



# ODA

Portfolio  
Review  
Report

# 2017

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## **ODA Portfolio Review 2017**

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National Economic and Development Authority  
12 St. Josemaria Escriva Drive, Ortigas Center,  
Pasig City 1605 Philippines  
Tel: (+632) 631 0945 to 56  
E-mail: [info@neda.gov.ph](mailto:info@neda.gov.ph)  
[www.neda.gov.ph](http://www.neda.gov.ph)

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# Acronyms

<b>AARNR</b>	Agriculture, Agrarian Reform, and Natural Resources
<b>ADB</b>	Asian Development Bank
<b>AFP</b>	Armed Forces of the Philippines
<b>AIIB</b>	Asian Infrastructure Investment Bank
<b>AM</b>	Alert Mechanism
<b>ARB</b>	Agrarian Reform Beneficiary
<b>ARCP II</b>	Agrarian Reform Communities Project II
<b>ARISP</b>	Agrarian Reform Infrastructure Support Project
<b>ARMM</b>	Autonomous Region in Muslim Mindanao
<b>BAC</b>	Bids and Awards Committee
<b>BEAM</b>	Basic Education Assistance for Muslim Mindanao
<b>BEST</b>	Basic Education Sector Transformation
<b>BFP</b>	Bureau of Fire Protection
<b>BOC</b>	Bureau of Customs
<b>BSP</b>	<i>Bangko Sentral ng Pilipinas</i>
<b>CAR</b>	Cordillera Administrative Region
<b>CC</b>	Climate Change
<b>CCC</b>	Climate Change Commission
<b>CCT</b>	Conditional Cash Transfer
<b>CF</b>	Commitment Fees
<b>CIS</b>	Communal Irrigation Systems
<b>CIP</b>	Communal Irrigation Projects
<b>CLLEX</b>	Central Luzon Link Expressway Project
<b>COA</b>	Commission on Audit
<b>CP</b>	Contract Package
<b>CRM</b>	Community Resource Management
<b>CSO</b>	Civil Society Organization



<b>DA</b>	Department of Agriculture
<b>DAC</b>	Development Assistance Committee
<b>DAR</b>	Department of Agrarian Reform
<b>DBCC</b>	Development Budget Coordination Committee
<b>DBM</b>	Department of Budget and Management
<b>DBP</b>	Development Bank of the Philippines
<b>DED</b>	Detailed Engineering Design
<b>DENR</b>	Department of Environment and Natural Resources
<b>DepEd</b>	Department of Education
<b>DFA</b>	Department of Foreign Affairs
<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>DICT</b>	Department of Information and Communications Technology
<b>DILG</b>	Department of the Interior and Local Government
<b>DLI</b>	Disbursement-Linked Indicators
<b>DOE</b>	Department of Energy
<b>DOF</b>	Department of Finance
<b>DOF-MDFO</b>	DOF – Municipal Development Fund Office
<b>DOH</b>	Department of Health
<b>DOST</b>	Department of Science and Technology
<b>DOT</b>	Department of Tourism
<b>DOTr</b>	Department of Transportation
<b>DP</b>	Development Partner
<b>DPWH</b>	Department of Public Works and Highways
<b>DRR</b>	Disaster Risk Reduction
<b>DSWD</b>	Department of Social Welfare and Development
<b>DTI</b>	Department of Trade and Industry
<b>EDCF</b>	Economic Development Cooperation Fund
<b>EDGE</b>	Education Governance Effectiveness Program
<b>EDP</b>	Environment Development Project
<b>EU</b>	European Union

<b>FAO</b>	Food and Agriculture Organization
<b>FMP</b>	Forestland Management Project
<b>FMR</b>	Farm-to-Market Road
<b>FPIC</b>	Free, Prior, and Informed Consent
<b>GAD</b>	Gender and Development
<b>GFI</b>	Government Financial Institution
<b>GID</b>	Governance and Institutions Development
<b>GIR</b>	Government of Italian Republic
<b>GIZ</b>	German Society for International Cooperation
<b>GOCC</b>	Government-Owned and -Controlled Corporation
<b>GPH</b>	Government of the Philippines
<b>IA</b>	Implementing Agency
<b>IARCDSP</b>	Italian Assistance to the Agrarian Reform Community Development Support Program
<b>ICC</b>	Investment Coordination Committee
<b>ICC-CC</b>	Investment Coordination Committee – Cabinet Committee
<b>ICC-TB</b>	Investment Coordination Committee – Technical Board
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFP</b>	Infrastructure Flagship Projects
<b>ILO</b>	International Labour Organization
<b>Infra</b>	Infrastructure Development
<b>INREMP</b>	Integrated Natural Resources and Environment Management Project
<b>IOM</b>	International Organization for Migration
<b>IP</b>	Indigenous People
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>ITT</b>	Industry, Trade, and Tourism
<b>JFPR</b>	Japan Fund for Poverty Reduction
<b>JICA</b>	Japan International Cooperation Agency
<b>JRMP</b>	Jalaur River Multi-Purpose Project

<b>KALAHI-CIDSS</b>	<i>Kapitbisig Laban sa Kahirapan</i> -Comprehensive and Integrated Delivery of Social Services
<b>KEDCF</b>	Korean Economic Development Cooperation Fund
<b>KEXIM</b>	Export-Import Bank of Korea
<b>KfW</b>	Kreditanstalt für Wiederaufbau (German Reconstruction Credit Institute)
<b>KOICA</b>	Korea International Cooperation Agency
<b>LBP</b>	Land Bank of the Philippines
<b>LEAPS</b>	Learning, Equity, and Accountability Program Support Project
<b>LGU</b>	Local Government Unit
<b>LP</b>	Loan Proceeds
<b>LRTA</b>	Light Rail Transit Authority
<b>LWUA</b>	Local Water Utilities Administration
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MINDA</b>	Mindanao Development Authority
<b>MOA</b>	Memorandum of Agreement
<b>MOU</b>	Memorandum of Understanding
<b>MWMP</b>	Metro Manila Wastewater Management Project
<b>MWSS</b>	Metropolitan Waterworks and Sewerage System
<b>MYDEV</b>	Mindanao Youth for Development
<b>NB</b>	NEDA Board
<b>NCIP</b>	National Commission on Indigenous Peoples
<b>NCR</b>	National Capital Region
<b>NEDA</b>	National Economic and Development Authority
<b>NEDA-MES</b>	NEDA – Monitoring and Evaluation Staff
<b>NG</b>	National Government
<b>NGO</b>	Non-Government Organizations
<b>NGA</b>	National Government Agency
<b>NG-LGU</b>	National Government-Local Government Unit
<b>NIA</b>	National Irrigation Administration
<b>NIS RIP</b>	National Irrigation Sector Rehabilitation and Improvement Project

<b>NOD</b>	No Objection Declaration
<b>NOL</b>	No Objection Letter
<b>NSCRP</b>	North-South Commuter Railway Project
<b>OA</b>	Oversight Agency
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>OFID</b>	OPEC Fund for International Development
<b>O&amp;M</b>	Operations and Maintenance
<b>OPAPP</b>	Office of the Presidential Adviser on the Peace Process
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>OWPA</b>	Overall Weighted Physical Accomplishment
<b>PDP</b>	Philippine Development Plan
<b>PFMI</b>	Project Facilitation, Monitoring, and Innovation
<b>PIDS</b>	Philippine Institute for Development Studies
<b>PMO</b>	Project Management Office
<b>PS-DBM</b>	Procurement Service-DBM
<b>PTE</b>	Permit-to-Enter
<b>PO</b>	Peoples Organization
<b>PTWSSP</b>	Provincial Towns and Water Supply and Sanitation Project
<b>RA</b>	Republic Act
<b>RM</b>	Results Matrix
<b>RPMO</b>	Regional Project Management Office
<b>RoW</b>	Right of Way
<b>SDG</b>	Sustainable Development Goals
<b>SHSSP</b>	Senior High School Support Program
<b>SPSP</b>	Social Protection and Support Program
<b>SRCD</b>	Social Reform and Community Development
<b>STP</b>	Septage Treatment Plants
<b>SUC</b>	State Universities and Colleges
<b>SWDRP</b>	Social Welfare and Development Reform Project

<b>TA</b>	Technical Assistance
<b>TOR</b>	Terms of Reference
<b>TPC</b>	Total Project Cost
<b>TSC</b>	Technical Support Consultant
<b>UN</b>	United Nations
<b>UNAIDS</b>	UN Programme on HIV/AIDS
<b>UNDAF</b>	UN Development Assistance Framework
<b>UNDP</b>	UN Development Programme
<b>UNFPA</b>	UN Population Fund
<b>UNICEF</b>	UN Children's Fund
<b>UNIDO</b>	UN Industrial Development Organization
<b>UNOPS</b>	UN Office for Project Services
<b>UN HABITAT</b>	UN Human Settlements Programme
<b>UN WOMEN</b>	UN Entity for Gender Equality and the Empowerment of Women
<b>USA</b>	United States of America
<b>USAID</b>	United States Agency for International Development
<b>VAT</b>	Value-added Tax
<b>WB</b>	World Bank
<b>WD</b>	Water District
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization



# Executive Summary

## ODA Portfolio Profile

Total ODA Portfolio as of December 2017 amounted to USD14.77 billion consisting of 70 loans (USD12.30 billion) and 352 grants (USD2.47 billion).

Japan, through the Government of Japan-Japan International Cooperation Agency (JICA) was the biggest provider of ODA loans in the country with 42 percent share (USD5.17 billion) of the loans portfolio, followed by the World Bank (WB) and the Asian Development Bank (ADB) with 25 percent (USD3.02 billion) and 23 percent (USD2.87 billion) shares, respectively. In terms of ODA grants, the USA (USAID), Australia, and the UN System were the three (3) leading providers with 30 percent (USD730.53 million), 26 percent (USD648.70 million), and 11 percent (USD275.31 million) shares on the total grants portfolio, respectively.

As in previous year, the Infrastructure Development (Infra) accounted for the largest share of the ODA loans portfolio with 52 percent (USD6.42 billion for 36 loans), followed by the Social Reform and Community Development (SRCD) and Agriculture, Agrarian Reform, and Natural Resources (AARNR) sectors with 24 percent (USD3.00 billion for 8 loans) and 14 percent (USD1.69 billion for 21 loans), respectively. On the other hand, the SRCD remained to be the largest recipient of grants assistance with 34 percent share (USD842.31 million for 106 grants), followed by Governance and Institutions Development (GID) sector with 32 percent (USD785.57 million for 75 grants) and AARNR sector with 16 percent (USD393.81 million for 120 grants).

## Performance

### FINANCIAL.

Relative to its financial performance in 2016, all absorptive capacity indicators of ODA loans generally increased as of year-end 2017 which can be attributed to improved performance of project loans in 2017.

In particular, overall disbursement level of the ODA loans portfolio increased by 12 percent from USD1.25 billion in 2016 to USD1.40 billion in 2017. The disbursement rate increased from 61 percent in 2016 to 67 percent in 2017 due to six (6) project loans that exceeded disbursement targets for

2017. Cumulative availment backlog decreased by USD207 million from USD1.72 billion in 2016 to USD1.52 billion in 2017. Disbursement ratio increased from 13 percent in 2016 to 17 percent in 2017.

On the other hand, utilization level of the 352 active ODA grants reached USD1.67 billion (out of the total grant amount of USD2.47 billion) as of year-end 2017, with a utilization rate of 68 percent.

### **PHYSICAL.**

There were 407 programs and projects financed by ODA as of end of 2017 with reported physical status. Of these, 79 were physically completed (19%), 271 were on-schedule (67%), 52 were delayed (13%), and five (5) were closed with incomplete outputs (1%).

In terms of the physical status of the 55 ODA-loan assisted projects, six (6) were physically completed, 24 were on schedule, 23 were behind schedule, and two (2) were closed with incomplete outputs.

For the 352 ODA grant-assisted projects, 73 were already completed, 247 were on schedule, 29 were behind schedule, and three (3) projects were closed with incomplete outputs.

## **Programs/Projects Results**

The review showed that 28 programs and projects<sup>1</sup> demonstrated results that contribute to achieving 30 sector outcome indicators in five (5) chapters of the 2017-2022 Philippine Development Plan – Results Matrices (PDP-RM)<sup>2</sup>.

## **Key Implementation Issues**

There were various implementation issues reported by 33 programs and projects in 2017.

### **Site condition/availability.**

Eight (8) projects encountered issues on right-of-way (ROW), land acquisition, poor site conditions, and peace and security.

### **Procurement.**

Nine (9) projects experienced delays in the procurement of consulting services and civil works, and failures of bidding, among others.

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<sup>1</sup> Note that some programs/projects may contribute to sector outcomes of several PDP-RM Chapters

<sup>2</sup> The PDP-RM can be accessed through: <http://www.neda.gov.ph/pdp-results-matrices/2017-2022/>



**Government/Funding Institution Approvals.**

Five (5) projects experienced difficulties in obtaining approval and/or required clearances from the government or funding institutions.

**Budget and Funds Flow.**

Five (5) projects were affected by budget and funds flow issues due to delays in fund releases.

**Design, Scope, Technical.**

Seven (7) projects experienced delays due to faulty or inadequate project design and changes in scope or output specifications.

**Performance of Contractors/Consultants.**

Four (4) projects had issues on the performance of contractors/consultants, such as failure of contractor/consultant to deliver on expected services or the required specifications.

**Project Management Office (PMO) Manpower/Capacity.**

Three (3) projects were affected by limited PMO manpower/capacity due to low technical capacity of the PMO to manage/implement the program/project and increased coverage of projects that resulted in additional tasks for personnel, among others.

**Institutional Support.**

Three (3) projects had difficulties on institutional support, where the program/project relies on complementary support from the government, non-government organizations (NGO), civil society organization (CSO) or wherein that support was withdrawn, varied, or deemed inadequate.

**Demand and Processing/Approval of Sub-projects.**

Three (3) projects encountered issues on approval of sub-projects due to low interest rates offered by credit firms and non-competitiveness of financing facilities.

**Sustainability and Operations and Maintenance (O&M).**

Four (4) projects experienced issues on sustainability and O&M due to absence of formal exit strategies and organizational changes that prevented the continuity of work or program/project outputs, services, or benefits.

**Inputs and Cost.**

Two (2) projects experienced issues on unavailability of required quantities of inputs, such as aggregate materials and funding shortfall due to forex fluctuation.

**Other Implementation Issues.**

One (1) project encountered issue on difficulty of the implementing agency to substantiate disbursement-linked indicators.

Thirteen (13) ODA-loan assisted projects were identified as actual problem projects for priority monitoring and facilitation based on the Alert Mechanism of the National Economic and Development Authority-Monitoring and Evaluation Staff (NEDA-MES) (see Box 5.1, page 60). These actual problem projects posted an availment backlog of USD709.61 million or 47 percent of the total availment backlog of the active ODA loans portfolio as of end of 2017. Nine (9) of these were identified to be in the Critical Stage (Alert Level II), having implementation issues that remained unresolved for at least six (6) months.

## **Assessment of Continued Viability of ODA Programs/Projects**

Twelve (12) ODA loans were restructured in 2017, with most of the request involving the extension of loan validity and/or implementation duration of five (5) projects. On the other hand, there are 16 ODA projects likely to be restructured in 2018, mostly involving change in scope and loan/grant validity extension.

## **Major Development Initiatives**

Various development initiatives were undertaken in 2017 by NEDA, in coordination with other government agencies, development partners, and stakeholders from the non-government sector. Some of the banner initiatives include: (a) crafting of the Philippine Development Plan (PDP) 2017-2022 and its Results Matrices; (b) conduct of impact evaluation studies and capacity building activities under the Monitoring and Evaluation (M&E) Fund; (c) establishment of the Project Facilitation, Monitoring, and Innovation Task Force; (d) supervision missions/implementation reviews for ODA projects; (e) search and conferment of 2017 Good Practice Awards; and (f) signing of a UNDP-NEDA Partnership Agreement towards more effective evaluation of the PDP and the Public Investment Program.

## **Lesson Learned**

Important lessons learned on project design, project scope, and implementation arrangement, as well as on procurement, are included in this Review Report.

## **Recommendations**

Recommendations to further improve ODA portfolio performance for 2018 and beyond are also included in this Review Report.

# About The ODA Portfolio Review

## Mandate

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

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

## Objectives

In compliance with the above mandates, NEDA conducted the annual reviews to:

- a. report on the status of all projects financed by ODA;
- b. identify key implementation issues, problems, actual or prospective causes (i.e., procurement delays, cost overrun), and cross-cutting concerns that hamper project implementation;
- c. report on actions taken by concerned agencies to facilitate project implementation;
- d. report results (outputs and outcomes) derived from implementing ODA programs and projects;
- e. formulate recommendations; and
- f. track developments on recommendations made in the past portfolio reviews.

## Methodology

This Review Report covers all ODA loan- and grant-assisted programs and projects that were signed, became effective, implemented or completed, or had its ODA financing closed/ended from January 1, 2017 to December 31, 2017. This report also covers projects of government-owned and -controlled corporations (GOCCs)/government financial institutions (GFIs) funded by foreign

lenders/development partners, wherein the borrowings are made pursuant to the original charters of GOCC/GFI or under special borrowing laws (amended Foreign Borrowings Act or RA No. 4860 of 1966).

The review process involved preparation of 15 individual agency reports which was complemented by consultations and discussions with 13 implementing agencies. NEDA undertook the review with the participation of oversight agencies (OAs) such as the Department of Budget and Management (DBM), Department of Finance (DOF), and the Commission on Audit (COA) and various development partners (DPs).

## Structure

This Review Report is organized into nine (9) sections including this introduction.

- Section 2 provides an overview of the ODA portfolio in 2017, with specific updates on ODA-funded Infrastructure Flagship Projects (IFPs) implemented under the *Build, Build, Build Program*.
- Section 3 reports on financial and physical performance of the ODA portfolio.
- Section 4 reports on results (outcomes and outputs).
- Section 5 discusses key implementation issues and problematic projects in 2017.
- Section 6 provides an assessment of the continued viability of ODA programs/projects.
- Section 7 highlights the major development initiatives in 2017.
- Sections 8 and 9 present the important lessons learned derived in the project/program implementations and the recommendations for 2018 and beyond, respectively.

# ODA PORTFOLIO

The total ODA portfolio as of December 2017 amounted to USD14.77 billion, consisting of 70 loans worth USD12.30 billion (83% of the total portfolio), and 352 grants worth USD2.47 billion (17% of the total portfolio). These ODA support 60 loan programs and projects and 352 grant projects.

*Table 2.1 Composition of the ODA Portfolio*

ODA	Count	Amount (in USD billion)	Number of Programs/ Projects Supported by ODA <sup>3</sup>
<b>Loans</b>	<b>70</b>	<b>12.30</b>	<b>60</b>
Programs	12	3.43	9
Projects	58	8.87	51
<b>Grants</b>	<b>352</b>	<b>2.47</b>	<b>352</b>
Projects	352	2.47	352
<b>TOTAL</b>	<b>422</b>	<b>14.77</b>	<b>412</b>
Programs	12	3.43	9
Projects	410	11.34	403

## ODA Distribution

### By Implementing Agency

As of 2017, the Department of Transportation (DOTr) had the largest share of the active ODA portfolio with 24 percent (USD3.51 billion for 11 loans and 4 grants), followed by the Department of Public Works and Highways (DPWH) with 15 percent (USD2.14 billion for 17 loans and 6 grants) and Department of Social Welfare and Development (DSWD) with 14 percent (USD2.13 billion for 5 loans and 7 grants).

*Table 2.2 ODA Distribution by Implementing Agency*

IA	Loans	Grants	Total Count	Loan Net Commitment (USD Million)	Grant Amount (USD Million)	Total ODA (USD Million)	% Share on Total ODA
DOTr	11	4	15	3,493.26	13.22	3,506.48	23.74
DPWH	17	6	23	2,096.89	94.31	2,191.20	14.83
DSWD	5	7	12	2,101.10	32.26	2,133.36	14.44

<sup>3</sup> A program/project may be supported by two or more loans and a loan may support one or more program/projects





IA	Loans	Grants	Total Count	Loan Net Commitment (USD Million)	Grant Amount (USD Million)	Total ODA (USD Million)	% Share on Total ODA
DOF	6	5	11	1,567.75	7.21	1,574.96	10.66
DepEd	2	10	12	600.00	320.99	920.99	6.23
DA	6	31	37	615.18	50.29	665.47	4.50
LBP	3	5	8	411.71	33.88	445.59	3.02
DAR	7	1	8	402.72	2.17	404.89	2.74
NIA	3	1	4	333.05	21.76	354.81	2.40
DENR	3	31	34	200.58	132.52	333.10	2.25
DOH	-	25	25	-	282.70	282.70	1.91
DBP	1	-	1	219.81	-	219.81	1.49
MINDA	-	2	2	-	166.57	166.57	1.13
DOE	2	6	8	40.24	100.35	140.59	0.95
MWSS	1	1	2	123.30	1.00	124.30	0.84
LWUA	2	1	3	72.01	2.00	74.01	0.50
DILG	1	10	11	24.13	38.22	62.35	0.42
Other IAs	-	70	70	-	392.91	392.91	2.66
DP-Implemented	-	90	90	-	417.86	417.86	2.83
Multi-Agency	-	32	32	-	295.53	295.53	2.00
LGU-Implemented	-	14	14	-	65.31	65.31	0.44
<b>TOTAL</b>	<b>70</b>	<b>352</b>	<b>422</b>	<b>12,301.74</b>	<b>2,471.05</b>	<b>14,772.79</b>	<b>100.00</b>

## By Sector

ODA programs and projects are classified into five (5) sectors: Agriculture, Agrarian Reform, and Natural Resources (AARNR); Governance and Institutions Development (GID); Industry, Trade, and Tourism (ITT); Infrastructure Development (INFRA); and Social Reform and Community Development (SRCD).

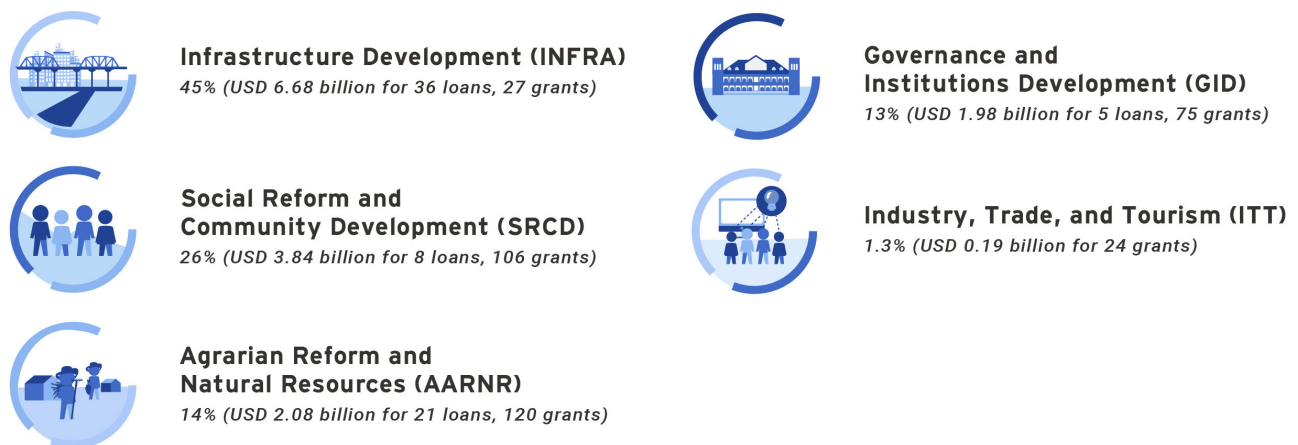
*Table 2.3 Sector Classification*

Sector	Key Activities/Components	
	AARNR	Farm-to-market roads and bridges, irrigation systems/facilities, agriculture and enterprise development, agricultural credit, multi-purpose buildings, flood protection, solar driers, warehouses, potable water supply, watershed conservation, forest management and agro-forestry, agribusiness, and environmental management (e.g., climate change, disaster risk reduction)

Sector		Key Activities/Components
	GID	Tax reforms, human resource development and management, judicial reforms, and local governance
	ITT	Trade and investment, environmental technologies in industries, and microfinance and microenterprise development
	INFRA	Power, energy, electrification, information communications technology, air, land (roads and bridges), rail, and water transportation, flood control and drainage, solid waste management, water supply and sanitation, and other public works (e.g., public markets, bus terminals)
	SRCD	Primary, secondary, and tertiary education, technical and vocational education training, arts, culture, and humanities education, maternal and child health services, hospital services, nutrition and population, social welfare and development, multi-purpose buildings, school buildings, potable water supply, and water, and sanitation and hygiene

The INFRA sector accounted for the largest share of the active ODA portfolio with 45 percent (USD6.62 billion for 63 loans/grants), followed by the SRCD sector with 26 percent (USD3.84 billion for 114 loans/grants), and the AARNR sector with 14 percent (USD2.08 billion for 141 loans/grants) (See Annex 2-A for the distribution of ODA by sector and subsector).

*Figure 2.1 ODA Distribution by Sector*



## By Region

### Box 2.1 ODA Classification by Area Coverage

The three (3) major classifications of area coverage are: (a) nationwide; (b) multi-regional; and (c) region-specific. Region-specific programs/projects are implemented in only one (1) region, multi-regional programs/projects are implemented in at least two (2) regions, while nationwide programs/projects are implemented in all regions of the country.

The regional cost is based on the submitted peso equivalent (which may be different from the ICC-approved costs) of loan and grant amount expressed in USD using the average ₱-USD exchange rate for the fourth quarter of 2017. For programs/projects with no information on regional cost as submitted by implementing agencies, ODA amounts are based on the submission of Funding Source.

Nationwide ODA programs/projects had the largest share of the total active ODA Portfolio as of end of 2017 with 40 percent share (USD5.51 billion for 209 projects), followed by multi-regional programs/projects with 38 percent share (USD5.10 billion for 110 projects), and region-specific programs/projects with 22 percent share (USD2.97 billion for 93 programs/projects).

Table 2.4 Distribution of ODA Loans and Grants by Area Coverage

Coverage	Loans			Grants			Total		
	Count	Net Commitment (USD million)	% Share on Amount	Count	Grant Amount (USD million)	% Share on Amount	Count	ODA Amount (USD million)	% Share on Amount
<b>Nationwide</b>	<b>17</b>	<b>4,402.79</b>	<b>39.44</b>	<b>192</b>	<b>1,107.35</b>	<b>45.81</b>	<b>209</b>	<b>5,510.14</b>	<b>40.57</b>
Program loans	7	3,129.90	28.03	-	0	-	7	3,129.90	23.05
Projects	10	1,069.23	9.58	192	1,019.44	42.18	202	2,088.67	15.38
Component <sup>4</sup> only	-	137.01	1.23	-	87.71	3.63	-	224.72	1.65
Central Office <sup>5</sup>	-	66.65	0.60	-	0.2	0.01	-	66.85	0.49

4 Nationwide component of a multi-regional program/project

5 Cost lodged in the Central Office of the implementing agencies



Coverage	Loans			Grants			Total		
	Count	Net Commitment (USD million)	% Share on Amount	Count	Grant Amount (USD million)	% Share on Amount	Count	ODA Amount (USD million)	% Share on Amount
<b>Multi-regional</b>	<b>20</b>	<b>4,294.90</b>	<b>38.47</b>	<b>90</b>	<b>803.73</b>	<b>33.25</b>	<b>110</b>	<b>5,098.63</b>	<b>37.54</b>
With regional cost breakdown	6	1,379.08	12.35	17	19.74	0.82	23	1,398.82	10.30
Without regional cost breakdown	14	2,915.82	26.12	73	783.99	32.44	87	3,699.81	27.24
Region-specific	23	2,466.67	22.09	70	506.03	20.94	93	2,972.70	21.89
<b>TOTAL</b>	<b>60</b>	<b>11,164.37</b>	<b>100.00</b>	<b>352</b>	<b>2,417.11</b>	<b>100.00</b>	<b>412</b>	<b>13,581.48</b>	<b>100.00</b>

Meanwhile, the top five (5) regions that received the largest share of the ODA portfolio were: National Capital Region (NCR) (21%), Region III (13%), Region VIII (8%), Region VI (8%), and Region VII (7%).

Figure 2.2 Regional Distribution of Total ODA Loans and Grants

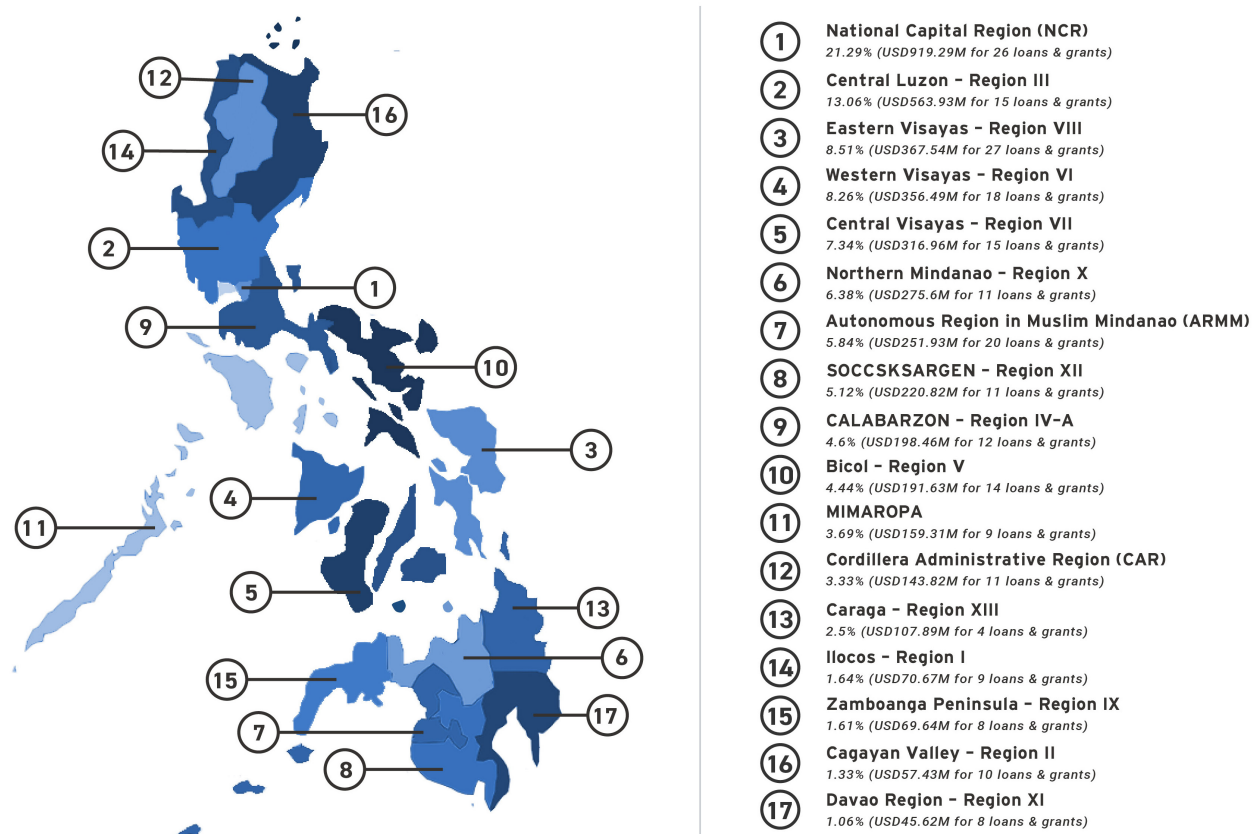


Table 2.5 Regional Distribution of ODA Loans and Grants

Loans				Grants			
Region	Count	Net Commitment (USD million)	% Share on Amount	Region	Count	Grant Amount (USD million)	% Share on Amount
NCR	6	883.75	22.98	ARMM	14	215.52	40.99
Central Luzon - Region III	11	562	14.61	VIII	18	94.33	17.94
Western Visayas - Region VI	9	326.82	8.5	NCR	20	90.03	17.12
Central Visayas - Region VII	10	295.98	7.7	VI	9	29.67	5.64
Northern Mindanao - Region X	8	275.11	7.15	II	7	25.58	4.87
Eastern Visayas - Region VIII	9	273.21	7.1	IV-A	7	24.51	4.66
SOCCSKSARGEN - Region XII	5	211.22	5.49	VII	5	20.98	3.99
Bicol - Region V	7	189.37	4.92	XII	6	9.6	1.83
CALABARZON - Region IV-A	5	173.95	4.52	XI	3	4.53	0.86
MIMAROPA	6	155.59	4.05	MIMAROPA	3	3.72	0.71
CAR	9	143.14	3.72	V	7	2.26	0.43
Caraga - Region XIII	4	107.89	2.81	III	4	1.93	0.37
Ilocos - Region I	6	69.28	1.8	I	3	1.38	0.26
Zamboanga Peninsula - Region IX	6	69.08	1.8	CAR	2	0.68	0.13
Davao Region - Region XI	5	41.09	1.07	IX	2	0.56	0.11
ARMM	6	36.42	0.95	X	3	0.48	0.09
Cagayan Valley - Region II	3	31.85	0.83	Caraga	-	0	-
<b>TOTAL</b>	<b>-</b>	<b>3,845.32</b>	<b>100</b>	<b>TOTAL</b>	<b>-</b>	<b>525.76</b>	<b>100.00</b>

Note: Includes region-specific programs/projects and multiregional ODA with regional cost breakdown

## By Fund Source



20%



21%



36%

Japan, through the JICA, provided the bulk ODA assistance to the country accounting for 36 percent share (USD5.33 billion for 36 loans/grants) of the active ODA portfolio, followed by WB with 21 percent (USD3.07 billion for 26 loans/grants) and ADB with 20 percent (USD2.97 billion for 37 loans/grants). Table 2.6 provides the percentage distribution of active ODA by fund source.

*Table 2.6 Total ODA by Fund Source in USD million*

Fund Source	Loans	Grants	Total Count	Loan Net Commitment (USD million)	Grant Amount (USD million)	Total ODA (USD million)	% Share on Amount
Japan	23	13	36	5,168.08	157.07	5,325.15	36.05
WB	11	15	26	3,023.53	49.30	3,072.82	20.80
ADB	15	22	37	2,874.65	92.30	2,966.94	20.08
USA	-	50	50	-	730.53	730.53	4.95
Australia	-	60	60	-	648.70	648.70	4.39
Korea	5	15	20	480.74	89.86	570.60	3.86
UN System*	6	111	117	125.89	275.31	401.20	2.72
France	4	8	12	302.67	10.90	313.57	2.12
EU	-	10	10	-	220.60	220.60	1.49
AIIB	1	-	1	207.60	-	207.60	1.41
Germany	1	10	11	12.01	76.15	88.16	0.60
China	2	-	2	-	63.60	63.60	0.43
OFID	1	2	3	51.61	-	51.61	0.35
Italy	-	21	21	30.84	6.01	36.85	0.25
Canada	1	-	1	-	31.17	31.17	0.21
Austria	-	9	9	24.13	-	24.13	0.16
Spain	-	3	3	-	10.99	10.99	0.07
New Zealand	-	3	3	-	8.55	8.55	0.06
<b>TOTAL</b>	<b>70</b>	<b>352</b>	<b>422</b>	<b>12,301.74</b>	<b>2,471.05</b>	<b>14,772.79</b>	<b>100.00</b>

*Note \*UN System is composed of FAO, IFAD, ILO, IOM, UN HABITAT, UN WOMEN, UNAIDS, UNDP, UNFPA, UNICEF, UNIDO, UNOPS, WFP, and WHO.*

## ODA on Climate Change (CC) Adaptation and Mitigation and Disaster Risk Reduction (DRR)

Twenty-eight (28) programs and projects (loans and grants) with a total cost of ₱94.45 billion were identified to have components on CC strategies/interventions and DRR. The complete list of loans and grants supporting climate change mitigation/adaptation and disaster risk reduction is provided in Annex 2-B.

Table 2.7 ODA Addressing Climate Change Adaptation and Mitigation and Disaster Risk Reduction<sup>6</sup>

CC and DRR Initiatives	Fund Source				Total	
	Loans		Grants			
	Count	Cost (₱ Million)	Count	Cost (₱ Million)	Count	Cost (₱ Million)
CC Adaptation	7	34,532.18	4	1,974.42	11	36,506.60
CC Mitigation	2	1,017	4	67.055	6	1,084.06
DRR	2	35,187	-	-	2	35,187
CC Adaptation & Mitigation	4	1,978.59	-	-	4	1,978.59
CC Mitigation & DRR	1	1.13	-	-	1	1.13
CC Adaptation and Mitigation and DRR	3	19,683.22	1	7.9	4	19,691.12
Total by Component	19	92,399.07	9	2,049.37	28	94,448.44

### Box 2.2 Climate Change (CC) Adaptation and Mitigation and Disaster Risk Reduction (DRR)

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

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

Meanwhile, the ADB defines DRR as a “series of interconnected actions to minimize disaster vulnerability by avoiding (prevention) or limiting (mitigation and preparedness) the adverse effects of hazards within the broad context of sustainable development.”

DRR is also an integral component of CC adaptation.

<sup>6</sup> A program/project may contribute to more than one component under CC and DRR initiatives, thus total count and cost may not tally.

## Sustainable Development Goals (SDGs)

### Box 2.3 Sustainable Development Goals (SDGs)

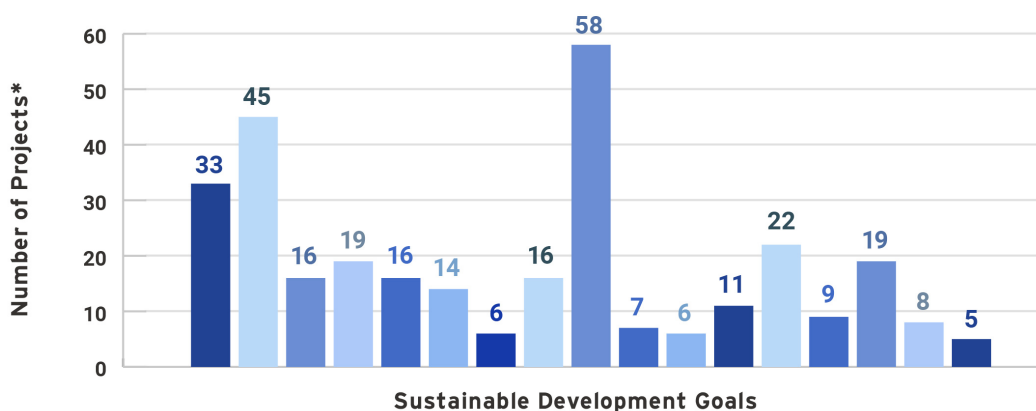
Built on the success of the Millennium Development Goals and anchored on the 2030 Agenda, the SDGs are universal set of goals aimed towards ending poverty, protecting the planet, and ensuring that all people enjoy peace and prosperity. Adopted in September 2015 and made effective in January 2016, 193 partner countries of the United Nations commit to uphold the achievement of the following goals by 2030:



Image source: UNDP Website

For 2017, a total of 131 ODA programs and projects supported the achievement of the 17 SDGs. There are 70 programs and projects that contribute to a specific goal, while the remaining 61 supported at least one (1) goal. For example, a road network project connecting residences, hospitals, and schools contributes to various goals such as Good Health and Well-being (SDG3), Quality Education (SDG4), and Industry, Innovation, and Infrastructure (SDG9). Likewise, an intervention on the education sector indirectly contributes to Peace, Justice, and Strong Institutions (SDG16), and Gender Equality (SDG5). It should be noted that most of the programs/projects in the active ODA portfolio (58 out of 131) support the achievement of SDG9 (see Annex 2-C for the list of ODA loans and grants supporting the SDGs).

Figure 2.3 ODA Loans and Grants Supporting the SDGs



Note: \*A project may contribute to one or more SDG.

### Promoting Gender-Responsiveness of Projects

Pursuant to RAs No. 7192 (Women in Development and Nation-Building Act) and 9710 (Magna Carta of Women), NEDA has been tracking the amount of ODA allotted for gender-responsive programs and projects since 2007. The Harmonized Gender and Development Guidelines has been used as the tool in monitoring the gender-responsiveness of ODA programs and projects.

In 2017, nine (9) implementing agencies with ODA loans and grants provided information on the gender-responsiveness of their projects. These are DA, DAR, DENR, DepEd, DOTr, DPWH, DSWD, LWUA, and OPAPP. Ten (10) projects with a total project cost of ₱114.45 billion were classified as gender-responsive. The complete list for each classification is provided in Annex 2-D.

Table 2.8 Classification of ODA Projects by Gender-Responsiveness

Classification	No. of Projects	Total Project Cost (₱ Million)
Gender-responsive	10	114,447.00
Gender-sensitive	10	26,434.25
With promising GAD prospects	9	79,850.74
GAD is invisible in the project	2	10,878.19
<b>TOTAL</b>	<b>31</b>	<b>231,610.18</b>

# ODA Status

## ODA Loans

The loans portfolio in 2017 amounted to USD12.30 billion<sup>7</sup> composed of 58 project loans and 11 program loans worth USD8.87 billion (72%) and USD3.43 billion (28%), respectively. These loans support 51 projects<sup>8</sup> and nine (9) programs<sup>9</sup>. Annex 2-E provides for the list of loans, Annex 2-F the total project cost of ODA loans, and Annex 2-G the description of programs and project loans.

### **Box 2.4 Concessionalities of ODA Loans to the Philippines**

The grant element is a measure of the concessionalities of a loan calculated as the difference between the face value of a loan and the discounted present value of the service payments the borrower will make over the lifetime of the loan, expressed as a percentage of the face value (OECD).

Pursuant to the amended RA 8182 (ODA Act), ODA must contain a grant element of at least 25 percent. DOF computes for the grant element of direct loans of the National Government (NG); hence, excludes foreign borrowings/foreign loans of GOCCs/GFIs (usually guaranteed by the NG), which are incurred pursuant to their original charter or under special borrowing laws (e.g., Foreign Borrowings Act, as amended).

For the ten (10) newly signed direct loans of the NG in 2017, the weighted average grant element computed by DOF is 62 percent. The financing terms of development partners, (i.e., interest rate, maturity or interval to final payment), and grace period (interval to first payment of capital) are presented in Annex 2-H. Meanwhile, Annex 2-I presents the grant element of all active ODA loans as of 2017.

<sup>7</sup> Net of cancellations amounting to USD408.93 million

<sup>8</sup> Six (6) projects were financed by two (2) loans each, one (1) project supported by three (3) loans, and two (2) projects financed by one (1) loan

<sup>9</sup> One (1) program supported by three (3) loans

### Box 2.5 2017 ODA Loans Net Commitment in Original Currency

Loans were contracted in their original currencies as follows:

Currency	Loan Count	Amount in Original Currency (Millions)	Amount in USD Million
USD	35	6,648.45	6,648.45
JPY	23	583,412.59	5,168.08
EUR	9	364.03	428.66
SDR*	3	40.09	56.55
<b>TOTAL</b>	<b>70</b>	-	<b>12,301.74</b>

\*Special Drawing Rights

For the purpose of analysis and reporting, the non-US Dollar denominated loans were converted to US Dollars using the BSP average monthly foreign exchange rates for the last quarter of 2017.

The loans portfolio in 2017 decreased by USD192.95 million compared with 2016 commitment level. Eleven (11) loans (USD1.62 billion) were newly signed in 2017 while the remaining 59 loans (USD10.68 billion) were continuing from previous years. A comparison of the 2016 and 2017 ODA loans portfolios by status is shown in Table 2.9. Meanwhile, Annex 2-J shows the magnitude of the ODA loans portfolios in the past ten (10) years.

Table 2.9 2016 and 2017 Status of Loans in USD Million

Status	2016		2017	
	Amount	Count	Amount	Count
<b>New</b>	<b>2,141.16</b>	<b>11</b>	<b>1,618.76</b>	<b>11</b>
Not Yet Effective	491.63	4	1,473.37	8
Effective	1,595.56	6	145.39	3
Closed	53.98	1	-	-
<b>Continuing from Previous Years</b>	<b>10,353.53</b>	<b>58</b>	<b>10,682.98</b>	<b>59</b>
Not Yet Effective	-	-	33.58	1
Newly-Effective	2,272.35	3	205.76	2
Ongoing	6,861.65	45	9,350.28	49
Closed	1,219.53	10	1,093.35	7
<b>TOTAL</b>	<b>12,494.69</b>	<b>69</b>	<b>12,301.74</b>	<b>70</b>

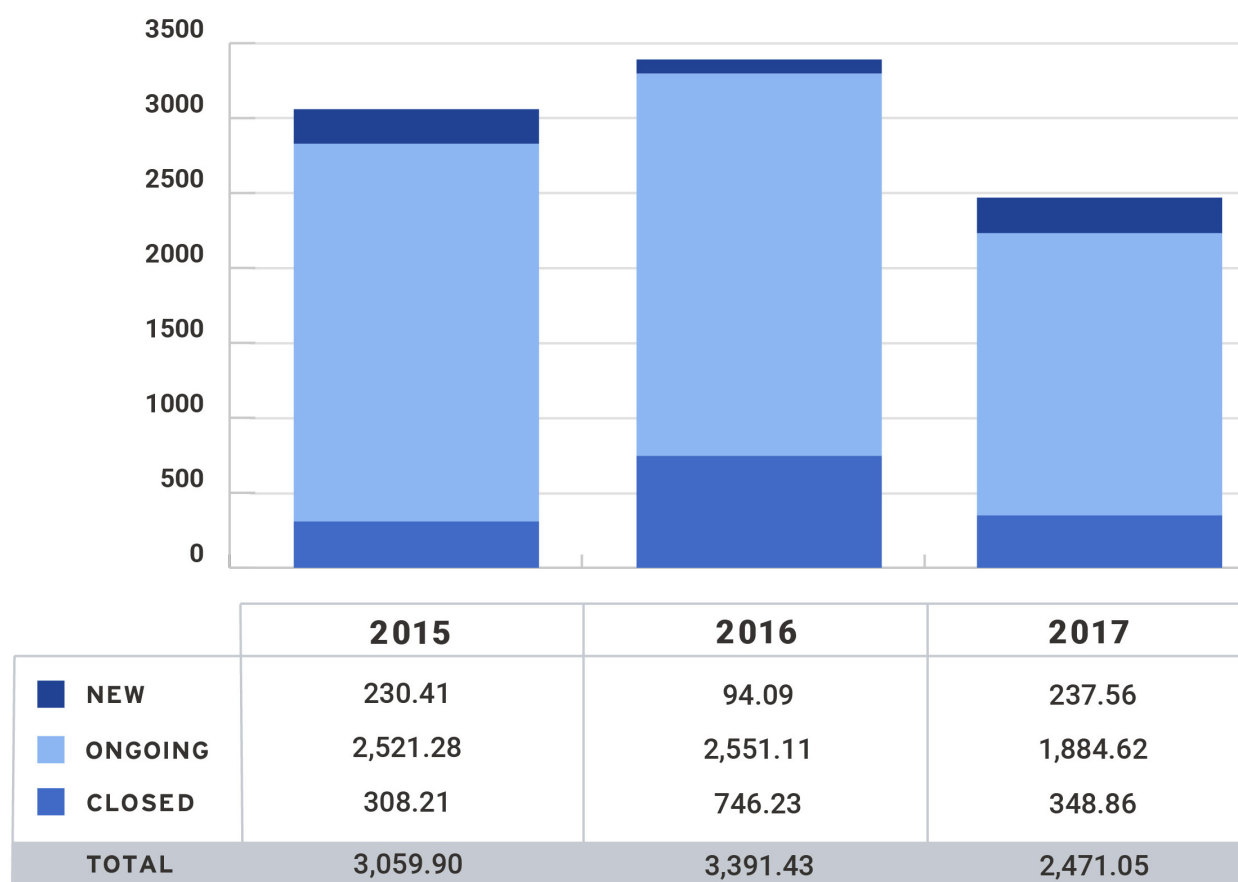


Eleven (11) loans were newly signed in 2017. Five (5) loans became effective; of which, three (3) loans were newly-signed within the year while the other two (2) were signed in previous years. The remaining seven (7) loans are not yet effective as of December 2017. The Integrated Marine Environment Monitoring System Phase 2 funded by France has yet to be made effective since it was signed in 2016.

## ODA Grants

The ODA Grants portfolio as of year-end 2017 consisted of 352 active ODA grant-assisted projects with assistance from 29 Development Partners (DPs). Covered in this Review Report are 58 new and 294 grants continuing from previous years with a total grant amount of USD2.47 billion. Of the continuing grants, 235 are still ongoing while 59 already closed in 2017 (see Figure 2.4). See Annex 2-K for the list of ODA grants covered in this report.

*Figure 2.4 ODA Grants Magnitude in USD million (2015 to 2017)*



### **Box 2.6 Other DP-Assisted Programs and Projects (Non-ODA)**

This Review Report only covers DP assistance where the Government of the Philippines is the implementing/executing agency, and/or a direct beneficiary.

However, 15 DPs reported supplemental information on grants channeled through CSOs including NGOs and private sector groups (see *Annex 2-L for the list of non-ODA grants*). As of year-end 2017, there were 51 programs/projects under the said category with total amount of USD240.06 million.

## **Build, Build, Build Program**

Out of the 75 Infrastructure Flagship Projects (IFPs) under the Build, Build, Build Program, 35 projects have been approved by the NEDA Board as of May 2018. Among these 35 IFPs, 25 projects will be funded through ODA, with 11 projects confirmed for funding by the following fund sources: China (3 loans, 2 grants); Japan (4 loans); and Korea (2 loans). Further, 12 IFPs are under negotiations for possible financing by ADB and China. Meanwhile, two (2) projects with identified ODA sources are being reviewed.

Table 2.10 shows the status of the 11 projects with confirmed ODA funding (i.e., with agreements already signed or for signing within 2018).

*Table 2.10 Status of 12 IFPs with Confirmed ODA Funding*

Status	Projects/IA/DP	IA	Fund Source
Financing	New Cebu International Container Port	DOTr	Korea
Procurement	New Centennial Water Source - Kaliwa Dam Project	MWSS	China
	PNR South Long-haul (Manila - Bicol)	DOTr	China
Detailed Engineering Design	Cavite Industrial Area Flood Management Project	DPWH	Japan
	Metro Manila Subway Project - Phase 1	DOTr	Japan
	Panguil Bay Bridge Project	DPWH	Korea
	Estrella-Pantaleon Bridge	DPWH	China
	Binondo-Intramuros Bridge/	DPWH	China
	PNR South Commuter Line (Tutuban - Los Baños)	DOTr	Japan
	PNR North 2 (Malolos - Clark Airport - Clark Green City Rail)	DOTr	Japan
Civil Works	Chico River Pump Irrigation Project	NIA	China



**Box 2.7 Infrastructure Flagship Projects**  
**The Government's Build, Build, Build Program**

The Duterte Administration, in its 10-point Socioeconomic Agenda, envisioned the reduction of poverty incidence from 21.6 percent in 2015, to 13 - 15 percent by 2022. Among the reforms that will drive this Agenda is the acceleration of infrastructure development across the country. As articulated in Chapter 19 of the Philippine Development Plan (PDP) 2017-2022, the government aims to increase infrastructure spending from 5.32 percent of the country's Gross Domestic Product in 2017 to 7.45 percent in 2022. Through the implementation of "high-impact" infrastructure projects, the government shall increase the productive capacity of the economy, create jobs, increase incomes, and strengthen the investment climate, all towards sustained inclusive growth.

On June 27, 2017, the NEDA Board Committee on Infrastructure and the Investment Coordination Committee (ICC) identified and approved 75 Infrastructure Flagship Projects (IFPs) (out of the thousands of projects listed in the Public Investment Program or PIP). These will be implemented by seven (7) government agencies namely Department of Public Works and Highways (DPWH), Department of Transportation (DOTr), Bases Conversion Development Authority (BCDA), National Irrigation Administration (NIA), Department of Energy (DOE), Department of Agriculture (DA), and the Metropolitan Waterworks and Sewerage System (MWSS).

# PERFORMANCE

## Loans Financial Performance

Financial performance was measured using four (4) indicators: (a) disbursement level; (b) disbursement rate; (c) availment rate; and (d) disbursement ratio.

### **Box 3.1 Definition of Absorptive Capacity Indicators**

**Disbursement Level** is the actual expenditures or draw-downs from loan proceeds for a given period.

**Disbursement Rate** is defined as the actual disbursement level as a percentage of target disbursement for the period. It reflects the planning and implementation capacities of project management offices.

**Availment Rate** is defined as the cumulative actual disbursements as a percentage of cumulative scheduled disbursement, both reckoned from the start of implementation up to the reporting period.

Typically, a project in its initial stage would register a close-to-zero availment rate. A project that has an availment rate closer to 100 percent signifies that it is likely on track, catching up, or past midway its implementation. Meanwhile, a project that is about to close, but still registers a comparably low availment rate, reflects that it has a large disbursement backlog and may require loan restructuring subject to ICC/NEDA Board action.

**Disbursement Ratio** is the ratio of actual disbursements for a given year to the loan balance available at the beginning of that year inclusive of newly effective loans. Disbursement ratio increases or improves with an increase in actual disbursement.

*Source: NEDA-Monitoring and Evaluation Staff*

### **2017 Financial Performance**

Compared with financial performance as of end 2016, all absorptive capacity indicators increased as of end of 2017. This may be attributed to the improved performance of project loans for the year. However, relative to the ODA loans financial performance for the past ten (10) years,

the 2017 performance is generally within or at the bottom three (3) annual performances. Annex 3-A provides the details on ODA loans financial performance for 2017 while Annex 3-B shows the historical financial performance of the ODA loans portfolio for the past ten (10) years.

*Table 3.1 ODA Loans Financial Performance (2016 vs. 2017)*

Financial Indicators	Count		TOTAL		Increase / (Decline) (%)
	2016	2017	2016	2017	
<b>Disbursement Level (USD Billion)</b>	<b>69</b>	<b>70</b>	<b>1,251.70</b>	<b>1,395.61</b>	<b>11.50</b>
Program	11	12	731.41	700.43	(4.24)
Project	58	58	520.29	695.18	33.61
<b>Disbursement Rate (%)</b>	<b>69</b>	<b>70</b>	<b>61.12</b>	<b>67.21</b>	<b>9.97</b>
Program	11	12	82.08	79.22	(3.49)
Project	58	58	44.97	58.30	29.65
<b>Availment Rate (%)</b>	<b>69</b>	<b>70</b>	<b>67.50</b>	<b>71.50</b>	<b>5.94</b>
Program	11	12	90.75	91.56	0.89
Project	58	58	59.14	64.06	8.32
<b>Disbursement Ratio (%)</b>	<b>69</b>	<b>70</b>	<b>12.91</b>	<b>16.66</b>	<b>29.06</b>
Program	11	12	29.53	35.10	18.87
Project	58	58	7.21	10.89	51.17

**Disbursement Level.** Overall disbursement level increased by about 12 percent from USD1.25 billion in 2016 to USD1.40 billion in 2017. Largest contributors to the portfolio disbursement level are three (3) program loans: (a) Local Government Finance and Fiscal Decentralization Reform Program – Sub-program 2 of DOF (USD250 million); (b) Philippines Social Welfare Development and Reform Project II of DSWD (USD220 million); and (c) Learning, Equity, and Accountability Program Support (LEAPS) of DepEd (USD129.40 million); and two (2) project loans for KALAHICIDSS of DSWD (USD239.01 million).

**Disbursement Rate.** The ten (10) percent increase in disbursement rate from 61 percent in 2016 to 67 percent in 2017 was due to six (6) project loans which exceeded the disbursement targets for 2017, namely: (a) DPWH's Road Improvement and Institution Development Project; (b) DPWH's Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River; (c) DAR's Mindanao Sustainable Agrarian and Agriculture Development Project; (d) DSWD's KALAHICIDSS National Community-Driven Development Project; (e) DPWH's Metro Manila Interchange Construction Project Phase VI; and (f) DA's Philippine Rural Development Project.

On the other hand, the top five (5) agencies that did not meet the disbursement targets for 2017 were DOTr, DSWD, NIA, DepEd, and DPWH which constituted 76 percent of the total shortfall of USD680.89 million (Table 3.2).

Table 3.2 Actual Loan Disbursement Shortfall by Implementing Agency

IA	Loan Count		Target Disbursement (USD Million)	Actual Disbursement (USD Million)	Disbursement Shortfall (USD Million)	% Share to GPH Disbursement Shortfall
	Total <sup>10</sup>	With shortfall				
DOTr	11	7	220.36	75.49	(144.87)	21.28
DSWD	5	3	672.33	560.04	(112.29)	16.49
NIA	3	3	115.90	12.95	(102.95)	15.12
DepEd	2	1	213.15	129.40	(83.75)	12.30
DPWH	17	10	237.66	164.98	(72.68)	10.67

**Availment Rate.** There was a four-percentage-point increase in availment rate from 68 percent in 2016 to 72 percent in 2017 due to projects catching up on disbursements. The top four (4) projects which caught up on availment schedules from 2016 to 2017 were: (a) DOTr's New Communications, Navigation and Surveillance/Air Traffic Management Systems Development; (b) DSWD's Philippines Social Welfare Development and Reform Project II; (c) LBP's Metro Manila Wastewater Management Project; and (d) DepEd's Learning, Equity, and Accountability Program Support (LEAPS). Thus, there was a noted reduction in cumulative availment backlog by USD207 million from USD1.72 billion in 2016 to USD1.52 billion in 2017.

Meanwhile, the top five (5) agencies that did not meet their respective scheduled availment as of 2017 were DPWH, DOTr, NIA, DepEd, and DENR. These contributed to 88 percent of the total availment backlog (see Table 3.3).

Table 3.3 Loan Availment Backlog by Implementing Agency

IA	No. of Loans		Scheduled Availment (USD Million)	Actual Availment (USD Million)	Availment Backlog (USD Million)	% Share to GPH Availment Backlog
	Total <sup>11</sup>	With Backlog				
DPWH	17	13	944.43	462.28	(482.15)	31.78
DOTr	11	7	716.25	318.16	(398.09)	26.24
NIA	3	3	318.46	77.80	(240.66)	15.86
DepEd	2	2	454.43	333.75	(120.68)	7.96
DENR	3	3	122.27	25.33	(96.95)	6.39

**Disbursement Ratio.** Disbursement ratio likewise increased from 13 percent to 17 percent in 2017. Five (5) of the program loans disbursed half (USD700.43 million) of the available loan balance

<sup>10</sup> Accounts the total number of loans of agencies with disbursement shortfall

<sup>11</sup> Accounts the total number of loans of agencies with availment backlog

from the beginning of the year. In addition, project loans showed about four-percentage-point improvement over the previous year's disbursement ratio.

### **Box 3.2 Types of Program Loans**

The two (2) types of program loans being implemented by the government are policy-based program loans and sector-based program loans. Policy-based program loans support structural reforms framed on certain policy conditionalities. Loan disbursements are not earmarked for activities/projects implemented by specific implementing agencies (IAs), but form part of the general cash envelope of the national government. On the other hand, sector-based program loans are used to finance IAs' regular activities under a specific sector. Budget allocations and cash releases to the IAs follow the GPH budget execution processes.

Program loans have lower transaction cost. Since 2006, the share of program loans supported structural reforms (i.e., budgetary support, tax reforms, and governance), sector-based approaches (i.e., social welfare, health, education, agriculture, environment, and socioeconomic development), and post-disaster reconstruction. In 2017, of the 11 active program loans, three (3) were policy-based approaches to support investment in local government finance and fiscal decentralization reforms and disaster-risk reduction. The remaining eight (8) were sector based program loans, which support activities for education, social welfare and development, infrastructure, and agriculture.

*See Annex 3-C for the performance of program loans.*

### **Financial Performance of Implementing Agencies**

Agencies were grouped into four (4) quadrants depending on the annual and historical financial performances of their ODA loans portfolios with respect to the 70 percent threshold for both the disbursement and availment rates.

As of end 2017, DA, DILG, DOF, and DSWD were able to post disbursement and availment rates higher than 70 percent. In particular, DA and DSWD improved in historical performance from below 70 percent availment rate in 2016 to above 70 percent in 2017. LBP improved in annual disbursement performance from below 70 percent in 2016 to 70 percent disbursement rate. On the other hand, DENR, DOE, DPWH, DOTr, LWUA, and NIA were not able to reach the 70 percent threshold for both availment and disbursement rates. Meanwhile, the annual performance of DENR and DPWH projects worsened from above 70 percent disbursement rate in 2016 to below 70 percent in 2017. (Table 3.4).

Table 3.4 Financial Performance by Agency

Historical and Annual Financial Indicators*	Below 70 percent Availment Rate	70 percent and Above Availment Rate
70 percent and Above Disbursement Rate	-	↑DA, DILG, DOF**, ↑DSWD
Below 70 percent Disbursement Rate	↓DENR, DOE, ↓DPWH, DOTr, LWUA, NIA	DBP, DepEd, DAR, →LBP, MWSS

\* Movement across quadrants from prior year's performance is indicated by the direction arrows beside the IA.

\*\* DOF loans are budget-support program loans which are usually disbursed in few large tranches.

## Commitment Fees

Total commitment fees (CFs) paid in 2017 amounted to USD3.76 million, slightly higher than the CFs paid in 2016 (Table 3.5). Annex 3-D shows annual data on the CFs paid from 2004 to 2017. About 33 percent of CFs paid in 2017 was attributed to implementation delays (Refer to Box 3.3).

Table 3.5 Commitment Fees Paid in 2016 and 2017

	2016	2017
<b>A. Commitment Fees Paid (USD M)</b>	<b>3.15</b>	<b>3.76</b>
Due to Cost of Financing	1.59	2.51
Due to Delays	1.56	1.25
<b>B. Net Commitment (USD M)</b>	<b>12,205.49</b>	<b>11,910.34</b>
<b>C. Ratio of A to B (%)</b>	<b>0.03</b>	<b>0.03</b>

### Box 3.3 Commitment Fees Attributable to Implementation Delay and as Cost of Financing

Commitment fee is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum [example: 0.75% (rate) x USD10 million (undisbursed amount) = USD75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion thereof (base), which approximates, or may be bigger than the amount scheduled to be disbursed due to availment backlogs. Thus, even when there is no implementation delay, a certain amount of commitment fee would still be charged as purely cost of financing.

Implementation delay only increases the amount.

A review was conducted to estimate how much of the commitment fees paid in 2017 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay were calculated by: (a) deducting computed commitment fees assuming 100 percent availment rate to the actual commitment fees paid, or (b) applying the rate to the backlog (scheduled availment less actual availment). The result of the analysis showed that approximately 33 percent of commitment fees paid in 2017 may be attributed to implementation delays.



The top six (6) projects with the highest contribution to total CFs attributed to implementation delays are shown in Table 0.6. These projects collectively accounted for 70 percent of CFs paid due to implementation delays (See Annex 3-E for cumulative CFs paid in 2017 and prior years, Annex 3-F for the annual amount of CFs paid by implementing agency from 2012 to 2017, Annex 3-G, and Annex 3-H for the cumulative CFs incurred by projects with active loans as of year-end 2017).

*Table 3.6 Projects with Highest CFs Paid in 2017 due to Implementation Delays*

Project Title/IA/Fund Source	CFs Paid in 2017 due to Delays (in USD Million)
Capacity Enhancement of Mass Transit Systems in Metro Manila/DOTr/JICA	0.21
Road Upgrading and Preservation Project/DPWH/JICA	0.18
Central Luzon Link Expressway Project/DPWH/JICA	0.16
Senior High School Support Program/DepEd/ADB	0.13
KALAHI-CIDSS National Community Driven Development Program/DSWD/ADB	0.11
Integrated Natural Resources and Environmental Management Project/DENR/ADB	0.08
<b>TOTAL</b>	<b>0.88</b>

Meanwhile, of the active ODA loans as of year-end 2017, the five (5) projects which incurred the largest cumulative CFs since loan effectivity until year-end 2017 are shown in Table 3.7.

*Table 3.7 Top Five Projects which Incurred Highest CFs*

Project Title/IA/Fund Source	Total CFs Paid (in USD Million)
Social Protection Support Project/DSWD/ADB	2.6
Road Upgrading and Preservation Project/DPWH/JICA	2.13
Capacity Enhancement of Mass Transit Systems in Metro Manila/DOTr/JICA	1.62
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project/DOE/ADB	1.54
Central Luzon Link Expressway/DPWH/JICA	1.08
<b>Sub-Total</b>	<b>8.96</b>
<b>Cumulative CFs paid for Active Loans</b>	<b>16.49</b>

## Grants Financial Performance

Grants financial performance was measured in terms of utilization level<sup>12</sup>. The utilization level of the active grants reached USD1.67 billion, posting a utilization rate<sup>13</sup> of 68 percent against the total grant amount of USD2.47 billion. This reflects a five -percentage-point increase in utilization rate compared to the same period last year (63%).

### By Fund Source

The top three (3) fund sources which posted the largest utilization level are USA, Australia, and the UN System with USD561.31 million, USD394.17 million, and USD200.42 million, respectively.

Table 3.8 Grant Utilization as of 2017 by Fund Source

Fund Source	No. of Projects	Grant Amount (USD Million)	Utilization (USD Million)	% Share to Total	Utilization Rate
USA	50	730.53	561.31	33.62	76.84
Australia	60	648.70	394.17	23.61	60.76
UN System*	111	275.31	200.42	12.00	72.80
EU	10	220.60	183.93	11.02	83.38
Japan	13	157.08	82.34	4.93	52.42
ADB	22	92.30	60.93	3.65	66.01
Korea	15	89.86	62.49	3.74	69.54
Germany	10	76.15	63.28	3.79	83.09
China	3	63.60	1.31	0.08	2.07
WB	15	49.30	19.24	1.15	39.02
Canada	21	31.17	14.39	0.86	46.17
Spain	9	10.99	9.13	0.55	83.09
France	8	10.90	2.87	0.17	26.30
New Zealand	3	8.55	8.20	0.49	95.84
Italy	2	6.01	5.68	0.34	94.45
<b>TOTAL</b>	<b>352</b>	<b>2,471.05</b>	<b>1,669.69</b>	<b>100.00</b>	<b>67.57</b>

Note: \*UN System is composed of FAO, IFAD, ILO, IOM, UN HABITAT, UN WOMEN, UNAIDS, UNDP, UNFPA, UNICEF, UNIDO, UNOPS, WFP, and WHO.

12 Utilization level is the cumulative disbursements of grants reckoned from grant agreement effectivity dates.

13 Utilization rate is computed as the utilization level over the total grant amount.

## Physical Performance

### Overall GPH ODA Portfolio (Loans and Grants)

Out of the 407 active ODA loan or grant-assisted programs and projects (55 loans and 352 grants), 79 were physically complete (19%), 271 were on-schedule (67%), 52 were behind schedule (13%), and five (5) were closed with incomplete outputs (1%) (Table 3.9). (Refer to Annex 3-I for loans and Annex 3-J for grants).

*Table 3.9 Physical Status of ODA Programs and Projects as of end of 2017*

Physical Status	No. of Projects			% Share on Count	ODA Amount (in USD Million)			% Share on Amount
	Loan <sup>14</sup>	Grant	Total		Loan	Grant	Total	
Completed	6	73	79	19.41	617.66	584.51	1,202.17	9.10
On schedule	24	247	271	66.58	7,563.06	1,758.38	9,321.44	70.59
Behind Schedule	23	29	52	12.78	2,437.86	108.92	2,546.78	19.29
Closed with incomplete outputs	2	3	5	1.23	115.41	19.24	134.65	1.02
<b>TOTAL</b>	<b>55</b>	<b>352</b>	<b>407</b>	<b>100.00</b>	<b>10,733.99</b>	<b>2,471.05</b>	<b>13,205.04</b>	<b>100.00</b>

### Physical Performance of ODA Loan-assisted Programs and Projects by Implementing Agency



*Installation of hexapods and construction of revetment wall along a portion of the Cagayan River in the Municipality of Enrile, Cagayan.*

<sup>14</sup> Excludes three (3) budget support program loans (US\$1.10 billion) and two (2) project loans (US\$210.84 million) that have not yet started



*Rehabilitation of the Lower Binahaan River Irrigation System (Lateral Canal) under PIDP was completed on-schedule on December 2017.*

DPWH has the most number of projects that are on schedule, followed by DOTr, DA, DSWD, and LBP (see *Table 3.10*). For details on reasons for delays, refer to Section 5 (Key Implementation Issues).

*Table 3.10 Physical Status of ODA Loan-assisted Programs and Projects by IA*

Implementing Agency	Physical Status (Count of Projects)				Total Count
	Completed	On Schedule	Behind Schedule	Closed with Incomplete Outputs	
DA	2	2	2	-	6
DAR	-	-	5	1	6
DBP	1	-	-	-	1
DENR	-	-	2	-	2
DepEd	-	-	2	-	2
DILG	-	-	1	-	1
DOE	-	-	1	-	1
DOTr	2	6	2	-	10
DPWH	-	9	6	-	15
DSWD	-	2	-	-	2
LBP	1	2	-	-	3
LWUA	-	1	-	1	2
MWSS	-	1	-	-	1
NIA	-	1	2	-	3
<b>TOTAL</b>	<b>6</b>	<b>24</b>	<b>23</b>	<b>2</b>	<b>55</b>

## Physical Performance of ODA Grant-assisted Projects by Fund Source

In terms of fund source, the UN System has the most projects that are on schedule, followed by Australia and USA (see Table 3.11).

*Table 3.11 Physical Status of ODA Grant-assisted Projects by Fund Source*

Fund Source	Physical Status (Count of Projects)				Total Count
	Completed	On Schedule	Behind Schedule	Closed with Incomplete Outputs	
ADB	13	2	7	-	22
Australia	6	54	-	-	60
Canada	1	18	2	-	21
China	1	2	-	-	3
EU	4	6	-	-	10
France	1	5	2	-	8
Germany	2	7	-	1	10
Japan	3	10	-	-	13
Italy	-	-	2	-	2
Korea	5	4	6	-	15
New Zealand	-	3	-	-	3
Spain	3	2	4	-	9
UN System	13	95	2	1	111
USA	17	33	-	-	50
WB	4	6	4	1	15
<b>TOTAL</b>	<b>73</b>	<b>247</b>	<b>29</b>	<b>3</b>	<b>352</b>

# RESULTS

## Project/Program Results Contributing to the Philippine Development Plan and Results Matrices Sector Objectives

### Box 4.1 Outcomes Contributing to the Various PDP and RM Sector Objectives


The Philippine Development Plan (PDP) 2017 to 2022 is the first medium-term plan anchored on the 0-10 point Socioeconomic Agenda and is geared towards the *AmBisyon Natin 2040*. It also considers the country's international commitments such as the 2030 Sustainable Development Goals (SDGs). The Plan aims to lay a solid foundation for inclusive growth, a high-trust society, and a globally-competitive economy towards the attainment of the national long-term vision by 2040. Its accompanying Results Matrices (RM) provide results orientation to the Plan by providing an indicator framework to the Plan objectives.

ODA programs and projects are implemented in support of the strategies of the government to attain the development objectives of the PDP and the RM.

Source: [www.pdp.neda.gov.ph](http://www.pdp.neda.gov.ph)

For 2017 ODA review, 28 programs and projects were reported to have contributed to 30 sector outcome indicators in five (5) chapters of the 2017-2022 PDP-RMs (see *Table 4.1* and *Table 4.2*).

*Table 4.1 ODA Projects and Programs with Reported Results Contributing to the PDP*

PDP (2017-2022) Chapter		No. of Projects/Programs <sup>15</sup>	No. of PDP-RM Indicators
	Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries	5	6

<sup>15</sup> One (1) project/program may contribute to several outcome indicators in more than one chapter of the PDP





PDP (2017-2022) Chapter		No. of Projects/ Programs <sup>15</sup>	No. of PDP-RM Indicators
	Chapter 10: Accelerating Human Capital Development	5	3
	Chapter 11: Reducing Vulnerability of Individuals and Families	2	3
	Chapter 19: Accelerating Infrastructure Development	18	14
	Chapter 20: Ensuring Ecological Integrity, Clean and Healthy Environment	5	4

Table 4.2 Projects/Programs Aligned with the PDP-Results Matrices

RM Indicator	Outcome/ Results	Output
<b>Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries</b>		
Yield of major commodities increased	<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>Increase in palay yield in the agrarian reform communities in the municipalities of Kapangan and Kibungan in Benguet, and Dumalag in Capiz from 2.89 to 5.56 mt/ha</li> </ul>	<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>12,611 ha irrigated</li> <li>120 Communal Irrigation Systems (CIS)/Communal Irrigation Projects (CIP) rehabilitated/constructed</li> <li>7,068 farmers applied the improved technology in farming</li> <li>134 irrigators associations organized/strengthened</li> </ul>

<sup>15</sup> One (1) project/program may contribute to several outcome indicators in more than one chapter of the PDP





Commencing operations on May 4, 2017, the newly constructed Puerto Princesa Airport has a floor area of 13,000 sqm and can accommodate about 2 million passengers and 14,000 tons of cargo annually. The airport is likewise designed to register aircraft movement of around 19,000 times per year.



The Iloilo-Capiz Road under RIIDP comprises of 27 km asphalt overlay of existing national road from the town of Sta. Barbara traversing in north direction passing the municipalities of Cabatuan, Janiway, Badiangan and Lambonao and ends at Calinog.



Former DAR Secretary Rafael Mariano and Former Italian Ambassador Massimo Roscigno attends the Turn-Over Ceremony of the subproject "Expansion of Potable Water System, Level 2" in Municipality of Alabel, Sarangani in April 2017.

(Continuation) Table 4.2 Projects/Programs Aligned with the PDP-Results Matrices

RM Indicator	Outcome/ Results	Output
Yield of major commodities increased	<u>Rapid Food Production Enhancement Programme/ DA/ IFAD</u> <ul style="list-style-type: none"> <li>Increase in palay in Regions VIII (Western Visayas) and X (Northern Mindanao) yield from 2.99 mt/ha to 4.51 mt/ha</li> </ul>	<u>Rapid Food Production Enhancement Programme/DA/IFAD</u> <ul style="list-style-type: none"> <li>27 post-harvest facilities constructed</li> <li>24 agricultural-support facilities constructed</li> <li>109 irrigators associations trained</li> <li>5,459 farmers trained</li> </ul>



RM Indicator	Outcome/ Results	Output
Number of new technologies increased		<u>Philippine-Sino Center for Agricultural Technology/DA/China</u> <ul style="list-style-type: none"> <li>3 new technologies on rice production and biogas technology adopted</li> </ul>
Share of small farmers borrowing from formal credit sources to total number of farmers availing credit increased		<u>Agricultural Credit Support Project/LBP/JICA</u> <ul style="list-style-type: none"> <li>358 cooperatives for small farmers and fisherfolk availed credit amounting to ₱2.184 billion</li> </ul>
Share of small fisherfolk borrowing from formal credit sources to total number of fisherfolk availing credit increased		<u>Agrarian Reform Communities Project II/DAR/ADB and OFID</u> <ul style="list-style-type: none"> <li>18,219 agrarian reform beneficiaries (ARBs) and non-ARBs provided access to credit</li> </ul>
Area distributed under CARP increased		<u>Agrarian Reform Communities Project II/DAR/ADB and OFID</u> <ul style="list-style-type: none"> <li>4,293 ha distributed to ARBs</li> </ul>
Number of ARBs with Emancipation Patent/ Certificate of Land Ownership Awards (CLOA) increased		<u>Agrarian Reform Communities Project II/DAR/ADB and OFID</u> <ul style="list-style-type: none"> <li>2,733 ARBs issued with individual titles</li> </ul>
<b>Chapter 10: Accelerating Human Capital Development</b>		
Net enrolment rate increased (%) <ul style="list-style-type: none"> <li>Kindergarten</li> <li>Elementary</li> <li>Junior High School</li> <li>Senior High School</li> </ul>		<u>Basic Education Assistance for ARMM/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>1,650 children with special needs enrolled in Special Education</li> </ul>
Completion rate increased (%) <ul style="list-style-type: none"> <li>Elementary</li> <li>Junior High School</li> <li>Senior High School</li> </ul>		<u>Senior High School Support Program/DepEd/JICA</u> <ul style="list-style-type: none"> <li>1.3 million senior high school graduated in SY 2017-2018</li> </ul>
		<u>Basic Education Assistance for ARMM/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>1,974 school heads trained on school-based management and school improvement planning</li> </ul>

RM Indicator	Outcome/ Results	Output
Proportion of students performing at moving towards mastery, closely approximating mastery or mastered increased (%) <ul style="list-style-type: none"><li>Elementary</li><li>Junior High School</li><li>Senior High School</li></ul>	<u>Basa Pilipinas/DepEd/USAID</u> <ul style="list-style-type: none"><li>23% of grade 2 students met English fluency</li><li>4% of grade 3 students met the comprehension benchmarks</li></ul>	<u>Basa Pilipinas/DepEd/USAID</u> <ul style="list-style-type: none"><li>9.39 million teaching and learning materials distributed</li><li>14,665 classrooms provided with learning materials</li><li>30,729 teachers trained on fluency and comprehension</li></ul>
		<u>Education Governance Effectiveness (EdGE) Program/DepEd/USAID</u> <ul style="list-style-type: none"><li>7,654 teachers trained on remedial reading program</li><li>2,382 schools conducted remedial reading programs</li></ul>
		<u>Basic Education Sector Transformation (BEST) Program/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"><li>700 scholarships awarded to teachers</li><li>156 schools conducted orientation on Learning Action Cells</li><li>179 superintendents and assistant superintendents trained on education leadership</li><li>56 DepEd policies approved to support K to 12, Senior High School, Multi-grade Schools, Gender-Responsive Basic Education, and Inclusive Education</li></ul>
Chapter II: Reducing Vulnerability of Individuals and Families		
Number of Conditional Cash Transfer (CCT) beneficiaries covered		<u>Social Protection Support Project/ DSWD/ ADB, Social Protection Support Project- Additional Financing/ DSWD/ADB, and Social Welfare Development and Reform Project II/DSWD/WB</u> <ul style="list-style-type: none"><li>4,394,813 active CCT beneficiaries registered</li></ul>
Percentage of families affected by natural and human-induced calamities provided with relief assistance		<u>Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda /DSWD/ADB-JFPR</u> <ul style="list-style-type: none"><li>1,435,761 families affected by calamities provided with relief assistance</li></ul>
Percentage of emergency shelter assistance provided		<u>Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda /DSWD/ADB-JFPR</u> <ul style="list-style-type: none"><li>170,712 (86%) of household beneficiaries affected by Typhoon Lawin received assistance</li><li>145,308 (56%) of household beneficiaries affected by Typhoon Nina received assistance</li></ul>

RM Indicator	Outcome/ Results	Output
<b>Chapter 19: Accelerating Infrastructure Development</b>		
Average travel time by road with roll-on roll-off (RORO) in key corridors decreased (hours)	<u>Road Upgrading and Preservation Project/DPWH/ JICA</u> <ul style="list-style-type: none"> <li>Travel time from Lipa Floral Garden Junction, Batangas to Alaminos Junction, Laguna reduced by 75 minutes from 95 to 20 minutes</li> <li>Travel time from San Jose – Rizal Road Section to Mamburao-Abra De Ilog Road Section, Mindoro Province reduced by 3 to 5 hours from 7-8 hours to 3-4 hours</li> <li>Travel time from Viga-Bagamanoc Section to end of Bacak-Minaile Section, Catanduanes reduced by 46 minutes from 74 to 28 minutes</li> </ul>	<u>Road Upgrading and Preservation Project/ DPWH/JICA</u> <ul style="list-style-type: none"> <li>Viga-Bagamanoc to end of Bacak-Minaile road section with total length of 20.5 km completed</li> </ul>
	<u>Road Improvement and Institutional Development Project/ DPWH/ADB and OFID</u> <ul style="list-style-type: none"> <li>Travel time from Ormoc to Palo reduced by one hour</li> <li>Travel time from Capiz to Iloilo reduced by one hour</li> </ul>	<u>Road Improvement and Institutional Development Project/DPWH/ADB and OFID</u> <ul style="list-style-type: none"> <li>Palo-Carigara-Ormoc road section with total length of 36.12 km completed</li> <li>Iloilo-Capiz road section with total length of 27.01 km completed</li> </ul>
Round-trip flights increased	<u>Puerto Princesa Airport Development Project/DOTr/ KEDCF</u> <ul style="list-style-type: none"> <li>As of December 2017, aircraft movement for the newly constructed airport reached about 10,650 flights <sup>16</sup></li> </ul>	<u>Puerto Princesa Airport Development Project/DOTr/KEDCF</u> <ul style="list-style-type: none"> <li>Puerto Princesa International Development Airport constructed</li> </ul>
Ratio of actual irrigated area to the total potential irrigable area increased (%)	Irrigated 5.3% (159,931.75 ha) of the total potential irrigable area of 3,019,609 ha	<u>Agrarian Reform Communities Project II/ DAR/ADB and OFID</u> <ul style="list-style-type: none"> <li>4,178.75 ha irrigated</li> <li>10 small scale irrigation systems completed</li> </ul>
		<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>12,611 ha irrigated</li> <li>120 CISs/CIPs constructed/ rehabilitated</li> </ul>

<sup>16</sup> From the period May 2017 (start of operations of the new airport) to December 2017

RM Indicator	Outcome/ Results	Output
Ratio of actual irrigated area to the total potential irrigable area increased (%)	Irrigated 5.3% (159,931.75 ha) of the total potential irrigable area of 3,019,609 ha	<u>Mindanao Sustainable Agrarian and Agriculture Development/ DAR/JICA</u> <ul style="list-style-type: none"> <li>392 ha irrigated</li> <li>5 CIS completed</li> </ul>
		<u>Jalaur River Multi-Purpose Project Stage 2/ NIA/KEDCF</u> <ul style="list-style-type: none"> <li>8,800 ha irrigated</li> </ul>
		<u>National Irrigation Sector Rehabilitation and Improvement Project/NIA/JICA</u> <ul style="list-style-type: none"> <li>18,530 ha rehabilitated and restored</li> </ul>
		<u>Participatory Irrigation Development Project/ NIA/WB</u> <ul style="list-style-type: none"> <li>115,420 ha generated, rehabilitated and restored</li> </ul>
Cropping intensity increased (%)	<u>Rapid Food Production Enhancement Programme/ DA/ IFAD</u> Cropping intensity increased in: <ul style="list-style-type: none"> <li>Region VI: from 119% to 181%</li> <li>Region VIII: from 107% to 164%</li> <li>Region X: from 146% to 189%</li> </ul>	<u>Rapid Food Production Enhancement Programme/DA/ IFAD</u> <ul style="list-style-type: none"> <li>13,228 ha rehabilitated and restored</li> </ul>
	<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>Cropping intensity in CISs covered by the project increased from 100% to 163%</li> </ul>	<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>12,611 ha irrigated</li> <li>120 CISs/CIPs rehabilitated/ constructed</li> <li>134 irrigators associations or farmers organizations organized and strengthened</li> </ul>
	<u>Participatory Irrigation Development Project/NIA/WB</u> <ul style="list-style-type: none"> <li>Cropping intensity in national irrigation systems covered by the project increased from 151% to 164%</li> </ul>	<u>Participatory Irrigation Development Project/ NIA/WB</u> <ul style="list-style-type: none"> <li>113,743 ha rehabilitated and restored</li> </ul>

RM Indicator	Outcome/ Results	Output
Proportion of households with access to safe water supply to total number of households increased (%)	<u>Provincial Towns Water Supply and Sanitation Program III/ LWUA /KfW</u> <ul style="list-style-type: none"> <li>100% service area coverage achieved</li> </ul>	<u>Provincial Towns Water Supply and Sanitation Program III/LWUA/ KfW</u> <ul style="list-style-type: none"> <li>7 water supply systems completed and operational (i.e., Balaoan, La Union; Binalonan, Pangasinan; Aparri, Cagayan; Orani, Bataan; Mabitac, Laguna; Infanta, Quezon, and Victorias City, Negros Occidental)</li> </ul>
		<u>Agrarian Reform Communities Project II/ DAR/ADB and OFID</u> <ul style="list-style-type: none"> <li>11 Level II water supply systems constructed</li> </ul>
	<u>Mindanao Sustainable Agrarian and Agriculture Development/ DAR/JICA</u> <ul style="list-style-type: none"> <li>4,203 households served</li> </ul>	<u>Mindanao Sustainable Agrarian and Agriculture Development/ DAR/JICA</u> <ul style="list-style-type: none"> <li>17 potable water supply systems constructed/ rehabilitated</li> </ul>
Proportion of households with access to safe water supply to total number of households increased (%)	<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>19,848 households served</li> </ul>	<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>70 Level I and II water supply systems constructed</li> </ul>
		<u>Italian Assistance to Agrarian Reform Community Development Support Program/DAR/Italy</u> <ul style="list-style-type: none"> <li>2 Level II water supply systems constructed</li> </ul>
Proportion of cities/municipalities served by water districts with 24/7 water supply increased	<u>Provincial Towns Water Supply and Sanitation Program III/ LWUA /KfW</u> <ul style="list-style-type: none"> <li>24/7 water supply achieved</li> </ul>	<u>Provincial Towns Water Supply and Sanitation Program III/LWUA/ KfW</u> <ul style="list-style-type: none"> <li>7 water supply systems completed and operational (i.e., Balaoan, La Union; Binalonan, Pangasinan; Aparri, Cagayan; Orani, Bataan; Mabitac, Laguna; Infanta, Quezon, and Victorias City, Negros Occidental)</li> </ul>

RM Indicator	Outcome/ Results	Output
New roads constructed		<u>Second Cordillera Highland Agricultural Resource Management Project/DA/IFAD and OFID</u> <ul style="list-style-type: none"> <li>389 km of farm-to-market roads (FMRs) constructed</li> </ul>
		<u>Philippine Rural Development Project/DA/ WB</u> <ul style="list-style-type: none"> <li>184.72 km of FMRs and bridge completed</li> </ul>
		<u>Agrarian Reform Communities Project II/ DAR/ADB and OFID</u> <ul style="list-style-type: none"> <li>516.76 km FMRs and bridges constructed/rehabilitated</li> </ul>
		<u>Agrarian Reform Infrastructure Support Project III/DAR/JICA</u> <ul style="list-style-type: none"> <li>716 km FMRs constructed/ rehabilitated</li> </ul>
		<u>Italian Assistance to Agrarian Reform Community Development Support Program/DAR/Italy</u> <ul style="list-style-type: none"> <li>5.19 km FMRs constructed/ rehabilitated</li> </ul>
		<u>Mindanao Sustainable Agrarian and Agriculture Development/ DAR/JICA</u> <ul style="list-style-type: none"> <li>65.18 km FMRs constructed/ rehabilitated</li> </ul>
		<u>Road Improvement and Institutional Development Project/ DPWH/ADB and OFID</u> <ul style="list-style-type: none"> <li>Contract Package II Lot 2.1a Palo-Carigara-Ormoc Road and Lot 2.1b, Daang Maharlika Road with total length of 36.12 km completed</li> <li>Contract Package II Lot 2.2 Iloilo-Capiz Road with total length of 27.01 km completed</li> </ul>
		<u>Road Upgrading and Preservation Project/ DPWH/JICA</u> <ul style="list-style-type: none"> <li>Road section located in Viga-Bagamanoc to end of Bacak-Minaile with total length of 20.5 km completed</li> </ul>

RM Indicator	Outcome/ Results	Output
Coverage area of irrigation facilities increased		<u>Rapid Food Production Enhancement Programme/DA /IFAD</u> <ul style="list-style-type: none"> <li>9,347 ha rehabilitated</li> <li>109 CISs completed</li> </ul>
Water and sanitation (WatSan) facility to pupil ratio improved <ul style="list-style-type: none"> <li>Primary (K to 6)</li> <li>Junior High School</li> <li>Senior High School</li> </ul>	<u>Basic Education Assistance for ARMM/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>Percentage of schools with access to water increased from 50% in SY 2010-2011 to 87% in SY 2015-2016.</li> <li>Pupil-toilet ratio decreased from 226:1 to 136:1</li> </ul>	<u>Basic Education Assistance for ARMM/ DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>400 schools and 550 learning centers provided with washing facilities</li> <li>Constructed/rehabilitated toilets in 255 schools</li> </ul>
Classroom to pupil ratio improved <ul style="list-style-type: none"> <li>Primary</li> <li>Kindergarten</li> <li>Grades 1-3</li> <li>Grades 4-6</li> <li>Junior High School</li> <li>Senior High School</li> </ul>	<u>Basic Education Assistance for ARMM/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>At least 25% of DepEd Senior High Schools with an average of 40 to 45 students met the minimum service standards</li> </ul>	<u>Basic Education Assistance for ARMM/ DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>Established alternative delivery model learning centers in 774 barangays, 293 Tahderiyyah centers in 266 barangays, and 52 madaris (Islamic schools) in 53 barangays</li> <li>Quality assurance classroom construction manual developed and adopted by DepEd-ARMM</li> </ul>
		<u>Basic Education Sector Transformation (BEST) Program /DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> <li>250 disaster-resilient classrooms constructed</li> </ul>

RM Indicator	Outcome/ Results	Output
Volume of desludged and/or treated septage in WDs increased (m <sup>3</sup> )	<u>Metro Manila Wastewater Management Project/LBP/WB</u> <ul style="list-style-type: none"> <li>Increase of 25.50 m<sup>3</sup>/day in wastewater treatment capacity</li> </ul>	<u>Metro Manila Wastewater Management Project/LBP/WB</u> <ul style="list-style-type: none"> <li>3 septage treatment plants (STPs) completed: Ayala-Alabang STP (10,000 m<sup>3</sup>/day); Talayan STP (71,620 m<sup>3</sup>/day); and South STP (250 m<sup>3</sup>/day).</li> <li>1 conveyance system completed in Pasay</li> </ul>
	<u>Metro Manila Wastewater Management Project/LBP/WB</u> <ul style="list-style-type: none"> <li>382 tons of biochemical oxygen demand (BOD)/year removed by sewage and STPs</li> </ul>	<u>Metro Manila Wastewater Management Project/LBP/WB</u> <ul style="list-style-type: none"> <li>3 STPs completed: Ayala-Alabang STP (10,000 m<sup>3</sup>/day); Talayan STP (71,620 m<sup>3</sup>/day); and South STP (250 m<sup>3</sup>/day).</li> <li>1 conveyance system completed in Pasay</li> </ul>
	<u>Environmental Development Project/DBP/JICA</u> <ul style="list-style-type: none"> <li>10,866.09 kg equivalent BOD treated</li> </ul>	<u>Environmental Development Project/DBP/ JICA</u> <ul style="list-style-type: none"> <li>16 water supply and sanitation systems constructed and operational</li> </ul>
Proportion of Households (HHs) with access to basic sanitation to total of HHs increased	<u>Environmental Development Project/DBP/JICA</u> <ul style="list-style-type: none"> <li>100 households connected to water supply and sanitation systems</li> </ul>	<u>Environmental Development Project/DBP/ JICA</u> <ul style="list-style-type: none"> <li>16 water supply and sanitation systems constructed and operational</li> <li>1,827,558 meters of water supply and sanitation network/ rehabilitated/ improved/replaced/ installed</li> </ul>
Renewal Energy (RE) capacity increased (MW, cumulative)	<u>Environmental Development Project/DBP/JICA</u> <ul style="list-style-type: none"> <li>Additional capacity of 6.17MW in renewable energy generated</li> </ul>	<u>Environmental Development Project/DBP/ JICA</u> <ul style="list-style-type: none"> <li>7 power plants constructed and operational</li> </ul>
Energy intensity (primary energy) reduced (tons of oil equivalent) per million peso)	<u>Environmental Development Project/DBP/JICA</u> <ul style="list-style-type: none"> <li>Reduction in fossil fuel utilization of 28,1887.37 barrels/year</li> </ul>	



RM Indicator	Outcome/ Results	Output
<b>Chapter 20: Ensuring Ecological Integrity, Clean and Healthy Environment</b>		
Area of denuded and degraded forestland decreased		<p><u>Mindanao Sustainable Agrarian and Agriculture Development/ DAR/JICA</u></p> <ul style="list-style-type: none"> <li>4,372 ha in 205 barangays covered by agro-forestry and tree crops production projects</li> </ul> <p><u>Integrated Natural Resources and Environmental Management Project/DENR/ ADB and IFAD</u></p> <ul style="list-style-type: none"> <li>4,715 ha covered through afforestation and reforestation contracts</li> <li>6,806 ha covered through assisted natural regeneration contracts</li> <li>5,368 ha covered through agroforestry contracts</li> <li>958 ha covered through commercial plantation contracts</li> </ul> <p><u>Forestland Management Project/ DENR/ JICA</u></p> <ul style="list-style-type: none"> <li>22,940 ha of tree and agro-forestry plantation established</li> </ul>
Solid waste diversion rate increased	<p><u>Environmental Development Project/DBP/JICA</u></p> <ul style="list-style-type: none"> <li>1,183,090 m<sup>3</sup> of waste landfilled</li> </ul>	<p><u>Environmental Development Project/DBP/ JICA</u></p> <ul style="list-style-type: none"> <li>19 solid waste management projects completed</li> </ul>
Number of issued Certificate of Ancestral Domain Title (CADTs) increased		<p><u>Second Cordillera Highland Agricultural Resource Management Project/DA/IFAD and OFID</u></p> <ul style="list-style-type: none"> <li>1 CADT issued</li> </ul>
Number of Ancestral Domain Sustainable Development and Protection Plan (ADSDPP) formulated		<p><u>Second Cordillera Highland Agricultural Resource Management Project/DA/IFAD and OFID</u></p> <ul style="list-style-type: none"> <li>6 ADSDPP formulated</li> </ul>

# KEY IMPLEMENTATION ISSUES

## Issues Affecting Project/Program Implementation and Performance and Measures Taken/To Be Taken

In 2017, various key implementation issues encountered by 33 loan- and grant- assisted projects<sup>17</sup> are discussed in the succeeding sub-sections. Table 5.1 provides a summary of major issues, by typology and number of affected projects.

*Table 5.1 Classification and Incidence of Key Implementation Issues in 2017*

Issue Typology <sup>18</sup>	Count			No. of Projects Affected	Agencies
	Resolved	Current	Total		
Site condition/availability	6	3	9	8	DOTr, DPWH, LBP, DENR
Procurement	7	2	9	9	DA, DAR, DENR, DOE, DOTr, DSWD, NIA,
Government/funding institution approvals	2	3	5	5	DAR, DENR, DOTr, DSWD
Budget and funds flow	1	5	6	5	DA, DAR, DENR, LWUA
Design, scope, technical	1	6	7	7	DepEd, DOTr, DPWH, LBP, LWUA
Performance of contractor/ consultant	-	4	4	4	DOTr, DPWH, NIA
PMO manpower/ capacity	-	4	4	3	DA, DENR, LWUA
Institutional support	3	-	3	3	DENR, NIA
Issues on demand/ identification/ processing/ approval demand-driven sub-projects	1	3	4	3	DA, LWUA
Sustainability and O&M	-	5	5	4	DENR, LWUA
Inputs and cost	1	2	3	2	DOTr
Other implementation issues	-	1	1	1	DILG
<b>TOTAL</b>	<b>22</b>	<b>38</b>	<b>60</b>	-	

<sup>17</sup> A project may encounter two (2) or more implementation issues

<sup>18</sup> Key implementation issues considered were either resolved or current (pending issues) in 2017

## Projects with Issues on Site Condition/Availability

Eight (8)<sup>19</sup> projects encountered issues on right-of-way (ROW), land acquisition, poor site conditions, and peace and security.

*Table 5.2 Projects with Issues on Site Condition/Availability 2017*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
Capacity Enhancement of Mass Transit Systems in Metro Manila/DOTr/JICA	LRT East Extension: Delay in ROW acquisition for the permanent relocation of 30kV power lines that will affect the lifting of the girders of the viaduct (MERALCO power lines should have 5.0 meter vertical clearance from any structure)	LRT East Extension: Continue coordination with MERALCO for the remaining relocation/elevation of power lines within the Emerald Station vicinity  <u>Update:</u> Completed in February 2018
New Bohol Airport Construction and Sustainable Environment Protection Project/DOTr/JICA	Demolition of houses within ROW scheduled on January 4-5, 2017 was held in abeyance per issued Order of Deferment	The Order of Deferment was lifted and demolition proceeded on October 26, 2017
Central Luzon Link Expressway Project/DPWH/JICA	Delayed implementation due to the application of the newly-enacted RA 10752 (The Right-of-Way Act) in acquiring ROW wherein the compensation of project's affected lands, crops, trees, structures, and improvements shall be based on current market value instead of zonal value. Determination of market value should be done by GFI/ Independent Appraiser.	Contract was awarded to LBP as the GFI that will determine the current market value as required by RA 10752
Metro Manila Wastewater Management Project/LBP/WB	Prolonged issuance by the LGUs of the locational, excavation, construction, and building permits due to concerns on impact of project on the traffic condition	Manila Water Company, Inc. (MWCI) and Maynilad Water Services Inc. (MWSI) prepared a catch-up plan to mitigate the risk of delays. Working hours were also extended and multiple working teams deployed for the sub-projects. The trenchless technology was also applied to minimize traffic disruptions.
Integrated Natural Resources and Environmental Management Project/DENR/ADB and IFAD	Delayed implementation of Natural Resource Management and Rural Infrastructure sub-projects in Lake Lanao River Basin in ARMM due to the armed conflict in Marawi City	The PMO continued to fast-track activities to meet project backlogs in 2017 and shall strictly adhere with the 2018 work and financial plan to meet target deliverables.

<sup>19</sup> New Bohol Airport Construction and Sustainable Environment Protection Project had two (2) incidences of ROW issue, one of which was already resolved

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Road Upgrading and Preservation Project/ DPWH/JICA	Contractor's works are still suspended due to peace and order concerns	DPWH requested assistance from DND/AFP to assure safety of the contractor's personnel and equipment on site
<b>Current</b>		
New Bohol Airport Construction and Sustainable Environment Protection Project/DOTr/ JICA	Owners of four (4) lots within the coverage area of the project refused to accept purchase offers	Court hearings were conducted to address the issue. However, decision on the remaining lots has yet to be issued
Arterial Road Bypass Project II/DPWH/JICA	Refusal of some landowners to issue Permit-to-Enter (PTE) unless their land is fully compensated and in part due to request of some farmers to wait for their rice plant to be harvested	DPWH and the Contractor continued to negotiate with landowners  DPWH/Contractor should prioritize work on areas that has no problem on ROW
Flood-risk management project for Cagayan River, Tagoloan River, and Imus River/DPWH/JICA	The PTE is conditional on DPWH's regular payment to Ayala Land Inc. equivalent to the fair market value. However, DPWH was unable to provide such payments on a regular basis. There are also seven (7) tenants in the area who have not allowed DPWH to undertake works.	DPWH fast-tracked the processing of required documents for continued validity of PTE. DPWH- Unified Project Management Office-Flood Control Management Cluster (DPWH-UPMO-FCMC) continues to negotiate with the landowners to secure the PTE for the remaining lots

### Projects with Issues on Procurement

Nine (9) projects encountered issues related to procurement.

*Table 5.3 Projects with Issues on Procurement*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ JICA	LRT South Extension: Delayed procurement of rolling stock due to failure of bidding	LRT South Extension: DOTr conducted a market study to revise the delivery schedules of the project to meet the capacity of the manufacturers.  Notice to Proceed was issued to the contractor on February 2018

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Cebu Bus Rapid Transit Project/ DOTr/ France and WB	<p>Delays in procurement activities for the Technical Support Consultant (TSC) due to conflicting opinions on which procurement guidelines to follow (Government Procurement Reform Act of the Philippines or the World Bank's).</p> <p>Due to the absence of TSC, procurement of civil works could not be started as the France/WB would not issue a No Objection Letter unless the Detailed Engineering Design is reviewed by the TSC.</p>	The TSC contract which was procured by Procurement Service-DBM (PS-DBM) through a Memorandum of Agreement with DOTr was forwarded to the DOTr-Office of the Secretary in February 2018 for signature/approval.
Social Protection Support Project (SPSP), SPSP-Additional Financing, and Social Welfare and Development Reform Project II/ DSWD/ ADB and WB	The prolonged procurement of the firm that will conduct the data collection lasted for 1.5 years. This delayed the release of the third wave impact evaluation final report of the 4Ps that will serve as input to the proposed scaling-up of the program.	<p>DSWD was able to contract out the data collection survey which was completed in December 2017. Philippine Institute for Development Studies (PIDS) is currently analyzing the results of the collected data from the survey.</p> <p>Results from PIDS is expected to be released within 2018.</p>
Philippine Rural Development Project/ DA/ WB	Procurement of consulting services contracts have been significantly delayed due to unfamiliarity of the PMO with WB procurement guidelines	The re-orientation workshop on consultants selection process was conducted on January 16, 2018.
Jalaur River Multipurpose Project II/ NIA/ KEDCF	The Regional Trial Court Branch 84, issued on October 20, 2016 a decision to cease, desist, and defer the conduct of rebidding for the construction of Jalaur Dam due to the appeal of a bidder about the result of the previous rebidding. This resulted in the postponement of the opening of technical bids for the contract.	The cease and desist order was lifted on July 20, 2017. Following this decision, the EDCF, on October 26, 2017, approved the BAC Resolution for the procurement of the contractor for the construction of the JRMP 2 dam. Notice of Award was issued to the contractor on January 5, 2018.
Access to Sustainable Energy Project/ DOE/ EU	Delayed procurement and signing of contracts for Window 1 procurement comprising four (4) lots due to lack of manpower capacity/turn-over of staffing	Engaged new technical consultant to fast-track procurement activity
Fisheries, Coastal Resources, and Livelihood Project/ DA/ IFAD	Prolonged procurement of firms/ contractors due to lack of qualified firms/ contractors proposing for the study in a national competitive bidding in the regions	<p>DA shifted the mode of procurement from national competitive bidding to agency-to-agency contracting with SUCs.</p> <p>Two (2) contracts are already being implemented, four (4) were awarded, and five (5) are ongoing bidding as of June 2018.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Current</b>		
Forestland Management Project/ DENR/ JICA	Delayed procurement of remaining consultants (i.e., institutional development specialist, Information education and communication specialists, consulting services for the engineering firm) due to lack of qualified bidders	DENR is continuously facilitating the procurement for the remaining consultancy services.
Italian Assistance to the Agrarian Reform Community Development Support Program/ DAR/ Italy	Delay in the procurement of the Italian Technical Assistance and Local Microfinance Institution which will collaborate for the implementation of the microfinance subcomponent under the Agricultural Enterprise Development Support component	<p>The ICC-CC, during its meeting on June 14, 2018, approved the following requests: (a) two-year loan validity extension from April 11, 2019 to April 11, 2021; and (b) two-year implementation duration extension from December 28, 2018 to December 28, 2020.</p> <p>Likewise, the ICC-CC endorsed the recommendation of the ICC-TB for DAR to provide notice to the Italian Government to expedite review and approval of the Memorandum of Understanding (MOU) by first week of July 2018, including the adoption of a maximum period of 30 calendar days (instead of 45) for the issuance of No Objection Declaration (NOD) from receipt of DAR's endorsement, after which such requests for NOD shall be deemed approved. Should there be no approval received from the Italian Government on the MOU by first week of July 2018, the Government of the Philippines may consider cancelling the Italian loan and expedite project implementation using local funds in the interest of the agrarian reform beneficiaries.</p>

## Projects with Issues on Government/Funding Institution Approvals

Five (5) projects encountered issues in processing or securing necessary documents (i.e., clearances, permits, approvals) from other government offices.

*Table 5.4 Projects with Issues on Obtaining Government/Funding Institution Approvals*

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ JICA	LRT South Extension: Delayed issuance of the Writ of Possession and delayed implementation of relocation units due to unavailability of permit from the Province of Cavite	LRT South Extension: DOTr, DBM, and DOT resolved the additional ROW budget requirements
Italian Agrarian Reform Community Development Support Program/ DAR/ Italy	Confirmation on proposed realignment of budget for rural infrastructure sub-projects from Government of Italian Republic (GIR) took longer period	In consideration of the limited validity of 2015 and 2016 appropriations and limited time left for the review of sub-projects, the DAR decided to revert to the original work plan and targets following the current budget.
	Prolonged/delay in the issuance by the GIR of the NOD for approved rural infrastructure and survey sub-projects worth ₱165 million	The GIR issued the NOD for the 12 remaining infrastructure sub-projects (5 tender documents) submitted by DAR.  DOF, DAR, and NEDA proposed modifications in the procedures to expedite the issuance of NOD. The GIR thru a <i>note verbale</i> <sup>20</sup> proposed to adopt a maximum period of 45 days after which requests from DAR for NOD shall be deemed approved. The GIR's response is being awaited thru both Italian Ministry of Foreign Affairs and GPH Department of Foreign Affairs (DFA).

<sup>20</sup> A *note verbale* is a diplomatic communication prepared in the third person which is less formal than a note but more formal than an aide-memoire.

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Current</b>		
KALAH-I-CIDSS National Community-Driven Development Program/ DSWD/ ADB	Delays in issuance of National Commission on Indigenous Peoples' (NCIP) certification on sub-projects to be implemented in indigenous peoples areas	<p>The DSWD and NCIP national Technical Working Groups met in March 2018. The KALAH-I-CIDSS-RPMOs were instructed to conduct an inventory of sub-projects with pending certification for NCIP action.</p> <p>DSWD should expedite the inventory of sub-projects with pending or without certification from NCIP. DSWD to closely coordinate with NCIP on prioritizing the issuance of certificates for ADB-supported sub-projects .</p>
Forestland Management Project/ DENR/ JICA	The Project reported difficulties in securing the Free and Prior Informed Consent (FPIC), particularly in CAR and Region 6, due to delays in: (a) submission of documentary requirements; (b) establishing timelines on the conduct of field-based investigation activities; (c) drafting and approval of Memorandum of Agreement (MOA) between DENR and the NCIP which shall include fund management; and (d) determining the level of approving authority of the NCIP.	DENR Regional and Provincial Offices are closely coordinating with the NCIP Regional/Provincial Offices relative to the conduct of the necessary FPIC process and preparation of the corresponding MOA between DENR Regional and Provincial Offices and NCIP.
Integrated Natural Resources and Environmental Management Project/ DENR/ ADB and IFAD	DENR prepared and submitted a number of Community-Based Protection and Management, Conservation Farming and Livelihood Enhancement Support sub-project proposals in November 2017 and December 2017, but ADB has neither acted/issued a No Objection Letter (NOL) nor advised DENR on any deficiencies on the submitted proposals.	DENR shall meet with ADB to determine the technical and safeguard deficiencies of the submitted sub-project proposals and proceed with the issuance of NOL, as soon as possible. ADB acknowledges difficulties/delays in issuing NOLs due to the limited number of safeguard specialists reviewing the sub-project proposals.



## Projects with Budget and Funds Flow Issues

Budget and funds flow issues were identified for five (5) projects.

*Table 5.5 Projects with Issues on Budget and Funds Flow*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
Italian Agrarian Reform Community Development Support Program/ DAR/ Italy	Budget shortfall for Value-added Tax (VAT) requirements and project management operation expenses for the agricultural enterprise development and local capacity building support components	DAR requested for a project cost increase of ₱99.15 million to cover the VAT and project management operation expenses. It was approved by the ICC-CC on May 17, 2017 and subsequently included in the 2018 General Appropriations Act.
<b>Current</b>		
Second Cordillera Highland Agricultural Resource Management Project/DA/ IFAD	Non-issuance of Special Allotment Release Order (SARO) amounting to ₱32.5 million. Said fund was allotted to cover the remaining activities and planned procurement for 2017 including operating costs (i.e., staff salaries and travel expenses). To complete the remaining outputs of the Project, funds were sourced from the budget of the National Corn Program. However, COA issued an Audit Observation Memo dated March 13, 2018 disallowing such use of funds.	Remaining sustainability activities (e.g., fora for farmer groups and LGUs) were discontinued.
Water District Development Sector Project/ LWUA/ ADB	Delay in the opening of LWUA bank account for the ADB sector loan/ sub-projects due to prolonged processing of vital documents and some reform measures	LWUA submitted to ADB the official signatories for all transaction related to the Project.  LWUA's next step is to open a dollar current account with DBP for the purpose of the Project.
Agrarian Reform Community Project II/ DAR/ ADB and OFID	Difficulty among LGUs to accomplish the revised DOF-MDFO forms and submit the complete documentary requirements for fund releases and liquidation	DAR to provide continuous administrative support to LGUs, contractors, accountants, and engineers and expedite submission of LGU liquidation reports with complete supporting documents

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Agrarian Reform Community Project II/ DAR/ ADB and OFID	As reported by DOF-MDFO, ₱343.42 million remains unliquidated as of March 12, 2018.	MDFO set the deadlines for the remaining unliquidated funds on July 31, 2018 as the final acceptance date of all requests for fund releases; and on October 31, 2018 as the final acceptance of Certificate of Status of Funds with the Statement of Receipts and Disbursements. Thereafter, unliquidated balances shall be refunded by DAR to MDFO.
Forestland Management Project/ DENR/ JICA	Current threshold of cash releases under the loan proceeds are not sufficient to cover payment of Peoples Organizations (POs) accomplishments under site development contracts.	DENR and JICA to fast track disbursement and processing of replenishments to minimize the impact of the retained level of initial deposit. JICA approved the increase in special accounts from JPY200 million to JPY400 million on May 17, 2018.

### Projects with Design, Scope, Technical Issues

Seven (7) projects were affected by issues related to design, scope, or technical specifications

*Table 5.6 Projects with Design, Scope, and Technical Issues*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
Learning, Equity, and Accountability Program in Support/ DepEd/ WB	Partial achievement of Disbursement-Linked Indicators (DLIs) 3.1 and 3.2 worth USD30 million due to overestimated number of principals/ head teachers in the project sites	The indicators were modified to change the description from principals/head teachers to school heads which will also cover teachers-in-charge.
<b>Current</b>		
Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ JICA	LRT South Extension: The 30 percent Japanese requirement on total project cost as specified in the loan agreement may not be attained due to lack of interested Japanese bidders	LRT South Extension: DOTr and JICA are considering to revise the contract so that the 30 percent Japanese requirement would only be taken from the total contract cost, not the whole project cost.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Senior High School Support Program/ DepEd/ ADB	DLI 1 on target for minimum service standard for teacher-student ratio (TSR) for qualified Senior High School (SHS) Mathematics teachers was deemed too high relative to the number of enrollees and SHS teachers in Math and Science.	DepEd and ADB re-computed the TSR to consider all types of SHS teachers in Math and Science regardless of employment status (full-time, part-time, contractual), undergraduate major, and funding (DepEd and LGUs).  With the DLI target already achieved, DOF schedule of disbursement is targeted in the second week of December 2018.
Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in Low Lying Areas of Pampanga/ DPWH/ KEDCF	The 2008 Feasibility Study is no longer responsive to the needs because some school beneficiaries now require construction of buildings more than the planned intervention of rehabilitation and repairs. Thus, additional budget is required to address the current needs of school beneficiaries.	DepEd decided to use local funds from the Basic Education Facilities Fund instead of loan proceeds from KEXIM Bank for the rehabilitation and repair of school buildings. Meanwhile, DPWH should prioritize the site development in preparation for DepEd's construction of new school buildings. DepEd to closely coordinate with the DPWH on the budgetary requirements for the site development.
Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)/ LBP/ JICA	The Operating Policy Guidelines of the HARVEST Project is not yet finalized due to the following concerns of the Embassy of Japan (EOJ): <ul style="list-style-type: none"> <li>• Inclusion of Large Agribusiness Enterprises (LAEs) as eligible borrowers; and</li> <li>• Inclusion of those outside ARMM and Conflict-Affected Areas (CAAM) in Mindanao but economically linked with the original coverage following the value chain concept.</li> </ul>	Discussions between LBP and JICA (e.g., HARVEST Joint Coordinating Committee Meeting) were held to resolve JICA concerns.  In June 2018, the EOJ agreed to include LAEs and those outside ARMM and CAAM as eligible borrowers.
Water District Development Sector Project/ LWUA/ ADB	The TOR for the procurement of consulting services for DED and project management had a number of conflicting and ambiguous statements (e.g., provision on the design for the pilot and non-pilot projects)	Procurement for consulting services for DED was suspended in preparation for an eventual adoption of a design-and-build implementation scheme.  LWUA to propose procurement for consulting services for project management to assist LWUA in project implementation.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Metro Manila Priority Bridges Seismic Improvement Project/ DPWH/ JICA	The geotechnical investigation found a large discrepancy in the soil profile at the east and west side of the pier nearest to the Mandaluyong side of the Guadalupe Bridge. Said discrepancy is yet to be validated and may entail additional cost.	The proposed additional services is still being prepared by the consultants for review and approval by DPWH and JICA.

### Projects with Issues on the Performance of Contractors/Consultants

Four (4) projects encountered issues on poor performance of project contractors or consultants.



*Rehabilitation of the Lower Binahaan River Irrigation System (Lateral Canal), one of the subprojects under the Participatory Irrigation Development Project of NIA, experienced delays due to the schedule of contractors' activities and water cut delivery was not in sync.*

*Table 5.7 Projects with Issues on the Performance of Contractors/Consultants*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Current</b>		
National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	Most of the contract packages under the project incurred more than 15 percent negative slippages	<p>NIA to terminate the contract of contractors with more than 15 percent negative slippages and to break down remaining works into smaller contract packages, which will be rebid in NIA Regional Offices. This is to decentralize the bidding process, as well as employ more contractors so that civil works can be simultaneously performed. Based on the submitted catch-up plan, all contracts will be completed on March 2019.</p> <p>One (1) contract package was already terminated (Dumacaa National Irrigation System) while two (2) (Muleta and Simulao NISs) are currently being procured.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Participatory Irrigation Development Project/ NIA/ WB	Schedule of contractors' activities was not in sync with the water cut off delivery schedule. Manpower during summer season was also insufficient. These delayed the implementation of four (4) major civil works contracts.	NIA will conduct intensive supervision on the remaining contracts in coordination with Field Office/Irrigation Management Office/ Regional Irrigation Office, including strict enforcement of implementation plans to be in sync with the water delivery cut-off schedules.  NIA shall ensure that the contractors have sufficient resources (e.g., materials, manpower, and equipment) as required in their respective contracts.
Road Improvement and Institutional Development Project/ DPWH/ ADB and OFID	Delayed payments due to prolonged/ rigorous review of the contractor's monthly progress billing statement, resulting in low financial performance.	The contractors were reminded to submit Monthly Progress Billings on a timely manner with complete documentation.
North-South Commuter Railway Project (Phase I) Malolos-Tutuban Segment/ DOTr/ JICA	There are missing/incorrect information on the parcellary survey plans prepared by the consultant (e.g., erroneous information on lot titles and numbers).	DOTr to request consultant to revise the parcellary survey plans.

### Projects with Issues on Capacity of PMO and other Implementing Partners

Three (3) projects encountered issues on limited manpower or weak PMO capacity.

*Table 5.8 Projects with Issues on Capacity of PMO and Other Implementing Partners*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Current</b>		
Fisheries, Coastal Resources, and Livelihood Project/ DA/ IFAD	Completion of activities were delayed due to unfilled staff positions	M&E personnel were hired in the third to fourth quarters of 2017.  DA to hire additional staff (officers for coastal resource management, livelihood, and procurement) to fast-track implementation of the Project

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
Water District Development Sector Project/ LWUA/ ADB	Mode of implementation was changed from the usual separate design and build to the combined design-and-build scheme due to lack of designers in LWUA. This entailed more time for the preparation of a TOR for the new scheme.	Bidding documents for the new scheme are currently being prepared, following ADB procurement guidelines.
	PMO has no support staff	LWUA to hire support staff for the PMO
Integrated Natural Resources and Environmental/ DENR/ ADB and IFAD	Insufficient field-based technical and administrative manpower and equipment which led to: (a) limited provision of assistance to POs/ Indigenous Peoples Organizations; (b) limited monitoring and identification of issues that require timely corrective measures; (c) lack of focus resulting in survey errors, overlapping area with other projects, etc.; and (d) unmet administrative requirements such as timely processing of payments and timely submission of reports and other documentation requirements.	<p>The management approved the requested hiring of additional staff and procurement of needed equipment (e.g., Global Positioning System, desktop computers, and accessories) for the Project.</p> <p>INREMP-National Project Management Office (NPCO) targets the hiring of additional staff.</p>

### Projects with Issues on Institutional Support

Three (3) projects were affected by issues related to weak support/coordination with stakeholders or implementing partners.

*Table 5.9 Projects with Issues on Institutional Support*

Project/ IA/ DP	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	Contractors could not immediately mobilize civil works in the sites/areas due to non-compliance of Irrigator's Associations in the set water delivery cut-off schedules.	NIA to strictly enforce the implementation plan of National Irrigation System contract packages, including changes on the agreed water delivery cut-off schedules, and coordinate the same with the Irrigator's Associations.
Integrated Natural Resources and Environmental/ DENR/ ADB and IFAD	DENR's National Greening Program (NGP) is being prioritized over these projects since the former is included in the performance commitment of DENR field offices.	The DENR management instructed the DENR field offices to prioritize the implementation of the two (2) ODA projects and to suspend/minimize the implementation of NGP.
Forestland Management Project/ DENR/ JICA		

## Projects with Issues on Demand and Processing/Approval of Sub-projects

Three (3) projects encountered issues on creating demand and processing the approvals for sub-projects.

*Table 5.10 Projects with Issues on Demand and Processing/Approval of Sub-projects*

Project/ IA/ Fund Source	Issue Details	Actions Taken/To be Taken
<b>Resolved</b>		
Philippine Rural Development Project/ DA/ WB	Some Proponent Groups (PG) of the upgrading and expanding enterprises component receive additional equipment from the Project despite having existing/functional units because they failed to disclose the same in their proposals. This led to misallocation of project resources.	PMO undertook mapping of agri-enterprise facilities to have proper inventory of functional equipment of PGs.
<b>Current</b>		
Fisheries, Coastal Resources, and Livelihood/ DA/ IFAD	Delay in the selection of suitable sites for the resource rehabilitation projects (e.g., artificial reefs, fish sanctuaries, mangrove rehabilitation, etc.) because the Project has not yet prioritized work on the Community Resource Management (CRM) plans.	DA to engage with the LGUs for the formulation/updating of their CRM plans.
	Delay in the establishment of livelihood projects because of prolonged preparation and validation of proposals of LGUs. The low return on investment (ROI) of submitted proposals resulted in further review, revision, and revalidation.	Bureau of Fisheries and Aquatic Resources management instructed the project staff to replicate only successful livelihood projects and new technologies with high ROI. The Regional Offices were directed to submit their new list of proposals for funding in 2018.
Water District Development Sector Project/ LWUA/ ADB	Only four (4) WDs accepted the projects as of end March 2018. Also, there is slow response from water districts to invitation/confirmation as sub-borrowers of the ADB loan.	To hasten the final listing of ADB loan sub-borrowers, the WDs were asked to decide on or before April 13, 2018 and start study preparation and evaluation.  Immediate initial preparatory activities for four (4) sub-projects will be conducted to allow for tendering before the end of the year.

## Projects with Sustainability and Operation & Maintenance (O&M) Issues

There were four (4) projects reported to have been affected by sustainability and O&M issue.

*Table 5.11 Projects with Issues on Sustainability and O&M*

Project/ IA/ DP	Issue Details	Actions Taken/ To be Taken
<b>Current</b>		
Protect Wildlife Project/ DENR/ USAID	Limited funds for operational activities (e.g., monitoring and surveillance) of enforcement agencies as well as low priority given to wildlife enforcement	Project continues to campaign for the prioritization and increase of funds for wildlife enforcement activities.
Biodiversity and Watersheds Improved for Stronger Economy and Ecosystem Resilience (B+WISER)/ DENR/ USAID	Low participation of women and Indigenous Peoples (IPs) in Natural Resource Management (NRM) and forest protection post-implementation due to belief in traditional roles of women which prefers domestic roles than community activities	DENR to encourage women and IP participation by engaging them as tour guides, patrollers, or data managers.
Biodiversity and Watersheds Improved for Stronger Economy and Ecosystem Resilience (B+WISER)/ DENR/ USAID	Limited IP participation in forest protection and monitoring activities due to language barrier and the need for incentives	Provision of special trainings to IPs and continuous lobbying with LGUs to provide honorarium to IPs.
Forest and Climate Protection in Panay/ DENR / GIZ	Absence of clear mechanism (e.g., MOA with CocoPhil and MANCO) on how to sustain project investments such as agroforestry, assisted natural regeneration, rice drying beds	Inclusion of a sustainability action plan in the project completion report.
Water District Development Sector Project/ LWUA/ ADB	<p>ADB loan (relending) competes with LWUA's Internal Cash Generation (ICG) loan as far as attracting sub-borrowers is concerned.</p> <p>The usual add-on charges such as maturity charge, commitment charge, foreign exchange fluctuation on the ADB loan relending rate is normally passed on to water district borrowers, resulting in higher borrowing rates.</p>	To make the ADB loan more attractive, the repayment period was pegged at 20 years while that of LWUA's ICG was reduced to 15 years, with the same annual interest rate of four (4) percent.



## Projects with Issues on Inputs and Costs

Issues on inputs and costs were identified for two (2)<sup>21</sup> projects.

*Table 5.12 Projects with Issues on Inputs and Costs*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Resolved</b>		
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	Delayed activities due to unavailability of aggregate materials for construction in the project site	Contractor sourced materials from Luzon and Visayas.  Implementation of catch-up plan submitted by the contractor.
<b>Current</b>		
Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ JICA	LRT 2 East Extension: The material substitution of structural steel works caused delay in its installation.	Contractor's submitted documents for the material substitution are under review/approval.  Contractors are to submit technical specifications on the substitution materials as well as compliance with all relevant building standards.
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	Funding shortfall encountered due to forex fluctuation and additional works	DOTr requested for additional financing/supplemental loan to address the funding shortfall.

## Projects with Other Implementation Issues

*Table 5.13 Projects with Other Implementation Issues*

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken
<b>Current</b>		
Bureau of Fire Protection (BFP) – Capability Building Program Phase 2/ DILG/ Austria	There was a case filed against the Project questioning the legality of the procurement of fire trucks. Pending the resolution of the case, the fire trucks are being held in custody by the Bureau of Customs (BOC) at the Batangas Port.	DILG, BFP, DOF, and BOC shall agree on the final disposition of fire trucks that were held in custody at the Batangas Port.

<sup>21</sup> New Bohol Airport Construction and Sustainable Environment Protection Project had two incidences of issue on inputs and cost, one of which is already resolved

## Alert Mechanism

The NEDA's internal Alert Mechanism (AM) identifies and flags projects which require priority monitoring and facilitation using four (4) leading indicators on financial, physical, cost overrun, and stages of project implementation.

### **Box 5.1 The NEDA-Alert Mechanism**

The AM classifies ongoing ODA loan-assisted projects into Potential (with one indicator category breached) and Actual problem projects (with at least two (2) indicator categories breached). Actual problem projects are further classified into two (2) alert levels: Level I – Early Warning Stage and Level II – Critical Stage. The NEDA AM uses the following set of indicators to flag ongoing projects.

#### **AM Indicators**

<b>Indicator 1: Financial</b>	
1a	Disbursement rates below 50% for at least one (1) year (or in the last four quarterly reporting periods)
1b	Difference between time elapsed based on revised loan closing dates and utilization rate is more than 30%
<b>Indicator 2: Physical</b>	
2a	Negative physical slippage of at least 10%
2b	Delays in any major activity in the critical path for at least six (6) months and/or with activities for completion only after an extended period of implementation/loan validity
<b>Indicator 3: Cost overrun</b>	
3a	Potential cost overruns of at least 10% of ICC-approved cost
3b	Actual cost overruns of at least 10% of ICC-approved cost
<b>Indicator 4: Stage of project implementation</b>	
4a	Projects that are on their final year of implementation
4b	Project has entered midterm of implementation

Source: NEDA-MES

## Actual Problem Projects in 2017

Thirteen (13) ODA loan-assisted projects were flagged as actual problem projects for priority monitoring and facilitation as of December 2017 (*Refer to Annex 5 for the list of actual problem projects*). Out of these, nine (9) projects remained to be actual problem projects for the last six (6) months or two (2) consecutive reporting quarters, thus, were elevated to the Critical Stage (Level II).

*Table 5.14 Alert Status Summary*

Alert Status	As of December 2017
Actual Problem Projects	13
Level II	9
Level I	4
Potential Problem Projects	22
Projects with No Major Problems	8
<b>Ongoing Subtotal</b>	<b>43</b>
Closed	4
<b>TOTAL</b>	<b>47*</b>

*\* These projects are supported by 53 ODA loans. Note that a project may be financed by two (2) or more ODA loans and that a loan may support two (2) projects. Further, the total does not include program loans and projects with loans that are yet to be made effective.*

Six (6) projects remain to be actual problem projects since 2016, namely: (a) Agrarian Reform Communities Project II; (b) Integrated Natural Resources and Environmental Management; (c) Italian Assistance to the Agrarian Reform Community Development Support Program; (d) Jalaur River Multipurpose Irrigation Project II; (e) National Irrigation Sector Rehabilitation and Improvement Project; and (f) Cebu Bus Rapid Transit Project. The status of the actual problem projects is presented in Table 5.15.

*Table 5.15 Actual Problem Projects as of End 2017*

Project/ IA/ Fund Source	Reasons for Delay/Updates
<b>Alert Level II (Critical Stage)</b>	
Agrarian Reform Communities Project II/ DAR/ ADB and OFID	Delays were experienced due to difficulty among LGUs to accomplish the revised Municipal Development Fund Office (MDFO) forms and submit the complete documentary requirements for fund releases and liquidation. DAR continuously provided administrative support to LGUs, contractors, accountants, and engineers to expedite submission of LGU liquidation reports with complete supporting documents to MDFO prior to loan closing on June 30, 2018.

Project/ IA/ Fund Source	Reasons for Delay/Updates
Agrarian Reform Communities Project II/ DAR/ ADB and OFID	On August 25, 2017, NEDA endorsed to DOF the DAR's request for: (a) partial loan cancellation due to withdrawal of LGUs; and (b) reallocation of USD785,526.85 from civil works to consulting services and to fully utilize the allocation for consulting services for training and agriculture and enterprise development. However, the said request did not materialize and DOF advised DAR to utilize the remaining loan proceeds for individual land titling. DAR proceeded to implement the project using existing allocation.
Convergence on Value Chain Enhancement for Rural Growth and Empowerment/ DAR/ IFAD	DAR reported that delays could be attributed to slow project start-up as the PMOs (central and regional) became fully functional only in February 2017. Likewise, DAR identified the following implementation issues: (a) limited knowledge and technical capacity of Agrarian Reform Beneficiaries Organizations (ARBOs) on value chain system and financial analysis and reporting; and (b) limited technical capacity of LGUs to prepare quality rural infrastructure feasibility studies, DEDs, and program of works.
Fisheries, Coastal Resources, and Livelihood Project/ DA/ IFAD	<p>Implementation delays could be attributed to the weak technical capacity of the staff at Project Support and Coordination Office and RPMO levels. Likewise, there are minimal accomplishments in the CRM and Livelihood Development (LD) components of the project.</p> <p>The minimal accomplishment in CRM component was due to: (a) the slow action of some LGUs on the delineation of their municipal waters; (b) lack of CRM specialist/officer at the RPMO level; and (c) delay in the selection of suitable sites for the resource rehabilitation projects (e.g., artificial reefs, fish sanctuaries, mangrove rehabilitation, etc.) since the Project has not prioritized work on the CRM plans. On the other hand, the low accomplishment in the LD component is due to: (a) the slow formulation and submission of final business plans; and (b) delayed revision and review of the livelihood projects.</p>
Forestland Management Project/ DENR/ JICA	Contributing to the majority of slippage were the delays in attaining targets for site development and agro-forestry support facilities. The project has reported: (a) difficulties in engaging individual consultants to aid on project implementation; (b) slow processing of fund disbursement and replenishment; and (c) tedious and varied FPIC process of the NCIP per region.
Integrated Natural Resources and Environmental Management/ DENR/ ADB and IFAD	<p>The project encountered difficulties in procuring consultancy services and establishing acceptable institutional and operational arrangements at field levels. In particular, the delays were mainly attributed to the non-attainment of targets under the NRM and rural infrastructure (RI) sub-components. As of December 2017, target areas contracted under the NRM sub-component were still below the 50 percent accomplishment benchmark for the mid-term period. Further, the Project has not yet completed any RI sub-project (e.g., access roads, foot rails, communal irrigation systems, etc.). DENR has expressed that project targets are already unrealistic given the current realities on the ground.</p> <p><u>Update:</u> In March 2018, INREMP underwent ICC restructuring which included reduction of targets and partial loan cancellation.</p>

Project/ IA/ Fund Source	Reasons for Delay/Updates
Italian Assistance to the Agrarian Reform Community Development Support Program/ DAR/ Italy	<p>The project experienced delays in implementing the Community Infrastructure Development and Agricultural Enterprise Development Support components. Major issues encountered were: (a) delay in Government of Italian Republic issuance of No Objection Declaration (NOD) for rural infrastructure sub-projects costing EUR100,000 or ₱6 million; (b) armed conflict in Marawi City; and (c) delay in the procurement of the Italian Technical Assistance and Local Microfinance Institution for the Microfinance sub-component.</p> <p><u>Updates:</u> In April 2018, DAR submitted its ICC proposal for a two-year loan validity extension from April 11, 2019 to April 11, 2021 and two-year implementation duration extension from December 28, 2018 to December 28, 2020. Likewise, the ICC-CC endorsed the recommendation of the ICC-TB for DAR to provide notice to the Italian Government to expedite review and approval of the MOU by first week of July 2018, including the adoption of a maximum period of 30 calendar days instead of 45, for the issuance of NOD from receipt of DAR's endorsement, after which such requests for NOD shall be deemed approved. Should there be no approval received from the Italian Government on the MOU by first week of July 2018, the Government of the Philippines may consider cancelling the Italian loan and expedite project implementation using local funds in the interest of the agrarian reform beneficiaries.</p>
Jalaur River Multipurpose Irrigation Project II/ NIA/ KEDCF	<p>The Regional Trial Court Branch 84 issued a decision dated October 20, 2016 to cease, desist, and defer the conduct of rebidding for the construction of Jalaur Dam due to the appeal of a bidder. This resulted in the postponement of the opening of technical bids for the contract. While the order was lifted on July 20, 2017, this has further delayed the procurement by nine (9) months.</p> <p>Likewise, the project posted low disbursement as the construction of the dams, which is funded by the loan, is yet to commence pending issuance of the Notice to Proceed to the winning contractor. The Notice of Award was issued on December 27, 2017.</p> <p><u>Updates:</u> On January 26, 2018, the NEDA Board through an ad referendum approved the 46-month extension of the: (a) implementation duration of the project from November 2017 to September 2021; and (b) loan validity from May 2018 to March 2022. On March 7, 2018, NEDA endorsed the said requests to DOF, which was endorsed by DOF to KEXIM Bank on March 15, 2018.</p>
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project/ DOE/ ADB	<p>Low disbursement (i.e., payment to E-trike supplier upon completion of delivery of units to LGUs) was due to low LGU demand causing delays in the deployment of E-trikes. As of end 2017, DOE has yet to finalize the list of recipients pending receipt of commitments from LGUs. Hence, no unit has been delivered.</p> <p><u>Updates:</u> In first quarter 2018, DOE decided for the conditional donation of E-trikes to LGUs as the final deployment option. To complete activities related to the deployment, DOE requested for an 11-month extension of the Project's loans (ADB and Clean Technology Fund) from its original closing date of June 30, 2018 to May 30, 2019. NEDA endorsed DOE's request to DOF through a letter dated May 18, 2018.</p>

Project/ IA/ Fund Source	Reasons for Delay/Updates
National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	<p>The Project's low physical accomplishment are due to: (a) fifth failed bidding of the remaining contract package due to failure of bidders to meet the technical criteria set by NIA; (b) lack of manpower and equipment resulting in at least 15 percent negative slippage for most contract packages; and (c) interruption in the mobilization of civil works due to non-compliance of Irrigator's Associations in the set water delivery cut-off schedules.</p> <p>In addition, slow disbursement of funds may be attributed to the slow billing of contractors as they tend to consolidate their billing statements rather than filing these individually, due to the numerous requirements needed to submit to NIA.</p> <p><u>Updates:</u> On January 26, 2018, the ICC-CC approved NIA's request for an 18-month implementation duration extension from December 31, 2017 to June 30, 2019.</p>
<b>Alert Level I (Early Warning Stage)</b>	
Central Luzon Link Expressway Project/ DPWH/ JICA	<p>Disagreement between property owners and DPWH on different land valuations on proposed ROW for several contract packages (Contract Packages 1, 2, 3, and 4) of the project.</p> <p><u>Updates:</u> LBP was contracted by DPWH to determine the current market value of affected properties pursuant to RA 10752 or the Right-of-Way Act.</p>
Cebu Bus Rapid Transit Project/ DOTr/ France and WB	<p>Delays in procurement activities for the Technical Support Consultant (TSC) due to conflicting opinions on whether the Government Procurement Reform Act or the World Bank procurement guidelines should be followed. Due to the absence of TSC, procurement of civil works could not be started as the WB/France will not issue a No Objection Letter unless DED is reviewed by the TSC.</p> <p><u>Updates:</u> The TSC contract which was procured by PS-DBM through a MOA with DOTr was forwarded to the DOTr-Office of the Secretary in February 2018 for signature/ approval.</p>
North-South Commuter Railway Project/ DOTr/ JICA	<p>There was delay in the procurement of a general consultant caused by re-issuance of the Project's Multi-Year Obligation Authority (MYOA) in May 2017 due to change in financing from local funds to ODA.</p> <p><u>Updates:</u> The general consultant was contracted by DOTr in January 2018.</p>
Samar Pacific Coastal Road Project/ DPWH/ KEDCF	<p>There was delay in procurement of civil works contractor due to failure of bidding arising from high bid price (89% higher than the Approved Budget for the Contract).</p>

## Actual Problem Projects Contribution to the Availment Backlog

About 47 percent (USD709.61 million) of the recorded availment backlog as of December 2017 was attributed to the 12 actual problem projects. The three (3) actual problem projects with the highest contribution to the year-end availment backlog are: (a) Jalaur River Multipurpose Irrigation Project, Phase II with USD202.23 million (13%); (b) North-South Commuter Railway Project with USD150.06 million (10%); and (c) Central Luzon Link Expressway Project with USD135.87 million (9%).

## Projects with Incomplete Outputs at Loan Closing in 2017

Five (5) projects closed in 2017 with incomplete outputs. Details are shown in Table 5.16.

*Table 5.16 Projects with Incomplete Outputs at Closing in 2017*

Project/ IA/ Fund Source	Description of Incomplete Outputs	Measures Taken/ To be taken / Updates
<b>Loans</b>		
Agrarian Reform Infrastructure Support Project/ DAR/ JICA	Three (3) farm-to-market roads (FMR) sub-projects with a total length of 11.72 km and one (1) unit of post-harvest facility consisting of a solar-dryer and warehouse	The remaining four (4) sub-projects shall be completed using DAR regular funds. Two (2) FMR sub-projects with a total length of 10.54 km shall be completed in May 2018. The remaining FMR sub-project (1.18 km) and one (1) unit of post-harvest facility shall be completed in second semester 2018.
Provincial Towns Water Supply and Sanitation Program III/ LWUA/ KfW	The loan already closed in 2015, however, KfW granted LWUA's request to utilize the remaining EUR2.1 million loan beyond loan closing date to complete works for the nine (9) sub-projects until 2017.	Seven (7) out of nine (9) water district sub-projects were completed: Balaonan, Binalonan, Aparri, Orani, Mabita, Infanta and Victoria. Sub-projects in Malay and Baao are scheduled to be completed in 2018.
<b>Grants</b>		
Protected Area Management Enhancement/ DENR/ GIZ	Forty-five (45) out of 100 target protected areas (PAs) were not yet established and covered by local ordinances under Work Package 3 due to slow legislative processes in the passage of local ordinances for local declaration of PAs.	The DENR regional and field offices shall follow-up on the declaration of remaining sites as PAs. In addition, LGUs shall report and submit copies of the approved local ordinances to the DENR field offices and Biodiversity Management Bureau for documentation.

Project/ IA/ Fund Source	Description of Incomplete Outputs	Measures Taken/ To be taken / Updates
Preparation of a National Reducing Emissions from Deforestation and Forest Degradation (REDD+) Mechanism for Greenhouse Gas Reduction and Conservation of Biodiversity in the Philippines/ DENR/ GIZ	The formulation of REDD+ Governance Structure and designation of a REDD+ Focal Person were not accomplished.	The DENR-Forest Management Bureau to follow-up on the joint resolution of DENR and Climate Change Commission (CCC) on the REDD+ Governance Structure. The designation of REDD+ Focal Person shall be included in the agenda of the CCC-DRR Cluster Meeting chaired by the DENR Secretary.
Integrated Persistent Organic Pollutants Management Project (IPOP)/ DENR/ WB	<p>Undelivered targets (output indicators based on Project results framework) as of grant closing are as follows:</p> <ul style="list-style-type: none"> <li>• Legal instrument formulated/ modified and presented to stakeholders;</li> <li>• National inventory of contaminated sites; and</li> <li>• Completed contaminated site management demonstration (output funded by GPH counterpart fund).</li> </ul>	<p>The legal instrument (i.e., guidelines on site control of POPs contaminated sites) is currently being reviewed and deliberated by DENR.</p> <p>A list of potentially-contaminated sites was completed in April 2013. This output is considered to represent 50 percent of the effort necessary to prepare a national inventory of contaminated sites. However, there is still no further action on this matter.</p> <p>Demonstration activities were suspended due to delayed issuance by the AFP – Intelligence (J2) clearance for the entry of foreign workers, and the ASEAN activities in October to November 2017. The actual demonstration activity in Clark, Pampanga is planned to be conducted by April 2018.</p>



## Ongoing Projects with Damaged Outputs in 2017

Two (2) loan projects under DENR portfolio were reported with damaged outputs due to fire incidences. Details are shown in Table 5.17.

*Table 5.17 Projects with Damaged Outputs at Closing in 2017*

Project/ IA/ Fund Source	Description of Damaged Outputs	Measures Taken/ to be Taken /updates
Forest Management Project/ DENR/ JICA	Three (3) incidents of forest fires damaged 93 ha of forest tree plantations in Nueva Ecija	<p>Immediate investigation was conducted by the FMP staff. The affected POs shall continue to provide necessary seedlings needed for replanting as agreed with FMP staff.</p> <p>The replanting activities shall be done through the Bayanihan System (i.e., POs shall augment work force and seedlings for other POs in need). The same is practiced among FMP POs in Central Luzon – Region III.</p>
Integrated Natural Resources and Environmental Management Project/ DENR/ ADB and IFAD	Forty (40) ha of planted area in Madchikom POs in Mountain Province was damaged by a forest fire	The damaged area was replanted and will be closely monitored by the POs to ensure higher survival rate.

# ASSESSMENT OF CONTINUED VIABILITY OF ODA PROGRAMS/PROJECTS

## Projects Restructured in 2017

Section 5 of the ODA Act of 1996 and Section III of the ICC Guidelines and Procedures require that all requests for change in scope, extension in implementation period or loan validity, or change in cost shall be reviewed, approved, and confirmed by the ICC and/or the NEDA Board. In 2017, 12 agency requests for project re-evaluation were processed by the ICC/NEDA Board.

*Table 6.1 Projects Re-evaluated by the ICC in 2017*

Nature of Re-evaluation	Project Count (Loans) <sup>22</sup>	Distribution by IA
<b>Increase in Cost</b>	<b>1</b>	<b>DAR</b>
<b>Change in Scope</b>	<b>2</b>	
Change in scope only	1	DepEd
With extension	1	DPWH
<b>Extension</b>	<b>5</b>	<b>DAR (1), LBP (1), DPWH (1), NIA (2)</b>
<b>Others</b>	<b>4</b>	
Loan cancellation and reallocation	1	DAR
Loan reallocation	1	DPWH
Additional financing	1	DOTr
Change in Implementation Arrangement	1	DOE
<b>TOTAL</b>	<b>12</b>	

Details on the agency requests for project re-evaluation and corresponding actions by the ICC Secretariat in assessing continued viability, including NEDA Board/ICC decisions and updates, are discussed in succeeding sub-sections.

<sup>22</sup> No ODA Grants were processed for re-evaluation in 2017

## Increase in Cost

*Table 6.1.1. Projects with Increase in Cost Only Project/ IA/ Fund Source Reason/s for Restructuring*

Project /IA/ Fund Source	Reason/s for Restructuring	Updates
Italian Agrarian Reform Community Development Support Program/ DAR/ Italy	To cover the shortfall in project management operation expenses and to provide VAT cover for agricultural enterprise development and local capacity building support components	The cost increase of 99.15 million was approved by the ICC-CC on May 17, 2017. DAR requested DBM for additional GPH funding in its letter dated May 29, 2017 and was approved by DBM. It is included in the 2018 budget of DAR.

## Change in Scope

*Table 6.1.2.1. Projects with Change in Scope Only*

Project/ IA/ Fund Source	Reason/s for Restructuring	Updates
Learning, Equity, and Accountability Program Support/ DepEd/ WB	<p>Amendment of six (6) DLIs to appropriately reflect the current institutional set-up (e.g., principals to school heads and exclusion of ARMM)</p> <p>Amendment of definitions and indicators for the Project Development Objective (e.g., redefining of target disadvantaged groups, removing the Alternative Learning System from the Eligible Expenditure Programs, among others)</p>	The Development Budget Coordination Committee (DBCC) – Executive Technical Board approved on January 12, 2018 DepEd's request for the restructuring of the DLIs for the project

*Table 6.1.2.2. Projects with Change in Scope and Extension*

Project/ IA/ Fund Source	Reason/s for Restructuring	Updates
Samar Pacific Coastal Road Project/ DPWH/ KEDCF	<p>Delayed DED works due to security issues which resulted in delayed procurement of consulting services</p> <p>Bid failure of the civil works contractor due to high bid which is 89 percent higher than the Approved Budget for the Contract</p> <p>Revised specifications based on the result of DED:</p> <ul style="list-style-type: none"> <li>Revision of length of Simora Bridge (140.0 Im to 161.0 Im);</li> <li>Revision of the length of Jangtud Bridge 1 from 30.0 Im to 31 Im;</li> <li>Replacement of Pinaculan Bridge (50.0 Im) with Jangtud Bridge 2 (69.0 Im)</li> </ul>	<p>ICC-CC approved on December 6, 2017 the two-year extension from January 17, 2018 to January 17, 2020 and change in scope.</p> <p>DPWH successfully conducted the bidding on December 19, 2017 and the Notice of Award to the winning bidder was issued on December 29, 2017</p> <p>NEDA Board confirmed the ICC-CC approval on January 26, 2018 through an ad referendum.</p>

## Extension



LBP requested a two-year loan validity extension from June 30, 2017 to June 30, 2019 due to the delays encountered by the project which involved right-of-way acquisition and delayed issuance of permits, among others.

*Table 6.1.3. Projects with Extension Only*

Project/IA/ Fund Source	Reason/s for Restructuring	Updates
Mindanao Sustainable Agrarian and Agricultural Development/ DAR/ JICA	Three (3) years of implementation delays due to two (2) failed biddings and to provide ample time to deliver expected outputs	NEDA endorsed to DOF on May 5, 2017 the request for a one-year loan validity extension from July 2019 to July 2020, which was endorsed to DFA on May 11, 2017. DFA issued a <i>note verbale</i> to the Embassy of Japan on May 16, 2017. The request is still subject to approval of JICA.  The two-year implementation duration extension until December 2019 was approved by ICC-CC on May 17, 2017.
Metro Manila Wastewater Management Project/ LBP/ WB	Incurred delays in implementation due to issues on land acquisition, ROW, issuance of permits, and procurement	The two-year loan validity extension from June 30, 2017 to June 30, 2019 was approved by the ICC-TB on May 4, 2017, and confirmed by the ICC-CC on May 17, 2017.  WB concurred with the extension on June 17, 2017.
Road Improvement and Institution Development Project/ DPWH/ ADB and OFID	Delayed construction of three (3) remaining road sections of the Dumaguete North Road in Negros Oriental with total length of 101.46 km due to delay in procurement of civil works and upgrading of pavement design to comply with DPWH's standards	ICC-CC approved on June 1, 2017 the 24-month validity extension of OFID loan until June 30, 2019. ICC-CC approved on August 11, 2017 the 18-month validity extension of ADB loan until December 30, 2019.  OFID and ADB approved the request for extension of loan closing in the letters dated July 4, 2017 and April 16, 2018, respectively.

Project/IA/ Fund Source	Reason/s for Restructuring	Updates
Jalaur River Multipurpose Project II/ NIA/ KEDCF	Delays in the procurement of consulting services and civil works and to provide ample time to deliver expected outputs	The ICC-CC approved on December 6, 2017 the 46-month extension of: (a) implementation duration of the project from November 2017 to September 2021; and (b) loan validity from May 2018 to March 2022, which was then confirmed by the NEDA-Board through an ad referendum on January 23, 2018.
National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	Delays in the procurement of consulting services and civil works, and to provide ample time to deliver expected outputs	The ICC-CC approved on January 26, 2018 the request for a one-year implementation duration until July 3, 2019.

## Others

*Table 6.1.4.1. Projects with Loan Cancellation and Reallocation*

Project/IA/ Fund Source	Reason/s for Restructuring	Updates
Agrarian Reform Communities Project II/ DAR/ ADB and OFID	Withdrawal of LGUs from undertaking sub-projects due to insufficient time to complete the sub-projects and difficulty to provide LGU counterpart Proposed reallocation of USD785,526.85 from civil works to consulting services and to fully utilize the allocation for consulting services for training and agriculture and enterprise development.	NEDA endorsed the request for loan cancellation and reallocation to DOF on August 25, 2017. However, DOF advised DAR to utilize the remaining loan proceeds for individual land titling. The request for partial loan cancellation and reallocation did not materialize. DAR proceeded to implement the project using existing allocation.

*Table 6.1.4.2. Projects with Loan Reallocation*

Project/IA/ Fund Source	Reason/s for Restructuring	Updates
Road Upgrading and Preservation Project/ DPWH/ JICA	Reallocation of JPY4,765 million from contingencies to civil works and equipment supply loan category to cover the deficiency in budget requirements for civil works and the additional costs for pre-fixed road maintenance works, among others.	The ICC Secretariat endorsed the request for reallocation to DOF on January 26, 2018.

*Table 6.1.4.3. Projects with Additional Financing*

Project/ IA/ Fund Source	Reason/s for Restructuring	Updates
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	<p>Additional financing of ₱1.23 billion from JICA to address the civil works financing shortfall brought about by:</p> <ul style="list-style-type: none"> <li>• Decrease in value of available loan for civil works due to foreign exchange fluctuation from 2012 to 2016;</li> <li>• Cost adjustments resulting from the change in scope approved in 2016</li> </ul>	<p>ICC-TB endorsed the request for additional financing on September 27, 2017. ICC-CC approved the request on October 20, 2017.</p> <p>The NEDA Board approved the request through an ad referendum on January 26, 2018, which was noted by the NEDA Board en banc on April 26, 2018.</p>

*Table 6.1.4.4. Projects with Change in Implementation Arrangement*

Project/ IA/ Fund Source	Reason/s for Restructuring	Updates
Market Transformation Energy Through Introduction of Energy Efficient Electric Vehicles Project (E-Trike)/ DOE/ ADB	<p>Low LGU demand for E-trikes was attributed to the complex implementation arrangements for the distribution of E-trikes, as originally approved. With the ICC approval of DOE's request to reduce the number of E-trikes to 3,000 units in December 2016, the agency was instructed to come up with revised options for deployment of E-trikes.</p>	<p>With the ICC approval of the cancellation of USD359.76 million from the ADB and Clean Technology Fund loans and corresponding reduction in project scope from 100,000 to 3,000 e-trike units in December 2016, DOE was also instructed to advise the ICC members of the its plans for the disposition of the 3,000 units.</p> <p>On June 1, 2017, the ICC-TB/CC noted DOE's options for distribution of the E-trikes: (a) sale; (b) auction; (c) donation; and (d) demonstration.</p> <p><u>Update as of March 2018</u> Of the various options available to DOE, the agency decided to undertake the direct donation arrangement of the remaining units.</p>

### Cost Overrun Stock

Cost overrun is defined as additional costs over and above the ICC-approved project cost (Section 2.1 of the IRR of the ODA Act). Agency requests for cost-overruns undergo the ICC review process, mainly to determine whether the project continues to be economically viable. In 2017, the ICC Secretariat received three (3) requests for increase in project cost due to additional scope. Thus, the stock amount as of December 2017 stood at ₱7.84 billion for five (5) ongoing projects (Table 6.2).

Table 6.2 Cost Overrun Stock as of End 2017

Project Title/ IA/ Fund Source	ICC- Approved Cost (₱ Million)	Revised Project Cost (₱ Million)	Change in Cost (₱ Million)	Change in Cost (%)	Reason for Cost Overrun
<b>2014</b>					
Road Improvement and Institutional Development Project/ DPWH/ ADB and OFID  <b>Implementation Period:</b> July 20, 2012 – December 30, 2019	6,241.07	6,934.68	693.61	11.11	<ul style="list-style-type: none"> <li>• Road design improvement of Dumaguete North Road and Butuan-Cagayan de Oro-Iligan Road caused by earthquake related damages;</li> <li>• Inclusion of the reconstruction/ replacement of Macasoy Bridge along Dipolog-Oroquieta Road in Zamboanga del Norte damaged by typhoon; and</li> <li>• Upgrading of design standards adopting new issuances of the Department.</li> </ul>
<b>2016</b>					
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA  <b>Implementation Period:</b> July 24, 2013 – July 24, 2020	7,440.00	7,773.00	333.00	4.48	<ul style="list-style-type: none"> <li>• Construction of additional passenger boarding bridge to be connected to the planned second floor structure of the passenger terminal building</li> <li>• Extension of runway length from 2.0 to 2.5 km</li> </ul>
<b>2017</b>					
Italian Assistance to the Agrarian Reform Community Development Support Program/ DAR/ Italy  <b>Implementation Period:</b> December 28, 2012 to December 28, 2018	2,518.75	2,617.90	99.15	3.94	VAT cover for the Agricultural Enterprise Development and Local Capacity Building Support Component Project Management Operation expenses
Arterial Road Bypass Project Phase II/ DPWH/ JICA  <b>Implementation Period:</b> July 13, 2012 – July 3, 2019	3,341.00	4,364.26	1,023.26	30.63	DED from two-lane to four-lane Construction of the widening into four (4) lanes of the Angat bridge and its approach roads, and a smaller bridge (Contract Package 3)

Project Title/ IA/ Fund Source	ICC- Approved Cost (₱ Million)	Revised Project Cost (₱ Million)	Change in Cost (₱ Million)	Change in Cost (%)	Reason for Cost Overrun
Cebu Bus Rapid Transit/ DOTr/ France and WB  <b>Implementation Period:</b> July 13, 2012 – July 3, 2019	10,617.96	16,309.11	5,691.15	53.60	"Force Majeure" event of signing into law of RA No. 10752 or the ROW Act, which provides that payment for project land acquisition should be based on market value instead of zonal values amounting to ₱5,071.06 million Foreign exchange rate differentials
<b>TOTAL</b>	<b>30,158.78</b>	<b>37,998.95</b>	<b>7,840.17</b>	<b>26.00</b>	

#### **Box 6.1 Cost Overrun Stock**

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

*Source: NEDA-MES*

## **Projects Likely to be Restructured in 2018**

Sixteen (16) projects implemented by ten (10) agencies are expected to be restructured in 2018, covering changes in scope and/or cost, extension of loan validity, re-allocation, and change in financing. Agency requests for restructuring will require ICC review, approval, and/or NEDA Board confirmation.

*Table 6.3 Summary of ODA Projects for Restructuring in 2018*

Nature of Request	Project Count		Distribution by IA
	Loans	Grants	
Change in Project Scope and Cost with Loan Validity Extension and Reallocation	1	-	DPWH
Reallocation and Loan Validity Extension	1	-	DA
Change in Project Scope and Cost	5	-	DPWH (4), DOTr (1)



Nature of Request	Project Count		Distribution by IA
	Loans	Grants	
Change in Project Scope with Loan Validity Extension	1	-	DSWD
Loan Validity Extension	4	1	DAR (1), DOE (2), DepEd (1), DPWH (1)
Change in Project Scope	1	-	DILG-BFP
Loan Cancellation and Change in Project Scope	1	-	DENR
Others	1	-	DepEd*
<b>TOTAL</b>	<b>15</b>	<b>1</b>	

*\*Note: Subject to DBCC review and approval*

Details and updates on projects to be restructured in 2018 are discussed in the following sub-sections.

### Change in Project Cost and Scope with Loan Validity Extension and Reallocation

*Table 6.3.1 Projects with Change in Cost and Scope with Loan Validity Extension and Reallocation*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/ Remarks
Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in Low Lying Areas of Pampanga/ DPWH/ KEDCF	Change in scope based on results of the DED, which requires additional scope of works such as clearing, embankment, dredging, construction of foot bridge, and installation of fish pond gates.	Approved by ICC-CC on March 8, 2018 per endorsement of ICC-TB on February 28, 2018
	Change in the funding source for the implementation of the rehabilitation of school buildings component of DepEd by using local funds instead of loan proceeds from the KEXIM Bank. Loan proceeds originally allotted for the school building component will be reallocated to the flood control component.	NEDA-Board confirmed on April 26, 2018 the previous ICC approvals
	Increase in cost amounting to an additional ₱1.94 billion to cover: (a) increase in civil works cost due to additional scope of works, price escalation, and variation orders; (b) supplemental consulting services; (c) project management cost equivalent to 3.5 percent of civil works and consulting services costs.	DOF endorsed to KEXIM Bank on May 16, 2018
	Reallocation of loan proceeds amounting to USD716,000 from contingency to civil works category to fully cover requirements of the flood control component.	
	Extension of loan validity from November 14, 2019 to January 31, 2022, considering the target completion of construction works by October 2021.	

## Reallocation and Loan Validity Extension

*Table 6.3.2 Projects with Reallocation and Loan Validity Extension*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/ Remarks
Fisheries, Coastal Resources, and Livelihood Project/ DA / IFAD	<p>Loan reallocation from Component 1 – Coastal Resource Management to Component 2 – Livelihood Development due to change in strategy. Activities such as mangrove rehabilitation, construction of infrastructure (e.g., watch towers and jetty ports), and provision of boats for LGUs and small fishers shall be replaced with investment activities</p> <p>As of end 2017, the Project's physical accomplishment is at 20 percent against a target of 48 percent, while utilization rate stands at 19.26 percent. As such, DA requests for a one-year loan validity extension since the objective of having coastal communities sustainably manage their fishery and coastal resources is unlikely to be achieved at loan closing of December 31, 2020. Said request for extension was agreed upon by DA and IFAD during the IFAD Medium-Term Review in March 2018.</p>	DA to provide in-depth detail and submit formal request

## Change in Project Cost and Scope

*Table 6.3.3 Projects with Change in Project Cost and Scope*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/Remarks
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	Change in scope and cost due to additional works arising from stakeholder's demand to accommodate increase in air cargo; and addition of contingencies to address potential claims of contractor	DOTr submitted the request for change in scope and cost to NEDA through a letter dated May 22, 2018 for ICC-CC approval.
Davao City Bypass Construction Project (Southern and Center Section)/ DPWH/ JICA	<p>Change in scope from two-lane bypass road and two-lane main tunnel plus evacuation tunnel to four-lane bypass road, four-lane main tunnels and four-lane cut and cover tunnels – to cover the increase in traffic demand which is expected to double that of the projections in the 2014 JICA Feasibility Study.</p> <p>Increase in cost due to: (a) revised scope, notwithstanding the exclusion of the evacuation tunnel and widening of two (2) connector roads; and (b) increase in land acquisition cost from project-affected structures, resulting in an additional ₱7,033.71 million from the NEDA Board-approved cost of ₱16,814.69.</p>	The ICC-TB endorsed the request on April 17, 2018 for ICC-CC approval.

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/Remarks
Pasig-Marikina River Channel Improvement Project Phase III/ DPWH/ JICA	<p>Project is expected to incur an additional cost of ₱1,483.68 million, increasing total project cost from the original ICC-approved ₱7,545.16 million to the current ₱9,028.84 million. Increase in cost and scope were due to the: (a) expansion of scope of civil works; (b) increase in consultancy services fees; and (c) attendant increase in administrative costs.</p> <p>The expanded scope will include the following work items: (a) construction of new steel sheet pile (SSP) revetment; (b) construction of SSP utilizing short piles with soil-cement backfill; (c) increase in counterweight riprap elevation; (d) increase in dredging works due to siltation; and (e) increase in hauling activities due to increase in excavated materials.</p>	DPWH submitted request to NEDA through a letter dated May 17, 2018 for ICC-CC approval.
Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River/ DPWH/ JICA	<p>Project is expected to incur an additional cost of ₱1,917.62 million, which will increase total project cost from the original ICC-approved cost of ₱5,587.29 million to the current estimate of ₱7,504.91 million. The revised cost is due to: (a) domestic inflation; (b) increase in quantity of works; (c) inclusion of new work items; (d) increase in cost of ROW acquisition, particularly at the Imus River area; and (e) increase in consultancy service fees.</p> <p>The new scope of works will include: (a) the use of borrowed materials instead of dredged riverbed materials; (b) construction of trapezoidal canal instead of drainage sluiceway; (c) adoption of concrete block retaining wall instead of rubble concrete; (d) inclusion of soft rock excavation; (e) and increase in hauling distances to the temporary stockyard and to the final disposal site.</p>	DPWH submitted request to NEDA through a letter dated May 25, 2018 for ICC-CC approval.
Panguil Bay Bridge Project/ DPWH/ KEDCF	Increase in cost by ₱2.17 billion and change in scope which includes: (a) increase in length of pile foundation; (b) inclusion of seismic design not considered in the feasibility study; (c) change in width of main bridge by one (1) meter; and (d) provision of craneway not considered in original cost	DPWH submitted request to NEDA through a letter dated May 28, 2018 for ICC-CC approval.

## Change in Project Scope with Loan Validity Extension

*Table 6.3.4 Projects with Change in Project Scope with Loan Validity Extension*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/ Remarks
KALAH-I-CIDSS National Community-Driven Development Project/ DSWD/ ADB and WB	Change in scope with loan validity extension from December 31, 2019 to December 31, 2020 given DSWD's intention to expand project scope to be funded by the savings from the WB loan due to peso depreciation from USD1: ₱40 to USD1:₱50.	DSWD to meet with NEDA, DOF, and DBM to discuss financial concerns prior to drafting official letter of request to extend project scope with loan validity extension

## Loan Validity Extension

*Table 6.3.5 Projects with Loan Validity Extension*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/ Remarks
Market Transformation Energy Through Introduction of Energy Efficient Electric Vehicles Project/ DOE/ ADB	Extension of loan validity by 11 months from June 2018 to May 2019 to allow the agency to complete project activities, including the preparation of agreements with LGUs to support adoption of the project; and the delivery of E-trikes by the supplier to the LGUs	NEDA endorsed DOE's request for loan validity extension to DOF on May 18, 2018, for subsequent endorsement by DOF to ADB.
Access to Sustainable Energy Programme/ DOE/ EU	Extension of grant validity for two (2) years because implementation of Batch 1 sub-projects is foreseen to go beyond program duration. Thus, contract of Batch 1 sub-projects cannot be signed.  If program is not extended, the grant proceeds for the project is at risk of being de-committed.	DOE to provide in-depth detail and submit formal request.
Italian Agrarian Reform Community Development Support Program/ DAR/ Italy	Request for a two-year loan validity extension from April 11, 2019 to April 11, 2021 and two-year implementation duration extension from December 28, 2018 to December 28, 2020.  Low physical and financial accomplishment compared with project's time elapsed due to encountered issues on start-up activities (i.e., ratification of MOU in 2013, resignation and subsequent replacement of the Chief Technical Advisor, revision of operations manual in 2014, and amendments of MOU in 2015) and delayed issuance of NOD. The extension will give ample time to implement the microfinance subcomponent and to deliver expected outputs.	DAR submitted request to NEDA through a letter dated April 2, 2018 for possible presentation during the ICC-TB meeting in June 2018.

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/ Remarks
Learning, Equity, and Accountability Program Support/ DepEd/ WB	<p>Extension of loan validity from August 2018 to December 2018 or partial cancellation of loan proceeds.</p> <p>There are still six (6) DLIs which are scheduled to be completed within 2018. Given that the loan will close in August 2018 and that the achievement of these DLIs will still be subject to a third-party verification, DepEd is targeting to achieve all indicators by June 2018. If the six DLIs cannot be achieved by June 2018, but can still be done within the same year, an extension of the loan validity will be proposed. Otherwise, cancellation of the unutilized loan will be proposed.</p>	DepEd to provide in-depth detail and submit formal request to DBCC
Central Luzon Link Expressway Project/ DPWH/ JICA	Extension of loan validity due to implementation delays in the enactment of RA 10752 (An Act Facilitating the Acquisition of Right-Of-Way Site or Location for National Government Infrastructure Projects).	DPWH to provide in-depth detail and submit formal request.

### Change in Project Scope

*Table 6.3.6 Projects with Change in Project Scope*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/Remarks
Bureau of Fire Protection – Capability-Building Program Phase 2/ DILG/ Austria	The design and features of the fire trucks are suited for highly urbanized cities. As such, DILG and BFP plan to change some of the target 76 beneficiary cities/municipalities to highly urbanized cities.	DILG-BFP to provide in-depth detail and formal request to change project scope

### Loan Cancellation and Change in Project Scope

*Table 6.3.7 Projects with Loan Cancellation and Change in Project Scope*

Project/ IA/ Fund Source	Reason/s for Restructuring	Status/ Remarks
Integrated Natural Resources and Environmental Management Project/ DENR/ ADB and IFAD	The Project experienced major implementation delays related to management and technical capacities, as well as implementation procedures and various requirements of various sources of funding.	The ICC-CC approved during its March 8, 2018 meeting, DENR's proposals as follows: (a) partial loan/grant cancellation of USD56 million; (b) reduction of Natural Resource Management and Rural Infrastructure targets; (c) partnership with DTI to implement the livelihood sub-component; and (d) fund reallocation of the ADB funds to finance areas in the Upper Bukidnon River Basin, originally financed by IFAD.

## Others

*Table 6.3.8 Projects with Other Forms of Restructuring*

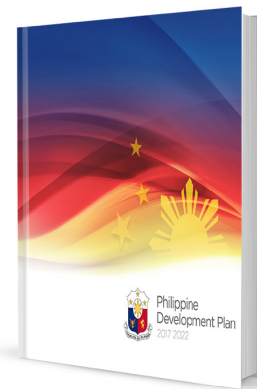
Project/ IA/ Fund Source	Reason/s for Restructuring	Status/Remarks
Senior High School Support Program/ DepEd/ ADB	Replacement of DLI 4 targets (use of public-private partnership modality considered for a portion of DepEd SHS infrastructure delivery) by considering an additional target in 2019 either for DLI 3 (minimum Service Standards for DepEd SHS Student Classroom Ratio achieved in at least 60% of DepEd SHSs) or DLI 5 (at least 45% of SHS enrollments are in non-DepEd schools) to ensure full disbursement of the loan proceeds amounting to USD7.5 million	DepEd submitted its restructuring proposal to the DOF in a letter dated April 2, 2018 for DBCC approval.

# MAJOR DEVELOPMENT INITIATIVES IN 2017

## Crafting of the Philippine Development Plan 2017-2022 and Results Matrices



Following the adoption of the Filipino people's long-term vision or *AmBisyon Natin 2040* in 2016 through Executive Order (EO) No. 5, NEDA crafted the Philippine Development Plan (PDP) 2017-2022. It is the first medium-term plan anchored on the 0-10 point Socioeconomic Agenda and is geared towards *AmBisyon Natin 2040*. It aims to lay down a stronger foundation for inclusive growth, a high-trust society, and a globally-competitive economy. Accompanying the Plan is the Results Matrices (RMs), which serve as the performance assessment tool to monitor the achievement of the targets specified in the Plan. Each chapter RM contains outcome and output statements along with the indicators, baseline data, annual targets, means of verification, assumptions, and risks.



On June 1, 2017, the President issued EO No. 27 directing all government agencies and instrumentalities to implement the PDP 2017-2022.

Subsequently, development partners crafted their respective country assistance frameworks (e.g., ADB's Country Partnership Strategy 2018-2023, UN's Partnership Framework for Sustainable Development 2018-2022, UNDP's Philippine Country Programme Document 2019-2023, IFAD's Country Strategic Opportunities Programme 2017-2022) in close coordination with representatives from the government to ensure alignment with the priorities outlined in the PDP 2017-2022.

## Conduct of Impact Evaluation Studies and Capacity Building Activities

Recognizing the importance of monitoring and evaluation in public sector management, NEDA was allotted with an M&E Fund to finance various activities related to M&E, particularly the conduct of evaluation studies and capacity-building activities.

NEDA spearheaded the commissioning of three (3) impact evaluation studies for:

- (a) LRTA's Light Rail Transit Project 2;
- (b) TESDA's Technical Education and Skills Development Project; and
- (c) DPWH's Rural Road Network Development Project, including the Capacity Building on Impact Evaluation for technical staff of NEDA Central and Regional Offices. NEDA Regional Offices likewise commissioned several evaluation studies under the M&E Fund.

In addition, three (3) impact evaluation studies are being administered by International Initiative for Impact Evaluation (3ie) with funding from Australia-DFAT, namely: (a) DOLE's Special Program for the Employment of Students; (b) DSWD's Sustainable Livelihood Program; and (c) Supreme Court's Small Claims Procedure and e-Court Programs, including the process evaluation of the Continuous Trial Program.



*NEDA-Monitoring Evaluation Staff holds the first Evaluation Reference Group meeting to discuss the draft inception report for the impact evaluation of the Technical Education and Skills Development Project. The contract for the study was awarded to DLSU-Angelo King Institute.*

## Establishment of the Project Facilitation, Monitoring, and Innovation Task Force

On June 27, 2017, the NEDA Board approved the establishment of the PFMI Task Force to facilitate development, approval, and implementation of priority projects under the *Build, Build, Build* program of the government.

The Joint Memorandum Circular on the implementation guidelines for the establishment of the PFMI Task Force was signed by NEDA, DOF, and DBM on September 1, 2017.

More specifically, the PFMI Task Force will institute policies and processes to address issues and bottlenecks in the project cycle of the IFPs (from project identification/preparation, appraisal, funding and budget allocation, procurement, implementation and post-evaluation).



## Supervision Missions/ Implementation Reviews

In 2017, NEDA, in coordination with various development partners participated in six (6) implementation reviews/supervision missions conducted for ongoing ODA projects. These projects were:

- Second Cordillera Highland Agricultural Resource Management Project;
- Learning, Equity, and Accountability Program Support;
- Fisheries, Coastal Resources, and Livelihood Project;
- Special Program for Employment of Students Impact Evaluation;
- Convergence on Value Chain Enhancement for Rural Growth and Empowerment; and
- Kapit-Bisig Laban sa Kahirapan- Comprehensive Integrated Delivery of Social Services.

Supervision missions/implementation reviews are conducted to assess the overall implementation of the project. In particular, it identifies issues encountered by the project and recommends actions to address these bottlenecks. The review aims to ensure that the project is implemented as planned, outputs are delivered, and outcomes are realized. The World Bank likewise conducted a performance and learning review of its Country Partnership Strategy for the period 2015-2018.

## Conduct of the Good Practice Awards 2017

The Good Practice Awards (GPA) was initiated by the NEDA through the Project Implementation Officers System to: (a) encourage agencies to take stock of the performance in implementing either ODA or locally funded programs/projects (LFPs); (b) recognize implementing agencies which developed good practices; and (c) multiply benefits of such practices by allowing other IAs to learn from them and adopt them. For the 2017 GPA Awards, there were 12 projects nominated for the following categories: (a) strategies in achieving desired outcomes; (b) strategies in resolving recurrent issues in project implementation; (c) best project manager; and (d) best project management office. Of these entries, five (5) projects were given awards, to wit:

- A. Strategies in Achieving Desired Outcomes
  - Visayas Health Project/ DOH/ USAID
  - Environmental Development Project/ DBP/ JICA
  - Learning, Equity, and Accountability Program Support/ DepEd/ WB
- B. Strategies in Resolving Recurrent Issues in Project Implementation
  - Learning, Equity, and Accountability Program Support/ DepEd/ WB
  - Jalaur River Multipurpose Project, Phase II/ NIA/ KEDCF



NEDA Undersecretary Rolando G. Tungpalan (1st row, 8th from the left) poses with the winners of the 2017 Good Practice Awards.

## UNDP-NEDA Partnership Agreement



Building on the initiatives of the government to promote inclusive growth and development, NEDA partnered with the UNDP in implementing its project entitled “*Using Strategic Monitoring and Evaluation to Accelerate Implementation of the Philippine Development Plan 2017-2022*” from December 2017 to December 2019. The project shall support the capacity-development activities for NEDA and other government agencies towards more effective evaluation of the PDP, Public Investment Program, and fiscal implementation at the national and sub-national levels and shall integrate the SDGs into the Government’s evaluation framework. For this undertaking, UNDP shall provide technical advisory and project management services to NEDA with the objective of improving public sector management and ODA monitoring and evaluation. In particular, the project has four (4) major components, namely:

- a. management of the NEDA M&E Fund through the conduct of evaluation studies;
- b. evaluation capacity assessment and development;
- c. advisory services for the National Evaluation Policy Framework; and
- d. project management.

# LESSONS LEARNED

This section captures the knowledge gained by the agencies in the implementation of their respective projects. Highlights are also outlined on the strengths and weaknesses in the project preparation, design, and implementation that affected project performance, outputs, and outcomes.

Lessons learned were categorized as follows: (a) design/scope; (b) cost; (c) financing; (d) time; (e) human resource; (f) procurement; (g) communication; and (h) risk management. General lessons learned are enumerated in Table 8.1, while key project-specific lessons learned are found in Annex 8.

*Table 8.1 Selected Lessons Learned for 2017*

Category	Situation/Context	Lessons Learned
Financing	The implementation of DAR foreign-assisted projects, particularly the ARCP II, was adversely affected by the imposition of the NG-LGU cost-sharing policy. Significant project delays were encountered as LGUs had to withdraw from undertaking sub-projects as they could not comply with the required LGU counterpart.	In designing projects requiring LGU counterpart, IAs should ascertain sufficient demand for the project by coming up with a firm list of beneficiary LGUs after careful assessment of LGUs' financial capacity and level of commitment.
	However, with the suspension of said policy, the ARCP II encountered competition against other government projects which require lower or even zero LGU equity.	Moreover, IAs should enter into binding agreements, including conditionalities, with beneficiary LGUs to ensure the latter's full commitment and compliance with the agreed NG-LGU cost sharing scheme until sub-project completion.
	DENR faced difficulties in managing financial requirements of four (4) different external funding sources which added to the complexities in implementing the project	Single financing is administratively easier to implement, in particular local financing. However, in case of multiple ODA financing, caution is sought in pursuing projects due to variations in terms of transactions, documentation, and requirements which unduly burden project management.
Scope	Philippine Rural Development Project experienced delays in start-up and implementation due to insufficient technical capacity and limited market understanding of beneficiaries to formulate viable proposals on livelihood enterprise development sub-projects.	For projects with livelihood component, technical assistance must be provided to proponent groups to build the capacity of beneficiaries in formulating viable proposals. This would expedite preparation and approval of sub-project documents.

Category	Situation/Context	Lessons Learned
Time and Cost	Implementation of the civil works of the Road Improvement and Institutional Development Project commenced four (4) years after completion of the DED. This resulted in the need to update the design prior to implementation which also entailed additional cost.	Delayed commencement of civil works after the DED poses the risk of technical design changes to suit the current site conditions, thus, leading to variation orders, cost increase, and time extension.
Procurement	<p>NIA encountered delays in the implementation of National Irrigation Sector Rehabilitation and Improvement Project due to poor performance of contractors arising from their unfamiliarity in site conditions and difficulty in managing several contract packages.</p> <p>NIA repackaged the contracts into smaller packages and allowed NIA Regional Offices to do the procurement of contractors. This allowed NIA Regional Offices to strictly monitor the implementation of the projects and the contractors to efficiently carry out the sub-projects.</p>	In implementing multi-regional projects, IAs may consider packaging contracts to be procured and implemented by the regional offices. This will expedite implementation by allowing more contractors to perform the civil works simultaneously.
Risk Management	NIA experienced difficulties in constructing the dam under the Jalaur River Multi-purpose Project because it is located within an indigenous peoples-inhabited area. NIA had to secure an FPIC prior to construction. However, the indigenous peoples in the area had demands outside NIA's mandate. NIA therefore entered into a MOU with other IAs to address these demands.	For projects requiring FPIC from indigenous peoples, there is a need to provide adequate time and resources for the conduct of consultations with the project-affected people and bring together all responsible agencies to address and respond to their needs. Ideally, this should be completed during the project preparation stage.
	In the implementation of the Basic Education Assistance for ARMM, the subsidiary agreement between the Government of Australia and the contractors for the construction of classrooms provided that no ODA funds shall be used directly or indirectly to support terrorism. However, a portion of the said fund was paid to a sub-contractor who, based on the audit findings, was allegedly related to the Maute terrorist group.	For conflict-affected areas which are recipient of ODA in the future, there should be a thorough screening process for implementers, sub-contractors and beneficiary organizations to ensure adherence to the principles of anti-terrorism. Part of the screening measures include the collection of organizational details and key personnel who will be involved in project implementation.

# RECOMMENDATIONS

## Recommendations for 2018 and Beyond

### For Implementing Agencies

The recommendations for 2018 and beyond which were identified during the agency-level desk reviews and consultation meetings are summarized in Annex 9. A number of these recommendations refer to actions on improving project performance, including results monitoring, to show how these link or contribute to the achievement of the PDP objectives.

*Table 9.1 Recommendations for IAs for 2018 and Beyond*

Recommendations for 2018 and Beyond
<p><u>On Procurement</u></p> <ul style="list-style-type: none"> <li>For big-ticket projects being implemented in multiple regions, IAs may consider breaking down contracts into smaller packages based on the delegation of approving authorities for procurement at the sub-national level to allow for simultaneous procurement under a crashed and catch-up implementation program.</li> </ul>
<p><u>On Capacity Development</u></p> <ul style="list-style-type: none"> <li>Implementing agencies should pursue PMO capacity-building, particularly on contract/project management, procurement, new implementation schemes (such as design-and-build contracts), and other technical aspects of the projects. Knowledge acquired from such capacity-building activities should subsequently be rolled out to concerned implementing partners (e.g., LGUs, regional line agencies, water districts).</li> <li>For projects with components on livelihood development, beneficiaries must be guided with a menu of viable enterprises that they want to pursue and be given technical assistance on how to package sub-project proposals.</li> <li>Agencies should consider assessing their respective evaluation capacities to strengthen their results focus. They should also maximize the support from development partners in terms of capacity building and conduct of evaluation studies. Also, IAs should seriously consider embedding the conduct of ex-post and/or impact evaluation in the design of their projects to assess the achievements of objectives and capture lessons learned and best practices.</li> </ul>
<p><u>On Monitoring and Evaluation</u></p> <ul style="list-style-type: none"> <li>Improve reporting of physical and financial accomplishment (consolidated at the project level), issues encountered, progress and actions being taken on approved catch-up plans, project outcomes/results (especially on their contribution to the achievement of relevant outcome indicators in the PDP-RM).</li> <li>IAs should start preparing Project Completion Report, preferably six (6) months prior to loan closing/project completion date and submit a copy to NEDA not later than three (3) months after loan closing/project completion date.</li> <li>Submit to NEDA requests for project restructuring not later than six (6) months before the loan/grant closing or project completion.</li> </ul>

# GLOSSARY OF TERMS

<b>Absorptive Capacity</b>	The country's ability to utilize Official Development Assistance (ODA) effectively and efficiently in the delivery of programs' and projects' objectives and outputs, measured with the use of four financial indicators – Disbursement Level, Availment Rate, Disbursement Rate and Disbursement Ratio.
<b>Additional Financing (AF)</b>	<p>Provided by funding institutions to ongoing projects to finance: (a) completion of the original project activities in the event of an unanticipated financing gap or a cost overrun; (b) activities that scale-up a project's impact and development effectiveness; or (c) modified project activities included as part of project restructuring when the original loan amount is insufficient to cover such activities.</p> <p>AF is provided as a separate loan constituting a new loan commitment and negotiations where implementation is limited to only three years.</p>
<b>Alert Mechanism (AM)</b>	Instrument that classifies projects into potential and actual problem projects for priority monitoring and implementation.
<b>Annual ODA Portfolio Review Report</b>	Document that reviews the performance of the programs/projects included in the ODA portfolio of the recently concluded calendar year.
<b>Availment Rate</b>	Cumulative actual disbursements as a percentage of cumulative scheduled disbursement reckoned from the start of implementation (i.e., loan effectivity) up to the reporting period.
<b>Cancellation</b>	Amount deducted from loan by funding institution, as mutually agreed upon with borrower.
<b>Commitment Fee</b>	Amount levied by the funding institution on the undisbursed loan amount or a portion thereof, payable per annum.
<b>Cost Overrun</b>	Per ODA Act of 1996 IRR, it refers to 'the additional costs over and above the ICC-approved project cost.'

<b>Cost Overrun Stock</b>	Sum of the amount of cost overrun requests under the ICC and NEDA Board review stages, incurred by all active ODA loans, as of the reporting period.
<b>Counterpart Funding</b>	Per RA 8182 (ODA Act of 1996), it refers to ‘the component of the project cost to be financed from government-appropriated funds, as part of the government’s commitment in the implementation of the project. In the case of government-owned and -controlled corporations (GOCCs), the total peso counterpart may be the equity contribution of the national government and/or internally generated cash.’
<b>Development Partner (DP)</b>	The donor/funding agency or country making a financial commitment to the project.
<b>Development Results</b>	Outputs, outcomes, or impacts of a development intervention.
<b>Disbursement</b>	Loan drawdowns as registered with the fund source
<b>Disbursement-Linked Indicators</b>	Indicators that would be the basis for disbursements, with the goal of achieving desired program/project outputs or outcomes and improve implementation performance.
<b>Disbursement Level</b>	Actual disbursements for the year.
<b>Disbursement Rate</b>	Actual disbursements as a percentage of target disbursements for the year.
<b>Disbursement Ratio</b>	Ratio of the actual disbursements for the year to the net loan amount available during the year.
<b>Foreign-Assisted Project (FAP)</b>	Development projects that benefited from financial or technical assistance from abroad; another term for ODA.
<b>Grant Element</b>	Per RA 8182 (ODA Act of 1996), Grant Element is ‘the reduction enjoyed by the borrower whenever the debt service payments which shall include both principal and interest and expressed at their present values discounted at ten percent (10%) are less than the face value of the loan or loan and grant. The grant element is computed as the ratio of (a) the difference between the face value of the loan or loan and grant and the debt service payments to (b) the face value of the loan or loan



<b>Grant Element</b>	and grant.’ Further, the weighted average grant element of all ODA at any time shall not be less than forty percent (40%) and each ODA must contain a grant element of at least twenty-five percent (25%).
<b>Gender-Responsiveness</b>	The consistent and systematic attention given to the differences between women and men in society with a view to addressing structural constraints to gender equality.
<b>Gender-Sensitivity</b>	The ability to recognize gender issues and to recognize women’s different perceptions and interests arising from their different social position and gender roles.
<b>ICC-Approved Cost</b>	Total project cost as approved by the ICC.
<b>Impact</b>	Positive and negative, primary and secondary long-term effects – both intended and unintended – produced directly or indirectly by development interventions.
<b>Impact Evaluation</b>	Impact Evaluations are carried out to assess achievement of the overall goal (long term effect to the beneficiaries) of the project.
<b>Implementing Agency (IA)</b>	Per RA 8182 (ODA Act of 1996), it refers to ‘any department, bureau, office, commission, authority or agency of the national government, including government-owned or -controlled corporations (GOCCs), authorized by law or their respective charters, and local government units (LGUs) likewise authorized by law to undertake development projects.’
<b>Investment Coordination Committee (ICC)</b>	Established under Executive Order No. 230, or “Reorganizing the National Economic and Development Authority”, the ICC is mandated to evaluate specific major capital projects with respect to their technical, financial, economic, social, environmental and institutional development feasibility/viability and from the context of sectoral plans and geographical strategies. The Committee recommends the projects to the NEDA Board for confirmation of its approvals.
<b>Lessons Learned</b>	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.



<b>Loan/Grant Closing Date</b>	Date the project's financial activities are stopped, after which the borrower can no longer disburse from the loan/grant account, as indicated in the loan/grant agreement.
<b>Loan Effectivity Date</b>	Date after which disbursements can be made.
<b>Loan/Grant Signing Date</b>	Date the project's loan/grant agreement is signed.
<b>Monitoring and Evaluation (M&amp;E)</b>	Periodic tracking of inputs, activities, and outputs of projects that involves both field and desk work, and assessment of achievement of outcomes midway during project implementation and immediately after project completion.
<b>Net Commitment</b>	Total commitment less cumulative cancellations.
<b>NEDA Board</b>	It is the GPH's premier social and economic development planning and policy coordinating body primarily responsible for formulating continuing, coordinated and fully integrated social and economic policies, plans, and programs. Chaired by the President with the Secretary of Socioeconomic Planning as the Vice-Chairperson, the NEDA Board has the following functions: (a) provide policy direction and resolve policy issues involving agencies or a specific socioeconomic sector, in accordance with existing laws, rules, and regulations; (b) approve development plans and programs consistent with the policies set by the President of the Philippines; and (c) confirm ICC-approved projects which are classified as extremely urgent by the ICC.
<b>Official Development Assistance (ODA)</b>	Per RA 8182 (ODA Act of 1996), ODA is a loan or loan and grant which meets all of the following criteria: (a) administered with the objective of promoting sustainable social and economic development and welfare of the Philippines; (b) contracted with governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements or which are members of the United Nations, their agencies and international or multilateral lending institutions; (c) no available comparable financial institutions; and (d) contain a grant element of at least 25 percent.
<b>Outputs</b>	Products, capital goods, and services that result from a development intervention

<b>Outcomes</b>	Likely or achieved short-term and medium-term effects of an intervention's outputs. These are observable behavioral and institutional changes, usually as a result of coordinated short-term investments in individual and organizational capacity building for key development stakeholders.
<b>Oversight Agency (OA)</b>	Any department, authority, office, or agency mandated by law to oversee the implementation of development projects.
<b>Philippine Development Plan (PDP) 2017-2022</b>	Lays out the development plan of the GPH from 2017 to 2022 and is the first medium-term plan anchored on the current Administration's 0-10 Point Socioeconomic Agenda and geared towards AmBisyon Natin 2040. It also considers the country's international commitments such as the 2030 Sustainable Development Goals. The plan aims to lay down a strong foundation for inclusive growth, a high-trust society, and a globally-competitive economy.
<b>Program Loan</b>	ODA loans that assist recipient countries in policy improvement and reform implementation. Program loans support implementation of national strategies or of poverty reduction strategies over longer time spans. Loan agreements are signed and funds are provided based on confirmation that reform items have been achieved by the partner country's government. In many instances, program loans take the form of co-financing with other multilateral institutions.
<b>Project Completion Date</b>	Refers to the physical completion of the project normally within the loan closing date.
<b>Project Completion Report (PCR)</b>	Report on the physical and financial status of development projects, as well as outstanding issues and emerging outcomes, prepared by the project management office/unit starting six months before project completion date, and submitted not later than six months after project completion date.
<b>Project Facilitation</b>	Project problem-solving sessions conducted with the national and regional implementing agencies as well as development partners.

<b>Project Loan</b>	ODA loans that finance projects such as roads, power plants, irrigation, water supply, and sewerage facilities. Project loans are used for the procurement of facilities, equipment and services, or for conducting civil and other related works.
<b>Project Management Office (PMO)/Unit (PMU)</b>	Office or unit through which implementing agencies manage ODA projects.
<b>Project Start Date</b>	Date the project started implementation.
<b>Re-evaluation</b>	Re-evaluation of projects with requests for change in cost, scope, implementation period/loan validity, and supplemental funding.
<b>Results</b>	The output, outcome, or impact (intended or unintended, positive and negative) of a development intervention.
<b>Results Matrices (RM)</b>	A document that accompanies the PDP, it contains statements of the results to be achieved (sector and sub-sector outcomes) with corresponding indicators, baseline information, end-of-Plan targets and responsible agencies.
<b>Slippage</b>	Variance between target and actual physical accomplishment or output of the project.
<b>Time Elapsed</b>	Ratio of the age in implementation years (from loan effectivity to reporting date) to the planned length in implementation years (from loan effectivity to original loan closing date).
<b>Total Project Cost (TPC)</b>	Sum of foreign exchange component in peso equivalent and local cost of the project.
<b>Undisbursed Amount</b>	Amount committed but not yet spent.
<b>Utilization Rate</b>	Total cumulative disbursements as a percentage of the total net commitment.

## 2017 ODA Portfolio Review Report Feedback Form

We are pleased to share with you the 2017 ODA Portfolio Review Report. To help us improve future ODA Review Reports, may we request you to complete this form.

Please send your responses (soft or scanned hard copy) to the NEDA-Monitoring and Evaluation Staff through:

OIC-Director: **Violeta S. Corpus** / VSCorpus@neda.gov.ph  
 OIC-Assistant Director: **Jesse T. David** / JTDavid@neda.gov.ph  
 or **Paul Andrew M. Tatlonghari** / PMTatlonghari@neda.gov.ph  
 Tel No.: 631-37-55, Fax No.: 631-37-53  
 7/F NEDA sa Pasig, 12 St. Jose Maria Escriva Drive, Ortigas Center, Pasig City, 1605

Thank you in advance for your time and honest responses to the questions below.

Name:	Agency/Organization:	Email:	
Address:	Tel. No.:	Fax:	

*Note: Anonymous answers are also acceptable.*

1. OVERALL RATING. Please mark (x) your overall rating for the Report, with 4 being the highest rating and 1 being the lowest rating.

Criteria	4	3	2	1
Contents are easy to understand				
Information is useful				
Layout/design is attractive				

2. Please mark (x) which section/s in the ODA Review you find:

Section	Easy to Understand	Difficult to Understand	Useful	Not useful
Section 1. Official Development Assistance Portfolio				
Section 2. ODA Portfolio				
Section 3. Performance				
Section 4. Results				
Section 5. Key Implementation Issues				
Section 6. Assessment of Continued Viability of ODA Program Projects				
Section 7. Lessons Learned				
Section 8. Recommendations				

3. Which section/s of the Report need improvement? Please provide suggestions on how we could improve these section/s.

4. What topics/ideas/contents would you like to be included in future ODA Review Reports?

5. How does your agency/organization intend to use the Report?

6. Other comments/suggestions to improve future ODA Review Reports.

