

Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
Saint Josemaria Escriva Drive, Ortigas Center, Pasig City

**Subject: REPORT ON THE OUTCOME
OF THE 11TH ANNUAL ODA PORTFOLIO REVIEW**

I. OVERVIEW

1. This Review is in compliance with NEDA Board instructions and RA 8182, as amended by RA 8555, or "The ODA Act", which mandates NEDA to conduct annual reviews of the status of implementation of all projects financed through Official Development Assistance (ODA). A report must be submitted by NEDA to Congress on the outcome of the ODA Portfolio Review by 30 June 2003.
2. In the course of the Review, the following agencies were met and consulted: Autonomous Region in Muslim Mindanao Social Fund for Peace and Development PMO, Department of Agriculture (DA), Department of Agrarian Reform (DAR), Development Bank of the Philippines (DBP), Department of Education (DepEd), Department of Environment and Natural Resources (DENR), Department of Finance (DOF), Department of Health (DOH), Department of Interior and Local Government (DILG), Department of Public Works and Highways (DPWH), Department of Social Welfare and Development (DSWD), Department of Transportation and Communication (DOTC), Land Bank of the Philippines (LBP), Local Water Utilities Administration (LWUA), Metropolitan Waterworks and Sewerage System (MWSS), National Irrigation Administration (NIA), National Power Corporation (NPC), Pasig River Rehabilitation Commission (PRRC), Philippine National Oil Company (PNOC), Subic Bay Metropolitan Authority (SBMA) and Technical Education and Skills Development Authority (TESDA). These agencies account for 94% of the ODA loans portfolio.
3. Included in this report is a section on procurement activities of the implementing agencies, whether for civil works, goods or services. This section will become a regular feature of the annual reviews. This section will (a) look into the time it takes agencies to evaluate bids, award contracts and issue notices to proceed (NTP), (b) identify causes of delays, and (c) recommend measures to be undertaken to streamline the procurement process, or report measures already put in place by agencies.
4. As in the previous year, this report discusses, among others, outputs and accomplishments of completed and ongoing ODA projects, the ODA portfolio performance using various indicators, commitment charges paid, and implementation issues encountered in 2002 and options to address them. A section on the grants portfolio is included in this report.
5. The report aims to incorporate the reporting of project outputs and impacts as mandated in NEDA Board Resolution No. 3 s. 1999 and supported by NEDA Board Resolution No. 14 s. 1999 [(which approves the Guidelines Incorporating Results Monitoring and Evaluation (RME) in the Investment Coordination Committee (ICC) Approval Process)].

6. This report is divided into three parts: Part I provides an overview of the review process and the report's scope and contents; Part II describes the ODA loans portfolio, and discusses indicators of portfolio performance, accomplishments and outputs of completed projects, implementation issues with major emphasis on lessons learned and implications, future budget requirements of ongoing projects, and prospects for 2003; and Part III describes the grants portfolio and discusses the performance of ongoing projects including their accomplishments and outputs.

II. ODA LOANS PORTFOLIO

7. This Review covers 204 active loans with a net commitment of US\$11.9 billion, composed of 198 project loans supporting 174 projects, and 6 program loans. Project loans accounted for 91% or US\$10.8 billion, while program loans, 9% or US\$1.1 billion. In terms of net commitment, the 2002 portfolio is 10% less than the 2001 portfolio of US\$13.2 billion.
8. Among funding sources, the Government of Japan through the Japan Bank for International Cooperation (JBIC) remained as the largest source of ODA loans, accounting for 57% (or US\$6.8 billion with 86 loans) of the total ODA, followed by Asian Development Bank (ADB) with 19% (or US\$2.3 billion with 45 loans), and the World Bank (WB) with 13% (or US\$1.5 billion with 27 loans). Other sources (like Australia, Austria, China, DANIDA, European Investment Bank, France, Germany, IFAD, Italy, Korea, Kuwait, NORDIC, OPEC, Spain and United Kingdom) accounted for the remaining US\$1.2 billion from 46 loans, or 10% of the total ODA loans portfolio, up from 5% in 2001. (Annex A-1).
9. Across development sectors, the bulk of ODA was channeled to Infrastructure Development, which received 116 loans with an aggregate commitment of US\$7.2 billion or 67% of the total ODA loans portfolio. Second was Agriculture, Agrarian Reform and Natural Resources, which accounted for 21%, US\$2.2 billion from 51 loans. Industry and Services had 4%, US\$476 million from 5 loans, while the Social Reform and Development Sector had 8%, involving US\$857 million from 26 loans. In Infrastructure, Transportation obtained the biggest share of US\$4.9 billion (or 41%), followed by Water Resources, US\$1.2 billion (or 11%) and the Energy, Power and Electrification, US\$793 million (or 7%) (Annex A-2).
10. National Government (NG) agencies were responsible for implementing 55% of the ODA project loans portfolio, involving 120 loans with net commitment of US\$6 billion. On the other hand, government-owned and controlled corporations (GOCC) and government financial institutions (GFI), administered 44% (or US\$4.7 billion) of the ODA portfolio involving 76 loans. Less than one percent or US\$52 million was directly implemented by local government units (LGU), namely Bukidnon and Lanao del Norte provincial governments. (Annex A-5).
11. ODA loans may be further classified into (a) those that require budget cover (e.g., those financing projects implemented by line agencies and some GOCCs like NIA, those with MDFO as conduit), and (b) those that do not (i.e., those financing projects of GOCCs/GFIs and the program loans). The former account for 56% of the portfolio. The 22 loans that pass through MDFO comprise 8% of the total portfolio and 13% of the budget-dependent loans.

12. In terms of regional distribution, projects with nationwide and multi-region coverage comprised 51%, with US\$3 billion each. The biggest beneficiaries of region-specific projects are: the National Capital Region (NCR), with 14% or US\$1.6 billion, Region III with 7% or US\$790 million, and Region VII, with 3% or US\$385 million. The distribution among the three main island groups, excluding NCR is as follows: Luzon (US\$2.3 billion or 19.8%), Visayas (US\$1.0 billion or 8.7%), Mindanao (US\$856 million or 7%). (Annex A-7)
13. *New Loans* – New loans worth US\$1.0 billion, or 9% of the total commitments, entered the portfolio in CY 2002. These include: (a) seven loans from JBIC (US\$580 billion); (b) four loans from WB (US\$280 million); (c) two loans each from Spain (US\$44.5 million) and Germany (US\$30.9 million); and (d) one each from the ADB, Austria, China, IFAD and NORDIC (Table 1).
14. *Loan Cancellations* – Partial cancellations of US\$257 million were done in 31 loans as follows: (a) ADB, US\$137 million; (b) JBIC, US\$19 million; (c) WB, US\$51 million; and (d) Germany, France, Italy and OPEC, US\$49 million. These cancellations were agreed upon with funding agencies to clean up the portfolio of excess financing and dormant funds of slow-moving projects, and in the process generate savings for the government on commitment fees (Table 2).

A. INDICATORS OF PERFORMANCE

15. Four indicators of ODA absorptive capacity are presented. These are: (1) disbursement level; (2) disbursement rate; (3) availment rate; and (4) disbursement ratio. These data on loan utilization can be used as proxy indicators of the physical performance of the different programs and projects.
16. The disbursement level is the actual amount of disbursements (in dollar terms) from all ODA loans for the period January to December 2002.
17. The disbursement rate is defined as actual disbursements as a percentage of target disbursements for a given period. Targets are set on an annual and quarterly basis, in consultation between implementing agencies and funding institutions (ADB, JBIC and WB only). This indicator reflects both on the planning and implementation capacities of agencies. Very high and very low rates can reflect poor planning (too optimistic targets or under-targeting) or poor implementation. Annual targets should be consistent with finishing a project within its implementation schedule and the loan period.
18. The availment rate, which has been reported by the NEDA in all past portfolio reviews, is defined as the cumulative actual disbursements as a percentage of cumulative scheduled disbursements per loan agreement, reckoned from the start of implementation of all projects up to December 2002. This captures the historical performance of a project from start to completion. Backlogs incurred at the start of the implementation, if not fully recovered, can pull down the availment rate for the remainder of the project life. It is imperative that implementing agencies are able to carefully review the disbursement targets that are set in the loan agreements. For ADB, WB and other financing sources that charge commitment fees, the disbursement targets set at loan signing give an indication of the commitment fees that may have to be paid over the life of a project.

19. Finally, the disbursement ratio is the ratio of actual disbursements in 2002 to the net loan amount available at the beginning of 2002 plus the amount of new loans that became effective less loan cancellations during the year. It is the indicator commonly prescribed by the funding institutions.
20. The ideal availment and disbursement rates are 100%. On the other hand, a disbursement ratio in the range of 18-20% is considered normal, based on assumptions of five-year implementation period and straight-line schedule of disbursements for a considerably large and uniformly distributed (in terms of age) pool of projects. However, disbursement ratios depend on the stage of project implementation; a 5% disbursement ratio for a project at detailed engineering stage could be acceptable.

B. PORTFOLIO PERFORMANCE

21. *Disbursement Level.* The total ODA disbursements of the country in 2002 reached US\$1.035 billion, compared to US\$1.007 billion in 2001, or an increase of US\$27.5 million or 2.7% (Annex B-1). Disbursements in project loans increased by 12.1%, largely because of the increase in disbursements for projects supported by WB, JBIC, and Others which recorded increases by 49%, 6%, and 49%, respectively. Disbursements from JBIC loans recorded the second consecutive all-time high of ¥72 billion for the JBIC fiscal year ending in March 2002. This indicator reflects a significant improvement of the country's absorptive capacity for project loans. In contrast, disbursement in program loans was only US\$100 million from the Power Sector Restructuring Loan compared to US\$173.4 million in 2001. There were no disbursements from the Metro Manila Air Quality, Grains Sector Development and Pasig River Rehabilitation program loans.
22. For budget-dependent ODA projects, the 2002 adjusted program¹ was P41.3 billion (inclusive of loan proceeds and counterpart funds) of which 60% was for capital outlays and 40% for current operating expenditures. This amount is two percent less than the 2001 actual program of P42 billion consisting of 65% capital outlay and 35% current operating expenditures. Capital outlay for ODA projects in 2002, amounting to P24.5 billion, accounted for 30% of the P83 billion total NG capital outlays. The total NG budget in 2002 was P770 billion.
23. Agencies where a significant drop in disbursement levels were noted are: DILG, SBMA, MWSS, TESDA, PEZA, MWSS, LBP, and PEZA (Annex B-3). Reasons cited were: unavailability of counterpart funds, limited borrowing capacity, changes in priorities, lack of personnel or limited technical capacity of participating LGUs; completion or closure of projects; procurement delays; unclear implementation arrangements; insufficient budget cover; and low demand for lending facilities.
24. Interestingly, it was noted that projects which are supported by the GAA (budget-dependent) posted an increase of 21% over the 2001 level, and accounted for 56% (61% excluding program loans) of the total disbursement for 2002, the same as their share of the total ODA loans commitments. In contrast, projects which are not budget-dependent just practically maintained their 2001 disbursement level. (Annex B-4).

¹ 2003 Budget of Expenditures and Sources of Financing Table B. 14

25. Projects involving LGUs where MDFO serves as conduit registered a 94% increase in disbursement levels from US\$45 million to US\$87 million. (Annex B-6).
26. *Disbursement Rate.* On average, implementing agencies achieved only 79% of the targeted disbursements of projects supported by ADB, JBIC and WB (Annex C-1). On a quarterly basis, however, disbursement rates fluctuate from one quarter to another, for example, from 125% to 55% to 49% to 86% from the first to the fourth quarters. First quarter performance has been noted to be driven by JBIC-assisted projects, as the first quarter coincides with the closing quarter of the JBIC fiscal year. Across agencies, disbursement rates vary widely indicating the need to review the target-setting process of many agencies. (Annex C-3).
27. *Availment Rate.* Availment rate in 2002 was 59%, three percentage points lower than the 62% recorded in 2001 (Annex D-1). However, it may be noted that only the JBIC portfolio is below the 2002 average availment rate. It may be noted that cancellations are rare in the JBIC portfolio because there are no commitment fees. Since availment rate is a function of targets in foreign currencies which are determined as early as the time of the signing of the loaning agreement, the peso equivalent of these targets have increased, possibly implying a corresponding increase in physical targets, and additional budget requirement unless the funds are cancelled. Backlogs in project startup, unless addressed fully early on, will adversely affect availment rates until the loan closing date.
28. *Disbursement Ratio.* The average disbursement ratio for the three biggest portfolios was 13%, one percentage point higher than the 12% recorded in 2001. ADB and WB portfolios each recorded a 17% disbursement ratio, while JBIC registered 10.6%. Again, it may be noted that partial loan cancellation is rare in the JBIC portfolio because no commitment fees are charged for undisbursed amounts (Annex E-1) . It may be recalled that funding institutions called on GOP to raise its disbursement ratio to 20% by 2004 during the 2002 Consultative Group Meeting. For WB and ADB portfolio, GOP appears to be on track to meeting its commitment.
29. *Time Overruns.* Sixty-eight loans (or one-third of the portfolio), including 27 loans (worth US\$1.2 billion) which closed in 2002, were on extended periods of 1.8 years average beyond their original loan closing dates (Table 3). This is higher than the 60 loans in 2001. Of the 41 ongoing loans which have exceeded original duration, 18 loans require extensions of more than a year, while 23 loans require less than 1 year.
30. *Additional Budget Requirements.* Thirty-two projects will require additional budget from 2002 onwards (Table 5) with an aggregate amount of about P49 billion. During the year, the Maritime Safety Improvement III, Feeder Ports Development and Laguindingan Airport Development projects were re-evaluated by the Investment Coordination Committee in 2002 for additional budget in 2003 onwards.
31. Common justifications for additional budget requests are the following: (a) foreign exchange rate movement; (b) change in scope/additional works; and (c) increase in right-of-way (ROW) acquisition cost.
32. *Commitment Fees.* For the ongoing projects, cumulative commitment fees paid by the government to ADB and WB as of December 2002, amounted to US\$40 million. In 2002 alone, US\$9.2 million was paid in commitment fees (Annex G-1) which is lower than the US\$9.5 million paid in 2001. Among national government agencies,

cumulative commitment fees paid by GOP for DPWH and DOTC were US\$5 million and US\$3 million, respectively. Among government corporations, MWSS and NPC paid cumulative commitment fees of US\$10 million and US\$5 million, respectively (Annex G-3).

C. ACCOMPLISHMENTS AND OUTPUTS OF PROJECTS

33. A total of 29 loans closed or were fully disbursed during the year with a total net commitment of US\$1.1 billion or 10% of the total portfolio. These include: (a) nine loans from ADB (US\$684 million); (b) 10 loans from JBIC (US\$372 million); (c) three loans from Germany (US\$ 8.8 million); (d) two loans each from World Bank (US\$100 million) and (US\$5.97 million); and (e) one each from Italy, OPEC and Australia (Table 4).

Completed Projects (Table 6)

34. Rehabilitation of the 30-km. Maslog–Buenavista Road section and construction of 146 lineal meters of bridges in South Samar were completed under the Arterial Road links Development Project II. Also completed was the rehabilitation of the 50- km. Baybay-Bato section in Leyte.
35. Some 5.4 million persons were benefited with the completion of three major projects implemented by MWSS namely: Angat Water Supply Optimization, Manila South Water Distribution and Umiray-Angat Transbasin projects. These projects with a total project cost of P22 billion is capable of supplying 2,133 million liters per day of potable water to Metro Manila residents in the next four years.
36. The OPEC- assisted Power Transmission Project was able to complete reinforcement of the Tindalo-Nabunturan 69KV transmission line and expansion of the Tagoloan, Gen. Santos and Tindalo substations.
37. Three projects under LBP were completed in 2002. Under the Promotion of SME I project, some 1,034 sub-loans worth P140 million were provided to beneficiaries while 4,433 sub-loans amounting to P3,598 million were availed under the Rural Farmers and Agrarian Reform Credit Project. Moreover, 1,139 sub-loans amounting to US\$150 million were provided to private enterprises in the countryside under the Second Rural Finance Project (RFP II). About 24,545 new jobs were reported to have been created with the RFP II sub-loans. Meanwhile, 18 subloans worth P1,442 million were granted for SME environment projects under the Environmental Infrastructure Support Credit Program I under DBP.
38. NIA provided irrigation to 6,742 hectares and rehabilitated facilities for 3,331 hectares with the completion of the Pampanga Delta Development Project – Irrigation Component in 2002. A total of 6,701 farmer- families have benefited from the project.
39. DAR's Agrarian Reform Infrastructure Support Project I was able to complete 78 irrigation sub-projects, 407 kilometers of rural roads and 63 post harvest facilities in 78 agrarian reform communities.
40. The ADB-assisted Women's Health and Safe Motherhood project produced the following outputs: (a) renovation of obstetric wards in 40 provincial hospitals, 54 district hospitals, 160 rural health units and 280 barangay health stations (b)

establishment of 10 lying-in clinics and 15 maternity waiting homes; and (c) provision of medical supplies such as disposable OB emergency kits, micronutrients, safe home delivery kit, tetanus toxoid and home-based mother's record of childbirth and immunization, etc.

Ongoing Projects

41. Under the infrastructure development sector, 350 kilometers of national roads and 983 lineal meters of bridges were completed. Further, 224 bridges were installed/constructed nationwide under the President's Bridge Program. In Metro Manila, construction of the EDSA/Quezon Avenue Interchange was completed. Under the power sector, three transmission lines were energized as follows: a) Montevista -Monkayo; b) Nuling-Midsayap; and c) Tagum-Asuncion under the Mindanao Power Transmission Project. Air navigation facilities in Plaridel, Cabanatuan, Roxas, San Jose, Iloilo, Mactan, Tacloban, Naga and Cagayan de Oro airports and facilities in Tagbilaran, Tuguegarao, Mt. Majic, Jomalig NAIA, Davao ANTC, Caticlan, Cauayan and Palawan airports were upgraded and modernized under the Nationwide Air Navigation Facilities Modernization Project III while 32 lighthouses were completed under the Maritime Safety and Improvement Project III.
42. In addition, a total of 1,645 rural water supply facilities were installed in Regions II to VI, VIII, IX, CARAGA, CAR and ARMM, consisting of 500 shallow wells, 400 (new) and 247 (rehabilitation) deep wells, 395 spring development and 103 spring rehabilitation projects. A total of 755,683 cubic meters of spoils were dredged along Banza River, 19 hectares of spoil bankyard were developed and 44 housing units at the resettlement area under the Lower Agusan Development Project. Construction of the P173 million Bugallon Bridge in Pangasinan was also completed under the Agno and Allied Rivers Urgent Rehabilitation.
43. NIA provided irrigation to 10,511 hectares of new areas and rehabilitated existing facilities for 47,650 hectares of farmlands under its regular program and irrigation projects under DAR and DA.
44. Under the health sector, health facilities in six district hospitals were upgraded/renovated while health facilities in three rural health units and seven barangay health stations were replaced/constructed. In addition, three motorcycles and various medical equipment for two provincial and 15 district hospitals were procured under the Integrated Community Health Services Project.
45. In the education sector, 1,331 new classrooms were constructed and 3,164 classrooms were repaired. A 1:2 book ratio in 80% of schools was attained and 121,800 units of school furniture were delivered to project schools under the Third Elementary Education Project. In the Secondary Education Development and Improvement Project, 2.6 million textbooks and 54,526 teachers manuals were supplied and delivered.
46. Under the Early Childhood Development Project, trainings were given to 14,653 Grade I teachers and 96 trainers, and 3,838 school administrators. Moreover, instructional materials for 172,759 persons were procured.
47. Under the Social Expenditure Management Project (SEMP) I, accomplishments include the procurement of 544,132 desks and chairs (target was 450,000) and 42

million textbooks. Overall, there was an improvement in procurement as the process was shortened by almost 6 months. Moreover, with the adoption of international competitive bidding procedures for textbook procurement, substantial savings were generated, with actual prices ranging from P30-40/textbook instead of the estimated P70-80/textbook, further translating into more textbooks being acquired (42 million instead of the targeted 25 million).

D. KEY IMPLEMENTATION ISSUES (Table 7)

48. *Budget.* Boosting ODA performance, 75% of the year's allocation was released as early as the first quarter of 2002 pursuant to National Budget Circular No. 478 dated 5 February 2002. However, the release of the remaining 25% of agency budgets was contingent upon the completion of an evaluation of agency physical and financial performance as of June 2002. By yearend, 94% on the average, was actually released by DBM.
49. Some projects were reported to have encountered budget cover problems like Agrarian Reform Communities, SZOPAD Social Fund (OPEC-assisted), Community-Based Resource Management, Local Government Finance and Development, Agno and Allied Rivers Rehabilitation, Early Childhood and Development, among others. In particular, these projects either have unprogrammed budgets in the GAA or have physical accomplishments that exceeded the available budget for the year.
50. In the case of DOTC, the actual budget requirement of all its ongoing projects over the medium term appears to far exceed the budget allocation over the same period. For CY 2002, its allocation was only P5.3 billion as compared to its requirement of P12.7 billion for its ongoing projects.
51. Direct payments became a serious issue in 2002 because of the fiscal deficit. Direct payments can take place directly between the creditors and the contractors, once supply or civil works contracts have been entered into, upon the request of implementing agencies. Direct payments are a possible source of unprogrammed expenditures.
52. NG grants and relending to LGUs, supported by ODA loans, through the MDFO require budget cover in the current budgeting system. Because of the fiscal deficit, even relending to LGUs can be constrained by the NG budget.
53. *Procurement.* Procurement remains a major bottleneck in project implementation. A quick review of timelines of procurement milestones was conducted for projects with ongoing procurement for the year. Of the 36 civil works, 15 consulting services and 26 goods contract packages reviewed (with major milestones in 2002 - start of advertisement to issuance of notice to proceed), it may be noted that procurement could take as long as about 34 months for consulting services, 57 months for civil works and 45 months for supply of goods, way above the periods for action set under EO 40 (Table 8).
54. In the case of civil works contracts, delays were observed in various stages. From start of tender to submission of bids, major factors are: differences between GOP and the funding institutions on the pre-qualification criteria and the results of pre-qualification. From submission of bids to completion of evaluation, major factor is complexity of project. From completion of evaluation of bids to the award of contract and issuance of NTPs, major factors are: filing of complaints or court cases

by the losing bidders, non-concurrence of funding institutions, and changes in management in the implementing agencies.

55. In general, the procurement process becomes protracted for the following reasons: failure of bidding when bids are non-responsive, complaints of losing bidders, impasse in negotiations, conflict in procurement guidelines of GOP and the financing source, court-related issues, and non-concurrence of funding institution at different stages of the bidding, and changes in leadership in a number of implementing agencies (e.g., in DPWH, DepEd, DENR, DOTC and TESDA) which affected procurement when new management exercised due diligence and required reviews of previous decisions.
56. *Right-of-way acquisition and resettlement.* Right-of-way acquisition can be delayed because of budget non-availability, the lengthy processes of acquisition and relocation - including negotiations, legal procedures and documentation requirements despite RA 9874, and in certain cases, public opposition. Additional difficulties were noted in the case of ADB-funded projects where some differences in procedure on land valuation have been noted.
57. *Relending.* Relending projects of DBP and LBP, which comprise about 11% of the portfolio, appear not to have fully recovered as disbursement levels in 2002 further dropped compared to 2001. It is claimed that the current economic environment has not encouraged credit expansion in the domestic industry, and that a wait-and-see attitude pervades. The drop in rates in the domestic market has further lessened the attractiveness of ODA relending projects.
58. *LGU participation.* ODA projects with direct LGU participation accounted for eight percent of the portfolio. LGU performance is affected by several factors, such as, availability of LGU counterpart funds, LGU counterpart staff and their capacity for project preparation and implementation, non-compliance with LGU commitments, changes in LGU priorities, and in rare cases, changes in LGU leadership.
59. *Other issues.* Other issues that affected ODA performance in varying degrees were peace and order, poor performance of contractors/consultants (e.g., structural defects were noted in the passenger terminal building of the Davao International Airport Development Project), and weak project management.
60. *Changes in Scope and Increases in Costs.* Agencies should be reminded to seek ICC clearance for changes in scope, especially those changes that impact on the fiscal position of the government.
61. *Audits.* Untimely submission of audit reports for certain agencies was raised by funding institutions. This is attributed to the implementation of the New Government Accounting System (NGAS) per COA Circular No. 2001-004 dated 31 October 2001 which took effect 1 January 2002. The objective of NGAS is to simplify government accounting, conform to international standards and generate periodic and relevant reports for monitoring performance. Both COA and implementing agencies are in the process of adjusting to the new auditing procedures.

E. MEASURES TAKEN IN 2002

62. In general, measures that were recommended to be taken in 2002 in the Report on the Outcome of the 10th ODA Portfolio Review were pursued by the concerned implementing and oversight agencies.
63. The ICC reviewed agency investment programs before reviewing individual projects, spearheaded the conduct of Sector Effectiveness and Efficiency Review (SEER), and ensured better project preparation through more thorough review of project design to improve the quality of the project pipeline, and to instill greater predictability and discipline with a multi-year or medium-term expenditure framework (MTEF). SEER, which is intended to improve allocative efficiency of resources over the medium-term, focuses on the economic, technical, environmental, institutional, and social merits of projects and ensures a project's consistency with the desired sector outcomes and the agency's major final outputs. The link between the planning and budgeting process is being enhanced.
64. The ICC issued new guidelines to move toward full integration of results monitoring and evaluation (RME) starting July 2002 to ensure a better understanding of how project objectives and expected benefits contribute to sector development objectives. NEDA also trained about 120 technical staff of the DBM Regional Offices and about 50 technical staff of the DOTC on RME. The ICC also streamlined review procedures that apply to ongoing projects.
65. Stronger interventions of Project Implementation Officers (PIO) in project implementation in many agencies were noted, as agencies demonstrated accountability for their respective ODA performance. Among others, ineffective project managers were replaced, implementation strategies were revisited and revised, internal bottlenecks were untangled, and sanctions for poor-performing contractors and clients (e.g., water districts) were adopted.
66. Moreover, the PIO of different agencies met regularly to monitor levels of project and agency performance, discuss crosscutting issues affecting the ODA portfolio, and share experiences, lessons learned and success stories on different aspects of project implementation. Likewise, PIO meetings served as a forum for strengthening coordination between implementing agencies and oversight agencies.
67. Various initiatives and internal reforms on procurement and document-processing were reported by different agencies. For example, in DOH, effective November 15, 2002, the number of signatures required prior to approval of the contract by the Secretary was reduced to one Undersecretary's. At DSWD, pooled procurement of materials, supplies and equipment has started to benefit LGUs under the Early Childhood Development Project; amendments on the procurement threshold (currently being reviewed by the WB), and the hiring of a procurement specialist and a contract administrator could further improve ECDP's performance. DOTC re-organized its Bids and Awards Committee according to sub-sectors to facilitate procurement.
68. To improve performance of projects with LGU participation, MDFO assisted implementing agencies in the training of LGU personnel to handle financial transactions and prepare documentation requirements. Capability-building measures for LGUs on procurement and project implementation continued.

69. Other measures taken in 2002 include the issuance of the IRR of EO 40 on 4 February 2002 which simplifies pre-qualification through the use of an eligibility check and strengthens post-qualification, standardizes procedures for public bidding, and promotes electronic procurement, with a view to streamlining procurement and making it more transparent.
70. Executive Order No. 109, which was issued on 27 May 2002, streamlined the rules and procedures on the review and approval of contracts, and granted agencies full responsibility for implementation of competitively tendered contracts.
71. Administrative Order No. 42, which was issued on 2 November 2002, rationalized the Environmental Impact Statement (EIS) system by decentralizing issuance of Environmental Compliance Certificates (ECC), streamlining the ECC application and approval procedures, and prescribing decision timeframes.
72. The Municipal Development Fund Office (MDFO) formulated a revised cost-sharing scheme between the national government (NG) and local government units (LGUs) for the implementation of ODA-funded projects, which was approved by the ICC. The new loan-grant-equity mix shall vary depending on development sectors, type of LGU, and LGU income class. This will be applied prospectively to ODA projects to be approved by ICC effective 1 January 2003.
73. RA 9184 also known as the Government Procurement Reform Act was passed on 18 December 2002. It provided for the modernization, standardization and regulation of the procurement activities of the government. The implementing rules and regulations and standard forms of said Act is expected to be issued in 2003.
74. The ICC approved restructuring in the following projects: a) extensions by more than a year of the loan period of 13 loans; b) extensions by a year or less of the loan period of 20 loans; c) increase in scope of seven projects; d) increase in project cost of three projects; and e) partial cancellation amounting to US\$7.32 million in one project (Table 9).
75. Regular portfolio reviews were also conducted jointly with the three biggest funding agencies (ADB, JBIC and WB) to immediately identify specific issues affecting ODA performance. Inter-agency follow-up and problem-solving sessions were conducted subsequently to address major obstacles. It was in the December 2002 high-level meeting where six technical working groups (TWGs) were proposed to be created to address the following: a) LGU Capacity Building –DILG; b) PMO for New Projects – DBM/NEDA; c) Internal Agency Procurement – DBM/NEDA; d) ROW and Resettlement – IAs/OP-ODAAO; e) Reward and Penalty System for Implementing Agencies and LGUs (Commitment Fees and Special Accounts) – DOF; and f) Harmonization of the Key Procedures of ADB, Japan and WB – DOF.

F. MEASURES FOR 2003 AND BEYOND

76. To sustain the improvement of the country's utilization of its ODA loans, the following measures are recommended:
 - a. Focus should be on improving the performance of the ADB portfolio, which encountered delays in GOP's compliance with the conditionalities of the program loans for Metro Manila Air Quality Improvement, and Pasig River Rehabilitation;

right-of-way acquisition and resettlement issues in major infrastructure projects due to differences in GOP and ADB procedures; procurement delays; withdrawal or weak performance of LGUs; changes in design, etc. The whole portfolio needs to be reviewed for possible restructuring. It may be noted that, among others, the Grains Sector Development Program was cancelled effective 11 April 2003.

- b. GOCCs/GFIs should improve their ODA performance, especially given that the fiscal position of the government could constrain NG agencies. It may be noted that GOCCs/GFIs were unable to significantly increase (less than one percent) the disbursement levels of non-budget dependent projects in 2002.
- c. PIOs to closely monitor procurement activities, institutionalize internal systems for tracking procurement activities, ensure strict adherence to timelines, delineate clear lines of responsibilities, and address systemic bottlenecks. PIOs should likewise study ways to further streamline procurement processes, e.g., through decentralization, delegation of authority, etc. To avoid poor performing and unqualified contractors, agencies should also enforce more stringent pre-qualification standards, in addition to imposing incentives and sanctions.
- d. The role of LGUs in right-of-way acquisition and resettlement should be reviewed, in order that LGUs can take greater responsibility for fast-tracking projects in their vicinity, for example, by generating public support for expeditious ROW acquisition and resettlement activities, and ensuring that ROW and resettlement costs do not overshoot initial NG estimates through appropriate cost-sharing schemes. Agencies should be also fully aware of the funding institution's policies on ROW acquisition and resettlement, before they propose new projects. They should also update their medium-term ROW acquisition plans consistent with their medium-term program of works for ODA projects, and be able to get ROW funds sufficiently ahead of start of civil works.
- e. The DBCC-ICC approved in principle on 26 June 2002 and 3 April 2003 the charging of commitment fees against agency budgets with the objective of making agencies accountable for the costs of project delays. The mechanism for implementing this needs to be laid down. Other measures that may be considered should aim to control increases in project costs and ensure efficiency in disbursements and special accounts through appropriate incentives and penalties.
- f. On project design, it is recommended that the sizes of loans especially for demand-driven or program-type or sector loans be reduced to more manageable levels, in light of magnitude of loan cancellations over the years. Likewise, projects with complex procurement design and organizational setup involving more than one implementing agency should be minimized. Projects that involve mainly tied supply of goods and equipment and employ direct payments should be reviewed thoroughly. For program loans, avoid conditionalities that require legislative action.
- g. For projects with LGU participation, allow longer lead times for preparation and consultation at the start of implementation; select competitively participating LGUs using level of compliance with desired LGU undertakings as major criterion; if LGUs are pre-identified, ensure that costs of delays, non-performance, or withdrawal shall be carried by LGUs; always require LGU counterpart to ensure ownership and that ODA resources are used only for priority activities; carefully

review procurement design and flow of funds through MDFO; implement ODA performance monitoring system for LGUs.

- h. DBM issued National Budget Circular No. 485 on 13 March 2003 on the rationalization of PMOs. The circular provides for the integration of existing project offices in the regular structure, systems and functions of agencies and ensure operational sustainability and alignment of project concerns with overall agency program, optimum use of resources, strengthening performance monitoring and accountability, and development and strengthening of in-house capability. Each agency is required to submit a PMO rationalization plan by June 2003 which shall lay down the phased structuring of a unified PMO.
 - i. Continuously revisit sub-loan features of relending projects to make them more attractive to end-users, whether industry or LGUs, e.g., effective interest rates, eligible scope, etc.
77. As the government becomes able to increase its effectiveness in utilizing ODA, attention should shift to achieving greater efficiency in delivering services by reducing administrative, project management, and consultancy costs. Moreover, present methodologies for estimating overhead costs based on project costs that may provide skewed incentives to agencies should be reviewed.
78. Current budgeting guidelines perhaps need to be reviewed to address issues on direct payment, forward obligation authority, maximum implementation periods, prioritization of ODA-assisted versus locally funded projects, etc.

G. BUDGET OUTLAY AND REQUIREMENTS (Table 10)

79. The adjusted program for foreign-assisted projects (FAPS) for 2002 was P41.3 billion inclusive of P200 million FAPs Support Fund. In addition, some P9 billion unprogrammed fund was allocated for FAPs which may be utilized as revenues become available.
80. Budget requirements of ongoing FAPs for succeeding years, as submitted by agencies are as follows: about P67 billion for CY 2004, P49 billion for 2005, P28 billion for CY 2006, P20 billion for CY 2007, and P10 billion for future years for a total of P210 billion including the 2003 appropriation for FAPs. In comparison, when budgetary cover requirement is computed from the available loan financing (US\$4.74 billion) plus estimated GOP counterpart requirement (say, using 70-30 financing ratio), the figure is P338 billion. The difference may be partly attributed to the non-submission of the budget requirements of 12 projects implemented by DILG, DPWH, DOTC, DOT, DOH, Provincial Government of Lanao del Norte, Partido Development Administration, Philippine Merchant Marine Academy and LRTA. Possible loan cancellations could also explain the difference.

H. PROSPECTS IN 2003

81. The sustainability of the improvement of the country's ODA performance in 2002 will be tested in 2003, given the fiscal position of the government. As the economy grows and revenue collections increase in 2003, a major risk in performance of the ODA portfolio will have been reduced. It may be noted that the ODA budget for 2003 is only 38 billion, compared to 42 billion in 2002.

82. The capability of GOCCs/GFIs to improve their ODA performance in 2002 and make up for possible shortfalls of the NG agencies will be a key factor for the country's overall performance in 2003.
83. With the PIO system now fully in place and operational, it is expected that PIOs shall assume the leadership for the country's ODA performance in 2003. As the PIOs are able to act decisively and in a timely manner on current issues and bottlenecks, and as they are able to anticipate and address new ones, the country's ODA performance is expected to continue to improve.
84. *Possible Cancellations in 2003* – Partial cancellations of about US\$275 million dollars from 20 projects are foreseen in CY 2003, as a result of reduction in scope of some projects, foreign exchange movement, failure to comply with conditionalities, etc. (Table 11).

III. GRANTS PORTFOLIO

A. OVERVIEW

85. Grant-assisted projects support the priority strategies of the Arroyo Administration for comprehensive human development and protecting the vulnerable, promoting sustainable development and use of natural resources especially in the rural areas, and good governance. They provide a balance to loan-funded projects geared toward infrastructure development. Grants have come in various forms, namely: capital assistance like equipment supply and civil works, technical assistance for feasibility studies, policy analysis, capability building, etc., and dispatch of technical experts.
86. This report summarizes the performance, as of 2002, of ongoing grant programs and projects in terms of actual results, outputs and physical accomplishments. In general, grant programs/projects demonstrate positive results—completion of target outputs and achievement of project objectives.
87. Magnitude. The total ongoing ODA grants portfolio in the Philippines consists of 211 projects roughly estimated to be worth at least US\$940 million as of December 2002 (Annex 1). Differences in methods of accounting of the various donors and difficulty in quantifying in uniform financial terms do not allow ready comparison of grant amounts across sources.
88. Sources. Through the years, ADB, Australia, Belgium, Canada, the European Community, France, Germany, Japan, the Netherlands, Spain, the UN System, the United States and WB have provided ODA grants to the Philippines.
89. Sectoral Distribution - Consistent with the agreed priorities of the Government and the ODA partners, 32% of the grants amounting to \$308 million are channeled to 59 projects under the Agriculture, Agrarian Reform and Rural Development sector. This is closely followed by the Human Development sector with 44 projects receiving \$260 million (27%). The Governance and Institutional Development sector received \$143 million or 15% with the balance of the assistance accounted by the Infrastructure Support, Multi-sectoral, and Industry and Services sectors (Annex 2).

90. By implementing agency, DOH and DA are the major grant recipients with 17.8% and 17.2% shares, respectively. This is consistent with the reported significant share received by the Human Development sector as well as the Agriculture, Environment and Agrarian Reform sector. There was an increase in the share of LGUs to ODA grants with 2.2% compared to 1.3% in 2001 (Annex 3) .

B. ACCOMPLISHMENTS AND OUTPUTS OF PROJECTS

ADB

91. There are 46 technical assistance (TA) projects worth US\$31.498 million. The TAs are in the sectors of Agriculture and Natural Resources, Energy, Finance, Industry, Social Infrastructure, Transport and Communication, and others. Top three sectors assisted are Social Infrastructure (36%) and Finance (17%). Total overall disbursements amount to US\$16.536 million or a utilization rate of 53 percent. About \$24.758 million (79%) of the total approved amount has been committed/contracted.

Australia

92. Under the Vulnerable Groups Facility (VGF)--Food-for-Education (FFE) project, the Street and Urban Working Children Project (SUWCP) has resulted in positive outcomes, e.g., children spending lesser time in the streets, street children reunited with families. However, after almost 10 years--SUWCP being the second phase of the Street Children and Nutrition Project, FFE seems to be non-sustainable as the NGOs who are the primary service providers are unlikely to sustain their services after the AusAID assistance is withdrawn.
93. The Basic Education Assistance for Mindanao (BEAM) focuses on regions XI, XII and ARMM. Its key activity is training of DepEd officers (in-country and in Australia) to improve the quality of basic education in Mindanao. Specifically, it provided training on basic education management. It also includes downstream planning for a second phase, which aims to come up with effective strategies in improving teaching and learning, and access to basic education, and could be an avenue towards the mainstreaming of Muslim (Madrasah) education.
94. The Australian Development Scholarships (ADS) offers scholarships each year for full-time, post-graduate academic studies at Australian tertiary institutions. Meanwhile, the Philippine-Australia Short-Term Training Program (PASST) provides off-the-shelf or customized short-term training courses in the Philippines and Australia.
95. The objective of the Philippines-Australia Local Sustainability (PALS) Program is the institutionalization of participatory development planning process in the pilot areas, i.e., collaboration of stakeholders to develop barangay, municipal, and provincial development plans. A major portion of the grant is allotted for the implementation of the development plans, i.e., sustainable subprojects to improve livelihood of people in the barangays, municipalities and the province. This program is deemed successful and sustainable.
96. The new country program strategy will introduce shifts in the program from a sector approach to a more policy and strategically-oriented one, and employ a framework for measuring impact and assessing results at the strategy and policy levels. The three broad themes are: governance; sustainable rural livelihood; and conflict prevention and peace-building.

Belgium

97. Under the Belgian Integrated Agrarian Reform Support Program (BIARSP), 45,050 hectares were covered for land tenure improvement (LTI); 1,788 trainings were conducted in Regions VII and IX; around 62 km of farm-to-market roads were constructed/rehabilitated; a total of 566 hectares of communal irrigation projects were completed; 103 schools were provided with instructional textbook materials; 94 classrooms were repaired; health and nutrition services were provided to 31, 247 students; some 81 rural health units and barangay health stations were rehabilitated; and some 164 rural health units and barangay health stations were also provided with sets of medical equipment.

Canada

98. Notable accomplishments include the NCRFW Institutional Strengthening Project (NCRFW-ISP) II, which was instrumental in the institutionalization of gender and development (GAD) indicators and statistics, GAD mechanisms (e.g. GAD focal point), and the coordination among oversight and statistical agencies. GAD-related policies (e.g. GAD planning and budgeting) and necessary tools and skills to translate such policies to programs/projects and activities were adopted and utilized at national and sub-national levels by partner agencies and LGUs. Committed, gender-sensitive leaders and GAD-skilled technical and administrative personnel were developed.
99. Through the Local Chief Executive Development Management Program and the development and implementation of Executive Agenda under the Local Government Support Program (LGSP) II, effectiveness of LGU decision making and efficiency of LGU management were improved. There is increased involvement by the i) communities in priority setting, and ii) DILG in LGSP programming through coaching. Local resource partners are now providing more effective support to LGUs, and inter-LGU cooperation (e.g., in coastal management) has been forged. The now legally-recognized multi-stakeholder Boards of the Philippines-Canada Environmental and Economic Management (PCEEM) Project are already working on resolution of watershed management conflicts.
100. Under the Policy Training and Technical Assistance Facility (PTTAF), being developed were the transparent Electronic Procurement System (for DBM), risk management capability (for Bureau of Treasury, Bangko Sentral ng Pilipinas, Philippine Deposit Insurance Corporation), and management capability on World Trade Organization processes (for the Tariff Commission). Improvements facilitated by the Socio-Economic Development through Cooperatives in the Philippines (SEDCOP) Project were in the areas of financial management, insurance services (i.e. customized insurance products for large cooperatives, and expansion of the coops employees retirement plan), cooperative health insurance, and primary health (6,879 cooperative members have availed).
101. Alternative yet sustainable agricultural and agro-forestry systems have been adopted by at least 200 households in pilot sites and budget-supported by barangays covered by the Promoting Participation in Sustainable Enterprise (PPSE) Project. For the "Governance for Philippine Agenda 21" (GO-PA21, a PCDF subproject), sustainable development (SD) in pilot areas has been mainstreamed and operationalized at different levels of governance through the definition of localization elements, capacity-

building of Local Councils for SD, and the development and ratification of Local Agenda 21s.

102. The NCRFW-ISP II and PCDF are on schedule, while the Governance for Philippine Agenda 21 (a PCDF subproject) is now complete. Five (5) out of 6 projects that are catching up in terms of implementation need extra attention: LGSP II, SEDCOP, PCEEM Project, "Canada Fund for Local Initiatives", PTTAF II and the PPSE Project. The Private Enterprise and Resource Linkages (PEARL) II has been ongoing for almost a year now but still has not disbursed funds.

European Commission (EC)

103. The EC portfolio continues with its thrust to alleviate poverty in rural areas with multi-sector interventions in the poorest provinces of the country, mostly in Mindanao and the mountainous regions of Northern Luzon.

104. These continuing interventions have shown the following results:

- a. Introduction of new and appropriate agricultural technologies, provision of small irrigation systems and village water systems, and raising of production levels;
- b. Increased environmental awareness and actions taken to protect the environment;
- c. Infrastructure support to rural communities via farmer-to-market roads, footpaths and footbridges;
- d. Improved market access in the delivery of farm inputs, output markets and post-harvest facilities;
- e. Strengthened farmers' organizations and irrigation associations to sustain project gains;
- f. Stable savings and loans network linked to permanent micro-finance institutions;
- g. Vocational training for former combatants;
- h. Construction of 100-bed hospital facility to provide support in the delivery of health services in La Union and neighboring provinces; and
- i. Increased number of women availing of health services at the barangay health stations and participating in community decision-making and implementing community-wide actions.

Germany

105. German contributions have made significant impact in the area of environmental protection and sustainable use of natural resources. More tangible achievements include: (i) increased awareness and skills of target groups on agricultural, coastal and forestry management and production; (ii) increased income; (iii) community based resource management; and (iv) assistance with structural changes regarding access and ownership issues of land under the Leyte Island Development Program, Community Forestry Project in Quirino and Bondoc Development Project. Moreover, two new projects, Visayas Sea Coastal and Support to Agrarian Reform, were effected in 2002 in support of the government's rural development programs.
106. Under the Advisory Services for the Philippine Tax Administration, the needed basic (i.e., revenue, supervision, collection) and special (i.e., litigation and prosecution, legal procedures) training courses were designed, conducted and accredited by the CSC and PRC. In addition, in-house trainers were equipped for future replication of trainings

and job analysis and manpower recruitment computation were conducted, while human resources heads from all BIR regional offices were oriented.

Japan

107. Eight projects (four grant aid projects and four project-type technical cooperation) were completed in 2002. The accomplishments are as follows: construction of one National Center for Tuberculosis Training and Research Treatment and Control ; river improvement works (widening of river channel and slope protection) of the Malbasag and Anilao rivers to confine the flood discharge to a 50-year return period; rehabilitation of two rainfall gauging stations, nine water level gauging stations and four monitoring stations; construction of an additional five rainfall gauging stations and two water level gauging stations; and provision of radio communication equipment to LGUs, DPWH and other related agencies, pumping stations along Pasig River and base/dispatch stations.

The Netherlands

108. Under the Sustainable Agrarian Reform Communities Technical Support Agrarian Reform and Rural Development Project (SARC-TSARRD), accomplishments include the following: a) trained 27 DAR and 2 NGO personnel as Farm Systems Development (FSD) practitioners; b) provided enhancement training to 27 existing FSD practitioners; and c) prepared and conducted 10 FSD activities in 7 selected ARCs.
109. Under the Sustainable Development of the Laguna de Bay Environment Project, accomplishments include: preparation of the Polder Island Development Plan; data collection and analytical studies on physical characteristics of the Laguna de Bay catchment and waste loads; water and sediment balances, and spatial and temporal compliance with applicable criteria. In addition, an Integrated Water Resources Management (IWRM) unit within LLDA was created for balanced and sound management, planning and development of the Laguna de Bay using the Decision Support System (DSS) and to coordinate and carry-out integrated research projects to increase water system and IWRM-related knowledge.
110. In the Solar Home Systems Distribution Project, installation of solar home systems officially started on 22 August 2002 with 40 units installed in 40 households in Tinoc and Banaue, Ifugao. Installation of solar home system units in other provinces is ongoing. Over 15,000 units of solar home systems will be imported.

Spain

111. The Spanish Assistance for Integrated Livelihood (SAIL) Program, since 1991, has implemented projects to strengthen the capabilities of the LGU in providing basic services in Camiguin. The 3rd phase of the program started, exclusively anchored on the integrated supply and management of the water resource of Camiguin. To date, construction the 1,000 cu. m. reservoir is ongoing.
112. Under the Reproductive Health Project in Maguindanao Project, a total of 156 facilities were supported by UNFPA-AECI (Agencia Española Cooperacion Internacional) in Maguindanao. These include one provincial and two district hospitals, 22 rural health units (RHU), and 129 barangay health stations (BHS).

113. The Creation of a National Eye Referral Center in the Philippine General Hospital involves the formulation of a plan for the ophthalmology center, defining the necessary infrastructure, management, training, construction of the referral center, and procurement of equipment. Procurement for the construction of the center was underway.

United Nations Children's Fund (UNICEF)

114. Key results are capacitating 25 LGUs to manage basic services, and, enhancing civil society support to families to raise, nurture and protect children. An additional 33 provinces and cities have been encouraged to develop local plans for children using their own resources. Advocacy efforts have led to the formulation of national policies on children, including policy frameworks on safe motherhood, adolescent and youth health and development, child health and development, and the passage of the Early Childhood Care and Development Act, among others.
115. Following the mid-term review recommendations to expand interventions, UNICEF developed strategic sector and local plans for children for 2002-2004. The 2004 Country Program supports an extension of CPC V by one year, primarily to consolidate the gains made in 1999-2003, bring to realization efforts and action initiated, and enable synchronization of the program cycles of the UN agencies and the Medium Term Philippine Development Plan.

United States

116. Under the Philippine Assistance Program Support Project (PAPSP), the business sector expressed willingness to support anti-corruption programs, as a result of the first enterprise survey on corruption done by Transparency and Accountability in Governance (TAG). The drafting of the Philippine Export Development Plan for 2002-2004 received assistance from Advocating Trade and Investment Liberalization (ATIL). Pilot-testing of mediation (alternative dispute settlement) in the Court of Appeals by Accelerating Growth Investment and Liberalization with Equity (AGILE) resulted in the settlement of 68% of mediated cases.
117. Since Micro-finance Access to Banking Services in Mindanao (MABS-M) helped establish 137,000 new micro-deposit accounts (current balance is P162 million) in their portfolios, the 103 participating rural banks have found micro-finance profitable while giving micro-enterprises access to needed funds. Of the 385 participating LGUs under the Integrated Family Planning and Maternal Health Program (IFPMHP), about (a) 198 LGUs have met the 85% fully immunized children ratio; (b) 266 LGUs have met 80% Vitamin A coverage, c) 229 LGUs have met 70% tetanus toxoid coverage; and (d) 194 LGUs have met 40% modern contraceptive prevalence rate.

United Nations Population Fund (UNFPA)

118. The Support to the Department of Health (DOH) for Reproductive Health (RH) Project provided core RH services in eight (8) provinces, expanded ten (10) reproductive health elements such as family planning, maternal and child health and nutrition, prevention and management of RTIs, HIV/AIDS, prevention and management of abortion and its complications, etc., in Nueva Vizcaya. It improved knowledge and awareness about family planning, prevention of STDs, responsible parenthood, and gender issues, enhanced institutional capacity for RH management in nine (9) UNFPA-

covered provinces and trained service providers (doctors, nurses, and midwives) on the Integrated Reproductive Health Module.

119. The Population and Development Strategies (PDS) focused on institutionalizing national and local processes of bringing strategic population concerns and issues into the national and local policy agenda of the Government. For 2002, activities were centered on the State of the Philippine Population Report and NPDIS.

United Nations Development Programme (UNDP)

120. The 2nd Country Cooperation Framework (CCF) aims for clear results-orientation, adequate reflection of the programmes of other UN agencies and multilateral/bilateral donors, and broader national ownership of projects. The four programme portfolios identified were: Creating an Enabling Environment for Sustainable Human Development, Empowering the Poor, Ensuring Environmental Sustainability, and Establishing the Foundations for Peace and Development. It marks the shift from project-oriented programming to policy-driven interventions, outcomes, and outputs. UNDP continues to support change management and sector programming initiatives in government, including decentralization, public administration reform, peace and development in Mindanao, and the environment.
121. Human rights and gender also emerged as an important crosscutting framework for poverty reduction, responsive governance and greater equality. The Millennium Declaration and the Millennium Development Goals (MDG) provide an overarching framework towards converging efforts on focused outcomes.

The World Bank

122. The four ongoing projects are: the Coastal Marine Biodiversity Component of the Mindanao Rural Development Project (CMBC-MRDP), Ozone Depleting Substance Phase- Out Investment Program, Metro Manila Urban Transport Integration Project – Bicycle Network Demonstration Pilot, and the Conservation of Priority Protected Areas, which closed in June 2002.
123. CPPAP facilitated the issuance of four Protected Area (PA) bills and deputized 1,361 volunteers who conducted apprehension and confiscation of illegally gathered forest resources inside the PAs. Positive results were noted in the following areas, among others: participatory planning and management process for the identification and development of protected area and advocacy building; strengthening of community-based coastal and marine resources surveillance and protection; and capacity building of project staff on protected area management.
124. CMBC-MRDP organized two barangay-based protection groups, which conducted patrolling of more than 1,200 hectares of municipal waters covered by the project. It has also strengthened the Interim Protected Area Management Board (PAMB) for Paril-Sangay Protected Seascape (one of the covered sites).