



ODA

PORTFOLIO REVIEW

2010

ODA
PORTFOLIO REVIEW
2010



© 2011 by **National Economic and Development Authority**

All rights reserved. Any part of this publication may be used and reproduced, provided proper acknowledgement is made.

ODA Portfolio Review 2010

Published by:

National Economic and Development Authority

12 Escrivá Drive, Ortigas Center, Pasig City 1605

Tel: (+632) 631 0945 to 56

Email: info@neda.gov.ph

www.neda.gov.ph

ISSN: 2244-0011

Printed in the Philippines

Table of Contents

Executive Summary	1
Introduction	1
The Portfolio Review Process	1
ODA Loans Portfolio	1
ODA Grants Portfolio	2
Results	2
Key Implementation Issues	3
Recommended Actions for 2011 and Beyond	5
Chapter 1. Introduction	6
Background	6
ODA in Context	7
International Commitments on Aid and Development Effectiveness	8
Millennium Development Goals (MDGs)	8
Financing for Development (FfD)	8
High Level Forum (HLF) on Aid Effectiveness	8
Managing for Development Results	9
ODA Management in the Philippines	9
Stakeholders	9
Interagency Committees	9
Oversight Agencies	10
Philippines Development Forum (PDF)	10
Implementing Agencies	10
Processes	11
ICC Approval Process	11
ODA Loan Programming Process	11
Country Assistance Frameworks of Development Partners	11
Management Information Systems (MIS)	13
Chapter Notes	15
Chapter 2. The Portfolio Review Process	16
Mandate	16
Objectives	16
Methodology	16
Structure	17
Chapter 3. ODA Loans Portfolio	18
Profile	18
Net Commitments (Active)	18
Magnitude	18
Distribution	19
By Development Partners	19
By Sector	19
New Commitments (Annual Flow)	20
Distribution	20
By DPs	20
By Sector	21
By DPs and Sector (Program Loans Only)	22

Loans Classification	22
By Credit Source	22
Loans Supporting the MDGs	23
Loans Addressing Climate Change Mitigation/Adaptation	23
Concessional	24
Foreign Assisted Projects (FAPs) Appropriation Over Total Agency Appropriation	24
GOP-NG Counterpart Cost vs. Total Project Cost	24
Multiyear Budget Requirements	25
Consistency of ICC-approved Cost to Loan Agreement Cost and Forward Obligation Authority	25
Overall Financial Performance	26
Utilization Performance Against Time Elapsed	27
Quarterly Financial Performance	27
Financial Performance of Specific Aspects	28
Physical Performance	29
Closed Loans	29
With Extensions	29
With Cancellations	30
With Project Completion Reports (PCRs)	30
Overall Performance	31
Commitment Fees	31
Alert Mechanism	32
Chapter Notes	33
Chapter 4. ODA Grants Portfolio	34
Magnitude	34
Distribution (See Annex 4-B for details)	34
By DP	34
By Sector	34
By Region	35
By Grant Type	35
Financial Performance	36
Utilization (See 4.1)	36
By Development Partner	36
By Sector	36
Utilization Rate in Comparison with Time Elapsed	36
Chapter Notes	37
Chapter 5. Results	39
Project Results	39
Outputs	39
Closed Loans with Incomplete Outputs	39
Damaged Outputs in 2010	39
Outcomes	39
Review Findings	39
Ongoing Projects	40
At Completion	40
Ex-Post Evaluation	40
Chapter Notes	41
Chapter 6. Key Implementation Issues	42
Cost Overrun	42
Cost Overrun Stock (2007-2010)	42
Cost Overruns (CY 2010)	42
Processing of Cost Overrun	43

Reasons for Cost Overrun	44
Projects with Loan Agreement Cost Greater Than ICC-Approved Cost	44
Budget and Funds Flow Bottlenecks	44
Steps 1 to 6	45
Step 8	45
Step 12	45
Prolonged Procurement	46
LGU-Related Problems	47
Low Utilization of ODA Relending Facilities	47
Right-of-Way (ROW) and Resettlement Issues	48
Delay of Budget Support Loans	48
Sustainability at risk	48
Insufficiency/unavailability of resources	50
Poor knowledge management	50
Other Issues	50
Chapter Notes	51
Chapter 7. Development Effectiveness Efforts In CY 2010	52
Preparation of the Philippine Development Plan (PDP) 2011-2016 and Regional Development Plans	52
Human Rights Based Approach to Development Planning	52
Mainstreaming DRR and CCA into Development Processes	52
Preparation of Provincial Development Plans and Investment Program	54
Common Platform for Annual Project-Level Review	55
IA Scorecard of DPs	55
Preparation of Provincial MDG Reports	55
Zero-Based Budgeting (ZBB)	55
Harmonized Philippine Bidding Documents	55
Program-Based Approach	55
Mutual Enforcement of Debarment Decisions	56
Coordinated missions and Joint Analytic Work (JAW)	56
Country Level Evaluation (CLE) of the implementation of the Paris Declaration (PD)	56
Good Practice Award (GPA)	56
TAs and Capacity Building Activities	57
Enhanced engagement of CSOs	57
Continuing MfDR for AARNR sector	58
Country Assistance Programs	58
Anti-corruption Support	58
Chapter 8. Recommended Actions For 2011 And Beyond	59
Actions on the Recommendations of the CY 2009 ODA Portfolio Review	59
JAW Updates	59
Other Recommendations for 2011 and Beyond	62
Continuing and Planned Enhancements for Future ODA reviews	62
Chapter 9. Classification of ODA Projects According to Gender Responsiveness	63
Glossary of Terms	68

List of Tables

1	Development Effectiveness Initiatives	4
1.1	Implementation Arrangements for FAPs	11
1.2	M&E Functions in Agencies	11
1.3	Country Strategies of DPs	13
3.1	Historical Composition of ODA Loans Net Commitment (2001-2010), in US\$ million	19
3.2	ODA Loans Net Commitment By Development Partners (CY 2010 vs. Average Last 10 Years)	19
3.3	ODA Loans Sector Classification	20
3.4	ODA Loans Net Commitment By Sector (CY 2010, Average Last 10 Years)	20
3.5	ODA Loans Net Commitment by Type of Creditors	22
3.6	ODA Loans Supporting the MDGs	23
3.7	Percentage Share of FAPs on GAA	24
3.8	Percentage of Counterpart Funding on TPC	24
3.9	Budget Requirements of ODA Loans (2011-2015)	25
3.10	Projects with ICC-Approved Costs Inconsistent with LA costs	25
3.11	Projects with ICC-approved costs inconsistent with FOA costs	25
3.12	ODA Loans Financial Performance (CY 2009 vs. CY 2010)	26
3.13	Historical ODA Loans Financial Performance	26
3.14	ODA Loans Quarterly Financial Performance (CY 2010)	27
3.15	Financial Performance By Sector and Agency	28
3.16	Performance of Program Loans	28
3.17	Financial Performance of Project Loans	28
3.18	ODA Loans Physical Performance (CY 2009 vs. CY 2010)	29
3.19	Closed Loans and Loans with Extensions (2006-2010)	29
3.20	Age of Closed Loan (In Years)	30
3.21	Closed Loans with Cancellations	30
3.22	Physical and Financial Performance of Projects	31
3.24	Alert Mechanism Indicators	32
3.25	Alert Status as of December 2010	32
3.23	Time Elapsed vs. Availment Rate	32
4.1	Closed Grants with Remaining Unutilized Balances	36
4.2	Projects with more than 30% Difference between Time Elapsed and Utilization Rate	36
5.1	Review Missions for Ongoing Projects Conducted in CY2010	40
5.2	Completion Review Missions Conducted by ADB (2001-2009)	40
5.3	Completion Review Missions Conducted by WB (2001-2008)	40
6.1	Cost Overrun Stock CY 2007-2010	42
6.2	Cost Overrun Reported in CY2010	42
6.3	Projects with Reported Cost Overruns in CY2010 (in PhP billion)	43
6.4	Projects Closed in CY 2010 with Reported Cost Overruns	43
6.5	Processing of Cost Overrun	43
6.6	Breakdown of Reasons of Cost Overrun	44
6.7	Projects with L/A Cost Greater than ICC-Approved Cost	44
6.8	Processing Time of Fund Releases	46
6.9	Procurement Duration of Goods and Consulting Services	46
6.10	Reasons for Bid Failure	47
6.11	ROW-Related Issues	48

6.12	Projects with Recurring ROW Concerns	48
6.13	Reasons for Delayed Physical Implementation	49
6.14	Sustainability-Related Concerns	49
6.15	Resource Availability Concerns	50
6.16	Knowledge Management Concerns	50
7.1	Initiatives Supportive of PD Principles	53
8.2	Updated JAW Action Plan	61
8.3	Recommendations for OAs and IAs	62
8.4	Continuing and Planned Enhancements for Future ODA Reviews	62
9.1.	Classification by Gender-Responsiveness (Project Development)	63
9.2.	Classification of Projects, by GAD category (in US\$M)	64
9.3.	Classification by Gender-Responsiveness (Project Implementation, Management, Monitoring and Evaluation)	65
9.4.	Classification of Projects, by GAD category (in US\$M)	65

List of Figures

1.1	Fiscal Deficit in the Philippines (in billion PhP)	6
1.2	Exports, OFW Remittances, Net FDI, ODA Loans (% of GDP)	7
1.3	ODA (nonprogram) Loan Disbursements (% NG Investments)	7
1.4	ODA received per capita (in US\$)	7
1.5	GDP per capita (in US\$)	7
3.1	Composition of the Loans Portfolio (CY 2009 vs. CY 2010)	18
3.2	ODA Loans Net Commitments (2001 -2010)	18
3.3	New Commitments by DP (2001-2010)	21
3.4	New Commitments By Sector (2001-2010)	21
3.5	New Commitments by DPs (Program loans only) 2001-2010	22
3.6	New Commitments by Sector (Program loans only) 2001-2010	22
3.7	Utilization Rate vs. Time Elapsed (For Effective Loan Projects in CY 2010)	27
4.1	Percentage Distribution of Grants by DP (in US\$ million)	34
4.2	Percentage Distribution of Grants by Sector (in US\$ million)	35
4.3	Percentage Distribution of Grants by Region (in US\$ million)	35
4.4	Percentage Distribution of Grants by Type (in US\$ million)	35

List of Boxes

1	ICC Approval process	12
2	ODA Loan Programming Process upon ICC Approval	12
3	Climate Change Mitigation/Adaptation	23
4	Commitment Fees Attributable to Implementation Delay and as Cost of Financing	31
5	Proposed Enhancement to NEDA's Alert Mechanism	32
7	Funds Flow Process	45
8	Whole-of-Government Results-based Management (RbM)	54

List of Annexes*

Annex 1-A	Technical Notes on the CY 2010 ODA Review Report
Annex 1-B	Comparison of NEDA-PMS ODA MIS with Public Web-Based Project Databases of WB, ADB and JICA
Annex 2-A	List of Agencies Consulted/Desks Reviewed
Annex 3-A	List of Active Loans in CY 2010
Annex 3-B	New Loans
Annex 3-C	Closed Loans
Annex 3-D	Partial Loan Cancellations
Annex 3-E	Loans with Extension of Closing Dates
Annex 3-F	Distribution of Total ODA Loans by DPs
Annex 3-G	Distribution of Total ODA Loans by Agency Classification
Annex 3-H	Distribution of Total ODA Loans by Budget Dependency
Annex 3-I	Distribution of Total ODA Loans with LGU Participation
Annex 3-J	Distribution of Total ODA Loans with MDFO as Conduit
Annex 3-K	Distribution of Total ODA Loans by Coverage Areas
Annex 3-L	Distribution of Total ODA Loans by Sector/Subsector
Annex 3-M	New Commitments (2001-2010)
Annex 3-N	Classification of Loans by Type of Creditors
Annex 3-O	Loans Supporting the MDGs
Annex 3-P	Loans Addressing Climate Change
Annex 3-Q	Disbursement Levels
Annex 3-R	Disbursement Rate
Annex 3-S	Availment Rate
Annex 3-T	Disbursement Ratio
Annex 3-U1	Physical Status of Loan-Assisted Projects in CY 2010
Annex 3-U2	Comparison of CY 2009 and CY 2010 Physical Status
Annex 3-V	Commitment Fees
Annex 4-A	List of Grant-assisted Projects
Annex 4-B	Distribution of Grants
Annex 4-C	Closed Grants with Unutilized Balance
Annex 4-D	Utilization of Grants
Annex 4-E	Utilization Rate vs Time Elapsed
Annex 5-A	List of ODA Loan Project Outputs per Sector
Annex 5-B	List of ODA Grant Project Outputs per Sector
Annex 5-C	Closed Loans with Incomplete Project Outputs
Annex 5-D	Outputs Reported by Implementing Agencies
Annex 5-E	Summary of Supervision Missions and Implementation Reviews Conducted
Annex 5-F	Results of Ex-Post Evaluation Conducted for Selected Projects in CY 2010
Annex 6-A	Cost Overrun for CY 2010 ODA Review
Annex 6-B	Processing Time of Fund Releases
Annex 6-C	Procurement Duration of Goods and Consulting Services

**Annexes are provided in a CD accompanying this publication*

Acronyms

AAA	Accra Agenda for Action
AARNR	Agriculture, Agrarian Reform and Natural Resources
ABM	Agency Budget Matrix
ADB	Asian Development Bank
AM	Alert Mechanism
ARLDP	Arterial Road Links Development Project
ASFPD-PMO	ARMM Social Fund Project- Project Management Office
AusAID	Australian Agency for International Development
BCDA	Bases Conversion and Development Authority
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of Treasury
CAS	Country Assistance Strategy
CCA	Climate Change Adaptation
CIDA	Canadian International Development Agency
CIIP	Comprehensive and Integrated Infrastructure Program
COA	Commission on Audit
CSO	Civil Society Organization
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DILG	Department of the Interior and Local Government
DOE	Department of Energy
DOF	Department of Finance
DOF-CAG	Department of Finance - Corporate Affairs Group
DOF-MDFO	Department of Finance - Municipal Development Fund Office
DOH	Department of Health
DOJ	Department of Justice
DOST	Department of Science and Technology
DOTC	Department of Transportation and Communications
DP	Development Partner
DPWH	Department of Public Works and Highways
DRR	Disaster Risk Reduction
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EDCF	Economic Development Cooperation Fund
EU	European Union
FAO	Food and Agriculture Organization
FAO-NMTPF	FAO National Medium Term Priority Framework
FAP	Foreign-Assisted Project
FAST	Forward Action and Support Task Force
FDA	French Development Agency
FDI	Foreign Direct Investments

FfD	Financing for Development
FMR	Farm-to-Market Road
FOA	Forward Obligation Authority
GAA	General Appropriations Act
GAD	Gender and Development
GFI	Government Financial Institution
GID	Governance and Institutions Development
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOCC	Government Owned and Controlled Corporation
GOJ-JICA	Government of Japan - Japan International Cooperation Agency
GOP	Government of the Philippines
GOP-UNDP CPAP	GOP-UNDP Country Programme Action Plan
GPA	Good Practice Award
GPPB	Government Procurement Policy Board
HLF	High Level Forum
HPBD	Harmonized Philippine Bidding Documents
HRBA	Human Rights Based Approach
IA	Implementing Agency
ICC	Investment Coordination Committee
ICC-CC	Investment Coordination Committee - Cabinet Committee
ICC-TB	Investment Coordination Committee - Technical Board
IFAD	International Fund for Agricultural Development
INFRA	Infrastructure
InfRES	Infrastructure for Rural Productivity Enhancement Sector
ITT	Industry, Trade and Tourism
JAW	Joint Analytic Work
KEXIM	Export-Import Bank of Korea
KfW	Kreditanstalt für Wiederaufbau
KOICA	Korea International Cooperation Agency
LaADP	Laguindingan Airport Development Project
LoADP	Lower Agusan Development Project
LBP	Land Bank of the Philippines
LLDA	Laguna Lake Development Authority
LoADP	Lower Agusan Development Project
LWUA	Local Water Utilities Administration
M&E	Monitoring and Evaluation
MCC	Millennium Challenge Corporation
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MfDR	Managing for Development Results
MTPIP	Medium-Term Public Investment Program
MWSS	Metropolitan Waterworks and Sewerage System
NCA	Notice of Cash Allocation
NEDA	National Economic and Development Authority
NEDA-IS	National Economic and Development Authority – Infrastructure Staff
NEDA-PIS	National Economic and Development Authority – Public Investment Staff
NEDA-PMS	National Economic and Development Authority – Project Monitoring Staff
NEP	National Expenditure Program
NGA	National Government Agency
NIA	National Irrigation Administration
NorthRail	North Luzon Railways Corporation
NPC	National Power Corporation
NPMC	National Project Monitoring Committee
NPSBE	National Program Support for Basic Education

NPSENRM	National Program Support for Environment and Natural Resource Management
NPSTAR	National Program Support for Tax Administration Reform
NSSHRP	National Sector Support to Health Reform Program
ODA	Official Development Assistance
ODA-MIS	Official Development Assistance - Management Information Systems
ODAMS	ODA Management System
OECD-DAC	Organization for Economic Cooperation and Development - Development Assistance Committee
OFID	OPEC Fund for International Development
OP	Office of the President
PDF	Philippines Development Forum
PDIP	Provincial Development Investment Program
PDP	Philippine Development Plan
PDPFP	Provincial Development and Physical Framework Plan
PGLDN	Provincial Government of Lanao del Norte
PHC	Philippine Harmonization Committee
PIO	Project Implementation Officer
PNP	Philippine National Police
PNR	Philippine National Railways
PIES	Programs and Projects Information Exchange System
PRRC	Pasig River Rehabilitation Commission
RBCO	River Basin Control Office
ROW	Right of Way
SARO	Special Allocation Release Order
SBMA	Subic Bay Metropolitan Authority
SBC	Small Business Corporation
SC	Supreme Court
SFAED	Saudi Fund for Arab Economic Development
SIDA	Swedish International Development Cooperation Agency
SRCD	Social Reform and Community Development
UN	United Nations
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	US Agency for International Development
WB	World Bank
WDI	World Development Indicators
WHO	World Health Organization
ZBB	Zero-Based Budgeting



Message

The National Economic and Development Authority (NEDA) is mandated to conduct and submit to Congress an Annual Review of the performance of ongoing and completed programs and projects financed by Official Development Assistance (ODA). This Review shall also recommend steps to address implementation bottlenecks and improve the government's ODA absorptive capacity.

The results of the CY 2010 review are summarized in this document – the CY 2010 ODA Portfolio Review Report.

The 2010 Review contains, several enhancements, many of which are pioneering in nature. Some of these are the following:

Section 1 gives a background on ODA and its role as a source of public investment. This is the first time that 'ODA in the Philippine macroeconomic context' was written and included as an introduction to the Report;

Section 3 on ODA Loans Portfolio features the "tagging" of projects supportive of the Millennium Development Goals (MDGs), as well as the identification of projects that address climate change mitigation and adaptation. Moreover new classifications of loan-assisted projects have been made, based on credit source and by new commitments in the last ten years;

Section 4 on ODA Grants Portfolio offers a comprehensive inventory of the grants portfolio, as well as a more nuanced classification of grant-assisted projects; and

This year's Report also gives emphasis on GOP's aid and development effectiveness efforts. Section 7, in particular, was entirely devoted to initiatives undertaken in the context of Paris Declaration (PD) Principles of Ownership, Alignment, Harmonization, Managing for Results and Mutual Accountability.

Through this Report, the GOP has taken a very pro-active stance in adopting these five principles in every process of aid management to ensure that every ODA resource is used properly and efficiently, and translates not only to developing our government's capacities, but most importantly, to the effective delivery of service to the Filipino people.

This Report would not have been possible without the able facilitation of NEDA's Project Monitoring Staff, which coordinated and ensured the active participation of development partners, oversight and implementing agencies, civil society organizations and academe throughout the review process.

The Annual ODA Portfolio Review has and will continue to become a platform for harmonizing our efforts towards improving the performance and quality of aid, as well as laying down the right processes for making aid truly effective in the Philippines.

Cayetano W. Paderanga, Jr.
Director-General and
Secretary for Socio-Economic Planning

Executive Summary

Introduction

Official Development Assistance (ODA) plays a crucial role in financing the country's fiscal gap. While ODA is smaller relative to other external sources such as exports and remittances, its importance comes as a source of public investments. From 2005 to 2009, ODA non-program loan disbursements registered 29 percent of the National Government's investments on average.

The Portfolio Review Process

The National Economic and Development Authority (NEDA) Secretariat conducts annual reviews of ODA based on: (a) the NEDA Board Resolution in 1992 which instructed the NEDA Secretariat to improve ODA absorptive capacity; (b) the ODA Act of 1996 which mandated the conduct of an annual review of the implementation of all projects funded by ODA; and (c) the NEDA Board Resolution in 1999 which instructed the NEDA Secretariat to incorporate reporting on results. Consistent with these mandates, this year's review aims to: (a) report results (outcomes and outputs) derived from implementing ODA programs and projects; (b) identify key implementation issues/problems and address cross-cutting concerns that hampered project implementation; (c) report on actions taken by concerned entities to facilitate project implementation; and (d) track development on recommendations made in previous portfolio reviews.

ODA Loans Portfolio

Total net commitment of the GOP Portfolio for the last ten years is about US\$ 10 billion. For Calendar Year (CY) 2010, total net commitment for the 93 active ODA loans amounted to US\$ 10.06 billion, consisting of 82 project loans (83 percent or US\$

8.34 billion) and 11 program loans (17 percent or US\$ 1.72 billion). For both CY 2010 and for the last ten years, Government of Japan-Japan International Cooperation Agency (GOJ-JICA) is the biggest source while the Infrastructure (INFRA) sector is the biggest recipient of ODA.

In terms of new commitments only, GOJ-JICA provided the biggest amount of new loans in the last 10 years, while the World Bank is the biggest source of new loans in CY 2010. The INFRA sector received the highest amount of new commitments in the last 10 years, while the Social Reform and Community Development (SRCD) sector received the highest amount of new loans in CY 2010.

For this year's review, loans were also classified in terms of: (a) credit source - about 69 percent are sourced from bilateral creditors while the remaining are from multilateral creditors; (b) supporting the Millennium Development Goals (MDGs) - a total of 30 loans which translates to US\$ 2.91 billion or 29 percent of the ODA loans portfolio supports MDGs one, two, four, five and seven; (c) addressing climate change mitigation - 12 loans amounting to US\$ 1.04 billion; and, adaptation to climate change - seven loans amounting to US\$ 0.34 billion.

All financial indicators in CY 2010 declined compared with CY 2009. The CY 2010 financial performance is higher compared with financial performance registered within the period of 2001 to 2005, but lower in contrast to the financial performance within the period of 2006 to 2009.

The relationship of utilization rate and time elapsed of loan projects was also examined. Compared to time elapsed, utilization of projects which started implementation in CYs 2010, 2009, 2008, and 2007 are on track, while projects which became part of the portfolio prior to CY 2007 recorded either poor utilization performance or registered more than 30 percent difference against time elapsed.

In terms of physical performance, fewer projects are on schedule compared to CY 2009, but the number of delayed projects also decreased in CY 2010. A total of 11 projects (13 %) were ahead of schedule, 36 projects (41 %) were behind schedule, and 22 projects (25 %) were completed.

The incidence of loan extensions decreased from 15 loans in CY 2006 to 10 loans in CY 2010. The average length of extensions also decreased from 2.3 years in 2006 to 1.5 years in 2010.

Moreover, in terms of cancellations, nine out of the 14 loans that closed in CY 2010 have cancellations amounting to US\$ 65.94 million.

Total commitment fees for CY 2010 amounted to US\$ 10.49 million, an increase of about 60 percent (US\$ 3.92 million) from the CY 2009 commitment fees.

An Alert Mechanism (AM) was institutionalized to classify projects into potential and actual problem projects. As of December 2010, 17 were identified as actual problem projects for priority monitoring and facilitation.

ODA Grants Portfolio

As of CY 2010, total grant amount is US\$ 2.25 billion consisting of 552 ODA grant-assisted projects (96 new, 178 ongoing and 278 closed within the year).

The Australian Agency for International Development (AusAID) accounted for the largest share of the grants portfolio at around 28 percent (US\$ 621.66 million for 17 projects). In terms of distribution by sector, the SRCD sector was the major recipient of the ODA grant assistance at 41 percent share (US\$ 931.12 million for 162 projects).

Cumulative utilization of the grants portfolio reached US\$ 968.57 million for CY 2010.

Results

Out of the 21 programs and projects which closed in 2010, 12 fully delivered their targeted outputs while nine projects had incomplete outputs. One project, the Infrastructure for Rural Productivity Enhancement Sector (InfRES) Project, reported damages on subprojects, due to frequent rains and flooding.

A total of 43 projects reported on achievement of outcomes, 26 of which were loan-assisted projects (of which 8 closed in 2010) and 17 were grant-assisted. Reported outcomes were expressed in indicators relevant to the following assisted sectors:

- ♦ **Infrastructure** — improved transport services, reduced travel time, reduced flooding and flood damages, reduced inundation period, increased electrification, increased use of renewable energy, increased energy efficiency
- ♦ **Agriculture, Agrarian Reform and Natural Resources** — reduced transportation/haulage costs, increased access to water resources, improved water quality, increased agricultural productivity and profitability, improved solid waste management
- ♦ **Social Reform and Community Development** — increased access to social services, improved health status, improved peace and security, improved local governance, improved capacities of local communities, improved access to health services, reduced drop-out rates and higher completion rates, enhanced quality of education
- ♦ **Industry, Trade and Tourism** — increased income/revenue, improved access to relending, increased job opportunities
- ♦ **Governance and Institutions Development** — speedier processing of cases, reduced case congestion and delays

Reporting on outcomes was also done through supervision missions/implementation reviews as well as ex-post evaluation of completed projects. For CY 2010, a total of 32 missions were carried out by various development partners (DPs) which granted the projects a satisfactory rating in general. Furthermore, five ODA-assisted projects were ex-post evaluated by JICA from which two were jointly evaluated with NEDA. Four of these projects were rated moderately satisfactory. Meanwhile, Lower Agusan Development Project was given two separate ratings – the flood control implemented by the DPWH was rated satisfactory while the irrigation component implemented by the National Irrigation Administration was rated unsatisfactory.

Key Implementation Issues

Key implementation issues fall under the following categories:

Cost Overrun. Cost overrun stock decreased from PhP 28.99 billion in CY 2009 to PhP 27.88 billion in CY 2010, as explained by closed loans and withdrawn requests in 2010. For CY 2010, the Investment Coordination Committee (ICC) Secretariat received six requests for ICC review/approval of cost overrun amounting to PhP 3.54 billion. Reasons identified for cost overruns include, among others: additional works, increase in unit cost, high bids, price escalation/adjustment, right-of-way (ROW) acquisition and resettlement, and foreign exchange movement. Other than the projects processed by the ICC, four projects were also identified to have cost overruns due to loan agreement cost exceeding the ICC-approved cost.

Budget and Funds Flow Bottlenecks. Most of the budget-related issues raised by the implementing agencies (IA) involve funds flow. Bottlenecks are caused by delays in the following: (a) DBM issuance of budget authorizations (SAROs/NCAs); (b) downloading of funds from central office to field units; and (c) liquidation.

Prolonged Procurement. The average duration to procure goods and consulting services improved in CY 2010 relative to CY 2008 and CY 2009 performance, but still fall short on meeting the timelines as benchmarked with RA 9184. On the other hand, procurement on civil

works also exceeded the prescribed timeline and consistently increased in the past three years.

Out of the 159 contracts procured in CY 2010, 48 contracts (30 %) used the RA 9184 guidelines. The Government of Japan-Japan International Cooperation Agency (GOJ-JICA) used the country system in nine out of its 13 contracts (70 %), the World Bank in 13 out of 55 contracts (24 %), the Asian Development Bank (ADB) in four out of 20 contracts (20 %), and other DPs in 22 out of 70 contracts (31 %).

LGU-related Problems. LGUs had difficulty in putting up the required counterpart funds in compliance with the NG-LGU 50:50 cost sharing scheme. Three projects and one program encountered LGU-related issues.

Low Utilization of ODA Relending Facilities. Five projects experienced low or zero utilization/disbursements in CY 2010. Reasons cited for the poor performance of relending facilities were the following: (a) presence of cheaper relending facilities in the market; (b) stringent guidelines in accessing the relending products; (c) high up-front premium/fee of credit facility.

ROW Issues. Issues on ROW and resettlement, which delayed the implementation of six projects, were: (a) problems in land/project site acquisition; (b) relocation including acquisition of relocation site for affected families within the ROW; (c) relocation of utilities/facilities; and (d) combined land acquisition and resettlement.

Delay of Budget Support Loans. Five budget support loans experienced delays in physical implementation. These budget support loans have been assisting the sectors of health, education, finance/taxation, environment and natural resources, and agriculture.

Sustainability at Risk. Four ongoing projects and four closed projects were identified to have concerns regarding their operations and maintenance as well as sustained provision of benefits.

Insufficiency/Unavailability of Resource. Five projects experienced resource availability concerns. These include: (a) low auditor-to-case ratio; (b) unavailability of seeds during scheduled planting months; (c) inadequate H-piles; (d)

insufficient/unavailable construction materials; and (e) insufficient manpower for preparation of plan and bid documents.

Poor Knowledge Management. Eight projects had knowledge management concerns. Issue details include: (a) lack of clean registration database; (b) weaknesses/deficiencies in M&E; (c) incomplete monitoring data and inadequate project monitoring skills; and, (d) unfamiliarity with DP's guidelines.

Other implementation issues that emerged in this year's Review include: (a) start-up delay; (b) peace and order problems; (c) weak project management; (d) poor performance of contractors; (e) election-related problems; (f) change in/replacement of key personnel; (g) poor stakeholder participation/ cooperation; and, (h) lack of IA-DP coordination.

Table 1. Development Effectiveness Initiatives

Specific Efforts	Ownership	Alignment	Harmonization	Managing for Results	Mutual Accountability
Preparation of the Philippine Development Plan (PDP) 2011-2016 and Regional Development Plans	✓				
Human Rights Based Approach to Development Planning	✓			✓	✓
Mainstreaming Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA) into Development Processes	✓			✓	✓
Preparation of PDP Results Matrices				✓	✓
Preparation of Provincial Development Plans and Investment Programs	✓			✓	
Common Platform for Annual Project-Level Review	✓	✓		✓	✓
Implementing Agency (IA) Scorecard of Development Partners (DPs)	✓	✓		✓	✓
Preparation of Provincial Millennium Development Goals (MDG) Reports	✓			✓	✓
Zero-Based Budgeting (ZBB)				✓	
Harmonized Philippine Bidding Documents		✓	✓		
Program Based Approach		✓		✓	
Mutual Enforcement of Debarment Decisions			✓		
Coordinated Missions and Joint Analytic Work			✓		✓
Country Level Evaluation (CLE) of the Implementation of the Paris Declaration (PD)				✓	✓
Good Practice Award (GPA)	✓			✓	✓
Technical Assistance (TAs) and Capacity Building Activities				✓	✓
Enhanced Engagement of Civil Society Organizations (CSOs)				✓	✓
Continuing Managing for Development Results (MfDR) for the Agriculture, Agrarian Reform and Natural Resources (AARNR) sector				✓	✓
Country Assistance Programs		✓			
Anti-Corruption Support				✓	

Note: Paris Declaration is summarized into five main principles: (1) Ownership; (2) Alignment; (3) Harmonization; (4) Managing for Results; (5) Mutual Accountability

Recommended Actions for 2011 and Beyond

Recommended actions were drawn based from the Joint Analytic Work (JAW) exercise which addressed issues of start-up delays, funds flow bottlenecks and LGU participation problems. The JAW action plan aims to realize the following: (a) budget availability ensured for ODA projects, specifically during first year of implementation; (b) implementation delay prevented by allowing advance procurement activities before project start-up; (c) GOP readiness filter adopted which would guarantee that projects are screened and evaluated properly; (d) delays in the transfer of ODA funds prevented through the adoption of service standards in the GOP fund transfer procedures; (e) a more efficient execution of LGU-implemented projects achieved; and, (f) NG-LGU cost sharing in ODA implementation rationalized.

Continuing efforts need to be undertaken by oversight agencies (OAs) and IAs on the recommendations of the CY 2009 ODA Portfolio Review. For this year's review, recommendations for OAs and IAs pertain to mainstreaming results frameworks, strengthening M&E processes and evaluation methodologies, and continuing capacity development.

A number of continuing and planned enhancements on the methodology and content for future ODA reviews were also identified.

Chapter 1

Introduction

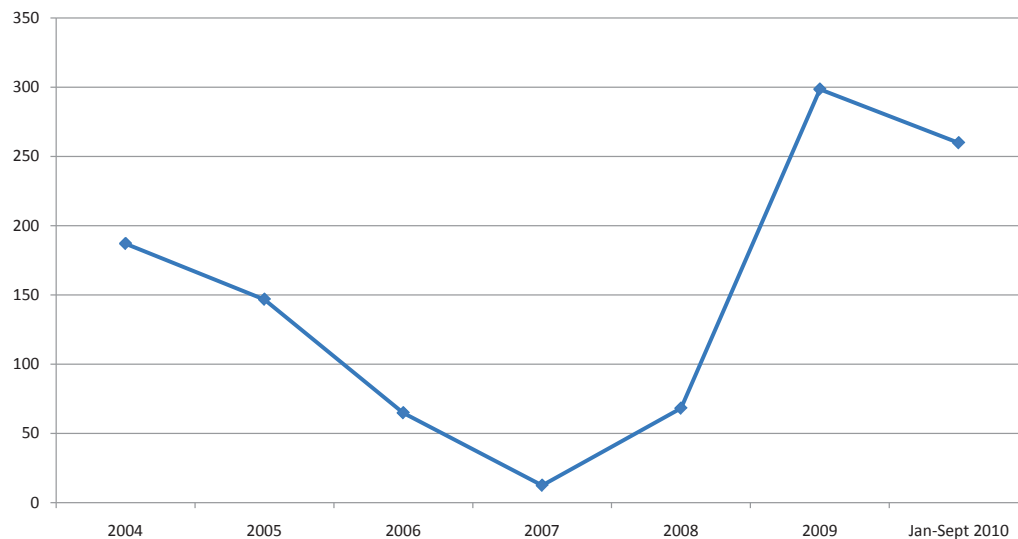
Background

Early literature suggests that aid is a critical input to reduce gaps on resource and foreign exchange.¹ Hence, aid is justifiable whenever domestic savings and exports are inadequate to finance investments and import requirements leading to resource and foreign exchange gaps. In such cases, a country may opt to either utilize foreign private capital or avail aid rather than private commercial loans which are characterized with high interest rate and short repayment period². While recognizing the importance of the roles of savings and investments, contemporary theories of economic growth focus less on the

role of savings and investment and more on technology change, labor force skills and policy or economic environment. Thus, aid can also make considerable contributions to these three additional gaps.³

In the case of the Philippines, the economy has been recently generating surplus in terms of resources (as shown by the positive difference between gross domestic savings and capital formation), but public sector has been consistently experiencing fiscal deficit.⁴ Given the limited fiscal space and huge investment needs of the country, external sources of fund such as aid or ODA play a crucial role in financing the fiscal gap.

Figure 1.1 Fiscal Deficit in the Philippines (in billion PhP)



Source: Philippine Development Plan 2011-2016

ODA in Context

External resources such as Foreign Direct Investment (FDI), Overseas Filipino Workers (OFW) remittances, and ODA play an important role in the socioeconomic development of the country. The relative contribution of ODA against other financial inflows in the country is shown in the graphs below. The level of ODA loans is lower compared to that of exports and OFW remittances, but higher compared to net FDI.

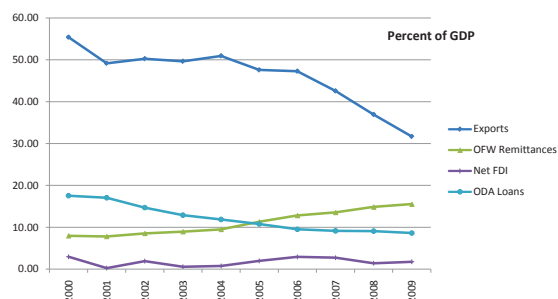
While ODA is small relative to exports and remittances, it is an important source of public investments. ODA plays a major role in filling the investment gap in the country as shown by Figure 1.3. From 2005 to 2009, ODA nonprogram loan disbursements as a share of national government's investments have been decreasing

but have registered about 29 percent, on the average.

Available literature on macroeconomic contributions of aid in the Philippines is very limited. In 2010, JICA commissioned a study⁵ on the development and growth in the Philippines, which also estimated the extent of aid contribution in the country's GDP. Based on the estimates⁶, GDP will grow by about 0.17 percent, when net aid in terms of GDP ratio increases by one percent. The results also suggest that the estimated effect of ODA to the Philippines is smaller than that of East Asia.

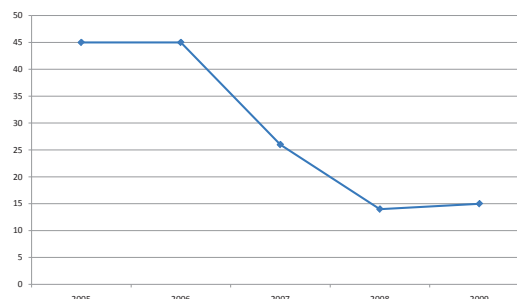
In terms of net ODA received per capita⁷, the Philippines exhibits a decreasing trend from 6.6 percent in 2005 to 3.4 percent in 2009, with an average of US\$ 4.77. In comparison with its

Figure 1.2 Exports, OFW Remittances, Net FDI, ODA Loans (% of GDP)



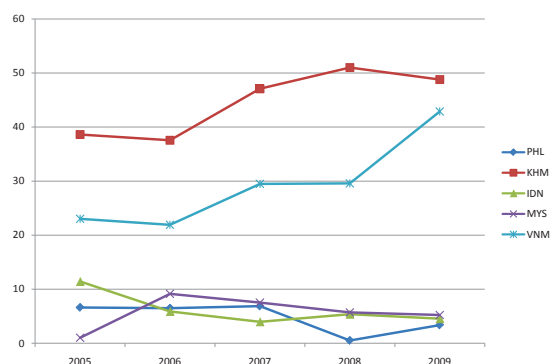
Source: World Development Indicators (WDI)-WB, NEDA, Bangko Sentral ng Pilipinas (BSP)

Figure 1.3 ODA (nonprogram) Loan Disbursements (% NG Investments)



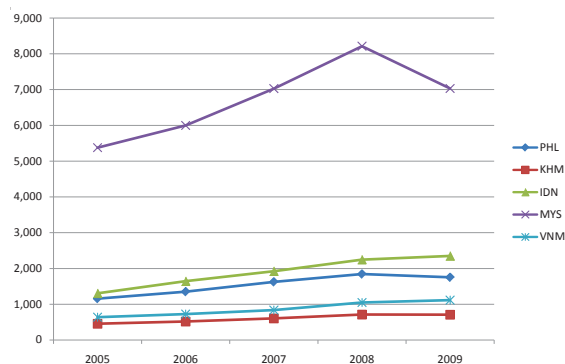
Source: Philippines: 2010 Country Portfolio Performance Review (CPPR)

Figure 1.4 ODA received per capita (in US\$)



Source: WDI

Figure 1.5 GDP per capita (in US\$)



Source: WDI

neighboring countries, the country ranks last in terms of net ODA per capita while it places third in terms of GDP per capita (CY 2009). While Malaysia and Indonesia have a higher GDP per capita ranking, net ODA received by these countries are higher compared to the Philippines.

International Commitments on Aid and Development Effectiveness

Several international commitments have contributed to the deepening of in-country discussion on aid and development effectiveness.

Millennium Development Goals (MDGs)

The MDGs are a set of eight time-bound, concrete and specific targets to reduce poverty by 2015 (UNDP). These goals were agreed upon by 192 United Nations (UN) member states in September 2000. The MDGs aim to spur development by improving social and economic conditions in the world's poorest countries. Goals include: (a) eradicating extreme poverty and hunger; (b) achieving universal primary education; (c) promoting gender equality and empower women; (d) reducing child mortality; (e) improve maternal health; (f) combating HIV/AIDS, malaria and other diseases; (g) ensuring environmental sustainability; and (h) global partnership for development.

Financing for Development (FfD)

The first International Conference on FfD (2002) indicates a turning point in the approach to development cooperation by the international community. The summit adopted the Monterrey Consensus which reflects both the comprehensive agenda and holistic approach to build a new global alliance for development, encompassing all relevant actors at the global, regional and national levels.

A follow-up International Conference on FfD (2008) was held in Doha to solidify the objectives of the Monterrey Consensus into more concrete commitments as well as assess the new challenges and emerging issues such as impact of the current financial crisis and global economic slowdown, climate change, and

volatility of international commodity markets. The Doha Declaration on Financing for Development reaffirms the Monterrey Consensus and calls for a UN Conference to examine the impact of the world financial and economic crisis on development.

High Level Forum (HLF) on Aid Effectiveness

The first HLF led to the crafting of the first declaration that outlined the principles of aid effectiveness, the Rome Declaration on Harmonization (2003). The forum engaged leaders of the major multilateral development banks (MDBs), international and bilateral organizations, as well as donor and recipient country representatives to commit on taking action to improve the management and effectiveness of aid.

The second HLF in Paris (2005) considered the increasing impact of aid in reducing poverty and inequality, encouraging growth, building capacity and accelerating achievement of the MDGs. Commitments from the Paris Declaration (PD) on Aid Effectiveness include: (a) Ownership – developing countries will exercise effective leadership over their development policies, strategies, and to coordinate development actions; (b) Alignment – donor countries will base their overall support on receiving countries' national development strategies, institutions, and procedures; (c) Harmonization – donor countries will work so that their actions are more harmonized, transparent, and collectively effective; (d) Manage for Results – all countries will manage resources and improve decision-making for results; and, (e) Mutual Accountability – both donor and developing countries pledge that they will be mutually accountable for development results.

The third HLF on Aid Effectiveness (2008) resulted in the crafting of the Accra Agenda for Action which centers on the following principles and commitments: (a) Predictability of aid – donors will provide three to five year forward information on their planned aid to partner countries; (b) Use of country systems – partner country systems, rather than donor systems, will be used to deliver aid as the first option; (c) Aid conditionality – donors will switch from reliance on prescriptive conditions about how and when aid money is spent to conditions based on the developing

country's own development objectives; and (d) Untying of aid – donors will relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best quality at the lowest price.

Managing for Development Results

The First Roundtable on Development Results (2002) assessed ongoing MfDR efforts in countries and agencies. It stressed the need for development agencies to offer coordinated support for capacity-building and to harmonize approaches to results-measurement, monitoring and reporting. Further, it discussed ways for development agencies, including MDBs, to develop results-focused corporate cultures and incentives.

The Second Roundtable on Development Results (2004) in Morocco discussed the challenges of managing for development results at the country level and the ways in which countries and development agencies are addressing these issues on the ground. As a final outcome of the Roundtable, common principles on MfDR were endorsed: (a) focus national strategies and systems on country results; (b) align cooperation programs with country results; (c) harmonize results reporting; (d) improve statistical systems; (e) assess development agency performance; and, (f) disseminate good practice.

The Third Roundtable on Development Results (2007) in Hanoi reaffirmed the importance of the PD on Aid Effectiveness, which sets out an ambitious international agenda to improve aid practices and effectiveness designed to help developing countries achieve the MDGs. The agenda highlights that all countries and donors should improve their management of resources to achieve better, verifiable development results, guided by a commitment to mutual accountability.

The Fourth Roundtable on Development Results was hosted by the third HLF on Aid Effectiveness in 2008. It discussed MfDR as a key element in public sector management, through policy decision-making based on evidence. The Roundtable highlights that MfDR necessitates (a) involvement of a wide range of stakeholders that are non-government (i.e., civil society and parliamentarians); (b) champions to

institutionalize national capacity; and (c) use of country systems utilizing development results.

ODA Management in the Philippines

Stakeholders

Various interagency committees (IACs), oversight agencies (OAs), IAs and other committees perform specific roles in the programming, implementation, and M&E of ODA.

Interagency Committees

Investment Coordination Committee (ICC). The ICC includes the National Economic and Development Authority (NEDA), Department of Finance (DOF), Office of the President (OP), Department of Budget and Management (DBM), Department of Trade and Industry (DTI), Department of Agriculture (DA), Bangko Sentral ng Pilipinas (BSP), Department of Environment and Natural Resources (DENR), Build-Operate-Transfer (BOT) Center, and Department of Energy (DOE). The committee is mandated to evaluate specific major capital project with respect to their technical, financial, economic, social, environmental and institutional development feasibility/viability and from the context of sectoral plans and geographical strategies.

Development Budget Coordination Committee (DBCC). The DBCC comprises representatives from DBM, DOF, OP, and NEDA, while the BSP serves as resource institution for the Committee. All agency budgetary requirements must pass through the Committee. Its objectives are to: (a) set budget parameters based on available resources; (b) conduct budget hearings; and (c) submit the resulting consolidated budget to the House Committee on Appropriations.

Philippine Harmonization Committee (PHC). The PHC, composed of representatives from oversight agencies (DOF, NEDA, DBM and Commission on Audit (COA)) was established in 2003 to oversee the government's harmonization agenda. The agenda covers a set of initiatives to: (a) strengthen country systems bearing on government procurement, public financial management (PFM), gender, land acquisition and resettlement; (b) ensure results-orientation

at various levels (e.g., planning, programming, budgeting, monitoring and evaluation, performance and management audit); and (c) address gaps in PD implementation.

Oversight Agencies

BSP. As member of the ICC, the BSP ensures consistency of programs and projects with its monetary/ foreign exchange policies.

Department of Budget Management (DBM). The DBM, as a member of the ICC, examines budget implication of proposed public investment and recommends to Congress annual budget for projects. In the programming stage, the Department examines budget implication of proposed public investment, and issues clearance for funding strategy.

Once the project/program was approved by the ICC, the DBM evaluates the budget proposal of the IA for inclusion in the latter's budget in the National Expenditure Program (NEP). Upon approval of the IA's budget, the Department issues obligational authority (Agency Budget Matrix (ABM) /Special Allocation Release Order (SARO) /Notice of Cash Allocation (NCA)) based on the IA's Work and Financial Plan (WFP). Further, the Department evaluates and consolidates management reports of the Accountability/Performance Reports of IAs, for submission to authorities.

DOF. The DOF negotiates and processes loan applications. As a member of the ICC, the Department's expected inputs include: (a) Corporate Affairs Group (CAG) review for proposals from government owned and controlled corporations (GOCC) and government financial institutions (GFI); (b) return on investment (ROI) for public sector participation (PSP) projects (unsolicited or negotiated after bidding) as set by CAG; and (c) consistency of loan applications with borrowing strategy as cleared by IFG. During the programming stage, the DOF (a) issues certification after Forward Obligation Authority (FOA); and (b) constitutes negotiating panel and requests "full powers" after resolution is issued by the NEDA Board.

Department of Justice (DOJ). The DOJ issues legal opinion upon signing of the loan agreement and prior to loan effectiveness.

Commission on Audit (COA). The COA, through the ODA Act of 1996, is mandated to conduct an audit of each ongoing and completed ODA project and report to Congress not later than June 30 each year. The Government Accountancy Sector (GAS) of COA was tasked to prepare the consolidated data on public debt for inclusion in the Annual Financial Report (AFR) of the NG and to consolidate the audit findings and recommendations of ODA-funded projects.

NEDA. NEDA coordinates national development plan formulation and programming, including ODA. It reviews and appraises proposed ODA projects during programming and conducts monitoring and evaluation upon program/project approval.

Philippines Development Forum (PDF)

The PDF is the main platform of the GOP for facilitating substantive policy dialogue among stakeholders regarding the country's development agenda, which encompasses ODA.

The PDF process involves continuous dialogue on thematic areas through the following eight working groups: (a) MDGs and social progress; (b) growth and investment climate; (c) economic and fiscal reforms; (d) governance and anti-corruption; (e) decentralization and local government; (f) sustainable rural development; (g) Mindanao; and (h) infrastructure. Said working groups are convened by a government agency (lead) and a DP (co-lead), and are part of a policy dialogue process for developing consensus and generating commitments among a wide range of stakeholders, toward critical actionable items of the GOP's reform agenda.

Implementing Agencies

An IA undertakes management of ODA projects through a project management unit which is responsible for the implementation, coordination and monitoring of foreign-assisted projects (FAPs). Overall supervision of these units, on the other hand, is exercised by a senior official within the agency. The 33 agencies covered in this review follow such set up, that is, project management units report on the physical and financial progress of their projects to the office of an Assistant Secretary/Commissioner or Undersecretary for NGAs, or to the office of a

Vice President or General Manager for GOCCs and GFIs.

While the 33 IAs have the said setup in common, implementing arrangements for FAPs vary. For this Review, five categories or modalities have been identified and described in Table 1.1.

Of the 33 IAs covered in this Review, 14 were reported to have an M&E unit (i.e., a unit which regularly tracks outputs and outcomes of ongoing FAPs) within their agencies.

Table 1.2 summarizes the distribution of M&E functions of IAs.

Processes

ICC Approval Process

The scope of ICC review (Box 1) pertaining to ODA includes: (a) programs and projects of national line agencies costing PhP 500 million and above

or entails a foreign borrowing of at least US\$ 5 million; (b) new activities of GOCCs and GFIs requiring investments that has to be financed by NG-guaranteed loan; (c) projects involving private sector access to concessional ODA loan financing through on-lending arrangements and/or NG financing guarantees; and (d) ongoing projects involving changes in scope; change in cost above established sensitivity parameters and budgetary allocation relative to original/prior ICC approval; or, extension in implementation period or loan validity of more than 12 months.

ODA Loan Programming Process

Box 2 illustrates the ODA loan programming process from ICC approval to the commencement of fund withdrawal upon loan effectivity. Also highlighted are the roles of various agencies in each step of the process.

Table 1.1 Implementation Arrangements for FAPs

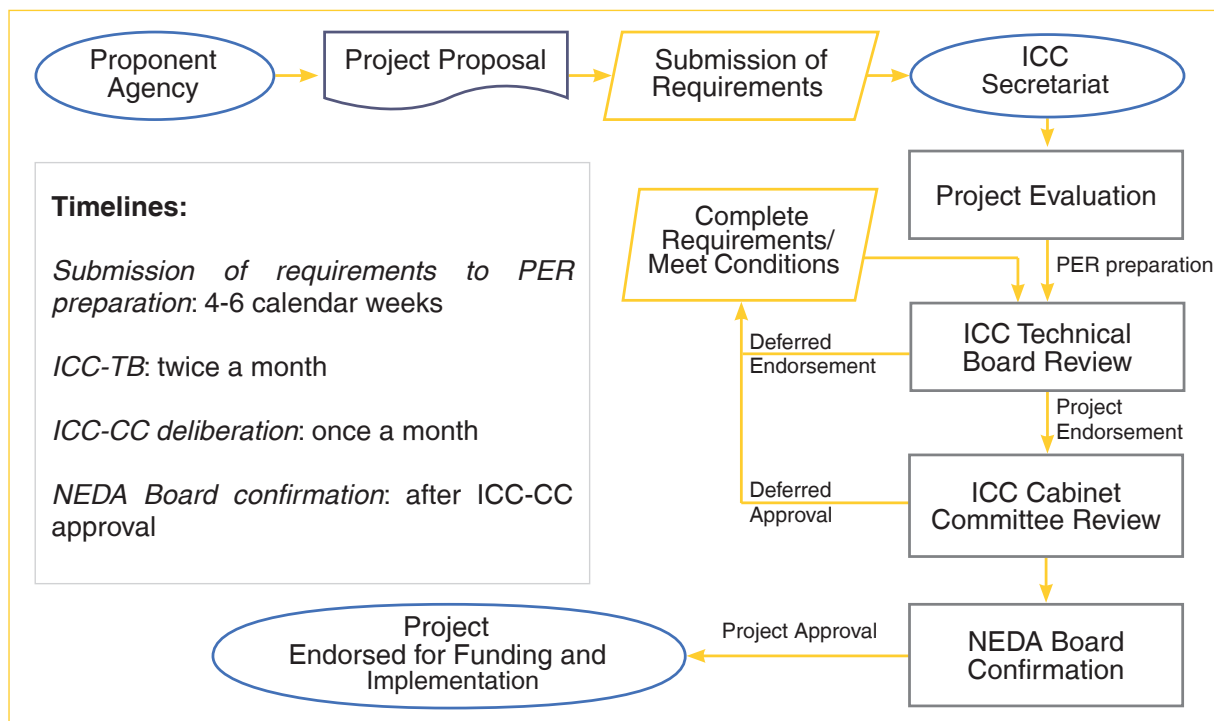
Category	Agencies
Project management unit (with or without contractual personnel) mainstreamed in organization implementing FAPs (organic unit)	3 (DepEd, DOH, SC)
Project management unit (with or without contractual personnel) coordinating with individual project management offices (PMOs)	8 (DA, DAR, DENR, DOE, DSWD, MWSS, NIA, SBC)
Clustered PMOs (by subsector or by DP) under senior official (Undersecretary)	1 (DPWH)
Regular units handling project management functions	2 (DBP, LBP)
One PMO per FAP (organic unit with/without contractual personnel)	19 (ASFPD-FMO, BCDA, BIR, BOC, DILG, DOST, DOTC, DTI-SBC, LLDA, NEDA, NLRC, PGLDN, PRRC, PNP, PNR, SBMA, DOF, LWUA, NPC)
TOTAL	33 Agencies

Table 1.2 M&E Functions in Agencies

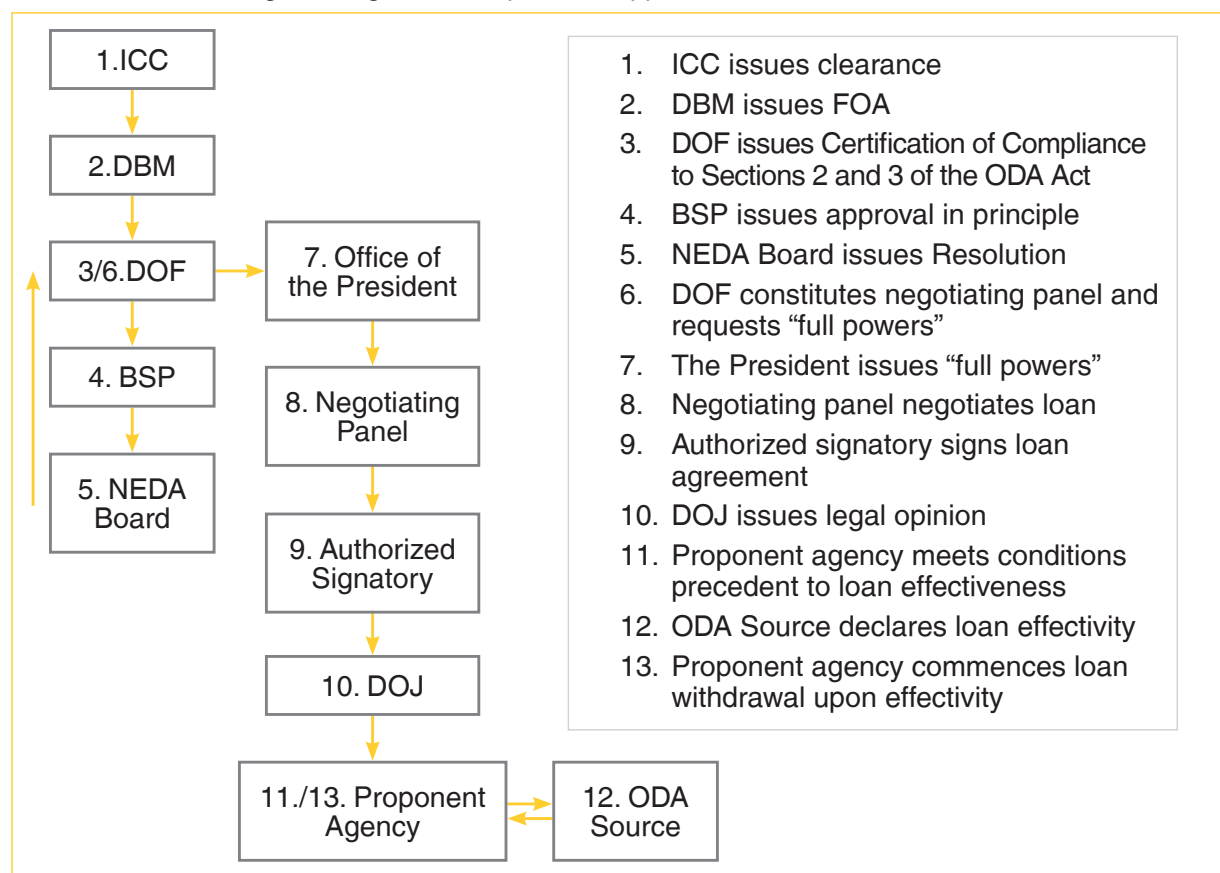
M&E Functions	Agencies
Embedded in PMO	8 (DA, DAR, DSWD, DOE, DOH, LLDA, SC, LBP)
Other unit/division within agency	3 (DSWD, DENR, DOTC, DBP)
Joint function of PMO and other units in IA	3 (DAR, DepEd, DTI, PRRC)
TOTAL	14 Agencies

Note: DAR and DSWD consider M&E as a function embedded in individual PMOs. For DAR, this is parallel with M&E being a joint function of the PMO and other units within the department. For DSWD, M&E is likewise done by a unit/division within the department.

Box 1. ICC Approval process



Box 2. ODA Loan Programming Process upon ICC Approval



Country Assistance Frameworks of Development Partners

DPs align their development initiatives to the country's development plan. These assistance strategies serve as DPs' cooperation framework as well as basis for the programming of ODA. Further, country strategies summarize country-specific foreign assistance goals and reflects the

DPs' commitment to partner with the Philippines and with other DPs.

Table 1.3 shows a list of names of the country strategy papers/ assistance strategies/programs and other related documents that the Philippines has with specific DPs.

Table 1.3 Country Strategies of DPs

Development Partner	Country Strategy
Bilaterals⁸	
Australian Agency for International Development (AusAID)	2007-2011 Philippine–Australia Development Assistance Strategy
Canadian International Development Agency (CIDA)	Country Strategy for the Philippines
European Union (EU)	EU Country Strategy Paper (CSP) for the Philippines 2007-2013
Japan International Cooperation Agency (JICA)	Country Assistance Strategy (CAS) ⁹
Korea International Cooperation Agency (KOICA)	Country Assistance Strategy ¹⁰
Spain	Intervention Action Program for 2010 (leading to the Strategic Partnership Framework Agreement 2011-2016)
U.S. Agency for International Development (USAID)	2009-2013 USAID/Philippines Country Assistance Strategy
Multilaterals	
Asian Development Bank (ADB) ¹¹	ADB Country Operations Business Plan for the Philippines 2010–2012 and ADB Country Strategy and Program (extended up to 2011)
World Bank (WB)	Country Strategy for the Philippines 2010-2012
United Nations (UN) ¹²	United Nations Development Assistance Framework (UNDAF) 2005-2009 (extended up to 2011) ¹³
Food and Agriculture Organization (FAO)	FAO National Medium Term Priority Framework (NMTPF) for 2010-2011
International Fund for Agricultural Development (IFAD)	IFAD's Philippines Country Strategic Opportunities Programme 2010-2014
United Nations Development Programme (UNDP) ¹⁴	UNDP Country Programme Document for the Philippines 2005-2009 (extended up to 2011) and GOP-UNDP Country Programme Action Plan (CPAP) 2005-2009 (extended up to 2011)
United Nations Population Fund (UNFPA)	The UNFPA 6th Country Programme and GOP-UNFPA CPAP 2005-2009 (extended up to 2011)
United Nations Children's Fund (UNICEF) ¹⁵	Sixth Country Programme for Children (CPC 6) 2005-2009 (extended up to 2011) and GOP-UNICEF CPAP 2005-2009 (extended up to 2011)
United Nations Educational, Scientific and Cultural Organization (UNESCO)	Philippines- UNESCO Country Programming Document (PH-UCPD) 2009-2011

Management Information Systems (MIS)

The NEDA maintains an ODA MIS to efficiently process and report ODA information, and facilitate management decision-making in relation to ODA programming, implementation, and monitoring and evaluation. The ODA MIS is composed of several subsystems maintained by different NEDA staffs:

1. Medium-Term Public Investment Program (MTPIP) database and the ICC Project Appraisal Monitor (IPAM) of the NEDA Public Investment Staff (PIS) - contains information on projects in the pipeline and list of projects in the MTPIP;
2. Comprehensive and Integrated Infrastructure Program (CIIP) of the NEDA Infrastructure Staff (IS) - contains detailed project information on infrastructure projects; and
3. ODA Management System (ODAMS) of the Project Monitoring Staff (PMS) - contains information on the performance of ongoing loan- and grant- assisted projects and programs.

In terms of project monitoring, where bulk of the data is generated and processed, focus is on assessing project implementation performance by looking at the physical and financial performance and timely delivery of project outputs. Details on physical performance (outputs, slippage, issues, etc.) may be found in the Project Profiles updated quarterly by the NEDA-PMS, while details on financial performance for loans and grants may be found in the ODAMS.

The ODA Loans Database Monitoring System under the ODAMS contains the master list of all approved development projects and programs with signed loan agreements. Its first module is for records maintenance, to update project profile information and relevant financial information. On the other hand, its second module is for report generation, to compute and display leading financial performance indicators (i.e., availment rate, disbursement rate, disbursement ratio, utilization rate) and to track other essential

information (i.e., time elapsed, new/closed loans, and cancellations), which may be summarized by funding source, implementing agency, and sector.

The ODA Grants Database Monitoring System contains information on projects which are solely grant-assisted through ODA channels. The database contains basic information on grant projects' profile, status and disbursement level.

Generally, the ODA MIS of NEDA is comparable with the project databases of the WB, ADB and JICA in terms of level of project information made available (see Annex 1-B). To illustrate, the Project Profile of the NEDA-PMS is quite similar to the Implementation Status Report of the WB and the Loan View of the ADB project database website. It is worth noting, however, that each of the three DP project databases has unique area/s of focus. The WB provides extensive details on debt management and an alert mechanism to flag projects in critical timelines (nearing closing date, application deadline, etc.). ADB employs a rating system on the status of covenants¹⁶ and provides extensive details on the status of advances, liquidation, balances and imprest fund turnover ratio¹⁷. JICA, on the other hand, provides a mechanism to track project issues and allows IA updating of some project data.

In order to further enhance the ODA MIS of NEDA, the Projects and Programs Information Exchange System (PPIES) is currently being developed as a web-based information system that would integrate, store, and manage project/program information from all existing NEDA databases. PPIES would cover the programming stage until project completion and ex-post evaluation, capture information currently unavailable in the databases and only contained in specific project documents such as the project evaluation reports, project logframe, progress reports (for procurement activities), and ex-post evaluation reports, among others. The PPIES is intended to facilitate data entry from different NEDA data suppliers, as well as to facilitate information retrieval and report generation.

Chapter Notes

- 1 In the mid-1960s, Chenery and Strout introduced the Dual Gap Model that justifies foreign aid as an additional resources that increases economic performance and generates economic growth. (2005. An Empirical Analysis on the Effect of Aid on Growth." *International Advances in Economic Research*).
- 2 Kang, Hyewon. June 2010. The Philippines' Absorptive Capacity for Foreign Aid. Philippine Institute for Developing Studies. Discussion Paper Series No. 2010-15
- 3 ODA, Economic Growth and Poverty Reduction, December 2010. Available at <http://ideas4develop.blogspot.com/2010/12/oda-economic-growth-and-poverty.html>
- 4 Kang, Hyewon. June 2010. The Philippines' Absorptive Capacity for Foreign Aid. Philippine Institute for Developing Studies. Discussion Paper Series No. 2010-15
- 5 Japan International Cooperation Agency (JICA). October 2010. Review of Development and Growth in the Philippines
- 6 Per capita GDP of recipient countries were regressed as a function of: (a) aid amount received; (b) indicators to represent and "goodness"; (c) vector for all other variables which may affect macroeconomic growth; (d) regional dummy variable for East Asia; and (e) regional dummy variable for the Philippines.
- 7 Net ODA received per capita, as defined by WB WDI, is calculated by dividing net ODA received by the midyear population estimate. It includes loans with a grant element of at least 25 percent (calculated at a rate of discount of 10 percent). Data are in current U.S. dollars.
- 8 There is no Country Strategy Paper for cooperation with China. For New Zealand, a country framework for development will soon be prepared in consultation with the Philippine government to guide the direction of New Zealand's bilateral programme to the Philippines for the next five years. The Country Strategy Papers for Spain (AECID) and France (AFD) are currently being developed. Lastly, there are no country strategy papers for cooperation with Canada, Germany, Netherlands, UK, Denmark, Finland, Belgium, Czech Republic, and Italy because the Philippines is not a priority partner country for development cooperation in these countries.
- 9 The GOJ is currently updating Japan's Country Assistance Strategy (CAS) for the Philippines, which will serve as Japan's cooperation framework and basis for the programming of ODA and other development initiatives in the Philippines for the next three to five years.
- 10 There are ongoing discussions with KOICA on the new CAS.
- 11 Formulation of the ADB Country Partnership Strategy 2011-2016 is ongoing.
- 12 Formulation of the UNDAF 2012-2018 is ongoing.
- 13 The United Nations Development Assistance Framework (UNDAF) is UN's overarching strategic document from which the UN agencies derive their niche programmes (i.e., United Nations Development Group Executive Committee agencies UNDP, UNICEF and UNFPA have Country Programme Documents or agency equivalent documents of UN Specialized Agencies). As requested by GOP, the 2005-2009 UNDAF was extended to fully align with the national planning process and benefit from the Philippine Development Plan 2011-2016. The new UNDAF covering the period 2012-2018 was endorsed by NEDA and DFA last May 23, 2011.
- 14 The UNDP Country Programme Document (CPD) 2012-2016 was approved by the UNDP Executive Board in June. 2011
- 15 Consultations between the GOP and UNICEF have been underway for the development of the next programme, i.e., the Seventh Country Programme for Children (CPC 7).
- 16 Indicates the satisfaction rating per area of concern (Sector, Environmental, Social, Financial, Economic, etc.)
- 17 The turnover (how many times in one year) provides information on the operational efficiency of Imprest Accounts of the borrowers.

The Portfolio Review Process

Mandate

The NEDA Board Resolution No. 30, Series of 1992 requires the NEDA ICC to review all ongoing ODA-funded programs and projects, with the aim of improving ODA absorptive capacity of government.

The mandate to conduct the review was further strengthened by Republic Act (RA) No. 8182, also known as the ODA Act of 1996, as amended by RA 8555. Particularly, Section 8(a) mandates the NEDA Secretariat 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. The NEDA Secretariat is required to submit to Congress a report on the outcome of the review not later than June 30 of each year.

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

Objectives

Consistent with the above mandates, the specific objectives of the CY 2010 ODA Portfolio Review are to: (a) report results (outcomes and outputs) derived from implementing ODA programs and projects; (b) identify key implementation issues/problems and address crosscutting concerns that hamper project implementation; (c) report on actions taken by concerned entities to facilitate project implementation; and (d) track development on recommendations made in previous portfolio reviews.

Methodology

The NEDA Secretariat undertook the Review with the participation of OAs such as DBM, COA and DOF, and the IAs with active loans and grants. The DPs (i.e., ADB, JICA, WB, etc.) also participated during the agency-level meetings in support of the advocacy to use and strengthen country system on portfolio review. Use of country system allows alignment of DPs' processes to the GOP procedures, aimed at enhancing aid effectiveness and reducing transaction costs.

The Review covered all active (signed and/or effective including closed loans for the year) ODA loan-funded programs and projects from January 1 to December 31, 2010. ODA grants implemented by the agencies were also included. The Review involved desk reviews of performance of 33 IAs. Among the 33 IAs, additional consultations and discussions were conducted with 28 IAs (21 NG agencies, four GOCCs and three GFIs). (See Annex 2 for list of agencies/LGU consulted and/or desk reviewed).

Prior to agency consultations, the Review framework was presented to the Project Implementation Officers (PIO) on March 24 2011, in order to enhance the framework and deepen partnership with IAs.

In the finalization of the report, the draft findings were presented to and commented by the OAs (DBM, GPPB, DOF, MDFO, COA, and BTr) on May 23, 2011, the PIOs on June 1, 2011; the Civil Society Organizations and the academe on June 2, 2011, the NEDA Management Committee (Central and Regional Offices, attached agencies) on June 10, 2011, and the DPs (ADB, AusAID, CIDA, EU, IFAD, JICA, UN, USAID,

and WB) on June 21, 2011. The draft findings of the Review were likewise presented to the ICC Technical Board.

Structure

the Review comprises eight sections. Section 1 (Introduction) discusses ODA in the Philippine context. Section 2 outlines the Review's mandate, objectives and methodology. Sections 3 and 4 provide an overview and discuss efficiency indicators of ODA Loans and Grants Portfolios. Section 5 reports on results, with emphasis on outputs and outcomes. Section 6 identifies key implementation issues and discusses cost overruns incurred by projects. Section 7 provides updates on Aid Effectiveness in 2010. Section 8 covers Recommended Actions for 2011 and Beyond, inclusive of JAW-related updates.

Project-specific details are provided in the Annexes and fully discussed in individual agency folders. Chapter Notes are provided at the end of each section while a Glossary of Terms is provided at the end of the report.

Likewise, a separate report on the Gender-Responsiveness of ODA Projects was provided pursuant to R.A. 7192 or the Women in Development and Nation-Building Act mandating the NEDA to monitor the amount of ODA resources allocated for gender-responsive programs and projects.

ODA Loans Portfolio

Profile

Total net commitment for the 93 active ODA loans for CY 2010 amounted to US\$ 10.063 billion (See Figure 3.1), consisting of 82 project loans (83% or US\$ 8.34 billion) and 11 program loans (17% or US\$ 1.72 billion). (See Annex 3-A for the list of active loans covered in the CY 2010 ODA Portfolio Review).

New loans in the GOP Portfolio for CY 2010 amounted to US\$ 2.237 billion (22%), which was lower than the CY 2009 value of US\$ 2.797 billion (29%). Signed loans that were not yet effective also increased from US\$ 0.500 billion (5%) in CY 2009 to US\$ 0.719 billion (7%) in CY 2010. Lastly, the amount of closed loans decreased from US\$ 1.904 billion (20%) in CY 2009 to US\$ 1.631 billion (16%) in CY 2010. (See Annex 3-B for the list of New Loans, Annex 3-C for Closed Loans, Annex 3-D for Loans with Partial Cancellations, and Annex 3-E for Loans with Extension of Closing Dates.)

Net Commitments (Active)

Magnitude

Total net commitment of the GOP Portfolio for the last ten years is generally stable at about US\$ 10 billion each year. From 2006-2010, shares of program loans reached around US\$ 2 billion, which is higher than the average shares in 2001-2005 which is around US\$ 0.71 billion. (See Figure 3.2)

Figure 3.1 Composition of the Loans Portfolio (CY 2009 vs. CY 2010)

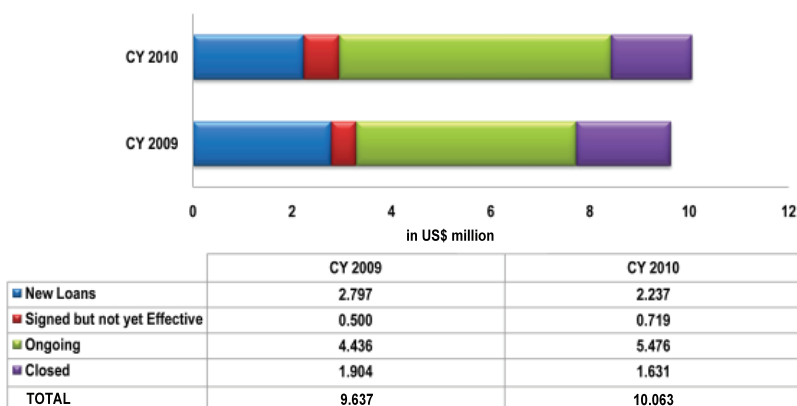


Figure 3.2 ODA Loans Net Commitments (2001 -2010)

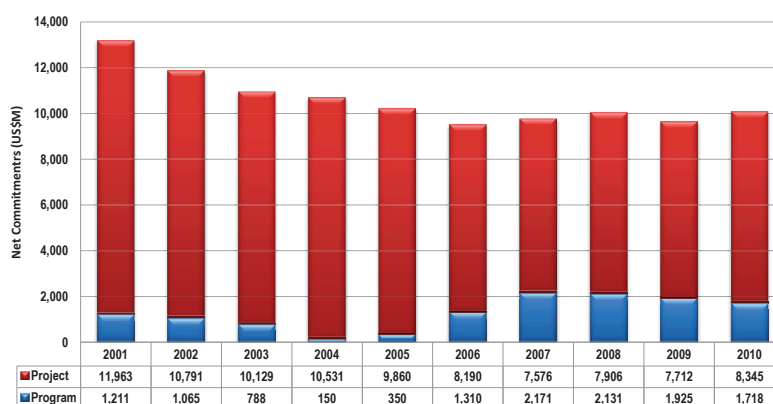


Table 3.1 Historical Composition of ODA Loans Net Commitment (2001-2010), in US\$ million

Status	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
New	1,344	969	535	531	743	1,314	1,850	1,660	1,818	2,237
Signed but Not Effective	-	-	-	-	-	-	-	500	500	719
Closed/ Cancelled/ Terminated	1,627	1,156	1,242	1,431	1,125	1,672	1,955	2,264	1,904	1,631
Ongoing	10,203	9,731	9,140	8,719	8,342	6,514	5,941	5,613	5,415	5,476
TOTAL	13,174	11,856	10,917	10,681	10,210	9,500	9,747	10,037	9,637	10,063

Table 3.2 ODA Loans Net Commitment By Development Partners (CY 2010 vs. Average Last 10 Years)

Development Partner	CY 2010		Average Last 10 Years	
	US\$ billion	Share (%)	US\$ billion	Share (%)
ADB	0.979	10	1.861	17
China	1.141	11	0.483	4
GOJ-JICA	3.508	35	5.717	53
WB	2.019	20	1.618	15
Other Sources*	2.416	24	1.136	11
TOTAL	10.063	100	10.815	100

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

As shown in Table 3.1, with the amount of closed loans higher than the amount of new ones that became part of the portfolio, the resulting trend is a decrease in the amount of ongoing loans in the last 10 years.

Distribution

By Development Partners

The GOJ-JICA is the biggest source of ACTIVE ODA loans in CY 2010 and in the last 10 years.

For CY 2010, it accounted for 35 percent of the ODA loans or an aggregate amount of US\$ 3.51 billion. In the past 10 years, it accounted for an average of 53 percent of ODA loans. (See Table 3.2)

The shares of China and Other Sources also increased in CY 2010 as compared to their shares in the last 10 years. ADB's net commitment decreased for the same periods being compared. (See Annex 3-F for the distribution of total net commitments by development partner.)

By Sector

ODA loans are classified into five sectors: Agriculture, Agrarian Reform and Natural Resources (AARNR); Governance and Institutions Development (GID); Industry, Trade and Tourism (ITT); Infrastructure (INFRA); and Social Reform and Community Development (SRCD). The classification is based on the relation to a particular sector of the major components, critical outputs and key activities of ongoing loan-assisted projects and programs.

Table 3.3 shows the implementing agencies and key activity areas that fall in each of the five sectors.

The INFRA sector was the recipient of the largest share of active ODA loans in CY 2010 and in the last 10 years. As of December 2010, the Infrastructure Sector accounted for 53 percent of the active ODA loans or US\$ 5.30 billion. In the past 10 years, the sector had an average net commitment of US\$ 6.88 billion or 63 percent of the portfolio.

Meanwhile, as shown in Table 3.4, the share of the SRCD sector registered a notable increase in CY 2010 compared to its average share in the last 10 years. Fifty-nine percent (or US\$ 1.14 billion) of the total net loan amount for SRCD is attributed to five new loans.

The distribution of total net commitment by other classifications are shown in Annex 3-G (agency type), Annex 3-H (budget dependency), Annex 3-I (LGU participation), Annex 3-J (with MDFO as conduit), and Annex 3-K (coverage areas). See Annex 3-L for the distribution of total ODA loans net commitments by sector and subsector.

New Commitments (Annual Flow)

New loans are defined as the new commitments that were signed and/or became effective within the reporting period. Based on historical data, new commitments for the periods 2001-2005 registered a decreasing trend while new loans for the last five years showed an increasing trend. (See Annex 3-M for details on new commitments.)

Distribution

By DPs

On the average, GOJ-JICA provided the biggest amount of new loans, followed by ADB and then WB. (See Figure 3.3)

Table 3.3 ODA Loans Sector Classification

Sector	Agencies	Key Activity Areas/ Components
AARNR	DA, DAR, DENR, DPWH, LBP, LLDA, NIA, PRRC, RBCO, DBP	Farm-to-market roads, irrigation systems/facilities, agriculture and enterprise development, multi-purpose buildings, bridges, flood protection, solar driers, warehouses, potable water supply, watershed conservation, forest management and agro-forestry, agribusiness, environmental management
GID	BIR, DOF, SC	Tax reforms, human resource development and management, judicial reforms
ITT	DBP, DTI, LBP, SBC	Environmental technologies in industries, trade and investment, microfinance and microenterprise development
INFRA	BCDA, DBP, DOE, DOTC, DPWH, LBP, LWUA, MWSS, NorthRail, NPC, PGLDN, PNR, SBMA	Energy and power, electrification, air traffic and air space systems, air transport, rail transport, road transport, water transport, flood control and drainage facilities, solid waste management, water supply and sanitation, local roads and bridges, public markets, bus terminals, ports
SRCD	ASFPD, DBP, DepEd, DOF, DOH, DSWD	Primary and secondary education, women's health and safe motherhood services, hospital services, nutrition and population, social reform and community development, farm-to-market roads, multi-purpose buildings, potable water supply

Table 3.4 ODA Loans Net Commitment By Sector (CY 2010, Average Last 10 Years)

Sector	Net Commitment (CY 2010)		Average Net Commitment (Last 10 Years)	
	US\$ billion	Share (%)	US\$ billion	Share (%)
AARNR	1.837	18	1.919	18
GID	0.711	7	0.286	3
ITT	0.470	5	0.765	7
INFRA	5.295	53	6.880	63
SRCD	1.752	17	0.965	9
TOTAL	10.063	100	10.815	100

WB is the biggest source of new loans in CY 2010 with US\$ 0.74 billion, an increase of 35 percent from its share of US\$ 0.55 billion in CY 2009. On the other hand, ADB's share decreased from US\$ 0.93 billion in CY 2009 to US\$ 0.40 billion (or 18 percent) in CY 2010.

New commitments from Other Sources generally increased in the last 10 years.

By Sector

The INFRA sector received the highest amount of new commitments in the last 10 years which is

about 50 percent of the average new commitments that became part of the GOP portfolio. It was followed by the GID and SRCD sectors. The ITT received the least amount of new loans in the last 10 years. (See Figure 3.4)

The SRCD sector received the highest amount of new loans in CY 2010, which was more than three times higher than the amount it received in CY 2009. On the other hand, new loans for the INFRA sector decreased from US\$ 1.28 billion in CY 2009 to US\$ 0.24 billion in CY 2010.

Figure 3.3 New Commitments by DP (2001-2010)

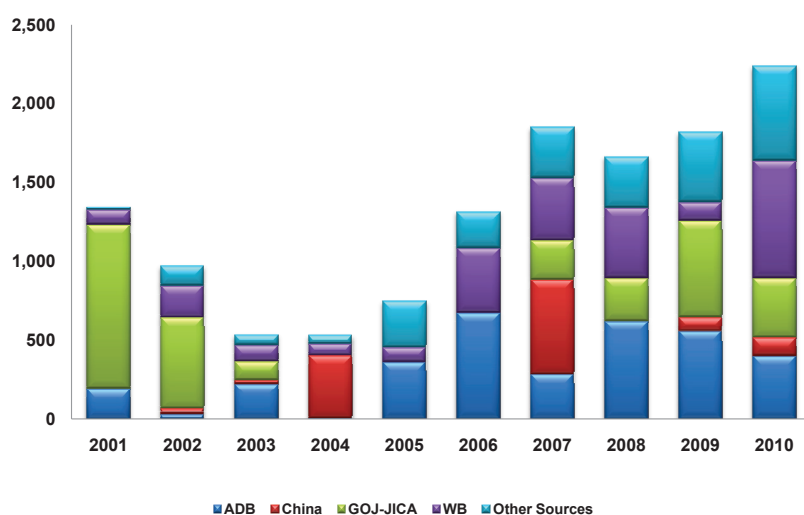
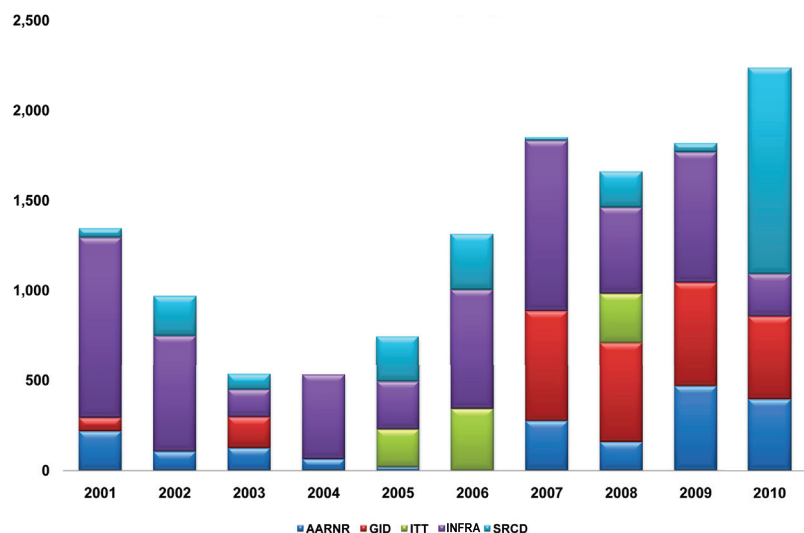


Figure 3.4 New Commitments By Sector (2001-2010)



By DPs and Sector (Program Loans Only)

ADB and WB were the early providers of program loans apart from the regular project loans, with an average annual new commitments of US\$ 2.5 billion and US \$1.5 billion, respectively. Other DPs subsequently commenced provision of program loans, like GOJ-JICA (2007), IFAD (2009), and France (2010). (See figure 3.5)

Further, in the last 10 years, the GID sector received the highest amount of new program loan commitments. This accounts for about 50 percent of the average new commitments. The second largest recipient of new loans is the SRCD sector followed by the INFRA sector. (See Figure 3.6)

Loans Classification

By Credit Source

The GOP loans portfolio is also classified based on the type of creditors: (a) multilateral and (b) bilateral. Bilateral loans are further categorized into three: (i) purely bilateral; (ii) bilateral with mixed credit; and (iii) loans from commercial creditors.

The largest amount of commitments was sourced from bilateral creditors which amounted to US\$ 6.96 billion or 69 percent of the total ODA commitments (See Table 3.5). Of this amount, the GOJ-JICA's share was 50 percent (US\$ 3.51

Figure 3.5 New Commitments by DPs (Program loans only) 2001-2010

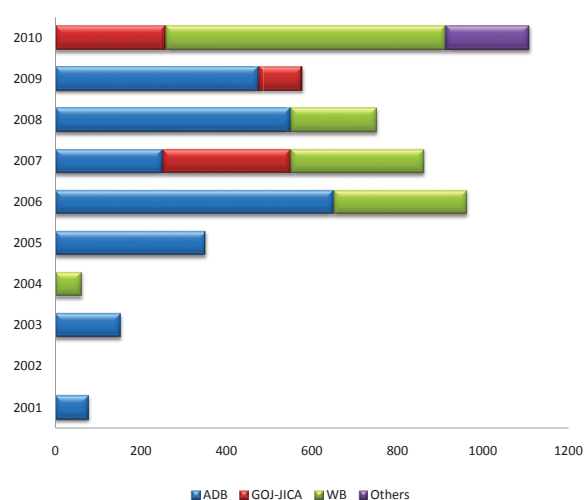


Figure 3.6 New Commitments by Sector (Program loans only) 2001-2010

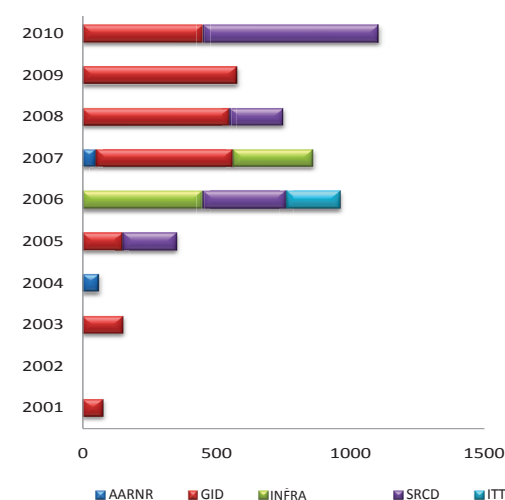


Table 3.5 ODA Loans Net Commitment by Type of Creditors

Type of Creditor		Net Commitment (US\$ million)	% Share
Multilateral	ADB, WB, IFAD, OFID	3,098.38	30.8
Bilateral		6,964.38	69.2
Pure	JICA, SFAED, SIDA, KfW, FDA	3,869.96	38.4
Mixed Credit	EDCF/KEXIM, Spain, Austria/ Societe Generale, BNP Paribas	1,031.19	10.3
Commercial Creditors	CEXIM ,Belgium Super Subsidy Facility/Dexia Bank, Netherlands, UK-Export Credit Guarantee Department, Calyon	2,063.23	20.5
TOTAL		10, 062.76	100.0

Table 3.6 ODA Loans Supporting the MDGs

MDGs ¹⁹	No. of Loans	% Share	Net Commitment (US\$ million)	% Share
1: Eradicate extreme poverty and hunger	9	30	1,324.01	46
2: Achieve universal primary education	1	3	200.00	7
4: Reduce child mortality rate	4	13	192.22	6
5: Improve maternal health	1	3	16.00	1
7: Ensure environmental sustainability	15	50	1,177.09	40
TOTAL	30	100	2,909.32	100.0

billion). For multilateral creditors, WB provided US\$ 2.22 billion or 72 percent.

Lastly, about US\$ 3.10 billion (or 31 percent) of the total portfolio came from both bilateral mixed credit and loans from commercial creditors. Commercial creditors generally require the borrower countries to procure goods through Direct Contracting or International Competitive Bidding (ICB) from companies in the creditors' respective countries. (See Annex 3-N for the list of loans by type of creditors)

Loans Supporting the MDGs

A total of 30 loans or an aggregate amount of US\$ 2.91 billion (29 %) of the ODA loans portfolio support¹⁸ the achievement of five of the eight MDGs. The largest share of the said amount is committed to programs and projects that aid in the eradication of extreme poverty and hunger (Goal 1), which amount to US\$ 1.32 billion or

about 46 percent. Fifteen out of 30 loans (50 %) assist Goal 7 which is to ensure environmental sustainability. (See Annex 3-O for the list of loans supporting the MDGs)

Loans Addressing Climate Change Mitigation/Adaptation

The National Framework Strategy on Climate Change 2010-2022 outlined parameters to define if a particular climate change initiative can be categorized as mitigation or adaptation. Based on these parameters, 12 projects (US\$ 1.04 billion) were determined to have components that deal with climate change mitigation, while seven projects (US\$ 0.34 billion) were tagged as those that aim for communities and natural ecosystems to adapt to climate change. (See Annex 3-P for the complete list of loans supporting climate change mitigation and adaptation)

Box 3: Climate Change Mitigation/Adaptation

Mitigation aims to facilitate the transition towards low greenhouse gas emissions for sustainable development. Strategies to achieve this long-term goal include: (a) energy efficiency and conservation; (b) realization of the full potential of the country's renewable energy; (c) improvement of the transport sector through the uptake of alternative fuels and expansion of mass transport systems; (d) making use of energy-efficient design and materials for public infrastructure and settlements; (e) reduction of emissions from deforestation and forest degradation; and (g) waste management.

Adaptation points towards building the adaptive capacity of communities and increasing the resilience of natural ecosystems to climate change. Strategies to achieve this goal include: (a) enhancement of vulnerability and adaptation assessments; (b) integrated ecosystem-based management; (c) water governance and management; (d) promotion of a climate-responsive agriculture; (e) support to climate-responsive health sector; (f) climate-proofing infrastructure; and (g) DRR.

Source: National Framework Strategy on Climate Change 2010-2022

Table 3.7 Percentage Share of FAPs on GAA

FAPs/GAA (%)	Implementing Agencies
50% and above	PRRC
30%-49%	DAR, DOE, NIA
11%-29%	DOTC, DPWH
1%-10%	DENR, DOST, DA, ASFPD-PMO, DTI, DOH, DILG, DepEd, BCDA, BIR, BOC, DBP, DSWD, LBP, LLDA, MWSS, NEDA, NLRC, PNP, PNR, SC

Table 3.8 Percentage of Counterpart Funding on TPC

Average counterpart funding (%)	Implementing Agencies
30% and above	NIA, DPWH, NorthRail
20%-29%	DAR, DOTC, DSWD, BCDA
1%-19%	ASFPD-PMO, BIR, DA, DBP, DENR, DepEd, DOE, DOH, DTI, LBP, LLDA, MWSS, PNR, PRRC, SC

*IAs with no data not included in the above table

Concessionality

The concessionality of an ODA loan or loan and grant is measured by its grant element which is the reduction enjoyed by the borrower when debt service payments (principal and interest) expressed at their present values discounted at 10 percent are less than the face value of the loan, or loan and grant.

The weighted average grant element of all ODA at anytime shall not be less than 40 percent (Section 3 of ODA Act) and each ODA must contain a grant element of at least 25 percent (Section 2 of ODA Act).

Based on DOF data²⁰, portfolio-wide weighted average grant element is above the 40 percent benchmark set by the ODA Act.

Based on DOF computation, the weighted average grant element as of CY 2010 is 58.71 percent. Grant element of individual loans signed in 2010 ranged from 36 to 87 percent (an average grant element of 64 %), which is above the 25 percent minimum grant element for a loan to qualify as ODA. Data from the DOF showed that the weighted average grant element of active loans in CY 2009 was 54 percent, above the 40 percent benchmark set by Section 3 of the ODA Act.

Foreign Assisted Projects (FAPs) Appropriation Over Total Agency Appropriation

For the CY 2010 GAA, total appropriations for CO and MOOE of IAs with FAPs is PhP 298.027 billion, of which PhP 31.187 billion or 10.46 percent is appropriated to FAPs.

Table 3.7 shows FAP's percentage share reckoned against total agency appropriation:

Meanwhile, in terms of Agency FAPs appropriation reckoned against the overall GAA, IAs with the biggest shares include DPWH (4.5%), DAR (2.4%), NIA (1.3%), and DOTC (1.09%).

IAs with budget support program loans (i.e., BIR, DA, DepEd, DENR, and DSWD) have yet to be factored in the analysis.

GOP-NG Counterpart Cost vs. Total Project Cost

Data gathered from 33 IAs covered during the Review showed that total project cost amounted to PhP 483.54 billion, with the local counterpart (GOP-NG portion) accounting for PhP 118.70 billion or 25 percent.

The average counterpart funding as a percentage of IA's total project cost is shown in Table 3.8.

Multiyear Budget Requirements

For CY 2010, the total budget requirement for the 75 ongoing FAPs of IAs consulted during the Review amounted to PhP 76.02 billion.

NG agencies accounted for 55 percent (PhP 41.78 billion for 55 projects), while GOCCs/GFIs took the remaining 45 percent (PhP 34.23 billion for 20 projects). The three NG agencies with the biggest budgetary requirements for CY 2010 are NIA with PhP 11.72 billion (15 %), DPWH with PhP 11.14 billion (14 %) and DAR with PhP 7.33 billion (10 %). There was a 12-percent increase in the CY 2010 budget requirement of FAPs of NG agencies compared to the CY 2009 level of PhP 37.15 billion.

For the period 2011 to 2015, the total budget requirement of FAPs covered in this Review amounts to PhP 140.41 billion, broken down in Table 3.9.

The NG still accounts for majority of the total budget requirement at 72 percent, while CAPEX programs of concerned GOCCs/GFIs account for the remaining 28 percent.

Consistency of ICC-approved Cost to Loan Agreement Cost and Forward Obligation Authority

Nineteen projects with Loan Agreement (LA) costs are inconsistent with ICC-approved costs (See Table 3.10). These do not include four projects whose ICC cost differed from the LA cost by less than PhP 1.0 million. Of the 19 projects, 10 have greater ICC-approved costs than the LA costs while nine projects have less ICC-approved costs than LA costs. Overall, the cost difference amounted to PhP 2.14 billion. Among the NG agencies, DPWH has the most number of projects (7 projects) with cost inconsistencies. Meanwhile, inconsistencies are also noted in six FAPs implemented by GOCCs/GFIs.

A total of 20 NG-implemented projects have ICC-approved costs which are inconsistent with the Forward Obligation Authority (FOA) costs (See Table 3.11). These do not include two projects whose ICC cost differed from the FOA cost but only by less than PhP 1.0 million.

The common reasons cited for the discrepancies were: (a) foreign exchange rate movement; (b) modifications in scope from ICC approval to LA signing; (c) shortfall in the allocation for taxes and duties as approved by the ICC; and (d) non-inclusion of grant component and LGU counterpart funds in the LA and FOA.

Table 3.9 Budget Requirements of ODA Loans (2011-2015)

	2011	2012	2013	2014	2015
Budget Requirements (in PhP billion)	49.04	44.45	27.13	11.83	7.96
Number of Projects	50	42	24	13	8

Table 3.10 Projects with ICC-Approved Costs Inconsistent with LA costs

No. of Projects	ICC cost > L/A cost	L/A cost > ICC cost	Net Inconsistency (ICC-LA)
19 projects	10 projects PhP 11.53 billion	9 projects PhP 13.67 billion	PhP 2.14 billion

Table 3.11 Projects with ICC-approved costs inconsistent with FOA costs

No. of Projects	ICC cost > FOA cost	FOA cost > ICC cost	Net Inconsistency (ICC-FOA)
20 projects	16 projects PhP 17.75 billion	4 projects PhP 6.76 billion	PhP 10.99 billion

Overall Financial Performance

Financial performance is measured using four indicators: (a) disbursement level, (b) disbursement rate, (c) availment rate, and (d) disbursement ratio. (See Annex 3-Q for the Disbursement Levels, Annex 3-R for the Disbursement Rate, Annex 3-S for the Availment Rate, and Annex 3-T for the Disbursement Ratio by Funding Source.)

All financial indicators in CY 2010 declined as compared to CY 2009 (See Table 3.12).

CY 2010 financial performance is higher compared with financial performance registered within the period of 2001 to 2005, but lower in contrast with the financial performance within the period of 2006 to 2009.

Among the 93 loans, 28 registered below 50 percent disbursement rates in CY 2010.

Factors cited by IAs for the said projects were: (a) slow procurement; (b) ROW issues; (c) slow startup; (d) slow compliance to financial documentation; (e) contract-related concerns; (f) low demand for subprojects; and (g) low compliance of LGU with the NG-LGU cost sharing scheme.

For both the total portfolio and the project loans only (net of program loans), the decline in performance can be observed specifically in annual indicators (i.e., disbursement levels and disbursement rate). Nevertheless, the portfolio registered an increase when it comes to performing against the historical target which is availment rate. (See Table 3.13)

Table 3.12 ODA Loans Financial Performance (CY 2009 vs. CY 2010)

Performance	Indicator		CY 2009	CY 2010
Annual Disbursement	Disbursement Level (US\$ billion)	Total	2.01	1.61
		Projects Only	0.87	0.76
Performance against annual target	Disbursement Rate (%)	Total	90	80
		Projects Only	82	69
Performance against historical target	Availment Rate (%)	Total	85	81
		Projects Only	81	77
Annual disbursement against available loan balance	Disbursement Ratio (%)	Total	37	30
		Projects Only	23	19

Table 3.13 Historical ODA Loans Financial Performance

Performance	Indicator	Total Portfolio			Project Loans Only		
		2001-2005	2006-2009	2010	2001-2005	2006-2009	2010
Annual disbursement	Disbursement Level (US\$ billion)	1.150	1.728	1.609	0.978	0.970	0.762
Performance against annual target	Disbursement Rate (%)	81	83	80	78	74	69
Performance against historical target	Availment Rate (%)	60	80	81	57	75	77
Annual disbursement against available loan balance	Disbursement Ratio (%)	16	33	30	14	23	19

Utilization Performance Against Time Elapsed

Figure 3.7 shows the relationship of utilization rate and time elapsed of loan projects²¹ classified as active in CY 2010. The size of the rings pertains to the number of loan/s signed in each specific year that was/were still active in CY 2010. Figure 3.7 also shows that projects which started implementation in CY 2010, 2009, 2008, and 2007 are on track in their utilization performance compared with their time elapsed.

On the other hand, 43 projects which became part of the portfolio from CY 2006 and earlier recorded either poor utilization performance or registered more than 30 percent difference against time elapsed. These projects constitute more than 50 percent of the total loan commitment for all effective project loans. As an example, 11 projects which started in 2005 should have been completed but have only availed 50 percent of

their loan funds. In addition, projects that were signed in 1998 (2 projects) and 1999 (one project) have doubled their original implementation period but have only utilized 80 percent of their loan commitments. Lastly, only four out of eight projects signed in 2001 were completed in CY 2010.

Quarterly Financial Performance

In 2010, the NEDA Secretariat adopted a revision policy that applies to all reports on ODA Financial Performance (See Table 3.14). Quarterly ODA Loans Performance Reports were considered as draft Final Values on the day of release of Reports.

On the other hand, the Annual ODA Portfolio Review Report provides the definitive Final Values for the Fiscal Year. Thus, it incorporates adjustments, if any, to the quarterly loan reports.

Figure 3.7 Utilization Rate vs. Time Elapsed (For Effective Loan Projects in CY 2010)

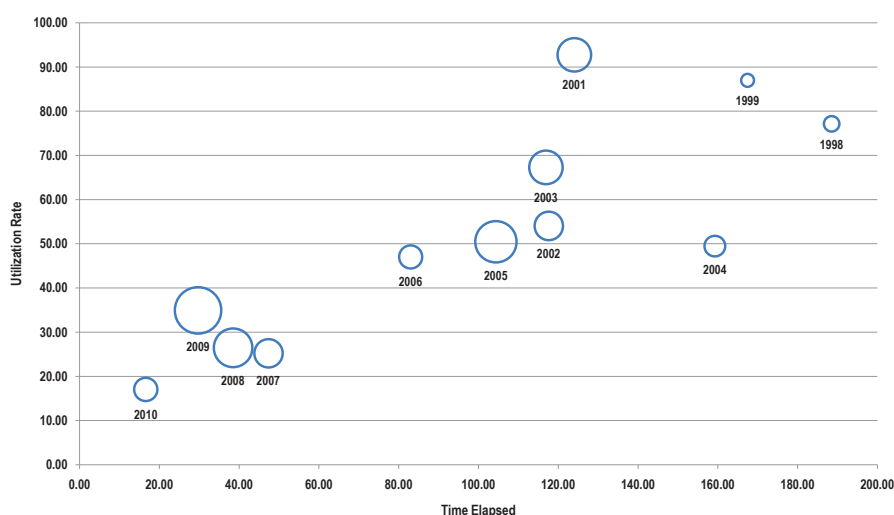


Table 3.14 ODA Loans Quarterly Financial Performance (CY 2010)

Financial Data	Reported				Revised			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net commitment (US\$ billion) – Cumulative	8.000	8.840	9.579	9.614	8.200	8.952	9.576	10.063
Disbursement Level (US\$ billion) – Quarterly	0.468	0.964	1.356	1.590	0.498	0.964	1.352	1.612
Disbursement Rate (%) – Quarterly	87.29	86.68	80.75	81.47	89.60	82.94	78.00	79.72
Availment Rate (%) – Cumulative	80.16	82.15	81.09	80.35	79.40	81.16	80.39	80.64
Disbursement Ratio (%) – Cumulative	10.44	19.96	25.73	29.88	11.80	19.30	25.10	29.64

Financial Performance of Specific Aspects

As shown in Table 3.15, most IAs were able to achieve above 70 percent of either their annual or historical financial performance targets. Ten out of 16 agencies were able to achieve above 70 percent of both their annual and historical targets. However, eight agencies registered below 70 percent benchmark.

On the other hand, all sectors except for INFRA achieved more than 70 percent of their annual and historical targets in CY 2010 (See Table 3.15).

Financial performance of program loans in CY 2010 showed an availment rate of 78 percent. Comparing the availment performance with the

time elapsed of program loans, all programs except for the National Program Support for Tax Administration Reform (NPSTAR) were within their scheduled time elapsed ending CY 2010. NPSTAR had only 19 percent availment rate compared with its time elapsed of 78 percent. (See Table 3.16 for details of program loans' financial performance)

For project loans, 48 projects or 59 percent out of the 82 projects achieved at least 70 percent of either their annual or historical targets. Twenty-seven or 33 percent even reached the 70 percent availment and disbursement rate benchmarks. Meanwhile, 29 projects or 35 percent did not achieve 70 percent of their annual and historical targets (See Table 3.17).

Table 3.15 Financial Performance By Sector and Agency

Historical and Annual Financial Indicators	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	ASFPD, DAR, DSWD, DTI-SBC, LBP, NPC, PGLDN, PNR, PRRC, AARNR, GID, ITT, SRCD	DENR, DPWH
Below 70 percent Disbursement Rate	BCDA, DBP, DepEd, LLDA, NIA, SBMA Infrastructure	BIR, DA, DOE, DOH, DOTC, MWSS, Northrail, SC

Note: The indicative performance benchmark is based on historical disbursement and availment figures, where availment and disbursement rates averages for the last 10 years do not fall below 70 percent.

Table 3.16 Performance of Program Loans

Program Title	Availment			Time Elapsed (%)
	Scheduled (US\$ million)	Actual (US\$ million)	Rate (%)	
National Program Support for Basic Education (NPSBE)	190.00	154.55	81.3	80
National Sector Support to Health Reform Program (NSSHRP)	75.98	57.39	75.5	88
National Program Support for Tax Administration Reform (NPSTAR)	9.42	1.77	18.8	78
National Program Support for Environment and Natural Resource Management (NPSENRM)	26.00	17.77	68.3	61
Rapid Food Production Enhancement Program (RafPEP)	14.78	15.04	102	15

Table 3.17 Financial Performance of Project Loans

Historical and Annual Financial Indicators	70 percent and Above Availment Rate	Below 70 percent Availment Rate
70 percent and Above Disbursement Rate	27	5
Below 70 percent Disbursement Rate	21	29
TOTAL	48	34

Physical Performance

Compared to CY 2009, fewer projects are on schedule and the number of delayed projects decreased in CY 2010. Out of the 87 programs and projects funded by the 93 ODA loans in CY 2010, 18 were ahead or on schedule, 36 were delayed (one-third with revised schedules), 9 were in start-up stage of implementation, and 24 were completed, closed or terminated (two-thirds with revised schedules). Some programs and projects were supported by two or more loans. Projects with revised schedules comprise only about 20 percent of the projects that were ahead or on schedule in CY 2010, an improvement from 50 percent in CY 2009.

Compared to CY 2009, the percentage of projects ahead or on schedule decreased from 28 percent (28 projects) to 21 percent (18 projects) in CY 2010, while delayed projects increased from 38 percent (38 projects) to 41 percent (36 projects). The difference between the delayed and ahead/

on schedule projects increased from nine in CY 2009 to 17 in CY 2010 (See Table 3.18).

Based on the comparison made, 18 projects that were ahead or on schedule in CY 2009 were either behind schedule or already completed in CY 2010. (See Annex 3-U1 for the complete list of projects according to physical status of implementation and Annex 3-U2 for the comparison between the physical status of projects in CY 2009 and CY 2010)

Closed Loans

With Extensions

The Review also looked at loans which closed in 2006 to 2010 and the incidence of loan validity extensions (See Table 3.19).

Table 3.19 shows that the incidence of extensions decreased among closed loans in CY 2010. The average length of extensions also decreased from a high of 2.3 years in 2006 to 1.5 years in 2010.

Table 3.18 ODA Loans Physical Performance (CY 2009 vs. CY 2010)

Physical Status	2009			2010		
	Completion Date Original	Revised	Count (%)	Completion Date Original	Revised	Count (%)
Ahead of schedule	9	5	14 (14)	10	1	11 (13)
On schedule	6	8	14 (14)	5	2	7 (8)
Behind Schedule	20	18	38 (38)	24	12	36 (41)
New/Start-up	13	0	13 (13)	9	0	9 (10)
Completed	9	10	19 (19)	7	15	22 (25)
Terminated*	2	0	2 (2)	2	0	2 (3)
TOTAL	59	41	100	57	30	87

*Notice of Termination of the Supply Contract (DPWH-21 February 2008; DAR-24 January 2008)

Table 3.19 Closed Loans and Loans with Extensions (2006-2010)

	2006	2007	2008	2009	2010	Total
Closed loans (count)	25	22	32	25	14	118
Closed loans without extension	10	8	9	16	4	44
Closed loans with extension	15	14	23	9	10	71
Percentage of closed loans with extension to total closed loans (%)	60	64	72	36	72	60
Average length of extensions (years)	2.3	1.8	1.8	1.7	1.5	1.8

If the latter is added to the average proposed implementation period of 7.87 years for the 10 closed loans (See Table 3.20), the average age at closing of the said loans in CY 2010 is 9.35 years.

With Cancellations

Out of the 14 loans that closed in CY 2010, nine had cancellations amounting to US\$ 65.94 million. (See Table 3.21)

With Project Completion Reports (PCRs)

IAs are responsible for preparing the project completion reports of the completed FAPs which they implemented.

Out of the 14 loans that closed in CY 2010, three agencies have submitted their project completion reports: (a) Bago River Irrigation System Rehabilitation and Improvement Project/JICA; (b) ARMM Social Fund for Peace and Development/WB; and (c) Pasig River Dredging Project/Belgium.

Table 3.20 Age of Closed Loan (In Years)

	Project Title	Proposed Implementation Period (Loan)	Extension	Age at Loan Closing
1	Development of Poor Urban Communities Sector Project	6.12	0.17	6.29
2	Agno River Flood Control Project Phase II-A	11.17	0.16	11.33
3	Arterial Road Links Project, Phase V	9.01	1.00	10.01
4	Metro Iligan Regional Infrastructure Development Project	11.42	2.42	13.84
5	Subic Bay Port Development Project	9.92	1.00	10.92
6	Subic-Clark-Tarlac Expressway Project	9.04	1.04	10.08
7	Philippine Rural Electrification Service Project	3.61	1.87	5.48
8	Credit Line for Solid Waste Management Project	6.76	3.00	9.76
9	Micro, Small and Medium Enterprise Program	4.35	2.00	6.35
10	ARMM Social Fund for Peace and Development	7.29	2.17	9.46
	Average	7.87	1.48	9.35

Table 3.21 Closed Loans with Cancellations

Title	Loan Amount (US\$ million)	Cancellations in CY 2010 (US\$ million)
1. Development of Poor Urban Communities Sector Project	34.08	16.29
2. Subic-Clark-Tarlac Expressway Project	707.44	10.77
3. Agno River Flood Control Project Phase II-A	72.57	4.52
4. Arterial Road Links Project, Phase V	97.55	6.13
5. Iloilo Flood Control Project Phase II	79.86	0.72
6. Bago River Irrigation System Rehabilitation and Improvement Project	34.75	2.52
7. Metro Iligan Regional Infrastructure Development Project	47.57	13.85
8. Subic Bay Port Development Project	197.12	9.19
9. ARMM Social Fund for Peace and Development	33.60	1.95
TOTAL	1,304.54	65.94

Overall Performance

Commitment Fees

As explained in Box 4, the amount of commitment fees levied is influenced by the cost of financing (financial) as well as the pace of implementation (physical). For CY 2010, total commitment fees amounted to US\$ 10.49 million, an increase of about 60 percent (US\$ 3.92 million) from the CY 2009 commitment fees. The increase may be attributed to the fact that the very magnitude of commitment fees paid for the same projects increased this year due to weaker financial performance; the net total availment backlog of these projects increased by US\$ 91.28 million or 47 percent. The two projects that contributed to the increase are the Mega Bridges for Urban and Rural Development Project (increase of US\$ 2.17 million or 160 %) and the Tulay ng Pangulo para sa Kaunlarang Pang-agraryo Project (increase of US\$ 1.33 million or 68 %). These projects were also the reason behind the increase in commitment fees in CY 2009, when annual payments for their commitment fees commenced.

Among the IAs which incurred commitment fees in 2010, DPWH incurred the largest share (US\$ 3.62 million or 35 %), followed by DAR (US\$ 3.40 million or 32 %) and DBP (US\$ 0.76 million or 7 %). (See Annex 3-V for the list of loans by IA which incurred commitment fees in 2009 and 2010)

For CY 2010, financial and physical performance of ongoing projects (new and closed not considered) were assessed. Of the 54 projects considered, there are 22 projects which are behind schedule and with less than 50 percent availment rate. Only four projects were considered performing well with physical implementation, either on track or ahead of schedule and above 50 percent availment rate. (See Table 3.22) About 28 projects had unreliable data – 14 projects were either on track or ahead of schedule but had low availment rate, while another 14 projects were behind schedule but had availment rate greater than 50 percent.

For CY 2010, 42 projects or 52 percent of the 81 development projects being implemented had availment rates greater than 50 percent and were already past mid-half of their implementation period. A total of four projects were considered critical and at risk by having less than 50 percent availment rate but with time elapsed greater than 50 percent. (See Table 3.23)

Box 4: Commitment Fees Attributable to Implementation Delay and as Cost of Financing

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

A desk review was conducted to approximate how much of the commitment fees incurred in 2010 may be attributed to implementation delay. First, the review assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees incurred are purely cost of financing. Second, commitment fees due to implementation delay was arrived at by: (a) deducting computed commitment fees assuming 100 percent availment rate to the actual commitment fees paid, or (b) applying the rate to the backlog (scheduled availment less actual availment). The result of the analysis showed that approximately 66 percent of the commitment fees paid in 2010 may be attributed to implementation delay while the other 34 percent to cost of financing. In CY 2009, the reverse was the case, where 67 percent was the cost of financing while 33 percent was due to implementation delay.

Table 3.22 Physical and Financial Performance of Projects

Physical Performance (Ongoing Only)	Availment Rate	
	<50 %	>50%
Ahead	8	3
On Schedule	6	1
Behind	22	14
TOTAL	36	18

Below is the list of projects with more than 50 percent time elapsed but less than 50 percent availment rate.

- New Communications, Navigation and Surveillance/Air Traffic Management Systems Development/JICA/DOTC
- Mindanao Roads Improvement Project/Saudi/DPWH
- Credit Facility for the Environmental Management Project/SIDA/DBP
- Tulay ng Pangulo Para sa Magsasaka Project/UK/DPWH

Alert Mechanism

NEDA institutionalized an Alert Mechanism (AM) which classifies projects into potential and actual problem projects. Potential problem projects are programs and projects that are considered high-risk based on a checklist of project variables and characteristics that historically result in major implementation problems. On the other hand, actual problem projects are those that are actually encountering serious problems, as manifested by these projects breaching at least two indicator categories thresholds. Actual problem projects are further classified into two alert levels: (a) Level I, which is the early warning stage; and (b) Level II, which is the critical stage. An actual problem project that stays in the early warning stage for at least six months gets elevated to the critical stage.

There are four indicator categories in identifying potential and actual problem projects. These include several leading indicators on financial, physical, cost overrun and project completion. (See Table 3.24)

A completing project (based on Indicator 4) will only be flagged as an actual problem project if it breached at least another indicator. While the AM as a tool could still be enhanced (See Box 5), it has contributed to stronger M&E of projects.

As of December 2010, 17 actual problem projects were identified for priority monitoring and facilitation. The alert status of ongoing loans are summarized in Table 3.25. (See Annex 3-W for details)

Table 3.23 Time Elapsed vs. Availment Rate

Time Elapsed	Availment Rate	
	<50%	>50%
<50%		
Original	11 projects	13 projects
Revised	-	-
>50%		
Original	11 projects	15 projects
Revised	4 projects	27 projects

Table 3.24: Alert Mechanism Indicators

Indicator	Description
Indicator 1a:	Poor annual disbursement performance
Indicator 1b:	Poor historical disbursement performance
Indicator 1c:	Delayed disbursement performance measured against time
Indicator 2a:	Delayed overall physical implementation
Indicator 2b:	Failure to report on overall physical accomplishment
Indicator 2c:	Delay in major activities required to proceed in implementation
Indicator 3a:	Potential cost overruns
Indicator 3b:	Actual cost overruns
Indicator 4:	Project in its final year of implementation

Table 3.25: Alert Status as of December 2010

Alert Status	No. of Projects
Alert Level II	10
Alert Level I	7
Non-Problematic	
Projects that Breached only 1 Indicator Category	21
On Schedule	29
TOTAL	67

Box 5: Proposed Enhancement to NEDA's Alert Mechanism

The ADB's CY 2010 Country Portfolio Review Report suggested for the use of the Annual Incremental Maturation (AIM) approach to better estimate projects at risks. The AIM compares the difference between percentage of time elapsed and percentage of disbursement/utilization to the annual incremental maturation of the project, which varies depending on the project's expected life, rather than having a constant threshold value similar with NEDA's AM. AIM is presented as:

$$\%t - \%d \geq (100/I)$$

where, %t - the percentage of time elapsed since project start
 %d - the cumulative percentage of loan disbursed, and
 I - the project's expected life.

Chapter Notes

18 Total Grant Assistance supporting MDGs amounted to US\$ 628 million or 28 percent of the total ODA Grants portfolio.

19 Goal 3 is a crosscutting theme that is already embedded in the programs and projects while Goal 6 is being supported by one grant project funded by UNFPAs Joint UN Programme on HIV and Migration.

20 Grant element (GE) computation from the DOF does not include projects implemented by GOCCs and GFIs, except for the NorthRail Project Phase 1, Sections 1 and 2.

21 The list does not include program loans and projects that were not yet made effective.

ODA Grants Portfolio

For the CY 2010 Review, consultation meetings with the DPs²² were conducted to: (a) complete additional data requirements in improving the monitoring of grant financial performance, (b) attain a more comprehensive inventory, (c) clarify the discrepancies in the current grants portfolio, and (d) arrive at an indicative classification of ongoing grants. Among the DPs consulted were: (a) Australian Agency for International Development (AusAID), (b) JICA, (c) EU (d) KfW, (e) KOICA, (f) Spain/AECID, (g) United States Agency for International Development (USAID), (h) GIZ and (i) WB. Although not directly consulted, the following DPs submitted²³ validated data (a) ADB, (b) CIDA, and (c) the UN System. See Annex 1-A for other details about the grants portfolio.

Magnitude

As of CY 2010, the total amount of the grants²⁴ portfolio is US\$ 2,247.53 million, consisting of 552 projects (96 new, 178 ongoing and 278 closed within the year). These projects from 17 DPs are implemented/monitored by the GOP. (See Annex 4-A for the list of Grant Projects)

Distribution (See Annex 4-B for details)

By DP²⁵

The AusAID accounted for the largest share of the grants portfolio at around 28 percent (US\$ 621.66 million for 17 projects). The Millennium Challenge Corporation (MCC) provided the second biggest share at around 20 percent with its Economic Development Compact (US\$ 434 million for 3 projects and 1 M&E fund facility). The USAID was third, with a 16-percent share (US\$ 349.41 million for 46 projects). (See Figure 4.1)

By Sector

In terms of distribution by sector, the SRCD Sector was the major recipient of grant assistance with a 41-percent share (US\$ 931.12 million for 162 projects). The INFRA and GID sectors received the second largest shares at 18 percent each (US\$ 414.37 million for 95 projects and US\$ 400.93 million for 124 projects, respectively). (See Figure 4.2)

The third largest share of grants went to the AARNR sector, with 15-percent share (US\$ 344.55 million for 135 projects). The ITT sector was provided with a 2-percent share (US\$ 49.60 million for 27 projects). However, 9 percent of the grants portfolio with Unspecified sectors pertain to: (a) 8 grant projects (amounting to US\$ 61.76 million) such as fund facilities, expert

Figure 4.1 Percentage Distribution of Grants by DP (in US\$ million)

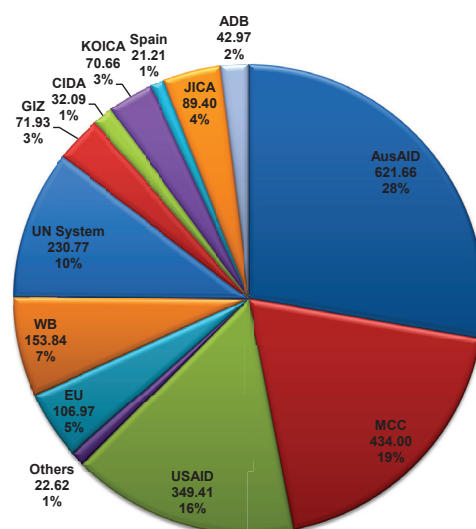


Figure 4.2 Percentage Distribution of Grants by Sector (in US\$ million)

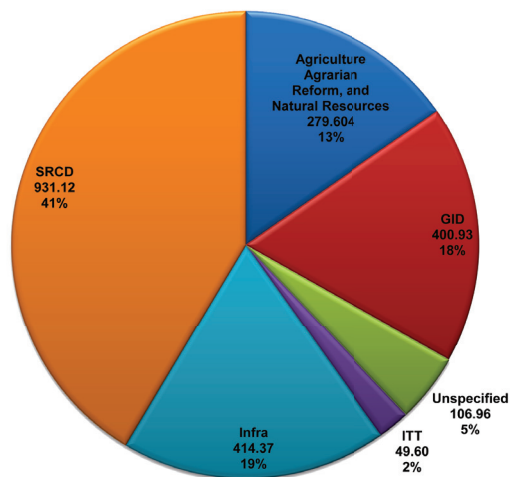


Figure 4.3 Percentage Distribution of Grants by Region (in US\$ million)

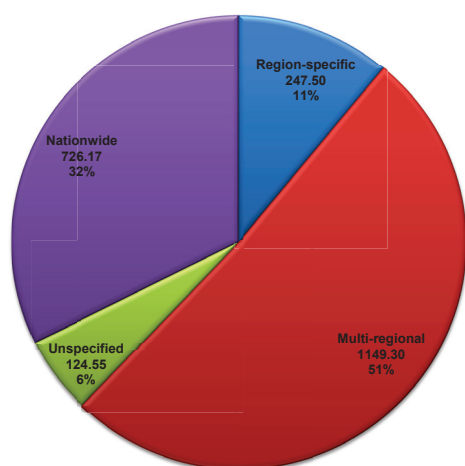
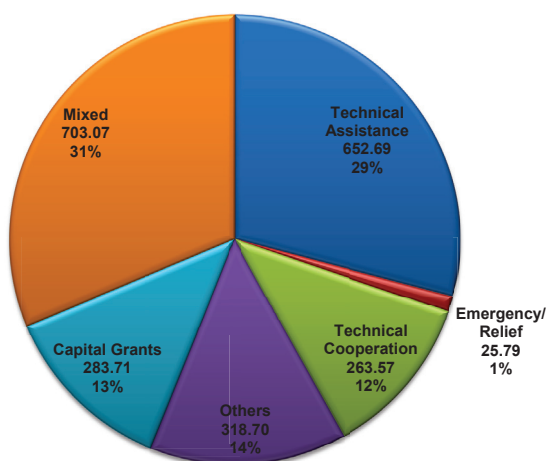


Figure 4.4 Percentage Distribution of Grants by Type (in US\$ million)



and volunteer dispatch which are not sector-constrained (they are provided to the sector that demands them for a certain period); and (b) a fund facility amounting to US\$ 45.2 million from the MCC for M&E of the Economic Development Compact.

By Region

Most of the grant-assisted projects are implemented in two or more regions, although in selected areas and not implemented region-wide (See Figure 4.3). On the other hand, grant projects that do not have specific regional locations in the country pertain to: (a) regional and interregional projects to the Philippines (e.g., by FAO), training programs, and (b) volunteer or expert dispatch. In addition, DPs have identified that regional locations cannot be specified for grant projects whose amounts are added together within specific categories, such as: feasibility studies and fund facilities (pools of funds that are provided for future use of certain grant projects).

By Grant Type

DPs have various ways of classifying grants by type, but for this Review the following classifications have been adopted: (a) Technical Assistance²⁶ (policy/thematic studies, studies for project preparation); (b) Emergency/Relief; (c) Technical Cooperation (consultants/expert/training/other forms of capacity building); (d) Capital Grants (facility/infrastructure); and (e) Mixed (grant projects that have components belonging to different categories). The "Others" classification refer to grants which have not been specifically classified by the DPs, and classification types that pertain more to funding modalities or financing schemes. Examples of such financing schemes or modalities are: (a) co-financing (WB); (b) other investment projects without any Bank co-financing (WB); (c) carbon financing (WB); and (d) common expense related to the project (JICA). Most of the grant projects in the CY 2010 portfolio are classified as Mixed and Technical Assistance. (See Figure 4.4)

Table 4.1: Closed Grants with Remaining Unutilized Balances

Development Partner	Project Count	Total Unutilized Amount (in US\$ million)
ADB	5	0.69
CIDA	2	0.01
EU	3	4.78
FAO	5	0.17
GIZ	1	0.40
KfW	1	3.47
UNDP	12	1.29
USAID	11	2.97
WB	1	0.11
TOTAL	41	13.89

Table 4.2: Projects with more than 30% Difference between Time Elapsed and Utilization Rate

DP	Project Count	Description
ADB	12	Included in this count is the grant project "Support for Conditional Cash Transfers" implemented by DSWD which only utilized US\$ 85 million of its US\$ 200 million grant amount. Three ADB projects that started in 2009 and 2010 did not have disbursements as of end 2010: (1) Philippine Energy Efficiency Project by DOE, (2) Strengthening Transparency and Accountability in the Road Subsector by DPWH, and (3) Enhancing Midwives' Entrepreneurial and Financial (implementing agency to be identified).
EU	2	Both grants are implemented in Mindanao and one of which is the Mindanao Trust Fund
FAO	9	Composed of various assistance in agriculture and forestry.
KfW	1	The project "Essential Drug Supply through Social Franchising 'Health Plus'" of DOH only utilized US\$ 0.355 million of its US\$ 3.821 million grant amount.
KOICA	4	KOICA only provided utilization figures for 2009 and 2010. While this is not an issue for KOICA projects that started within the said years, the utilization figure of one grant that started in 2008 (PKI) is understated and hence was included in the list.
USAID	8	One project was already closed in 2009 but still has remaining unutilized balance.
WB	14	Two projects are other investment financing projects without any Bank co-financing projects (Improved Access to Water Services in Metro Manila, Support for Philippines Basic Education Reforms (Sphere)) while one project is a Carbon Financing project (CDCF - Philippines : Laguna De Bay Community Waste Management).
WHO	1	The WHO Biennium Total has funds provided for a specific year, although the utilization of such funds can extend beyond the provided year.

Financial Performance

Utilization (See Table 4.1)

Utilization of the grants portfolio reached US\$ 968.57 million for CY 2010.²⁷ Figures on grant utilization are cumulative and reckoned from grant agreement signing dates or, if available, effectivity dates.²⁸ Utilization rate was at 53 percent for the entire grants portfolio. This computation for the utilization rate excludes the MCC Economic Development Compact (composed of three projects) which is yet to be effective.

Among the 278 closed grant projects in the portfolio, 32 have remaining unutilized balances (See Annex 4-C). These grants have remaining balances due to ongoing liquidation, post-implementation accounting and auditing of each project. Certain grant projects take more than a year after closing date to fully utilize project funds.

By Development Partner²⁹

USAID registered the highest amount of utilization, with US\$ 283.78 million. The UN System ranked second with US\$ 171.61 million, while AusAID was third with US\$ 127.76 million. (See Annex 4-D for details)

By Sector

In terms of grant utilization by sector, the SRCD sector registered the highest at US\$ 451.49 million, while the AARNR sector was second, with US\$ 185.73 million. The GID sector had the third highest utilization amounting to US\$ 169.45 million. (See Annex 4-D for details)

Utilization Rate in Comparison with Time Elapsed

A difference in Time Elapsed and Utilization Rate that is greater than 30 percent denotes a delay in the financial performance of a project. In the CY 2010 grants portfolio, there are 47 projects with more than 30 percent difference between time elapsed and utilization rate (See Annex 4-E for the list and Table 4.2 for details)

Chapter Notes

22 DPs are the bilateral and multilateral institutions that disburse the grant funds to recipient countries. They may or may not be the funding institutions or sources of the disbursed funds.

23 The following DPs did not submit validated data on their grant assistance: AusAID, Spain and New Zealand.

24 The total amount of grant assistance in the Philippines is US\$ 2,437.074 million. However, this Review only reflects grants implemented or monitored by the GOP, amounting to US\$ 2247.531 million. About US\$ 189.543 million was excluded in the review for the following reasons:

a. US\$ 132.469 million were implemented by the CSOs, Private Sector or the DPs.

b. US\$ 18.229 million pertains to: (a) clustered funds provided by EOJ-JICA (Country and Sector Program Formation, Overseas Development Planning, Grant for Loan Assistance Expert) that cannot be further disaggregated into project level, and (b) grants from Other Government Departments of Canada.

c. Although seven closed (in 2008 or 2009) GIZ-assisted grant projects worth US\$ 38.845 million continue to utilize their remaining balances, the utilization of these project funds no longer translates to project outputs. GIZ continues to utilize the remaining balance only for administrative transactions (i.e., social security, personal services) and such transactions no longer directly involve the Philippines, even though they are part of the project cost.

25 The following are the notes on the distribution figures for each DP:

a. JICA. Nine ongoing technical cooperation projects from JICA have no reported grant amounts and were hence excluded in the portfolio. Total disbursement of said projects amounted to US\$ 18.468 million. (See Table 4-A1)

Previous ODA Reports indicated that equivalent monetary values of grant assistance from the EOJ/JICA which are in the form of experts, equipment and studies can only be determined after project completion. However, as clarified in the consultation with JICA, equivalent monetary values can be identified for each of its grant project. For instance, since the amount for Training Programs provided often on a yearly basis undergoes liquidation procedures, the disbursement for the year is registered as the grant amount. The following JICA grant types have grant amounts: Individual Expert Dispatch, Development Studies, Technical Cooperation Projects (TCPs) and General Project Grants (mixture of IED and Capacity Building).

b. World Bank. Trust funds have been critical in the WB's support to the Philippines by providing co-financing and technical assistance to build the government's capacity and to support sector-specific and cross-sectoral initiatives. The WB's Philippines country team has proactively supported Government's efforts to pursue financial assistance from other donors. These grants complement WB investment operations and help address specific areas that the GOP has not been inclined to borrow for. These strategic partnerships have built on and further reinforced the coordinated policy dialogue on sector issues and reform agenda, particularly in

Table 4-A1 JICA Grants Excluded from the CY 2010 Portfolio

	Project Title	Implementing Agency	Utilization in US\$M	Project Start	Project Closing Date
1	Project on Strengthening of Local Health System in the Province of Benguet	DOH-CHD CAR, Benguet Province	3.980	3/16/2006	3/15/2011
2	Capacity Development Project on Water Quality Management in the Philippines	DENR-EMB	8.489	1/31/2006	1/30/2011
3	Assistance Project on Introduction of Customs Post Entry Audit	BOC	0.334	6/8/2008	3/31/2011
4	Project on the Development and Promotion of Location - Specific Integrated High - Yielding Rice Technologies	PhilRice	5.541	11/15/2004	11/14/2009
5	Maternal and Child Health Project	DOH, Ifugao and Biliran Province	4.239	3/16/2006	3/15/2010
6	Rice-Based Farming Systems Training and Support Program for the ARMM	PhilRice	1.412	2/2/2005	2/1/2010
7	The Project for Enhancement of Local Governance and Community Empowerment in Micro-Watersheds in Misamis Oriental	Misamis Oriental	2.559	1/16/2008	1/15/2011
8	Capacity Enhancement Program of Metropolitan Iloilo-Guimaras Development Council(MIDC) and Banate Bay Resource Management Council Inc.(BBRMCI)	Iloilo Provincial Government, MIGEDC, BBBRMCI	3.308	10/5/2007	10/4/2010
9	Improvement of Implementation on Security Export Control in Asia		-11.395	12/5/2010	12/18/2010

health, education, social protection, and infrastructure and in extending support to conflict affected communities in Mindanao. Aside from providing support to lending operations, trust funds have also allowed the government and the country team to undertake a range of strategically positioned AAA and capacity building activities and have served as effective vehicles for strengthening country systems and advancing harmonization initiatives. As of December 2010, the WB trust fund and grant portfolio for the Philippines amounted to US\$ 153.84 million, of which 50 percent had been disbursed.

The grant assistance from WB can be further disaggregated by funding source. (See Table 4A-2)

c. Others. Others refer to the following DPs (See Table 4A-3)

26 Based on the classification provided by NEDA, grant assistance by USAID is classified under Technical Assistance, although some of its projects have infrastructure components. Government Cooperation Programmes of FAO are also included under Technical Assistance.

27 Four projects with official start dates in CY 2011 have already started disbursing in 2010, and were therefore included in the CY 2010 portfolio. (See Table 4A-4)

28 Although the disbursements are generally recorded on grant agreement signing date, the following DPs have made a distinction on the start dates for disbursements. (See Table 4A-5)

29 Utilization of the following DPs are underreported/ are not reported:

a. AusAID (only has CY 2010 disbursements for some of its projects); and

b. New Zealand, Spain (no reported disbursements).

Table 4-A2 Disaggregation of World Bank Grants

Funding Institution	Fund Source	Total Commitments (\$'000)	Percentage Share (%)
Institutional Development Fund (IDF)	WB profits	2.48	1.6%
Japan Social Development Fund (JSDF)	Japan	3.23	2.1%
Global Environmental Facility (GEFIA)	Multi donor	39.89	25.9%
Free standing Philippine TFs (PH-FS)	Of which, \$42.1 M is AusAID; \$18.4 M is EU, \$0.3 is Sweden	60.85	39.6%
Philippine Mindanao Trust Fund (PH-MTF)	Multi donor	5.11	3.3%
Mindanao Trust Fund-USAID (MTF-US)	USAID bilateral contribution to Mindanao TF	0.61	0.4%
Ozone Trust Fund (OTF)	Multi donor	30.00	19.5%
Others	Various	11.66	7.6%
TOTAL		153.84	100.0%

Table 4-A3 Distribution of ODA Grants, Portfolio, other DPSs

Development Partner	Grant Amount	Percentage Share
China	1.938	0.089
NoRAD	1.898	0.087
Czech Republic	1.81	0.083
KfW	11.800	0.539
New Zealand	5.172	0.236

Table 4-A4 CY 2011 ODA Grants with Disbursements in CY 2010

Project Title	DP	Grant Amount in US\$M	Utilization in US\$M	Project Start	Project Closing Date
1 Conflict Sensitive Resource and Asset Management (COSERAM) Project	GIZ	8.959	0.057	1/1/2011	12/31/2014
2 The Project on System Loss Reduction for Philippine Electric Cooperatives (EC's)	JICA	0.036	0.036	3/1/2011	3/30/2013
3 Human Resources Development Administration	JICA	0.004	0.004	1/16/2011	1/31/2011
4 Midwifery Course for Safe Motherhood	JICA	0.002	0.002	2/2/2011	3/11/2011

Table 4-A5 Reckoning Dates of Various DPs

DP	Project Start Date/ Disbursement Reckoning Date	Project Closing Date
ADB	for TAs: grant signing date (although some grants were previously listed using the approval date; ADB noted that board approval dates come before the signing dates); for General Project Grants: effectivity date (since these grants have separate effectivity dates aside from board approval and signing dates)	Either the account closing date or the project completion date, whichever comes later
EU	effectivity date	project completion date
WB	effectivity date	grant closing date

Chapter 5

Results

IAs submit to NEDA quarterly reports on results (outputs and/or outcomes) for loan-assisted projects, and semestral reports for grant-assisted projects. These are consolidated and reported during the Annual Portfolio Review.

Project Results

Outputs

Detailed programs and projects outputs for CY 2010 are listed in Annex 5-A for loans and Annex 5-B for grants.

Closed Loans with Incomplete Outputs

Out of the 21 programs and projects which closed in 2010, 12 fully delivered their targeted outputs. Nine projects had incomplete outputs as detailed in Annex 5-C. These are: (a) Agrarian Reform Communities Development Project Phase II; (b) Metro Manila Urban Transport Integration Project; (c) Tulay ng Pangulo sa Kaunlaran; (d) Tulay ng Pangulo para sa Magsasaka Project; (e) Agno River Flood Control Project Phase II-A; (f) Iloilo Flood Control Project Phase II; (g) Arterial Road Links Project Phase V; (h) Southern Philippines Irrigation Sector Project; and (i) Rural Electrification in Northern Luzon Project. Except for the last, all remaining projects are now being undertaken by their respective implementing agencies or LGUs using GOP/local funds.

Damaged Outputs in 2010

The Infrastructure for Rural Productivity Enhancement Sector (InfRES) Project reported damages amounting to some PhP31.5 million in six completed Farm-to-Market-Roads (FMRs) subprojects in Regions V and VIII due to frequent rains and flooding. The project likewise reported damages in 19 ongoing FMRs in the same regions estimated at PhP45 million.

Outcomes

A total of 43 projects reported achievement of their intended outcomes. Of this number, 26 are loan-assisted projects of which 8 closed in 2010. The other 17 are funded by grants.

Reported outcomes (See Annex 5-D) are expressed in indicators relevant to the assisted sectors:

- ♦ **INFRA** – improved transport services, reduced travel time, reduced flooding and flood damages, reduced inundation period, increased electrification, increased use of renewable energy, and increased energy efficiency.
- ♦ **AARNR** – reduced transportation/haulage costs, increased access to water resources, improved water quality, increased agricultural productivity and profitability, and improved solid waste management.
- ♦ **SRCD** – increased access to social services, improved health status, improved peace and security, improved local governance, improved capacities of local communities, improved access to health services, reduced drop-out rates and higher completion rates, and enhanced quality of education.
- ♦ **ITT** – increased income/revenue, improved access to relending, and increased job opportunities; and
- ♦ **GID** – speedier processing of cases, reduced case congestion and delays.

Review Findings

This section reports on the results of review/evaluation missions conducted for selected projects at different stages of implementation. Specifically, it highlights the following: (a) performance ratings; and (b) outcomes/results observed during the review/evaluation missions.

Ongoing Projects

For CY 2010, a total of 32 missions were carried out by DPs (i.e., 23 implementation reviews, three supervisions, three midterm reviews, one follow-up review, one independent progress review, and one special review). (See Table 5.1)

The WB conducted the most number of missions with 18, followed by ADB with six, IFAD with four, KfW with two, and AusAid, Netherlands and EU with one each.

Generally most of the projects reviewed got satisfactory ratings. However, one project (ARCP2) was rated At Risk by

Table 5.1 Review Missions for Ongoing Projects Conducted in CY2010

Development Partners	No. of Review Missions Conducted
WB	18
ADB	6
IFAD	3
KfW	2
AusAID	1
Netherlands	1
European Union	1
TOTAL	32

ADB. See Annex 5-E for review ratings during the supervision missions/implementation reviews.

At Completion

A total of 39 completion review missions were conducted by the ADB from 2001 to 2009. About 56 percent (22 of 39 projects) were rated as successful or better (See Table 5.2).

On the other hand, a total of 25 completion review missions were conducted by the WB from 2001 to 2008. About 52 percent (13 of 25 projects) were rated satisfactory.

Ex-Post Evaluation

For 2010, ex-post evaluation was conducted for five completed JICA-assisted projects: (a) Lower Agusan Development Project (LoADP), Flood Control Phase I and II, and Irrigation component; (b) Rural Road Network Development Project (RRNDP) II; (c) Philippine-Japan Friendship Highway (Mindanao Section) Rehabilitation Project (PJFH-RP) I and II; (d) Arterial Road Links Development Project (ARLDP) IV; and (e) Rehabilitation and Maintenance of Bridges Project (RMBP) IV. The first two projects were jointly evaluated with NEDA. Four of the projects (PJFH-RP I and II, ARLDP IV, RRNDP II, and RMBP IV) were rated moderately satisfactory. Meanwhile, LoADP was given two separate ratings – the flood control implemented by the DPWH was rated satisfactory while the irrigation component implemented by the NIA was rated unsatisfactory (See Table 5.3).

See Annex 5-F for the detailed ratings and summary of the various outcomes achieved by the five post-evaluated projects.

Table 5.2 Completion Review Missions Conducted by ADB (2001-2009)

Rating	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
Highly Successful					1				1	2
Successful	1	1	3	4		4	3		4	20
Partly Successful			3	2	1	3	2	1		12
Unsuccessful				2	1	1	1			5
TOTAL	1	1	6	8	3	8	6	1	5	39

Table 5.3 Completion Review Missions Conducted by WB (2001-2008)

Rating	2001	2002	2003	2004	2005	2006	2007	2008	Total
Satisfactory	2	1	2	2	3	1	1	1	13
Moderately Satisfactory	0	0	0	0	1	1	3	0	5
Moderately Unsatisfactory	0	2	0	0	0	0	1	0	3
Unsatisfactory	2	0	1	1	0	0	0	0	4
TOTAL	4	3	3	3	4	2	5	1	25

Chapter Notes

30 JICA's ex-post evaluation system (according to *JICA's Evaluation Handbook for ODA Loan Projects*) adopts the Five OECD-DAC evaluation criteria of:

- a. Relevance – consistency of the project objectives and design with policies and needs at the times of both before and after the project
- b. Efficiency – productivity of inputs to produce outputs. Comparison of plan and actual performance of outputs, project period and cost.
- c. Effectiveness – degree of achievement of the project purpose (outcome) based on the comparison between planned and actual performance of operation and effect indicators and internal rates of return (IRR), supplemented by relevant qualitative information.
- d. Impact – direct and indirect changes (both positive and negative) the project has brought to macro-economic, social and environmental conditions of the target country or areas.
- e. Sustainability – degree to which the project outputs are maintained and continuously give benefits in medium and long-term.

Key Implementation Issues

Major implementation issues are categorized into: (a) cost overrun; (b) budget and funds flow bottlenecks; (c) prolonged procurement; (d) LGU-related problems; (e) low utilization of ODA relending facilities; (f) ROW and resettlement issues; (g) delay of budget support loans; (h) sustainability at risk; (i) insufficiency/unavailability of resources; and (j) poor knowledge management. Other issues are likewise listed in the section.

Cost Overrun

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

Cost Overrun Stock (2007-2010)

The cost overrun stock sums up all the amount of cost overrun requests under the various ICC review stages, incurred by all active ODA loans as of the reporting period. A project with cost overrun is excluded from the stock when: (a) the loan with cost overrun has closed, (b) the request has been disapproved by the ICC, or (c) the IA has withdrawn the request (See Table 6.1).

Cost Overruns (CY 2010)

Cost overrun stock decreased from PhP28.99 billion in CY 2009 to PhP27.88 billion in CY 2010, as explained by the additional requests, closed loans and adjustments in 2010. See Annex 6-A for the list of 20 active loans with cost overrun (See Table 6.2).

Table 6.1 Cost Overrun Stock CY 2007-2010

Period	Requested during the Period		Cost Overrun Stock	
	Number of Requests	Total Amount (in PhP billion)	Number of Requests	Total Amount (in PhP billion)
2007	1	0.51	22	34.01
2008*	9	13.59	21	32.67
2009	3	2.16	19	28.99
2010	6	3.54	20	27.88

*Note: Cost overruns of two (2) re-lending facilities (LBP and DBP) amounting to PhP 2.07 billion are in the nature of supplemental financing due to robust demand for the facilities.

Table 6.2 Cost Overrun Reported in CY2010

CY 2009 Carry Over	Requests (Jan to Dec 2010)	Loan Closed or Request Withdrawn (Jan to Dec 2010)	Adjustments (Jan to Dec 2010)	Stock (as of Dec 2010)
19 requests PhP 28.99 billion	6 requests PhP 3.54 billion	5 projects/requests PhP 4.05 billion	1 request PhP 0.60 billion	20 requests PhP 27.88 billion

For CY 2010, the ICC Secretariat received six requests for ICC review/approval of cost overrun. (See Table 6.3)

Note that for the Subic-Clark-Tarlac Expressway Project, BCDA reported a cost overrun in the amount of PhP2.15 billion after the loan closed in 2010.

The loans of four projects included in the CY 2009 cost overrun stock were closed, while one request was withdrawn in CY 2010. Thus, the cost overruns incurred by these projects amounting to PhP4.05 billion were deducted from the CY 2010 cost overrun stock. (See Table 6.4)

Moreover, a reduction in the revised total project cost was made for the Central Mindanao Road Project (reported in CY 2008) from PhP2.76 billion to PhP2.16 billion.

Processing of Cost Overrun

Of the 20 cost overrun requests included in the December 2010 stock, 15 requests secured ICC-CC approval, while two requests were endorsed by the ICC-TB and three requests were under ICC Secretariat review. (See Table 6.5)

Table 6.3 Projects with Reported Cost Overruns in CY2010 (in PhP billion)

Project	Agency	Original Cost	Proposed Cost	Cost Increase
Northrail – Southrail Linkage Phase I	PNR	4.05	4.16	0.11
Help for Catubig Agricultural Advancement Project	NIA	2.97	3.26	0.29
Arterial I (Cabanatuan/ Plaridel Bypass)	DPWH	3.07	3.73	0.66
Widening of Gapan – San Fernando – Olongapo (GSO) Road	DPWH	1.57	1.68	0.11
Pinatubo Hazard Urgent Mitigation Project	DPWH	4.70	5.11	0.41
National Road Improvement and Management Program, Phase 2	DPWH	27.43	29.39	1.96

Table 6.4 Projects Closed in CY 2010 with Reported Cost Overruns

Project	Cost Overrun (PhP billion)	Remarks
Metro Manila Urban Transport Integration Project (reported in 2007)	0.29	DPWH and MMDA no longer pursued cost increase request. Loan closed in March 2010.
Agno River Flood Control Project, Phases II-A and II-B (reported in 2007)	1.25	Loan closed in March 2010.
Metro Iligan Regional Infrastructure Development Project (reported in 2007)	0.51	Loan closed in June 2010.
Arterial Road Links Development Project V (reported in 2007)	0.67	Loan closed in September 2010.
Iloilo Flood Control II (reported in 2008)	1.33	Loan closed in September 2010.

Table 6.5 Processing of Cost Overrun

ICC Action		No. of Requests				Total (2007-2010)
		2007	2008	2009	2010	
1	Reviewed by ICC-CC	4	8	1	2	15
	Approved by ICC-CC	4	8	1	2	15
	Disapproved by ICC-CC					
	Noted by ICC-CC					
2	Approved by ICC-TB	0	0	1	1	2
3	ICC Secretariat Review	0	0	0	3	3
TOTAL		4	8	2	6	20

Reasons for Cost Overrun

Civil works-related changes (additional works, increase in unit cost, high bids, etc.) account for the bulk of the cost overrun (76%) incurred in the CY 2010 stock.

The reasons for cost overrun are shown in Table 6.6.

Projects with Loan Agreement Cost Greater Than ICC-Approved Cost

As discussed in Section 3.5 of the Report, nine projects reported inconsistencies between L/A cost and ICC-approved cost. When the L/A cost exceeds the ICC-approved cost, this may be considered an incidence of cost overrun, by definition of cost overrun (i.e., additional costs over and above the ICC-approved project cost).

It should be noted that out of the nine that reported the same inconsistencies, five projects

were already included in the cost overrun stock processed by the ICC for other reasons. Thus, only four projects remain, as detailed in Table 6.7.

The projects cited the following causes of the discrepancies: (a) foreign exchange rate movement from the period of ICC approval to L/A signing; (b) increase in price and physical contingencies; and, (c) change in cost as a result of the appraisal mission.

Budget and Funds Flow Bottlenecks

The 2009 budgetary allotments for DOH implemented Second Women's Health and Safe Motherhood Project (2WHSM) and Health Sector Development Project (HSDP), were not released in full, thus limiting the agency's spending ability to implement the projects as planned in 2010. On the other hand, counterpart funds for

Table 6.6 Breakdown of Reasons of Cost Overrun

Reasons for Cost Overruns	Cost Overrun (PhP million)	Percent Share (%)
Civil Works	21,190.11	76
Additional Works, Increase in Unit Cost of Labor, Equipment and Materials, High Bids, Price Escalation, Price Adjustment, Standby Claims, Incentive Bonus, Forex Movement, Others		
Consulting Services	46.52	1
Supplemental Works, Forex Movement, Price Escalation		
Land Acquisition	1,443.84	5
Administration Cost	587.50	2
Contingency	3,447.08	12
Others	1,166.75	4
Interest during Construction, VAT and other Taxes, Others		
TOTAL	27,881.80	100

Table 6.7 Projects with L/A Cost Greater than ICC-Approved Cost

Project Title	L/A Cost (PhP million)	ICC-Approved Cost (PhP million)	Inconsistency (L/A-ICC)
Agrarian Reform Infrastructure Support Project III (ARISP III)	8,806.00	7,964.64	841.36
Credit Line for Solid Waste Management Project	1,147.09	961.99	185.10
Angat Water Utilization and Aqueduct Improvement Project	6,056.28	5,751.11	305.17
Agno River Integrated Irrigation Project	11,225.53	7,861.86	3,363.37
TOTAL INCONSISTENCY			4,695.30

the Provincial Road Management Facility which were appropriated in the CY 2009 and 2010 GAA of DILG were not released as appropriation for counterpart funds were considered ineligible per DBM advice.

Several projects reported funds flow bottlenecks. A summary of the funds flow process from the DBM advice of allotment to liquidation of LGU advances to MDFO is illustrated in the box below.

Delays in the process of releasing funds were encountered in the following stages:

Steps 1 to 6

DTI's RuMEPP experienced delays in release of NCA from DBM (processing time ranged from 29 to 79 days). On the other hand, processing of one withdrawal application to NCA release for DOE's RPP took about 139 calendar days. Finally, the LLDA-implemented LISCOP encountered delays in disbursement of funds due to delays in the issuance of pre-audit certificate.

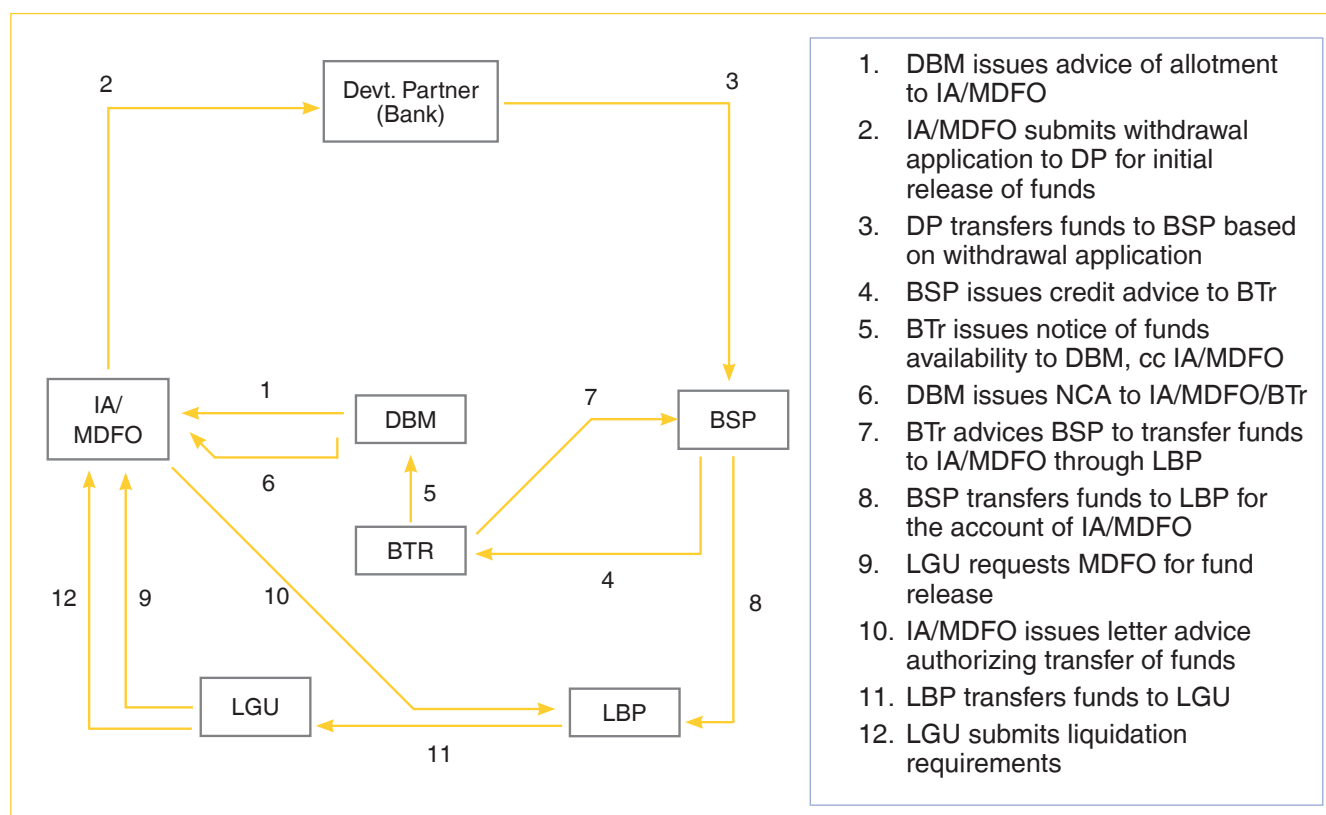
Step 8

Delayed downloading of funds from central office to field units were encountered by: (a) Integrated Coastal Resources Management Project of DENR (slow liquidation affected funds replenishment); (b) Health Sector Development Project of DOH (inability of Ifugao LGU to open an account); and (c) Institutionalization of Early Childhood Care and Development Information System of DSWD.

Step 12

DENR's imprest account for ICRMP was depleted due to delayed or slow liquidation. DTI's RuMEPP likewise faced delays in submission of liquidation from the RuMEPP provinces causing delays in downloading of funds to these areas. The irrigation subcomponent under ARCDP II implemented by NIA has outstanding unliquidated cash advances, amounting to Php104 million from DAR as of October 2010 and Php16 million from Municipal Development Fund Office.

Box 7: Funds Flow Process



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

Funds flow processing involves three major milestones or stages. These are as follows:

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

For the Review, funds flow timelines of 11 agencies were assessed. These IAs are DAR, DBP, DENR, DepEd, DOE, DOH, DSWD, DTI, LLDA, NIA, and SC. Total processing time from WA submission up to NCA releases of the 11 agencies ranged from 10 to 139 days, or an average of 43 days. Broken down into the three major stages, on the average, it took around 18 days from WA submission to WA release; 9 days from WA release to issuance of BTr Notice; and, 18 days from the issuance of BTr notice to NCA releases. Details, including the agencies with the shortest and longest funds flow processing time, are found in Table 6.8.

Prolonged Procurement

Looking at the efforts towards adopting the country's procurement system (RA 9184) on procurement of contracts falling under the national competitive bidding, based on agency submission, a total of 159 contracts with Notice to Proceed (NTP) issued in 2010 were reviewed and benchmarked against the RA 9184 timelines.

For CY 2010, the average duration from submission of bids to contract awards of goods and consulting services improved relative to 2008 and 2009 performance, but still falls short on meeting the timelines as prescribed by RA 9184. (See Table 6.9) Moreover, procurement on civil works exceeded the prescribed timeline and was also observed to have consistently increased for the past three years.

Out of the 159 contracts procured in CY 2010, 48 contracts or 30 percent used the RA 9184 guidelines. JICA used the country system in nine out of its 13 contracts. For other DPs, usage of RA 9184 is at a modest rate of 31 percent (22 out of 70 contracts), while that of WB and ADB is 24 (13 out of 55 contracts) and 20 percent (4 out of 20 contracts), respectively (See Annex 6-C for details).

Table 6.8 Processing Time of Fund Releases

Stage	Shortest Processing Time (in days)	Longest Processing Time (in days)	Average Processing Time (in days)
Stage 1: Withdrawal Application processing	less than one day (DENR)	126 (DAR)	18
Stage 2: BTr Notice	less than one day (DAR/DENR/DSWD)	32 (NIA)	9
Stage 3: NCA Processing	3 (DENR)	99 (DAR)	18
Total Processing Time	10	139	43

*Note: For a more detailed funds flows timelines of the 11 agencies, see Annex 6-B.

Table 6.9 Procurement Duration of Goods and Consulting Services

Contract	Submission of Bids to Contract Awards		Contract Award to NTP Issuance	Total Procurement Duration (2010)	Total Procurement Duration (2009)	Total Procurement Duration (2008)
	Actual Duration	RA 9184 Benchmark				
Civil Works (16)	4.74	3.33	4.05	8.75	4.59	3.5
Consulting Services (77)	6.4	4.63	0.90	7.20	10.1	7.6
Goods (66)	3.3	2.67	1.00	4.10	4.66	4.7

Table 6.10 Reasons for Bid Failure

Project	Reasons
Mindanao Roads Improvement Project	non-acceptance by the winning bidder of contract award due to the increase in cost of materials
Rural Micro-Enterprise Promotion Program	lack of qualified business development services providers
Judicial Reform Support Project	unqualified bidders/contractors and non-submission by contractors of required documents

For civil work contracts, 63 percent (10 out of 16 contracts) were procured using the RA 9184. For goods and consulting services, 73 percent (105 out of 143 contracts) followed the DPs' procurement guidelines.

In CY 2010, eight projects experienced delays in procurement of goods and services, namely:

- Integrated Coastal Resource Management Project (ICRMP);
- Philippine Energy Efficient Project (PEEP);
- Second Women's Health and Safe Motherhood Project (2WHSMP);
- National Sector Support for Health Reform Project (NSSHRP);
- Rural Road Network Development Project, Phase III (RRNDP III);
- Interest Differential Fund Grant for Results-Based Monitoring and Evaluation for Equity and Effectiveness;
- Institutionalization of Early Childhood Care and Development Information System; and
- Comprehensive Pilot Intervention Plan Against Gender Violence

Three projects experienced failure of bids, as shown in Table 6.10.

LGU-Related Problems

LGUs have difficulty in putting up the required counterpart funds in compliance with the NG-LGU 50:50 cost sharing scheme. Projects affected by the said issue are: (a) Mindanao Rural Development Projects II (DA); (b) Cordillera Highlands Agriculture Resource Management Project (CHARMP) II (DA); and (c) Agrarian Reform Communities Project II (DAR). Meanwhile, participating LGUs of the National Program Support for Basic Education (DepEd) reported difficulties due to the absence of a cost sharing policy in the project.

Low Utilization of ODA Relending Facilities

Five projects experienced low or zero utilization/ disbursements in CY 2010 namely: (a) Support for Strategic Local Development and Investment Project (LBP); (b) Credit Line for Energy Efficient and Climate Protection Project (LBP); (c) Credit for Better Health Care Project (DBP); (d) Health Sector Reform Project (DOH/ MDFO); and (e) Credit Facility for Environmental Management Project (DBP). Reasons cited for the poor performance of relending facilities are the following: (a) presence of cheaper relending facilities in the market; (b) stringent guidelines in accessing the relending products; (c) high up-front premium/fee of credit facility.

Right-of-Way (ROW) and Resettlement Issues

Issues on ROW and resettlement delayed the implementation of six projects, as detailed in Table 6.11.

It must be noted that ROW has been a recurring concern for several projects in the last three Reviews, as shown in Table 6.12.

Delay of Budget Support Loans

Five budget support loans were covered by the CY 2010 Review, of which four are funded by the WB and one funded by IFAD. These budget support loans are assisting the sectors of health, education, finance/taxation, environment and natural resources, and agriculture.

For 2010, all the said loans experienced delays in physical implementation, the major causes of which are found in Table 6.13.

Sustainability at risk

Several ongoing and closed projects were identified to have concerns regarding their operations and maintenance as well as sustained provision of benefits. (See Table 6.14)

Table 6.11 ROW-Related Issues

Project	Issue Details
Laguindingan Airport Development Project (LaADP)	Reported problems encountered on land/project site acquisition
New Communication, Navigation, Surveillance and Air Traffic Management (CNS/ATM) Systems Development Project	
Pinatubo Hazard Urgent Mitigation Project (PHUMP)	Involved relocation including acquisition of relocation site for affected families within the ROW
Manila Third Sewerage Project (MTSP)	
Angat Water Utilization and Aqueduct Improvement Project (AWUAIP)	Involved relocation of utilities facilities, e.g., electricity poles
Northrail Project Phase 1	
Northrail-Southrail Linkage Project (NSLP)	Encountered issue on combined land acquisition and resettlement

Table 6.12 Projects with Recurring ROW Concerns

Project Title/Implementing Agency	2008	2009	2010
Laguindingan Airport Development Project (LaADP)/DOTC	✓	✓	✓
New Communication, Navigation, Surveillance and Air Traffic Management (CNS/ATM) Systems Development Project /DOTC			✓
Northrail-Southrail Linkage Project (NSLP)/PNR	✓		✓
Pinatubo Hazard Urgent Mitigation Project (PHUMP)/DPWH			✓
Manila Third Sewerage Project (MTSP)/LBP		✓	✓
Angat Water Utilization and Aqueduct Improvement Project (AWUAIP)/MWSS			✓
Iloilo Flood Control Project II/DPWH	✓	✓	
Agno River Basin Flood Control Project II/DPWH	✓	✓	
Metro Iligan Regional Infrastructure Development Project/PGLDN	✓	✓	
Northrail Project Phase 1/NorthRail	✓	✓	✓

Table 6.13 Reasons for Delayed Physical Implementation

Project	Reasons
National Program Support for Basic Education (NPSBE)/WB/US\$200 million	Delayed compliance by DepEd to the loan covenant on the independent validation of School-based Management (SBM) grants Non-release of the 2009 and 2010 appropriations for the procurement of Office/ICT equipment No definitive policy to measure the cost-sharing between NG-LGUs on classroom construction, thus delaying the process
National Sector Support to Health Reform Program (NSSHRP)/WB/US\$110 million	Delayed finalization of the means testing methodology to be used in identifying the poor for National Health Insurance Program (NHIP) Problems on procurement Change in priority activities/programs to be supported by the loan
National Program Support for Tax Administration Reform (NPSTAR)/WB/US\$11 million	Change in leadership and movement of officials designated as Project Directors/Process Owners contributed to changes in policy directions Lack of standard policies that will help address registration-related errors in the Integrated Tax System (ITS)
National Program Support for Environment and Natural Resource Management (NPSENRM)/WB/US\$50 million	Low enrolment of activities in the Program Agreement Preference of DENR to access its regular budget because of additional financial requirements associated with the loan Delays in establishing and transferring of funds to the Designated Accounts.
Rapid Food Production Enhancement Program (RafPEP)/IFAD/US\$15.9 million	For Rapid Seed Supply Financing Project (RaSSFIP), implementation was extended from one to two dry cropping seasons due to problems in procurement, storage and distribution of certified seeds For Irrigated Rice Production Enhancement Programme (IRPEP), implementation was delayed due to the lack of CY 2010 budget cover of NIA for IRPEP activities.

Table 6.14 Sustainability-Related Concerns

Project Title	Issue Details
Ongoing	
Subic Clark Tarlac Expressway	BCDA still has not found an operator for the expressway ³¹ .
Rural Microenterprise Promotion Project	A combination of resource (i.e., human and financial) and institutional problems has put the sustainability of the project at risk.
Laguna de Bay Institutional Strengthening Project	Sub-projects exhibited weaknesses in revenue collection, financial management, and facility management, particularly for ecotourism.
Philippine Rural Electrification Service Project	DOE and NPC have yet to find a Qualified Third Party (QTP) to operate the power generation facilities.
Closed	
Mainline South Project (closed in 2010)	PNR has moved the target completion date of the project from 2010 to 2011, and its budget for the rehabilitation works is yet to be released. Likewise, PNR's franchise is expected to be terminated by 2014.
Batangas Port Development Project Phase II (closed in 2008)	Facility has low passenger and vehicle traffic. PPA aims to increase utilization of the port by marketing it as the primary port for export-oriented manufacturing companies (e.g. automotive companies, among others) in CALABARZON,
Northern Negros Geothermal Project (closed in 2006)	Of the four units, only three are currently operational. Steam amount is expected to decrease by eight to 10 percent annually.
Tiwi-Makban Geothermal Power Plant Complex Rehabilitation Project (closed in 2005)	Actual power generation is only about seven megawatts, far below the project's target of 40 megawatts.

Insufficiency/unavailability of resources

The following projects encountered insufficiency and unavailability of resources resulting in implementation delays (See Table 6.15).

Poor knowledge management

Weak M&E systems to support project management and implementation were observed for the following projects (See Table 6.16).

Eight other implementation issues emerged in this year's review, namely: (a) start up delay; (b) peace and order problems; (c) weak project management; (d) poor performance of contractors, (e) election-related problems; (f) change in/ replacement of key people; (g) poor stakeholder participation/ cooperation; and (h) lack of IA-DP coordination.

Table 6.15 Resource Availability Concerns

Project Title	Issue Details
PCDPEA	BOC reported a very low auditor-to-case ratio which has constrained the realization of target outcomes (additional revenue from audited importers) for.
RaFPEP	Certified seeds were unavailable for the DA-implemented project during the scheduled planting months.
TPKP	DAR reported inadequate H-piles
ASFP	Construction materials were either insufficient/ unavailable in the project sites.
PIDP	NIA reported insufficient manpower for the preparation of plans and bid documents for the project.

Table 6.16 Knowledge Management Concerns

Project Title	Issue Details
NPSTAR	BIR does not have a clean registration database and collection figures of BTr and BIR are still reconciled manually.
HSDP, HSRA-SP, and HSPSP	DOH reported incomplete monitoring data, inadequate project monitoring skills, and lack of clear reporting mechanisms for the said projects
ICRMP	DA observed weaknesses/ deficiencies in M&E as follows: (a) lack of baseline data; (b) inappropriate method for computing actual physical and financial accomplishments; and (c) irregular submission of progress reports.
MEPI	Newly hired staffs for MEPI of HIV and AIDS as well as other concerned offices within DSWD were unfamiliar with UNDP National Implementation Manual Guidelines which posed a challenge on implementation and reporting.
PEEP	PMO's non-familiarity with ADB Procurement Guidelines affected timely project implementation.

Chapter Notes

31 Currently, the management, operations and maintenance (O&M) of the SCTEx is still under the responsibility of the Tollways Management Corp., the interim operator of the SCTEX. This is pending the review of the Concession Agreement between BCDA and the Manila North Tollways Corporation (MNTC), to come up with a private-public partnership (PPP) project that would serve as a model for other PPPs. The contract between BCDA and MNTC on the O&M of the SCTEX was signed in November 2010 but has not yet become effective because conditions have not been fully delivered by both parties.

Development Effectiveness Efforts In CY 2010

This section highlights various initiatives undertaken in CY 2010 by GOP, DPs and other stakeholders in the realm of development effectiveness, as reinforced by aid effectiveness efforts of GOP in the context of internationally-accepted commitments and principles.

Preparation of the Philippine Development Plan (PDP) 2011-2016 and Regional Development Plans

On 2 September 2010, the Office of the President issued Memorandum Circular No. 3 directing the formulation of the successor plan. Thus, the NEDA issued the Plan Guidelines and started coordinating the formulation of the Philippine Development Plan (PDP), 2011-2016. At the national level, several planning committees and sub-committees were created to identify sector constraints and challenges, and discuss sector objectives and strategies.

The Regional Development Councils likewise spearheaded the formulation of the Regional Development Plans with the NEDA Regional Offices coordinating planning activities. The RDPs provide the local perspectives and present regional strategies in support of the objectives of the PDP.

Human Rights Based Approach to Development Planning

The PDP 2011-2016 is also envisioned to be a Plan that is more grounded on human rights. For CY2010, GOP began to incorporate the

Human Rights Based Approach (HRBA) into its development planning process.

The HRBA constitutes the adoption of an approach to development that is shaped by the human rights principles of universality and indivisibility, equality and non-discrimination, participation and inclusion, accountability and the rule of law.

With funding support from majority of the UN agencies, NEDA implemented the “Mainstreaming the HRBA on All Development Policies, Programs and Activities of the NEDA.” The project included the conduct of Applied Learning Workshops with various staffs at the NEDA central and regional offices.

The activity aimed to strengthen the institutional and individual capacities to integrate, reflect and define HRBA in the formulation of the country's development and investment plans. To facilitate the mainstreaming of HRBA principles into these plans, “Guidelines on Mainstreaming HRBA Principles in the PDP and Regional Development Plans” was also crafted.

Mainstreaming DRR and CCA into Development Processes

A notable feature of the PDP 2011-2016 is the integration of Disaster Risk Reduction, or DRR, and Climate Change Adaptation, or CCA, into the planning process. Acknowledging the importance of integrating disaster risk reduction and climate change adaptation in sectoral strategies, these considerations were mainstreamed in the PDP in industry and services, agriculture and fisheries, peace and security, social development, infrastructure and environment and natural resources.

Table 7.1 Initiatives Supportive of PD Principles

Specific Efforts	Ownership	Alignment	Harmonization	Managing for Results	Mutual Accountability
Preparation of the Philippine Development Plan (PDP) 2011-2016 and Regional Development Plans	✓				
Human Rights Based Approach to Development Planning	✓			✓	✓
Mainstreaming Disaster Risk Reduction (DRR) and Climate Change Adaptation (CCA) into development processes	✓			✓	✓
Preparation of PDP Results Matrices				✓	✓
Preparation of Provincial Development Plans and Investment Programs	✓			✓	
Common Platform for annual project-level review	✓	✓		✓	✓
IA Scorecard of DPs	✓	✓		✓	✓
Preparation of Provincial MDG Reports	✓			✓	✓
Zero-Based Budgeting (ZBB)				✓	
Harmonized Philippine Bidding Documents		✓	✓		
Program Based Approach		✓		✓	
Mutual Enforcement of Debarment Decisions			✓		
Coordinated missions and joint analytic work					✓
Country Level Evaluation (CLE) of the implementation of the Paris Declaration (PD)				✓	✓
Good Practice Award (GPA)	✓			✓	✓
TAs and Capacity Building Activities				✓	✓
Enhanced engagement of CSOs				✓	
Continuing Managing for Development Results (MfDR) for the AARNR sector				✓	✓
Country Assistance Programs		✓			
Anti-Corruption Support				✓	

On 17 September 2010, through Administrative Order No. 1, all local government units (LGUs), particularly the provinces, were directed to mainstream DRR in their plans to strengthen the resilience of their communities. LGUs will improve their abilities to mitigate disaster and climate-related risks through the updating of their Comprehensive Land Use Plans (with the integration of hazard maps) and strict enforcement of zoning regulations. These Plans should help identify areas at risk thereby reducing threats to life and property in the event of natural disasters. These efforts are now coupled with support to integrate CCA in provincial physical framework plans.

Preparation of PDP Results Matrices

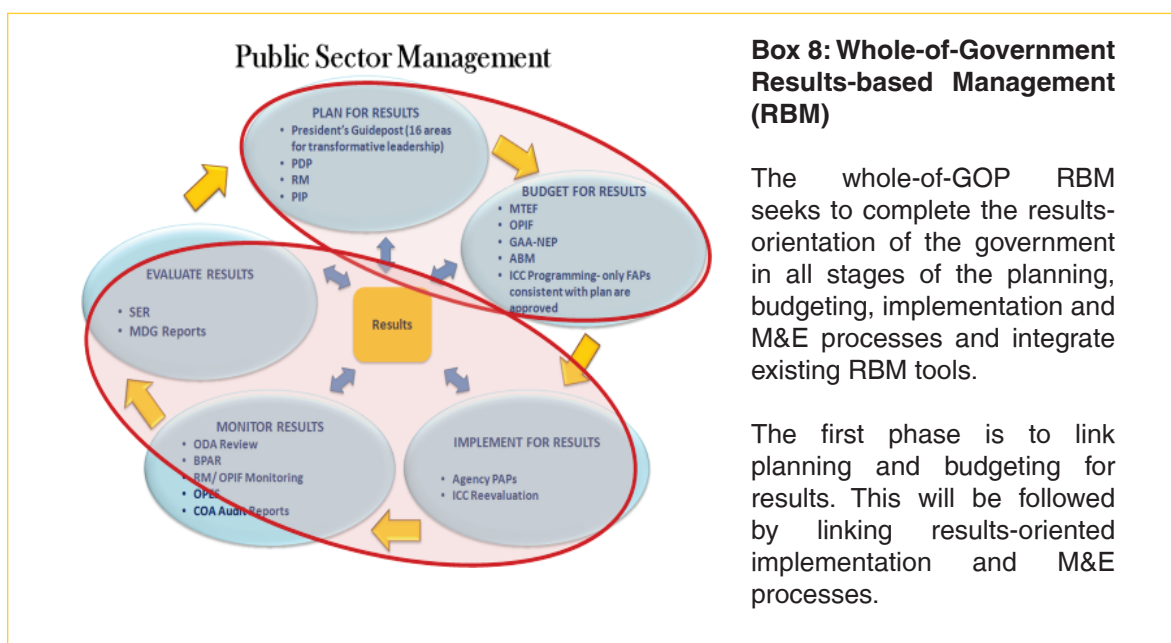
To make the PDP measurable in terms of development outcomes, the NEDA initiated the preparation of Results Matrices (RMs) during the formulation of the successor PDP 2011-2016. The RMs contain statements of the results to be achieved (sector and subsector outcomes) with corresponding indicators, baseline information, end-of-Plan targets and responsible agencies. It provides an indicator framework to the statement of goals of the Plan. These indicators serve as a guide to implementing and oversight agencies, in planning, programming and budgeting. The RMs would also be the reference in the monitoring and evaluation of the progress of the Plan. The

RMs are intended as the initial step in integrating existing results-based management (RBM) tools into a whole-of-government RBM system. The multi-sector RM initiative benefits from the gains and experience drawn from the operationalization of MfDR in the AARNR sector, and is in line with a key recommendation of the Country Level Evaluation (CLE) of the implementation of the Paris Declaration (PD) Phase II.

To set off the preparation of the RMs, workshops were held and consultants were engaged under a KfW IDF grant to facilitate RM orientation and formulation among key participants in the PDP formulation. To arrive at a common understanding of the process and timelines for the RM formulation, a workshop was held in November 2010 with NEDA Central Office representatives involved in the PDP formulation. Workshops were also held in December 2010 with representatives of Planning Committees and NEDA Lead Staffs as an initial attempt in drafting the sector outcomes, indicators and targets.

Preparation of Provincial Development Plans and Investment Program

ADB assisted NEDA through a technical assistance (Provincial and Local Planning and Expenditure Management Phase 2) which assisted 75 provinces in the preparation of Provincial Development and Physical Framework Plan (PDPFP), Provincial Development Investment Program (PDIP), and feasibility studies of critical projects in the PDIP using the Guidelines prepared under Phase 1 of this TA project. The development strategies in the PDPFPs are translated into programs and projects contained in the draft PDIPs which will become inputs to the provincial budgets. This process will strengthen the link of planning, investment programming, and budgeting.



Common Platform for Annual Project-Level Review

In lieu of separate annual project-level reviews by DPs, the Annual ODA Portfolio Review became the main review platform for the DPs to align their efforts. In CY 2010, NEDA also facilitated the first Joint Analytic Work (JAW) among GOP, ADB, JICA and WB which scrutinized and recommended actions to address recurrent implementation issues of the ODA portfolio such as start-up delays, funds flow bottlenecks and problems in LGU participation.

IA Scorecard of DPs

Furthermore, scorecards for DPs are being collected under the DOH's Fourmula One for Health (F1) strategy. The process involves comparison of the Department's assessment of the DPs against the DP's self assessment of their performance. DP assistance shall be evaluated on the basis of the health system's final and intermediate outcomes, and will be monitored on the basis of the major final outputs the assistance is contributory.

Preparation of Provincial MDG Reports

A pioneering feature of the UNDP-funded national MDG Progress Report published in CY 2010 was the inclusion of the results of the pilot formulation of provincial MDG reports, highlighting the experiences of local governments in their efforts to meet the MDGs. The nine provinces involved are Agusan del Norte, Agusan del Sur, Biliran, Camarines Norte, Eastern Samar, Marinduque, Romblon, Sarangani, and Siquijor.

Zero-Based Budgeting (ZBB)

The ZBB approach in the budget preparation was adopted in CY 2010 to identify the priority programs and projects to be funded, particularly for poverty alleviation programs and growth-

inducing and jobs-generating public investments. With this initiative, GOP would be able to (a) expand the implementation of the well performing programs that address critical gaps (b) terminate programs which have been ineffective in delivering outcomes; or (c) hold funding for programs pending reforms in implementation and procurement. Major government programs and subsidies were reviewed in CY 2010 and unnecessary and inefficient ones were taken out from the proposed 2011 budget and rechanneled to propoor programs.

Harmonized Philippine Bidding Documents

In terms of use of country systems by the development partners, the Government Procurement Policy Board (GPPB) issued the 3rd edition of the Harmonized Philippine Bidding Documents (HPBDs) in July 2010. In a joint letter in October 2010, the country directors/chief representatives of the three major development partners (e.g., ADB, JICA and World Bank) expressed their acceptance of the HPBDs and undertook to require the use of these documents in the NCB procurement of civil works and goods contracts funded by the loans and grants from these institutions. It was also agreed during the meetings of the PDF Sub-Working Group on Procurement the harmonization process should have a wider participation among development partners. The subtitle *Harmonized with Development Partners* was used to allow other DPs, aside from ADB, JICA and WB, to adopt the document. Furthermore, the Procurement Team of the WB Office in Manila, together with the GPPB Technical Support Office, committed to monitor the implementation of the HPBDs.

Program-Based Approach

With the international commitment to use country systems, particularly in public financial management, selected DPs have aligned their approaches based on GOP programs. One example of a program-based approach is the Budget Support Assistance provided by the EU through the Health Policy Support Program II. Policy dialogues between GOP and EU determine specific reforms and health outcome targets,

and achievement of the latter translates to the provision of EU financial resources and technical assistance (worth € 35 million) to the DOH.

Mutual Enforcement of Debarment Decisions

DPs are also harmonizing their respective policies and procedures. Harmonization seeks to rationalize and simplify policies and procedures to achieve cost effective donor activities and build more inclusive and effective partnerships. For instance, the WB Country Office in Manila informed the major departments and agencies of the GOP that the Agreement for Mutual Enforcement of Debarment Decisions was signed in April 2010.

Under this agreement, sanctions imposed by one multilateral development bank (MDB) will also be enforced by the other signatory MDBs.

Coordinated missions and Joint Analytic Work (JAW)

Harmonization may also be in terms of coordinated missions and joint analytic work among donor agencies. Based on the PD survey covering CY 2010, the UN, Germany and WB undertook or participated in the most number of coordinated missions. In terms of the ratio of missions coordinated with other donor(s) to the total number of missions in CY 2010, Germany had the highest ratio of 75 percent, or six coordinated missions out of the total eight. In terms of joint analytic work with other donor(s) in CY 2010, the ADB, UN and AusAID conducted the most number of joint studies. In terms of studies coordinated with other donor(s) to the total number of studies in CY 2010, ADB had the highest ratio of 90 percent, or 19 joint studies out of the total 21.

Country Level Evaluation (CLE) of the implementation of the Paris Declaration (PD)

The CLE Phase II was undertaken from June to December 2010, which covered aid effectiveness initiatives since CY 2005 and investigated issues and themes bearing on three core questions. The first is on the factors affecting the relevance of the Paris Declaration principles of ownership, alignment, harmonization, MfDR, and mutual accountability. The second, which is on development processes and intermediate outcomes, determined the effects of the PD on delivery and management of aid. The third scrutinized the contributions of aid to development outcomes, using the health sector and rural development as case studies.

The CLE Phase II found that country ownership over development by the GOP remains strong in terms of its leadership in aid coordination with DPs and in formulating the national development plan. Consultations with stakeholders during the evaluation, however, highlighted the need for the GOP to broaden and intensify dialogue with Congress and CSOs to achieve a more meaningful country ownership. Some progress has also been achieved in terms of alignment of DP processes to country systems as well as harmonization of efforts and procedures among donor agencies. While initiatives towards an integrated results orientation of government systems and processes are promising, efforts are required to sustain and operationalize these reforms. More efforts are required for mutual accountability in terms of strengthened role for Congress, transparency, and governance.

Good Practice Award (GPA)

To provide incentives and recognition of the results orientation among IAs, the GPA was instituted in CY 2010 under the auspices of the PIO system with funding support from a KfW IDF grant. The GPA documents strategies adopted by IAs in managing ODA-assisted programs and projects towards achieving sector outcomes and addressing recurrent implementation issues. For CY 2010, 10 entries were submitted by six IAs

(ARMM, DepEd, DOH, DSWD, DTI and SBC). Two entries emerged as outstanding strategies in achieving sector outcomes, namely, the Integrated Approach to Reducing Maternal and Child Mortality in the Province of Biliran (DOH) and the Davao Industry Clustering with Capacity Enhancement Approach to Achieving Regional Economic Development (DTI Region XI).

TAs and Capacity Building Activities

DPs also continue to support managing for results initiatives in terms of technical assistance and capacity-building activities. For instance, the ADB conducted the Annual Meeting of the Asia-Pacific Community of Practice on MfDR (AsCoP-MfDR) in December 2010. This community of practice with members from 38 member-countries of ADB aims to further develop MfDR capacity of practitioners in the public sector, promote knowledge sharing and learning of MfDR approaches and disseminate knowledge on MfDR issues and good practices. The focus of the annual meeting was to discuss results-based planning, and outcome and impact evaluation.

Upon review of various training programs related to development evaluation in general and results management in particular, NEDA identified in CY 2010 the spectrum of initiatives (from basic to intermediate to advanced) necessary for capacity development of NEDA and selected stakeholders in ODA implementation. In partnership with the KfW using its Interest Differential Fund, NEDA conducted a training course on results management with participants from NEDA, oversight agencies and a civil service organization (CSO). The training is part of NEDA's advocacy to emphasize results orientation in planning, budgeting and implementation, and in monitoring and evaluation of sectors and development interventions in the context of MfDR and development effectiveness.

NEDA likewise entered into a partnership with the IFAD for the wider training delivery from 2011 to 2012 of basic and intermediate topics in the capacity development framework, through a grant for "Institutional Strengthening of Results-Based Monitoring and Evaluation for NEDA and Implementing Agencies." NEDA also provided

guidance on the content of the JICA-AIM course on "Practical Project Management in the Global Market", which trained participants from oversight and implementing agencies, consulting firms and contractors on project management and contract management.

Lastly, NEDA supported ADB in its conduct of a Project Implementation and Administration (PIA) seminar for the Philippines, for project managers and other key staff from executing agencies of ongoing or soon-to-be approved ADB-assisted projects.

Enhanced engagement of CSOs

Guided by principles in the AAA for Government to deepen its engagement with CSOs, PMS has worked more closely with the Reality of Aid CSO network. In addition to regular meetings (quarterly) and knowledge sharing (data, work products, resource persons), NEDA facilitated the participation of Reality of Aid representatives in: (a) major evaluation activities like the ODA Portfolio Review and the CLE Phase II (as part of country reference group); and (b) capacity-building activities on project development/evaluation. Ongoing also is the joint initiative to localize/popularize Paris Declaration and the AAA through an aid effectiveness primer.

AusAID partnered with CSOs that monitor transparency (Road Watch for DPWH and Procurement Watch for DepEd), in the tendering processes of government road projects through the production of the Road Status Report Card, and in the procurement of school furniture and equipment.

A collaboration of civil society organizations (with assistance from the UNDP, MDG-F and the UN Millennium Campaign) came up with a Citizen's Roadmap in August 2010, which contains recommendations to the GOP for the formulation of the successor plan.

Continuing MfDR for AARNR sector

Efforts to operationalize MfDR in the planning, programming, budgeting and M&E processes particularly in the AARNR sector continued in CY 2010. This initiative is being undertaken under the auspices of the PHC with funding and technical support from the ADB TA on Harmonization and Development Effectiveness. In May 2010, senior officials from the DA, DAR, DENR, NEDA and DBM agreed on the Integrated Results Framework (IRF) for AARNR/RD. The agency-specific findings of the MfDR capacity needs assessment were also finalized which will become the basis for the preparation of the MfDR capacity building plans. Draft outcome indicators were also formulated and presented to the DA, DAR and DENR in separate validation workshops in September 2010.

These indicators will be finalized during the preparation of the successor PDP.

Country Assistance Programs

Country ownership is also strengthened with the DPs aligning aid to the country priorities and strategies. The Ministry of Foreign Affairs of Japan, for instance, commissioned a team in November to December 2010 to evaluate the Country Assistance Program of Japan in the Philippines, with a view to better aligning Japan's aid to the GOP's development priorities and policies. Likewise, the EC commissioned an independent team in 2010 to conduct an assessment of the EC development cooperation's contribution to national goals, such as poverty reduction and other MDG targets, covering the years 2000 to 2009.

Anti-corruption Support

AusAid supported integrity systems in DPWH through the utilization of an independent procurement evaluator to assess transparency of the bidding process and contracting for major road investments.

Recommended Actions For 2011 And Beyond

This section is classified in three categories: (a) update on actions taken on the CY 2009 Review recommendations for oversight and implementing agencies; (b) update on the recommended actions from the Joint Analytic Work (JAW) exercise inclusive of a more specific action plan; (c) recommendations for oversight and implementing agencies which may be undertaken for 2011 and beyond; and (d) continuing and planned enhancements on the methodology and content for future ODA reviews.

Actions on the Recommendations of the CY 2009 ODA Portfolio Review

There has been mixed progress in the CY 2009 recommendations for oversight and implementing agencies, as shown in Table 8.1.

JAW Updates

Recommendations to address key cross-cutting and recurrent implementation issues identified in the JAW were acted upon mainly by oversight agencies and participating DPs through the Forward Action and Support Taskforce (FAST). Organized in 2010 and composed of NEDA, DBM, GPPB, MDFO, COA, BTr, LBP, ADB, JICA and WB, the FAST would firm up and operationalize the recommended actions, as well as explore other options intended to address the selected issues of start-up delays, funds flow bottlenecks, and problems in LGU participation.

In dealing with the issue of funds flow bottlenecks, funds flow was tracked in the CY 2010 ODA Review to closely monitor the actual processing duration of loan disbursements from withdrawal application to the release of the Notice of Cash Allocation (NCA). MDFO is currently looking at rationalizing documentary requirements for initial fund releases to LGUs. With a view to reconsidering the policy of monthly lapsing of NCAs, DBM is also reviewing the actual occurrence of lapsing of NCAs which cover ODA funds, and its effect on project implementation. Other actions on the recommendations of the CY 2009 Review are being finalized by the FAST, as detailed in the updated action plan in Table 8.2.

As part of the second phase of JAW, the ADB, JICA and WB conducted in CY 2010 individual assessments of their respective Philippines portfolios with a focus on the: (a) success factors in implementing projects; and (b) project sustainability. The next step would involve the conduct of a validation workshop involving IAs to compare their respective experiences with the JAW II assessments. The findings from the assessments of the three DPs as well as the workshop results will be incorporated in the CY 2011 ODA Review Report.

Table 8.1 CY 2009 Recommendations

Recommendations	Progress
Oversight Agencies	
Finalize the Operations Manual for ODA-funded projects inclusive of updated policies and procedures, funds flow process, and requirements by the oversight agencies MDFO, GPPB and the DPs.	Continuing (part of PHC work plan)
DOF-IFG, DOF-MDFO and NEDA to develop mechanism to rationalize NG-LGU cost sharing scheme among projects regardless of funding source.	Continuing
GPPB to conduct capacity building activities with IAs on advanced procurement, requirements, and rules and regulations of R.A. 9184.	Continuing
DBM to re-orient finance officers of IAs on its requirements, processes and procedures.	Continuing
PHC to develop mechanism to charge commitment fees to the budget ceiling of IAs experiencing substantial delays in project implementation.	Continuing (part of PHC work plan)
PHC to develop incentive mechanism for IAs implementing or will implement budget support loans.	Continuing (part of PHC work plan)
Implementing Agencies	
Ensure that all remaining billings and claims for completed works and consulting services are submitted on time, in order to maximize loan disbursements before loan closing.	Limited compliance
Continue to strengthen promotion of relending facilities to entice more borrowers, given the demand-driven nature and uncertainty in the behavior of the LGUs. Continually revisit subloan features of relending projects to make them more attractive to end-users, whether industry or LGUs e.g. effective and competitive interest rates, eligible scope, etc.	Substantial compliance
To improve LGU efficiency in implementing development projects, provide technical assistance to LGUs in the areas of sub-project preparation, procurement, financial management, monitoring and evaluation, among others.	Limited compliance
Conduct orientation/promotional campaign on FAPs to increase awareness and generate support from the newly-elected local chief executives.	Substantial compliance
Review the financial absorptive capacity of projects with low disbursement rate (below 50%), identify potential/actual problems projects using the NEDA-PMS Quarterly Alert Mechanism Report, and identify the key building blocks and the root causes of delays to make the necessary and appropriate measures to be taken.	Substantial compliance
Institute an M&E arrangement/unit to track outcomes and sustainability measures, to be reported to NEDA on a periodic basis after project completion. Continue to monitor O&M, sustainability issues, actions/measures being taken to address issues for recently completed projects (last 3 years) and report to NEDA on a regular basis.	Substantial compliance
Initiate a writeshop to refine the agency's Monitoring & Evaluation system to ensure data consistency in the various project reports, particularly on report of overall weighted actual physical accomplishment.	Limited compliance
Submit Project Completion Reports for all completed projects not later than six months after actual project completion date, inclusive of a section on project outcomes and impacts, to establish that the objectives of the project were achieved.	Limited compliance
Regularly submit reports on the progress of implementation of ongoing projects (quarterly for loans and semestral for grants) to NEDA-PMS, and promptly inform the same of any and all unexpected developments in implementation, especially on incidences of cost increases to facilitate ICC re-evaluation.	Substantial compliance
Revisit and adjust target-setting of loan disbursements and general work program, taking into consideration realistic achievement of projected physical accomplishments based on available funds.	Substantial compliance

Table 8.2 Updated JAW Action Plan

Issue	Action Plan	Timelines	Responsibility Center
Start Up Delays			
Insufficient 1st year budget for new projects	DBM to reflect upfront in the budget call guideline the ICC-CC approval as a requirement for inclusion of projects in agency budget proposal	Beginning FY 2013 Budget Call (January 2012)	DBM, NEDA
	ICC to revisit existing ICC process flow to incorporate the previous item including a corresponding clarification to agencies on the first quarter cut off time by DBM (through an ICC directive).		
	Come up with a list of priority projects certified by NEDA, DOF and DBM during the programming exercise (March every year). The NEDA-DOF-DBM certified list will be sufficient for inclusion of the projects identified in the annual budget proposal (in April every year).	Beginning FY 2012 Programming Exercise	NEDA, DBM, DOF
Delays in procurement process	Prepare a draft circular on advance procurement harmonized with DBM Circular Letter 2010-09	By 3 June 2011	GPPB-TSO, DBM
	Consult with relevant stakeholders regarding the draft circular and present the draft circular to the GPPB-TWG	2nd week of June 2011.	GPPB-TSO, DBM
	NEDA (through ICC Secretariat) to consider inclusion of necessary documents related to advance procurement in basic requirements for ICC approval.	As soon as possible	NEDA
Lack of GOP readiness filters for proposed projects	Integration of a project readiness filter into the ICC processes	As soon as possible	NEDA
	Revisit ICC Secretariat review process for proposed projects, particularly on the Project Evaluation Report (PER) preparation to include provision on the following: Embed PMS comments on operational perspective/concerns Embed Sector Staff comments on project design perspective/concerns		
Funds Flow Bottlenecks			
Delays in fund release	FAST members to conduct meetings to monitor funds flow and resolve issues if any.	As the need arises	BTR, DBM, LBP, MDFO, NEDA with ADB, JICA and WB
Delays in fund releases from MDFO to LGUs	MDFO to present streamlined documentary requirements for funds releases to the MDFO Policy Governing Board.	June 2011	MDFO
	COA-DOF to recommend to COA Central Office the streamlined pre-audit requirements for MDFO fund releases	By 24 May 2011	COA-DOF
	COA Central Office to officially communicate with MDFO the streamlined COA pre-audit requirements for funds releases to LGUs	By end of May 2011	COA Central Office
Lapsing of NCA	DBM to present findings of study on the policy of monthly lapsing of NCA to FAST members	By June 2011	

Other Recommendations for 2011 and Beyond

Recommendations listed hereunder are the results of the current portfolio review, continuing actions suggested in previous reviews, and proposed actions related to results monitoring and evaluation as well as ODA management. These recommendations will be further discussed with IAs and OAs to determine detailed steps, timelines and specific responsible entities.

Continuing and Planned Enhancements for Future ODA reviews

Proposed enhancements for the 2011 ODA review report were identified.

Table 8.3 Recommendations for OAs and IAs

Recommendations	Responsibility
Strengthen country systems in evaluation through development of an Evaluation Manual. Among others, the manual would include: application of OECD-DAC evaluation criteria at appraisal, mid-term, completion and post-evaluation Formulation of impact-level indicators per sector to make portfolio comparable to other impact measurement mechanisms of DPs (e.g., IFAD's RIMS)	NEDA
Translate/cascade RMs into agency-level development planning, enhancing current RMs with the inclusion of OPIF organizational outcomes and MFOs of pilot agencies. This RM-OPIF linkage will provide agencies a guide for programming and budgeting starting CY 2013.	DBM, NEDA, pilot IAs
Ensure submission by IAs of PCRs for their completed projects, and subsequent analysis and documentation through preparation of end of project reports (EOPRs). Lessons learned from EOPRs to benefit appraisal of new projects and ongoing M&E of ongoing ones.	NEDA, IAs
Ensure the immediate conduct of a start up workshop for relevant stakeholders of newly effective projects. Said activity would, among others, define M&E requirements, processes and milestones of the IAs, OAs and DPs.	NEDA, IAs
Continue capacity building and advocacy of MfDR within the GOP bureaucracy.	NEDA, IAs
Formulate assessment criteria on M&E capability for regional oversight agencies.	NEDA

Table 8.4 Continuing and Planned Enhancements for Future ODA Reviews

Section	Recommendations/Future Enhancements
Introduction	Mapping of ODA
ODA Loans Portfolio	Conduct technical analysis with other oversight agencies on portfolio-related matters, in order to: Improve reporting and comparability of ODA statistics across DPs (i.e., apply base year for more accurate comparisons of yearly ODA commitments, review foreign exchange conversions, consider reporting all financial aspects of the Report in peso terms, etc.); Refine computation of Grant Element (GE) to consider only active loans for a given year (not cumulative), as well as include (by DOF-CAG) GE computation for GOCC-/GFI-implemented projects; and Consider use of weighted physical performance especially for non-infrastructure sectors.
ODA Grants Portfolio	Ensure reporting on results; Enhance revision policy for data finalization, which would be one quarter after end of each year; and Include ODA Grant Programming Process Flow.
Cost Overrun	Develop an effective system and procedure for reporting and monitoring to take into account the gaps and weakness in the existing system and procedure; and Devise appropriate measures to ensure effective institutionalization.
Results	Analyze reasons for varying quality of reports on results; and Analyze impact of loan cancellations in the accomplishment of project outcomes
Key Implementation Issues	Actively engage existing M&E structures i.e., National Project Monitoring Committee, ICC, PIO, and DP Portfolio reviews.
Aid Effectiveness Initiatives	Strengthen and integrate the collective efforts of OAs in better ODA management and administration
Recommended Actions for 2011 and Beyond	Conduct continuing portfolio-related thematic studies between annual reviews; Review of M&E Units and project implementation units in relation to results reporting; Strengthen further knowledge management, e.g., management information system support; and Conduct continuing capacity building in all aspects of ODA portfolio management.

Classification of Official Development Assistance (ODA) Projects According to Gender Responsiveness

The NEDA is mandated to monitor the ODA allocation for gender-responsive programs and projects by virtue of Republic Act (RA) 7192 or the Women in Development and Nation-Building Act. RA 7192 is supportive of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), which was adopted in 1979 by the UN General Assembly and defines the commitment of the states to end discrimination against women in all forms. Likewise, the Philippines is committed to the Millennium Declaration which includes the promotion of gender equality and women empowerment as MDG Goal 3. Gender equality is essential to the achievement of the MDGs.

In keeping with these mandates, NEDA prepares an annual report on the gender-responsiveness of ODA-assisted programs and projects using the Harmonized Gender and Development Guidelines (HGDG) for Project Development, Implementation, Monitoring and Evaluation. For the past five years, NEDA, in coordination with the ODA-GAD Network¹, has been tracking the level of ODA allotted for women's concerns based on inputs from the donor agencies. This is the third year that gender and development perspective is incorporated in the ODA Portfolio Review, with inputs from implementing agencies using the classification presented in the Harmonized GAD Guidelines².

This year, IAs were again requested to provide information on the gender-responsiveness of their projects using templates that are based on the Harmonized GAD Guidelines. They were asked to fill out Table 10 (Classification of ODA Projects by Gender-Responsiveness) using Box 7 (Summary Assessment of Proposed Projects) of the Guidelines. The assessment focuses on completed and ongoing projects in 2010.

A total of 20 out of 33 implementing agencies (61 %) responded to the request. This is an 11 percent increase from the 2009 reporting (15 out of 30 agencies). These agencies include DepEd, DBP, ARMM Regional Government, DSWD, NorthRail, DPWH, SC, NPC, DA, DENR, DAR, NIA, DTI, DOH, BCDA, BIR, DOTC, LLDA, PNP, and PNR. Aside from the 33 implementing agencies covered by the CY 2010 ODA Portfolio Review, an additional submission from the local government unit of Misamis Occidental was included in the report.

In consolidating these inputs, all allocations were expressed in US dollars. The Bangko Sentral ng Pilipinas (BSP) average annual exchange rates for 2009 were applied to convert Philippine Pesos, and Australian dollars into US dollars (1 PhP = US\$ 0.021572; 1 Au\$ = US\$ 0.887469).

Table 9.1. Classification by Gender-Responsiveness (Project Development)

Item	No. of Projects	Amount (in million US\$)	%
Percent of total portfolio budget adjudged to be			
Gender-responsive	13	1,135.34	7.87
Gender-sensitive	14	1,473.74	10.21
With promising GAD prospects	14	11,356.51	78.69
GAD invisible in the project(s)	9	466.98	3.24
Total	50	14,432.57	100

A total of 61 projects were reported by the implementing agencies, however, 11 of these projects do not have information on the GAD rating and assessment. Therefore, at the project design stage, the report covers only 50 programs/projects with a total ODA allocations amounting to US\$14.4 billion.

Based on the submission of the 21 implementing agencies (Table 9.1), about 18 percent of their reported ODA portfolio support projects that were designed to be gender responsive/sensitive. Meanwhile, about 79 percent went to projects with promising GAD prospects and three percent were 'GAD invisible', or with no gender issues or concerns identified in the project design.

Table 9.2 generally shows that the infrastructure sector had the most number of projects reported

(18 out of 50 projects) which is 36 percent of the total number of projects, while the industry and services sector had the least number of projects reported with only one project (2%) covered. Meanwhile, in terms of ODA allocation, the GID sector had the largest share, which amounted to about US\$10.03 billion (70%). This is followed by the INFRA sector, which had around 18 percent share in the total ODA allocation.

In terms of classification by gender-responsiveness of the projects, based on their allocation, the AARNR sector has the largest percentage allocation for gender-responsive projects as it comprised about 52 percent of the total allocation of US\$1.18 billion for the sector. The INFRA sector had the most gender-sensitive projects, covering a total of seven projects and representing about 47 percent of the total

*Table 9.2. Classification of Projects, by GAD category * (in US\$M)*

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total
AARNR	\$610.10 (51.5)	\$173.42 (14.6)	\$95.98 (8.1)	\$304.28 (25.7)	\$1,183.78 (100)
	(7 projects)	(2 projects)	(2 projects)	(3 projects)	(14 projects)
GID	30.69 (0.3)	24.4 (0.2)	9,966.26 (99.4)	6.59 (0.1)	10,027.94 (100)
	(2 projects)	(1 project)	(1 project)	(1 project)	(5 projects)
INFRA	258.90 (9.9)	1,224.91 (46.8)	978.06 (37.4)	154.89 (5.9)	2,616.76 (100)
	(1 project)	(7 projects)	(6 projects)	(4 projects)	(18 projects)
SRCD	172.51 (37.7)	51.01 (11.1)	232.89 (50.9)	1.22 (0.3)	457.63 (100)
	(2 projects)	(4 projects)	(3 projects)	(1 project)	(10 projects)
ITT	--	--	33.71 (100.0)	--	33.71 (100)
			(1 project)		(1 project)
Integrated Sector (multi-sectoral)	63.14 (56.0)	--	49.61 (44.0)	--	112.75 (100)
	(1 project)		(1 project)		(2 projects)
Total	\$1,135.34 (7.87)	\$1,473.74 (10.21)	\$11,356.51 (78.69)	\$466.98 (3.24)	\$14,432.57 (100)
	(13 projects)	(14 projects)	(14 projects)	(9 projects)	(50 projects)

* The italicized entries in the parentheses refer to the percentage of allocation for each sector by GAD category to the total ODA for the sector.

reported ODA allocation for the sector. The sector also showed the largest number of projects with promising GAD prospects and GAD-invisible, with six projects (43%) and four projects (44%), respectively.

At the project implementation, management, monitoring and evaluation (PIMME) stage, a total of 45 out of the 61 projects reported were assessed by the implementing agencies. The decrease in the number of projects evaluated is due to lack of rating at the implementation stage. Table 9.3 shows that about nine percent and 79 percent of their total ODA portfolio were gender

responsive and sensitive projects, respectively, at implementation. Meanwhile, about 10 percent were projects with promising GAD prospects, and two percent of these ODA-funded projects were 'GAD invisible', or with no gender issues or concerns considered in the implementation stage.

It can be noted that at the PIMME stage, a greater percentage of the portfolio budget went to gender sensitive projects, compared to that at the project design stage (Table 3 vs. Table 1).

Table 9.3. Classification by Gender-Responsiveness (Project Implementation, Management, Monitoring and Evaluation)

Item	No. of Projects	Amount (in million US\$)	%
<i>Percent of total portfolio budget adjudged to be:</i>			
Gender-responsive	15	1,233.21	8.64
Gender-sensitive	15	11,221.70	78.59
With promising GAD prospects	11	1,507.01	10.55
GAD invisible in the project(s)	4	317.06	2.2
TOTAL	45	14,278.98	100

*Table 9.4. Classification of Projects, by GAD category * (in US\$M)*

Development Sector	Gender Responsive	Gender Sensitive	With Promising GAD Prospects	GAD Invisible	Total
AARNR	\$693.58 (55.0) (8 projects)	\$226.26 (17.9) (3 projects)	\$89.94 (7.1) (1 project)	\$251.44 (19.9) (2 projects)	\$1,261.22 (100) (14 projects)
GID	30.69 (0.3) (2 projects)	9,990.66 (99.7) (2 projects)	--	--	10,021.35 (100) (4 projects)
INFRA	258.90 (10.8) (1 project)	968.17 (40.5) (7 projects)	1,099.64 (46.0) (4 projects)	65.62 (2.7) (2 projects)	2,392.33 (100) (14 projects)
SRCD	186.90 (40.8) (3 projects)	36.61 (8.0) (3 projects)	234.11 (51.2) (4 projects)	--	457.62 (100) (10 projects)
ITT	--	--	33.71 (100.0) (1 project)	--	33.71 (100) (1 project)
Integrated Sector (multi-sectoral)	63.14 (56) (1 project)	--	49.61 (44.0) (1 project)	--	112.75 (100.0) (2 projects)
Total	\$1,233.21 (8.64) (15 projects)	\$11,221.70 (78.59) (15 projects)	\$1,507.01 (10.55) (11 projects)	\$317.06 (2.22) (4 projects)	\$14,279.06 (100) (45 projects)

* The italicized entries in the parentheses refer to the percentage of allocation for each sector by GAD category to the total ODA for the sector.

On the other hand, Table 9.4 generally shows that both sectors on AARNR and INFRA had the most number of projects reported (14 for each sector, or 28 out of 45 projects). In terms of GAD category, the highest number of gender responsive projects and percentage allocation were in the AARNR sector with eight projects. However, in terms of percentage allocation of sector portfolio, the SRCD sector ranked second with about 41 percent of sector allocation. Seven out of 15 gender sensitive projects were under the INFRA sector, with about nine percent of the total ODA allocation for gender sensitive category. The INFRA as well as the SRCD sector had the same number of four projects with promising GAD prospects. Nevertheless, the four GAD-invisible projects come from the AARNR and INFRA sectors.

Similarly at the project development (PD) stage, the GID sector also covered the largest ODA allocation amounting to US\$10.02 billion (70%) which composed of four projects while the INFRA sector ranked second with US\$2.39 billion (17%) of the total ODA allocation. In contrast, the ITT sector shared the least of 0.2 percent among the six development sectors with only one project.

Notably at both the PD and PIMME stage, the GID sector had the biggest allocation in the ODA budget, because of their project “National Program Support for Tax Administration” of the Bureau of Internal Revenue (BIR) which amounted to US\$9.97 billion.

In the AARNR sector, gender-responsive/sensitive projects in this sector addressed, among others, the following issues: (a) women’s access and control over resources/services which reinforces barriers to participation and decision making capacities of men and women; (b) women’s involvement in farming activities and their lack of livelihood opportunities in the rural areas; (c) access to credit facilities and access to public services such as health and education; and (d) inequality of women participation in leadership positions in grassroots level/people organization. Women’s burden in fetching water has been reduced, resulting in their having more time for productive/economic activities, studying, attendance to training activities, and recreation. The minimal participation of women in productive income-generating activities as well as in the design and implementation of development projects was also recognized. Issues on training

and technical assistance on production activities which are mostly tailored for men were also identified. This was addressed through provision of technical and organizational training for both male and female.

Gender issues addressed by gender-responsive/sensitive projects in the GID sector particularly the Philippine-Australia Local Sustainability included the participation of both men and women in development planning, implementation, and monitoring in their localities as well as issues on women’s access to resources.

In the SRCD sector, gender issues identified by the projects included limited gender training/orientation of project staffs and lack of gender indicators in the project logical framework that resulted in noninclusion of gender data in the reports. These were addressed through capability building programs such as gender-sensitivity training and enhancement of project monitoring tools in order to generate gender-related data. Other issues identified were high maternal mortality ratio and non-inclusion of men in various community-based health education and promotion activities. These were addressed through social marketing and health education and promotion interventions that considered men as target clientele.

The “Rural Microenterprise Promotion Programme”, categorized under the ITT sector identified the nonidentification and analysis of gender issues in the Programme implementation as one of the gender issues. This was addressed by conducting gender audit for the Programme and including capability building trainings on gender sensitivity for program implementers.

Finally, for most of the projects submitted by the implementing agencies in the infrastructure development and integrated sector, gender analysis has not been dealt with in some programs/projects. Gender issues/concerns were not readily identified and incorporated in the project preparation and implementation as well as in the monitoring and evaluation stages. However, some projects identified the following gender issues: (a) the railways projects do not have programs that target women as beneficiaries, contributors or partners in development; (b) the NorthRail has no sex-aggregated data for employees and external communities who were displaced and provided settlement sites; (c) no alternative

choice for women for reliable, safe, comfortable and affordable transport; and (d) low awareness of gender issues/laws among personnel that implement urban/infrastructure projects. These issues were correspondingly addressed through: (a) creation of databases identifying gender of employees within the NorthRail organization and household heads in the clientele community; (b) conduct of training with the project management officers on RA 7192 and its implementing rules and regulations;; (c) identification of ways to increase women benefitting and participating in developing the resettlement sites among clientele community; (d) incorporation of GAD concerns in the project implementation, specified GAD issues in the inception report (e.g. project appraisal document); (e) appointment of GAD focal person and technical working group for specific project;; (f) conduct of capacity building and discussions on genders issues; (g) inclusion of GAD indicators in the monitoring and evaluation logframe; and (h) provision of guidelines on gender mainstreaming.

In terms of the agencies' assessment on the gender-responsiveness of their projects, it is noteworthy to mention the improvement in the quality of assessment. Gender issues of their respective projects show that there were staffs who were aware and can identify GAD concerns. However, a few submissions still showed inconsistencies in classifying projects. Projects with "no gender issues identified", for example, were still classified as gender-responsive/sensitive. This was the same observation in the 2009 reporting. The same was observed in projects considered as GAD invisible, where agencies view gender as "not applicable". In addition, some projects submitted did not have gender rating in project implementation as well as in the PIMME stage. One reason for such inconsistencies in the interpretation, rating and analysis of projects is the evaluating staffs' different levels of skills and understanding on gender and development and on the use of the Harmonized GAD Guidelines. Agencies still face the challenge of enhancing the gender awareness and sensitivity in their respective workplaces, as well as the skills of the project staffs and personnel of implementing agencies on gender analysis in order to effectively accomplish the GAD forms, particularly Table 10.

Glossary of Terms

Actual Project Completion Date	Date the project was physically completed.
Aid Conditionality	One of the four commitments under the Accra Agenda for Action. Donors will switch from reliance on prescriptive conditions about how and when aid money is spent to conditions based on the developing country's own development objectives.
Alignment	One of the five principles of Paris Declaration. Donors base their overall support on partner countries' national development strategies, institutions and procedures
Availment Rate	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 .
Commitment Fee	Amount levied by the funding institution on the undisbursed loan amount or a portion thereof, payable per annum.
Cost Overrun	Per ODA Act of 1996 IRR, it refers to 'the additional costs over and above the ICC-approved project cost.'
Counterpart Funds	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.'
Development Partner	The donor/ funding agency or country making a financial commitment to the project.
Development Results	Outputs, outcomes, or impacts of a development intervention.
Disbursement Level	Actual disbursements for the year.
Disbursement Rate	Actual disbursements as a percentage of target disbursements for the year.
Disbursement Ratio	Ratio of (a) the actual disbursements for the year to (b) the net loan amount available during the year.

Forward Action Support Taskforce (FAST)	Composed of NEDA, DBM, GPPB, MDFO, COA, BTr, LBP, ADB, JICA and WB, FAST was organized in 2010 to firm up and operationalize the recommended actions as well as explore other options intended to address cross-cutting and recurrent implementation issues such as start up delays, funds flow bottlenecks and problems in LGU participation.
Grant Amount	Amount committed to the project from a grant source.
Grant Element	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 and grant.’ Further, the weighted average grant element of all ODA at anytime shall not be less than forty percent (40%) and each ODA must contain a grant element of at least twenty-five percent (25%).
Harmonization	One of the five principles of Paris Declaration. Donors’ actions are more harmonized, transparent and collectively effective.
Implementing Agency (IA)	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.’
Investment Coordination Committee (ICC)	Established under Executive Order No. 230, or “Reorganizing the National Economic and Development Authority” which is tasked to act as a recommendatory body to the NEDA Board, the ICC is mandated to evaluate specific major capital project 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.
ICC-Approved Cost	Total project cost as approved by the ICC.
Joint Analytic Work (JAW)	A platform for joint in-depth analysis and action planning on selected key implementation issues. It utilizes the existing ODA review processes such as the individual agency consultations and the presentation of draft findings to the inter-agency committees.
Loan Agreement Cost	Loan amount as indicated in the loan agreement.

Loan/Grant Closing Date	Date the project's financial activities are stopped, afterwhich the borrower can no longer disburse from the loan/grant account, as indicated in the loan/grant agreement. This is also synonymous to Loan/Grant Closing Date.
Loan Effectivity Date	Date afterwhich disbursements can be made.
Loan/Grant Signing Date	Date the project's loan/ grant agreement is signed.
Managing for Development Results (MfDR)	A management strategy that focuses on development performance and on country outcomes improvements. It uses practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation.
Managing for Results	One of the five principles of Paris Declaration. All countries will manage resources and improve decision-making for results.
Mutual Accountability	One of the five principles of Paris Declaration. Donors and partners are accountable for development results.
Net Commitment	Total commitment less cumulative cancellations.
Official Development Assistance (ODA)	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 twenty-five percent (25%).
Ownership	One of the five principles of Paris Declaration. Partner countries exercise effective leadership over their development policies, and strategies and coordinate development actions.
Paris Declaration (PD)	Endorsed on 2 March 2005, an international agreement to which Ministers, Heads of Agencies and other Senior Officials adhered and committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators.
Philippines Development Forum (PDF)	Primary mechanism of the Government for facilitating substantive policy dialogue among stakeholders on the country's development agenda. It also serves as a process for developing consensus and generating commitments among different stakeholders toward critical actionable items of the Government's reform agenda.

Predictability of Aid	One of the four commitments under the Accra Agenda for Action. Donors will provide 3-5 year forward information on their planned aid to partner countries.
Program Loan	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.
Project Loan	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.
Project Start Date	Date the project started implementation.
Results	The output, outcome, or impact (intended or unintended, positive and negative) of a development intervention.
Results Matrix (RM)	A document that will accompany 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.
Scheduled Project Completion Date	Date the project is scheduled to be physically complete as approved by the ICC.
Technical Co-operation	Per OECD-DAC, includes 'both (a) grants to nationals of aid recipient countries receiving education or training at home or abroad, and (b) payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and not separately identified as technical co-operation in statistics of aggregate flows.'
Time Elapsed	Ratio of (a) the age in implementation years (from loan effectivity to reporting date) to (b) the planned length in implementation years (from loan effectivity to original loan closing date).
Undisbursed Amount	Amount committed but not yet spent.

Untying of Aid	One of the four commitments under the Accra Agenda for Action. Donors will relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best quality at the lowest price.
Use of Country Systems	One of the four commitments under the Accra Agenda for Action. Partner country systems will be used to deliver aid as the first option, rather than donor systems.
Utilization Rate	Total cumulative disbursements as a percentage of the total net commitment.

ODA PORTFOLIO REVIEW 2010

Published by the National Economic and Development Authority

ISSN: 2244-0011