

**2008 ODA PORTFOLIO REVIEW**  
**Implementation Issues/Problems**

As of 31 December 2008

Nature of Problem	Project Title	Implementing Agency	Key Implementation Issues	Measures Taken/Remarks
<b>Financing</b>	Laguindingan Airport Development Project	DOTC	Resolve whether to source the fund from Nordic Investment Bank as planned or shift to Export-Import Bank of Korea	Due to tied nature of NIB/KEXIM loans, a shift in financing would necessitate change in contractors for Air Navigation facilities. Concerns have been raised on Korea's technical capacity to provide the required air navigation facilities.
	LRT Line 1 Capacity Expansion Project, Phase II (CAPEX II)	LRTA	Need to provide financing for additional works and unpaid progress billings.	Though the loan closed in September 2008, additional works were undertaken without ICC clearance.
	North Rail Project Phase 1 Section I	NLRC	Non-availability of funds to finance administrative expenses including consulting services	The US\$ 90 million DBP-arranged loan to finance said items under Section 1 and 2 was signed on 14 February 2008.
	Arterial Road Links Development Project V, Central Mindanao Road Project, Second Magsaysay Bridge and Butuan City Bypass Road Project	DPWH	Significant time spent in securing DBM-certified budget strategy relative to the increased cost requirements of a number of projects.	Close coordination with DBM to expedite processing of requests for DBM-certified budget strategy.
	Laguna de Bay Institutional Strengthening and Community Participation Project	LLDA	Need for additional financing for a follow-up project to address domestic discharge of an average of 75% BOD loading into the lake.	LLDA coordinated/consulted concerned agencies on the possible additional financing for a follow-up project to finance investment on waste water treatment. An issue paper was prepared to support the proposal.
	Banaoang Pump Irrigation Project	NIA	Pending approval from the NEDA Board on the	NIA requested that the issue be discussed on the 31

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	Metro Iligan Regional Infrastructure Development Project	PGLDN	request for increase in cost (from PhP1.34 billion to PhP2.44 billion) time extension, and change in scope.  PGLDN has noted that the province has overlooked the real total consulting services requirement of the Road component.	March 2009 NEDA Board Meeting. Delay in the approval of the request resulted in 10% delay in the project's physical accomplishment and unpaid contractual obligations of about PhP450 million.  Alternative financing was explored and partial realignment of funds amounting to PhP 67 million from the AFIP component to Roads Consulting Services is being requested.
	ARMM Social Fund Project	ASFP-FMO	The need to reconcile the discrepancy of JBIC loan proceeds (PhP 777.25 million) reflected in the Forward Obligational Authority (FOA) and the Loan Agreement (PhP 1,176.19 million)	NEDA advised ASFP-PMO through letter dated 30 September 2008, to coordinate directly with DBM on the matter.
	Enhancing the Autonomy, Accountability, and Efficiency of the Judiciary and Improving the Administration of Justice	SC	Shortfall in the payment of 7th Judicial Region's operations expenses	The allocation of budget for RCAO-7 operations is separate and distinct from the 7th Judicial Region. Additional budget is likewise needed for the payment of claims from Region judges and personnel.
	National Program Support for Basic Education (NPSBE)	DepEd	Non- release of allotment for the 2008 SBM Grants.	The guidelines for the 2008 SBM grants could not be issued pending release of the allotment amounting to 500 million by DBM.
	Support to the Philippine Basic Education Reforms (SPHERE)	DepEd	Insufficient funds allotted for project operations.	There is a need to augment funds for additional manpower, site appraisal and resource inventory, monitoring of construction of LRMDs at the regional and division levels, evaluation of teaching and learning materials for reproduction, and monitoring of progress of implementation of other project components.
	Diversified Farm Income and Market Development Project	DA	The entire 2008 work program of the Bureau of Harvest Research and Extension (BHRE) was put	

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<b>Procurement</b>	(DFIMDP)		on hold pending approval of the request for reallocation of funds provided under the SARO.	
	Agrarian Reform Communities Development Project II (ARCDP II)	DAR	Delay and non-release of funds for payment of contractor's billing adversely affected the pace of implementation of irrigation sub-projects under rural infrastructure component.	MDFO has released funds to NIA and LGUs last December 2008. Processing of some requests is ongoing.
	Integrated Program for the Empowerment of IP and Sustainable Development of Ancestral Domains (IP-EIPDAD)	DAR	Lack of Funding for proposed site projects. The lack of a definitive fund source for IP projects generated a considerable degree of uncertainty with respect to ADSDPP implementation.	Under the proposal, funding for these site projects shall come from the UNDP-managed Small Grants Program- Global Environment Fund from NZAID. However, funds were not available.
	LRT Line 1 Rehabilitation II, Modernization II Project (REHAB II)	LRTA	Delay in the delivery of spare parts.	The delay necessitated an extension of the loan to allow the contractor to comply with its obligation. The loan was set to close in February 2008.
	Technical Education and Skills Development Project	TESDA	Delay in the delivery of equipment under the NORDIC loan.	TESDA requested several short extensions of the loan validity to allow for complete delivery of equipment by the supplier.
	Arterial Road Bypass (Plaridel and Cabanatuan) Project I	DPWH	Received high bids for Plaridel Bypass CP I due to unusual increase in cost of fuel and construction materials in the early part of 2008. The lowest bid amounted to PhP1,572.23 million, which is 150% above ICC-approved cost (PhP628 million) of the contract package and 8.62% above the ABC (PhP1,447.49 million).  DPWH has yet to officially respond to NEDA's letter reminding that the high bids issue requires ICC re-evaluation.	A request for NEDA to certify to the presence of an extraordinary situation in the price increases of construction materials particularly steel and petroleum- based products was made to facilitate approval of requests for price adjustments by contractors.  NEDA explained that, while the unusual trend in the prices of steel products in the international market is recognized, it is deemed that any price adjustment should adhere to the parameters specified in the Guidelines for Contract Price Escalation under RA No.

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	Urgent Bridge Construction Project for Rural Development	DPWH	There were two bidding failures for Contract Package IV (first due to significantly high bids and second due to the participation of only one bidder) and a failed bidding in CP II.	<p>9184, in which the occurrence of extraordinary circumstances is defined. The law recognizes the entitlement to price escalation under said circumstances but needs to be proven on a case-to-case basis by those claiming such and NEDA cannot declare extraordinary circumstances in general but would require specifics.</p> <p>On the bidding failure under Package IV of UBCPRD, upon the advice of JICA, DPWH negotiated for CP IV (cost at PhP2.38 billion) as a Supplemental Agreement under CP III (cost at PhP2.80 billion) is now concluded. The conditions of Contract for CP III has a provision that states: "A Supplemental Agreement may be entered into for works immediately beyond the Project under the same terms and conditions as the original Contract provided that it does not exceed 100% of the escalated original Contract price less the cost of mobilization and provided further that funds are certified as available and subject to approval by the Employer."</p>
	Health Sector Development Project (HSDP)	DOH	Failure of bidding was experienced in the procurement for Bangui District in Ilocos Norte. Prospective bidders did not participate in the bidding due to huge increases in the prices of construction materials.	The loan reallocation proposal of DOH was endorsed by NEDA to DOF. This involves an increase in the amount for Civil Works (Category 1) to finance the construction/reconstruction of provincial and district hospitals in the province, which were adversely affected by the large increases in construction costs due to delayed procurement of consultants and changes in scope of work.
	Health Sector Reform Project (HSRP)	DOH	The approval of sub-loans is subject to the hiring of a consortium (international and local	The TOR is still being refined based on negotiations among KfW, DOH and MDFO.

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	Second Women's Health and Safe Motherhood Project (2WHSM)	DOH	consultant). KfW will do the hiring with approval from DOH and MDFO. Implementation can only start if the consultant is on board.  Cancellation of the Behavioral Change Communication (BCC) and Human Resource Training Design (HRTD) contracts.	The BCC contract was found to be too expensive considering the scope of work required. The HRTD contract took too much time to procure resulting in the failure of project to respond to the clamor of health workers for training.
	Global Fund Project	DOH	Slow procurement of goods, drugs, reagents, equipment and civil works.	A catch-up plan is being prepared.
	Land Administration and Management Project II (LAMP II)	DENR	Titling target will no longer be met due to procurement delays (necessary equipment, consulting services not yet awarded) and weak project and financial management.	The contract for the procurement of survey equipment was signed and is expected to be delivered on Feb 2009. However, IT and motor vehicles as well as contract services for DED of OSS building still ongoing.
	Integrated Coastal Resource Management Project (ICRMP)	DENR	Delayed procurement of consultant.	Bid Evaluation Reports were already submitted to ADB in Feb 2009. Experts targeted to be on board by April 2009.
	Integrated Coastal Resource Management Project (ICRMP)	DENR	Delayed procurement of IT vehicles and equipment.	Purchase of equipment ongoing, others were done through shopping.
	National Program Support-Environment Resources Management Program (NPS-ENRMP)	DENR	Slow procurement processing impeded key program activities such as strengthening of the Internal Audit Service, conduct of Baseline Client Satisfaction Survey, strengthening information databases, and formulation of watershed management plans.	Negotiations and re-bidding ongoing. Catch-up plan prepared and being implemented simultaneously with intensified orientation of the regional offices on WB procurement guidelines.
	Agrarian Reform Communities	DAR	Pending bid evaluation involving one of the three	Final bid evaluation report for the pending lot should

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<b>ROW and Resettlement</b>	Development Project II ARCDP II)		lots for DALICAPAN CIP.	be submitted to WB, otherwise it will be delisted.
	Mindanao Rural Development Project Adaptable Program Loan 2 (MRDP2)	DA	Need to improve procurement processing of RI subproject proposals.	Procurement specialist was hired to assist in the processing of proposals.
	National Program Support for Basic Education (NPSBE)	DepEd	Delay in acquiring the services of a consulting firm to undertake an independent validation of SBM grants.	An independent validation of SBM Grants is needed to comply with the provision in the Loan Agreement regarding the submission of the report on external validation of SBM grants "no later than March 31 of each year beginning Year 2008." The allotment amounting to PhP50 million from the Program Support Fund was obligated for the central office in favor of DBM Procurement Services to undertake the procurement of said services.
	Second Women's Health and Safe Motherhood Project (2WHSM)	DOH	Failure in bidding resulted in delayed construction of civil works financed under the LOGOFIND project, specifically the three packages in Surigao del Sur and two packages in Sorsogon. The other four packages in Sorsogon are not yet awarded.	Civil works of the BEmOC provided facilities in Sorsogon that were not done due to bid failure will now be undertaken by DOH using its local funds.
	(all DPWH projects)	DPWH	JICA expressed concerns on the DPWH policy of imposing one-sided contracts which tend to allocate more risks to the contractors.	Currently, the Department applies such provision on the contracts with the desire to address cost overruns. However, JICA expressed that it may not be the appropriate action in addressing cost overruns and allocating much risk to the contractors maybe the reason for submission of high bids.
	Laguindingan Airport Development Project	DOTC	Relocation of families occupying project site. Resolution fo the petition filed by the FERACIC to facilitate the immediate relocation of 36 families still occupying the project site is still pending.	The Municipality of Laguindingan sought assistance from RDC X to endorse the resolution requesting the Court of Appeals to hasten release of their decision on the petition filed by the FERACIC to facilitate the

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	North Rail Project Phase 1 Section I	NLRC	Delay in the acquisition of additional ROW due to uncooperative lot owners, and slow movement of expropriation cases in courts.	relocation of 36 families who are still occupying the project site  Ayala and FERACIC to comply immediately with the required documents with the CA to expedite resolution of the case  NLRC Legal Department handling ROWA has increased its manpower for negotiations and for expropriation.
	Iloilo Flood Control Project	DPWH	Delayed ROW acquisition of the 86.4 has. lots. 96% are workable area and 4% unworkable.	DPWH is gathering all necessary legal evidences to facilitate payment of ROWA and allotting necessary budgets for ROWA payments.
	Agno River Flood Control Project, Phase II-A and II-B	DPWH	Delay in acquisition of ROW for contract package 2.	Of the 185 lots to be secured: (a) 149 lots are workable; (b) 21 lots are unworkable due to newly planted trees, which are under expropriation proceedings; and (c) 15 lots are unworkable due to newly planted trees but under continuous negotiation.
	Urgent Bridge Construction Project for Rural Development	DPWH	26 bridges (CP I – 2 bridges; CP II – 2 bridges; CP III – 1 bridge and CP IV – 21 bridges) have pending ROW and utility problem.	Negotiations with affected stakeholders ongoing.
	Help for Catubig Agricultural Advancement Project Stage 1	NIA	There are 65 remaining lots to be negotiated.	NIA committed to expedite the ROW settlement.
	Metro Iligan Regional Infrastructure Development Project	PGLDN	Disagreement with property owners over the valuation of properties.	Continuous dialogue with the property owners is being conducted by the PMO together with the local government officials. Landowners who already signified willingness to sell or donate properties have to sign a waiver.

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<b>Relending</b>	Manila Third Sewerage Project	LBP	Difficulty of the water provider in finalizing land agreements for several treatment plants (STPs).	Deletion of Ilaya STP and replacement of Mangahan STP by Rodriguez Central STP.
	Health Sector Development Program (HSDP)	DOH	Withdrawal of LGU Ifugao as a sub-borrower and cancellation of civil works project.	The fund allocated for Ifugao was reallocated to accommodate the upgrading of national retained hospital (Batangas Regional Hospital) and other components that need additional funding.
	Development of Poor Urban Communities Sector Project (DPUCSP)	DBP	Low demand for credit due to lower interest rate offered by the BSP and funds from commercial banks are readily available to MFIs.	More aggressive marketing was conducted with private developer groups, LGUs and other private sector organizations. Continued enhancements of the facility in terms of value-added features to enable DPUSCP to compete with cheaper market funds is being undertaken.
			LGUs continue to be reluctant to invest in socialized housing due to (a) collection problems at implementation; (b) lack of borrowing capacity of LGUs; (c) lack of capability for LGUs to carry-out large-scale project like housing; and (d) LGUs not committed to investing significant local resources for pro-poor and low-income housing.	Encourage LGUs to tie up with MFIs to increase their collection efficiency for housing projects. Increase tie ups with private groups, national shelter agencies, etc.
	Credit Line for Solid Waste Management Project (CLSWMP)	DBP	Environmental investment particularly on SWM is not among the top priority projects of LGUs.	To continuously conduct briefings for LGUs and possible private partners nationwide.
	Support for Strategic Local Development and Investment Project	LBP	Prevailing Commercial rates are lower than the program rates.	Review the interest structure and cost components and make recommendation for LBP Management.
			Change in the priority projects of newly-selected local executives.	Intensify marketing of newly-elected LGEs.



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<b>LGU Participation/ Equity</b>	LGU Investment Program	LBP	Prevailing interest rates are much lower than the program rates.	Review the interest structure and cost components and make recommendation for LBP Management.
	Pasig River Environmental Management and Rehabilitation Sector Development Program (PAREMAR)	PRRC	Some LGUs were not committed to provide O&M funds to completed sub-projects.	PRRC conducted consultation meetings with LGUs.
	Diversified Farm Income and Market Development Project (DFIMDP)	DA	Resistance of LGUs in enrolling their investments (particularly FMRs) due to 50:50 NG-LGU cost sharing (this has prompted RFUs 5, 9 and 10 to cancel planned infra projects).	
	Credit Line for Solid Waste Management Project (CLSWMP)	DBP	LGUs have limited technical capability to prepare and develop SWM projects/programs.  Difficulty of the LGUs/private enterprises in locating and acquiring RA 9003 compliant project sites.	Provide technical assistance to LGUs in the development of SWM projects/programs.  Vigorously pursue close coordination with DENR-National Solid Waste Management Commission not only to promote facility but also to assist LGUs and clients with necessary environmental permits and address environmental issues/problems.
<b>Changes in Scope and Increase in Cost</b>	Mindanao Rural Development Project Adaptable Program Loan 2 (MRDP2)	DA	LGU loss of enthusiasm due to the revised cost-sharing scheme.	Need to update pipeline for Rural Infra component beyond year 1.
	North Rail Project Phase 1 Section I	NLRC	Changes in project scope and adjustment in contract cost	NLRC and the Contractor agreed to amend the contract to include changes in scope and price adjustments NLRC submitted its revised proposal for ICC-approval on 19 December 2008, as discussed earlier.
	Rural Road Network Development	DPWH	Loan proceeds were no longer sufficient to finance	This led to the transfer of financing source of some

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<b>Institutional/ Management and PMO Related</b>	Project III, Arterial Road Links Development Project V, Arterial Road Links Development Project VI, Central Mindanao Road Project	DOTC	the original scope based on Loan Agreement.	contract packages to local funding.
	Laguindingan Airport Development Project		Pending judicial action on issuance of titles of some of the acquired properties for the Project.	The Office of the Solicitor General has filed 23 petitions out of 29 cases at Initao Trial Court of Region 10, Cagayan de Oro City.
			Land use conversion from agricultural to commercial of 94.39 has. Ayala lots for donation to DOTC is till pending.	Conversion Order already issued by DAR. Supplemental Order extending the development period was granted last 23 Dec 2008. Deed of Donation is now being finalized.
			Claims on the properties belonging to the heirs of Cornelio Apus (2.86 hectares).	Pertinent documents were forwarded to the Office of Solicitor General for appropriate action. A decision made by the Court of Appeals on 22 Sept 2008 concerning claims of the two different groups of heirs is favorable to the defendants.
	New CNS/ATM Systems Development Project	DOTC	DOTC is still unable to hire full-time contractual personnel for the project due to lack of unified PMO which is required by DBM.	Organic ATO personnel were assigned to the project. DOTC personnel from completed projects will be assigned to the project.
	Integrated Coastal Resource Management Project (ICRMP)	DENR	Inadequate support staff of PMO.	A full-time project coordinator, 6 contractual personnel (for the central office), and 25 technical personnel (for the regional offices) were hired.
	Land Administration and Management Project II (LAMP II)	DENR	Weak project management compounded by high turn over of Exec Directors and staff and weak financial management and procurement processing significantly delayed project activities.	DENR/PMO drafted a revised Project Implementation Plan (PIP) and presented it to PSC for approval in Oct 2008. Solicited comments from WB and AusAID.

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	Rural Micro-Enterprise Promotion Programme	DTI	Limited support staff of PMU.	PCO has engaged TA for FM to ensure adequate financial control and manage the flow of funds.  Designated an acting Programme Manager, hired a Monitoring and Evaluation Specialist (February 2008) and an additional support staff (March 2008).
	Casecnan Multi-purpose Irrigation and Power Project	NIA	Need to establish an efficient operation and management system for the irrigation	The project was officially turned-over to NIA-UPRIIS for operation and maintenance.
	Infrastructure for Rural Productivity Enhancement Sector Project (InfRES)	DA	The project does not have a full time Project Manager. Head of Financial Section of SPCMAD and acting head of InfRES Financial unit acts as the Project Manager-in-Charge.	
	National Program Support for Basic Education (NPSBE)	DepEd	Lack of accounting staff at the Division Office.	The lack of staff poses difficulties in complying with the other tasks assigned to existing staff. With the requisites for budgeting, allocating and monitoring expenditures from NPSBE, SPHERE, EPIP and other fund sources, the load would affect the capacity of the DOs to meet the financial documentary requirements of the projects for disbursement reporting process. This would have an implication on the efficiency of retrieving the necessary documents to transform the expenditures into actual drawdowns.
	Philippine-Australia Basic Education Assistance for Mindanao (PA-BEAM 2)	DepEd	No existing DepEd structure or institutional arrangement that will accommodate expertise/skills of assessment officers, and establish software and database and test item bank.	Currently working with the technical adviser to develop a framework and modules on student assessment.
<b>Need to extend</b>	New CNS/ATM Systems	DOTC	The civil works component of the project	Requests for extension of implementation period and

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<b>implementation period and loan validity</b>	Development Project		has not started and the project is expected to be completed in June 2013.	loan validity should be submitted to ICC Secretariat at least 6 months before loan closing date. Preparatory activities to support request for extension should be included in the work program.
	Micro, Small, and Medium Enterprise Program	SBC	The ICC-approved 2-year loan validity period is too short for sub-loan releases.	SBC requested for a loan validity extension of 2 years, from 30 December 2008 to 30 December 2010. The NEDA Board, on 16 December 2008, confirmed the approval of ICC-CC and DOF-CAG.
	Help for Catubig Agricultural Advancement Project Stage 1	NIA	Delayed and slow progress of implementation due to: a) unfavorable weather condition; b) lack of equipment on site, and lack of manpower on site because of low prevailing wages; and c) realignment of CRMC and CLMC to suit actual field condition.  Delayed construction of the Catubig- Las Navas Road and Bridge due to weather condition and equipment breakdown.	NIA instructed the contractor to prepare a catch-up plan considering the revised contract expiry date from May 2010 to August 2010  Due to strict implementation of catch-up plan and increased manpower and equipment requirement by the contractor, both the bridge and the road are expected to be completed by May 2009.
<b>Spill-over of Activities due to Implementation Delays</b>	KALAH-I-CIDSS/WB	DSWD	Approximately 300 barangays are likely to incur delays in sub-project completion beyond the loan closing date. Also, implementation of the Makamasang Tugon is expected to extend beyond loan closing.	Delayed activities were mainly due to funding shortfall vis-à-vis additional funds needed for area expansion of the project in 2004-2005, and to operational constraints encountered.
	CoPIPAGV 13/AECID	DSWD	Although AECID granted extension of Phase 1 until August 2009, Phase 2, which is set to commence on March 2009, will overlap with Phase 1 in terms	Project extension was requested due to the ff. reasons: 1) The Regional Project Coordinator who is the most

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<b>Project Design</b>	NSS-SWDRP/PHRD Grant-WB		of implementation of activities and utilization of funds.	critical position was hired only last Novemebr 2008; and 2) In depth Study Violence Against Women Situation. Training Needs Analysis on service providers and Needs Analysis on crisis centers commenced only in August 2008.
<b>Sustainability</b>	NSS-SWDRP/PHRD Grant-WB		Since the entire project packages were done simultaneously, synchronizing the input of one package with other packages became a challenge.	
	All Flood Control Projects	DPWH	Problem on sustaining the reform process of the project.	
	Philippine-Australia Basic Education Assistance for Mindanao (PA-BEAM 2)	DepEd	Sustainability of closed and turned-over projects.	
<b>Peace and Order/ Security</b>	Metro Iligan Regional Infrastructure Development Project	PGLDN	Uncertain support in sustaining the Early Childhood Education centers.	Advocated support from provincial, municipal and barangay level LGUs particularly their Day Care Programs on Social Welfare and Development for the Salary of Instructional Managers.
	ARMM Social Fund Project	ARG	Peace and order/security problems. Due to the attacks of the MILF in the area, all activities were suspended.	The province already deployed additional military forces to provide security at the project sites, however, contractors still refused to resume works.
	ARMM Social Fund Project	ARG	Traditional family feud and unstable peace and order in some municipalities delay project implementation.	Involvement of Local Government Unit and Council of Elders in the resolution of problems in the community
	ARMM Social Fund Project	ARG	Political interference in two project areas, Lanao del Sur and Maguindanao, affects project implementation.	After exhausting all efforts to resolve the issue PMO and DSWD-ARMM terminated 4 subprojects: 2 each in Lanao del Sur and Maguindanao.

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<b>Poor Performance of Contractor</b>	Tulay ng Pangulo sa Kaunlaran Project	DPWH	After about eight months of supply contract suspension, the supply contract with Mabey & Johnson Limited (M&J) was eventually terminated by DPWH on 21 February 2008 due to the continued inaction by M&J to concerns raised by DPWH relative to non-compliance by M&J to a number of contract stipulations. The situation is similar under the Tulay ng Pangulo para sa Magsasaka, which was terminated on 24 January 2008.	Following the termination notice, the contractor forwarded a settlement proposal to DPWH. The DOF officially requested the funding institution to provide pertinent information and documents to allow GOP to evaluate contractor's proposal.
	Southern Philippines Irrigation Sector Project (SPISP)	NIA	Minimal accomplishment of civil works specifically in Rugnan NIS (0%), Cantilan NIS (35%), and Gibong LB NIS (36%) considering loan closing of June 2010, which also affect implementation of SMAD.	Contractors were required to prepare catch-up plan.
	Second Women's Health and Safe Motherhood Project (2WHSM)	DOH	Delayed construction of Phase II Adela Serra Ty Memorial Hospital (ASTMH) Annex Building in Region 13 (Surigao del Sur). The hospital management decided not to release the 15% mobilization payment of the contract price until the contractor implements the catch-up plan	DOH forfeited the performance security due to failure of the contractor to implement the catch-up plan. DOH is now in the process of claiming from the bank the advance payment and performance security amounting to PhP4.9 million and PhP3.3 million, respectively.
<b>Funds Utilization/ Liquidation</b>	Bohol Irrigation Project	NIA	Low recovery of the Special Account (recovery is only 27% of the total JPY107 million initial deposit)	NIA maximizes utilization of remaining funds from the Special Account by looking into all expenditures chargeable under the loan before loan closing date.
	Northern Mindanao Community Initiatives & Resource Manangement Project (NMCIREMP)	DAR	Complete the liquidation of advances that are still unliquidated as of September 2008	Facilitated ongoing liquidation of cash advances to project partners.
	Support for Agrarian Reform in Central Mindanao (STARCM)	DAR	Incomplete and unliquidated subprojects in Lanao del Norte and Lanao del Sur	Several dialogues and follow-up communication were done before the project closed in June 2008 and after closure with concerned LGUs. The DAR

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	Integrated Program for the Empowerment of IP and Sustainable Development of Ancestral Domains (IP-EIPDAD)	DAR	Delays in fund liquidation. Difficulties encountered in meeting the 70% fund liquidation level constrained the release of funds needed to conduct phases 3 and 4 in the 10 sites covered by the second batch	informed the LGUs to complete and liquidate said subprojects as it might affect future interventions in their municipalities.  The NPCO has been closely coordinating with the NCIP on the financial concerns. The Project Coordinator has been conducting regular dialogues with concerned NCIP officials to expedite the liquidation process. A financial orientation conference has been scheduled in January.
	Integrated Coastal Resource Management Project (ICRMP)	DENR	Lack of common understanding among project implementers on what is eligible and ineligible expenditure under the project	Regional orientations/consultations were conducted for all finance officers and regional COA personnel
	National Program Support for Environment Resources Management Program (NPS-ENRMP)	DENR	Unclear flow of funds and difficulty to comply with reporting procedures of program loans	Memos were issued and orientations were conducted on eligible expenditures and reimbursement of funds expenditure to the project
	National Program Support for Environment Resources Management Program (NPS-ENRMP)	DENR	Slower than expected loan disbursement due to delayed approval of CY 2008 Program Agreement and meeting financial report requirements	Drafted revised loan and grant disbursement projections which aim to reach disbursement of 21% by December 2009
	Subic-Clark-Tarlac Expressway Project (SCTEP)	BCDA	Delayed submission of documents required in the processing of progress billings	Contractors have been asked to undertake the following: a) finalization of as-built drawings and quantities; b) completion of punch listing and rectification works.
	Agrarian Reform Communities Development Project II (ARCDP)	DAR	Continuing delays in the completion of Micro-Finance Institutions (MFIs) fund utilization	LBP submitted a final report to CPO while preliminary completion was received from PCFC. Final report is

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<b>Compliance to Loan Covenant</b>	II) National Program Support for Basic Education (NPSBE)	DepEd	review  There are no guidelines for the use, recording, accounting and proper reporting of MOOE as well as the direct release of MOOE to schools.	expected to be completed by February 2009  Feedback reports from the field noted that though a directive was already issued in June 2008 on the release of MOOE to Divisions, there are varying interpretations on the manner of release, the sharing of allocation between schools and the division, and the expenditures to be covered by the MOOE.
	National Program Support for Diversified Farm Income and Market Development Project (NPS-DFIMDP)	DA	Per Project Appraisal Document (PAD) and Schedule 5 of the Loan Agreement (No. 7236-PH), GOP, through the leadership of NEDA will prepare the PCR. WB also conveyed that a draft PCR should be available in time for the WB Mission on 15 -24 April 2009. Drafting the PCR is in conflict with DA's pending request for loan extension	
	Pasig River Environmental Management and Rehabilitation Sector Development Program (PAREMAR)	PRRC	Suspended civil works for the design and build of STP.	
<b>Policy</b>	National Program Support for Basic Education (NPSBE)	DepEd	Delayed issuance of policy instruments/ guidelines in the implementation of key components of BESRA to enable roll-out under NPSBE.	
	Support to the Philippine Basic Education Reforms (SPHERE)	DepEd	No policy covers on transfer allowance.	Transfer allowance is intended to be provided as an incentive to attract and retain teachers for posting in hard-to-reach areas. While this is an eligible expenditure in the loan proceeds, no guidelines were issued to operationalize this incentive scheme.
	Health Sector Development	DOH	NG-LGU Cost Sharing Policy (65% ADB : 35%	NEDA already endorsed to DOF the DOH proposal



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<b>Long Gestation Period</b>	Program (HSDP)		GOP) under the project Loan Agreement is insufficient to cover the required percentage of financing for LGU sub-projects.	to amend the NG-LGU cost sharing mix from 65% (ADB): 35% (GOP) to 80% (ADB): 20% (GOP). This will fully cover the sub-loan and grant components especially for lower income LGUs. The proposed financing mix is in accordance with the MDFO-PGB and ICC guidelines on NG-LGU Cost Sharing for devolved activities.
	Development of Poor Urban Communities Sector Project (DPUCSP)	DBP	Long gestation period of socialized housing	Prioritize projects in order to maximize time and efforts of Project Development and Technical Assistance team.
	Credit Line for Solid Waste Management Project (CLSWMP)	DBP	Long gestation period of solid waste management projects	DBP conducted workshops aimed at assisting LGUs in preparation of documentary requirements to facilitate loan approvals. Continued advocacy work/marketing strategies in coordination with various project partners were conducted.
<b>Others</b>	Mindanao Basic Urban Services Sector Project (MBUSSP)	LBP	Lengthy subproject preparation.	
	Arterial Road Bypass (Plaridel and Cabanatuan) Project I	DPWH	Difference in position between DPWH and JICA on how to proceed with implementation. Considering the development of alternative routes in the periphery of the project, JICA proposed the utilization of the existing loan funds for the full completion of the Plaridel Bypass to come up with an effective and functional project at the earliest time possible. On the other hand, DPWH wanted to stick to the original scheme of implementation agreed at the time of the project appraisal, which was for the simultaneous construction of certain portions of the Plaridel and Cabanatuan Bypasses.	After significant time elapsed, DPWH finally agreed to JICA's suggestion to utilize the existing loan funds for the full completion of the Plaridel Bypass first. DPWH still has to officially respond to NEDA's letter reminding that the proposed change in scope requires ICC re-evaluation.

Nature of Problem	Project Title	Implementing Agency	Key Implementation Issues	Measures Taken/Remarks
			While DPWH maintains that the projects are vital thoroughfares in the areas to foster efficient mobility and development and that repackaging will lead to further delays in implementation, JICA believes that the original scheme even if completed would not produce any significant impact.	
	Laguna de Bay Institutional Strengthening and Community Development Project	LLDA	Improvements needed on existing subprojects to maximize environmental benefits such as (i) ensuring access to adequate sanitation facilities for workers as required by the Sanitation Code, (ii) providing additional drainage for MRFs and slaughter houses built.	LLDA discussed the needed improvements with concern LGUs .
	Southern Philippines Irrigation Sector Project (SPISP)	NIA	Difficulty of direct beneficiaries to generate the required upfront equity of 15% of the construction cost of sub-projects	NIA explores options to resolve the issue. Options such as maintaining chargeable costs as agreed in construction MOA; and exclusion of main facilities from chargeable cost.
	Integrated Coastal Resource Management Project (ICRMP)	DENR	No clear understanding of the project focus, rationale and design specifically at the regional, provincial, and municipal level	Conducted provincial orientations in 6 participating provinces; municipal level orientations will also be conducted
	ARMM Social Fund Project	ASFPD-FMO	Scarcity or non-availability of construction materials in the project site, particularly in the island Provinces, e.g Timber Port subprojects	Purchase of construction materials even from outside source though it entails an added cost to the project
	National Sector Support for Health Reform Program (NSSHRP)	DOH	Health Financing Component not yet utilized. Means Testing methodology needs to be settled by DOH –PHIC and DSWD.	Ongoing discussions of PhilHealth and DSWD on how to access the data of the 4Ps (500,000 households identified using the Proxy Means Test tool)
	Subic-Clark-Tarlac Expressway Project (SCTEP)	BCDA	Continuing search for a long-term operator	BCDA is still unable to find a long-term operator to manage the toll operations and maintenance of the

Nature of Problem	Project Title	Implementing Agency	Key Implementation Issues	Measures Taken/Remarks
	North Rail Project Phase 1 Section I	NLRC	Delay in approval of construction drawings. NLRC will hire more technical personnel to fast-track the review and approval of designs.	expressway. It hired the services of an interim operator to manage the toll operations of the entire expressway while intensifying the search for a long-term operator  48% of design drawings for bridges and viaducts were approved in December 2008. The contractor has prioritized the finalization of designs.
	Judicial Reform Support Project (JRSP)	SC	Need for IT and Monitoring technical expertise	World Bank, in its Review Mission last 28 June 2008, stressed the need for the eCFM installed in Lapu-Lapu HOJ to apply efficiency performance indicators to manage the new procedure and to demonstrate that there has been an improvement in justice administration.
	Mindanao Basic Urban Services Sector Project (MBUSSP)	LBP	Cashflow problems of subproject	
	Subic Bay Port Development Project	SBMA	Demand for the container terminal is way below the actual capacity of the facility (e.g. about 10 percent only.	Intensive marketing is being done by SBMA
			Shipping costs are higher compared to Port of Manila.	Intensive marketing is being done by SBMA
	Subic Bay Freeport Environment Management Project	SBMA	Cancellation of loan proceeds.	As early as October 2006, SBMA has indicated to cancel the JICA loan as it is no longer interested to construct a new sanitary landfill in the Tipo area because of the dramatic changes in the socio-economic profile of Region 3, e.g.

Nature of Problem	Project Title	Implementing Agency	Key Implementation Issues	Measures Taken/Remarks
	Mindanao Sustainable Settlement Area Development Project (MINSSAD)	DAR	Delayed completion of bridge subproject in Agusan del Norte due to weather condition.	construction of Subic-Clark-Tarlac Expressway, establishment of Hanjin Shipbuilding inside the Freeport, among others.  Fast- track implementation when weather condition becomes favorable.
	Bohol Irrigation Project	NIA	Remaining 179 has for land levelling which will not be completed until loan closing date, thus, will not be financed under the loan.	NIA will source from local funds to finance the remaining works.