

**10th ODA PORTFOLIO REVIEW**  
**PROBLEMS ENCOUNTERED BY PROJECTS**  
**as of 31 December 2001**

Nature of Problem	Project Title/ Implementing Agency	Remarks
<i>ROW Acquisition</i>	Southern Mindanao Integrated Coastal Zone Management Project/DENR	Delayed confirmation by LGU of site to be utilized for the project  Lack of funds for ROW acquisition
	Davao International Airport Development Project/DOTC	Negotiation with property owners did not prosper due to conflict with AO 50  Delayed resolution of expropriation cases filed in Davao City RTC
	Sixth Road Project/DPWH	Delayed completion of road sections due to delayed relocation of public utilities and disagreement with property owners over the valuation of properties
	MM Interchange Construction Project IV/DPWH	Delayed relocation of public utilities (water, electric, etc.)  Disagreement with property owners over the valuation of properties
	MM Flood Control Project - West of Mangahan Floodway/DPWH	Suspension of civil works construction due to continuous opposition of LGUs and affected families to the alignment of the dike
	Lower Agusan Development Project I-II (Flood Control Component)/DPWH	Objection of fishpond owners to the widening of cut-off channel of Banza River  Lack of funds for payment of lots already acquired - owners refused entry of contractors unless they are paid
	Pinatubo Hazard Urgent Mitigation Project II/DPWH	Increase in valuation of properties
	KAMANAVA Area Flood Control and Drainage System Project/DPWH	Areas cleared of informal settlers but re-clearing had to be done for volunteer informal settlers per instruction of NAPC to DPWH (both returnees and new settlers)
	Lower Agusan Development Project II-I (Irrigation Component)/NIA	Disagreement with property owners over the valuation of properties; expropriation cases filed with RTC; writ of possession issued although case still pending in court.
	Pampanga Delta Development	Delayed acquisition of ROW due to

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<i>Peace and Order</i>	Project, Irrigation Component/ NIA	documentation problems and late release of funds for payment of ROW already acquired.
	Small Towns Water Supply and Sanitation Project/LWUA	Delayed acquisition of ROW due to increase in valuation of properties to be acquired; LWUA is working out plan to acquire properties as LWUA counterpart of the loan because WDs are not financially capable
	Leyte-Bohol Interconnection Project/NPC	Delayed acquisition of ROW in the portion of the proposed transmission line traversing VISCA-occupied forest reservation in Baybay, Leyte
	Southern Philippines Irrigation Sector Project/NIA	Non-implementation of Malaig NIP in Lanao del Sur (located near MILF camp); Rugnan NIP also in Lanao del Sur will be implemented instead (with support from LGU)
	PJFH Rehabilitation Project II/DPWH	Slow contractor's performance due to insurgency problems along Calauag-Matnog Road
	Sixth Road Project/DPWH	Delayed completion of San Narciso - Mulanay road section due to insurgency problems (equipment of contractor burned down by suspected rebels)
	Rural Road Network Development Project II/DPWH	Suspension of works for the Rodriguez -Wawa Road due to insurgency problems (contractor requested for termination of contract)
<i>Change in Project Scope/Additional works</i>	Upland Development Programme in Southern Mindanao (UDP)/ DA	Conflict (MILF, NPA) that erupted in some areas covered by the Programme in Tarragona, Kiamba, Tupi, Maasim, Magsaysay, Cateel and Mabini which resulted in the temporary dislocation of the population in the communities and suspension in the implementation of projects and activities.
	Casecnan Multipurpose Power and Irrigation Project/NIA	Delayed approval by JBIC of P/Q documents due to revision in project scope; NIA determined the optimal project scope which resulted in a P2 B cost increase (i.e. from P3.496 B to P5.832 B); ICC approved the revised project scope and cost.
	Pinatubo Hazard Urgent Mitigation Project II/DPWH	Proposed construction of Mancatian Bridge and access road in scope of project.
	Pampanga Delta Development Project, Irrigation Component/ NIA	Proposed improvement works for inundated areas and additional ROW which will require additional cost

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	Provincial Cities Water Supply	Change in design; changes includes reduction

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<i>Contractors' Poor Performance</i>	Project IV/LWUA	of the case depth and the addition of stainless steel screen in the wells to be drilled.
	Malitubog-Maridagao Irrigation Project/NIA	Poor performance of contractors resulting in the mutual termination of contracts
	Kabulnan Irrigation Project/NIA	Poor performance of contractors resulting in the mutual termination of contracts
	Casecnan Multipurpose Power and Irrigation Project/NIA	Poor performance of contractors resulting in the termination of contracts; PMO implementing works under Force Account
	Rural Road Network Development Project II/DPWH	Delayed completion of CP VII due to poor performance of contractor
	Pampanga Delta Development Project -Flood Control Component/DPWH	CP III will be completed beyond loan closing date (December 2001) due to contractor's liquidity problems.
	Provincial Cities Water Supply Project III/LWUA	Poor performance of contractors due to liquidity problems (insufficient materials, equipment and manpower onsite)
	Philippine-Japan Friendship Highway Mindanao Section Rehabilitation Project, Phase I/ DPWH	Poor performance of contractors due to lack of manpower equipment and materials requirement; final warning issued to contractor; DPWH will award the contract to existing contractor and award it to other contractors (adjacent to contract packages 7 and 8).
<i>Procurement Related</i>	Subic Freeport II/SBMA	Cumbersome procurement process resulting in the delayed award of contracts
	Davao International Airport Development Project/DOTC	Delayed award of contract for the procurement of equipment resulting in the delayed completion of civil works
	Arterial road Link Development Project III/DPWH	Delayed award of contracts for civil works due to high bid offers from prospective bidders
	MM Air Quality Improvement Sector Development Project/DENR	Delayed employment of consultants; only two firms submitted their proposals
	Pinatubo Hazard Urgent Mitigation Project II/DPWH	Delayed award of contracts for civil works due to funding shortfall; awaiting DBM approval of DPWH request for realignment of CY2001 funds from completed projects
	Tarlac Groundwater Irrigation System Reactivation Project/ NIA	Late start-up of well drilling operations due to NIA-CO disapproval of PMO request for bidding to be conducted at project/field level because cost exceeds the amount authorized to be bid at project level
	Bohol Irrigation Project Stage II/	Delayed procurement of civil works contracts

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	NIA	due to insufficient cash support; realignment of



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	Partnership in Environmental	Inadequate logistical support and limited

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	<p>Management for the Seas of East Asia/DENR</p> <p>Pinatubo hazard Urgent Mitigation Project II/DPWH</p> <p>Lower Agusan Development Project I-II (Flood Control Component)/DPWH</p> <p>Pampanga Delta Development Project, Irrigation Component/ NIA</p> <p>Central Cordillera Agricultural Programme Phase 2 (CECAP II)/ DA</p>	<p>provision of equipment due to delayed release of funds.</p> <p>Delayed payment of contractor's progress billings due to funding shortfall; awaiting DBM approval of DPWH request for realignment of CY 2001 funds from completed projects; insufficient funds for ROW acquisition due to increase in property valuation and add'l ROW</p> <p>Lack of funds for payment of lots already acquired - owners refused entry of contractors unless they are paid; awaiting release of CY 2002 budget</p> <p>Delayed acquisition of ROW due to documentation problems and late release of funds for payment of ROW already acquired.</p> <p>Delayed implementation of road projects due to (i) heavy damages caused by typhoon Ferie which needed re-planning to consider additional works (repairs), (ii) other stakeholders (LGUs and community residents) find difficulty to satisfactorily comply with counterpart commitments and (iii) lack of skilled personnel in the area. DA reallocated non-road funds to accommodate additional costs; sourcing of funds continuing possibly from Congressman's funds; other stakeholders (LGUs and community residents)</p>
LGU-Related	<p>Catanduanes Agricultural Support Programme (CatAg)/DA</p> <p>Clark Area Municipal Development Project/DILG</p> <p>Subic Bay Area Municipal Development Project/SBMA/ LWUA/DILG</p> <p>Philippine Regional Municipal Development Project/DILG</p> <p>LOGOFIND/DDOF</p>	<p>On Rural Finance, ownership of credit funds after CECAP phases out still has to be resolved by NEDA, EU and DA.</p> <p>Lack of funds which resulted in the reduction of Techno Transfer/Techno Demo and PMO staff from 32 to 17; funds for the counterpart of DA to ARDCI has not yet been given</p> <p>Change in priority of LGUs resulting in the cancellation of sub-projects</p> <p>Indecision on the part of the LGUs on which sub-projects to implement</p> <p>Delayed approval of sub-project and sub-loan agreements due to limited borrowing capacity of LGUs</p> <p>Inability of LGUs to put up local equity contribution</p> <p>Lack of capability of LGUs to prepare</p>



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	<p>Rural Water Supply and Sanitation Project Phase V/DILG</p> <p>Rural Water Supply and Sanitation Sector Project/DPWH/DILG/DOH</p>	<p>feasibility studies</p> <p>Non-submission by Palawan of MOA which resulted in its exclusion in the first batch of sub-projects for bidding</p> <p>Incomplete validation/documentation of sites by LGUs which resulted in the reduction of targets for CY 2002 1st batch of construction targets</p> <p>Modification in design of standard toilet by Nueva Vizcaya was approved but resulted in cost increase (to be shouldered by LGU)</p> <p>Limited counterpart funds of LGUs to implement the project</p>
	<p>Social Reform Related Feeder Ports Development Project/DOH</p> <p>Early Childhood Development Project/DSWD/DECS/DOH</p> <p>LGU Water Supply and Sanitation Project (APL 1 and 2)/DBP/DILG</p> <p>Upland Development Programme in Southern Mindanao (UDP)/DA</p>	<p>Limited capacity of LGUs to implement the project</p> <p>Slow liquidation/reimbursement by LGUs of cash advances to avail of succeeding cash advances</p> <p>Delayed signing of MOA with concerned LGUs for the O &amp; M of the project after completion</p> <p>Lack of funds (cash advance) for the conduct of trainings by GOP/LGUS</p> <p>Deferment/suspension of sub-projects due to change in priorities of LGUs</p> <p>Difficulty of LGUs especially 4th and 5th class municipalities in providing their counterpart funds for projects to be implemented; approved projects not implemented in CY 2001 were carried over to CY 2002 Annual Work Plan and Budget, with full commitment from the LGUs by way of providing the counterpart funds; May and ARMM elections in CY 2001 resulted in the delayed implementation of infrastructure and other major projects due to the election ban; after election, LGU staff assigned to UDP areas were either replaced or recalled by most of the newly elected officials; newly elected officials had to be oriented to fully understand the Programme to get their full support.</p> <p>Difficulty of LGUs especially 3rd, 4th and 5th class municipalities in providing their counterpart funds resulting in the delayed or non-implementation of approved Projects and</p>



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	Northern Negros Geothermal	Delayed computation of the wheeling charges

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	Project/PNOC	necessary for PNOC-EDC to offer a firm electricity price to CENECO and other cooperatives in Negros Island; such computation is dependent on the approval by the Energy Regulatory Commission (ERC) of
	<p>Provincial Cities Water Supply Project III/LWUA</p> <p>Upland Development Programme in Southern Mindanao (UDP)/DA</p> <p>Caraballo and Southern Cordillera Agricultural Development Programme (CASCADE)/DA</p> <p>Mindanao Rural Development Program (MRDP)/DA</p>	<p>the proposed NPC rate structure under the Open Access Transmission Services (OATS); final draft of the rate structure is still with ERC for review.</p> <p>Financial problems of some water districts resulting in the cancellation of sub-projects</p> <p>As a result of AO #5, the 12 positions vacated due to resignations or deaths were not filled up making it a bit difficult to support LGUs and other partner institutions; this slowed down implementation of most of the Projects and activities.</p> <p>Delayed implementation of infrastructure projects due to counterpart mobilization (lack of eqpt.), adverse weather condition, delayed cash liquidation and questions raised by MTR in the road design in terms of maintenance cost.</p> <p>Slow implementation of Agricultural Production activities due lower absorption capacity on the side of LGU agricultural offices than scheduled;</p> <p>Less credit funds demand than expected; cash flow projections have been reviewed and saved funds were re-directed to capacity building activities.</p> <p>Need to elevate Project MIS to impact level of the logframe; PCO to establish detailed implementation plans for each sub-project per municipality per province.</p> <p>For Rural Infrastructure, long overall processing of infra sub-projects hamper performance of the Program; PCO to establish detailed implementation plans for each sub-project per municipality per province..</p> <p>Flow of funds continues to be a major constraint.</p>

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