

CY 2012 ODA Portfolio Review Report Executive Summary

ODA Profile

Total commitment of the GOP loans portfolio as of 31 December 2012 is US\$8.82 billion, covering 70 projects loans (78% or US\$ 6.89 billion) and ten program loans (22% or US\$1.93 billion). The CY 2012 figure is about 2.6 percent higher than the registered CY 2011 commitment of US\$8.60 billion. JICA remains the biggest source of loans with US\$3.26 billion (21 loans) or 37 percent share of the total loans portfolio while the Infrastructure (INFRA) sector is still the largest recipient of ODA loans (US\$5.19 billion or 59%).

Meanwhile, as of 31 December 2012 the total amount of the grants portfolio is US\$2.9 billion covering 400 ongoing projects. Australia (US\$ 934.87 million or 32.79%), USA (USAID and MCC for a total of US\$ 852.18 million or 29.89%), and the United Nations (UN) System (US\$ 316.51 million or 11.10 percent) are the leading providers of grants in the Philippines. The Social Reform and Community Development (SRCD) sector remains the biggest recipient of grant assistance in CY 2012 (amounting to US\$1,519.41 million or 53.29%), followed by Governance and Institutions Development or GID (US\$561.92 million or 19.71%), and the Infrastructure sector (US\$400.04 million or 14.03%).

Performance

Financial

All financial indicators of the loans portfolio declined in CY 2012 in comparison with the performance in CY 2011. Portfolio wide average annual and historical performances (68.71% disbursement rate and 72.45% availment rate) decreased in CY2012.

Poor performance was observed in the start-up stage of project implementation. Average utilization rate of projects in the first year of project implementation was registered only at 8.83 percent, while it takes on average about two years (1.9 years) for a project to disburse 10 percent of its loan commitment.

Meanwhile, cumulative disbursements of grant assistance reached US\$1.31 billion, with a utilization rate of 49 percent.

Physical

In CY 2012, 12 out of 69 active programs and projects were closed/cancelled. Of the remaining programs/projects, physical implementation of 16 was on schedule/ahead of schedule, 30 were delayed, and 11 were new or in their start-up stage. The number of delayed programs and projects in the active loans portfolio decreased from 36 in 2011 to 30 in 2012.

A total of 18 actual problem projects were identified for priority monitoring and facilitation through NEDA's Alert Mechanism, a decrease from CY 2011's reported 20 projects. However, 17 of the actual problem projects were reported to be in critical stage, an increase of three projects from CY 2011's 14 critical projects.

Key Implementation Issues

Major implementation issues are categorized into the following:

Start-up Delays. Four projects reported delays at project start-up due to issues on project management (i.e. PMO not established, organizational changes in the agencies) and delays in finalization of subprojects.

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

Prolonged Procurement. A total of 14 projects experienced prolonged procurement due to bidding failures, among others.

Issues with LGU-implemented Projects. There were 11 projects affected by LGU-related issues such as: NG-LGU Cost sharing policy, weak capacity, issues with local leadership, and compliance with Monetary Board requirements for sub-loan applications.

Sustainability Issues. Four projects were reported to be experiencing sustainability issues due to poor operation and maintenance of completed facilities.

ROWA. Two projects reported pending ROWA claims as well as right of way problems with subproject sites.

Other implementation issues reported include inadequate manpower, poor project design, knowledge management issues, environmental safety concerns, peace and order, and poor performance of project contractor.

Results

Results (outputs, outcomes and impacts) from both ongoing and closed projects were identified. A total of 17 ongoing and 16 closed projects (mostly from the Agriculture, Agrarian Reform and Natural Resources or AARNR, INFRA and SRCD sectors) reported on results. Finally, project contributions to the PDP priorities were also highlighted.

Lessons learned in project implementation were generated from ongoing and completed projects, as well as from various evaluation studies conducted in 2012.

Initiatives to Better Manage for Development Results

The Report highlights the various initiatives to better manage for development results that were undertaken in CY 2012, which include, among others, improving alignment between planning and budgeting, linking interventions to results, and making public sector performance monitoring more systematic and transparent. Other aid effectiveness initiatives by Development Partners were likewise identified.

Actions Taken and Recommendations

Specific actions were undertaken by the IAs in terms of the recommendations from the CY 2011 ODA Review to address implementation issues while compliance to the CY 2011 recommendations to improve overall ODA portfolio management have been made under several NEDA-led activities, various TAs, joint analytic works with DPs, and inter-agency initiatives.

Priority recommendations for CY 2013 and beyond to further enhance the conduct of the Review in terms of its process and scope, and recommendations to further improve ODA portfolio management are focused on: (a) harmonizing ODA data including

definitions and terminologies among OAs and DPs; (b) strengthening formulation of policy guidelines thru conduct of analytical works to resolve implementation issues; (c) strengthening results monitoring and evaluation; (d) more focused M&E for capital grants or grants-assisted projects approved by the ICC; (e) among others.

SECTION 1 - THE OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PORTFOLIO REVIEW

1.1 Legal Mandates

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

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

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

1.2 Objectives

Consistent with the above mandates, the objectives of the CY 2012 Review are to: (a) identify key implementation issues/problems and cross-cutting concerns that hamper project implementation; (b) report on actions taken by concerned entities to facilitate project implementation; (c) report results (outcomes and outputs) derived from implementing ODA programs and projects; (d) formulate recommendations; and, (e) track developments on recommendations made in previous portfolio reviews.

The report also highlights major initiatives made in CY 2012 to better manage for development results.

1.3 Methodology

The Review covers the ODA loans and grants portfolio as of 31 December 2012 (i.e., new, ongoing, and closed within CY 2012). The Review assessed the performance of 24 IAs with active ODA portfolios. These IAs include 18 National Government agencies (NGA), three Government-Owned and/or -Controlled Corporations (GOCCs) and three Government Financial Institutions (GFIs). The assessment was complemented with agency consultations. (See **Annex 1-A** for list of IAs covered by the Review and **Annex 1-B** for project descriptions).

The NEDA, through the Project Monitoring Staff, undertook the Review as mandated. Key oversight agencies (OAs) such as DBM, COA, OP-PMS, CPBD, SEPO and DOF as well as development partners—ADB, JICA, WB, USAID, KfW, KOICA, UN, NZAP, AusAID, GIZ—participated during the agency-level meetings. NEDA Staffs also participated in the agency consultations.

In the finalization of the report, the draft findings were presented to and commented by the members of the ICC Technical Board on 3 June 2013; the Project Implementation Officers (PIOs) on 6 June 2013; the OAs (DBM, GPPB, DOF, MDFO, COA, SEPO, CPBD and BTr) and DPs both on 28 May 2013; and the NEDA Sector and Oversight Staffs on 30 May 2013.

For this year's review, the NEDA Regional Offices (NROs) and stakeholders including representatives from CSOs and private sectors in Regions XIII (22 May 2013), VIII (29 May 2013) and IV-A (17 June 2013) were also consulted.

1.4 Structure of the Report

The CY 2012 ODA Review Report is organized in seven sections.

Section 1 discusses the mandates, objectives, as well as the methodology of the Review.

Section 2 reports on the portfolio profiles in terms of magnitude, composition and distribution of ODA loans and grants.

Section 3 extensively discusses the financial and physical performance of both ODA loan- and grant-assisted projects. Financial performance was assessed by looking at the programs and projects' absorptive capacity. Meanwhile, overall progress of project implementation is highlighted under the Physical Performance Section. The Alert Mechanism identifies and flags projects which require priority monitoring and facilitation.

Section 4 discusses the key implementation issues of ODA programs and projects.

Section 5 reports results from ODA programs and projects. This section also discusses the consistency of observed results with the sector outcome objectives specified in the Philippine Development Plan-Results Matrices (PDP-RM) 2011-2016. Likewise, highlighted in this section are results generated by: (a) ongoing projects; (b) CY 2012 completed projects; and, (c) projects with ex-post and impact evaluations conducted in CY 2012.

Section 6 highlights the CY 2012 initiatives in managing for development results.

Section 7 covers the actions taken on last year's review, prospects and recommendations for CY 2013 and beyond.

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

SECTION 2 - ODA PORTFOLIO

The total ODA portfolio amounts to US\$11.72 billion. Of the total, US\$8.82 billion (75%) are loans and the US\$2.90 billion are grants. The ODA portfolio consists of 80 loans and 400 grants.

Box 2.1 ODA Loans Portfolio in Peso

Magnitude

For CY 2012, the total project cost for all active ODA loans (inclusive of those co-financed with grants) amounted to PhP555 billion, with the local counterpart amounting to PhP141 billion or 25 percent. Meanwhile, the Grant Proceeds (GP) amounted to PhP3.98 billion or a mere 1 percent. The following table summarizes the share of the loans proceeds and GOP share to the entire portfolio:

Total Project Cost (in PhP B)	LP		GPH		GP	
	PhP B	% share	PhP B	% share	PhP B	% share
555.23	409.98	74	141.27	25	3.98	1

GPH Counterpart vs. Total Project Cost

Majority of the IAs have an average counterpart funding of 1 percent to 19 percent while only DPWH and LWUA have average counterpart funding of 30 percent and above. The average counterpart funding as a percentage of IA's total project cost is shown in the following table:

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

Note: There are no counterpart funding for the program loans of DOF and DepEd.

Box 2.2 ODA Data from GPH and from OECD-DAC

The Organization for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) maintains ODA data, along with data on Other Official Flows (OOF) and private aid flows from the 24 OECD-DAC members, through the Creditor Reporting System (OECD-CRS). The information in the CRS database is submitted by donor agencies and verified by OECD.

Total commitments per year comprise new undertakings entered into during the year, regardless of when disbursements are expected, and additions to agreements made in earlier years.

The OECD-CRS database provides disaggregated ODA assistance data to the Philippines (and other recipient countries), emanating from DAC-member and Non-DAC member countries, as well as multilateral donors such as the International Bank for Reconstruction and Development (IBRD) and Asian Development Bank (ADB). Following are data on new ODA commitments per year from 2007 to 2011, as recorded in the OECD database:

Year	DAC Countries	Non-DAC Countries	Multilateral	Private Donors	TOTAL (US\$M)
2007	746.555	-	69.244	-	815.799
2008	879.999	-	82.060	-	962.059
2009	1,313.139	1.362	162.069	-	1,476.570
2010	1,207.225	0.144	136.436	-	1,343.805
2011	1,410.032	0.383	54.725	-	1,465.140
TOTAL	5,556.949	1.889	504.534	-	6,063.372

On the other hand, NEDA-PMS keeps track of GPH's ODA inflows or new ODA commitments with its own ODA database. All ODA commitments signed by the GPH and the DPs are captured in NEDA-PMS' ODA Portfolio. Following is a comparison of data from OECD-CRS and PMS database:

Year	CRS ODA Data in Total (US\$ M) (a)	NEDA-PMS Data (US\$M) (b)	Difference (US\$M) (b – a)
2007	815.799	1,409.38	593.58
2008	962.059	1,598.33	636.27
2009	1,476.57	1,352.98	(123.59)
2010	1,343.81	2,278.16	934.36
2011	1,465.14	1,722.71	257.57
TOTAL	6,063.373	8,361.56	2,298.19

The difference on ODA figures between OECD-CRS and NEDA-PMS may be due to:

- non-reporting of ADB to the OECD-CRS in the years prior to 2010. The ADB only began reporting complete activity-level data in the CRS in 2011 for its 2010 flows;
- non-inclusion, in the CRS database, of ODA commitments from the Millennium Challenge Corporation. Commitment from the United States reflected in the OECD-CRS database represents only the commitment coming from United States Agency for International Development (USAID); and,
- non-inclusion in the CRS database of aid statistics from non-DAC bilateral donors (such as China).

Source: OECD –CRS and the NEDA-PMS ODA Database.

2.1 ODA Loans Profile

2.1.1 Net Commitment

CY 2012 Portfolio

The US\$8.82 billion CY 2012 ODA loans net commitment comprised of 70 project loans amounting to US\$6.89 billion (78%) and 10 program loans worth US\$1.93 billion (22%). The 70 project loans support the implementation of 62 projects¹ while the 10 program loans support the implementation of 10 programs. (See **Annex 2-A** for the list of active loans)

Box 2.3 Concessionalities of ODA Loans to the Philippines

The weighted grant element of all active loans in the CY 2012 portfolio is 54 percent, 14 percentage points above the 40 percent requirement specified in the ODA Act. Weighted grant element of all loans as of 31 December 2012 is 60 percent. Source: DOF

Of the total loans portfolio, 17 loans (worth US\$2.316 billion) were newly-signed within CY 2012. Two (2) of these 17 loans were closed within the year while the remaining 15 loans were all made effective during the year. From the 63 loans (worth US\$6.505 billion) continuing from previous years (those that were signed prior to CY 2012), 48 are still ongoing as of CY 2012 while 15 were closed within the year. (See **Annex 2-B** for the list of new loans and **Annex 2-C** for the list of closed loans)

CY 2011 and CY 2012 Portfolio

The net commitment in CY 2012 increased by US\$221.43 million (from US\$8.60 billion in CY 2011 to US\$8.82 billion in CY 2012). A comparison of the CY 2011 and 2012 portfolio composition is shown in Table 2.1.

Table 2.1 CY 2011 and CY 2012 Composition of Loans

Status	CY 2011		CY 2012	
	Amount (US\$B)	Count	Amount (US\$B)	Count
Newly Signed	1.496	6	2.316	17
Not Effective	0.013	1	-	-
Effective	0.533	2	1.570	14
Fully-availed but not yet closed			0.096	1
Closed during the Year	0.950	3	0.650	2
Continuing	7.102	74	6.505	63
Not Effective	0.500	2	-	-
Ongoing	5.862	59	5.656	48
Closed	0.740	13	0.849	15
TOTAL	8.599	80	8.821	80

Net commitment excludes loan cancellations from the portfolio. Cancellations from the CY 2012 ODA loans portfolio amounted to US\$805.31 million.

¹ Of the 62 projects, 7 are supported by two loans each while the remaining 55 projects are supported by 1 loan each

Figure 2.1 is an illustration of the total loans portfolio commitment for CY 2011 and 2012. (See **Annex 2-D** for the list of loans with partial/full cancellations, and **Annex 2-E** for closed loans with extensions)

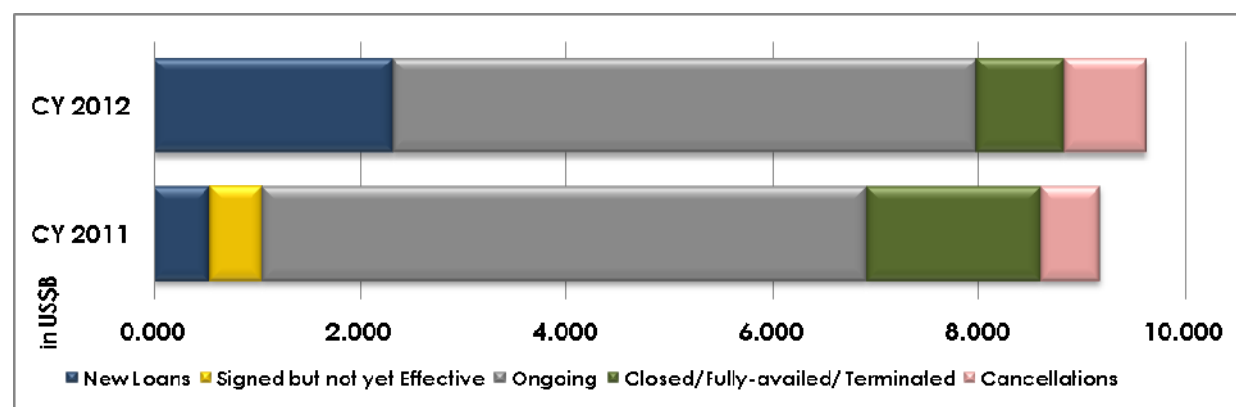


Figure 2.1 Composition of the Loans Portfolio (CY 2011 vs CY 2012)

Net Commitment in the Past Ten Years

Total net commitment in CY 2012 was the second lowest among the reported net commitments during the past ten years. The commitment level for project loans (US\$6,888 million) comprising the CY 2012 portfolio was also the second lowest within the ten-year period, with the lowest registered in CY 2011 (US\$6,858 million). Despite yearly fluctuations in net commitment level, the trend within the past decade showed a general decline in net commitment: from about US\$11 billion worth of net commitment in CY 2003 to about US\$8 billion in CY 2012. (Figure 2.2)

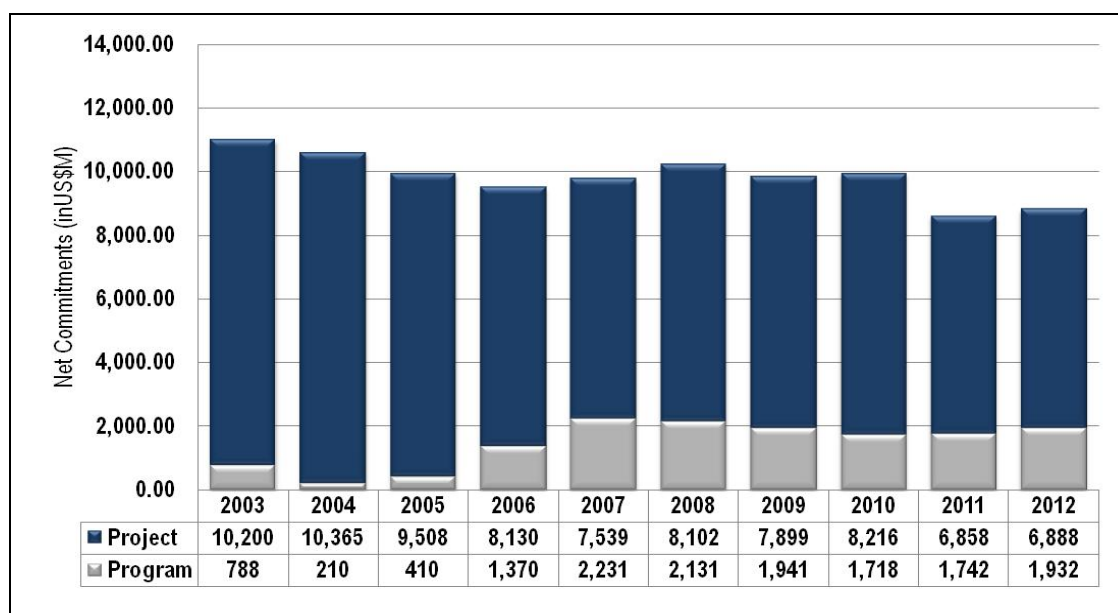


Figure 2.2 Historical Net Commitment in US\$M (CY 2003 -2012)

Annual flows in the past ten years reflected that CY 2012 had the largest amount of new loans and the fourth smallest amount of closed loans. The largest amount of closed loans (US\$2.416 billion) was in CY 2010. The smallest amount of new loans happened in CY 2003 (US\$0.475 billion) while the smallest amount of closed loans was in CY 2005 (US\$0.914 billion). (Figure 2.3)

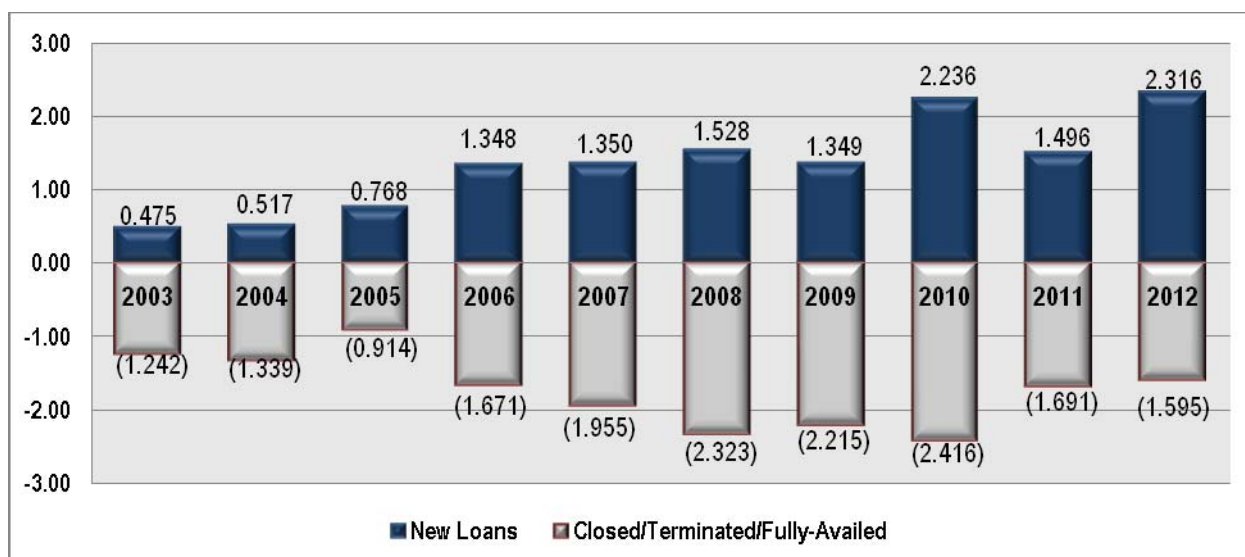


Figure 2.3 Historical Flows of ODA Loans in US\$B (CY 2003-2012)

2.1.2 Program Loans

Program loans support recipient countries in policy improvement and reform implementation as indicated in their national development plans. Loan agreements are signed and funds are provided based on confirmation that reform items have been achieved by the partner country's government. In many instances, program loans take the form of co-financing with other multilateral institutions.

Types of Program Loans

Program loans implemented by the government can be categorized into two main types. The first type includes policy-based program loans where amounts are disbursed in tranches triggered usually by policy conditionalities, the need for structural reforms, and other agreed milestones. Loan disbursements are not earmarked for activities/projects implemented by specific implementing agencies but form part of the general cash envelope of the national government. The second type is the sector – based program loans wherein DPs provide funding support to GPH to finance IAs regular activities specific for a certain sector. Budget allocations and cash are released to the implementing agencies using the GPH budget execution processes.

The three major DPs namely JICA, ADB and WB provided GPH both types of program loans. Indicated in attached **Annex 2-F** are the various policy and sector-based instruments for program loans of the three major DPs.

CY 2012 Program Loans Portfolio

For CY 2012, there are 10 active program loans amounting to US\$1.93 billion, comprising 22 percent of the total GOP loan portfolio (US\$8.82 billion). Of the 10 program loans in the portfolio, three are policy-based with a total commitment of US\$746.41 million while the remaining seven (US\$1,186.62 million) are program loans to be used for sector reforms under the health, tax administration, basic education, social welfare, and environment. See **Annex 2-G** for list of program loans for CY 2012.

2.2 ODA Loans Distribution

2.2.1 By Development Partner

In CY 2012, JICA remained the biggest source of ODA loans, with US\$3.261 billion (21 loans) or 37 percent share of the total loans portfolio. The second largest source was the World Bank (WB), with US\$1.839 billion (19 loans) or 21 percent, followed by ADB (US\$1.371 billion for 10 loans) or 13 percent (Table 2.2). (See **Annex 2-H** for the distribution of net commitment by development partner)

Table 2.2 CY 2012 Net Commitment by Development Partner

Development Partner	Loan Count	Net Commitment (US\$B)	Share (%)
JICA	21	3.261	37
WB	19	1.839	21
ADB	10	1.371	16
France	3	1.181	13
Other Sources*	23	0.782	9
China	4	0.387	4
TOTAL	80	8.821	100

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

Most of the new loans that became part of the CY 2012 portfolio were sourced from JICA (US\$943 million for 7 loans). This included one fully-availed program loan (*“Development Policy Support Program-Investment Climate”*) worth US\$96.41 million. ADB was the second largest source of new loans (about US\$712 million for 3 loans), two of which were fully-availed program loans closed within the year (US\$650 million). WB provided the third largest amount of new loans, with two new project loans (US\$325 million).

In the past ten years (2003-2012), ADB was the largest source of new loans with a total of US\$4.03 billion while WB and JICA were the second and third largest sources with US\$3.45 billion and US\$3.09 billion respectively. (Table 2.3)

Table 2.3 Historical New ODA Loans by Development Partner (US\$B)

DPs	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTAL
ADB	0.22	-	0.39	0.65	0.28	0.62	0.56	0.4	0.2	0.71	4.03
CHINA	-	0.4	-	0.05	0.6	-	0.09	0.12	-	-	1.26
JICA	0.12	-	-	-	0.25	0.27	0.61	0.38	0.52	0.94	3.09
OTHERS	0.02	0.05	0.28	0.24	0.32	0.44	0.32	0.6	0.01	0.35	2.63
WB	0.11	0.06	0.09	0.41	0.39	0.44	0.12	0.74	0.76	0.33	3.45
TOTAL	0.47	0.51	0.76	1.35	1.85	1.77	1.7	2.24	1.5	2.32	

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

2.2.2 By Sector

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

Development (SRCD). Implementing agencies and key activity areas that fall in each of the five sectors are described in Table 2.4.

Table 2.4 ODA Loans Sector Classification

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

The largest share of the loans portfolio (59%) was in the INFRA sector (US\$5.186 billion for 39 loans). The second largest share (19%) was in the SRCD sector (US\$1.692 billion for 13 loans) while the AARNR sector received the third largest share with 17 percent (US\$1.496 for 23 loans) (Table 2.5). (See **Annex 2-I** for the distribution of total ODA loans net commitments by sector and subsector)

Table 2.5 CY 2012 Net Commitment by Sector

Sector	Loan Count	Net Commitment (US\$B)	Share (%)
INFRA	39	5.186	58.8
SRCD	13	1.692	19.2
AARNR	23	1.496	17.0
IT&T	2	0.115	1.3
GID	3	0.332	3.8
TOTAL	80	8.821	100

New loans in CY 2012 showed that 46 percent (US\$1.07 billion) were directed to the INFRA sector. In the past ten years, the INFRA sector received the largest amount of new loans with US\$5.53 billion followed by the SRCD sector with US\$3.14 billion, the GID sector with US\$2.87 billion and the AARNR sector with US\$1.97 billion. (Table 2.6)

Table 2.6 Historical New ODA Loans by Sector (US\$B)

Sector	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	TOTAL
AARNR	0.06	0.06	0.02	0.03	0.27	0.26	0.36	0.4	0.01	0.5	1.97
GID	0.17	-	0.15	0.05	0.61	0.55	0.58	0.46	-	0.3	2.87
INFRA	0.16	0.45	0.27	0.66	0.95	0.49	0.71	0.23	0.54	1.07	5.53
IT&T	-	-	0.08	0.3	-	0.27	-	-	0.2	0.1	0.95
SRCD	0.08	-	0.25	0.31	0.01	0.2	0.05	1.14	0.75	0.35	3.14
TOTAL	0.47	0.51	0.77	1.35	1.85	1.77	1.70	2.23	1.50	2.32	

2.3 Age of the Loans Portfolio

2.3.1 Ongoing Loans

The age of a loan is reckoned from effectivity date to the date of reporting. A large part of the ongoing portfolio is comprised of loans which are on the second to third year of effectivity. About 26 percent (16 of the 62 ongoing loans²) have an age of less than a year, 11 of which are loans directed to the INFRA sector. Age distribution of ongoing loans by sector is presented in Table 2.7.

Table 2.7 Age of Ongoing Loans

Sector	Years											
	0	1	2	3	4	5	6	7	8	9	10	>11
AARNR	5	1	3	7	2	4		1			1	
GID										1		
INFRA	11	1	4	7	2	1						1
ITT						1	1					
SRCD		2	2	1	1			2				
Total	16	4	9	15	5	6	1	3	0	1	1	1

2.3.2 Closed Loans

Box 2.4 Loan Closing Date and Project Completion Date

The closing date of an ODA loan is the latest date wherein loan withdrawals are allowed by the DP. On the other hand, project completion date refers to the physical completion of the project.

Ideally, project completion should be within the loan closing. Closing dates may be extended (revised) as agreed by the DP and the IA, provided that it has the approval of the Investment Coordination Committee (ICC).

For CY 2012, average extension of project loans is 1.70 years. The average age of closed loans in the past five years is shown in Table 2.8.

Table 2.8 Age of Closed Loans within the Past Five Years*

	2008	2009	2010	2011	2012
Loan Count	23	19	20	8	14
Net commitment (US\$M)	1,350.82	825.93	1,757.80	553.39	849.35
Ave. Loan Validity	5.89	6.38	4.73	4.93	5.22
Ave. Age	7.69	6.85	6.07	6.90	7.29
Ave. Extension	1.80	0.47	1.34	1.96	1.70

*excludes single-tranche program loans

² The count excludes single-tranche program loans and closed loans

By DP, JICA projects had the highest average age of 8.68 years (including an almost one-year extension—0.99 year) while ADB had the longest average extension of 2.11 years. (Figure 2.4)

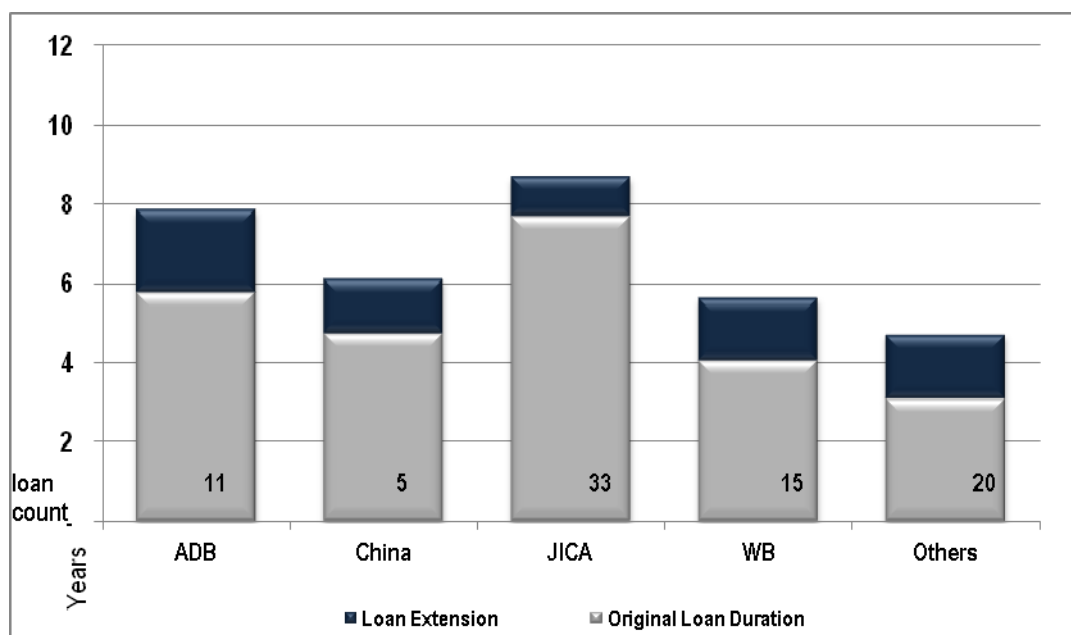


Figure 2.4 Average Age of Closed Loans by Development Partner (CY 2008-2012)

By sector, loans under the SRCD sector had the highest average age with 7.46 years (1.59 years extension), while the AARNR sector had the longest average extension of 1.67 years. (Figure 2.5)

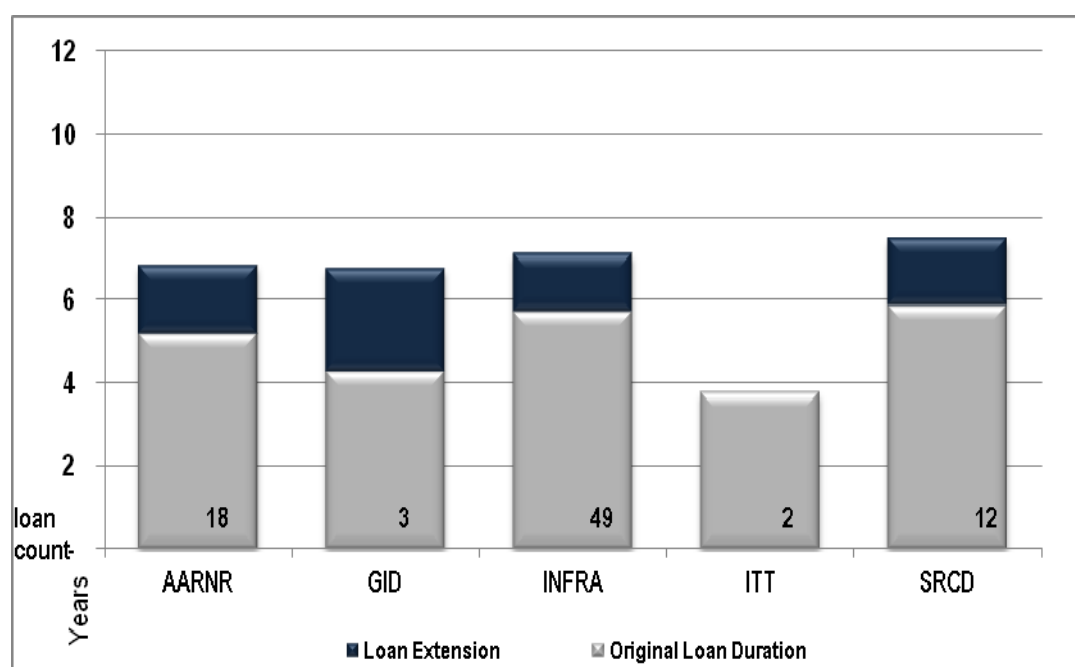


Figure 2.5 Average Age of Closed Loans by Sector (CY 2008-2012)

2.4 ODA Grants Profile

Magnitude and Distribution

As of CY 2012, there are 400 active grant-assisted projects with a cumulative grant amount of US\$2.9 billion.

By Development Partner³

Australia, USA and the UN System are the three leading providers of grants to the GPH with 32.79 percent (US\$934.87 million), 29.89 percent (US\$852.18 million), and 11.10 percent (US\$316.51 million), respectively. (See **Annex 2-J** for details on distribution of grants by DP and by Sector). (Figure 2.6)

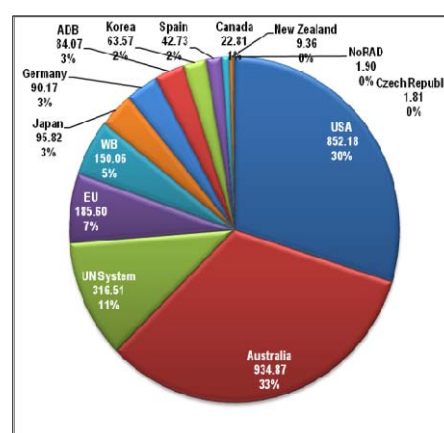
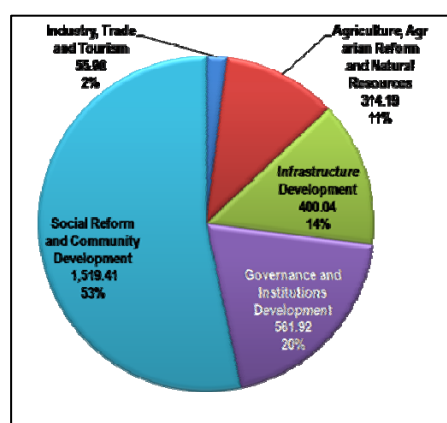


Figure 2.6 Distribution of Grants by DP



By Sector

In terms of sectoral distribution, the SRCD remains the major recipient of the ODA grant assistance amounting to US\$1,519.41 million (comprising 177 projects) or 53.29 percent of the total grants portfolio. The GID sector has 19.71 percent (US\$561.92 million for 83 projects) while the INFRA sector received 14.03 percent (US\$400.04 million for 29 projects). (Figure 2.7)

Figure 2.7 Distribution of Grants by Sector

New Grants

A total of 96 new grants⁴ were provided to the GPH, amounting to US\$278.57 million. The UN System provided the largest amount of new grant assistance in CY 2012 amounting to US\$129.13 million. USA (USAID) provided the second largest amount of new assistance (US\$49.24 million) while JICA provided the third largest, with US\$26.30 million. (Figure 2.8)

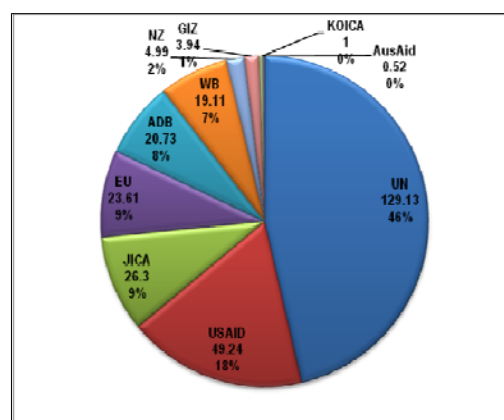


Figure 2.8 Distribution of New Grants

³ Grant assistance figures are attributed to the DP disbursing the grant funds, to prevent double counting of projects and committed amount.

⁴ New grant projects are comprised of projects with effectivity dates starting in CY 2012 and previously closed grants with renewed effectivity dates

2.5 Other ODA Disaggregation

2.5.1 By Region⁸

Loans

Majority (57%) of loan-supported programs/projects were implemented nationwide (US\$4.87 billion for 31 loans) while 19 percent (US\$1.44 billion for 18 loans) were implemented in multiple regions⁵.

For loans directed to specific regions, Region III and NCR almost have the same share in ODA loans with US\$652.64 million for seven projects (8% of the portfolio) and US\$637.55 million for five projects (7.4%). Table 3.9 is a disaggregation of total net commitment by area covered.

Table 2.9 Net Commitment Distribution by Coverage Area

Region	Number of Loans	Amount (in US\$M)	% Share
Nationwide	31	5,170.08	58.61
Luzon	19	1,616.31	18.32
CAR	2	36.6	0.41
NCR	6	743.31	8.43
I	1	89.15	1.01
III	7	652.64	7.40
IV-A	1	10	0.11
IV-B	1	71.61	0.81
Luzon-wide	1	13.00	0.15
Visayas	3	285.54	3.24
VI	2	220.94	2.50
VIII	1	64.6	0.73
Mindanao	8	308.58	3.50
X	2	102.75	1.16
ARMM	3	93.01	1.05
Mindanao-wide	3	112.82	1.28
Multi-regional	18	1,440.49	16.33
TOTAL	80	8,821.00	100.00

Grants

More than half or 53 percent of the grants portfolio amounting to US\$1.51 billion was implemented across multiple regions. Thirty-two percent of the portfolio was implemented nationwide while only 15 percent of the grants portfolio was classified as region-specific. Details are provided in Table 2.10.

⁸ The programs/projects supported by these loans were implemented in selected areas and not necessarily region-wide. Further, selected regions which do not have region-specific projects directed to their areas may be recipients of projects classified under nationwide, multi-regional and major island groups.

Table 2.10 Regional Distribution of Grants

Region	Number of Grants	Grant Amount (US\$M)	Percentage Share (%)
Luzon	52	221.49	7.77
II	2	3.24	0.11
III	5	23.36	0.82
IV-A	3	5.11	0.18
IV-B	3	13.42	0.47
V	11	12.32	0.43
CAR	3	5.011	0.18
NCR	25	159.03	5.58
Visayas	4	13.31	0.47
VII	2	3.36	0.12
VIII	2	9.95	0.35
Mindanao	31	207.18	7.27
X	13	19.72	0.69
XI	2	2.00	0.07
XII	1	0.30	0.01
XIII	6	7.89	0.28
ARMM	9	177.27	6.22
Multi-regional	229	1,506.37	52.83
Nationwide	84	903.11	31.67
TOTAL	400	2,851.46	100.00

2.5.2 ODA Programs and Projects Addressing Climate Change (CC) and Contributing to Disaster Risk Reduction (DRR)

Box 2.5 Climate Change Adaptation and Mitigation and Disaster Risk Reduction

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

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

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

Climate Change Adaptation and Mitigation

A total of 49 programs and projects (loans and grants) amounting to PhP34.71 billion were identified to have components with climate change strategies/interventions as shown in Table 2.11. (See **Annex 2-K** for the complete list of loans and grants supporting climate change mitigation/adaptation).

Table 2.11 ODA Programs and Projects with CC Adaptation and Mitigation Components

CC Initiative	No.	Cost (PhP M)*
Adaptation	26	
Loan	4	18,551.57
Grant	22	3,407.71
Mitigation	11	
Loan	6	7,666.07
Grant	5	369.06
Adaptation & Mitigation	12	
Loan	4	3,845.77
Grant	8	869.50
TOTAL	49	34,709.68

*Cost refers to total project cost, and does not correspond to the cost of project component/s that specifically addresses climate change. Further, total project costs of some projects were not indicated, thus the total amount may also not be reflective of total investments for climate change.

Disaster Risk Reduction

For CY 2012, a total of 12 programs and projects (5 loans and 7 grants-assisted) amounting to PhP18.21 billion are identified to be contributing to DRR (Table 2.12). See **Annex 2-L** for the list of projects addressing DRR.

Table 2.12 Projects and programs with DRR components

Type	No. of Projects	Cost (PhP M)*
Loan	5	15,935.52
Grant	7	2,273.46
TOTAL	12	18,208.98

* Cost refers to total project cost of FAPs, and does not correspond to the cost of project component/s that specifically addresses DRR. Further, total project costs of some projects were not indicated, thus the total amount may also not be reflective of total investments for DRR.

2.5.3 ODA Projects Supporting the Achievement of the Millennium Development Goals (MDGs)

For CY 2012, a total of 93 ODA loans and grants amounting to PhP212.97 billion support the achievement of the eight MDGs. Of the total number of ODA projects, 62 loans and grants (71%) worth PhP150.75 billion support a specific goal while 31 loans and grants (29%) or PhP62.22 billion are considered as cross-cutting projects supporting various MDGs (Table 2.13).

Goal 7 (Ensuring Environmental Sustainability) takes on the largest share of ODA with 32 percent or a total of PhP68.65 billion. Goal 1 (Eradicate Extreme Poverty) comes in second with 29 percent share or an aggregate project cost of PhP61.64 billion. Goal 3 (Promoting Gender Equality and Empowering Women) had the smallest share with only PhP30.56 million worth of loans and grants supporting said goal.

Table 2.13 ODA Projects Supporting the Achievement of MDGs

MDG Goals	Total Project Cost (PhP M)
1: Eradicate Extreme Poverty	61,642.24
2: Achieve Universal Primary Education	17,175.04
3: Promoting Gender Equality and Empowering Women	30.56
4: Reduce Child Mortality Rate	583.00
5: Improving Maternal Health	
6: Combating HIV/AIDS, Malaria and Other Diseases	2,644.49
7: Ensuring Environmental Sustainability	68,647.42
8: Develop a Global Partnership for Development	31.60
Subtotal	150,754.35
Cross-cutting ODA	62,217.92
TOTAL	212,972.27

See the **Annex 2-M** for the complete list of ODA loans and grants supportive of the MDGs.

2.5.4 ODA Projects According to Gender Responsiveness

Some eleven out of the 24 (46%) implementing agencies consulted for this year's reporting submitted their inputs. The turn-out of submission for the CY 2012 report is relatively low compared to the submissions in the previous years (92% in CY 2011 and 61% in CY 2010). Further, out of the 38 projects reported by the IAs, 30 have information on the GAD rating and assessment at the project design stage. (Table 2.14)

Table 2.14 Classification by Gender-Responsiveness

Item	Project Development (PD)			Project Implementation, Management, Monitoring and Evaluation (PIMME)		
	No. of Projects	Amount (USM\$)	Percent distribution	No. of Projects	Amount (USM\$)	Percent distribution
Percent of total portfolio budget adjudged to be						
Gender-responsive	8	711.6	28.93	9	841.59	25.77
Gender-sensitive	9	488.6	19.96	16	1,141.01	34.94
With promising GAD prospects	12	1,259.1	51.19	11	1,210.94	37.08
GAD invisible in the project(s)	1	0.5	0.02	2	72.09	2.21
Total	30	2,459.8	100.00	38	3,265.63	100.00

2.5.5 Other Types of Distribution

The total net commitment is further disaggregated by agency type (**Annex 2-N**), budget dependency (**Annex 2-O**), LGU participation (**Annex 2-P**), with MDFO as conduit (**Annex 2-Q**), and by type of assistance (**Annex 2-R**).

2.6 Budgetary Requirements of the Portfolio

In CY 2012, total appropriations for Capital Outlay (CO) and MOOE of IAs with ODA loans and grants amounted to PhP357.33 billion. About 11 percent or PhP38.07 billion

was appropriated for ODA, which is PhP12.68 billion short of the PhP50.72 billion CY 2012 budget requirement forecasted in the CY 2011 ODA Portfolio Review report.

The IAs with the biggest share of total agency appropriations were DOE (54%), NIA (53%) and DAR (39%). Table 2.15 shows the percentage share reckoned against total agency appropriations.

Table 2.15 ODA as Percentage of GAA per IA

Ratio (%)	Implementing Agency
30 and above	DOE, NIA, DAR
20-29	DA
1-19	DPWH, ARG, DSWD and DENR

For CY 2012, 62 projects reported total appropriations amounting to PhP49.721 billion (Table 2.16).

Table 2.16 CY 2012 Budget Appropriations

Fund Source	Amount (in PhP B)	Percentage (%)
GOP Counterpart	12.818	26
Loan Proceeds	30.460	61
Grant Proceeds	4.871	10
Others (LGUs, beneficiaries, RD funds)	1.572	3
Total	49.721	100

The three NG agencies with the biggest budgetary requirements for CY 2012 for their projects were DPWH with PhP19.476 billion (40%), DAR with PhP7.072 billion (15%), and NIA with PhP3.453 billion (7%).

Table 2.17 provides the total budget requirements from CY 2013 to CY 2016 and future years, which reached PhP166 billion.

Table 2.17 Multi-year Budget Requirements from CY 2013 onwards

Year	Budget Requirements (in PhP B)
2013	41.397
2014	41.564
2015	35.873
2016	23.700
Future Years	23.656
Total	166.190

SECTION 3 - PERFORMANCE

3.1 Loans Financial Performance

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

All financial indicators declined in CY 2012 in comparison with the performance in CY 2011. Details on the specific absorptive capacity indicators are discussed below.

3.1.1 Overall Loans Portfolio

Total disbursement for CY 2012 amounted to US\$1.51 billion for disbursement rate of only 68.71 percent. A 72.45 percent availment rate was registered which is within the 70 percent historical availment rate average. As compared to the available loan balance, total disbursement yielded a disbursement ratio of 25.36 percent.

CY 2011 and CY 2012 Financial Performance

Table 3.1 shows a comparison of the CY 2011 and CY 2012 performance.

Table 3.1 ODA Loans Financial Performance (CY 2011 vs. CY 2012)

Performance	Indicator		CY 2011	CY 2012
Annual Disbursement	Disbursement Level (US\$B)	Total	1.87	1.51
		Projects	0.80	0.50
		Programs	1.07	1.01
Performance against annual target	Disbursement Rate (%)	Total	79.50	68.71
		Projects	68.10	51.57
		Programs	90.77	82.17
Performance against historical target	Availment Rate (%)	Total	77.70	72.45
		Projects	71.18	60.82
		Programs	95.26	103.73
Annual disbursement against available loan balance	Disbursement Ratio (%)	Total	32.30	25.36
		Projects	18.30	11.01
		Programs	75.27	70.89

All financial indicators registered by the program loans portfolio are better than those registered by the GPH portfolio.

Disbursement level- The lower disbursement level in CY 2012 (US\$360 million decrease) was partly due to the 11 loans that are in start-up stage with zero reported disbursement. (See **Annex 3-A** for the comparison on disbursement levels by Development Partner)

Disbursement rate- Actual disbursement fell short of the CY 2012 target by US\$686.34 million compared to US\$482.32 million in CY 2011 resulting in a 10.79 percentage point decrease in disbursement rate. Although the number of loans with zero disbursement rates remained the same (2 loans in CY 2011 and CY 2012), the number of loans with less than 50 percent disbursement rates in CY 2012 increased from 21 loans in CY 2011 to 24 loans in CY 2012 (Table 3.2). (See **Annex 3-B** for the comparison on disbursement rates by Development Partner)

Table 3.2 Disbursement Shortfall in CY 2011 and CY 2012 (in US\$ M)

Performance	CY 2011	CY 2012
Annual Disbursement Level	1,870.25	1,506.83
Annual Disbursement Target	2,352.57	2,193.70
Shortfall	482.32	686.34
Disbursement Rate (%)	79.5	68.71

Availment rate- Availment backlog increased from US\$1.19 billion in CY 2011 to US\$1.51 billion, resulting in a 5.25 percentage point decrease in availment rate. The number of newly-effective and ongoing loans with zero percent availment rates increased from three in CY 2011 to 13 in CY 2012. (See **Annex 3-C** for the comparison on availment rates by Development Partner)

Disbursement ratio- The ratio decreased by 6.94 percentage points, from 32.3 percent in CY 2011 to 25.36 percent in CY 2012. The ratio in CY 2012 was pulled down by the lack of disbursements from nine newly-effective loan commitments amounting to about US\$973 million. (See **Annex 3-D** for the comparison on disbursement ratio by Development Partner)

The decline in CY 2012 performance could also be attributed to the difference in composition of the loan portfolios for both years. The CY 2011 portfolio had more single-tranche program loans which registered complete disbursement/ full availment of their loan amount within that year (3 loans worth US\$850 million). In contrast, the CY 2012 portfolio had more new project loans (16 loans worth US\$1.7 billion), which generally had zero or low disbursements in the first year of implementation.

ODA Loans Portfolio Financial Performance in the Past Ten Years

Disbursement level. Aggregate disbursement level in CY 2012 amounting to US\$1.51 billion was the fourth lowest in the past ten years. Average disbursement level amounted to US\$1.59 billion per year, with the highest disbursement level reported in CY 2009 (US\$2.01 billion). Table 3.3 is a summary of annual loan disbursement level in the last ten years.

Table 3.3 Historical Disbursement Level

Financial Indicator (US\$B)/Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Ave.
Disbursement Level	1.41	1.09	1.21	1.97	1.95	1.05	2.01	1.61	1.87	1.51	1.59
Disbursement Target	1.58	1.40	1.45	2.47	2.26	1.35	2.24	2.02	2.35	2.19	1.93

Disbursement rate, availment rate, disbursement ratio. Disbursement rate in CY 2012 (68.71%) was the lowest in the past ten years. Further, it was the only year when the portfolio's aggregate disbursement rate failed to reach the 70 percent benchmark. Availment rate (72.45%) also declined in CY 2012 but was still on the 70 percent average and higher than the reported availment rates from CY 2003 to 2005. CY 2012 disbursement ratio (25.36%) is within the 20 percent threshold, while from CY 2003 to 2005, disbursement ratios were below the said threshold. (Figure 3.1)

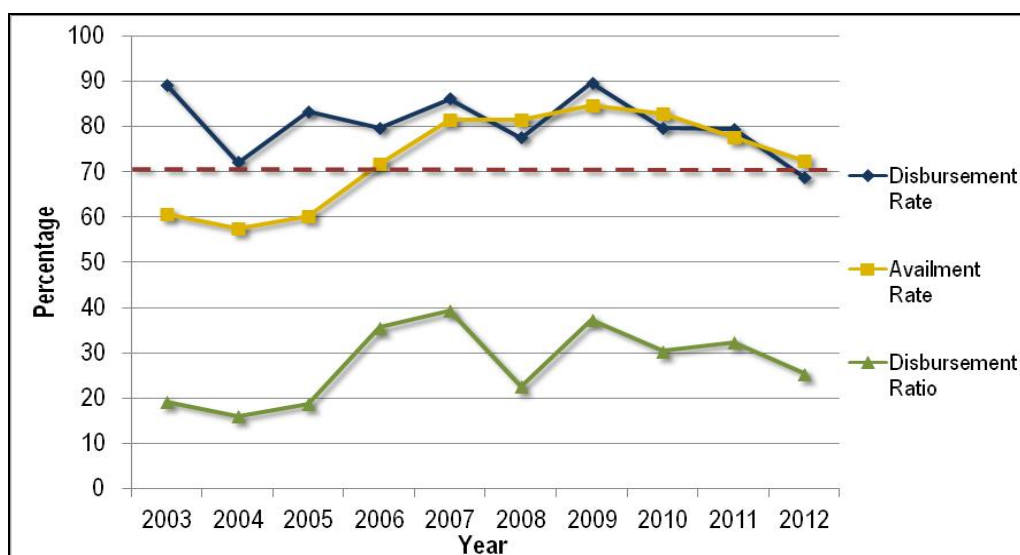


Figure 3.1 Historical Disbursement Rate, Availment Rate and Disbursement Rate

3.1.2 IA Portfolio Performance

Table 3.4 shows the annual and historical portfolio performances of IAs. Based on the 70 percent benchmark on availment rates and disbursement rates, eight of the 23 agencies performed well historically and annually, while eight were not able to achieve both the annual and historical benchmarks. Table 3.5 shows the agencies with changes in financial performance.

Table 3.4 CY 2012 Financial Performance by Agency

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

* Underlined IAs are those that are in the same performance category as in CY 2011

Table 3.5 Agencies with Change in Financial Performance (CY 2011 vs. CY 2012)

Financial Performance (CY 2011 vs. CY 2012)	Availment Rate	Disbursement Rate	Availment and Disbursement Rate
Improve (from Below 70% in CY 2011 to 70% and Above in CY 2012)	DA, DENR	DBP*, DOH,	ARG
Worsen (from 70% and Above in CY 2011 to Below 70% in CY 2012)		BIR, DAR, DOTC, DSWD	DPWH, LLDA

* Compared to CY 2011, DBP's performance was reversed in CY 2012 as its disbursement rate improved while its availment rate worsened.

IA Portfolio with the Highest Disbursement Shortfall in CY 2012

The top five agencies that did not meet their disbursement targets for CY 2012 are the following: DSWD, DPWH, DOTC, DAR and LBP. Their CY 2012 disbursement shortfall constitutes 82.7 percent of the total shortfall. (Table 3.6)

Table 3.6 IA Portfolios with the Highest Disbursement Shortfall

IA	DSWD	DPWH	DOTC	DAR	LBP	TOTAL
No. of Loans	3	19	5	6	6	80
Net Commitment (in US\$ M)	864.120	2,305.89	790.459	835.34	656.13	8,821.00
Target Disbursement (in US\$ M)	419.00	280.06	127.02	146.83	62.20	1,893.17
Actual Disbursement (in US\$ M)	217.56	141.45	14.30	49.53	44.11	1,206.22
Disbursement Deficit (in US\$ M)	201.44	138.61	112.72	97.30	18.09	686.95
Percentage Share to GOP Disbursement Shortfall	10.69	7.35	5.98	5.16	0.96	

IA Portfolios with Highest Availment Backlog in CY 2012

Aggregate actual availment (US\$3.97 billion) of the entire GOP portfolio failed to reach the cumulative scheduled availment of US\$5.48 billion (availment rate: 72.45 percent), resulting in an availment backlog of US\$1.51 billion.

The three IAs (DOTC, DAR, DPWH) with the highest contribution to the availment backlog (81%) were among the five IAs with the highest contribution to the disbursement shortfall. The percentage contributions of the five IAs with the highest impact on total GOP availment backlog are summarized in Table 3.7.

Table 3.7 IA Portfolios with the Highest Availment Backlog

IA	DOTC	DAR	DPWH	DBP	NIA	TOTAL
No. of Loans	5	6	19	5	5	80
Net Commitment (in US\$ M)	790.459	835.34	2,305.89	827.50	506.71	8,821.00
Scheduled Availment (in US\$ M)	692.75	647.34	1,073.62	437.29	174.94	5,484.00
Actual Availment (in US\$ M)	204.42	264.50	713.66	291.50	118.87	3,973.27
Availment Backlog (in US\$ M)	488.32	382.85	359.97	145.79	56.07	1,510.71
Percentage Share to CY 2012 Availment Backlog	32	25	24	10	4	

3.1.3 Performance of Project Loans

Table 3.8 shows the annual and historical performances of project loans that were continuing from previous years. Based on the 70 percent benchmark on availment rates and disbursement rates, nine of the 42 project loans performed well both historically and annually, while 20 were not able to achieve both the annual and historical benchmarks. Thirteen project loans performed well either annually or historically.

Table 3.8 Financial Performance of Project Loans in CY 2012

Historical and Annual Financial Indicators	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	9	4
Below 70 percent Disbursement Rate	8	20

The number of ongoing project loans with less than 70 percent disbursement and availment rates increased from 19 loans in CY 2011 to 20 in CY 2012. Table 3.9 is a list of loans with less than 70 percent rates

Table 3.9 List of Loans with Below 70 Percent Availment and Disbursement Rates

Title	DP	IA	Disbursement Rate (%)	Availment Rate (%)
Agrarian Reform Communities Project II	ADB	DAR	1.20	15.02
Agrarian Reform Communities Project II	OFID	DAR	0.00	0.00
Bacolod-Silay Airport Access Road Project	Korea	DPWH	36.54	42.02
Credit for Better Health Care Project	ADB	DBP	56.13	21.10
Credit Line for Energy Efficiency and Climate Protection in the Philippines (CLEECP)	Germany	LBP	-	0.00
Gapan-San Fernando-Olongapo Road Project, Phase II	Korea	DPWH	27.04	23.67
Greater Modular Access (GMA) RoRo Ports	France	DOTC	-	25.01
Health Sector Reform Project	Germany	DOH	32.81	47.41
Integrated Coastal Resources Management Project	ADB	DENR	48.97	42.47
Laguindingan Airport Air-Navigation System and Support Facilities Supply Project	Korea	DOTC	-	0.00
Laguna de Bay Institutional Strengthening and Community Participation Project (LISCOP) - AF	WB	LLDA	40.44	46.59
National Road Improvement Management Project Phase II	WB	DPWH	40.08	20.08
New Communications, Navigation and Surveillance/Air Traffic Management Systems Dev't	GOJ-JICA	DOTC	2.33	11.23
Participatory Irrigation Development Project	WB	NIA	20.68	51.33
Philippine Energy Efficiency Project	ADB	DOE	12.39	31.80
Provincial Towns Water Supply Programme III	Germany	LWUA	34.84	10.12
Second Cordillera Highland Agricultural Resource Management Project	OFID	DA	0.00	0.00

Title	DP	IA	Disbursement Rate (%)	Availment Rate (%)
Second Cordillera Highland Agricultural Resource Management Project	IFAD	DA	13.42	37.50
Second Women's Health and Safe Motherhood Project	WB	DOH	48.52	59.83
Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project	FRANCE	DAR	38.60	39.57

The 20 loans that failed to achieve the 70 percent benchmark for both their historical and annual targets are supporting 18 projects. Of these 18 projects, 15 were flagged as actual problem projects in NEDA's internal Alert Mechanism. Further discussion on the Alert Mechanism is found in Section 3.5.

Utilization Rate against Time Elapsed

Time elapsed is reckoned from effectivity date to the loan's original closing date. Loans that have more than 100 percent time elapsed are those with extended/revised implementation period, as approved by the ICC.

The CY 2012 Portfolio was comprised of 48 ongoing loans⁶ with no revision in closing dates. Of the number, 14 (29%) have exceeded the 30 percent threshold difference between utilization rate and time elapsed (Table 3.10). Ideally, as loan closing date draws nearer, both loan utilization and time elapsed rates approach 100 percent.

Table 3.10 Loans which Exceeded 30% Difference between Original Time Elapsed and Utilization Rate

Loan Title	DP	IA	Time Elapsed (TE) (%)	Utilization Rate (UR) (%)	TE-UR (%)
Second Cordillera Highland Agricultural Resource Management Project	OFID	DA	87.06	0	87.06
Agrarian Reform Communities Project II	OFID	DAR	79.30	0	79.30
Greater Modular Access (GMA) RoRo Ports	France	DOTC	103.40	25.01	78.39
Provincial Towns Water Supply Programme III	Germany	LWUA	63.83	8.39	55.44
Integrated Coastal Resources Management Project	ADB	DENR	91.75	38.22	53.53
Agrarian Reform Communities Project II	ADB	DAR	60.55	8.86	51.69
Gapan-San Fernando-Olongapo Road Project, Phase II	Korea	DPWH	68.54	18.19	50.35
Mindanao Rural Development Project-Phase 2	WB	DA	100	51.45	48.55
Bacolod-Silay Airport Access Road Project	Korea	DPWH	87.23	41.11	46.12

⁶ Excludes closed loans

Loan Title	DP	IA	Time Elapsed (TE) (%)	Utilization Rate (UR) (%)	TE-UR (%)
Credit for Better Health Care Project	ADB	DBP	56.14	10.55	45.59
Laguna de Bay Institutional Strengthening and Community Participation Project (LISCOP) - Additional Financing	WB	LLDA	51.88	10.25	41.63
Laguindingan Airport Air-Navigation System and Support Facilities Supply Project	Korea	DOTC	36.89	0	36.89
Second Cordillera Highland Agricultural Resource Management Project	IFAD	DA	54.15	17.50	36.65
Participatory Irrigation Development Project	WB	NIA	58.46	26.26	32.20

In assessing the performance of ongoing loans with extended/revised closing dates, computation of time elapsed is based on the revised closing date. The resulting revised time elapsed and the corresponding utilization rate are then measured against the threshold of 30 percent difference.

Of the 15 ongoing loans⁷ which have revised closing dates, eight (53%) exceeded the 30 percent difference between utilization rate and time elapsed (Table 3.11).

Table 3.11 Loans which exceeded 30% Difference between Revised Time Elapsed and Utilization Rate

Loan Title	DP	IA	Revised Time Elapsed (RTE) (%)	Utilization Rate (UR) (%)	RTE-UR (%)
Credit Line for Energy Efficiency and Climate Protection in the Philippines (CLEECP)	Germany	LBP	86.24	0	86.24
New Communications, Navigation and Surveillance/Air Traffic Management Systems Development	GOJ-JICA	DOTC	96.23	10.93	85.3
Philippine Energy Efficiency Project	ADB	DOE	87.88	24.13	63.75
National Program Support for Tax Administration	WB	BIR	91.76	42.9	48.86
National Road Improvement Management Project Phase II	WB	DPWH	64.99	20.08	44.91
Health Sector Reform Project	Germany	DOH	81.87	38.89	42.98
Second Women's Health and Safe Motherhood Project	WB	DOH	93.4	52.31	41.09
Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project	FRANCE	DAR	75.74	36.37	39.37

⁷ Excludes closed loans

Actual Time Expended to Disburse 10% of Loan Amount

For the current portfolio, it takes an average of two years (1.9 years) for a project to disburse the first 10 percent of its loan commitment as shown in Figure 3.2. (Refer to Annex 3-E for the details.)

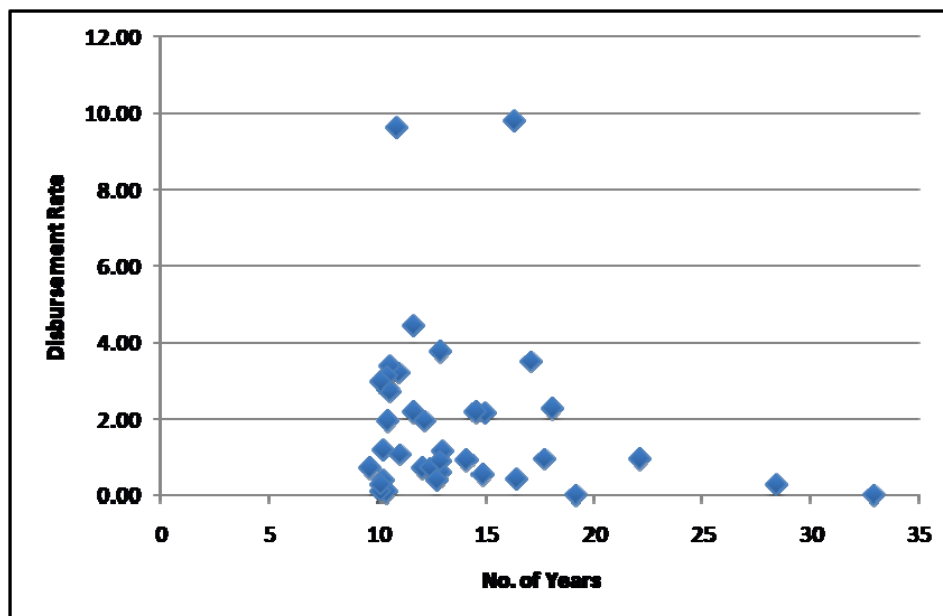


Figure 3.2 Actual Time Expended to Disburse 10% of Loan Amount

By DP, data shows that ADB, the Other DPs and JICA-assisted projects required longer time to disburse the first 10 percent of their loan amounts, with 2.33 years, 2.30 years and 2.23 years, respectively. Meanwhile, the WB funded projects required 1.41 years while China recorded the shortest time to disburse initial fund requiring less than a year (0.78 year). (Figure 3.3)

By sector, projects related to the INFRA and IT&T sectors, required more than two years to disburse the first 10 percent of their allocated funds (2.17 years and 2.11 years, respectively). The AARNR and the SRCD took 1.79 years and 1.7 years, respectively. (Figure 3.4)

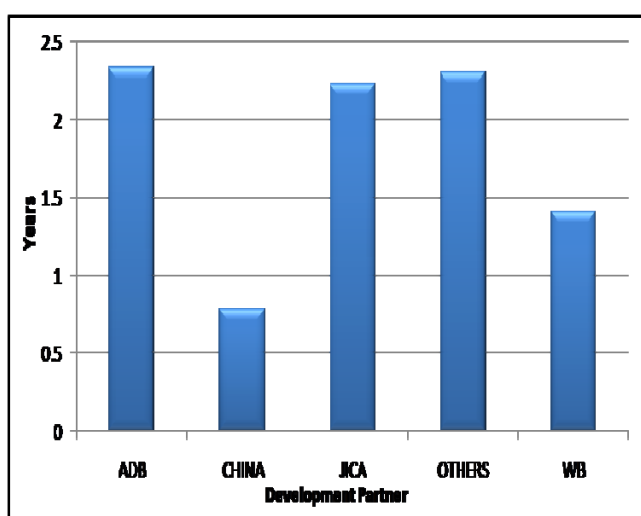


Figure 3.3 Actual Time Expended to Disburse 10% of Loan Amount by DP

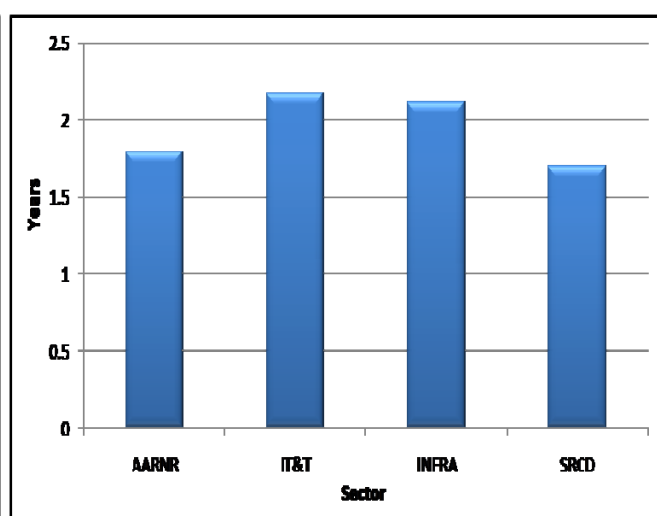


Figure 3.4 Actual Time Expended to Disburse 10% of Loan Amount by Sector

By IA, DOTC was the slowest disbursing agency, taking about 10 years to disburse 10 percent of its allocated funds (10% utilization in 10 years). IAs that exceeded two years of implementation prior to disbursing 10 percent of their funds were DOH (3.49 years), DA (2.94 years), DTI (2.17 years), and DENR (2.06 years). (Figure 3.5)

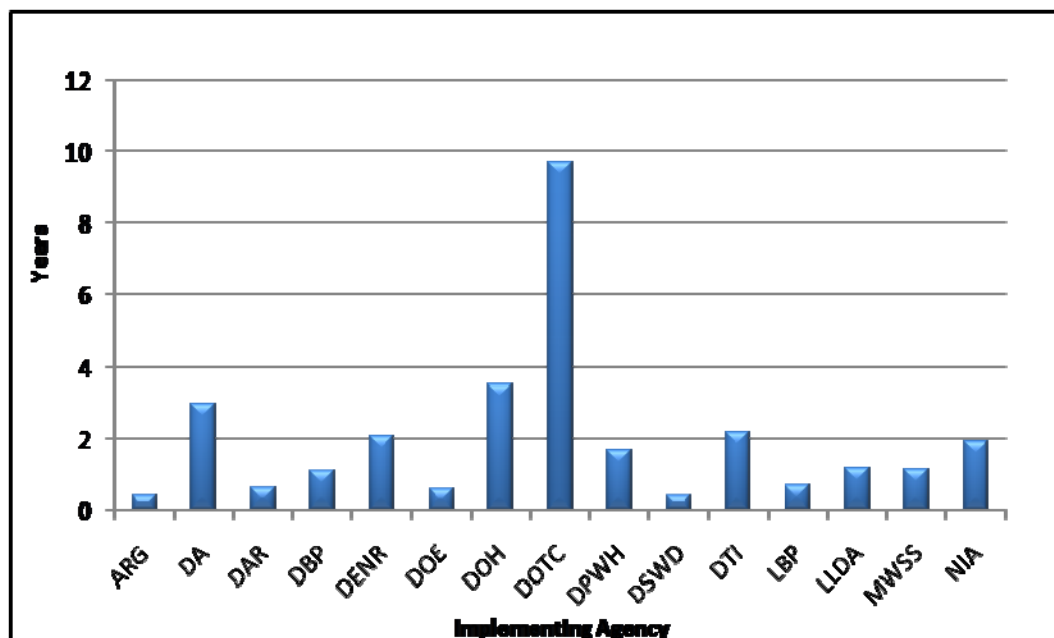


Figure 3.5 Actual Time Expended to Disburse 10% of Loan Amount by IA

Average Utilization Rate in the 1st and 2nd Year of Project Implementation

The average utilization rate of projects in the first year of implementation was 8.83 percent and 16.30 percent in the second year. These are below the ideal target of 20 percent in the first year and around 40 percent in the second year of implementation. (Figure 3.6)

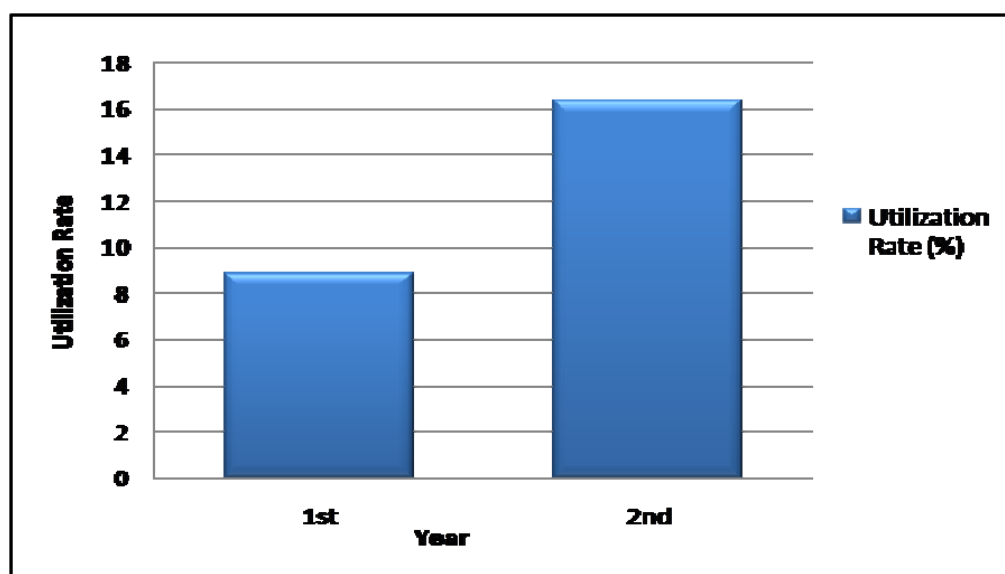


Figure 3.6 Average Utilization Rate in the 1st and 2nd Year of Project Implementation

Among the DPs, China showed better utilization performance at start-up with 22.60 percent and 33.52 percent utilization rates in the first two years of project implementation (Figure 3.7). By sector, SRCD registered the highest average utilization rate with 14.62 percent in the first year and 36.45 percent in the second year (Figure 3.8).

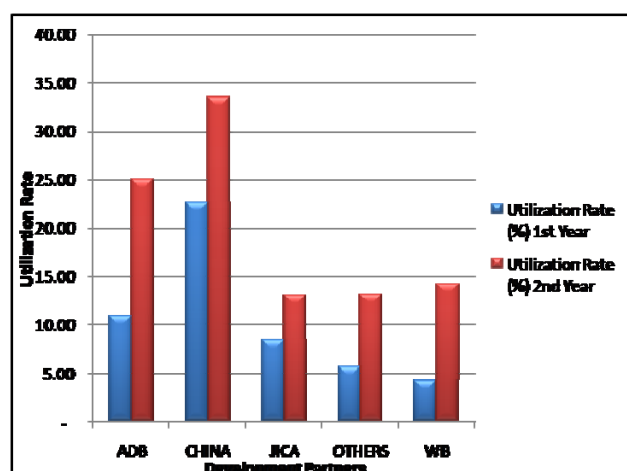


Figure 3.7 Average Utilization Rate in the 1st and 2nd Year of Project Implementation by DP

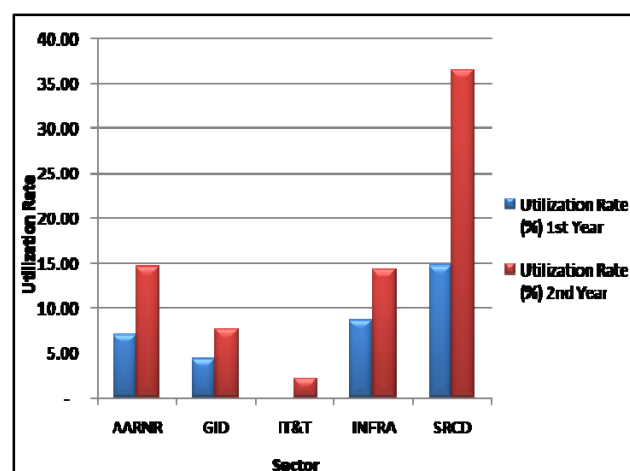


Figure 3.8 Average Utilization Rate in the 1st and 2nd Year of Project Implementation by Sector

By IA, the poor performers at project start-up were the following: ARG, DA, DAR, DENR, DILG, DOE, DOTC, DPWH, DTI, LLDA, LWUA, NIA and SC. These agencies registered below 10 percent average utilization rate in the first year of implementation and below 20 percent average utilization rate in the succeeding year. DBP and NLRC met the supposed target of 20 percent utilization rate in the first year but their performance slowed down in the second year. In contrast, DSWD and MWSS started slowly but reached an average utilization rate of more than 40 percent in the second year (Figure 3.9).

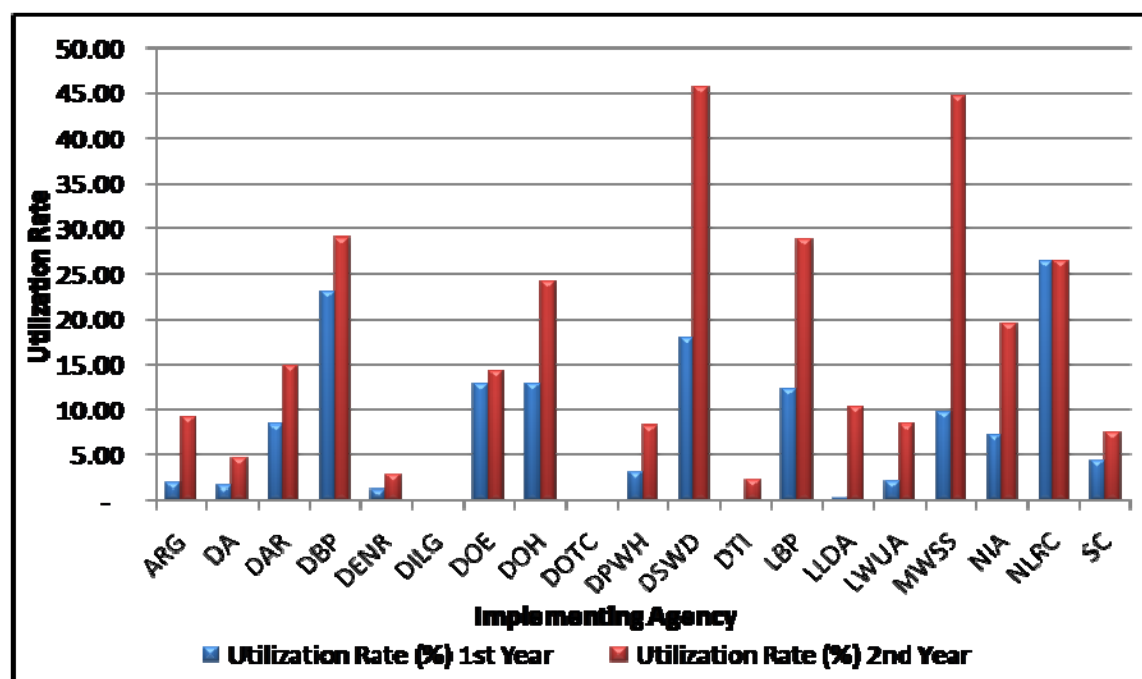


Figure 3.9 Average Utilization Rate in the 1st and 2nd Year of Project Implementation by IA

Performance of Loan-assisted Projects with Additional Financing (AF)

Total net commitment of four active loans with AF amounted to US\$ 129.12 million. These support implementation of additional activities of ongoing projects in the areas of social welfare, environmental management, and power supply.

Box 3.1 Additional Financing (AF)

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

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

Source: World Bank

Of the projects with AF, the Rural Power Project and the Laguna de Bay Institutional Strengthening and Community Participation Project (LISCOP) registered disbursement and availment rates that were below the 70 percent benchmark. (Table 3.12)

Table 3.12 Performance of Projects with AF

Project Title	Net Commitment (US\$M)	Disbursement Level (US\$M)	Disbursement Rate (%)	Availment Rate (%)	Disbursement Ratio (%)	Utilization Rate (%)
Rural Power Project	40.00	2.24	29.47	39.06	8.12	36.62
ARMM Social Fund Project	30.00	13.81	71.15	82.17	56.09	62.30
KALAHI -CIDSS	59.12	25.14	114.27	81.99	53.05	73.23
LISCOP	10.00	1.00	40.49	46.59	10.02	10.25
TOTAL	139.12	42.19	81.95	67.38	38.50	55.82

3.1.4 Performance of Program Loans

National Program Support (NPS) Loans

As of CY 2012, availment rate of NPS program loans reached 105.47 percent, which is about 18 percent higher than last year's performance (see Table 3.13). This can be attributed to the increase in the disbursement level of the said loans amounting to US\$262.86 million in comparison with the CY 2011 level of US\$193.80 million. Meanwhile, the annual performance (disbursement rate) of these loans decreased in comparison with CY 2011 by about 22 percent due to a decline in disbursement rate of two program loans (National Program Support for Tax Administration Reform and Social Protection Support Project).

Table 3.13 Financial Performance of National Program Support Loans
(CY 2011 vs. CY 2012)

Program Title	Availment Rate (%)		Increase (Decrease)	Disbursement Rate (%)		Increase (Decrease)
	CY 2011	CY 2012		CY 2011	CY 2012	
1. National Program Support for Basic Education	93.21	98.73	5.92	70.14	92.10	31.31
2. National Sector Support to Health Reform Program	74.3	100	34.59	41.14	96.43	134.39
3. National Program Support for Tax Administration Reform	30.4	65.77	116.35	153.26	31.82	(79.24)
4. National Program Support for Environment and Natural Resource Management	56.5	89.10	57.70	33.73	67.80	101.01
5. Social Welfare and Development Reform Program	95.0	97.13	2.24	51.14	51.97	1.62
6. Rapid Food Production Enhancement Programme	99.34	98.82	(0.52)	0	156.11	N/A
7. Social Protection Support Project	95.63	153.8	60.83	331.68	45.35	(86.33)
TOTAL	87.56	105.47	17.91	76.48	54.55	(21.93)

3.1.5 CY 2010 to CY 2012 Loans Portfolio Performance

A total of 23 project loans with a total commitment of US\$2.75 billion were signed from 30 June 2010 to 31 December 2012. Of the 23 projects, 12 are on start-up stage, one is on schedule, another is ahead of schedule, eight are behind schedule while only one (Local Government Unit Investment Programme II) was closed as of June 2012.

Financial Performance based on time elapsed and utilization rate showed that only one loan (Laguna De Bay Institutional Strengthening and Community Participation (AF)) exceeded the 30 percent benchmark on said financial indicator (Table 3.14). Physical implementation of said project is also behind schedule.

Table 3.14 Project Loans Signed within the PDP Period

Loan Title	Net Commitment (in US\$ M)	Effectivity Date	Closing Date	TE-UR (%)	Physical Status
1. Laguna De Bay Institutional Strengthening and Community Participation (AF)	10.00	7/27/2011	4/30/2014	41.67	Behind Schedule
2. Laguindingan Airport Air-Navigation System and Support Facilities Supply Project	13.29	-	-	23.64	Behind Schedule

Loan Title	Net Commitment (in US\$ M)	Effectivity Date	Closing Date	TE-UR (%)	Physical Status
3. ARMM Social Fund (Additional Financing)	30.00	11/5/2010	5/31/2013	21.59	Behind Schedule
4. Road Improvement and Institution Development Project	62.00	7/20/2012	6/30/2016	11.37	Start-Up
5. Road Upgrading and Preservation Project	506.50	7/21/2011	7/21/2023	9.31	Behind Schedule
6. Bureau of Fire Protection Capability Building Program for Selected Priority Cities Project	26.57	4/5/2012	4/5/2014	8.96	Ahead of Schedule
7. Mindanao Sustainable Agrarian and Agriculture Development Project (MINSAAD)	75.18	7/3/2012	7/3/2019	7.09	Start-Up
8. Pasig-Marikina River Channel Improvement Project Phase III	146.77	7/3/2012	7/3/2019	7.09	Start-Up
9. Arterial Road Bypass Project, Phase II (ARBP II)	56.93	7/3/2012	7/3/2019	7.09	Start-Up
10. Central Luzon Link Expressway Project	282.67	7/3/2012	7/3/2019	7.09	Start-Up
11. National Irrigation Sector Rehabilitation and Improvement Project (NISRIIP)	76.72	7/3/2012	7/3/2019	7.09	Behind Schedule
12. Flood Risk Management Project along Selected Principal Rivers 2	93.57	7/3/2012	7/3/2020	6.19	Start-Up
13. Road Improvement and Institutional Development Project	30.00	9/17/2012	6/30/2017	6.01	Start-Up
14. Regional Infrastructure for Growth Project	50.00	10/11/2012	11/30/2016	5.12	Start-Up
15. Metro Manila Wastewater Management Project	275.00	10/19/2012	6/30/2017	4.26	Start-Up
16. Post Ondoy and Pepeng Short-term Infrastructure Rehabilitation Project	122.91	9/21/2010	9/21/2013	4.08	Behind Schedule
17. Forestland Management Project	114.63	7/3/2012	7/3/2022	2.80	Start-Up
18. Jalaur River Multipurpose Irrigation Project, Phase II	207.88	11/28/2012	5/28/2018	1.64	Behind Schedule

Loan Title	Net Commitment (in US\$ M)	Effectivity Date	Closing Date	TE-UR (%)	Physical Status
19. Local Government Unit Investment Programme II	9.07	10/18/2010	12/31/2010 (original) 6/20/2012 (revised)	0.88	Closed
20. Italian Assistance to the Agrarian Reform Community Development Support Program (IARCDSP)	33.68	12/28/2012	4/11/2019	0.13	Start-Up
21. Puerto Princesa Airport Development Project	71.61	12/21/2012	6/21/2017	-0.24	Start-Up
22. Social Protection Support Project	400.00	1/12/2011	3/31/2016	-3.79	Behind Schedule
23. KALAHI-CIDSS Project (Additional Financing)	59.12	2/24/2011	5/31/2014	-4.78	On Schedule

Seven single-tranche program loans were likewise signed, with an aggregate amount of US\$1.94 billion. These loans supported programs in various sectors including GID (1 loan), IT&T (2 loans), and SRCD (4 loans). All of these loans were already closed as of CY 2012, with 100 percent availment rates. (Table 3.15)

Table 3.15 Program Loans Signed within the PDP Period

	Loan Title/DP	Net Commitment (US\$M)
1	Food Crisis Response Development Policy Operation Supplemental Support for Post-Typhoon Recovery/WB	250.00
2	First Development Policy Loan to Foster More Inclusive Growth/WB	250.00
3	Disaster Risk Management Development Policy Loan with a Catastrophe Deferred Drawdown Option (CAT-DDO)/WB	500.00
4	Financial Market Regulation and Intermediation Program/ADB	200.00
5	Increasing Competitiveness for Inclusive Growth Program -Sub1 /ADB	350.00
6	Development Policy Support Program-Investment Climate/GOJ-JICA	96.41
7	Governance in Justice Sector Reform Program-Subprogram 2/ADB	300.00

3.1.6 Commitment Fees

Total commitment fees (CFs) paid in CY 2012 for the current portfolio amounted to US\$6.808 million, equivalent to less than one percent of the CY 2012 project loans net commitment (US\$6,888 million). Compared to CY 2011, total CFs paid in CY 2012 decreased by US\$2.154 million (from US\$8.962 million to US\$6.808 million).

The top five projects with the highest amount of commitment fees paid in CY 2012 (with combined share of 85.6%) were the following: Tulay ng Pangulo Para sa Kaunlarang Pang-agraryo Project (TPKP) with US\$2.24 million (32.9%); Greater Maritime Access (GMA) Ports with US\$1.90 million (28.0%); Mega Bridges for Urban and Rural Development Project (MBURDP) with US\$0.68 million (10.02%); Social Protection Support Project with

US\$0.51 million (7.4%); and Road Upgrading and Preservation Project with US\$0.50 million (7.3%). See **Annex 3-F** for a year-on-year comparison of the amount of commitment fees paid per project.

DAR accounted for the largest amount of commitment fees paid in CY 2012 with US\$2.298 million (33.8%), followed by DOTC with US\$1.94 million (28.6%), and DPWH with US\$1.36 million (20.0%). See **Annex 3-G** for a year-on-year comparison of the amount of commitment fees paid by implementing agency.

Box 3.2 Commitment Fees Attributable to Implementation Delay and as Cost of Financing

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

A desk review was conducted to approximate how much of the commitment fees paid in CY 2012 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay is arrived at by: (a) deducting computed commitment fees assuming 100 percent availment rate to the actual commitment fees paid, or (b) applying the rate to the backlog (scheduled availment less actual availment). The result of the analysis showed that approximately 75 percent of commitment fees paid in CY 2012 may be attributed to implementation delay.

Table 3.16 shows the CFs paid by the government from CY 2003 to CY 2012.

Table 3.16 CFs Paid as a % of Total Net Commitment (CY 2003-2012)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Commitment (Project Loans Only) (US\$M)	10,200.05	10,365.11	9,508.05	8,130.13	7,538.64	8,101.97	7,899.12	8,216.49	6,857.67	6,888.00
Commitment Fees Paid (US\$M)	9.525	7.513	6.36	5.682	4.756	4.321	6.567	10.491	8.962	6.808
Percentage of CFs Paid to Project Loans Net Commitment (%)	0.09	0.07	0.07	0.07	0.06	0.05	0.08	0.13	0.13	0.10

The three major DPs (ADB, JICA, and WB) have implemented new CF policies for loans signed on or before specific months in CY 2007. WB in 2007 stopped charging CFs for new loans while JICA started to charge CFs for new loans in 2010.

Box 3.3 ODA Loans Financial Performance in Peso

As of CY 2012, total amount disbursed amounted to PhP179.43 billion or 32 percent of the total project cost (TPC) of the ODA Portfolio of PhP555.23 billion.

	Number of Projects	TPC (in PhP M)	Actual Disbursement (in PhP M)	Percentage Disbursed
Projects	66	454,726.73	107,603.15	23.63
Programs	10	100,506.44	71,829.15	71.47
Total	76	555,233.17	179,432.30	32.32

Note: based on revised project cost

By Implementing Agency

By IAs, MWSS registered the highest percentage of disbursement at 89.66 percent vis-à-vis the agency's total project cost of PhP6, 109.93 million. Meanwhile, NLRC registered no disbursements for CY 2012 as the two loans (Northrail Phase I Section I and Northrail Phase I Section II) under the agency were cancelled. **Annex 3-H** summarizes the disbursement level and percentage disbursed vis-à-vis the total project cost per implementing agency.

By Sector

For the sector disaggregation, the GID sector registered the highest disbursement amounting to PhP 13.88 billion or 94.8 percent of the total project cost for the sector while the AARNR sector has the lowest percentage of amount disbursed at 19.04 percent or PhP 18.08 billion.

Sector	No. of Projects	Amount (in PhP M)	Disbursement Level (in PhP M)	Percentage Disbursed (as of Dec 2012)
Agriculture, Natural Resources and Agrarian Reform	21	103,604.73	18,078.73	17.45
Governance and Institutions Development	3	14,640.50	13,878.81	94.80
Industry, Trade and Tourism	2	5,347.84	4,981.92	93.16
Infrastructure	37	342,562.48	88,602.74	25.86
Social Reform and Community Development	13	89,077.61	53,889.14	60.50
TOTAL	76	555,233.17	179,431.34	32.32

3.2 Grants Financial Performance

Cumulative disbursements of grant assistance reached US\$1.31 billion, with a utilization rate of 46 percent, a 12 percentage points decrease from last year's performance of 58 percent. Figures on grant disbursements are cumulative and reckoned from grant agreement signing/effectivity dates.

3.2.1 By Development Partner

In terms of utilization rate, Spain-funded projects registered the highest utilization rate at 96.93 percent (US\$41.42 million was utilized out of US\$ 42.73 million) while New Zealand-funded projects had the second highest at 92.71 percent (US\$ 8.68 million was utilized out of US\$9.36 million). Meanwhile, EU grants has the third highest at 73.22 percent (US\$135.89 million was utilized out of US\$185.60). (Table 3.17)

Table 3.17 Grant Utilization per DP

DP	Amount (in US\$ M)	Utilization (in US\$ M)	UR (%)
Canada	22.81	20.4	89.43
EU	185.60	135.89	73.22
UN System	316.51	189.01	59.72
Korea	63.57	36.32	57.13
WB	150.06	77.78	51.83
Germany	90.17	60.20	66.67
USA	852.18	393.72	46.20
Australia	934.87	307.84	34.93
ADB	84.07	24.27	28.87
New Zealand	9.36	8.68	92.71
Czech Republic	1.81	1.12	62.10
Norway	1.90	-	-
Spain	42.73	41.42	96.93
Japan*	95.82	12.67	13.22
TOTAL	2,851.46	1,309.32	45.92

*Figures account for Grant Aid type of grants only. TPCs such as expert dispatch, equipment and training courses were excluded as total amount of assistance for these type of grants can only be determined after project completion.

3.2.2 By Sector

The IT&T sector registered the highest utilization rate at 79.97 percent, amounting to US\$44.70 million out of US\$55.90 million. AARNR projects were second, with 53.31 percent (US\$167.49 million was utilized out of US\$314.19 million). Meanwhile, GID had the third highest rate at 49.82 percent (US\$279.94 million utilized out of US\$561.92 million).

3.3 Physical Performance

In 2012, 12 out of 69 active programs and projects⁸ were closed/cancelled. Of the remaining programs/projects, physical implementation of 16 was on schedule/ahead of schedule, 30 were delayed, and 11 were new or in their start-up stage (Table 3.18). The number of delayed programs and projects in the active loans portfolio decreased from 36 in 2011 to 30 in 2012. Refer to **Annex 3-I** for details. Meanwhile, Table 3.19 shows the physical performance of projects by agency.

AARNR registered the highest percentage of delayed projects with 57 percent (12 of 21 projects), followed by SRCD with 56 percent (5 of 9 projects) and INFRA with 33 percent (12 of 36 projects (Table 3.20).

⁸This does not include projects with signed loans that are yet to be made effective. Note that a project can be supported by more than one loan.

Table 3.18 Physical Performance of Active Programs and Projects

Physical Status	2011		2012	
	No.	Amount (US\$ M)	No.	Amount (US\$ M)
Ahead of schedule	3	536.27	4	308.15
On schedule	11	1,429.60	12	2,144.54
Behind schedule	34	3,356.35	30	3,496.85
Sub-Total	48	5,322.22	46	5,949.54
New/Start-up	3	547.92	11	1,292.03
Completed/Loan closed	12	665.80	11	347.51
Suspended/Cancelled/ Terminated*	3	262.97	1	180.79
Total	66	6,798.91	69	7,769.87

*Northrail Project officially cancelled in July 2012, prior to loan closing.

Table 3.19 Physical Implementation Performance by IA in CY 2012

IA	Number of Projects						
	Ahead of schedule	On schedule	Behind schedule	New/Start-up	Completed/Loan closed	Cancelled	Total
ARG	-	-	1	-	-		1
BIR	-	-	1	-	-		1
DA	-	-	3	-	1		4
DAR	1	-	2	2	-		5
DBP	-	2	1	1	1	-	5
DENR	-	1	3	1	-	-	5
DILG	1	-	-	-	-	-	1
DOE	-	-	1	-	-	-	1
DOH	-	-	2	-	2	-	4
DOTC*	-	-	3	1	-	1	5
DPWH	-	4	5	5	4	-	18
DSWD	-	2	1	-	-	-	3
DTI	1	-	-	-	-	-	1
LBP	-	2	1	1	2	-	6
LLDA	-	-	1	-	-	-	1
LWUA	-	-	1	-	-	-	1
MWSS	1	-	-	-	-	-	1
NIA	-	1	4	-	-	-	5
SC	-	-	-	-	1	-	1
Total	4	12	30	11	11	1	69

*Includes NorthRail

Table 3.20 Physical Performance by Sector

Sector	INFRA	AARNR	SRCD	IT&T	GID	Total
Ahead of Schedule	1	2	-	1	-	4
On Schedule	7	3	2	-	-	12
Behind Schedule	12	12	5	-	1	30
New/Start-up	8	3	-	-	-	11
Completed/Loan closed	7	1	2	-	1	11
Terminated/Suspended/Cancelled	1	-	-	-	-	1
Total	36	21	9	1	2	69

3.4 Supervision/ Implementation Review Missions in CY 2012

In 2012, 26 supervision missions (implementation review, mid-term, special and final missions) were fielded by DPs (ADB, AusAID, IFAD, KfW, SFD) for 20 projects at different stages of implementation. The supervision missions gave ratings for only 17 of the projects – six were satisfactory, four moderately satisfactory and seven were unsatisfactory. (See **Annex 3-J** for details.)

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

3.5 Alert Mechanism

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

The indicators used to identify potential and actual problem projects are grouped into four categories, namely: (a) financial; (b) physical; (c) cost overrun; and, (d) project completion (Table 3.21). A completing project (based on Indicator 4) will only be flagged as an actual problem project if it breached at least another indicator.

Table 3.21 Alert Mechanism Leading Indicators

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

3.5.1 Alert Status from CY 2009 to CY 2012

Since the institutionalization of the AM in 2009, the portion of problematic projects against the portfolio showed an increasing trend. Initially at 26 percent in 2009, problematic projects slightly decreased to 25 percent in 2010 but surged upwards to 34 percent in 2011 and decreased to 29 percent in 2012 mainly due to the increase in non-problematic (newly-effective) projects (Table 3.22).

A comparison of the alert status of projects in the last two years shows that signals on problem projects in 2012 were more alarming. This was evidenced by the greater number of projects (12) elevated to a higher level of alert status or were newly flagged compared to the number of projects which improved on their alert level status (9).

Meanwhile, 26 projects retained the same alert level status in 2011, including 14 non-problematic projects. In addition 10 projects were dropped from the AM following closing of loans for these projects.

Table 3.22 Alert Status of ODA Projects*

Alert Levels	2009	2010	2011	2012	
	Count (% share)	Count (% share)	Count (% share)	Tracking Previous Year's Progress	Count (% share)
Alert Level II (critical stage)	16 (23%)	10 (15%)	14 (24%)	<ul style="list-style-type: none"> • 8 projects still level II • 3 delisted as problem project • 3 closed/cancelled 	17 (27%)
Alert Level I (early warning)	2 (3%)	7 (10%)	6 (10%)	<ul style="list-style-type: none"> • 2 improved to potential problem project • 4 worsened to Level II 	1 (2%)
Total, Actual Problem Projects	18 (26%)	17 (25%)	20 (34%)		18 (29%)
Potential Problem Project	23 (33%)	21 (31%)	15 (26%)	<ul style="list-style-type: none"> • 4 projects still potential problem projects • 4 delisted as problem projects • 1 worsened to Level I • 5 worsened to Level II • 1 closed 	11 (18%)
Non-problematic	28 (41%)	29 (43%)	23 (40%)	<ul style="list-style-type: none"> • 14 projects still non-problematic • 2 worsened to potential problem projects • 6 closed • 14 newly-effective 	33 (53%)
Total	69	67	58	<ul style="list-style-type: none"> • 12 projects worsened • 9 projects improved • 26 projects same level • 10 closed 	62

*based on year-end reports and excludes NPS Loans

3.5.2 Problem Projects in CY 2012

In CY 2012, 18 projects were identified as actual problem projects requiring priority monitoring and facilitation (**Annex 3-K**). Seventeen projects in Alert Level II amounted to an investment cost of PhP66.82 billion (66.17%) while one project in Alert Level I amounted to PhP34.16 billion (33.83%). These translate to a total investment cost of PhP100.98 billion.

In most cases, the thresholds breached by the problem projects were the financial performance indicators. Collectively, the 18 problem projects account for US\$1,066.72 million or 70.54% of the total GPH availment backlog of US\$1,512.30 million as of December 2012.

Problem Projects by Implementing Agency

There are 11 agencies involved in the implementation of actual problem projects. BIR, LLDA and LWUA had the highest percentage of actual problem projects vis-à-vis the agency's total number of projects (i.e., 100%). In contrast, LBP had the lowest percentage of problem projects (i.e., 1 of 6 projects or 17%). DPWH had the most

number of problem projects with four; this represents 22 percent of the total number of projects in its portfolio.

In terms of cost, the 18 problem projects involved an amount of US\$2.14 billion. Some 80 percent of the amount was for the problem projects of DOTC, DAR and DPWH. (Table 3.23)

Table 3.23 Alert Status of Projects by Agency, CY 2012
(Amounts in US\$ M, based on net commitment)

IA	Total Projects in Portfolio		Actual Problem Projects						% Share of Actual Problem Projects
			Level II (Critical Stage)		Level I (Early Warning)		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)=(e)+(g)	(j)=(h)÷(b)
DA	4	194.66	1	36.6	-	-	1	36.6	25
DAR	6	853.34	2	598.13	-	-	2	598.13	33
DBP	5	827.50	2	92.69	-	-	2	92.69	40
DENR	5	218.98	1	33.8	-	-	1	33.8	20
DOTC	4	790.46	2	616.11	-	-	2	616.11	50
DPWH	18	2,254.00	3	61.41	1	506.5	4	567.91	22
LBP	6	656.13	1	25.93	-	-	1	25.93	17
NIA	5	508.71	2	134.96	-	-	2	134.96	40
BIR/LLDA/ LWUA	3	34.23	3	34.23	-	-	3	34.23	100
Total	56	6,338.01	17	1,633.86	1	906.5	18	2,140.36	32

Problem Projects by Sector

The GID sector had the highest percentage of actual problem projects vis-à-vis the sector's total number of projects (i.e., 50%). INFRA had the most number of projects for priority monitoring with nine or 25 percent of the total number of projects in the sector and 50 percent of the total number of problem projects. (Table 3.24)

Table 3.24 Actual Problem Projects by Sector (Amounts in US\$ M)

Sector	Total Projects in Portfolio		Actual Problem Projects						% Share of Actual Problem Projects
			Level II		Level I		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)=(e)+(g)	(j)=(h)÷(b)
INFRA	36	5,185.99	8	756.68	1	506.5	9	1,263.18	25%
AARNR	21	1,495.26	7	813.49	-	-	7	813.49	33%
SRCD	9	1,692.30	1	52.69	-	-	1	52.69	11%
GID	2	332.4	1	11	-	-	1	11	50%
ITT	1	115.05	-	-	-	-	-	-	-
Total	69	8,821.00	17	1,633.86	1	506.5	18	2,140.36	26%

3.5.3 Prospects for Problem Projects

Eight of the problem projects are likely to be restructured in CY 2013. Meanwhile, nine of the actual problem projects have loans which will close in the first semester of CY 2013 and would require particular attention/closer monitoring.

The ICC has been included in the feedback loop of the AM to improve the facilitation process for problematic projects. Through the ICC, advice is provided on appropriate steps to make to address issues encountered.

3.6 Projects with Incomplete Outputs at Loan Closing in CY 2012

There were 15 loans that closed in 2012, of which eight had incomplete outputs. In addition, two grant projects closed in 2012 but with remaining deliverables (Table 3.25).

Table 3.25 Projects with Incomplete Outputs at Loan/Grant Closing in CY 2012

IA	Project/DP/Particulars	Remarks (as of December 2012)
Loans		
ARG	<i>ARMM Social Fund for Peace and Development/JICA</i> Fifteen community development assistance (CDA) subprojects were unfinished and about two km of the ten km Ditsaan-Ramain-Buadiposo Buntong Road concreting subproject were left unpaved.	Lanao del Sur Provincial Government committed to complete the remaining portion of the road, while the 15 CDAs are targeted to be completed by April 2013 as part of the winding-up activities of the project.
DA	<i>Infrastructure for Rural Productivity Enhancement Sector/ ADB</i> Physical was only 85% at loan closing. 23 farm-to-market road subprojects remained uncompleted.	The remaining works are expected to be completed by April 2013 using GPH funds.
DBP	<i>Rural Power Project (Additional Financing)/WB</i> The Linao-Cawayan Mini Hydro Power Plant construction subproject was only 65% complete upon loan closing.	DBP is exploring an option to fund the remaining activities of the subproject thru other ODA facilities.
DPWH	<i>Rural Road Network Development Project III/JICA</i> Only 3 out of 4 contract packages (based on revised scope as approved by the ICC) were completed at loan closing.	Completion of remaining works was pursued using local funds.
DPWH	<i>Mindanao Roads Improvement Project/ SFD</i> Only 9% of works completed.	Works now funded locally.
DPWH	<i>Arterial road Bypass Project I (Plaridel and Cabanatuan)/JICA</i> Loan closed in July 2012 with Contract Package II (CP II) only at 79.1% accomplishment.	JICA approved the advance payment/ disbursement for completion of CP II with the posting of performance bond/securities. Project was eventually completed in November 2012.
NLRC	<i>NorthRail Project Phase 1 Section 1/ China</i> The contract was terminated prior to loan closing.	The project is now subject of arbitration. A new project will be created based on feasibility study for an airport express rail between Metro Manila and Clark

IA	Project/DP/Particulars	Remarks (as of December 2012)
		International Airport.
SC	<i>Judicial Reform Support Project/ WB</i> The undelivered outputs: (a) Implementation Completion and Results Report (ICR); (b) 2 nd National Survey on the Users' Experience and Perception of the Judiciary; and (c) Evaluation of the Action Program for Judicial Reform (APJR).	Consultancy Services for the conduct of said activities shall be engaged in 2013 using Supreme Court Funds. The ICR Report (Borrower's part) will be submitted on 31 May 2013 and the Final ICR Report (World Bank's part) is targeted for approval by WB Management on 30 September 2013.
Grants		
DOST	<i>Establishment of Early Warning and Monitoring System for Disaster Mitigation in Metro Manila/ KOICA</i> Local works (e.g. trainings, IECs, etc.) are still ongoing upon grant closing.	Remaining works shall be pursued under a new grant project (RESILIENCE Project).
DILG	<i>Philippine Poverty Environment Initiative/ UNDP</i> The research study on the relationship of the gross production value of mining companies to their total export was not completed.	Research study shall be carried over to second phase of the project.

3.7 Completed Projects with Damaged Outputs in 2012 and/or with Sustainability Issues

Four implementing agencies (DA, DAR, DILG and DPWH) reported damages to several ODA projects completed in 2012 or prior years, or had outstanding issues on sustainability. In most cases, necessary works were already completed while those with remaining works were either ongoing or to continue using local funds. (Table 3.26)

Table 3.26 Completed Projects with Damaged Outputs/Sustainability Issues

IA	Project Title/(Year of Closing)	Details/Updates (as of December 2012)
DA	Mindanao Rural Development Project (MRDP) Phase II /2012	<ul style="list-style-type: none"> An assessment of the Regional Program Coordination Office (RPCO) of Regions 11 and 13 revealed that 124 Community-based Economic Investment and some natural resources management (NRM) subprojects were partially and/or severely damaged by typhoon Pablo in CY 2012. Damages to NRM subprojects already reached Php34.05 million. Remedial actions by the RPCO and concerned LGUs are planned to be undertaken after completion of the entire damage assessment.
	Mindanao Network for Sustainable Organic Farming Systems (MINSOFS)/2012	<ul style="list-style-type: none"> The project is facing sustainability issues due to limited funds. The network members are still in the process of having a consensus on the line up of activities for CY 2013 and are already exploring other sources of funds.
DAR	Agrarian Reform Infrastructure Support Project III (Dauman CIS)/2012	<ul style="list-style-type: none"> Repair/rehabilitation of typhoon-damaged CIS was endorsed to NIA for funding
DILG	Rural Water Supply and Sanitation	<ul style="list-style-type: none"> All remaining works, particularly the construction of water supply facilities and sanitation facilities in Ilocos

IA	Project Title/(Year of Closing)	Details/Updates (as of December 2012)
	Project/2007	Sur and Nueva Vizcaya, shall be completed by December 2013 using local funds.
DPWH	Arterial Road Links Development Project, Phase V/2010	<ul style="list-style-type: none"> • Works on CP4-B (Cervantes-Sabangan Road Section) are ongoing using local funds • Aluling Bridge is 76.49% complete as of December 2012 and is scheduled for completion in March 2013.
	Arterial Road Links Development Project, Phase VI/2009	<ul style="list-style-type: none"> • Overlay of exempted section in Catbalogan, Samar is included in the Annual Work Program I for CY 2012. • DPWH is looking for possible funding for the repair of the road slip at Hinabangan Bypass along CP IV.
	Iloilo Flood Control Project II/2010	<ul style="list-style-type: none"> • There is still an issue with the MOA with concerned LGUs on O&M as LGUs have limited budget.
	Laoag River Flood Control and Sabo Project/2009	<ul style="list-style-type: none"> • Repair/rehabilitation of the damaged structures commenced in May 2012 and is expected to be completed within CY 2012. • Conclusion of the MOA with concerned LGUs on O&M and solid waste management is dependent on the completion of the repair works.
	Pampanga Delta Development Project/ 2003	<ul style="list-style-type: none"> • Need to rehabilitate the deteriorated dikes

3.8 Projects that were Restructured in CY 2012

As indicated in Section 5 of the ODA Act of 1996 (RA 8182) and also as reflected in Section III of the ICC Guidelines and Procedures, all requests involving changes in scope; change in cost or, extension in implementation period or loan validity shall be reviewed, approved and confirmed by the ICC and/or the NEDA Board.

3.8.1 Projects with Change in Scope (Upscaled or Downscaled)

Changes in project scope are requested as: (a) result of detailed engineering and to suit actual field conditions, (b) excess funds that lead to additional outputs not within the agreed scope, or (c) due to an implementing agency's desire to stay within available budget where unit cost increases have occurred. In 2012, there were five projects that requested for such changes that were approved by the ICC while one project (Pasig Marikina River Channel Improvement Project Phase II) has a pending request for ICC reevaluation. (Table 3.27)

Table 3.27 Projects with Change in Scope Approved by ICC in CY 2012

Project Title	IA	Change in Scope/Remarks
National Road Improvement Management Project Phase II	DPWH	DPWH requested a change in scope to suit actual field conditions as the project experienced severe start-up delays. Approved by the ICC-CC on 22 November 2012.
Post Ondoy and Pepeng Short-term Infrastructure Rehabilitation Project	DPWH	DPWH requested additional sub-projects to be included in the project to utilize the remaining loan balance. Endorsed by the ICC-TB on 21 November 2012. Approved by the ICC-CC on 19 February 2013.
New Communications, Navigation and	DOTC	DOTC proposed two changes in project scope as a result of DOTC project review undertaken in June 2012. Approved by the ICC-CC on 22 November 2012.

Project Title	IA	Change in Scope/Remarks
Surveillance/Air Traffic Management Systems Development		
Pasig Marikina River Channel Improvement Project Phase II	DPWH	DPWH requested additional works and modifications (i.e. dredging and drainage works, installation of parapet and revetment walls) in Malacañang area. Endorsed by the ICC-TB on 21 November 2012.
Second Cordillera Highland Agricultural Resource Management Project	DA	DA requested changes in scope to address delayed implementation due to policy issues (NG-LGU cost sharing) and project design issues. Approved by the ICC-CC on 2 August 2012.

3.8.2 Projects with Time Extensions

In CY 2012, there were 14 loans approved for extension by the GPH, with three still awaiting DP's approval. Extensions ranged from four to 48 months. In addition, possible requests for extensions for seven loans are anticipated. The reasons for the extensions include ROW issues, delay in procurement due to bidding failure, change in scope/design, to allow completion of all works including rectification of defects identified and repackaging of projects. As a result, there are now 28 of the 80 active loans in the portfolio, or 35 percent that are in extended validity periods. (Table 3.28)

Table 3.28 Loans with Extensions Approved by GPH in CY 2012

Project Title/IA/DP	Extension (in mos.)	Approval Date
Requests Approved		
Gapan-San Fernando-Olongapo Road Project I/DPWH/Korea	4	12 March 2012
National Road Improvement Management Project Phase II/DPWH/WB	24	22 November 2012
Mindanao Rural Development Project/DA/WB	24	2 August 2012
Support for Strategic Local Development and Investment Project /LBP/WB	20	3 July 2012
Credit Line for Energy Efficiency and Climate Protection in the Philippines (CLEECP)/LBP/Germany	6	19 December 2012
Laguindingan Airport Development Project/DOTC/Korea	24	3 July 2012
National Program Support for Environment and Natural Resources Management Project /DENR/WB	12	21 December 2012
Awaiting DPs' Approval		
Greater Modular Access (GMA) RoRo Ports/DOTC/France	12	22 November 2012
Date Endorsed by DOF to DPs		
Mega Bridges for Urban and Rural Development/DPWH/France	12	17 September 2012
Tulay ng Pangulo Para sa Kaunlarang Pang-agrario Project/DAR/France	12	19 December 2012
ARMM Social Fund (Additional Financing) /ARG/JICA	12	6 December 2012

Project Title/IA/DP	Extension (in mos.)	Approval Date
Health Sector Reform Project/DOH/Germany	12	6 December 2012
Land Administration & Management Project Phase II/DENR/WB	9	8 November 2012
Social Welfare and Development Reform/DSWD/WB	24	8 May 2012

SECTION 4 - KEY IMPLEMENTATION ISSUES

4.1 Key Implementation Issues

Major implementation issues encountered by loan- and grant-assisted programs and projects are categorized into: (a) start-up delay; (b) budget and funds flow bottlenecks; (c) prolonged procurement; (d) LGU participation; (e) sustainability issue; (f) ROWA; and (g) others.

Table 4.1 Classification of Key Implementation Issues

Category	No. of Projects
Start-up delay	4
Budget and funds flow bottlenecks	6
Prolonged Procurement	14
LGU Participation (e.g. NG-LGU cost sharing, weak capacity, issues with local leadership, compliance with MB requirements for sub-loan applications)	11
Sustainability Issue	4
ROWA	2
Other Issues (Inadequate Manpower, Project Design Delays, Poor Knowledge Management, Environmental Safety Concerns, Poor Performance of Contractor, etc.)	10

A total of 38 projects reported to have encountered implementation issues in CY 2012. Out of this number, 10 projects encountered two or more implementation issues.

Note that key implementation issues listed in this section are project implementation issues encountered by IAs as of December 2012. Updates (as of 30 June 2013) on the status and actions taken to resolve issues are found in **Annex 4-A**.

4.1.1 Start-up Delay

For CY 2012, four projects encountered start-up delays. These are:

Table 4.2 Projects with Start-up Delays

Project/IA/DP	Issue Details
1. National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	Project management office not established.
2. Improvement of Flood Forecasting and Warning System for Magat Dam and Downstream/ DOST/JICA	Technical specification of equipment and other project deliverables not finalized.
3. Laguna de Bay Institutional Strengthening and Community Participation Project – Additional Financing/ LLDA/WB	Delays in the preparation of subprojects.
4. Provincial Towns Water Supply and Sanitation Project III/LWUA/Germany	Organizational changes within the agency affected finalization of project agreements; slow decision-making process of water districts; and, delay in the final list of beneficiaries due to the competing initiatives of LWUA to extend interest-free financial assistance versus the full regular loan under the project.

4.1.2 Budget and Funds Flow Bottlenecks

Implementation of six projects in CY 2012 was delayed due to budget and funds flow bottlenecks. The lists of projects and issue details are shown in Table 4.3.

Table 4.3 Projects with Budget and Funds Flow Issues

Project/IA/DP	Issue Details
1. Integrated Coastal Resource Management Project/ DENR/ADB	<ul style="list-style-type: none"> Low turnover of liquidation reports by the Project Implementing Units resulting in corresponding delay in payment of outstanding due and demandable accounts. Unavailability of cash stalled the continuous implementation projects i.e., rehabilitation/reforestation of mangrove and watershed areas, and enterprise development projects
2. National Program Support for Environment and Natural Resources Management Project/ DENR/WB	<ul style="list-style-type: none"> Slow liquidation of funds by some regional/local implementing units causing delay in the replenishment of funds and project implementation
3. Support to the Philippine Basic Education Reforms/ DepEd/AusAID	<ul style="list-style-type: none"> Re-issuance of lapsed Sub-AROs: The provision of the LRMDC basic office equipment, software and furniture at the Regional and Division Office awaits release of SARO from DBM to re-issue sub-AROs
4. Education Performance Incentive Partnership/ DepEd/ AusAID	<ul style="list-style-type: none"> Low compliance to standard auditing and accounting regulations in the disbursement of funds
5. Infrastructure for Rural Productivity Enhancement Sector/ DA/ADB	<ul style="list-style-type: none"> Delayed release of Certificate of Availability of Funds (CAF) by MDFO due to pending liquidations
6. Provincial Towns Water Supply and Sanitation Project III /LWUA/Germany	<ul style="list-style-type: none"> Delay in the initial KfW deposit to the disposition fund account. The disposition fund will be used for various activities under the Project (e.g. conduct of geotechnical investigation, conduct of drilling of exploratory wells, and purchase of requisite goods/equipment).

Box 4.1 Funds Flow Timelines

The fund flow timelines of projects show the length of time spent per funds flow milestones, as well as the overall pace of the release of project funds. Delays or bottlenecks in the funds flow may contribute to delays in project implementation.

Funds flow processing involves three major milestones or stages, as follows:

- Withdrawal Application (WA) – from date of WA application by IA to WA release of DP
- BTr Notice – from date of WA release to receipt of BTr Notice;
- Notice of Cash Allotment Processing – from date of BTr notice to receipt of NCA release

For CY 2012, funds flow timelines of five agencies (DA, DAR, DENR, DTI and NIA) were reviewed. Stage 1 - processing of Withdrawal Applications (WAs) – registered an average processing time of 13.28 days. Stage 2 - Issuance of BTr Notice was noted at 6.04 days average, while Stage 3 - NCA processing took an average of 16.37 days. All observed averages in the three stages were noted to have shorter processing time compared to CY 2011 and CY 2010. Although Stage 2 and 3 processing have become shorter in the last two years, they still exceeded the indicative processing timelines of 4 and 13 days.

Funds Flow Duration of Ongoing Loans (in days)

Stage	Average Processing Time			Indicative Processing Time
	CY 2012	CY 2011	CY 2010	
Agencies	DA, DAR, DENR, DTI, NIA	BIR, DPB, DENR, DPWH, DTI	DAR, DBP, DENR, DepEd, DOE, DOH, DSWD, DTI, LLDA, NIA, SC	
Stage 1: Withdrawal Application Processing	13.28	16.83	18.8	Processing time varies based on business processes of DPs
Stage 2: BTr Notice	6.04	7.84	8.5	4
Stage 3: NCA Processing	16.37	19.24	17.64	13

4.1.3 Prolonged Procurement

Fourteen projects in CY 2012 encountered implementation delays due to prolonged procurement. Five of which are implemented by DPWH, three by DILG, two by DENR, and one project each by DepEd, LWUA, NIA, and DOE.

Specific issues related to procurement include failure of bidding, non-compliance with prescribed procurement timelines and technical specifications, delayed engagement of consultants, and inadequate technical capability, among others (Table 4.4).

Table 4.4 Projects with Prolonged Procurement Issues

Project/IA/DP	Issue Details
1. National Program Support for Environment and Natural Resources Management Project/ DENR/WB	<ul style="list-style-type: none"> • Failed bidding for 20 trash boats and two in-site water quality monitoring equipment. • Prolonged negotiation with the consultant and further revision of the contracting documentation as required by WB resulted in delayed engagement of consultants for the conduct of research and study on the total maximum daily load within Manila De Bay. • Delayed seedling production activities under the National Greening Program (NGP) due to tedious procurement process.

Project/IA/DP	Issue Details
2. Integrated Coastal Resources Management Project/ DENR/ADB	<ul style="list-style-type: none"> The long procurement process delayed the engagement of consultants for the three remaining policy studies, namely: (1) Environmental and Social Impact Assessment; (2) Environmental Hazard Management, and (3) Live Reef/Food Fish Trade.
3. Support to the Philippine Basic Education Reforms/ DepEd/AusAID	<ul style="list-style-type: none"> PhP48 million worth of classrooms and school furniture did not meet procurement criteria of WB. Lack of Bidders for classroom construction resulting in non-release of No Objection Letter (NOL) from WB. Conduct of several re-bidding in different sites due to non-availability of suppliers and/ or different interpretation of the Regional BAC on the procurement process. Change in technical specification for the Instructional Materials Council Secretariat (IMCS) delayed procurement of ICT equipment/ software, furniture and basic office equipment.
4. Mindanao Roads Improvement Project/ DPWH/Saudi Fund	Bidding failure and prolonged procurement of civil works for the Cotabato City East Diversion Road subproject. Rebidding of contract packages for the Lake Lanao Circumferential Road and Basilan Circumferential Road subprojects following the contract termination of previous contractors.
5. National Roads Improvement and Management Project- Phase II/ DPWH/WB	Extended procurement process for several contract packages due to additional information and justification requested by WB prior to the issuance of NOL to award the contract.
6. Central Luzon Link Expressway Project/ DPWH/JICA	JICA did not concur with DPWH's decision to declare failure of bidding for the procurement of consultancy services for DED. DPWH was requested to reconsider its decision.
7. Road Upgrading and Preservation Project/ DPWH/JICA	<ul style="list-style-type: none"> Prolonged procurement has delayed implementation of the Institutional Capacity Development and the Asset Preservation components by five and six months, respectively. Prolonged procurement of four units Road Surface Profilometer (RSP) and two units Falling Weight Deflectometer (FWD). Procurement of the RSP was delayed due to the required clarifications on the type of vehicle being offered by the lowest bidder while for the FWD, no bids were received, thus a failed bidding was declared, and a second bidding was undertaken. Procurement of CS for the DED and CW Supervision was delayed due to the failure of short listing of consultants. Procurement was scheduled to be completed by June 2012 but the contract was only awarded in December 2012.
8. Bacolod-Silay Airport Access Road Project/ DPWH/Korea EDCF	Prolonged financial negotiations with the Korean contractor for consulting services.
9. Provincial Towns Water Supply and Sanitation Project Phase III/ LWUA/Germany	Unfamiliarity of the water districts' BAC with the requirements under the KfW

Project/IA/DP	Issue Details
10. Participatory Irrigation Development Project/ NIA/WB	NIA prioritized activities for its RatPlan, resulting in delayed/prolonged procurement of civil work contracts.
11. Strengthening the Disaster Risk Reduction Capacity of LGUs Affected by Typhoon PARMA in Central Luzon/ DILG/AECID	Delays in procurement of equipment due to coordination problem (e.g. issue on the number of equipment and final lists) between PDRRMC and DILG-Nueva Ecija.
12. Philippine Poverty Environmental Initiative/ DILG/UNDP	Delayed hiring of consultant for the PPEI-EITI Component 4 led by DENR-MGB.
13. Provincial Roads Management Facility/ DILG/AusAID	Failed biddings for several road maintenance contracts in Bukidnon and Bohol since no bids were received.
14. Philippine Energy Efficiency Project/ DOE/ADB	ADB will not finance the pilot testing of the Lamp Waste Management Facility since the decision to have PNOC as the operator of the facility did not undergo bidding process.

Box 4.2 Project Procurement Duration

Based on agency submission, a total of 140 contracts were issued with Notice-to-Proceed (NTP) in CY 2012. Of the number, 91 (65%) are for civil works, 31 (22%) are for consultancy services, while the other 18 contracts (13%) are for the procurement of goods.

The DPWH and DA accounted for the bulk of the civil work contracts with 47 (52%) and 31 (34%) contracts respectively. As reported by DPWH, 37 of the civil works contracts awarded were procured using the methods and procedures mandated in RA 9184, while the remaining 10 contracts were awarded using DP's methods.

Using the timelines prescribed by the Government Procurement Reform Act (GPRA) as benchmark, civil works and consulting services contracts awarded in CY 2012 are within prescribed timeline of 3.33 months and 4.63 months respectively.

Project Procurement Duration in CY 2012

Contract	Submission of Bids to Contract Awards		Contract Award to NTP Issuance	Total Procurement Duration
	Actual Duration	RA 9184		
Civil Works (91 contracts)	3.08	3.33	0.875	3.955
Consulting Services (18 Contracts)	4.09	4.63	2.27	6.36
Goods (31 Contracts)	4.11	2.67	2.78	6.89

4.1.4 Issues on Projects with LGU Participation

In CY 2012, 11 projects reported to have encountered the following issues: NG-LGU cost sharing, weak capacity, local leadership issues, and compliance with Monetary Board requirements for sub-loan applications (Table 4.5)

Table 4.5 Issues on Projects with LGU Participation

Project/IA/DP	Issue Details
1. Infrastructure for Rural Productivity Enhancement Sector (DA/ADB)	<ul style="list-style-type: none"> Slow progress of construction in Region 8 due to poor management by the LGUs
2. Agrarian Reform Communities Project 2 (DAR/ADB/OFID)	<ul style="list-style-type: none"> Weak internal financial management system of some LGUs. LGUs experienced difficulties to comply with requirements in order to facilitate request for fund releases and liquidation reports resulting in low disbursements of ADB loan and no disbursements of OFID loan. Limited experience of some LGUs in managing and implementing subprojects including packaging of project proposals and other documentary requirements. Suspension of NG-LGU Cost Sharing Policy.
3. Local Government Support Program for Economic Development/DILG/CI DA	<ul style="list-style-type: none"> Changes in local leadership resulted in changes in enabling environment and priorities. Passive participation by LGUs and LED stakeholders in economic profiling LGUs undermine the effort of DILG to pursue effective local economic governance and competitiveness. Conflicting priorities for new LED programming for LGUs
4. Environmental Development Project /DBP/JICA	<ul style="list-style-type: none"> Difficulty of water districts to avail of loan due to the slow issuance of LWUA waiver. Water districts outside Metro Manila are within LWUA's jurisdiction. Water districts need to secure waiver from LWUA to avail of the loan from DBP.
5. Support for Strategic Local Development and Investment Project/LBP/WB; 6. Community-Based Forest and Mangrove Management Project/ LBP/Germany 7. Credit for Better Health Care Project/ DBP/ADB; 8. Laguna de Bay Institutional Strengthening Community Participation Project/ LLDA/WB	Delays in the approval of sub-loans were reported due to BSP reiteration of requirement to secure Monetary Board Opinion for LGU borrowings through issuance of BSP Circular No. 769.
9. Logistics Infrastructure Development Project /DBP/JICA;	The slow utilization of the project funds are attributed to the inclusion of the Monetary Board (MB) opinion from BSP and certification of the borrowing capacity from the Bureau of Local Government Finance as part of the pre-release requirements for all LGU and GOCC loans funded under the Project.
10. Community Based Forest and Mangrove	Delayed preparation of subprojects. Fallout of some subprojects from their pipeline caused by change in local

Project/IA/DP	Issue Details
Management Project/ DENR/Germany	political leadership and LGUs priorities.
11. Integrated Coastal Resource Management Project/ DENR/ADB	The delay in the implementation of LGU subprojects was brought about by the difficulty of LGUs in (a) securing the Seal of Good Housekeeping which is an additional requirement for the issuance of the Certificate of Borrowing Capacity; and , (b) tedious process in complying with environment and social safeguards.

4.1.5 Projects with Sustainability Issues

Four projects were reported encountering or likely to encounter sustainability issues. (Table 4.6)

Table 4.6 Projects with Sustainability Issues

Project/IA/DP	Issue Details
1. ARMM Social Fund Project/ ARG/WB, JICA	Some facilities provided with equipment such as health facilities do not have electricity and remained unused.
2. National Program Support for Tax Administration Reform/ BIR/WB	<ul style="list-style-type: none"> • Delays in user acceptance testing (UAT) for the Collection Reconciliation System (CRS) due to new data requirements. • Delays in UAT for the Software Solution for Tax Rulings in Case Management System due to change requests/additional scope of services. • Enhancement of Electronic Letter of Authority Monitoring System (eLAMS) is not yet operational.
3. National Program Support for Environment and Natural Resources Management Project/ DENR/WB	Sustainability of the adoption of the Integrated Ecosystem Management (IEM) Framework to enhance the current ecosystem management in the four pilot project areas
4. Rural Micro-Enterprise Promotion Programme/ DTI-SBC/IFAD	Some Level 1 MEs unlikely to sustain operations because of weak institutional and market linkages; and access to credit (some Level 1 MEs are not qualified to be given credit by the accredited MFIs)

4.1.6 Issue on Right of Way and Land Acquisition

Two projects experienced problems on ROW and land acquisition which are implemented by DPWH and DOTC. (Table 4.7)

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

Project/IA/DP	Issue Details
1. New Communications, Navigation and Surveillance/Air Traffic Management Systems Development Project (New CNS/ATM Systems)/ DOTC/JICA	ROW issues concerning the new radar site at Pasuquin, Ilocos Norte. An alternative site at Laoag Airport is available but with reduced en-route ATC coverage.
2. Gapan-San Fernando-Olongapo Road Project II (GSO II)/ DPWH/Korea EDCF	Unpaid RROW claims due to the difficulty experienced by the claimants in complying with the documentary requirements.

4.1.7 Other Implementation Issues

Other implementation issues encountered include: (a) inadequate manpower/staffing requirement; (b) project design delays; (c) poor performance of contractor; (d) project suspension; (e) environmental safety concerns; (f) poor knowledge management (KM); (g) contract issues; and, (h) low fund utilization. (Table 4.8)

Table 4.8 Other Implementation Issues

Project/IA/DP	Implementation Issue	Details
1. Participatory Irrigation Development Project/ NIA/WB	Inadequate Manpower/HRM	Inadequate number of personnel in the PMO to implement project.
2. Fingerprint Project/ PNP/JICA	Inadequate Manpower/HRM	<ul style="list-style-type: none"> Declining number of PNP-Crime Lab counterparts. Re-assignment of trained police investigators to non-investigative works.
3. Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo/ DAR/France	DED/Project Design Delays	Delays in the construction of bridges due to problems in the selection/finalization of project sites and unsuitability of project design to local sites.
4. Judicial Reform Support Project/ SC/WB	DED/ Project Design Delays	For Angeles City Hall of Justice Project, the passing of the new law requiring the provision of automatic fire sprinkler system (AFSS) in buildings affected the approved project budget and design
5. National Industry Cluster Capacity Enhancement Project/ DTI-SBC/JICA	Poor KM	No numerical targets for baseline were set prior to and at the onset of project implementation.
6. Angat Water Utilization and Aqueduct Improvement Project-Phase II / MWSS/China	Environmental safety Concerns	Issuance of work stoppage order due to environmental health and safety concerns in the operation of steel pipes manufacturing plants affecting nearby residents.
7. Provincial Roads Management Facility/ DILG/AusAID	Poor performance of contractors	Poor performance of some contractors in implementing Year 2 road rehabilitation projects. As a result, one project in Surigao del Norte was terminated.
8. New Communications, Navigation and Surveillance/Air Traffic Management Systems Development Project/ DOTC/JICA	Contract issues	COA Notice of Disallowance (ND) of advance payment for Package 2 and interim payments for Package 1 issued in May 2011, leading to contract suspension effective November 2011. Resumption of contracts is dependent on resolution of the ND issue.
9. Bridge Construction/ Replacement Project/ DPWH/Spain	Project suspension	The EURO 21.245 million Supplemental Loan and Restructuring Contract Proposal approved by the NEDA Board on 4 September 2012 was suspended in view of the on-going

Project/IA/DP	Implementation Issue	Details
		investigation by the Senate Blue Ribbon Committee on the President's Bridge Program.
10. Credit Line Energy Efficiency and Climate Protection Project/ LBP/Germany	Low fund utilization	Most subprojects proposed to be funded under the project are not qualified given their intended scope and cost resulting in zero utilization of loan funds.

4.2 Cost Overrun

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

4.2.1 Cost Overrun for CY 2012

Cost overrun stock⁹ decreased from PhP17.55 billion in CY 2011 to PhP11.72 billion in CY 2012, due to the closing of loans of projects with cost overrun (Table 4.9).

Table 4.9 Cost Overrun Reported in CY 2012

CY 2011 Carry Over	Requests (Jan to Dec 2012)	Loan Closed (Jan to Dec 2012)	Stock as of Dec 2012
11 requests PhP17.55 billion	2 requests PhP2.64 billion	4 requests (PhP8.47 billion)	9 requests PhP11.72 billion

4.2.2 New Requests in CY 2012

For CY 2012, the ICC Secretariat received two requests for ICC review/ approval of cost overrun, amounting to PhP2.64 billion. (Table 4.10)

Table 4.10 Projects with Cost Overrun Requests in CY 2012 (amounts in PhP B)

Project/Funding Source/ Implementing Agency	Original Cost	Proposed Cost	Cost Increase
Mindanao Roads Improvement Project/ Saudi/ DPWH	2.20	3.91	1.71
Pasig-Marikina River Channel Improvement Project- Phase 2/ JICA/DPWH	4.61	5.54	0.93
TOTAL	6.81	9.45	2.64

4.2.3 Loans with Cost Overruns that Closed in 2012

Four loans with cost overrun requests closed in CY 2012. Thus the cost overruns incurred by these projects amounting to PhP8.47 billion were deducted from the CY 2012 cost overrun stock. These projects are listed in Table 4.11.

⁹ The cost overrun stock sums up all the amount of cost overrun requests under the ICC and NEDA Board review stages, incurred by all *active* ODA loans, as of the reporting period. A project with cost overrun is removed from the stock upon meeting any of the following conditions: (a) the ODA loan with cost overrun has closed, (b) the request is disapproved by the ICC, or (c) the implementing agency withdraws the request.

Table 4.11 Projects Closed in CY 2012 with Reported Cost Overrun

Project/Funding Source/ Implementing Agency	Cost Overrun (PhP B)	Closing Date
Northrail Phase I Sections I and II/ <i>China/NorthRail</i> – request in 2008	5.99	31 December 2012
Arterial I (Cabanatuan/ Plaridel Bypass)/ <i>JICA/DPWH</i> – request in 2010	0.67	29 July 2012
Widening of Gapan-San Fernando-Olongapo (GSO) Road/ <i>JICA/DPWH</i> – request in 2010	0.11	27 July 2012
Mindanao Roads Improvement Project/ <i>Saudi/DPWH</i> – request in 2012	1.71	31 December 2012
TOTAL	8.47	

4.2.4 Status of Processing of Requests

In CY 2012 only, five requests for cost overrun were processed. Out of the five, the ICC-CC approved the request of three projects. Two out of the three requests have also been confirmed by the NEDA Board in CY 2012.

Meanwhile, one request was endorsed by ICC-TB, while one request was under secretariat review in CY 2012. Details are indicated in Table 4.12.

Table 4.12 Status of Processing of Requests in CY 2012

Project Title/DP/IA	ICC-Approved Cost (in PhP B)	Cost Increase (in PhP B)	Status of Processing of Request
ICC-CC Approved in 2012			
Bridge Construction/ Replacement Project/ Spain/ DPWH	3.19	1.78	NEDA Board confirmed, 4 September 2012; ICC-CC approved, 3 July 2012
Mindanao Roads Improvement Project/Saudi/DPWH	2.20	1.71	NEDA Board confirmed 4 September 2012; ICC-CC approved, 3 July 2012; Closed on 31 December 2012
Pinatubo Hazard Urgent Mitigation Project, Phase III/ JICA/ DPWH	4.70	0.59	ICC-CC approved, 9 July 2012
ICC-TB Endorsed in 2012			
Pasig-Marikina River Channel Improvement Project - Phase 2/ <i>JICA/DPWH</i>	4.61	0.93	ICC-TB endorsed, 21 November 2012.
Under Review			
Help for Catubig Agricultural Advancement Project, Stage I	3.26	0.81	Awaiting agency confirmation on whether request is still going to be pursued.

In total, out of the nine requests included in the stock, six requests were approved by the ICC-CC and two requests were endorsed by the ICC-TB. HCAAP's reported initial cost overrun of PhP0.81 billion in 2012, is yet to be finalized by NIA.

4.2.5 Reasons for Cost Overrun

The nine requests in the stock (2 new requests in 2012 and 7 requests from previous years) cited additional works, increase in prices of materials, customs and tax duties, among others, as reasons for their cost overrun (Table 4.13)

Table 4.13 Reasons for Cost Overrun

Project Title/ Funding Source/ Implementing Agency	ICC- Approved Cost (in PhP B)	Cost Increase (in PhP B)	Reasons for Cost Increase/ Status of Processing of Request
1. Help for Catubig Agricultural Advancement Project, Stage I/JICA/NIA	0.49	2.48	Additional works, increase in unit costs, high bids, price escalation/adjustment, supplemental works in consulting services, ROWA and administrative costs.
2. Laguindingan Airport Development Project/ Korea/DOTC	5.39	2.47	Foreign currency adjustment, price escalation, unbudgeted cost items, additional works
3. New Communications, Navigation, Surveillance/ Air Traffic Management Systems Development Project/ JICA/DOTC	10.87	2.40	Changes in scope and increase in customs and tax duties
4. Pinatubo Hazard Urgent Mitigation Project, Phase III/ JICA/ DPWH	4.70	0.59	Additional works in the existing contract packages
5. Help for Catubig Agricultural Advancement Project, Stage I/JICA/NIA	0.29	2.97	Additional works, ROWA, administrative costs, and tax duties
6. National Road Improvement and Management Program, Phase 2/ WB/ DPWH	27.43	1.96	Adopted the project cost as provided in the Forward Obligation Authority and included the amount of the AusAid Grant
7. Help for Catubig Agricultural Advancement Project, Stage I/JICA/NIA	0.81	3.26	Increase in cost proposed to fund completion of remaining project components.
8. Bridge Construction/ Replacement Project/ Spain/ DPWH	3.19	1.78	Additional works, increase in unit costs, longer project management
9. Pasig-Marikina River Channel Improvement Project - Phase 2/ JICA/DPWH	4.61	0.93	Additional works and repair of damaged structures.
TOTAL	64.89	11.72	18.07% increase.

Further details regarding cost overrun requests are found in **Annex 4-B** and **Annex 4-C**.

4.3 Projects Likely To Be Restructured in CY 2013

In the course of project implementation, projects may request for restructuring, which may be one or a combination of the following changes in project: (a) scope (down scale or upscale of activities or scope of works/component); (b) cost (additional funds to cover additional works or increase in cost when approved funds are not sufficient to deliver the original project scope, and may also be in the form of cancellations in case of cost reduction); or (c) time (extension of loan validity or extension of project implementation period to complete the project).

As indicated in Section 5 of the ODA Act of 1996 (RA 8182) and reflected in Section III of the ICC Guidelines and Procedures, all requests involving changes in scope, change in cost or time extensions in implementation period or loan validity shall be reviewed, approved and confirmed by the ICC and/or the NEDA Board.

Based on the agency consultations conducted, 12 projects (11 loan-assisted and one grant-assisted), will most likely seek ICC approval for project restructuring. Table 4.14 lists the agencies with projects likely to be restructured in CY 2013.

Table 4.14 Agencies with Projects Likely To Be Restructured in CY 2013

Agency	No. of Projects	Reasons for Restructuring
DENR	1	prolonged procurement, financial Management (slow liquidation process), and delay in subproject approvals due to LGUs difficulty to comply with the documentary requirements (e.g. MB Opinion)
LBP	2	proposed study to be carried-out in the previously requested six months extension has not yet started; subprojects (landfill and hydro-power) will not be completed by closing date.
LWUA	1	delay in subproject approvals due to difficulty of WDs to comply with the requirements (e.g. MB Opinion, DOF MOA on Forex Cover and Guarantee Fees)
NIA	1	loan closing in December 2013 and unutilized savings from forex differential.
DA	1	loan closing in July 2013, zero disbursement to date, low utilization of credit facility due to NG-LGU cost-sharing issue
DSWD	1	variation in compliance rates (low in ARMM and NCR), cover targeted number of beneficiaries
DAR	1	weak financial management of LGUs and suspension of NG-LGU cost-sharing policy
DPWH	3	start-up delay, ROW and changes in scope and total project cost from ICC approval to NEDA Board Ad Referendum approval
DOTC	1	contract termination/ project suspension.

Annex 4-D provides the list of these projects as well as the highlights of their implementation status, ICC action required and/or status, and Alert Mechanism ratings.

4.4 Recurring Project Implementation Issues

Based on ODA Portfolio Review data from CY 1998¹⁰ to CY 2012, four issue categories have recurred (i.e., issues which occurred more than once—non-consecutively—during project implementation) in the active loans portfolio.

These issues are the following: budget/funds flow bottleneck, prolonged procurement, LGU-related issues and low utilization of ODA relending facilities. In total, these issues have recurred 15 times in five active loan-assisted projects. Budget/ funds flow issues were noted to be most recurring, affecting a project three times during its project implementation.

Meanwhile, projects under SRCD sector experienced the most number of issues, covering three out of the four issue categories. In total, these issues recurred 11 times in four projects.

Details are indicated in Table 4.15.

Table 4.15 Projects with Recurring Issues

Issue	Project/IA/Sector	IA	Sector	Recurrence (Year of Recurrence)
Budget/Funds Flow Bottleneck	Mindanao Roads Improvement Project	DPWH	INFRA	2 (2008, 2010)
	National Support for Basic Education	DepEd	SRCD	2 (2008, 2010)
	Second Women's Health and Safe Motherhood Project	DOH	SRCD	2 (2006, 2010)
Prolonged Procurement	Mindanao Roads Improvement Project	DPWH	INFRA	2 (2004-2005, 2009-2012)
LGU-related issues	ARMM Social Fund for Peace and Development	ARG	SRCD	2 (2006, 2012)
	Second Women's Health and Safe Motherhood Project	DOH	SRCD	3 (2008, 2010, 2012)
Low utilization of ODA Relending Facilities	Health Sector Development Project	DOH	SRCD	2 (2004, 2008-2009)

¹⁰ Year based on the effectivity year of Laguindingan Airport Development Project. The project is the oldest in terms of loan age in the active loans portfolio.

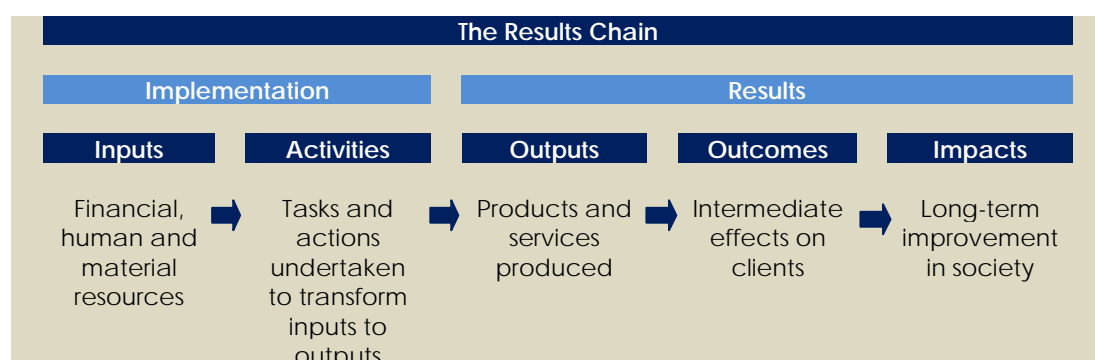
SECTION 5.0 - RESULTS

Among the objectives of the ODA Review is to report on results (i.e., inputs, outputs, outcomes and impacts) derived from implementing ODA programs and projects. This section discusses results from ongoing and completed projects as well as from ex-post, impact and other evaluation studies conducted. An assessment of the contributions of reported results in the attainment of the development objectives of the Plan is likewise included in this section.

Out of 22 agencies consulted, 14 reported on outcomes for 23 programs and projects.

Box 5.1 The Results Chain and the LogFrame Tool

The Results Chain is the causal sequence of development interventions that stipulates the necessary sequence to achieve desired objectives-beginning with inputs, moving through activities and outputs, and culminating in outcomes and impacts.



Source: An Introduction to Results Management: Principles, Implications, and Applications (ADB, 2006)

At the program and project level, this causal sequence/inter-relationships between development interventions is translated into the Logical Framework (Logframe). The Logframe is an important design and management tool as it not only provides concise information on the key elements of a program/project, it likewise ensures a tighter linkage between program/project intervention and its intended objectives, i.e. inputs are expected to result in the outputs, which in turn are expected to achieve the immediate outcome (sometimes called the purpose) and longer term objectives (goal or impacts) of the program or project.

A survey of the current portfolio shows that of the 62 ongoing loan-assisted projects, only 40 projects have logframes. All projects under the SRCD sector have logframes while in case of the INFRA- related projects, 52 percent of the ongoing projects have project logframes. The table below shows, by sector, the number of ongoing ODA loan-assisted projects with logframes (see **Annex 5-A** for the list of projects).

Sector	No. of Ongoing Projects	With Logframes	Percentage of Projects with Logframe (%)
INFRA	33	17	52
SRCD	7	7	100
AARNR	19	15	79
IT&T	1	1	100
GID	2	0	0
TOTAL	62*	40	65

*No. of projects based on Alert Mechanism as of December 2012

5.1 Results of Ongoing Programs and Projects

As of December 2012, 17 ongoing programs and projects reported to have already generated results. Most of these are in the AARNR, INFRA and SRCD sectors. Table 6.1 shows some selected results generated from the 23 projects identified. For more complete information on each program/project, please refer to **Annex 5-B**.

Table 5.1 Projects with Reported Initial Results

Project Title/IA/DP	TPC (PhP M)	Initial Key Results Reported	
		Output	Outcome
1. Laguna de Bay Institutional Strengthening and Community Participation Project/LLDA/WB	1,844	Subprojects in the area of waste water management, septage treatment, materials recovery, flood control, and eco- tourism completed.	Reduction in BOD loading parameters in Laguna de Bay by 23.42%, from 827.554 MT in CY 2003 to 633.75 MT in CY 2011.
2. Social Welfare and Development Reform/DSWD/WB	22,013	5,255,118 households were registered to NHTS-PR	<ul style="list-style-type: none"> • 95% average share of children 6-14 yrs old in poor beneficiary households attending school; (Average Target: 94%) • 89% share of children 0-5 yrs old undergoing growth monitoring and check-ups in accordance with DOH protocol (Average target: 89%)
3. National Program Support for Tax Administration/BIR/WB	572	<ul style="list-style-type: none"> • 273 RATE cases filed • 3,656,448 taxpayers registered thru online facility 	<ul style="list-style-type: none"> • 75% increase in outstanding A/R, from PhP60 B in 2011 to PhP106 B in 2012 • 5% increase in A/R settled, from PhP85 B in 2011 to PhP89 B in 2012 • 10% increase in number of registered tax payers, from 19 million in 2011 to 21 million in 2012
4. Rural Micro-Enterprise Promotion Programme/DTI/IFAD	1279.34	75,312 MEs provided with BDS trainings and access to micro financing	<ul style="list-style-type: none"> • 2,106 (64% of global target) employment generated; • 50,227 jobs generated, • 67% increase in annual profits from an average baseline of PHP 93,668 in 2008 to PHP 156,379 in 2010 of ME beneficiaries
5. KALAH-I-CIDSS Project /DSWD/WB	4,962	<ul style="list-style-type: none"> • 68% of the target barangays have completed training on Participatory Situation 	<ul style="list-style-type: none"> • Increase in participation of barangays assemblies and understanding of barangays affairs;

Project Title/IA/DP	TPC (PhP M)	Initial Key Results Reported	
		Output	Outcome
		<p>Analysis (PSA), planning, project development and M&E</p> <ul style="list-style-type: none"> 80% of barangays with community development plans prepared in accordance with the KC participatory process 68% of barangays participating in regular municipal-level KC resource allocation forums 	<ul style="list-style-type: none"> Income and expenses in target municipalities shortly sustained though, must follow up in order to sustain Changed perception and gained knowledge on barangays assemblies; Change in perception on how barangays leaders should perform; Barangays which received subproject financing produced empowered volunteers who turned out to be barangays leaders;
6. Social Welfare and Development Reform/DSWD/WB	22,013	<ul style="list-style-type: none"> Impact evaluation report based on first follow-up survey prepared Social protection framework developed and adopted. Framework for integrated service delivery developed and adopted. 	<ul style="list-style-type: none"> Share of children 6-14 yrs old in poor beneficiary households attending school at least 89.8% of the time (target is 85%) Share of children 0-5 yrs old undergoing growth monitoring and check-ups in accordance with DOH protocol is 95.3%
7. Post Ondoy and Pepeng Short-term Infrastructure Rehabilitation Project/DPWH/JICA	6,479	27,232 km of roads and 553.60 km of bridges restored and built back	Access to affected communities had been restored providing normal public and business activities, and travel time had been to the affected area have been lessened
8. Philippine Energy Efficiency Project/DOE/ADB	2,160	<ul style="list-style-type: none"> Retrofitting of 35 buildings completed; Million units of CFLs distributed nationwide; Retrofitting of 314 park lights completed; Installation of EE testing facility for audio visual equipment completed. 	<ul style="list-style-type: none"> Approximately 240 MW capacity saved Estimated annual CO₂ emission reduction of 167,500 tons/year realized Annual savings of 310 GWh realized Energy savings of 45 KWh per year
9. Manila Third Sewerage Project/LBP/WB	4,713.8	<ul style="list-style-type: none"> River bank water systems in Pasig and Makati constructed; Sewage treatment plants in Signal Village, Marikina, East Avenue, Project 6, San Mateo and FTI upgraded; 77,137 water connections in MWCI service area with 	<ul style="list-style-type: none"> Biochemical oxygen demand (BOD) removed by sewage and septage treatment plants (cumulative tons/year) was reported at 1,415 as of June 2012.

Project Title/IA/DP	TPC (PhP M)	Initial Key Results Reported	
		Output	Outcome
		sewage treatment service installed.	
10. Local Government Unit Investment Programme II/LBP/Germany	537.29	<ul style="list-style-type: none"> • 12 subprojects completed; • Rock Causeway in South Ubian, Tawi-Tawi constructed; • Roads construction in Lanao del Sur completed 	5,000 people employed resulted in increase in income of the households and employment in the program areas.
11. Health Sector Development Project/ADB/DOH	23.3	<ul style="list-style-type: none"> • OR/DR Complex of Batangas Regional Hospital and Don Mariano in Batac constructed; • Trauma Center of Veterans Regional Hospital in Nueva Vizcaya constructed • 2 new RHUs (Nueva Era and Dingras in Ilocos Norte) constructed; • new 200-bed provincial hospital in Oriental Mindoro constructed. 	<ul style="list-style-type: none"> • Percentage of all indigent families enrolled in NHIP is 100 percent. • Percentage of families enrolled in NHIP is at 49 percent.
12. National Program Support for Environment and Natural Resources Management Project/DENR/WB	2,100	<ul style="list-style-type: none"> • 4,665 ha of forest lands rehabilitated; • 30 percent (64,000 ha) of degraded forest sites rehabilitated with native species; • 316,247 ha of forest lands rehabilitated through the NGP; 	<ul style="list-style-type: none"> • TSP decreased to 106 µg/NCM, a 25% decrease from the 2007 baseline of 142 µg/NCM .
13. National Support for Basic Education/DepEd/WB	9,200	<ul style="list-style-type: none"> • 165 classrooms are completed; • GASTPE tuition subsidy of non-NCR Gr. & students increased from PhP 5,500 to 6,500 year. • Competency-Based Performance Appraisal Standards for Teachers (CB-PAST) developed and finalized. 	<ul style="list-style-type: none"> • Contributed to the attainment of 91% net enrolment rate for elementary; and 62% for secondary in 2012. • Contributed to the achievement of 71% completion rate in elementary and 74% in secondary in 2012. • Contributed to the 67% achievement rate in elementary, and 49% in secondary schools in 2012.
14. Mindanao Rural Development Project Phase 2/DA/WB	5,210	<ul style="list-style-type: none"> • 88 ha Communal Irrigation Systems rehabilitated/constructed • 474 km of rural access roads rehabilitated • 165 km of bridge 	<ul style="list-style-type: none"> • 16.70% increase in household income of beneficiaries • 59% increase in combined income by IPs and women

Project Title/IA/DP	TPC (PhP M)	Initial Key Results Reported	
		Output	Outcome
		constructed	
15. Environmental Development Project/DBP/JICA	12,630	<ul style="list-style-type: none"> • 509 m3/day of wastewater treated; • 18 kg/day, BOD of pollutant removed • 552,500 kg/day of waste collected 	<ul style="list-style-type: none"> • 59% increase in avoided CO2 emission compared to 2011;
16. Second Women's Health and Safe Motherhood Project/DOH/WB	32.70	<ul style="list-style-type: none"> • Integrated WHSM service model developed; • BEMONC/CEMONC facility network established; • Women's Health Team organized; • BEMONC/CEMONC trainings conducted. 	<ul style="list-style-type: none"> • 6% average increase in births delivered in a health facility (from 74% to 80%); • 2% average increase of deliveries in BEmONCs in each project LGU is financed by PhilHealth sponsored programs (from 53% to 55%) • 11% increase in project LGU's sustaining their enrolment for the PhilHealth Sponsored Program (from 64% to 75%)
17. Judicial Reform Support Project/SC/WB	1,408.5	<ul style="list-style-type: none"> • Enhanced Justice on Wheels activities conducted resulting in 1,616 cases heard and 4,123 legal provided • Comprehensive Manual on the Code of Ethics (Code of conduct for Court Personnel and New Code of Conduct for Justices) formulated • Judicial Reform Handbook formulated 	<ul style="list-style-type: none"> • 5% increase in user satisfaction and confidence in Higher Courts • 10% reduction in case processing times in Higher Courts • 10% reduction in case backlogs in Pilot Model Courts relative to the average of lower courts

5.2 Results of Completed Programs and Projects

A total of 16 loans closed in CY 2012. Of these, 14 reported on major outputs and outcomes, the details of which are found in Table 5.2.

Table 5.2 Reported Outcomes per Sector

Infrastructure
<u>Projects</u> <ul style="list-style-type: none"> • Local Government Unit Investment Programme II • Rural Road Network Development Project III • Widening of Gapan-San Fernando-Olongapo • Manila Third Sewerage Project • Rural Power Project (Additional Financing) • Infrastructure for Rural Productivity Enhancement Sector • Arterial Road Bypass Project I (Plaridel and Cabanatuan • Mindanao Roads Improvement Project
<u>Outcomes Delivered</u> <ul style="list-style-type: none"> • Reduction in maintenance cost and Vehicle Operating Cost (VOC) • Increased volume of passengers (inter-modal and intra-modal transport) • Reduction in travel time

<ul style="list-style-type: none"> • Increased traffic volume • Increased number of water connections with sewage treatment service • Increased volume of sewage treated • Increased access to convenient and clean drinking water • Reduced incidence of water-borne diseases • Provided adequate and affordable electricity • Reduced CO2 emissions • Increased rural household income • Increased net on-farm income share • Increased rice yield • Increased ridership and cargo traffic for express rail service (Manila to Clark and Manila to Subic)
Social Reform and Community Development
<u>Projects</u> <ul style="list-style-type: none"> • National Sector Support for Health Reform • National Support for Basic Education • ARMM Social Fund for Peace and Development
<u>Outcomes Delivered</u> <ul style="list-style-type: none"> • Improved statistical database for education sector • Constructed additional new classrooms • Increased tuition subsidy to underprivileged primary and secondary students
Governance and Institutions Development
<u>Judicial Reform Support Project</u> <ul style="list-style-type: none"> • Reduced case backlogs • Reduced case processing times (i.e. Supreme Court, Court of Appeals, Sangguniang Bayan and Court of Tax Appeals)

5.3 Results of Projects at Ex-Post

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

For CY 2012, eight projects were ex-post evaluated by JICA: (1) Batangas Port Development Project (BPDP); (2) Pampanga Delta Irrigation Project (PDIP); (3) Casecnan Multi-Purpose Irrigation Project; (4) Tarlac Groundwater Irrigation; (5) Arterial Road Link Development Projects; (6) Agno River Flood Control Project Phase II-A; (7) Agno River Flood Control Project Phase II-B; and, (8) Laoag River Basin Flood Control and Sabo Project. Of these projects, BPDP and PDIP were jointly conducted with NEDA. **Annex 5-C** details the outputs and outcomes reported from these ex-post evaluations.

The following major results reported from the joint evaluations conducted in CY 2012 are seen below (Table 5.3):

Table 5.3 Outputs and Outcomes from Jointly Ex-post Evaluated Projects

Project Ex-Post Evaluated	Cost (in PhP M)	Output	Outcome
Batangas Port Development Project/DOTC	7,854	<ul style="list-style-type: none"> • 2 container berths constructed; • Pavement construction 16.7 ha, including container yard of 15 ha • 3 berths constructed • Boarding bridge with ferry dock constructed • 824 m of flyover constructed • cargo handling machinery and total port security system installed 	The target reduction of traffic congestion due to overconcentration in Manila was not reached. Operating status of the container terminal for this project is extremely low and social and economic impacts of the project have yet to be realized. Minimal improvement in employment in the local community and minimal economic benefits for corporations with stakes was noted.
Pampanga Delta Irrigation Project/NIA	4,603	<ul style="list-style-type: none"> • 11,920 ha service areas firmed up • Diversion dam constructed • Pumping station constructed • 3 units of pumps installed • 117 km of irrigation canals constructed • 192 km of drainage canals constructed 	<ul style="list-style-type: none"> • Average rice yield during the dry season increased by 11 percent from 3.8 ton/ha (before the project) to 4.23 ton/ha. • For wet season, rice yield improved by 5 percent, from 3.7 ton/ha (before the project) to 3.89 ton/ha.

5.4 Results of Other Evaluation Studies of Completed Projects

In CY 2012, two DP-led impact evaluations were conducted for two WB-assisted projects, namely, Philippines Conditional Cash Transfer Program and KALAHI-CIDSS Project.

Table 5.4 Results from Impact Evaluation Studies of WB-Projects

Project Title	Reported Project Impacts
Philippines Conditional Cash Transfer Program 2012	<p>The following impacts were observed in the program areas:</p> <ul style="list-style-type: none"> • Increased enrollment rate among children: <ul style="list-style-type: none"> ▪ 10% points for 3-5 year olds ▪ 4.5% points for 6-11 year olds • 98% Increased attendance rate among 6-17 year olds • 10% reduction in severe stunting among 6-36 months old children • Increased spending on health and education among poor households • Women in the beneficiary households are not having any

Project Title	Reported Project Impacts
	<p>more children than women in non-beneficiary households</p> <p>However, the program had no significant impact on the following:</p> <ul style="list-style-type: none"> • Enrollment among older children aged 12-17 years old • Per capita consumption among the poor (estimated per capita consumption in both program and non-program areas about the same)
The KALAHI-CIDSS Impact Evaluation: A Synthesis Report	<p>The following impacts were observed in KALAHI-CIDSS communities:</p> <ul style="list-style-type: none"> • Increase participation of households in barangay assemblies and understanding of barangay affairs; • Beneficiary barangay later produced empowered volunteers who later became barangay leaders; <p>Despite increased participation in barangay assemblies, however, there was an observed decrease in the proportion of households that actually participated in collective action.</p>

Other evaluation studies led by ADB, AusAID, NZAP, and UNDP are listed in the following table. Details on the reported outputs and outcomes from these projects are detailed in **Annex 5-D**.

Table 5.5 Result from Other DP-led Evaluations

Project Title	Type of Evaluation Report
ADB	
1. Power Sector Development Program	PCR Validation Report
2. Development of Poor Urban Communities Sector Project	Evaluation Report
3. Pasig River Environmental Management and Rehabilitation Sector Development Program	PCR Validation Report
4. Agrarian Reform Communities Project	PCR Validation Report
5. Metro Manila Air Quality Improvement Sector Development Program	PCR Validation Report
6. Technical Education and Skills Development Project and Fund for Technical Education and Skills Development	PCR Validation Report
AusAID	
7. Provincial Road Management Facility (PRMF)	Independent Mid-term Review
NZAP	
8. Participatory Review of the Local Government Unit Management Training Project	Activity Evaluation Report
USAID	
9. External Evaluation of Tuberculosis Portfolio (2006-2011)	Impact and Performance Evaluation Report
10. Performance Evaluation of Growth with Equity in Mindanao III (GEM-3) Program	Performance Evaluation Report
11. Performance Evaluation of the Family Planning (FP) and Maternal and Child Health (MCH) Portfolio	Performance and Impact Evaluation Report
12. Evaluation of the Economic Impact of Infrastructure Projects	Economic Impact Evaluation Report
UNDP	

Project Title	Type of Evaluation Report
13. Sustainable Development Strategy for the Seas of East Asia (PEMSEA), Terminal Evaluation	Terminal Evaluation Report
14. Samar Island Biodiversity Project (SIBP), Philippines	Terminal Evaluation Report
15. Strengthening the Philippines' Institutional Capacity to Adapt to Climate Change (MDG-F 1656)	Final Evaluation Report
16. GPH-UNDP Conflict Prevention and Peace-Building Programme (CPPB)	Terminal Evaluation Report
17. Action for Conflict Transformation (ACT) for Peace Programme	Terminal Evaluation/ Outcome Evaluation Report
18. Philippines Efficient Lighting Market Transformation Project (PELMATP)	Terminal Evaluation Report

Box 5.2 Lessons Learned from Projects

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

Through the evaluation of failures as well as successes, valuable information is generated which, if properly fed back, can improve future aid programmes and projects. Funds for development purposes are scarce compared to the needs, and stakeholders in donor and recipient countries should be enabled to draw to the fullest possible extent on experience to optimise resource use.
Source: OECD-DAC

Lessons learned from ongoing and completed projects, as well as those drawn from impact evaluations and other evaluation studies conducted by DPs are consolidated in this Review.

Ongoing

Lessons learned generated from the agency reviews are categorized as follows: (a) pre-project implementation; (b) financial including budget and funds flow; (c) project management (procurement, communication, institutional, scope, implementation duration, monitoring and evaluation, reporting); and, (d) LGU-related. Details are summarized in **Annex 5-E**.

Completed

Lessons learned from completed projects drawn from evaluation documents such as PCRs and EOPRs are detailed in **Annex 5-F**.

Impact Evaluation and Other Evaluation Studies

Likewise, lessons learned drawn from impact evaluations, ex-post evaluations and other evaluation studies conducted by DPs are summarized in **Annex 5-G**.

5.5 ODA Projects' Contribution to the Development Objectives in the PDP and RMs 2011-2016

The current Philippine Development Plan (PDP) lays out the development plan of the GPH from 2011 to 2016. Anchored on the societal goal of inclusive growth and poverty

reduction and GPH's five Key Result Areas¹¹, the PDP identifies key sector and sub-sector development objectives, strategies, core programs and projects to achieve said development objectives. The Results Matrix (RM), on the other hand, provides results orientation to the Plan, by providing an indicator framework to the Plan objectives. The RM also identifies core indicators which are considered to be the best monitors of the sector, sub-sector objectives and targets defined in the PDP.

ODA programs and projects are implemented to support/complement the strategies of the GPH to attain development objectives of the Plan. Of the total ongoing projects, 21 projects are aligned with the objectives of enhancing the quality, adequacy and accessibility of infrastructure facilities and services; 10 projects are consistent with the aim of improving the human development status; and, six projects are supportive of increasing growth in agriculture and fishery sectors. Likewise, 18 projects support more than one sector outcome statements in the PDP RM Chapters. Further details are presented in Table 5.6.

The linking of project objectives to the sector outcome statements of the Chapter RMs are in **Annex 5-H**.

Table 5.6 Project Results Supporting the Chapter and Sector Statements of the Plan

RM Chapter	Sector Outcome Statement	No. of Projects	Reported Key Results
Chapter 3 – Competitive Industry and Services Sectors	Industry and services sectors globally competitive and innovative	2	<ul style="list-style-type: none"> • 58,960 new jobs generated (14% increase from 2011, or 17% above the 50,000 target); • Increased access of MEs to better financial services with about 71 MFIs now lending to 47,539 ME borrowers in program areas.
Chapter 4- Competitive and Sustainable Agriculture and Fisheries Sector	Growth in agriculture and fishery sector increased	6	<ul style="list-style-type: none"> • 48.5% increase in average annual rural household income, or an additional income of PhP36,307; • 59.6% increase in net on-farm income share, or an additional income of PhP14,296.
Chapter 5 – Accelerating Infrastructure Development	Quality, adequacy, and accessibility of infrastructure facilities and services enhanced	21	<ul style="list-style-type: none"> • 12.2% increase in households provided with electric power supply (42,552 total additional households); • 9,006 households provided water service connections; • 6,463 m³/day volume of water supply provided; • 1,415 tons/year removed by sewage and septage treatment plants contributed to reduction in BOD loading; • 368.32 km of paved road constructed; • 1,521.28 lm of permanent

¹¹ The Five Key Results Areas of the President's Social Contract are: (1) good governance and anti-corruption; (2) economic development; (3) human development and poverty reduction; (4) climate change adaptation and mitigation; and, (5) security, justice and peace.

RM Chapter	Sector Outcome Statement	No. of Projects	Reported Key Results
			bridges along national arterial roads constructed.
Chapter 6- Towards a Dynamic and Resilient Financial System	Financial system resilient and inclusive	1	<ul style="list-style-type: none"> • 26% increase in Accounts Receivable handled from PhP145.25 B in CY 2011 to PhP182.94 B in CY 2012; • 49% increase in Accounts Receivable settled to Accounts Receivable handled.
Chapter 7-Good Governance and the Rule of Law	Effective and transparent governance practiced Enhanced access to justice	1	<ul style="list-style-type: none"> • At least 10% reduction in case processing times in higher courts from the 2003 baseline; • Case backlogs in Pilot Model Courts reduced by at least 10% points compared to the 2004 baseline; • A 5% increase in user satisfaction and confidence in Higher Courts.
Chapter 8 – Social Development	Human development status improved	10	<ul style="list-style-type: none"> • 100% of all indigent families enrolled in NHIP; • 49% of families enrolled in NHIP; • 73% case detection rate in USG-assisted areas; • 37% contraceptive prevalence rate for modern methods; • Additional 25,758 individuals practicing modern family planning methods; • 471,759 households provided Pantawid Pamilya grants; • 91% net enrolment rate for elementary; • 62% net enrolment rate for secondary; • 71% completion rate in elementary; • 74% completion rate in secondary.
Chapter 10- Conservation, Protection, and Rehabilitation of ENR	Natural resources conserved, protected and rehabilitated	2	<ul style="list-style-type: none"> • 316,247 ha rehabilitated through the NGP; • 30 percent (64,000 ha) of degraded forest sites rehabilitated with native species;
	Environmental quality improved	1	<ul style="list-style-type: none"> • 59 % increase in avoided CO2 emission compared to 2011 • TSP decreased to 106 µg/NCM, a 25% decrease from the 2007 baseline of 142 µg/NCM. • 16,326 tons reduction of CO2 emission for the year 2012

*No projects were identified as directly consistent with the sector outcomes statements under Macroeconomy.

** No reported results contributing to Chapter 9: Peace and Security

SECTION 6 - INITIATIVES TO BETTER MANAGE FOR DEVELOPMENT RESULTS

The government's continued commitment to good governance and strong advocacy for development effectiveness sustained earlier efforts to implement results-based approaches in its development policies in 2012. Among these are initiatives on improving alignment between planning and budgeting, linking interventions to results, and making public sector performance monitoring more systematic and transparent. These were matched by initiatives by the donor/development partner's community who, in 2012, showed a much greater commitment and strategic orientation towards the country's development and results agenda.

This section highlights various said initiatives to better manage for development results that were either undertaken or enhanced by the GOP, DPs and other stakeholders in CY 2012.

6.1 Results-Oriented Public Sector Management (PSM)

The GOP sustained all PSM reforms introduced in CY 2011. Following are the highlights of the gains achieved by the government with respect to the PSM reforms in CY 2012.

6.1.1 Harmonized National Government Performance Monitoring, Information and Reporting Systems (Administrative Order 25)

AO 25 was issued in December 2011 to address the deficiencies and duplications in the current performance monitoring systems of the government. An Inter-Agency Task Force (IATF)¹² was subsequently formed to undertake the development of performance management systems for adoption across all departments and agencies within the Executive Branch of the government: (a) Results-Based Performance Management System (RBPMS); and (b) Government Executive Information System (GEIS).

The IATF made advancement in the development of the RBPMS in CY 2012. The RBPMS utilizes the RM and OPIF as underlying frameworks, which is then used by agencies with oversight functions in assessing and measuring performance of agencies. The RBPMS is likewise the basis for entitlement of the performance-based incentives of government personnel. Under the auspices of the AO 25 IATF, the Performance-Based Incentive (PBI) System developed and implemented in 2012.

6.1.2 Performance Incentive Based on Result (Executive Order 80)

The GOP sought to improve performance management as a way to raise accountability in the Philippine bureaucracy. With a view of improving service delivery by linking personnel incentives to performance, the government in CY 2012 introduced the PBI system through the issuance of EO 80 on 20 July 2012. The PBI system rationalized the current across the board bonus system in the government by linking incentives to results that matter to citizens, and to the agencies' performance in delivering such results.

The PBI System consists of an across the board incentives in the form of the existing Productivity Enhancement Incentive (PEI) and a top up bonus known as the Performance-based Bonus (PBB). The PBB shall be given to the personnel of bureaus or delivery units of a particular agency in accordance with their contribution to the accomplishment of the Departments targets and commitments. Individual/agency

¹² Chaired by DBM and Co-Chaired by the Office of the Executive Secretary (OES), with membership from NEDA, Office of the President-Presidential Management Staff (OP-PMS) and the Department of Finance (DOF).

performance is assessed against a set of criteria which include (a) agency MFO targets and priority key programs/projects agreed with the President under the 5 Key Result Area (KRA) of the Social Contract (at least 90% accomplishment of targets) and (b) meeting the Good Governance conditions as identified by AO 25 IATF (Transparency Seal Certification, PhilGEPS Certification, Reporting on Ageing of Cash Advances, Anti-Red Tape Act or ARTA Compliance). Finally, the PBB employs a ranking system of bureaus/units and personnel performance as basis for awarding of cash incentives.

6.1.3 Review of Agency Major Final Outputs (MFOs) and Performance Indicators (PIs) and Restructuring of Programs, Activities and Projects (PAPs, National Budget Circular 532)

Issued on 28 November 2011, NBC 532 provides the guidelines on the review of the MFOs, PIs and PAPs under the Organizational Performance Indicator Framework, which was undertaken by DBM in view of the current government thrust for results-based budgeting by using the OPIF as basis for budget allocation and monitoring and evaluation of agency performance.

Using the agency submitted revised MFOs and PIs, DBM through the assistance of ADB initiated work on the development of a PI registry system, essentially an OPIF database containing all PIs in the bureaucracy and MFOs they related to. Other information in the database will include the annual budget requirement for the PIs and data source for measurement of performance of agencies (against the targets set for each PI).

6.1.4 Program Budgeting Approach

For the purpose of ensuring the government objective of accomplishing key performance targets under the five (5) KRAs of the President's Social Contract as laid out in Executive Order No. 43, series of 2011, the government, through National Budget Memorandum No.114 directed the adoption of a program approach for the FY 2013 Budget Preparation. The focus was on identifying and giving priority funding for the key programs supportive of the objectives/goals set under the Philippine Development Plan (PDP) 2011-2016 and the President's Social Contract.

6.1.5 Bottom-up Planning and Budgeting

Led by the Human Development Cluster organized under E.O. 43, a bottom-up approach to planning and budgeting was piloted in pursuit of the Millennium Development Goal of reducing poverty by 2015 which is likewise reflected in the Philippine Development Plan 2011-2016. Through this process, 609 poorest municipalities crafted local poverty reduction plans in consultation with civil society organizations and grassroots communities in their localities.

6.1.6 RM-OPIF Linkaging Initiatives

The GOP's initiative to improve the link between the planning and budgeting process were sustained in CY 2012. NEDA and DBM are continuously working together to ensure coherence between the national targets/priorities (RM) and agency deliverables or Major Final Outputs (OPIF), so that budgeting for the latter is anchored on the RM objective and targets.

NEDA and DBM in 2012 conducted an RM-OPIF workshop for 10 pilot agencies by aligning the agency MFOs of the ten agencies (under the Organizational Performance Indicator Framework) with the RM sector objectives they aim to contribute to. The final,

integrated RM-OPIF frameworks are then used as basis for allocating budget to the said ten agencies.

NEDA through the assistance of an ongoing ADB-Capacity Development Technical Assistance on Results Oriented Strategic Planning and Development Management for Inclusive Growth likewise developed a Results-based M&E Framework for the RM. An important feature of the M&E framework, however, is the outcome classification system for the RM outcome objectives, which is used to tag related agency MFOs. Thus, the RM M&E framework not only enables measurement/tracking of the progress of the Plan, it likewise identifies the MFOs which are contributing to specific RM indicators.

6.1.7 IFAD-TA on RBME

Through IFAD's Technical Assistance (TA) on Institutional Strengthening of RBME, NEDA Central and Regional Offices as well as regional implementing agencies were provided trainings on Results-Based Monitoring and Evaluation (RBME). A total of 25 training rounds in 12 regions were conducted (composed of two core group training, 11 NRO re-tooling, 11 advocacy, and one round for agencies implementing IFAD projects), or about 960 planning and M&E officers from NEDA and other implementing agencies were capacitated on RBME. Training modules as well as a guide book on RBME was also prepared.

6.2 Aid Effectiveness Initiatives

6.2.1 By the Government

CY2012 Good Practice Award

The Good Practice Award (GPA) is a biennial knowledge management initiative launched in 2010. The GPA is a mechanism by which NEDA can: (a) take stock of good practices in addressing the various issues in ODA implementation; (b) recognize the implementing agencies (IAs) which developed such good practices; and (c) potentially multiply benefits derived from the good practices by allowing other IAs to learn and adopt them. The GPA is awarded for: (a) Strategies in Achieving Desired Outcomes; and (b) Strategies in Resolving Recurring Issues in Project Implementation.

Entries are carefully reviewed by a multi-stakeholder selection committee composed of NEDA and representatives from other oversight agencies (DOF), development partners (JICA), civil society (IBON) and Academe (UPSE). In December 2012, GPAs were awarded to the following projects:

Table 6.1 2012 GPA Awardees

Category	Project/IA	Entry/Strategy
Achieving Desired Outcome	1. Infrastructure for Rural Productivity Enhancement Sector (InfRES)/DA	Good Governance thru InfRES cum Ligao Participatory Governance for Social Economic Enterprise Development (LPG-SEED) Program
	2. Mindanao Sustainable Settlement Area Development Project (MinSSAD)/DAR	Green Earth Subproject: MINSSAD's Strategy to Sustainable Development
	3. Land Administration and Management Project (LAMP)/DENR	LGU-Led Public Land Titling Through Systematic Adjudication

Category	Project/IA	Entry/Strategy
	4. Second Women's Health and Safe Motherhood Project (WHSMP)/DOH	Kanami Health Insurance
	5. Health Promotion and Communication Project- (HealthPRO)/DOH	Lakbay Buhay Kalusugan
	6. Health Policy Development Program/DOH	The Family Health Book Initiative- Compostela Valley
Resolving Recurring Issues in Project Implementation	1. Linking Initiatives and Networking to TB Control (TB-LINC) /DOH	Increasing Access to TB Diagnostics Services through the Establishment of Remote Smearing Stations
	2. Mindanao Rural Development Project (MRDP)/DA	Applied Geo-tagging Technology: MRDP's Efficient Transparency Tool

2nd M&E Network Forum

Formally launched in CY 2011, the GOP M&E Network was organized by NEDA to integrate all M&E activities in the country. To support this activity, NEDA in partnership with UNICEF has been organizing an annual M&E Network Forum which serves as a venue for M&E practitioners and other stakeholders to exchange ideas, experiences and lessons on M&E as well as further enhance M&E capacity development in the country.

The 2nd M&E Network Forum was conducted on 7-8 November 2012, with the theme "Evaluation Policy: A Gateway to Improved Performance and Accountability", and which was participated in by 200 M&E practitioners from various sectors such as IAs, OAs, DPs, CSO, and academe. The Forum included four moderated sessions: (i) In-country Processes and Procedures for National Evaluation Framework; (ii) Evaluation Approaches and Methodologies; (iii) Innovation on M&E Approaches, Tools or Innovative Ways of Disseminating Information Generated through M&E; and (iv) Evaluation as Undertaken by Various Stakeholders in their Own Specific Contexts.

Through the annual Forum, the following results were realized: (a) Regular forum for learning and sharing (M&E practices, experiences, studies, etc.) provided; (b) In-country competencies and evaluation standards consistent with internationally agreed principles and practices defined; (c) Capacity building for professional development provided; (d) Results Monitoring and Evaluation (RME) as a profession promoted; and (e) RME championed.

A draft GOP Evaluation Framework was also presented during the 2nd M&E Network Forum. The evaluation framework is intended to set the standards and provide guidance in the conduct of various evaluation activities (for both ODA and locally funded programs and projects) in the country.

6.2.2 By the DPs

Consistent with the principles under the Paris Declaration on Aid Effectiveness, 2012 saw DPs endeavoring to support the national priorities of the Philippine government, through their country assistance frameworks, as well as related M&E frameworks and activities. Table 6.2 provides the details for a few of these initiatives.

Table 6.2 DP Aid Effectiveness Initiatives

Initiative	Description
AusAID	
Country Strategy Performance Assessment Framework 2012-continuing	The country strategy Performance Assessment Framework is jointly developed with the Philippine Government. It contains detailed monitoring and evaluation plans for the program strategy and each sector delivery strategy, performance quality tools and comprehensive performance assessment framework that align with GPH PDP targets.
ADB	
Country Portfolio Performance Review (CPPR)	<p>ADB's CPPR is aligned with NEDA's Annual ODA Portfolio Review and the Joint Analytic Work consultations.</p> <p>The CPPR focuses on the performance of potential projects at-risk and corresponding recommendations to improve performance.</p> <p>Along with a discussion of the implementation progress of the previous year's Action Plan, the CPPR also analyses the successfulness and sustainability of ADB-funded projects, as inputs for country strategy and programming.</p>
IFAD	
Annual Knowledge and Learning Market (KLM)	The KLM provides a venue for knowledge sharing among policy makers, IFAD projects and other government agencies on ideas, lessons learned, best practices and innovations undertaken by IFAD projects and partners in the country.
Annual Country Programme Review (ACPoR)	The ACPoR is a meeting of IFAD-assisted programs and projects where participants review implementation experiences, share problems encountered as well as good practices, and recommend solutions to improve program/project performance.
KOICA	
Study on Improving the Result-based Performance Management of KOICA: focusing on management of the development projects	<p>The KOICA study aimed to:</p> <ol style="list-style-type: none"> 1. Provide guidance for the improvement of KOICA's RBM by analyzing other bilateral/multilateral organizations experiences in terms of RBM adoption and current practice. 2. Define the role of KOICA as an agency concerned with project result management.
NZAP	
<p>Transparency Measures</p> <ul style="list-style-type: none"> • New Zealand Implementation Schedule for the Transparency Common Standard • Aid Activity Reporting 	<p>It aims to meet compliance with the internationally agreed Transparency Common Standard by December 2015. It also intends to strengthen the aid activity reporting. The Schedule could be accessed in their website.</p> <p>As a member of International Aid Transparency Initiative (IATI), New Zealand adhered to IATI standard of publishing and sharing information about aid spending following commonly agreed formats and definitions. These include information on aid flows and activities, total aid being provided to each country, details and costs of individual activities and their objectives, and information on projected future aid expenditure. The aid statistics could be accessed in their website.</p>
UN	
United Nations Development Assistance Framework (UNDAF) 2012-2018	The UNDAF supports the national priorities by developing capacities required to achieve the goals and commitments embodied in the Philippine Development Plan (PDP) and in the various international covenants that the Government of the

Initiative	Description
	<p>Philippines (GOP) is a party to, such as the Millennium Development Goals (MDG). The JIP, which complements the UNDAF 2012-2018, will guide the achievement of results identified in the UNDAF document.</p> <p>The UNDAF's seven year cycle has been aligned with the GOP planning cycle and synchronizes the delivery of UN System support to Philippines with the implementation of the PDP. Similar to the PDP's accompanying RM, an UNDAF Results Matrix was likewise prepared meant to create greater focus and impact of UN operations in the Philippines.</p> <p>The UN Country Team, in cooperation with NEDA, spearheaded the Evaluability and Quality Assurance exercise of the UNDAF, with the end view of improving the UNDAF's alignment to the PDP-RM indicators, at the same time, tightening the UNDAF logical framework.</p> <p>One of the activities under said exercise was the Joint Rationalization Workshop of the UNDAF 2012-2018, conducted on 14-15 November 2012. The objective of the two-day workshop was to ensure that UN work in the Philippines supports the Government's own priorities, objectives and results by directly linking UN's results with those of the PDP-RM.</p> <p>An updated UNDAF Results Matrix was generated from a consolidation of workshop results and corresponding elements from the UN's Joint Work Plans (JWP).</p> <p>Staffs from the NEDA Central Office, implementing agencies and several UN agencies attended said workshop.</p>
WB	
Internal Portfolio Review	<p>Complementing the NEDA-led ODA Portfolio Review, World Bank's Internal Portfolio Review assesses the financial and physical performance of its active portfolio. The financial analysis focuses on disbursements and funds flow while the physical analysis is anchored on design and implementation arrangements (procurement, financial reporting) of the projects. It also presents the ratings of each project in terms of implementation progress and likelihood of achieving development objectives</p> <p>Emerging questions on the design and disbursement arrangement of each WB-funded project are likewise discussed to draw lessons for future projects.</p>

SECTION 7 - ACTIONS TAKEN AND RECOMMENDATIONS

This section presents the actions taken by IAs on the CY 2011 Review recommendations. It also includes updates on the proposed enhancements from the previous Review and how these were incorporated in the current review's methodology and content. This section also contains recommendations given to IAs to improve project implementation performance for CY 2013 and beyond. Finally, it presents planned enhancements to improve the scope and process of future reviews.

7.1 Actions Taken on the Recommendations of the CY 2011 ODA Portfolio Review

7.1.1 Actions Taken By IAs

Mixed progress was noted in terms of IA's compliance to the recommendations made in the CY 2011 ODA Portfolio Review. See **Annex 7-A** for the specific actions taken by IAs on the recommendations.

7.1.2 Actions Taken on Proposed Enhancements

Corresponding efforts were made for most of the recommendations of the CY 2011 ODA Review. For some recommendations, continuing activities are being carried out under several NEDA-led activities, various TAs, joint analytic works with DPs, and inter-agency initiatives. Table 7.1 summarizes actions taken by concerned agencies on the recommendations generated in last year's review:

Table 7.1 Actions Taken on Recommendations from CY 2011 Review

CY 2011 Review Recommendations	Responsible Agency	Actions Taken/Status
Review existing GOP policies and mechanisms aimed to improve project's quality at exit.	NEDA, JAW Team	Done. The following activities were carried out (some are still ongoing) to improve project's quality at exit. Said activities were implemented to support coming-up of a National Evaluation Framework to ensure project's quality upon completion: <ul style="list-style-type: none"> Review of GPH's existing Public Sector Management framework with focus on closely linking the key stages of planning, budgeting, implementation, monitoring, and evaluation. Conduct of joint ex-post evaluation of completed projects (e.g. Batangas Port and Pampanga Delta Irrigation) with DPs; Ensure availability of PCRs of completed projects; Preparation of EOPRs upon project completion; and, Preparation of GPH's Evaluation Manual.
Undertake a review of the existing AM with emphasis on the following: <ul style="list-style-type: none"> Assessment of the 	NEDA-PMS	Done. The AM was updated to incorporate the following enhancements:

CY 2011 Review Recommendations	Responsible Agency	Actions Taken/Status
<p>effectiveness of existing AM indicators</p> <ul style="list-style-type: none"> Establishment of a more systematic method for addressing the priority projects by identifying specific actions required from key stakeholders (i.e., NEDA-PMS, NEDA Management, and Implementing Agencies) Inclusion of a list of ongoing projects that would likely require ICC approval for change in scope, cost and time in the AM report 		<ul style="list-style-type: none"> Reporting the quarterly AM Report to the PIO, ICC and to the ODG for them to advise on appropriate measures to address implementation issues; Identified projects in the AM with pending re-evaluation requests , and projects likely to request for change in scope, cost and time; Tracking of historical AM levels of projects to show historical performance, and, IAs were requested to provide concrete actions taken to resolve issues/constraints in the reported actual problems.
Make JAW more thematic/sector focused, and develop a three-year agenda for JAW to programmatically support ODA Portfolio Review	JAW Team	Done. JAW 3 was launched to continue remaining analytic works under JAW 2, as well as assess the type, modality, availment procedure, and M&E of program loans. For CY 2013, the JAW 3 shall focus on: (a) program loan – types and modality, monitoring and evaluating performance, and tracking fund releases and utilization; (b) issue on the delay of securing MB opinion for subproject approvals; and, (c) issue of implementation delays of relending type of projects (to clarify issue on non-competitive rates).
Set-up a mechanism of automatic review of ICC for projects with less than 10% disbursement or no construction commenced two years after loan effectiveness	NEDA-PMS	Done. Reported thru the Alert Mechanism. Projects in Alert Level II which include projects with less than 10% disbursement were presented to the ICC for appropriate actions. Projects undergoing such were highlighted in the regular ODA Loans Report submitted to the NEDA DG.
Propose the adoption on the use of PE Form 7 as support to the institutionalization of project readiness filter and the conduct of advance procurement activities	ICC	Done. PE Form 7 is one of the forms submitted by IAs to ICC for their projects requiring ICC approval. Form 7 highlights critical milestones to be achieved at the various stages of the project cycle. Requirements pertaining to project readiness including conduct of advance procurement activities are one of the sections of the form.
Provide updates on the policy pronouncement on the NG-LGU cost sharing scheme.	OES	<p>Updates on the policy pronouncement:</p> <ul style="list-style-type: none"> The NG-LGU cost sharing policy was temporarily suspended

CY 2011 Review Recommendations	Responsible Agency	Actions Taken/Status
		<p>through Memorandum Order 24 issued by the OP on 19 September 2011. A Joint TWG was formed, composed of oversight agencies (NEDA, DOF, DBM, DILG), to review and recommend a rationalized sharing scheme by end of November 2011. Said recommendations were already submitted by the TWG on 23 November 2011, but to date, official response and/or approval from the OP is still pending.</p> <ul style="list-style-type: none"> • Some IAs have come up with department orders to address the issue on cost-sharing. DA issued Memorandum Order No. 13, series of 2012 entitled "Adoption of a Standard LGU Counterpart for all DA Agri-Infrastructure subprojects" (dated 26 June 2012). • The DA together with DAR, DENR and DILG signed on 20 July 2012 a Joint Resolution on the NG-LGU Cost Sharing Policy requiring a minimum cash counterpart of only 10% of the total subproject cost regardless of the LGU's income class. For DA projects, the remaining percentage shall be shouldered by DA through their Counterpart Funding Assistance (CFA) to LGUs.
Carry out impact and ex-post evaluation of programs and projects.	NEDA/IAs	Partially done. Jointly conducted with JICA, ex-post evaluation of two completed projects were conducted in CY 2012: (a) Batangas Port Development Project (DOTC); and (b) Pampanga Delta Irrigation Project (NIA);
Strengthen results monitoring specifically reporting on project outcomes by: (a) consolidate project logframes of all ongoing loan-assisted projects, (b) identify when said projects are expected to deliver results/project outcomes, (c) require IAs to report at least two outcome indicators.	NEDA-PMS/IAs	<p>Partially done.</p> <ul style="list-style-type: none"> • Inventory of ongoing projects with logframes prepared; • List of projects which can already deliver results at implementation prepared; • Observed results delivered at implementation highlighted in the results section of the CY 2012 ODA Report; • IAs reported on observed project

CY 2011 Review Recommendations	Responsible Agency	Actions Taken/Status
		outcomes that contribute to the attainment of the sector statements and indicators of the PDP RM 2011-2016.

Further, the CY 2011 ODA Review proposed several enhancements for future ODA Reviews. Table 7.2 summarizes the enhancements that were incorporated in the CY 2012 ODA Review. Other proposed enhancements are currently being carried out and shall be incorporated and reported in future reviews.

Table 7.2 Actions Taken on Proposed Enhancements for ODA Review

Section	Recommendations	Actions Taken/Status
ODA Loans Portfolio	<ul style="list-style-type: none"> Assess the average time between project approval (loan effectiveness) and 10% disbursement of funds of project loans in support on the issue of start-up delay. Cluster (by sector or IA) closed loans indicating the aggregate amount in the past 10 years. Forecast the possible amount of ODA commitments in the coming years by looking at ODA commitments to be approved in the succeeding years. Forecast possible ODA performance next year considering absorptive capacity performance of loans this year and other factors constant. Identify types and modalities of program loans. Mapping of ODA 	<ul style="list-style-type: none"> Done. The average actual time elapsed to disburse the first 10% available funds of project loans were included in the assessment of financial performance of projects of the Report. Done. The amount of new and closed loans (by DP and sector) per year and in the past 10 years was highlighted in ODA Portfolio Profile of the Report. Done. The number of loans expected to be signed in CY 2013 were considered to come up with estimated net loan commitment of the portfolio for CY 2013. Done. Given the loan disbursement target in CY 2013, sensitivity analysis was made for the disbursement rate performance for CY 2013. Done. Program loans were classified as policy- or sector-based loans. Various instrumentalities of DPs in providing program loans were identified. Done. Mapping of ODA Loans by region prepared.
ODA Grants Portfolio	<ul style="list-style-type: none"> Further enhance grants reporting by: (a) considering fiscal year reporting of DPs; (b) refining types of grant assistance and modalities; (c) identifying grants 	<ul style="list-style-type: none"> Partially Done. DPs submit to NEDA-PMS data on grants provided to and implemented by CSOs, but

Section	Recommendations	Actions Taken/Status
	<p>not implemented by GPH.</p> <ul style="list-style-type: none"> Review low utilization of grant performance considering the nature, types and source of the grant assistance. 	<p>these were not part of the grants portfolio reported in the current Report.</p> <ul style="list-style-type: none"> Recommendation for further review.
ODA Loans and Grants Portfolio	<ul style="list-style-type: none"> Include in the assessment the amount of ODA expected to be committed by the DPs in the next or succeeding years and its effect on national and sectoral commitments. Revisit sector classifications being used and compare consistency with sector classification used by sector staffs and NROs and OAs. 	<ul style="list-style-type: none"> Done. Expected ODA net commitment in CY 2013 assessed. Done.
Physical Implementation	<ul style="list-style-type: none"> Indicate the aggregate loan amounts of projects that are behind, on schedule or ahead of schedule in their implementation. 	<ul style="list-style-type: none"> Done. These were reported in the physical implementation section of the Report.
Alert Mechanism	<ul style="list-style-type: none"> Identify how much of the agency/sector portfolio is at Alert Level 2 or Alert Level 1 by clustering projects by Alert Levels and indicating their aggregate loan amount Track the progress/changes in alert status of projects. 	<ul style="list-style-type: none"> Done. These were highlighted in the AM section of the Report.
Results	<ul style="list-style-type: none"> Further enhance results orientation in the ODA Review by improving assessment of contribution of FAPs to agency MFOs and achievement of development objectives stated in the PDP RM. Identify projects in the portfolio capable of delivering results during implementation and projects which can only deliver impact few years after completion. 	<p>Partially done. The following were included in the CY 2012 ODA Report to enhance reporting on results:</p> <ul style="list-style-type: none"> Projects (a) with and without logframes and (b) those with PCRs including those implemented by GOCCs; Results (outputs and outcomes) already delivered at implementation; Results reported from (a) completed projects, (b) ex-post evaluated projects, and (c) impact evaluated projects in CY 2012.
Key Implementation Issues	<ul style="list-style-type: none"> Include an assessment of funds flow for demand driven projects Provide feedback/status on actions taken by the IAs to resolve implementation issues identified. 	<ul style="list-style-type: none"> Partially Done. For discussion in JAW 3. IAs provided status on actions taken to resolve implementation issues of

Section	Recommendations	Actions Taken/Status
	<ul style="list-style-type: none"> • Endeavor to provide regional dimension of project implementation issues • Long term tracking of recurring key implementation issues 	<p>their projects.</p> <ul style="list-style-type: none"> • Partially complied for region-specific projects but not yet for multi-regional and nationwide implemented projects. • Done. Reported under the key implementation issues section of the Report.
Recommended Actions for CY 2012 and Beyond	<ul style="list-style-type: none"> • Establish mechanism to monitor compliance to the recommendations and for the proposed enhancements of this year's review • Continuing conduct of portfolio-related thematic studies between annual reviews • Strengthen further knowledge management (e.g., management information system support among others); • Conduct continuing capacity building in all aspects of ODA portfolio management. • Expand regional consultations of the Review • Prepare policy briefs on the compliance by the concerned agencies to the proposed policy recommendations and enhancements of the Annual Review. 	<ul style="list-style-type: none"> • Partially done. A status report on the recommendations and proposed enhancements of the Review was prepared in December 2011 as a preparatory activity in the conduct of the CY 2012 Review. • The following small thematic papers were prepared: (a) Managing Development Results of ODA Projects; (b) Actual Time Elapsed to Disburse 10% of ODA Funds; (c) Assessment of Ongoing Projects with Logframes and PCRs. • Continuing activity. The Programs and Projects Information Exchange System (PPIES) already in the testing and debugging stage. • IFAD-TA on Strengthening the capacity of NEDA and IAs on Results Monitoring and Evaluation ongoing. • Consultations on the initial findings of the CY 2012 Review were conducted in Regions CARAGA, VIII and IV-A. • Continuing activity.

7.2 Recommendations for CY 2013 and Beyond

7.2.1 For IAs

Agency-specific recommendations to address key implementation issues affecting the agency ODA portfolio performance were discussed during the agency consultation meetings. The consolidated action plans to improve portfolio performance of specific IAs for CY 2013 and beyond is reflected in **Annex 7-B**.

7.2.2 Other Recommendations for CY 2013 and Beyond

Recommendations to improve ODA portfolio performance and further enhance the Review process are listed in Table 7.3. The recommendations are a mix of new and continuing actions suggested in previous reviews. These recommendations will be further discussed with the DPs, IAs, OAs, NROs and concerned CSOs to determine detailed steps, timelines and specific responsible entities.

Table 7.3 Recommendations for CY 2013 and Beyond

Recommendations	Responsible Agency
<ul style="list-style-type: none">Conduct of individual agency consultation meetings in the last quarter of 2013 to discuss: (a) actions taken by IAs to resolve implementation issues and compliance with recommendations made during the agency reviews; (b) assessment of achieving CY 2013 disbursement targets of the agencies.	NEDA-PMS, IAs
<ul style="list-style-type: none">Conduct of assessment workshop in the last quarter of 2013 to provide updates on the actions taken on the recommendations to enhance the ODA Portfolio Review.	NEDA, other OAs, DPs, IAs
<ul style="list-style-type: none">Discuss possible harmonization of existing ODA terms, definition and databases with other OAs (DOF, DBM, BTr, COA)	NEDA-PMS, other OAs
<ul style="list-style-type: none">For integrated projects with multiple IAs (projects with multiple components implemented by several agencies), invite all agencies (including the lead and partner IAs) to the agency consultation meetings to ensure that issues and concerns in all project components are captured.	NEDA-PMS
<ul style="list-style-type: none">Conduct a comparative review/assessment of the scope and content of GPH's ODA Portfolio Review and DPs' ODA Portfolio Reviews.	NEDA-PMS, DPs
<ul style="list-style-type: none">Fully utilize the JAW with DPs to review project implementation issues and come up with policy guidelines in resolving persistent issues and implementation bottlenecks	JAW Team
<ul style="list-style-type: none">Assess the impact of GOP's action to clean up the portfolio (e.g., some projects were suspended and terminated, some loans were no longer made effective) on the target portfolio performance and on the supposed target beneficiaries, target project objectives (carry-over recommendation from previous year).	NEDA

7.2.3 Continuing and Planned Enhancements for the CY 2013 ODA Review

Proposed enhancements for the CY 2013 ODA Review are listed in Table 7.4.

Table 7.4 Planned Enhancements for CY 2013 ODA Review

Section	Recommendations/Future Enhancements
ODA Loans Portfolio	<ul style="list-style-type: none"> • A parallel reporting of disbursements in Peso should be carried-out to address forex and expenditure issues as well as to improve reporting and comparability of ODA statistics across DPs. • Enhance regional disaggregation of ODA. • Report on the amount of outstanding ODA loans of the GPH (including ODA loans that already closed but not yet paid).
ODA Grants Portfolio	<ul style="list-style-type: none"> • Review low utilization of grant performance considering the nature, types and source of the grant assistance. Utilization of grants were noted low considering these are funds not needing repayments and free of charge (carry-over proposal from previous year).
ODA Loans and Grants Portfolio	<ul style="list-style-type: none"> • Prepare a comparative assessment of GPH's ODA portfolio and ODA portfolio of other developing countries.
Physical Implementation	<ul style="list-style-type: none"> • Ensure that all projects reports overall physical accomplishment.
Alert Mechanism	<ul style="list-style-type: none"> • Periodic review of AM and its indicators.
Results	<ul style="list-style-type: none"> • Strengthen results monitoring and evaluation through conduct of (a) GPH-led ex-post and impact evaluations for selected completed ODA projects; (b) ensure all completed projects have PCRs and EOPRs; (c) ensure all ongoing projects have logframes. • Revisit quality of development statements (goal, purpose, outputs) and characteristics and dimensions of the indicators of project logframes.
Key Implementation Issues	<ul style="list-style-type: none"> • Assess the issue of (a) difficulty to secure MB opinion required for sub project approvals; and, (b) interest rates and funds flow of demand driven projects (two-step loan type). • Revisit JAW 2 recommendations on start-up delay (advance procurement and available budget) and prepare updates on agencies compliance/action taken on these issues.
Lessons Learned	<ul style="list-style-type: none"> • Assess how lessons learned and good practices are utilized in project formulation.
Recommended Actions for CY 2013 and Beyond	<ul style="list-style-type: none"> • Continuing conduct of portfolio-related thematic studies between annual reviews. • Strengthen further knowledge management (e.g., management information system support among others) on project monitoring and evaluation. • Conduct continuing capacity building in all aspects of ODA portfolio management.