrarian Reform and Natural Resources – increased agricultural productivity and profitability, increased income, increased involvement in environmental protection, increased revenues
- Industry, Trade and Tourism – improved access to relending, improved business processing, increased job opportunities

Reporting on outcomes is also undertaken in post evaluation reports conducted for completed projects in previous years. Post evaluation of three (3) completed JICA-assisted projects, two of which were jointly undertaken with NEDA, were conducted in CY 2009. The ADB Independent Evaluation Department also conducted post evaluation for two (2) ADB-assisted projects, while the WB Independent Evaluation Group subjected two (2) WB-assisted projects to post evaluation.

5 Cost Overrun

Cost overrun stock decreased from PhP 32.67 billion in CY 2008 to PhP 28.99 billion in CY 2009, as explained by the additional requests, closed loans and adjustments in 2009. The cost overrun stock sums up all the amount of cost overrun requests under the various ICC review stages, incurred by all active ODA loans as of the reporting period. A project with cost overrun is excluded from the stock when: (a) the loan with cost overrun closed, (b) the request is disapproved by the ICC, or (c) the IA withdraws the request.

For CY 2009, the ICC Secretariat received three (3) requests for ICC review/approval of cost overrun amounting to PhP 2.16 billion.

Reasons identified for cost overruns include, among others: additional works, increase in unit cost, high bids, price escalation/adjustment, right-of-way acquisition and resettlement, and foreign exchange movement.

6 Key Implementation Issues

Key implementation issues fall under the categories below.

Start-up Delay. Low fund utilization is observed during the first two years of project implementation. Major causes include:

- Delayed hiring of project management consultants;
- Unavailable budget and position items for project technical staff;
- Deficient land acquisition and resettlement plan; and,
- Operations manual not prepared.

Budget and Funds Flow Bottlenecks. Most of the budget-related issues raised by the implementing agencies involve funds flow. Bottlenecks are encountered in the following stages and recent issuances:

- BTr issuance of remittance advice to DBM;
- DBM issuance of budget authorizations (SAROs/NCAs);
- Transfer of funds from BTr-LBP account to IA-LBP account;
- LGU liquidation of advances to sub-account with MDFO;
- COA pre-audit requirements for fund releases to LGUs; and,
- Monthly lapsing of NCA

Prolonged Procurement. The average duration of procurement for goods and consultancy services went beyond benchmarks set by RA 9184, while the average duration of procurement for civil works was within such benchmark. Agencies reported the following causes: non-availability of desired service providers, delay in processing of consultants TOR, bid failures, agency staff are more cautious when adopting RA 9184, and difficulty complying with funding institution's conditionalities.

Right of Way Issues. Problems raised include unyielding claimants or project affected persons and difficulty in acquiring sites in highly urbanized areas. Projects that encountered right of way

problems include those in the sub-sectors of flood control, road, air and rail transport, and sewerage and sanitation.

LGU-related Problems. Projects with significant LGU participation encountered delays due to: (a) difficulties with the application of the NG-LGU cost sharing scheme, and (b) weak LGU project management capacity.

Low Utilization of ODA Credit Facilities. Demand for these facilities was lower than expected due to: (a) higher pass on rates, (b) difficulties of LGUs to comply with requirements, and (c) eligible sub-projects are not priority expenditures of LGUs. Other issues encountered by these credit facilities include ROW (MTSP) and difficulty to comply with funding institution's conditionalities (CFEMP).

Low Utilization of National Program Support (NPS) Loans. WB-assisted NPS loans encounter low utilization due to: (a) difficult reforms limited by institutional constraints, and (b) ownership at all levels was not sustained.

7 Aid Effectiveness Initiatives

The following initiatives were undertaken by oversight agencies, in coordination with development partners, in CY 2009 to enhance aid effectiveness:

- Operationalization of the managing for development results (MfDR) in Rural Development
- Harmonized IRR for RA 9184 (Country System on Procurement)
- Government Integrated Financial Management Information System
- DOF Issuance on NG-LGU Cost Sharing Policy
- Orientation on GOP policies and procedures on ODA
- Joint Thematic Studies, Monitoring Missions and Post Evaluation
- Joint Portfolio Reviews

Through a quick survey, the Review tracked the progress of indicators for four Paris Declaration principles (Alignment, Harmonization, Managing for Results, and Mutual Accountability). Implementing agencies provided information for 26 projects. Overall, it could be inferred from the survey that among the four (4) principles, more substantial developments could be observed in the areas of Managing for Results and Mutual Accountability. The DBP and DTI likewise noted a reduction or shift in transaction costs.

8 Recommended Actions for 2010 and Beyond

A specific action plan was formulated drawing from the Joint Analytical Work exercise led by NEDA and the ADB, JICA and WB. Major actions to be taken include: (a) finalize readiness filters and strictly enforce compliance to address start up delays; (b) update service standards in the processing of fund release to facilitate funds flow; and, (c) explore feasibility of risk-based guarantee fee structure, and review LGU requirements to ensure alignment with Philippine safeguards to address LGU-related problems.

Major recommendations for oversight and implementing agencies which may be undertaken for 2010 and beyond include: (a) publish an ODA Operations Book to provide guidance on all policies and procedures regarding ODA; (b) conduct orientation among implementing agencies on advance procurement; (c) develop mechanism to rationalize NG-LGU cost sharing scheme among projects regardless of funding source; (d) ensure all billings and claims for completed works submitted promptly; (e) assist participating LGUs on project requirements; and (f) institute M&E arrangement/unit to track outcomes (including PCR submission) and sustainability measures.

Continuing and planned enhancements on the methodology and content for future ODA reviews were also proposed.

2009



ODA PORTFOLIO REVIEW

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Acronyms

AARNR	Agriculture, Agrarian Reform and Natural Resources
ADB	Asian Development Bank
ADB-IED	Asian Development Bank- Independent Evaluation Department
ADB TA	Asian Development Bank Technical Assistance
AECID	Agencia Española de Cooperación Internacional para el Desarrollo
AP	Advance Procurement
ARLDP	Arterial Road Links Development Project
ASFPD-FMO	Autonomous Region of Muslim Mindanao Social Fund for Peace and Development- Fund Management Office
AusAID	Australian Agency for International Development
BCDA	Bases Conversion and Development Authority
BIR	Bureau of Internal Revenue
BPRP	Bicol Power Restoration Project
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of Treasury
CBHCP	Credit for Better Health Care Project
CFEMP	Credit Facility for the Environmental Management Project
CHARMP II	Second Cordillera Highland Agricultural Resource Management Project
CIDA	Canadian International Development Agency
COA	Commission on Audit
CSO	Civil Society Organization
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
DOF	Department of Finance
DOF-BTr	Department of Finance-Bureau of Treasury
DOF-CAG	Department of Finance - Corporate Affairs Group
DOF-MDFO	Department of Finance - Municipal Development Fund Office
DOH	Department of Health
DOTC	Department of Transportation and Communications
DO	Department Order
DP	Development Partner
DPUCSP	Development of Poor Urban Communities Sector Project
DPWH	Department of Public Works and Highways
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EA	Executing Agency
EC	European Commission
FAP	Foreign Assisted Project
FRMP	Fisheries Resource Management Project
GE	Grant Element
GFI	Government Financial Institution
GID	Governance and Institutions Development
GIFMIS	Government Integrated Financial Management Information System
GOCC	Government Owned and/or Controlled Corporation
GOJ-JICA	Government of Japan- Japan International Cooperation Agency
GOP	Government of the Philippines
GPPB	Government Procurement Policy Board

GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HSDP	Health Sector Development Project
IA	Implementing Agency
ICC	Investment Coordination Committee
ICC-CC	Investment Coordination Committee-Cabinet Committee
ICCEP	Industry Cluster Capacity Enhancement Project
ICC-TB	Investment Coordination Committee- Technical Board
IEGWB	Independent Evaluation Group of World Bank
IFAD	International Fund for Agricultural Development
IRR	Implementing Rules and Regulations
ITT	Industry, Trade and Tourism
JAW	Joint Analytical Work
JICA	Japan International Cooperation Agency
KAMANAVA	Kalookan, Malabon, Navotas and Valenzuela
KfW	Kreditanstalt für Wiederaufbau
KOICA	Korean International Cooperation Agency
LADP	Laguindingan Airport Development Project
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LGUWSP	Local Government Unit Urban Water and Sanitation Project
LLDA	Laguna Lake Development Authority
M&E	Monitoring and Evaluation
MDFO	Municipal Development Fund Office
MfDR	Managing for Development Results
MFO	Major Final Output
MMSMRTDP	Metro Manila Strategic Mass Rail Transit Development Project
MOA	Memorandum of Agreement
MSMEP	Micro, Small and Medium Enterprise Program
MTPDP	Medium Term Philippine Development Plan
MTSP	Manila Third Sewerage Project
NCA	Notice of Cash Allocation
NEDA	National Economic and Development Authority
NEDA-ICC	National Economic and Development Authority - Investment Coordination Committee
NEDA-PMS	National Economic and Development Authority-Project Monitoring Staff
NG	National Government
NGA	National Government Agency
NG-LGU	National Government-Local Government Unit
NIA	National Irrigation Administration
NLRC	North Luzon Railways Corp
NMCIREMP	Northern Mindanao Community Initiatives and Resource Management Project
NPMC	National Project Monitoring Committee
NPC	National Power Corporation
NPS	National Program Support
NTP	Notice to Proceed
NZAID	New Zealand Agency for International Development
OA	Oversight Agency
ODA	Official Development Assistance
OECD/DAC	Organization for Economic Co-operation and Development /Development Assistance Committee
OPIF	Organizational Performance Indicator Framework
PCR	Project Completion Report
PD	Paris Declaration
PDF	Philippines Development Forum
PER	Project Evaluation Report

PFM	Public Financial Management
PGLDN	Provincial Government of Lanao del Norte
PHC	Philippine Harmonization Committee
PIO	Project Implementation Officer
PMO	Project Monitoring Office
PNR	Philippine National Railways
PRRC	Pasig River Rehabilitation Commission
RA	Republic Act
RBM	Results-Based Management
RD	Rural Development
ROW	Right of Way
SARO	Special Allocation Release Order
SBCorp	Small Business Guarantee and Finance Corporation
SBMA	Subic Bay Metropolitan Authority
SC	Supreme Court
SISIP	Second Irrigation Systems Improvement Project
SPISP	Southern Philippines Irrigation Sector Project
SPM	Strategy Planning Matrix
STRIVE	Strengthening Implementation of Visayas Education
TESDA	Technical Education and Skills Development Authority
TOR	Terms of Reference
TRANSCO	National Transmission Corporation
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WB	World Bank

1.0 INTRODUCTION

1.1 Mandate

The NEDA Board Resolution No. 30 Series of 1992 directed the NEDA – Investment Coordination Committee (ICC) to review all ongoing ODA-funded programs and projects, with the aim of improving ODA absorptive capacity. NEDA thus initiated the annual ODA portfolio review in 1992.

The mandate to conduct the review was further strengthened by Republic Act (RA) No. 8182, also known as the ODA Act of 1996, as amended by RA 8555. Particularly, Section 8(a) mandates the NEDA Secretariat to conduct an annual review of the status of all projects financed by ODA, identify causes of delay, reasons for bottlenecks, cost overruns (actual and prospective), and continued viability. NEDA is required to submit to Congress a report on the outcome of the review not later than June 30 of each year.

Box 1. Official Development Assistance (ODA) Act of 1996

RA 8182 otherwise known as the “ODA Act of 1996” was enacted on 11 June 1996 with the aim of facilitating absorption and utilization of ODA resources. Its Implementing Rules and Regulations (IRR) were subsequently issued on 23 July 1996. Among other pertinent provisions of the Act and its IRR are as follows:

- Section 4 of the Act and IRR Rule 4 – NEDA shall endeavor to obtain ODA funds from donor countries, approximately 5% of total ODA loan for project identification, feasibility studies, master planning at local and regional levels, and monitoring and evaluation.
- Section 6 of the Act – The President, upon NEDA recommendation, shall formulate the mechanism for the equitable utilization of ODA funds to all provinces.
- IRR Rule 7.4 – Implementing agencies shall report provincial breakdown of physical accomplishments and financial utilization to NEDA.
- Section 8a of the Act and IRR Rule 5.4 – NEDA to report on projects with cost overruns to the ICC (quarterly) and to Congress (annual).
- Section 9 of the Act and IRR Rule 7.1 – All implementing and oversight agencies shall submit to NEDA reports as may be required by it to assess the performance of ODA-assisted projects.

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

1.2 Objectives

Consistent with the above mandates, the specific objectives of this year’s Review are to: (a) assess the performance of all ODA-funded projects; (b) report results and outcomes; (c) identify causes of delay; (d) report on the incidence of cost overruns, and (e) determine actions taken and actions that should be taken by concerned entities to enhance aid effectiveness.

Tracking of developments on recommendations made in previous portfolio reviews and identification of lessons were undertaken during individual agency portfolio reviews.

1.3 Methodology

The NEDA Secretariat undertook the Review with the participation of oversight agencies such as DBM and DOF, and the implementing agencies (IAs) with active loans and grants. Development partners (DPs), such as the ADB, JICA, and WB, participated during the agency-level meetings in support of the advocacy to use and

strengthen country system on portfolio review. Use of country system allows alignment of DPs' processes to the Government of the Philippines (GOP) procedures, aimed at enhancing aid effectiveness and reducing transaction costs.

The Review covered all active (signed and/or effective including closed loans for the year) ODA loan-funded programs and projects from 1 January 2009 to 31 December 2009. ODA grants implemented by the agencies were also included. This year's review involved desk reviews of performance of 30 IAs. Among the 30 IAs, additional consultations and discussions were conducted with 19 IAs [10 National Government (NG) agencies, 7 Government Owned and/or Controlled Corporations (GOCCs) and 2 Government Financial Institutions (GFIs)]. ([Annex 1-A for list of agencies/LGU consulted and/or desk reviewed](#); [Annex 1-B for list of ODA loans](#).)

Prior to agency consultations, the 18th ODA Review framework was presented to the Project Implementation Officers (PIO) on 24 February 2010 and to the DPs on 25 February 2010. This was undertaken to enhance the framework and deepen partnership with the IAs and DPs. As a result of these meetings, the NEDA, the PIOs and DPs agreed to undertake a Joint Analytical Work (JAW) to supplement the Review.

Box 2. Joint Analytical Work (JAW)

The JAW supports the principles of harmonization among the DPs (ADB, WB and JICA) and alignment with the country system on ODA portfolio assessment. It serves as a platform for joint in-depth analysis and action planning on selected key implementation issues. Thus, it utilizes the existing ODA review processes such as the individual agency consultations and the presentation of draft findings to the inter-agency committees.

For this year's JAW, the issues selected include start-up delays, LGU-related problems and funds flow bottlenecks. JAW findings are discussed in Section 6 (Key Implementation Issues) and Section 8 (Recommendations for 2010 and Beyond) of this Report.

In the finalization of the report, the draft findings were presented to and commented by the PIOs on 28 May 2010; the National Project Monitoring Committee on 4 June 2010; the oversight agencies (DBM, GPPB, DOF, MDFO, COA, and BTr) on 7 June 2010 and development partners (ADB, CIDA, EC, JICA, USAID and WB) on 21 June 2010.

Part I of the report, which covered portfolio profile and efficiency indicators, was the subject of ICC Technical Board (20 May 2010) and ICC Cabinet Committee (4 June 2010) discussions. Part II, which covered results, key implementation issues, aid effectiveness initiatives and recommendations, was discussed in the ICC Technical Board meeting on 22 June 2010.

1.4 Structure

The review report is organized in 8 sections inclusive of an Introduction. Sections 2 and 3 provide an overview and discussed efficiency indicators of the ODA Loans and ODA Grants Portfolios, respectively. Section 4 reports on Results (i.e., outputs and outcomes). Section 5 dwells on Cost Overruns incurred by projects. Section 6 identifies Key Implementation Issues. Section 7 pertains to Initiatives to Enhance Aid Effectiveness. Finally, Section 8 covers the Recommendations for 2010 and Beyond. These sections are supplemented by a separate report classifying ODA projects according to gender responsiveness.

JAW findings (problem analysis and action plan) on the three issues are incorporated in Sections 6 and 8 of this Report. Project-specific details are provided in the Annexes and fully discussed in individual agency folders.

2.0 ODA LOANS PORTFOLIO

2.1 Portfolio Profile (Magnitude)

The trend in the last five years indicates that net loan commitment is around US\$ 10 billion, and the share of program loans to total net commitment is generally increasing.

Total net commitment for the 106 active ODA loans for CY 2009 amounted to US\$ 9.637 billion, consisting of 95 project loans (80 percent or US\$ 7.712 billion) and 11 program loans (20 percent or US\$ 1.925 billion). These amounts are supplemented by local funds as GOP counterpart to loan proceeds amounting to PhP 125.748 billion.

Box 3. Foreign-Assisted Projects in the Agency Budget

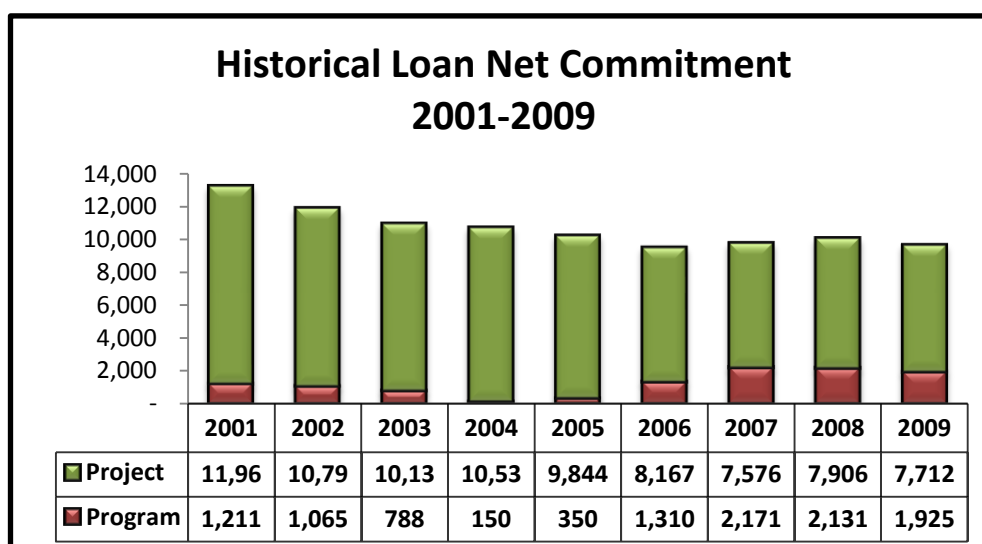
Development projects implemented by the government may be foreign-assisted and locally-funded. Most major projects are foreign-assisted. However, the aggregate amount of locally-funded projects, although individually smaller in magnitude, constitutes a larger portion of the agency budget.

Largest Recipient NGAs of ODA Loans	Total Infrastructure Outlay (PhP M)	Foreign-Assisted		Locally-Funded	
		(PhP M)	Percent to Total	(PhP M)	Percent to Total
DPWH	99,723	25,099	25.17	74,624	74.63
DA/NIA	17,315	2,901	16.75	14,414	83.25
DAR	3,366	2,382	70.77	984	29.23
DOTC	14,853	3,557	23.95	11,296	76.05
DepEd	8,520	70	0.01	8,450	99.99
All NGAs/LGUs	147,471	34,960	23.71	112,511	76.29

Source: Budget of Expenditure and Sources of Financing (DBM, 2009)

From an average of about US\$ 12 billion of net commitment from 2000-2004, the average net commitment from 2005-2009 decreased to about US\$ 10 billion. On the other hand, the average share of program loans to the total net commitment from 2005-2009 is 16 percent compared to the average share from 2000-2004 of 8 percent.

Total loan net commitments and shares of program and project loans for the period 2001-2009 is shown below.



See [Annex 2-A](#) for the list of new loans, [Annex 2-B](#) for closed loans, [Annex 2-C](#) for loans with partial cancellations, [Annex 2-D](#) for loans with extension of closing dates.

2.2 Portfolio Profile (Concessionality)

Based on DOF data, portfolio-wide weighted average grant element is above the 40 percent benchmark set by the ODA Act.

Box 4. Grant Element

The concessionality of an ODA loan or loan and grant is measured by its grant element which is the reduction enjoyed by the borrower when debt service payments (principal and interest) expressed at their present values discounted at 10 percent are less than the face value of the loan, or loan and grant.

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

The weighted average grant element of ODA loans signed in CY 2009 is 53 percent. Grant element of individual loans signed in 2009 range from 33 percent to 87 percent, above the 25 percent minimum grant element required for a loan to qualify as ODA. The weighted average grant element of ODA loans signed from 1996 to 2009 is 52 percent. Likewise, the weighted average grant element of active loans in CY 2009 is 51 percent. These weighted averages are all above the 40 percent benchmark set by Section 3 of the ODA Act.

2.3 Portfolio Profile (Distribution)

The Infrastructure Sector was the recipient of the largest share of ODA loans in CY 2009 and in the last 10 years.

The Infrastructure Sector remains to be the largest recipient of ODA loans in CY 2009 accounting for 60 percent of the ODA loans or an aggregate amount of US\$ 5.741 billion. In the past 10 years, the sector was the recipient of an average of 63 percent of ODA loans. The shares of the other sectors are:

Sector	Net Commitment (CY 2009)		Average Net Commitment (Last 10 Years)	
	US\$ Billion	Share (%)	US\$ Billion	Share (%)
Agriculture, Agrarian Reform and Natural Resources (AARNR)	1.612	17	1.92	18
Governance and Institutions Development (GID)	0.909	9	0.29	3
Industry, Trade and Tourism (ITT)	0.470	5	0.76	7
Infrastructure	5.741	60	6.88	63
Social Reform and Community Development (SRCD)	0.904	9	0.96	9
Total	9.637	100	10.81	100

As shown in the table, the share of the GID Sector registered a notable increase in CY 2009 compared to its average share in the last 10 years. Note, however, that 97% (or US\$ 0.88 billion) of the total share for the GID sector in 2009 is composed of tranche-based program loans. See [Annex 2-E](#) for the distribution of total net commitments by sector and subsector.

The GOJ-JICA is the biggest source of ODA loans in CY 2009 and in the last 10 years.

The Government of Japan (GOJ) remains to be the biggest source of ODA loans in CY 2009 accounting for 36 percent of the ODA loans or an aggregate amount of US\$ 3.465 billion. In the past 10 years, the GOJ accounted for an average of 53 percent of ODA loans.

The increase in the shares of China and Other Sources accounted for the decrease in the share of the GOJ. As shown in the table below, the shares of China and Other Sources notably increased in CY 2009 with a total of 30 percent compared to their average shares in the last 10 years of 15 percent. The shares of the other funding sources are:

Funding Source	CY 2009		Average Last 10 Years	
	US\$ Billion	Share (%)	US\$ Billion	Share (%)
ADB	1.735	18	1.86	17
China	1.049	11	0.48	5
GOJ-JICA	3.465	36	5.72	53
WB	1.574	16	1.62	15
Other Sources*	1.813	19	1.09	10
Total	9.637	100	10.77	100

*Other funding sources include: Austria, Finland, France, Germany, IFAD, Korea, Netherlands, NDF, OPEC, Saudi Arabia, SIDA, Spain and UK.

See [Annex 2-F](#) for the distribution of total net commitments by Funding Source. The distribution of total net commitment by other classifications are shown in [Annex 2-G](#) (agency type), [Annex 2-H](#) (budget dependency), [Annex 2-I](#) (with MDFO as conduit), [Annex 2-J](#) (LGU participation), and [Annex 2-K](#) (breakdown by coverage areas).

2.4 Overall Financial Performance

Financial performance in CY 2009 improved.

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

All financial indicators in CY 2009 improved compared to CY 2008. The improvements are registered in the indicators of the total loan portfolio as well as those for the project loans only (net of program loans). The performance for project loans only (net of program loans) is delineated from that of the total portfolio. The total portfolio performance is enhanced by quick disbursing program loans.

Performance	Indicator	Total Portfolio		Project Loans Only	
		2008	2009	2008	2009
Annual disbursement	Disbursement Level (US\$ Billion)	1.049	2.013	0.702	0.872
Performance against annual target	Disbursement Rate (%)	78	90	68	82
Performance against historical target	Availment Rate (%)	81	85	77	81
Annual disbursement against available loan balance	Disbursement Ratio (%)	23	37	18	20

Compared to the financial performance for the period 2001-2008, CY 2009 financial indicators generally improved. All financial indicators of the total loan portfolio improved compared to the periods 2001-2005 and 2006-2008. For project loans only (net of program loans), both disbursement rate and availment rate in CY 2009 improved compared to those registered during the periods 2001-2005 and 2006-2008.

Performance	Indicator	Total Portfolio			Project Loans Only		
		2001-2005	2006-2008	2009	2001-2005	2006-2008	2009
Annual disbursement	Disbursement Level (US\$ Billion)	1.150	1.660	2.01	0.978	0.994	0.872
Performance against annual target	Disbursement Rate (%)	81	81	90	78	72	82
Performance against historical target	Availment Rate (%)	60	78	85	57	74	81
Annual disbursement against available loan balance	Disbursement Ratio (%)	16	32	37	14	24	20

2.5 Financial Performance by Sector and Agency

Most IAs were able to achieve above 70 percent of either their annual or historical financial performance targets. Twelve of these 16 agencies were able to achieve above 70 percent of both their annual and historical targets, as shown below.

Projects in the Infrastructure and Industry Sectors were able to achieve above 70 percent for both annual and historical targets. Projects in the AARNR, GID and Social Sectors were able to achieve above 70 percent of their historical targets but failed to disburse at least 70 percent of their annual targets.

	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	BCDA, DAR, DBP, DepEd, DPWH, DSWD, NIA, NPC, PRRC, SBCorp, SBMA, TRANSCO Infrastructure and ITT Sectors	DA, DOTC, DTI, PGLDN
Below 70 percent Disbursement Rate	ASFPD-FMO, LBP, LLDA, PNR, SC, TESDA AARNR, GID, and Social Sectors	BIR, DENR, DOH

*The 70 percent indicative performance benchmark is based on historical disbursement and availment figures.

Factors cited by IAs for projects with disbursement rate of below 50 percent were: (a) slow procurement; (b) Right-of-Way issues; (c) slow start up; (d) slow compliance to financial documentation; (e) contract-related concerns; and, (f) insufficient PMO staff.

2.6 Quarterly Financial Performance

In 2009, NEDA Secretariat adopted a revision policy to apply to all reports on ODA Financial Performance. Quarterly ODA Loans Performance Reports were considered as draft Final Values at day of reporting release. On the other hand, the Annual ODA

Portfolio Review Report provides the definitive Final Values for the Fiscal Year. Thus it will incorporate adjustments, if any, to the quarterly loan reports.

Financial Data	Reported				Revised			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net commitment (US\$ Billion) – Cumulative	7.570	8.073	9.035	9.700	7.722	8.178	8.709	9.637
Disbursement Level (US\$ Billion) – Quarterly	0.620	0.207	0.676	0.933	0.623	0.199	0.192	0.999
Disbursement Rate (%) – Quarterly	90.00	86.37	79.39	90.43	91.76	76.32	72.57	104.5
Availment Rate (%) – Cumulative	80.30	81.05	79.84	85.85	78.61	84.23	80.95	84.70
Disbursement Ratio (%) – Cumulative	15.10	17.38	18.60	42.40	14.27	16.73	20.95	37.22

2.7 Commitment Fees

Total commitment fees incurred in CY 2009 amounted to US\$ 6.568 million, an increase of 52 percent (US\$ 2.247 million) from the CY 2008 commitment fees. The substantial increase in the commitment fees for CY 2009 may be attributed to two new loans (i.e., Tulay ng Pangulo Pang-agraryo/DAR/France and Mega Bridges for Urban and Rural Development/DPWH/France) which incurred commitment fees of US\$ 3.323 million. Among the agencies which incurred commitment fees in 2009, DAR incurred the highest (US\$ 2.049 million), followed by DPWH (US\$ 1.462 million) and DA (US\$ 0.441 million). See [Annex 2-L](#) for the list of loans by implementing agency which incurred commitment fees in 2008 and 2009.

Box 5. Commitment Fees Attributable to Implementation Delay and as Cost of Financing

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

A desk review was conducted to approximate how much of the commitment fees incurred in 2009 may be attributed to implementation delay. First, it assumed that for all loans with at least 100% availment rate (no implementation delay), commitment fees incurred are purely cost of financing. Second, commitment fees due to implementation delay is arrived at by: (a) deducting computed commitment fees assuming 100% 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 33% of the commitment fees paid in 2009 may be attributed to implementation delay while the other 67% as cost of financing.

2.8 Physical Performance

Compared to 2008, more projects are on schedule while fewer projects are delayed in 2009.

Out of the 100 programs and projects funded by the 106 ODA loans in CY 2009, 28 were ahead or on schedule, 37 were delayed, 12 were in start-up stage of

implementation, and 23 were completed, closed or terminated. Note that some programs and projects were supported by two or more loans.

Compared to CY 2008, the physical implementation status of programs and projects in CY 2009 has shown improvement. The number of projects ahead or on schedule increased from 20 to 28, while the number of delayed projects decreased from 43 to 37. However, delayed projects still outnumber projects that are ahead/on schedule in 2009. See [Annex 2-M](#) for the complete list of projects according to physical status of implementation.

Physical Status	No. of Projects	
	2008	2009
Ahead of schedule	8	14
On schedule	12	14
Delayed	43	37
New/start-up	14	12
Completed/closed/terminated	34	23
Total	111	100

The incidence of loan extensions and average length of extension periods decreased in 2009.

The Review also looked at loans which closed in 2006 to 2009 and the incidence of loan validity extensions.

	2006	2007	2008	2009	Total
Closed loans (count)	25	22	32	25	104
• Closed loans without extension	10	8	9	16	43
• Closed loans with extension	15	14	23	9	61
Percentage of closed loans with extension to total closed loans (%)	60	64	72	36	59
Average length of extensions (years)	2.3	1.8	1.8	1.7	1.8

The table shows that the incidence of extensions decreased among closed loans in CY 2009. The average length of extensions also decreased from a high of 2.3 years in 2006 to 1.7 years in 2009.

3.0 ODA GRANTS PORTFOLIO

3.1 Magnitude

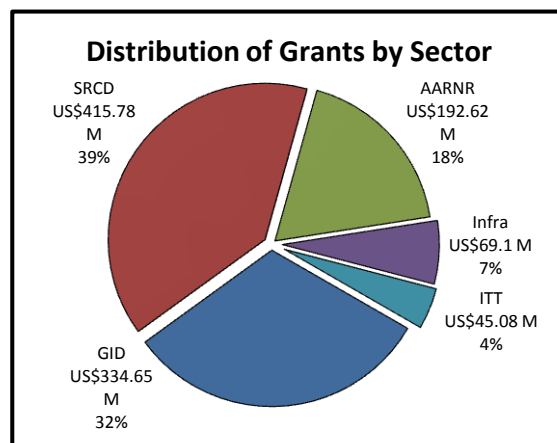
The CY 2009 Portfolio Review covered 417 ODA grant-assisted projects (47 new, 292 ongoing and 78 completed within the year) being administered by 24 funding institutions. Cumulative grant amount is US\$ 1.06 billion. However, this excludes grant assistance from GOJ (144 projects) which comes in the form of experts, equipment and studies for which equivalent monetary values can only be determined after project completion. ([Annex 3 provides the list of ODA grants.](#))

3.2 Distribution

3.2.1 By Sector

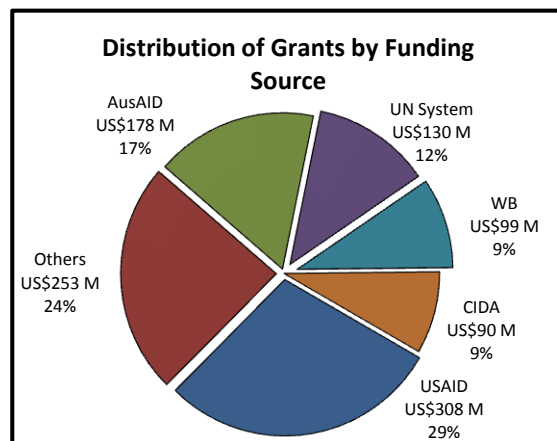
In terms of sectoral distribution, the SRCD Sector was the major recipient of the ODA grant assistance amounting to US\$ 416 million or 39 percent of the grants portfolio (95 projects).

The GID Sector received the second largest share of US\$ 335 million (134 projects) or 32 percent. The third largest share was granted to the AARNR Sector, which funded 99 projects, amounting to US\$ 193 million or 18 percent of the portfolio. The Infrastructure and ITT Sectors were given grant assistance amounting to US\$ 69 million (64 projects) or 7 percent, and US\$ 45 million (25 projects) or 4 percent, respectively.



3.2.2 By Funding Source

The United States Agency for International Development (USAID) accounted for the biggest share of the grants portfolio at 29 percent or US\$ 308 million (49 projects). The Australian Agency for International Development (AusAID) came in second with 17 percent amounting to US\$ 178 million (6 projects) while the United Nations System, which includes UNDP, UNICEF, UNFPA and UNIDO, accounted for the third largest share at 12 percent or US\$ 130 million (35 projects). The WB and CIDA provided US\$ 99 million (42 projects) and US\$ 90 million (16 projects), respectively in grants assistance. The Other Sources category (EC, GTZ, Czech Republic, Spain/AECID, ADB, KOICA, KfW and NZAID, MCA) contributed 24 percent share to the portfolio or US\$ 253 million (125 projects). The grant amount for the 144 JICA-assisted projects will be determined upon project completion.



3.3 Utilization

Cumulative utilization of the grants portfolio reached US\$ 693.73 million by the end of the year. Figures on grant disbursements are cumulative and reckoned from grant agreement signing dates. Utilization rate, which refers to the total cumulative disbursements (or disbursement level) as a percentage of the total grant amount, was at 66 percent for the entire grants portfolio.

3.3.1 By Sector

The AARNR Sector and the ITT Sector had the highest utilization rate of 71 percent. The Infrastructure Sector came next with 68 percent, followed by the GID Sector and the SRCD Sector which registered 64 percent and 63 percent utilization rates, respectively.

Sector	Amount (US\$ M)	Disbursement (US\$ M)	Utilization Rate (%)
ITT	45.08	31.88	70.72
AARNR	192.62	135.94	70.57
Infrastructure	69.1	46.87	67.83
GID	334.65	215.67	64.45
SRCD	415.78	263.40	63.35
Total	1,057.24	693.76	65.62

3.3.2 By Funding Source

The USAID registered the highest amount of disbursements amounting to US\$ 207 million. AusAID came second with US\$ 112 million while CIDA ranked third with US\$ 71 million.

Funding Source	Amount (US\$ M)	Disbursement (US\$ M)	Utilization Rate (%)
USAID	307.55	206.86	67.26
AusAID	178.29	112.37	63.03
CIDA	89.81	70.55	78.55
JICA	Not specified	61.18	-
UN System	129.91	59.63	45.90
GTZ	65.83	57.19	86.88
WB	98.96	49.73	50.25
EC	70.45	27.13	38.51
MCA	20.70	18.50	89.37
ADB	23.40	12.61	53.89
Spain	35.15	11.24	31.98
KfW	12.76	6.08	47.65
Czech Republic	1.81	0.66	36.46

4.0 RESULTS

IAs are required to submit reports on results (outputs and/or outcomes) quarterly for loan-assisted projects, and semestral for grant-assisted projects. These are consolidated and reported during the Annual Portfolio Review.

Box 6. Results Defined

Results: Results are the output, outcome, or impact (intended or unintended, positive and negative) of a development intervention.

Outputs: Outputs are the products, capital goods, and services that result from a development intervention; they may also include changes resulting from the intervention that are relevant to the achievement of outcomes.

Outcomes: Outcomes are the likely or achieved short-term and medium-term effects of an intervention's outputs. Outcomes are the observable behavioral, institutional, and societal changes that take place over 3 to 10 years, usually as the result of coordinated short-term investments in individual and organizational capacity building for key development stakeholders.

Impacts: Impacts are the positive and negative primary and secondary long-term effects – both intended and unintended – produced directly or indirectly by a development intervention.

Source: OECD/DAC Glossary of Key Terms in Evaluation and Results-Based Management

4.1 Outputs

Major outputs delivered by programs and projects with agency reports are listed in [Annex 4-A](#).

Out of the 25 programs and projects with closed loans in 2009, 22 fully delivered targeted outputs. Three closed loans have incomplete project outputs as discussed in [Annex 4-B](#). These loans are: (a) Mindanao Sustainable Settlement Area Development Project (DAR); (b) KAMANAVA Area Flood Control and Drainage System Improvement Project (DPWH); and (c) Restoration of Waterways in Selected River Basins Nationwide Phase I Project (DPWH). The DAR and DPWH will finance the completion of the respective remaining outputs through local funds.

Out of the total 417 grants, a total of 75 grants reported on outputs.

4.2 Outcomes

Out of the 44 loan-assisted projects that are qualified to report on outcomes, only 27 projects or 61 percent have complied in submitting reports with outcome indicators. Out of the 27 projects with report on outcomes, 18 are ongoing while 9 projects are closed. The quality of the results indicators submitted varies in terms of their details. In addition, 14 out of the 149 reviewed grant-assisted projects (or 9 percent) were able to report on outcomes.

There were 25 projects with closed loans in CY 2009, of which six (6) have prepared and submitted a Project Completion Report (PCR). These are: Local Government Finance and Development Project (LOGOFIND), Central Luzon Irrigation Project (CLIP), Bohol Irrigation Project Stage II (BHIP II), Small and Medium Enterprise Development Support Project (SMEDSP), Diversified Farm Income and Market

Development Project (DFIMDP), and Secondary Education Development and Improvement Project (SEDIP).

Reported outcomes (see [Annex 4-C](#)), including those from the PCRs, were expressed in indicators relevant to the assisted sectors:

- *Infrastructure* – increased access to electricity, improved wastewater collection, improved transport services and reduced travel time
- *GID* - speedier processing of cases/reduced case congestion and delays, increased access to social services
- *SRCD* – improved capacity of teachers, improved educational system, increased access to education, increased access to health services
- *AARNR* – increased agricultural productivity and profitability, increased income, increased involvement in environmental protection, increased revenues
- *ITT* – improved access to relending, improved business processing, increased job opportunities

The low compliance on reporting outcomes for loan-assisted projects could be attributed to lack of capacity and designated units in the IAs to monitor and report on outcomes.

Box 7. Results Unit

Sufficient technical capacity and institutionalization of reporting on outcomes may be manifested by the presence of a results unit within an agency, a designated group which regularly monitors, evaluates and reports on outcomes.

Based on a quick survey of the 30 IAs covered in this year's review, 13 reported to have a results unit within the PMO, two (2) reported to have no such unit within the PMO but qualified that the function is lodged in a specific section/unit within the IA.

An example of a major IA exerting efforts to develop its results monitoring and evaluation capacity is the DPWH, with its forthcoming technical assistance grant with the World Bank ("Institutionalizing Results Monitoring in DPWH").

The very low compliance of IAs on reporting on outcomes among grant-assisted projects may be attributed to: (a) the total 417 grants include those in early stage of implementation; (b) some grants, such as feasibility studies, are preparatory to the implementation of future projects thus cannot be expected to deliver outcomes; (c) weak coordination among oversight, implementing agencies and DPs to capture outcome information; (d) reporting on results for grants with short duration entails high transaction costs; and (e) some grants are managed by parallel implementing units.

4.3 Outcomes from Ex-Post Evaluation of Completed Projects

NEDA and DPs conducted ex-post evaluation of selected completed projects a few years after completion. The evaluation generally makes use of the five OECD Development Assistance Committee (OECD-DAC) criteria (i.e., relevance, efficiency, effectiveness, impact and sustainability).

For CY 2009, the Independent Evaluation Group of WB (IEGWB) ex-post evaluated two projects, namely the LGU Urban Water and Sanitation Project (LGUWSP) and the Bicol Power Restoration Project (BPRP). Using the OECD-DAC criteria, supplemented by three WB criteria (institutional development impact, bank

performance, and borrower performance), BPRP was rated satisfactory while LGUWSP was moderately unsatisfactory.

On the other hand, ADB Independent Evaluation Department (ADB-IED) conducted ex-post evaluation for two projects: the Fisheries Resource Management Project (FRMP) and the Second Irrigation Systems Improvement Project (ISIP II). Based on the four core OECD-DAC evaluation criteria (i.e. relevance, effectiveness, efficiency, and sustainability), the overall assessment both for FRMP and ISIP II is partly successful.

Recently, NEDA renewed its partnership with JICA to conduct joint ex-post evaluation. For CY 2009, three projects completed in 2006 were ex-post evaluated by JICA, namely the Arterial Road Links Development Project Phase III (ARLDP III), the Metro Manila Strategic Mass Rail Transit Development Project Phases I, II and III (MMSMRTDP I, II and III), and the FRMP. The latter two were jointly evaluated with NEDA. Overall, two of the projects (ARLDP III and FRMP) were rated satisfactory while one (MMSMRTDP I, II and III) was rated moderately satisfactory. On effectiveness/impact, which examines to what extent project objectives were attained as well as the direct and indirect effects of the project aligned to an overall goal from macro-economic, social and environmental perspectives, the ARLDP III and FRMP achieved 80% or more of the original plan, while the MMSMRTDP I, II and III accomplished 50% or more but less than 80% of the original plan.

Reported outcome indicators in the ex-post evaluations of the three (3) DPs are as follows:

Project Title	Reported Outcome Indicators in Post-Evaluation
FRMP (ADB and JICA)	Increased municipal fish capture, improved economic status of fisherfolk households, reduced destructive or illegal fishing activities
ISIP II	Increased yields of rice paddies
LGUWSP	Improved household sanitation, increased water connections for low income households, conflict resolution (instead of contract cancellation) between LGUs/customers and operators by regulatory body
BPRP	Reestablishment of power delivery capability in the Bicol region, improved power system reliability
ARLDP III	Travel time savings, travel cost reduction, reduced traffic congestion, increased transport of agriculture and industrial products, increased access to key locations
MMSMRTDP I, II and III	Decreased travel time, reduced transport cost, enhanced accessibility to key locations in the metropolis, promoted local economic activities

See [Annex 4-D](#) for a summary of the various outcomes achieved by the 7 post-evaluated projects.

5.0 COST OVERRUN

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

5.1 Cost Overrun Stock (2007-2009)

The cost overrun stock sums up all the amount of cost overrun requests under the various ICC review stages, incurred by all active ODA loans as of the reporting period. A project with cost overrun is excluded from the stock when: (a) the loan with cost overrun closed, (b) the request is disapproved by the ICC, or (c) the IA withdraws the request.

Period	Requested during the Period		Cost Overrun Stock	
	Number of Requests	Total Amount (in PhP B)	Number of Requests	Total Amount (in PhP B)
2007	1	0.51	22	34.01
2008*	9	13.59	21	32.67
2009	3	2.16	19	28.99

*Note that cost overruns of two (2) re-lending facilities (LBP and DBP) amounting to PhP 2.07 billion are in the nature of supplemental financing due to robust demand for the facilities.

5.2 Cost Overruns (CY 2009)

Cost overrun stock decreased from PhP 32.67 billion in CY 2008 to PhP 28.99 billion in CY 2009, as explained by the additional requests, closed loans and adjustments in 2009. See [Annex 5](#) for the list of 19 active loans with cost overrun.

CY 2008 Carry Over	CY2009 Requests	Closed CY2009	Adjustments	Stock CY2009
21 requests PhP 32.67 B	3 requests PhP 2.16 B	4 requests (PhP 5.76 B)	1 request (PhP 0.07 B)	19 requests PhP 28.99 B

For CY 2009, the ICC Secretariat received three (3) requests for ICC review/approval of cost overrun. These were requested by the following projects:

- *Rural Road Network Development Project III* – DPWH reported that the project incurred a cost reduction from the ICC-approved cost of PhP 3.96 billion to PhP 3.65 billion due to downsizing (scope reduction from nine contract packages to four contract packages).
- *Southern Philippines Irrigation Sector Project (SPISP)* – NIA requested for another cost increase for the project from the ICC-approved cost of PhP 4.17 billion to PhP 4.24 billion due to production support activities for the Irrigators Associations.
- *New Communications, Navigation, Surveillance/Air Traffic Management (CNS/ATM) Systems Development Project* – DOTC requested cost increase amounting to PhP 2.4 billion, which was approved by the ICC-TB in November 2009.

The loans of four (4) projects included in the CY 2008 cost overrun stock closed in CY 2009. Thus, the cost overruns incurred by these projects amounting to PhP 5.76 billion are deducted from the CY 2009 cost overrun stock. These projects are: (a) Casecan Multipurpose Irrigation and Power Project; (b) Bohol Irrigation Project II; (c) Laoag River Basin Flood Control and Sabo Project; and, (d) KAMANAVA Area Flood Control and Drainage System Improvement Project.

Note that for the Agno River Flood Control Project Phase II, only component loan Phase II-B closed in CY 2009 while the other component loan, Phase II-A is still ongoing. Thus, the cost increase of the project as a whole is not yet dropped from the stock.

Adjustment (i.e., deduction from the stock) in the amount of PhP 70 million is made because the request for cost increase by NIA for the SPISP was no longer pursued. Instead a loan reallocation and partial loan cancellation of US\$2.595 million was to be requested.

5.3 Processing of Cost Overrun

Of the 20 cost overrun requests (including a withdrawn request), 17 requests were approved by the ICC-CC, 1 request was conditionally approved by ICC-CC (DPWH/MMDA-MMURTRIP), 1 request was approved by the ICC-TB (DOTC-CNS/ATM), and 1 request (NIA-SPISP) was no longer pursued. The status of ICC action on the cost overrun requests as of December 2009 is summarized below.

ICC Action	No. of Cost Overrun Requests				
	Reported in the 2007 ODA Portfolio Review			Additional Requests (in 2008)	Additional Requests (in 2009)
	Closed (in 2008)	Closed (in 2009)	Ongoing		
Reviewed by ICC-CC	7	3	8	9	2
Approved	7	2	7	9	1
Noted		1			
Conditional Approval			1*		
Withdrawn					1
Approved by ICC-TB	1	0	0	0	1
ICC Secretariat Review	2	1	0	0	0
TOTAL	10	4	8	9	3

*MMURTRIP (DPWH/MMDA) was approved in principle by the ICC-CC subject to favorable review by the Inter-Agency Technical Committee on Transport Planning (IATCTP) on the urgency of additional transport-related TA studies. As of end 2009, DPWH/MMDA was unable to comply with the conditions set by IATCTP. The loan closed in March 2010.

5.4 Reasons for Cost Overrun

Civil works-related changes (additional works, increase in unit cost, high bids, etc.) account for the bulk of the cost overrun (80 percent) incurred in the CY 2009 stock. The reasons for cost overrun are shown below.

Reasons for Cost Overruns	Cost Overrun (PhP M)	Percent Share
Civil Works Additional Works, Increase in Unit Cost of Labor, Equipment and Materials, High Bids, Price Escalation, Price Adjustment, Standby Claims, Incentive Bonus, Forex Movement, Others	23,307.20	80.39
Consulting Services Supplemental Works, Forex Movement, Price Escalation	475.47	1.64
Land Acquisition	1,444.51	4.98
Administration Cost	701.27	2.42
Contingency	1,893.84	6.53
Others Interest during Construction, VAT and other Taxes, Others	1,169.90	4.04
TOTAL (PhP M)	28,992.19	100.00

6.0 KEY IMPLEMENTATION ISSUES

Major implementation issues raised by the IAs during individual consultations are categorized into: (a) start up delay; (b) budget and funds flow bottlenecks; (c) prolonged procurement; (d) ROW and resettlement issues; (e) LGU-related problems; and (f) low utilization of ODA credit facilities; and (g) low utilization of National Program Support (NPS) loans. The discussion on three issues (i.e., start up delay, funds flow bottlenecks and LGU-related problems) was supplemented by findings from the workshops conducted under the Joint Analytical Work participated in by the ADB, JICA and WB. See [Annex 6-A](#) for project-specific details on issues.

6.1 Start Up Delay

Loan utilization has been low during project start up. Out of the 26 projects with time elapsed of less than 50% in 2009, only two projects were able to utilize as much loan amount. The other 24 projects achieved utilization rate (cumulative disbursements over total net commitment) below time elapsed. As shown in the table, eight (8) projects with time elapsed of more than 40 percent to 50 percent were able to utilize only 19 percent of the total net commitments.

Time elapsed (%)	No. of Projects	Utilization Rate (%)
0 to 20	11	6.44
>20 to 40	5	16.68
>40 to 50	8	19.11

ADB-assisted projects take around 3.5 years to disburse the first 10% of the total net commitment. Out of the 28 WB-assisted projects, only two (2) were able to submit withdrawal application within three (3) months from loan effectiveness. Seventeen (17) of these projects took more than three (3) months to ten (10) months while nine (9) projects took more than ten (10) months.

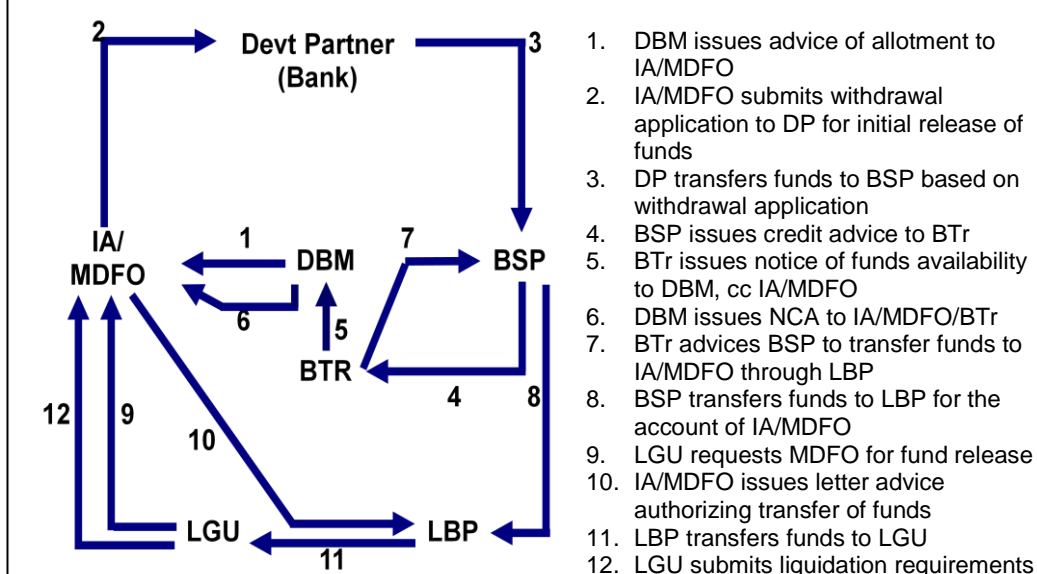
Major causes identified for start up delays include: (a) delayed hiring of project management consultants; (b) unavailable budget and position items for project technical staff; (c) deficient land acquisition and resettlement plan; and, (d) operations manual not prepared.

6.2 Budget and Funds Flow Bottlenecks

DOH's Health Sector Development Project (HSDP) and NLRC's North Rail Project Phase I Section I raised the problem of insufficient budget cover. For HSDP, its 2009 deferred allotment of PhP 26.545 million was not released. Insufficient budget cover for North Rail was encountered due to cost increase which will not be covered by supplemental loan per NEDA Board decision. The additional budget cover will have to compete with local funds.

More projects, however, reported funds flow bottlenecks. A summary of the funds flow process from the DBM advice of allotment to liquidation of LGU advance to MDFO is illustrated in the box below.

Box 8. Funds Flow Process



Delays in the process of releasing funds were encountered in the following stages:

- Step 5 – BTr issuance of notice of funds availability to DBM;
- Steps 1 and 6 – DBM issuance of budget authorizations (SAROs/NCAs);
- Step 8 – Transfer of funds from BTr-LBP account to IA-LBP account; and,
- Step 12 – LGU liquidation of advances to sub-account with MDFO.

In addition, the following recent issuances have been identified to contribute to delays:

- COA pre-audit requirements for fund releases to LGUs; and,
- Monthly lapsing of NCA

6.3 Prolonged Procurement

Most contracts under foreign-assisted projects are procured using DPs' guidelines. However, recent efforts are geared towards adopting country system (RA 9184) on procurement for contracts falling under national competitive bidding.

Based on agency submissions, the review covered 85 contracts with Notices to Proceed (NTPs) issued in 2009. Compared against RA 9184 timelines, the average duration of procurement for civil works was within said benchmark while goods and consultancy services went beyond.

(in calendar months)

Contract	Submission of Bids to Contract Awards		Contract Award to NTP Issuance	Total Procurement Duration (2009)	Total Procurement Duration (2008)
	Actual Duration	RA 9184 Benchmarks			
Civil Works (47)	3.11	3.33	1.48	4.59	3.5
Consulting Services (7)	7.83	4.63	2.28	10.10	7.6
Goods (31)	3.86	2.67	0.80	4.66	4.7

As in CY 2008, delays are longer in the procurement for consultancy services. IAs identified the following causes: non-availability of desired service providers, delay in

processing of consultants TOR, bid failures, agency staff are more cautious when adopting RA 9184, and funding institution's conditionalities. See [Annex 6-B](#) for the contract procurement milestones by implementing agency.

6.4 Right-of-Way (ROW) and Resettlement Issues

Infrastructure projects in the sub-sectors of flood control, road, air and rail transport, and sewerage and sanitation reported problems in ROW and resettlement.

Sub-Sector	Project/IA
Flood Control	Iloilo Flood Control Project, Phase II/DPWH
	Agno River Basin Flood Control Project, Phase II/DPWH
Road Transport	Metro Iligan Regional Infrastructure Development Project (MIRIDP)/PGLDN
Air Transport	Laguindingan Airport Development Project (LADP)/DOTC
Rail Transport	Northrail Project Phase I/NLRC
Sewerage and Sanitation	Manila Third Sewerage Project (MTSP)/LBP

For flood control and rail transport projects, ROW issues persisted since project start-up. Similarly, the ROW issue of LADP was reported as early as 2007 while those of MTSP and MIRIDP remain to be outstanding since 2008.

6.5 LGU-related Problems

Projects with significant LGU participation encountered delays due to: (a) difficulties with the application of the NG-LGU cost sharing scheme, and (b) weak LGU project management capacity.

Demand for ODA loan-assisted LGU projects is lower than expected due to the availability of alternative grant funding for similar sub-projects under the NGAs' locally funded programs and DPs. There is also varied interpretation and adoption of the current cost sharing policy.

LGUs were also reported to have weak project management capacity in the areas of subproject preparation, implementation and supervision, procurement and financial management (e.g., liquidation and submission of other requirements for fund release), and compliance with social, environmental and fiduciary safeguards.

Problems encountered by LGUs in accessing ODA-assisted credit facilities are discussed under the succeeding section.

6.6 Low Utilization of ODA Credit Facilities

Low utilization was observed in the following ODA-assisted credit facilities: DBP's Development of Poor Urban Communities Sector Project (DPUCSP), Credit for Better Health Care Project (CBHCP) and Credit Facility for the Environmental Management Project (CFEMP), SBC's Micro, Small and Medium Enterprise Program (MSMEP), and LBP's Manila Third Sewerage Project (MTSP).

Based on agency reports, demand for these facilities was lower than expected due to: (a) higher pass on rates, (b) difficulties of LGUs to comply with requirements, and (c) eligible sub-projects are not priority expenditures of LGUs. Other issues encountered by these credit facilities include ROW (MTSP) and difficulty to comply with funding institution's conditionalities (CFEMP).

6.7 Low Utilization of National Program Support (NPS) Loans

The five (5) WB-assisted NPS loans continue to encounter institutional and operational bottlenecks.

Box 9. NPS Loans

A NPS loan is designed to provide cash support to regular activities of an IA which are supportive of the agreed reform agenda.

In contrast with project loans, NPS loans do not pre-identify all activities to be funded. During program implementation, regular activities of an IA have to be identified or tagged for cash support financing under the NPS. The activities to be tagged should also be consistent with the results framework or the reform agenda supported by the NPS loan.

Regular program loans (disbursed in tranches upon meeting conditionalities or milestones), in contrast to NPS loans, provide support to address GOP-wide budgetary constraints, and not specifically earmarked for a particular IA.

A technical working group under the Development Budget Coordination Committee likewise monitors the performance of program loans.

Low utilization of NPS loans may be attributed to:

- Preparing and finalizing policy guidelines and operations manuals to implement key reforms, and operationalizing these into work processes take time to undertake;
- Difficulties in tagging (identifying or committing to) eligible activities for cash support financing;
- Ownership at all levels in implementing the reforms under the NPS arrangement was not sustained;
- The relatively better financial situation after the NPS arrangement was designed, facilitated regular cash releases, which negated the leverage offered by NPS for readily available cash;
- Weak procurement and public financial management (PFM) capacities; and,
- Inadequate human resources assigned to NPS-related activities.

6.8 Other Issues

Other implementation issues include: (a) poor performance of contractors; (b) weak project management; (c) damages and disruptions caused by typhoons Ondoy and Pepeng; (d) insufficient operations and maintenance; and (e) peace and order problems.

Box 10. Typhoon-affected ODA Projects

Based on immediate reports from 7 IAs, a total of 10 loan-assisted projects were affected by typhoons Ondoy and Pepeng. Effects ranged from disruption of operations to total damage of project outputs/facilities. These projects are financed by WB (4), JICA (3), ADB (2), and IFAD (1). The most affected IA was the DPWH. See [Annex 6-C](#) for detailed information.

7.0 AID EFFECTIVENESS INITIATIVES IN CY 2009

Actions taken in-country supportive of the five principles on aid effectiveness, i.e., ownership, alignment, harmonization, managing for results, and mutual accountability, are discussed below.

Box 11. Paris Declaration on Aid Effectiveness (2005)

The Declaration was endorsed at the 2nd High Level Forum held in Paris in 2005 by 52 DPs/agencies and partner countries and 30 other actors in the development cooperation field. It is organized around five key principles of effective aid:

- Ownership – Partner countries exercise effective leadership over their development policies and strategies, and coordinate development actions.
- Alignment – Donors base their overall support on partner countries' national development strategies, institutions and procedures.
- Harmonization – Donor's actions are more harmonized, transparent and collectively effective.
- Managing for Results – Managing resources and improving decision-making for results.
- Mutual accountability – Donors and partners are accountable for development results.

7.1 Reported by Oversight Agencies

Specific initiatives in 2009 undertaken by the oversight agencies are consistent with the 5 PD principles, as shown below.

Initiative	Ownership	Alignment	Harmonization	Managing for Results	Mutual Accountability
Integrated Results Framework for Rural Development					
Harmonized IRR of RA 9184					
Government Integrated Financial Management System					
DOF issuance on NG-LGU cost sharing policy					
Orientation on GOP policies and procedures on ODA					
Joint studies, monitoring missions and post evaluation					
Joint Portfolio Reviews					

7.1.1 Managing for Development Results (MfDR) in Rural Development (RD)

As part of continuing efforts to operationalize MfDR in the planning, programming, budgeting and monitoring and evaluation processes, the Philippine Harmonization Committee (PHC) composed of DOF, NEDA, DBM and COA, assumed the lead role in the development of an Integrated Results Framework (IRF) for RD. The results framework involves the integration of the existing results-based management (RBM) tools and systems such as the Medium Term Philippine Development Plan (MTPDP), Strategy Planning Matrices (SPMs), Organizational Performance Indicator Framework (OPIF), Agency Major Final Outputs (MFOs), etc.

Box 12. MfDR in RD

Managing for Development Results (MfDR) is a management strategy that focuses on development performance and on sustainable improvements in country outcomes. It provides a framework for development effectiveness in which performance information is used to improve decision making. Operationalization of MfDR in the country involves the development and pilot-testing of an IRF for RD. The main agencies involved are the Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), as well as, NEDA and DBM.

The MfDR in RD aims to contribute in: (a) strengthening the linkage of planning, programming and budgeting; (b) identifying and defining measurable performance indicators; (c) measuring and assessing the delivery of outputs and achievement of sector outcomes and societal impacts in the Medium Term Philippine Development Plan (MTPDP) with the support of the Organizational Performance Indicator Framework (OPIF); and, (d) encouraging and allowing continuous learning of RD agencies in improving service delivery standards.

The processes undertaken in the development of the IRF for RD will be replicated in other sectors. In the meantime, the IRF developed for RD will serve as a reference in the preparation of the next MTPDP and will be considered in the 2011 budget call of the three agencies perceived to contribute the most to Agriculture, Agrarian Reform and Natural Resources subsector outcome in support to the achievement of the RD outcome.

The development of the IRF for RD is part of the committed outputs under the ongoing ADB TA on Harmonization and Development Effectiveness, as well as in support to the initiatives of the Philippines Development Forum (PDF) Working Group on Sustainable Rural Development's agenda and the National Convergence Initiative to undertake results-based management in rural development.

Preliminary activities undertaken in developing the IRF in RD include:

- Generated buy-in from oversight and implementing agencies to be engaged in operationalizing MfDR for RD;
- Conducted stocktaking of all results-based management (RBM) systems, outputs and initiatives;
- Initiated formulation of the RD outcomes linked with the agency OPIFs; and,
- Commenced activities for the Capacity Needs Assessment of DA, DAR, and DENR as well as NEDA and DBM.

7.1.2 Harmonized IRR for RA 9184 (Country System on Procurement)

The Government Procurement Policy Board (GPPB) approved on 22 July 2009 (GPPB Resolution 03-2009) the revised IRR of RA 9184, which prescribes one implementing set of rules and regulations for procurement involving both locally-funded and foreign-assisted projects. The harmonized IRR took effect on 2 September 2009 following its publication in the Official Gazette.

The harmonized IRR aims to strengthen the country system on procurement which is expected to lead to harmonized procurement procedures among DPs and alignment of their procedures with the country system.

7.1.3 Government Integrated Financial Management Information System (GIFMIS)

The GIFMIS is a system which aims to link budget preparation and execution to accounting, cash management, reporting and auditing.

A Memorandum of Agreement (MOA) on cooperation to foster the development of the GIFMIS was signed by the three (3) lead oversight agencies: COA, DBM, and the DOF-BTr.

A workshop was also conducted to initiate development of a public financial management (PFM) reforms roadmap in the Philippines. The draft roadmap contains: (a) budget phase or topic covering the entire budget expenditure system; (b) nature of gaps identified; (c) strategies or action steps to address the identified gaps; (d) lead agency/ies to undertake the strategies; and, (e) desired results after the gaps are addressed.

7.1.4 DOF Issuance on NG-LGU Cost Sharing Policy

DOF issued Department Order (DO) 40-09 dated 3 December 2009 enjoining all NGAs, GOCCs and LGUs to adopt the revised NG-LGU cost sharing policy approved by the NEDA Board in March 2003.

DO 40-09 also sets forth the newly-approved cost sharing scheme for solid waste management projects which provides higher grant to higher income class cities (excluding Metro Manila LGUs) in consonance with the Ecological Solid Waste Management Act (RA 9003).

In addition, the Order further clarifies that the cost sharing scheme shall cover only the construction cost of the civil works and shall exclude pre-implementation costs (e.g., feasibility studies, detailed engineering design, and site development and ROW) and post-implementation operation and maintenance.

7.1.5 Orientation on GOP policies and procedures on ODA

Three batches of participants from the oversight and IAs underwent an orientation on GOP's policies and procedures on ODA. Apart from providing a comprehensive orientation for the participants, the activity also resulted in identification of possible improvements in the policies and procedures.

7.1.6 Joint Thematic Studies, Monitoring Missions and Post Evaluation

NEDA participated in the International Fund for Agricultural Development (IFAD) supervision implementation support missions for the NMCIREMP and the Rural Micro-Enterprise Promotion Programme (RuMEPP). NEDA also joined the assessment of start-up stage of Second Cordillera Highland Agricultural Resource Management Project (CHARMP II). Furthermore, NEDA conducted joint post-evaluation with JICA for the MMSMRTDP I, II and III, and the FRMP. NEDA likewise participated in the mid-term review of the Strengthening Implementation of Visayas Education (STRIVE) II.

The NEDA took part in the independent review of the Philippine Bilateral Strategy Evaluation for New Zealand Agency for International Development (NZAID).

Moreover, NEDA conducted a basic M&E workshop seminar for the PMO/beneficiaries of the CHARMP II, and provided technical assistance for the PMOs of the DFIMDP and the NMCIREMP in the preparation of their PCRs.

7.1.7 Joint Portfolio Reviews

Consistent with the principle of mutual accountability and managing for results, the GOP continued its collaboration with ADB (August 2009) and the JICA (February and July) in the conduct of DP's portfolio reviews. In addition to looking into issues raised during the 17th ODA portfolio review, the ADB review focused on strengthening GOP readiness filters.

The WB aligned with GOP when it utilized the existing country system (ODA Portfolio Review) in the conduct of project performance reviews. The WB instead conducted a review in May to June 2009 with a thematic focus, looking into projects implemented with LGUs.

7.2 Reported by Implementing Agencies

In its continuing effort to enjoin the IAs and DPs to support the achievement of GOP's commitments to the PD, the 18th Annual ODA Review tracked the progress of country-led indicators (through a quick survey) for the principles of Alignment, Harmonization, Managing for Results, and Mutual Accountability. Of the 100 ongoing projects supported by 106 loans in CY 2009, IAs provided information for 26 projects with activities undertaken in a manner supportive of PD principles. Overall, it could be inferred from the survey that among the four (4) principles, more substantial developments could be observed in the areas of Managing for Results and Mutual Accountability. Some agencies likewise noted a reduction or shift in transaction costs.

7.2.1 Alignment

The principle of Alignment directs donors to base their overall support on partner countries' national development strategies, institutions and procedures. In terms of procurement, most DPs are yet to completely align to the GOP's procurement system. There are 15 projects that use the procurement guidelines of both GOP and DP. Nine projects reported that they still rely on the DP's procurement system (mostly WB and JICA projects), while only the KfW-assisted Credit Line for Solid Waste Management Project reported its use of GOP procurement procedures.

7.2.2 Harmonization

The principle of Harmonization states that donors' actions should be more harmonized, transparent and collectively effective. In terms of approach in implementation, 17 projects used a program-based or sector wide approach which enables a more coordinated and integrated system in planning, implementation and monitoring within a specific sector. Meanwhile, seven (7) projects still operate using a project-based approach.

7.2.3 Managing for Results

The principle focuses on managing resources and improving decision-making for results. Due to the increasing understanding on the importance of results (aided by technical assistance grants in results monitoring and evaluation, among others) within the development community in the country, results information were frequently discussed among the IAs and various stakeholders in most of the 26 projects:

Stakeholders	Number involved
Beneficiaries	22 projects
Project staff	23 projects
IA top management	24 projects
DP staff	24 projects
Oversight agencies	25 projects

In addition, 21 projects reported that their development outcomes are closely linked with the Major Final Outputs (MFOs) of their respective IAs, ensuring that each project contributes to agency organizational and sectoral goals.

7.2.4 Mutual Accountability

IAs are also encouraged to conduct joint field reviews with different DPs and stakeholders. Aside from minimizing costs, joint reviews allow the sharing of a broader range of implementation experiences and the drafting of a common analysis or assessment of projects. All respondent projects reported involvement in joint reviews with the DPs, though the extent of involvement varies:

IA involvement in joint review activities	Number involved
Developing framework and scope of review	17 projects
Providing necessary information to review team	26 projects
Providing assessment that contrasts that of external review team	10 projects
Finalizing review findings	14 projects

7.2.5 Transaction Costs

The DTI and DBP noted a reduction or shift in transaction costs. Certain processes and procedures were harmonized and streamlined for a more efficient management of ODA-financed activities:

- Simplified and flexible disbursement procedure of Davao Industry Cluster Capacity Enhancement Project (DTI)
- Funding and development of management and information system (DBP)
- Reconciliation of prescribed procurement process with RA 9184 (DBP)

8.0 RECOMMENDED ACTIONS FOR 2010 AND BEYOND

Recommendations are categorized into three sub-sections: (a) specific action plan generated from the JAW exercise; (b) recommendations for oversight and implementing agencies which may be undertaken for 2010 and beyond; and (c) continuing and planned enhancements on the methodology and content for future ODA reviews.

8.1 Joint Analytical Work (JAW) Action Plan

ISSUE	ACTION PLAN
Start Up Delays	Finalize readiness filters and strictly enforce compliance
Insufficient and/ or untimely allocation of budget for the 1 st year	Establish Taskforce on Start Up Budget (DBM as lead) to study options available to implementing agencies to secure budget for 1 st year <i>DBM assessment on budget strategy be made integral part of the ICC evaluation, e.g., include as section in the Project Evaluation Report (PER).</i>
Delays in procurement process	Create a working group on advance procurement (AP) to discuss directions for its operationalization and dissemination to EAs/IAs <i>See if possible to indicate in ICC PER the status of AP in the overall procurement plan of a proposed project</i>
Funds Flow Bottlenecks	Update service standards in the processing of fund release
Delays in fund release	PHC to coordinate with BTr, BSP, LBP and MDFO to review and update service standards for processing and develop a monitoring mechanism (e.g., under the NEDA M&E and PIO system)
Delays in LGU liquidation of MDFO advances	<ul style="list-style-type: none"> Assess LGU compliance with liquidation requirements Review MDFO documentary requirements and if appropriate streamline liquidation requirements, in accordance with COA rules and guidelines on fund transfers Coordinate with MDFO in the updating of its operations manual to better reflect its functions as fund conduit and implementing agency Institutionalize capacity building (easy to use training modules, "liquidation" workshops) for MDFO clients
COA pre-audit requirements for fund releases to LGUs and contract procurement	Coordinate with COA to re-assess the need for pre-audit for fund releases and procurement of contracts
Lapsing of NCA	Coordinate with DBM to consider quarterly lapsing of NCAs

ISSUE	ACTION PLAN
LGU-related Problems <ul style="list-style-type: none"> • Higher pass on rates • Difficulty of LGUs to comply with requirements related to social, environmental safeguards, and fiduciary aspects • Inability of lower income LGUs to provide equity 	<ul style="list-style-type: none"> • Coordinate with DOF in exploring feasibility of a risk-based guarantee fee structure (e.g., tiered mechanism for national government's credit guarantee fee), to better reflect the riskiness of various GOCCs and GFIs on guaranteed loans for LGU relending • Review the possibility of directly borrowing from international funding institutions in local currency • Review DPs' requirements to ensure suitable alignment with relevant Philippine safeguards and fiduciary systems • Review how performance based grant system can contribute to further rationalize the cost sharing mix and improve LGU governance performance

8.2 Other Recommendations for 2010 and Beyond

Recommendations listed hereunder are the results of the current portfolio review, supplemented by proposed and/or continuing actions suggested in previous reviews. These recommendations will be further discussed with IAs and oversight agencies to determine detailed steps, timelines and specific responsible entities.

8.2.1 Oversight Agencies

Prepare, finalize and approve the Operations Manual for ODA-funded projects compiling all updated policies and procedures, funds flow process, and requirements by the MDFO, NEDA, DOF, DBM, GPPB and the DPs. The Manual will also include information on one-time release on allotment for grants, requirements for the issuance of SAROs including service standards for processing, among others.

DOF-IFG, DOF-MDFO and NEDA to develop mechanism to rationalize NG-LGU cost sharing scheme among projects regardless of funding source.

GPPB to conduct capacity building activities with concerned IAs on advanced procurement, requirements, and rules and regulations of R.A. 9184 to avoid procurement delays.

DBM to re-orient finance officers of IAs on its requirements, processes and procedures.

PHC to develop a mechanism to charge the commitment fees to the budget ceiling of implementing agencies particularly those that are experiencing substantial delays in project implementation.

PHC to develop an incentive mechanism for agencies implementing or will implement program support type of loans.

8.2.2 Implementing Agencies

Ensure that all remaining billings and claims for completed works and consulting services are submitted on time, in order to maximize loan disbursements before loan closing.

Continue to strengthen promotion of relending facilities to entice more borrowers, given the demand-driven nature and uncertainty in the behavior of the LGUs. Continually revisit subloan features of relending projects to make them more attractive

to end-users, whether industry or LGUs e.g. effective and competitive interest rates, eligible scope, etc.

To improve LGU efficiency in implementing development projects, provide technical assistance to LGUs in the areas of sub-project preparation, procurement, financial management, monitoring and evaluation, among others.

Conduct orientation/promotional campaign on FAPs to increase awareness and generate support from the newly-elected local chief executives.

Institute an M&E arrangement/unit to track outcomes and sustainability measures, to be reported to NEDA on a periodic basis after project completion. Continue to monitor O&M, sustainability issues, actions/measures being taken to address issues for recently completed projects (last 3 years) and report to NEDA on a regular basis.

Initiate a writeshop to refine the agency's Monitoring & Evaluation system to ensure data consistency in the various project reports, particularly on report of overall weighted actual physical accomplishment.

Submit Project Completion Reports for all completed projects not later than six months after actual project completion date, inclusive of a section on project outcomes and impacts, to establish that the objectives of the project were achieved.

Regularly submit reports on the progress of implementation of ongoing projects (quarterly for loans and semestral for grants-assisted projects) to NEDA-PMS, and promptly inform the same of any and all unexpected developments in implementation, especially on incidences of cost increases to facilitate ICC re-evaluation.

Review the financial absorptive capacity of projects with low disbursement rate (below 50%), identify potential/actual problems projects using the NEDA-PMS Quarterly Alert Mechanism Report, and identify the key building blocks and the root causes of delays to make the necessary and appropriate measures to be taken.

Revisit and adjust target-setting of loan disbursements and general work program, taking into consideration realistic achievement of projected physical accomplishments based on available funds.

8.3 Continuing and Planned Enhancements for Future ODA reviews

Chapter/Title	Recommendations/Future Enhancements
1/ Introduction	<ul style="list-style-type: none"> Enhance the partnership in future ODA reviews through the conduct of joint initiatives between GOP and the DPs. Revisit provisions of the ODA Act and its Implementing Rules and Regulations.
2/ ODA Loans Portfolio	<p>Conduct technical analysis with other oversight agencies on portfolio-related matters, in order to:</p> <ul style="list-style-type: none"> Improve reporting and comparability of ODA statistics across DPs, i.e., apply base year for more accurate comparisons of yearly ODA commitments, review foreign exchange conversions, consider reporting all financial aspects of the Report in peso terms, etc.; Determine the net resource transfer picture (commitments to new loans vs. loan repayments); Report loan commitment disaggregated into types of financing, i.e., bilateral, commercial, and multilateral; Refine computation of Grant Element (GE) to consider only active

Chapter/Title	Recommendations/Future Enhancements
2/ ODA Loans Portfolio (cont.)	<p>loans for a given year (not cumulative), as well as include (by DOF-CAG) GE computation for GOCC-/GFI-implemented projects;</p> <ul style="list-style-type: none"> • Refine classification of proposed projects by sector, not by the agency implementing the projects; and • Consider use of weighted physical performance especially for non-infrastructure sectors.
3/ ODA Grants Portfolio	<ul style="list-style-type: none"> • Conduct a thorough accounting/inventory of ongoing grants through regular dialogues with DPs; • Ensure reporting on results; and • Enhance revision policy for data finalization, which would be one quarter after end of each year.
4/ Cost Overrun	<ul style="list-style-type: none"> • Develop an effective system and procedure for reporting and monitoring to take into account the gaps and weakness in the existing system and procedure; and • Devise appropriate measures to ensure effective institutionalization
5/ Results	<ul style="list-style-type: none"> • Conduct an inventory of projects with incomplete outputs as of loan closing date; • Analyze reasons for varying quality of reports on results; • Analyze impact of loan cancellations in the accomplishment of project outcomes; and • Generate/ensure greater compliance on reporting on results.
6/ Key Implementation Issues	<ul style="list-style-type: none"> • Continue the JAW process in order to address other implementation issues; • Follow through on the action plans for the first generation JAW issues; and • Actively engage existing M&E structures (NPMC, ICC, PIO, DP Portfolio reviews).
7/ Aid Effectiveness Initiatives	<ul style="list-style-type: none"> • Strengthen and integrate the collective efforts of OAs in better ODA management and administration; • Engage CSOs and legislature for broader participation in the assessment of aid effectiveness; • Strengthening country systems in evaluation; and • Expanding MfDR to other sectors (e.g., Health).
8/ Recommended Actions for 2010 and Beyond	<ul style="list-style-type: none"> • Continuing conduct of portfolio-related thematic studies between annual reviews; • Review of M&E Units and project implementation units in relation to results reporting; • Document good practices of projects, to include (but not limited to) strategies in (a) achieving desired outcomes and (b) resolving recurrent issues in project implementation; • Strengthen further knowledge management, e.g., management information system support; and • Conduct continuing capacity building in all aspects of ODA portfolio management.

CLASSIFICATION OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PROJECTS ACCORDING TO GENDER-RESPONSIVENESS

Republic Act (RA) 7192 or the Women in Development and Nation-Building Act mandates the National Economic and Development Authority (NEDA) to monitor the amount of official development assistance (ODA) resources allocated for gender-responsive programs and projects. RA 7192 is supportive of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), which was adopted in 1979 by the UN General Assembly and defines the commitment of the states to end discrimination against women in all forms. Likewise, the Philippines is committed to the Millennium Declaration which includes the promotion of gender equality and women empowerment as MDG Goal 3. Gender equality is integral to the achievement of the MDGs.

In keeping with these mandates, NEDA prepares an annual report on the gender-responsiveness of ODA-assisted programs and projects using the Harmonized Gender and Development Guidelines (HGDG) for Project Development, Implementation, Monitoring and Evaluation as a tool. For the past four years, NEDA, in coordination with the ODA-GAD Network, has been tracking the level of ODA allotted for women's concerns based on inputs from the donor agencies. This is the second year that gender and development perspective is incorporated in the ODA Portfolio Review, with inputs from implementing agencies using the classification presented in the Harmonized GAD Guidelines. Under these guidelines, projects can be classified as: D or GAD is invisible in the project if score is 0-3.9; C or Project has promising GAD prospects if score is 4 to 7.9; B or Project is gender-sensitive if score is 8 to 14.9; and, A or Project is gender-responsive if score is 15 to 20.

As in the previous year, the implementing agencies (IAs) were requested to provide information on the gender-responsiveness of their projects using templates that are based on the Harmonized GAD Guidelines. They were asked to fill out Table 10 (Classification of ODA Projects by Gender-Responsiveness) using Box 7 (Summary Assessment of Proposed Projects) of the Guidelines as basis. The assessment focuses on completed and ongoing projects in 2009.

Only 15 out of 30 implementing agencies (50%) responded to the request. This is a 6 percent increase from the 2008 reporting (17 out of 39 agencies). These agencies were the following: Department of Education (DepEd), Development Bank of the Philippines (DBP), ARMM Regional Government, Department of Social Welfare and Development (DSWD), North Luzon Railway Corporation (NLRC), Department of Public Works and Highways (DPWH), Land Bank of the Philippines (LBP), Supreme Court (SC), National Power Corporation (NPC), Department of Agriculture (DA), Department of Environment and Natural Resources (DENR), Department of Agrarian Reform (DAR), National Irrigation Authority (NIA), Department of Trade and Industry (DTI) and Department of Health.

In consolidating these inputs, all allocations were expressed in US dollars. The average annual exchange rates for 2008 were applied to convert Philippine Pesos, Euros, and Australian dollars into US dollars (1 PhP = US\$ 0.020996; 1 Euro = US\$ 1.393895; 1 Au\$ = US\$ 0.791381).

Table 1. Classification by Gender-Responsiveness (PD)

ITEM	No. of Projects	Amount (in million US\$)	%
Percent of total portfolio budget adjudged to be			
• Gender-responsive	20	997.127	32.02
• Gender-sensitive	15	586.150	18.82
• With promising GAD prospects	13	570.447	18.32
• GAD invisible in the project(s)	14	960.593	30.84
TOTAL	62	3,114.317	100

A total of 67 projects were reported by the implementing agencies, however, five (5) of these projects do not have information on the GAD rating and assessment. Therefore, at the project design stage, the report covers 62 programs/projects with a total ODA allocations amounting to US\$ 3.1 billion. This is only 30 percent of the total 209 projects (106 loans, 103 selected grants), and 29 percent of the total ODA allocations amounting to US\$10.747 billion, reviewed by NEDA in the ODA Portfolio Review. However, the figures presented show an improvement from last year's reporting. It is noted that only 40 projects were assessed in 2008, covering only about US\$ 2.7 billion ODA allocations.

Based on the submission of the 15 implementing agencies (Table 1), about 51 percent of their ODA portfolio reported support projects that were designed to be gender responsive/sensitive. Meanwhile, about 18 percent went to projects with promising GAD prospects. However, 31 percent of these ODA-funded projects were 'GAD invisible', or with no gender issues or concerns identified in the project design.

Table 2 generally shows that the agriculture, agrarian reform and natural resources sector had the most number of projects reported (24 out of 62 projects) at about 39 percent. It also had the largest ODA allocation, which amounted to about US\$1.5 billion (50%). This is followed by the infrastructure development sector, which had around 16 percent share in the total ODA allocation, with 10 projects out of 62 (16%).

Table 2. Classification of Projects, by GAD category *

(Amounts are in million US dollars)

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total
1. Agriculture, Agrarian Reform and Natural Resources	\$730.113 (46.5) (10 projects)	\$93.823 (6.0) (4 projects)	\$211.688 (13.5) (4 projects)	\$534.443 (34.0) (6 projects)	\$1,570.067 (100) (24 projects)
2. Governance and Institutional Development	9.671 (2.8) (3 projects)	24.4 (7.1) (1 project)	--	308.168 (90.0) (3 projects)	342.239 (100) (7 projects)
3. Infrastructure Development	--	96.769 (20.0) (1 project)	269.056 (55.7) (5 projects)	117.282 (24.3) (4 projects)	483.107 (100) (10 projects)
4. Social Reform and Development	195.873 (42.8) (6 projects)	262.098 (57.2) (7 projects)	--	--	457.971 (100) (13 projects)

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total
5. Industry and Services	--	9.06 (19.8) (1 project)	35.911 (78.6) (3 projects)	0.70 (1.5) (1 project)	45.671 (100) (5 projects)
6. Integrated Sector (multi-sectoral)	61.470 (28.6) (1 project)	100 (46.5) (1 project)	53.792 (25.0) (1 project)	--	215.262 (100.0) (3 projects)
Total	\$997.127 (32.1) (20 projects)	\$586.150 (11.2) (15 projects)	\$570.446 (29.6) (13 projects)	\$960.593 (27.1) (14 projects)	\$3,114.317 (100) (62 projects)

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

In terms of classification by gender-responsiveness, of the projects subjected to gender assessment, the agriculture, agrarian reform and natural resources sector was the most gender-responsive sector as it comprised 47 percent of the total reported ODA allocation going to gender-responsive projects. On the other hand, the social reform and development sector was the most gender-sensitive, with 57 percent of the total reported ODA allocation going to gender-sensitive projects. In contrast, the industry and services sector had the most ODA allocation going to projects with promising GAD prospects, at 79 percent. Lastly, the governance and institutional development sector had the most projects that were classified as GAD-invisible, at 90 percent.

Table 3. Classification by Gender-Responsiveness (PIMME)

ITEM	No. of Projects	Amount (in million US\$)	%
Percent of total portfolio budget adjudged to be			
• Gender-responsive	18	829.350	26.33
• Gender-sensitive	21	1,254.156	39.81
• With promising GAD prospects	8	750.442	23.82
• GAD invisible in the project(s)	7	316.091	10.03
TOTAL	55	3,150.039	100

At the project implementation, management, monitoring and evaluation (PIMME) stage, or simply, implementation, a total of 55 projects were assessed by the implementing agencies. The decrease in the number of projects reported is due to lack of rating at the implementation stage. Table 3 shows that about 61 percent of their ODA portfolio reported support projects that were gender responsive/sensitive at implementation. Meanwhile, about 24 percent went to projects with promising GAD prospects, and 10 percent of these ODA-funded projects were 'GAD invisible', or with no gender issues or concerns identified in the project design.

Table 4. Classification of Projects, by GAD category **(Amounts are in million US dollars)*

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total
1. Agriculture, Agrarian Reform and Natural Resources	\$567.215 (37.1) (9 projects)	\$730.927 (47.8) (12 projects)	\$8.377 (0.5) (1 project)	\$223.817 (14.6) (2 projects)	\$1,530.336 (100) (24 projects)
2. Governance and Institutional Development	4.792 (15.6) (2 projects)	24.4 (79.3) (1 project)	--	1.574 (5.1) (1 project)	30.766 (100) (4 projects)
3. Infrastructure Development	--	132.781 (15.2) (2 project)	650.415 (74.5) (3 projects)	90.00 (10.3) (3 projects)	873.196 (100) (8 projects)
4. Social Reform and Development	195.873 (42.8) (6 projects)	256.988 (56.1) (4 projects)	5.048 (1.1) (2 projects)	--	457.909 (100) (12 projects)
5. Industry and Services	--	9.06 (21.3) (1 project)	32.810 (77.1) (1 project)	0.70 (1.6) (1 project)	42.57 (100) (3 projects)
6. Integrated Sector (multi-sectoral)	61.470 (28.6) (1 project)	100.00 (46.5) (1 project)	53.792 (25.0) (1 project)	--	215.262 (100.0) (3 projects)
Total	\$829.350 (26.3) (18 projects)	\$1,254.156 (39.8) (21 projects)	\$750.442 (23.8) (8 projects)	\$316.091 (10.0) (7 projects)	\$3,150.039 (100) (54 projects)

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

On the other hand, Table 4 generally shows that the agriculture, agrarian reform and natural resources sector had the most number of projects reported (24 out of 54 projects) at about 44 percent. It also had the largest ODA allocation, which amounted to about US\$1.5 billion (49%). This is followed by the infrastructure development sector, which had around 28 percent share in the total ODA allocation, with 8 projects out of 54 (15%).

Looking closely at the figures, it is observed that there was a sudden increase of projects classified as gender sensitive, from project entry to implementation stages. These projects are mostly under the agriculture, agrarian reform and natural resources sector, which increased from 4 projects at design stage to 12 projects at implementation. Most of these projects are those implemented by the NIA and DPWH, where rating at implementation stage improved.

In the agriculture, agrarian reform and natural resources sector, gender-responsive/sensitive projects in this sector addressed, among others, issues on women's access and control over resources/services which reinforces barriers to participation and decision making capacities of men and women, women's involvement in farming activities and their lack of livelihood opportunities in the rural areas, access to credit facilities, and access to public services such as health and education. Women had reduced burden in fetching water which resulted in their having more time for productive/economic activities, studying, attendance to training activities, and recreation.

In the governance and institutional development sector, gender-responsive/sensitive projects in this sector addressed, among others, the participation of both men and women in project implementation in their localities, issues on women's access to judicial services, access of resources, and access to information/ knowledge.

In the social reform and development sector, gender issues identified by the projects include limited gender training/orientation of project staffs, lack of gender indicators in the project logical framework that resulted to non-inclusion of gender data in the reports, This was addressed through the inclusion of capability building programs such as gender-sensitivity training and enhancement of project monitoring tools in order to generate gender-related data. Another issue identified is the need for protection policies and observance of non-discriminatory practices for persons with HIV/AIDS, which the project addressed by incorporating policies for the protection of women and children with HIV/AIDS. Another issue identified is on reproductive health/safe motherhood, complementary feeding and breastfeeding promotion initiatives that often neglect men during community-based health education and promotion activities. This was addressed through social marketing and health education and promotion interventions that have considered men as target clientele.

Lastly, most of the infrastructure development and governance/institutional projects had designs that were classified as GAD invisible. Based on the agencies' submission, gender analysis has not been a component in some programs/projects, and gender issues/concerns were not identified and incorporated into project preparation and implementation. Objectives/goals were expressed in general terms. In some projects, especially in the hiring and training of staffs, agencies often cite as a reason the indifferences or non-bias personnel qualifications hiring, as well as competence-based qualifications in attendance to training.

In terms of the agencies' assessment on the gender-responsiveness of their projects, it is noteworthy to mention the improvement in the compliance of implementing agencies in providing their inputs. Likewise, the improvement in the quality of assessment, particularly in identifying gender issues of their respective projects shows that there were staffs who were aware and can identify GAD. However, there were still a few submissions that showed inconsistencies in classifying projects, as projects with "no gender issues identified" were still classified as gender-responsive/sensitive. This was the same observation in the 2008 reporting. The same was observed in projects adjudged as GAD invisible, where agencies view gender as "not applicable". An identified reason for such inconsistencies in the interpretation, rating and analysis of projects is the evaluating staffs' different levels of skills and understanding on gender and development as well as on the use of the Harmonized GAD Guidelines. Given the results of this monitoring activity, agencies are still faced with the challenge to enhance the gender awareness and sensitivity, as well as the skills of the project staffs and implementing agencies on gender analysis in order to effectively accomplish the GAD forms, particularly Table 10.