

CY 2015 ODA Portfolio Review Report

Table of Contents

EXECUTIVE SUMMARY	2
ODA Portfolio Profile	2
Performance	2
Key Implementation Issues	3
Results	4
Initiatives to Promote Development Effectiveness	4
Actions Taken and Recommendations	4
1 THE OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PORTFOLIO REVIEW	5
1.1 Mandate	5
1.2 Objectives	5
1.3 Methodology	5
1.4 Structure	6
2 ODA PORTFOLIO	7
2.1 ODA Loans Profile	8
2.2 ODA Loans Distribution	10
2.2.1 Distribution by Development Partner	10
2.2.2 Distribution by Sector	11
2.3 Age of the Loans Portfolio	11
2.3.1 Ongoing Loans	11
2.3.2 Closed Loans	12
2.4 ODA Grants Profile	14
2.4.1 Magnitude and Distribution	14
2.4.2 Distribution by Development Partner	15
2.4.3 Distribution by Sector	15
2.5 Other ODA Disaggregation	16
2.5.1 Distribution by Area Coverage	16
2.5.2 Addressing Climate Change and Contributing to Disaster Risk Reduction	17
2.5.3 Transitioning the Millennium Development Goals to Sustainable Development Goals	18
2.5.4 Promoting Gender-Responsiveness of Projects	18
3 PERFORMANCE	20
3.1 Loans Financial Performance	20
3.1.1 2015 Financial Performance	20
3.1.2 ODA Loans Portfolio Financial Performance in the Past Ten Years	21
3.1.3 Performance of IA Portfolios	22
3.2 Financial Performance against Total Project Cost	24

3.2.1	Expenditures vs Releases in CY 2015.....	24
3.2.2	Cumulative Expenditures against Total Project/Program Cost	25
3.2.3	Financial Performance by Implementing Agency	25
3.2.4	Commitment Fees.....	26
3.3	Grants Financial Performance	27
3.3.1	By Development Partner.....	27
3.3.2	By Sector	28
3.4	Physical Performance	28
3.4.1	Overall GPH ODA Portfolio (Loans and Grants)	28
3.4.2	Loan-assisted Programs/Projects.....	29
3.4.3	Grant-assisted Programs/Projects	30
3.4.4	Cumulative Outputs as of End of CY 2015	31
3.4.5	Projects Restructured in CY 2015.....	35
3.4.6	Projects with Incomplete Outputs at Loan Closing in CY 2015	38
3.5	Actual Problem Projects in CY 2015	39
3.5.1	Project Alert Status as of end of CY 2015	40
3.5.2	Actual Problem Projects Contribution to the Availment Backlog	42
3.5.3	Projects Likely to be Restructured in CY 2016	42
4	KEY IMPLEMENTATION ISSUES	44
4.1	Issues Affecting Project/Program Implementation and Performance.....	44
4.1.1	Procurement.....	44
4.1.2	Site Condition/Availability	48
4.1.3	Government/Funding Institution Approvals	51
4.1.4	Project Management Office Manpower/Capacity	54
4.1.5	Design, Scope, Technical	56
4.1.6	Institutional Support.....	58
4.1.7	Sustainability, and Operations and Maintenance	60
4.1.8	Inputs and Cost.....	61
4.1.9	Budget and Funds Flow	62
4.1.10	Legal and Policy Issuances.....	63
4.1.11	Performance of Contractor/Consultant	64
4.1.12	Other Implementation Issues.....	65
4.2	Efforts to Address Key Implementation Issues	66
4.2.1	Risk Register in Project Implementation	66
4.2.2	Incorporating Lessons Learned in the Design of Future Development Interventions	73
4.2.3	Use of Existing Institutional Mechanisms.....	74
5	PROJECT/PROGRAM RESULTS	75
5.1	Project/Program Results Contributing to the Philippine Development Plan and Results Matrices Sector Objectives.....	75
6	MAJOR INITIATIVES TO PROMOTE DEVELOPMENT EFFECTIVENESS	82

6.1	Drafting of the Long-Term Vision for the Philippines ("AmBisyon Natin 2040")	82
6.2	Adoption and Monitoring of the Sustainable Development Goals	82
6.3	Signing of the National Evaluation Policy Framework	82
6.4	Participation to the 2nd Monitoring Round of the Global Partnership for Effective Development Cooperation	83
6.5	Program Expenditure Classification Budgeting Approach	83
6.6	Creation of the DBCC Sub-Committee on Program/Project Appraisal	83
6.7	Full Implementation of the Revised Framework in Financing of National Government Projects	84
6.8	5th M&E Network Forum	84
7	ACTIONS TAKEN AND RECOMMENDATIONS.....	85
7.1	Actions Taken on the Recommendations of the CY 2014 ODA Portfolio Review	85
7.1.1	Actions Taken by Implementing Agencies	85
7.1.2	Actions Taken by Oversight Agencies and Development Partners	85
7.1.3	Actions Taken on Proposed Enhancements for the Review	87
7.2	Recommendations for CY 2016 and Beyond	89
7.2.1	For Implementing Agencies	89
7.2.2	For Oversight Agencies and Development Partners.....	89

List of Tables

Table 2.1 Total ODA by Development Partner in USD million	7
Table 2.2 CY 2014 and CY 2015 Composition of Loans in US\$ billion	9
Table 2.3 ODA Loans Distribution by Development Partner	10
Table 2.4 Sector Classification	11
Table 2.5 ODA Loans Distribution by Sector	11
Table 2.6 Age of Ongoing Loans	12
Table 2.7 Average Age at Closing and Years of Extension of Loans which Closed from CY 2011-2015	13
Table 2.8 ODA Grants Distribution by Development Partner	15
Table 2.9 ODA Grants Distribution by Sector	16
Table 2.10 Distribution of ODA Loan- and Grant-assisted Programs and Projects by Area Coverage	16
Table 2.11 Regional Distribution of ODA Loan- and Grant-assisted Programs and Projects	17
Table 2.12 ODA Programs and Projects Addressing Climate Change and Contributing to Disaster Risk Reduction	17
Table 3.1 ODA Loans Financial Performance (CY 2014 vs CY 2015)	20
Table 3.2 Disbursement Level and Disbursement Rate from CY 2006-2015	22
Table 3.3 Financial Performance by Agency	23
Table 3.4 Disbursement Shortfall/Surplus by Agency	23
Table 3.5 Availment Backlog/Surplus by Implementing Agency	24
Table 3.6 Summary of Actual Expenditures vs Available Releases in CY 2015 by Program and Project (in PHP Billion)	24
Table 3.7 Summary of Actual Expenditures vs Total Cost as of CY 2015 by Program and Project (in PHP Billion)	25
Table 3.8 Financial Performance Based on the Total Cost Approach	25
Table 3.9 Commitment Fees in CY 2014 and 2015	26
Table 3.10 Projects with the Highest Amount of CFs Paid in CY 2015 (in USD Million)	26
Table 3.11 Ten Projects with Active Loans that Incurred Largest CFs (in USD Million)	27
Table 3.12 Grant Utilization as of CY 2015 by Development Partner	27
Table 3.13 Grant utilization as of CY 2015 by Sector	28
Table 3.14 Physical Status of Program/Project Loans and Grants as of end of CY 2015	28
Table 3.15 Physical Status of Overall GPH ODA Portfolio (Loans and Grants), by Sector	29
Table 3.16 Physical Status of ODA Loan-assisted Projects	29
Table 3.17 Physical Status of ODA Loan-assisted Projects (CY 2014 vs CY 2015)	29
Table 3.18 Physical Status of ODA Loan-assisted Projects by Sector	30
Table 3.19 Physical Status of ODA Loan-assisted Projects by Implementing Agency	30
Table 3.20 Physical Status of ODA Grants Portfolio	31
Table 3.21 Physical Status of ODA Grants Portfolio by Sector	31

Table 3.22 Cumulative Outputs by Sector as of End CY 2015	32
Table 3.23 Projects Restructured in CY 2015	36
Table 3.24 Cost Overrun Stock as of End CY 2015	36
Table 3.25 Projects with Loan Cancellations in CY 2015 (in USD Million)	38
Table 3.26 Projects with Incomplete Outputs at Loan Closing in CY 2015.....	38
Table 3.27 Alert Status Summary (CY 2014 vs CY 2015)	40
Table 3.28 Actual Problem Projects as of End CY 2015	40
Table 3.29 Projects Likely to be Restructured in CY 2016.....	43
Table 4.1 Classification and Incidence of Key Implementation Issues	44
Table 4.2 Projects with Issues on Procurement	44
Table 4.3 Projects with Issues on Site Condition/Availability	48
Table 4.4 Projects with Issues on Obtaining Government/Funding Institution Approvals	52
Table 4.5 Projects with Issues on PMO Manpower/Capacity	55
Table 4.6 Projects with Design/Scope/Technical Issues.....	57
Table 4.7 Projects with Institutional Support Issues	59
Table 4.8 Projects with Sustainability and O&M Issues	60
Table 4.9 Projects with Issues on Inadequate Inputs and Excess Cost.....	61
Table 4.10 Projects with Budget and Funds Flow Issues	62
Table 4.11 Projects with Legal and Policy Issues	63
Table 4.12 Projects with Issues on the Performance of Contractors/Consultants	64
Table 4.13 Other Implementation Issues	65
Table 4.14 Updates on the CY 2014 Programs/Projects Risks and Assumptions Register	67
Table 4.15 CY 2015 Programs/Projects Risk and Assumptions Register	72
Table 5.1 ODA Projects/Programs with Reported Results Contributing to the PDP	75
Table 5.2 Project/Program Results Supporting the PDP-Results Matrices Indicators	75
Table 7.1 Actions Taken by Oversight Agencies and Development Partners	85
Table 7.2 Actions Taken on Proposed Enhancements for ODA Review	87
Table 7.3 Recommendations for IAs, OAs and DPs for CY 2016 and Beyond.....	89

List of Figures

Figure 2.1 Active ODA Loans Annual Net Commitment from CY 2006-CY 2015 by Loan Type in USD Million	9
Figure 2.2 Time Elapsed of Ongoing and Newly Effective Loans	12
Figure 2.3 Average Age at Closing and Years of Extension of Loans which Closed from CY 2011-2015, by DP	13
Figure 2.4 Average Age at Closing and Years of Extension of Loans which Closed from CY 2011-2015, by Sector	14
Figure 2.5 ODA Grants Magnitude in USD Million (CY 2013-CY 2015)	14
Figure 3.1 Disbursement Rate, Availment Rate and Disbursement Ratio from CY 2006-CY 2015	22

List of Boxes

Box 2.1 Total Project Cost (TPC) of ODA Loan-assisted Programs and Projects in Peso.....	8
Box 2.2 Concessionality of ODA Loans to the Philippines	9
Box 2.3 CY 2015 ODA Loans Net Commitment in Original Currency	10
Box 2.4 Loan Closing Date and Project Completion Date	12
Box 2.5 Other DP-assisted programs and projects (non-ODA).....	15
Box 2.6 Classifications of Area Coverage	16
Box 2.7 Climate Change Adaptation and Mitigation and Disaster Risk Reduction	18
Box 3.1 Definition of Absorptive Capacity Indicators.....	20
Box 3.2 Types of Program Loans	21
Box 3.3 Commitment Fees Attributable to Implementation Delay and as Cost of Financing .	26
Box 3.4 Cost Overrun Stock	38
Box 3.5 The Alert Mechanism	39
Box 4.1 DP-led Supervision/Implementation Review Missions.....	66
Box 4.2 Definition of Risks and Assumptions.....	66
Box 4.3 Definition of Lessons Learned.....	74
Box 4.4 Regional Project Monitoring and Evaluation System	74
Box 5.1 Outcomes Contributing to the Various PDP and RM Sector Objectives.....	75

List of Annexes

Annex 2-A	Project Costs by Agency
Annex 2-B	Share of Counterpart Funding to Total Project Cost per Agency
Annex 2-C	List of Active Loans as of December 2015
Annex 2-D	Financing terms of Development Partners
Annex 2-E	Distribution of Total ODA Loans Net Commitments by Sector and Sub-sector
Annex 2-F	Other DP-Assisted Programs and Projects in the Philippines
Annex 2-G	ODA Loans and Grants Addressing Climate Change and Disaster Risk Reduction
Annex 3-A	ODA Loans Financial Performance
Annex 3-B	Status of Ongoing NG Program Loans as of December 2015
Annex 3-C	Actual Expenditures Against Available Releases/Budget in CY 2015 by Project and Program
Annex 3-D	Cumulative Expenditures Against Cumulative Releases/Budget as of End CY 2015 by Project and Program
Annex 3-E	Cumulative Expenditures Against Total Cost as of End CY 2015 by Project and Program
Annex 3-F	Actual Expenditures Against Available Releases/Budget in CY 2015 by IA
Annex 3-G	Cumulative Expenditures Against Cumulative Releases/Budget as of End CY 2015 by IA
Annex 3-H	Cumulative Expenditures Against Total Cost as of End CY 2015 by IA
Annex 3-I	Historical Data on the Commitment Fees Paid from CY 2004 to CY 2015
Annex 3-J	Cumulative Commitment Fees Paid per Project from CY 2002 to CY 2015
Annex 3-K	Year-on-Year Comparison of Commitment Fees Paid by Implementing Agency (CY 2012-CY 2015)
Annex 3-L	Cumulative Commitment Fees Incurred by Projects with Active Loans as of Year-end 2015
Annex 3-M	Physical Status of Loans as of December 2015
Annex 3-N	Physical Status of Grants as of December 2015
Annex 3-O	Cumulative Project/Program Outputs as of End CY 2015 by Agency
Annex 3-P	Projects Restructured in CY 2015
Annex 3-Q	Actual Problem Projects in CY 2015
Annex 4-A	Findings and Recommendations of Supervision Missions
Annex 4-B	Lessons learned
Annex 7-A	Actions Taken on Recommendations from CY 2014 Review
Annex 7-B	Recommendations for CY 2016 and Beyond for Implementing Agencies

Acronyms

AAR&NR	Agriculture, Agrarian Reform and Natural Resources
ADB	Asian Development Bank
ADSDPP	Ancestral Domain Sustainable Development and Protection Plan
AM	Alert Mechanism
ARB	Agrarian Reform Beneficiary
ARCP2	Agrarian Reform Communities Project II
ARMM	Autonomous Region in Muslim Mindanao
BAC	Bids and Awards Committee
BEAM	Basic Education Assistance for Muslim Mindanao
BIR	Bureau of Internal Revenue
BMU	Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety)
CADT	Certificate of Ancestral Domain Titles
CAR	Cordillera Administrative Region
CC	Climate Change
CCC	Climate Change Commission
CLEECF	Credit Line for Energy Efficiency and Climate Protection in the Philippines
CNS/ATM	New Communications, Navigation and Surveillance/Air Traffic Management Systems Development
COA	Commission on Audit
CP	Contract Package
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DED	Detailed Engineering Design
DEO	District Engineering Office
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DFA	Department of Foreign Affairs
DFAT	Department of Foreign Affairs and Trade
DILG	Department of Interior and Local Government
DND	Department of National Defense
DOE	Department of Energy

DOF	Department of Finance
DOF-MDFO	Department of Finance - Municipal Development Fund Office
DOH	Department of Health
DOST	Department of Science and Technology
DOTC	Department of Transportation and Communications
DOTC-CAAP	Department of Transportation and Communications-Civil Aviation Authority of the Philippines
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
EDP	Environment Development Project
EOPR	End-of-Project Report
EU	European Union
FAO	Food and Agriculture Organization
FDU	Full-time Delivery Units
FMR	Farm-to-Market Road
GAA	General Appropriations Act
GAD	Gender and Development
GFI	Government Financial Institution
G&ID	Governance and Institutions Development
GOCC	Government-Owned and -Controlled Corporation
GPMF	Global Partnership Monitoring Framework
GPH	Government of the Philippines
ICC	Investment Coordination Committee
ICC-CC	Investment Coordination Committee - Cabinet Committee
IFAD	International Fund for Agricultural Development
INREMP	Integrated Natural Resources and Environment Management Project
IRPEP	Irrigated Rice Production Enhancement Project
IT&T	Industry, Trade and Tourism
JICA	Japan International Cooperation Agency
KALAHI-CIDSS	Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
KEXIM	Export-Import Bank of Korea

KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Credit Institute)
LADP	Laguindingan Airport Development Project
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LIDP	Logistics Infrastructure Development Project
LP	Loan Proceeds
LRTA	Light Rail Transit Authority
LWUA	Local Water Utilities Administration
M&E	Monitoring and Evaluation
MB	Monetary Board
MCC	Millennium Challenge Corporation
MDG	Millennium Development Goal
MES	Monitoring and Evaluation Staff
MfDR	Managing for Development Results
MOA	Memorandum of Agreement
MWCI	Manila Water Company, Inc.
MWSI	Maynilad Water Services Inc.
NB	NEDA Board
NCIP	National Commission on Indigenous People
NCR	National Capital Region
NEDA	National Economic and Development Authority
NG	National Government
NGA	National Government Agency
NG-LGU	National Government-Local Government Unit
NIA	National Irrigation Administration
NPCO	National Program Coordination Office
NPMC	National Project Monitoring Committee
OA	Oversight Agency
OECD	Organization for Economic Cooperation and Development
OECD-DAC	Organization for Economic Cooperation and Development- Development Assistance Committee
OFID	OPEC Fund for International Development
O&M	Operations and Maintenance
OPAPP	Office of the Presidential Adviser on the Peace Process
OWPA	Overall Weighted Physical Accomplishment

PAMANA	Payapa at Masaganang Pamayanan
PDP	Philippine Development Plan
PIO	Project Implementation Officer
PMO	Project Management Office
PNP	Philippine National Police
RA	Republic Act
RaFPEP	Rapid Food Production Enhancement Programme
RbME	Results-Based Monitoring and Evaluation
RM	Results Matrix
RORO	Roll-on/roll-off
RoWA	Right of Way Acquisition
RPMC	Regional Project Monitoring Committee
RPMEs	Regional Project Monitoring and Evaluation System
SC	Supreme Court
SR&CD	Social Reform and Community Development
SUC	State Universities and Colleges
SWDRP	Social Welfare and Development Reform Project
TA	Technical Assistance
TAF	Technical Assistance Facility
TIKA	Turkish Cooperation and Coordination Agency
TOR	Terms of Reference
TPC	Total Project Cost
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WD	Water District

EXECUTIVE SUMMARY

ODA Portfolio Profile

Total Official Development Assistance (ODA) Portfolio as of December 2015 amounted to USD15.71 billion consisting of 73 loans (USD12.66 billion) and 460 grants (USD3.05 billion).

Japan (GOJ-JICA) was the biggest source of loans with 43 percent share (USD5.39 billion), followed by World Bank and ADB with 27 percent (USD3.38 billion) and 25 percent (USD3.17 billion) shares, respectively. For ODA grants, the USA (USAID and MCC), Australia-DFAT, and the UN System were the three leading providers with 42 percent (USD1,268.29 million), 19 percent (USD567.09 million), and 12 percent (USD365.28 million) shares, respectively.

In terms of distribution per sector for the ODA loans portfolio, the Infrastructure Development sector accounted for the largest share (48%) with US\$6.03 billion assistance for 37 loans, followed by the Governance and Institutions Development (G&ID) and Social Reform and Community Development (SR&CD) sectors with 21 percent and 19 percent shares, respectively. The SR&CD sector was the major recipient of grants assistance with USD1,139.81 million or 37 percent share. The G&ID and the Agriculture, Agrarian Reform and Natural Resources (AAR&NR) sectors followed with 22 and 18 percent shares, respectively.

Performance

Financial. Comparing CY 2015 with CY 2014, financial performance of ODA loans generally improved as absorptive capacity indicators (i.e. disbursement level, disbursement rate, availment rate, and disbursement ratio) increased as of end of CY 2015.

In particular, overall disbursement level of the ODA loans portfolio increased from USD1.77 billion in 2014 to USD2.31 billion in 2015. This was mostly due to high disbursement level of three program loans. These program loans are the ADB-assisted *Increasing Competitiveness for Inclusive Growth*, the WB-assisted *Third Philippine Development Policy Loan to Foster More Inclusive Growth*, and *Second Development Policy Loan to Foster More Inclusive Growth: Supplemental Financing for Post Typhoon Recovery* with a combined amount of USD948.75 million or about 40 percent of the total disbursements made in CY 2015. The disbursement rate increased from 76 percent in CY 2014 to 79 percent in CY 2015. Availment rate increased slightly from 83 percent in CY 2014 to 85 percent as of end of CY 2015. Disbursement ratio increased from 23 percent as of December 2014 to 32 percent as of December 2015, due to program loans which disbursed 77 percent of their total available loan balance at the beginning of the year.

Moreover, utilization level of the 460 active grants comprising the active ODA grants portfolio as of CY 2015 reached USD1.88 billion out of the total grant amount of USD3.05 billion, registering a utilization rate of 61.7 percent. This reflects a marginal increase in utilization rate by 8.4 percentage points compared to the same period last year.

Physical. There were 514 active ODA loan- and grant-assisted programs and projects as of end of CY 2015 in the ODA Portfolio. Of these, 83 were physically completed (16 %), 324

were ahead or on-schedule (63%), 103 were delayed (20%), four closed with incomplete outputs or were terminated (1%).

In terms of the physical status of the 54 ODA-loan assisted project loans, seven were physically completed (13%), 26 were on schedule (48%), 17 were behind schedule (31%), two closed with incomplete outputs (4%), and two were terminated (4%).

Among these, 12 ODA-loan assisted projects were identified as actual problem projects warranting priority monitoring and facilitation based on the Alert Mechanism of the National Economic and Development Authority-Monitoring and Evaluation Staff (NEDA-MES). Eleven of these were identified to be in the Critical Stage (Alert Level II) having implementation issues that remained unresolved for at least six months. These actual problem projects posted an availment backlog amounting to USD444.47 million or 50 percent of the total availment backlog of the active ODA loans portfolio as of end of CY 2015.

For the 460 ODA grant-assisted projects/programs, 76 were already completed (17%), 298 were ahead or on schedule (64%), while 86 were behind schedule (19%).

Key Implementation Issues

There were 105 reported incidents of implementation issues encountered in CY 2015, which identified problematic implementation components that need to be addressed.

Procurement. Seventeen projects experienced delays in the procurement of consulting services and civil works, and failures of bidding, among others.

Site condition/availability. Fourteen projects had difficulty in acquiring right-of-way. Claimants also had difficulty in complying with documentary requirements.

Government/funding institution approvals. Fourteen projects experienced difficulties in obtaining approval and/or required clearances from the government or funding institutions.

Project Management Office (PMO) manpower/capacity. Nine projects were affected by limited PMO manpower/capacity due to difficulties in recruitment, turnover of staff affecting program/project implementation, and low technical capacity of the PMO to manage/implement the program/project, among others.

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

Design, scope, technical. Eight projects experienced delays due to faulty or inadequate project design, changes in scope or output specifications, and low demand for outputs (e.g., credit facilities in view of uncompetitive relending rates).

Budget and funds flow. Four projects were affected by budget and funds flow issues due to delays in fund releases or adverse movement of exchange rates.

Sustainability and operations and maintenance (O&M). Five projects experienced issues on sustainability and O&M due to absence of formal exit strategies, and organizational

changes prevented the continuity of work or program/project outputs, services or benefits.

Performance of contractors/consultants. Three projects had issues on the performance of contractors/consultants, such as delays in mobilization of necessary equipment and manpower, failure of contractor/consultant to deliver on expected services or the required specifications.

Inputs and cost. Five projects experienced issues on unavailability of required quantities of inputs, or poor quality inputs, or due to price increases resulting from inflation.

Legal and policy issuances. Four projects experienced delays due to legal and policy issues. This entailed cases where there is unclear government policy, or where there had been a statutory regulation/law/policy involved, but changes were imposed adversely affecting program/project implementation.

Programs/Projects Results

The review showed that 32 programs and projects¹ demonstrated results that contribute to achieving 54 sector outcome indicators in seven chapters of the Philippine Development Plan-Results Matrices (PDP-RM).

Initiatives to Promote Development Effectiveness

The Review highlighted various initiatives in CY 2015 which promoted development effectiveness and better management for development results. These include the following: (a) crafting of the Long-Term Vision for the Philippines ("AmBisyon Natin 2040"); (b) adoption of the Sustainable Development Goals (SDGs); (c) signing of the National Evaluation Policy Framework (NEPF); (d) participation to the 2nd Monitoring Round of the Global Partnership for Effective Development Cooperation; (e) implementation of the Program Expenditure Classification (PREXC) Budgeting Approach; (f) creation of the DBCC Sub-Committee on Program/Project Appraisal; (g) implementation of the Revised Framework in Financing of National Government Projects; and (h) conduct of the 5th M&E Network Forum.

Actions Taken and Recommendations

Apart from reporting on actions taken in CY 2015, specific actions were undertaken by the implementing agencies (IAs) in compliance with the recommendations made in the CY 2014 ODA Portfolio Review report, particularly in addressing key implementation issues. In addition, compliance with the CY 2014 recommendations to improve overall ODA portfolio management was undertaken under several NEDA-led activities in collaboration with various IAs, development partners (DPs) and oversight agencies (OAs).

Recommendations to further improve ODA portfolio performance for CY 2016 and beyond were also included in the Review Report.

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

1 THE OFFICIAL DEVELOPMENT ASSISTANCE (ODA) PORTFOLIO REVIEW

1.1 Mandate

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

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

1.2 Objectives

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

1.3 Methodology

The Review covered all ODA loan- and grant-assisted programs and projects that were signed, became effective, were implemented or completed, or had its ODA financing closed/ended from January 1, 2015 to December 31, 2015. This Review also covered projects of government-owned and controlled corporations (GOCCs)/government financial institutions (GFIs) funded by foreign lenders/development partners, wherein the borrowings are made pursuant to the original charters of GOCC/GFI or under special borrowing laws (amended Foreign Borrowings Act).

The review process involved consultations and discussions with 17 agencies involved in implementing the programs/projects. NEDA undertook the Review with the participation of OAs such as the Department of Budget and Management (DBM) and Department of Finance (DOF) and the various DPs.

In finalizing the report, NEDA, thru the MES, presented the draft findings to the following bodies, to solicit comments which were considered in improving the draft Report: (a) the National Project Monitoring Committee (NPMC) and representatives from the 15 Regional Project Monitoring Committees (RPMCs) on June 10, 2016; (b) OAs, DPs, CSOs, and representatives from the academe on June 13, 2016; and (c) the Project Implementation Officers (PIOs) on June 16, 2016.

1.4 Structure

This Report is organized into seven sections inclusive of this introduction. Section 2 provides an overview of the ODA Portfolio followed by Section 3 which reports the financial and physical performance of the ODA Portfolio. Section 4 discusses key implementation issues and actions taken during the year whereas Section 5 reports the results (outputs and outcomes). Section 6 highlights the initiatives undertaken to promote development effectiveness and better manage for development results. Finally, Section 7 presents actions taken on recommendations on the CY 2014 Review, as well as the recommendations for 2016 and beyond.

2 ODA PORTFOLIO

The total ODA portfolio as of December 2015 amounted to USD15.71 billion, consisting of 73 loans worth USD12.66 billion (81% of total portfolio), and 460 grants worth USD3.05 billion (19% of total).

Japan (Government of Japan-Japan International Cooperation A) had the largest share in the portfolio representing 35 percent (USD5.53 billion). This is followed by World Bank (WB) with 22 percent share (USD3.46 billion), Asian Development Bank (ADB) with 21 percent share (USD3.28 billion), and the combined assistance of the Millennium Challenge Corporation (MCC) and the United States Aid for International Development (USAID) with eight percent share (USD1.27 billion). Assistance from these top four DPs amounted to 86 percent of the portfolio (USD13.54 billion).

Table 2.1 Total ODA by Development Partner in US\$ million

Development Partner	Loan Amount	Grant Amount	Total ODA	% Share	Rank
GOJ-JICA	5,389.78	139.82	5,529.60	35.19	1
WB	3,384.46	75.61	3,460.07	22.02	2
ADB	3,167.28	112.16	3,279.44	20.87	3
USAID/MCC	-	1,268.29	1,268.29	8.07	4
Australia-DFAT	-	567.09	567.09	3.61	5
KEDCF/KOICA	427.94	87.61	515.55	3.28	6
UN System ²	110.71	365.28	475.99	3.03	7
EU	-	227.31	227.31	1.45	8
GIZ/KfW	26.52	108.20	134.72	0.86	9
OFID	70.00	-	70.00	0.45	10
AFD	55.78	7.22	63.00	0.40	11
Canada-DFAT	-	61.30	61.30	0.39	12
Italy	28.71	5.61	34.32	0.22	13
NZAid	-	10.88	10.88	0.07	14
AECID	-	10.88	10.88	0.07	15
China	-	1.56	1.56	0.01	16
NoRad	-	1.43	1.43	0.01	17
TIKA	-	0.90	0.90	0.01	18
Total	12,661.17	3,051.14	15,712.31	100.00	

² Composed of FAO, IFAD, ILO, IOM, UNDP, UNEP, UN-ESCAP, UNFPA, UN-ITR, UNICEF, UNIDO, WFP and WHO for grants

Box 2.1 Total Project Cost (TPC) of ODA Loan-assisted Programs and Projects in Peso (PHP)

Magnitude

For CY 2015, the total cost of programs and projects financed by the active ODA loans Portfolio amounted to PHP764.81 billion, with the Government of the Philippines (GPH) counterpart amounting to PHP148.13 billion or 19 percent of the total cost. Presented below are the shares of the loan proceeds and the government counterpart to the entire portfolio. The complete table of project costs grouped by agency is presented in **Annex 2-A**.

Fund Source	Amount (PHP B)	% Share
ODA	616.68	80.6
Loan Proceeds	614.63	80.4
Grant Proceeds	2.05	0.3
GPH Counterpart	148.13	19.4
National Government	135.45	17.7
Road Fund*	12.68	1.7

* for the WB-assisted NRMIP II

GPH Counterpart vs. TPC

On a per project basis, the average share of government counterpart funding to total project cost is 26 percent. Meanwhile, following are the various ranges of average counterpart share to total project cost per agency (details are provided in **Annex 2-B**).

Average Counterpart Funding (% of TPC)	Implementing Agency*
30 and above	Deptment of Agrarian Reform (DAR), Department of Public Works and Highways (DPWH), Local Water Utilities Administration (LWUA)
20-29	Department of Agriculture, Department of Transportation and Communication (DOTC), Department of Social Welfare and Development (DSWD), Landbank of the Philippines (LBP), National Irrigation Administration (NIA)
1-19	Development Bank of the Philippines (DBP), Department of Environment and Natural Resources (DENR), Department of Energy (DOE), Department of Health (DOH)

* Program loans of the Department of Finance (DOF), Department of Education (DepEd), and DSWD were excluded in the analysis of average counterpart funding as program loans generally have no government counterpart, unlike project loans. It should be noted, however, that DSWD remains in the table as it has an active project loan as of end of CY 2015.

2.1 ODA Loans Profile

2.1.1 CY 2015 Portfolio

The loans portfolio worth USD12.66 billion³ is composed of 60 project loans amounting to USD8.43 billion (67%) and 13 program loans worth USD4.23 billion (33%). From this, 65 project and program loans supported the implementation of 56 projects⁴. See **Annex 2-C** for the list of loans covered in the Review.

³ Net of cancellations amounting to US\$93.17 million.

⁴ Excluding budget support program loans, forty-eight projects were financed by a single loan, seven projects were financed by two loans each, and one was financed by three loans.

Box 2.2 Concessionalities of ODA Loans to the Philippines

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

Pursuant to the amended RA 8182 (ODA Act), DOF shall compute for the grant element of direct loans of the NG. The latter excludes foreign borrowings/foreign loans of GOCCs/GFIs (usually guaranteed by the National Government), which are incurred pursuant to their original charter or under special borrowing laws (e.g., Foreign Borrowings Act, as amended), and thus are not incurred under the ODA Act.

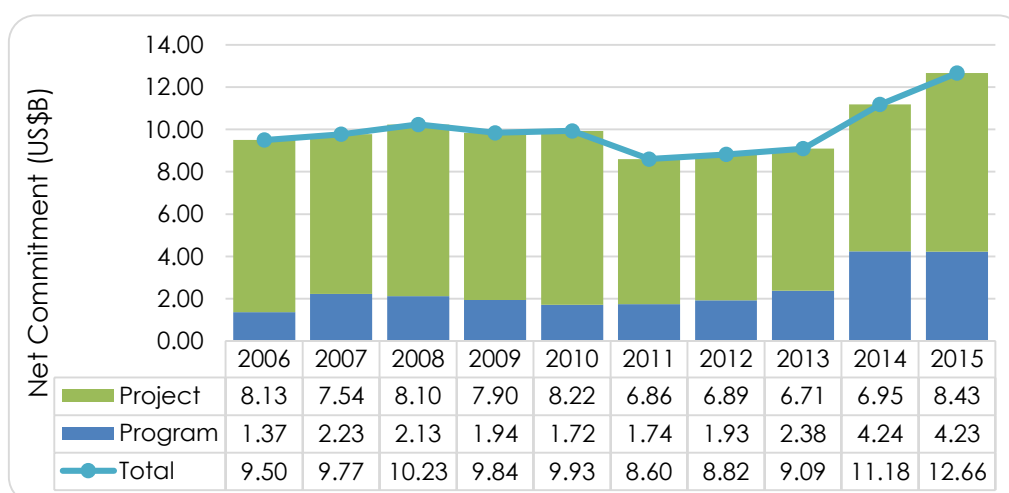
For the 12 newly signed direct loans of the National Government in CY 2015, the weighted average grant element calculated by DOF is 72 percent. The financing terms of development partners, i.e. interest rate, maturity (interval to final repayment) and grace period (interval to first repayment of capital) is presented in **Annex 2-D** for reference.

The CY 2015 loans portfolio increased by USD1.48 billion compared with CY 2014. Twelve loans (worth USD3.79 billion) were signed within CY 2015 while 61 loans (worth USD8.87 billion) were continuing from previous years. A comparison of the CY 2014 and CY 2015 ODA loans portfolio composition by status is shown in Table 2.2. Meanwhile, Figure 2.1 shows the magnitude of the ODA loans portfolio in the past 10 years.

Table 2.2 CY 2014 and CY 2015 Composition of Loans in US\$ billion

Status	CY 2014		CY 2015	
	Amount	Count	Amount	Count
Newly signed	4.20	14	3.79	12
Not effective	0.30	1	2.66	5
Effective	3.50	11	0.79	6
Newly signed and closed during the year	0.40	2	0.35	1
Continuing from previous years	6.99	62	8.87	61
Ongoing	5.35	47	6.81	47
Closed during the year	1.63	15	2.06	14
Total	11.18	76	12.66	73

Figure 2.1 Active ODA Loans Annual Net Commitment from CY 2006 to CY 2015 by Loan Type in US\$ million



2.2 ODA Loans Distribution

2.2.1 Distribution by Development Partner

JICA had the biggest share in the ODA loans portfolio, with USD5.39 billion (43% share of the total loans portfolio) for 25 loans. WB had the second largest share with USD3.38 billion (27 %) for 14 loans, followed by ADB with USD3.17 billion (25%) for 13 loans (see Table 2.3).

Table 2.3 ODA Loans Distribution by Development Partner

Development Partner	Loan Count	Loan Amount (US\$ M)	% Share	Rank
Japan International Cooperation Agency (JICA)	25	5,389.78	42.57	1
World Bank (WB)	14	3,384.46	26.73	2
Asian Development Bank (ADB)	13	3,167.28	25.02	3
Korean Economic Development Cooperation Fund (KEDCF)	7	427.94	3.38	4
OPEC Fund for International Development (OFID)	3	70.00	0.55	6
International Fund for Agricultural Development (IFAD)	5	110.71	0.87	5
French Development Agency (AFD)	1	55.78	0.44	7
Italy	1	28.71	0.23	8
Kreditanstalt für Wiederaufbau (KfW)	4	26.52	0.21	9
Total	73	12,661.17	100.00	

Box 2.3 CY 2015 ODA Loans Net Commitment in Original Currency

Loan amounts are presented in their US Dollar equivalents, with non-US Dollar denominated loans converted using the average of the monthly foreign exchange rates for the last quarter of CY 2015.

As of CY 2015, 25 loans (40% of total loan count) in the active ODA loans portfolio were in US Dollars amounting to US\$6.58 billion; while the remaining 48 loans (60%) are non-US Dollar denominated [i.e., in Japanese Yen (JPY), Euro (EUR), Special Drawing Rights (SDR), and Korean Won (KRW)].

Currency	Loan Count	Amount in Original Currency	Amount in USD Million
USD	27	6,524.71	6,524.71
JPY	28	666,413.43	5,486.80
EUR	8	151.38	165.92
SDR	3	40.09	55.79
KRW	7	475,486.95	427.94
Total	73	-	12,661.17

2.2.2 Distribution by Sector

ODA programs and projects are classified into five sectors: Agriculture, Agrarian Reform and Natural Resources (AAR&NR); Governance and Institutions Development (G&ID); Industry, Trade and Tourism (IT&T); Infrastructure Development (Infra); and Social Reform and Community Development (SR&CD). Implementing agencies and key activity areas in each of the five sectors are described in Table 2.4.

Table 2.4 Sector Classification

Sector	Key Activities/Components
AAR&NR	Farm-to-market roads, irrigation systems/facilities, agriculture and enterprise development, agricultural credit, multi-purpose buildings, bridges, flood protection, solar driers, warehouses, potable water supply, watershed conservation, forest management and agro-forestry, agribusiness, and environmental management (e.g. climate change, disaster risk reduction)
G&ID	Tax reforms, human resource development and management, judicial reforms, and local governance
IT&T	Trade and investment, environmental technologies in industries, microfinance and microenterprise development
Infra	Power, energy, electrification, communication, air/rail/land/water transport, flood control and drainage, solid waste management, water supply and sanitation, roads and bridges, other public works (e.g. public markets, bus terminals), and school buildings
SR&CD	Primary and secondary education, women's health and safe motherhood services, hospital services, nutrition and population, social reform and community development, multi-purpose buildings, and potable water supply

The Infra sector accounted for the largest share of the loans portfolio amounting to USD6 billion or (48% of the total loans portfolio) for 37 loans (Table 2.5), followed by G&ID sector with USD2.66 billion (21%) for seven loans and the SR&CD sector with USD2.38 billion (19%) for nine loans. See **Annex 2-E** for the distribution of total ODA loans net commitment by sector and subsector.

Table 2.5 ODA Loans Distribution by Sector

Sector	Loan Count	Loan Amount (US\$ B)	% Share
Infra	37	6,030.50	47.63
G&ID	7	2,661.67	21.02
SR&CD	9	2,383.24	18.82
AAR&NRA	19	1,521.96	12.02
IT&T	1	63.81	0.50
Total	73	12,661.17	100.00

2.3 Age of the Loans Portfolio

2.3.1 Ongoing Loans

The age of a loan is computed from effectivity date to the end of the reporting period (i.e., December 31, 2015). Of the 52 ongoing and newly effective loans, eight loans (15%)

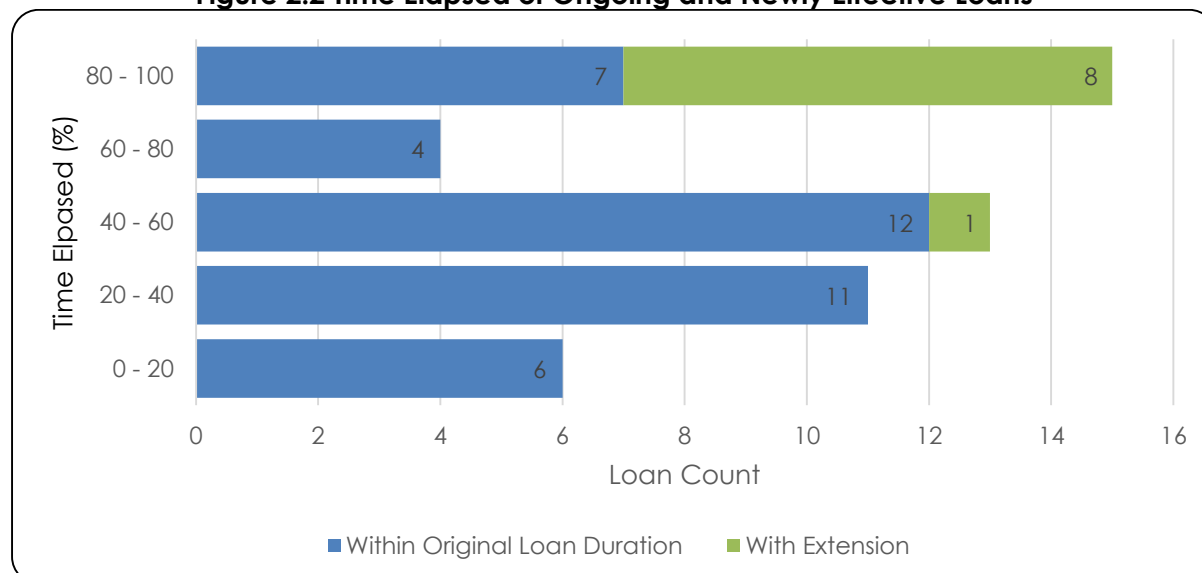
were on the first year of effectivity, and 11 loans (21%) were aged six years and above. The age distribution of ongoing and newly effective loans by sector is shown in Table 2.6.

Table 2.6 Age of Ongoing Loans

Sector	Age in Years												Total
	<1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	9-10	10-11	≥11	
INFRA	7	3	4	10	1	-	3	-	1	-	-	1	30
SR&CD	1	3	-	-	1	-	-	-	-	-	-	-	5
G&ID	-	1	-	-	-	-	-	-	-	-	-	-	1
AAR&NR	-	1	3	4	-	2	4	2	-	-	-	-	16
Total	8	8	7	14	2	2	7	2	1	-	-	1	52

Time elapsed is the ratio of the loan's age to either the original loan validity period or to the revised closing date. Out of the 52 ongoing and newly effective loans, 15 loans have time elapsed ranging from 80 to 100 percent (see Figure 2.2).

Figure 2.2 Time Elapsed of Ongoing and Newly Effective Loans



2.3.2 Closed Loans

Box 2.4 Loan Closing Date and Project Completion Date

The closing date of an ODA loan is the latest date wherein loan withdrawals against eligible expenditure items are allowed by the DP. On the other hand, project completion date refers to the physical completion of the project. Normally, project completion should be within loan closing.

Closing dates may be extended as agreed by the DP and the IA, provided that ICC review and approval is secured.

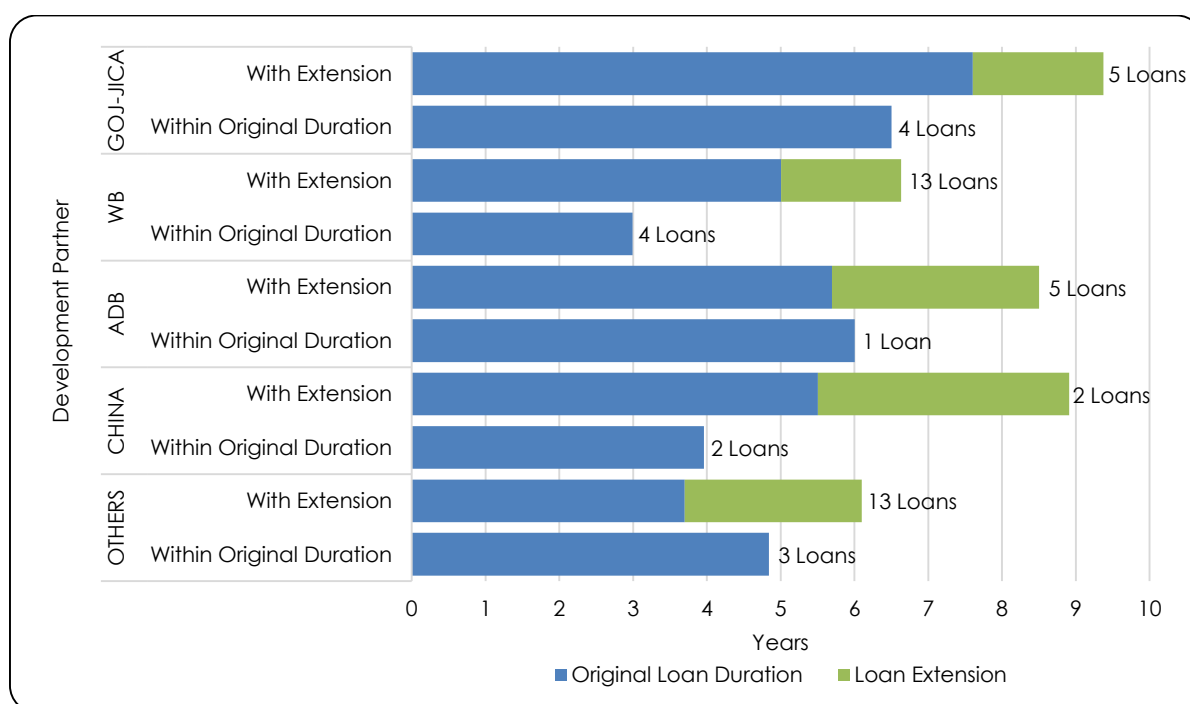
The average validity period for loans which closed within the loan validity period in CY 2015 was 5.92 years. On the other hand, for those which closed in CY 2015 but had loan extensions, the average total loan validity period was 6.01 years, with an average of 2.26 years of extension (Table 2.7).

Table 2.7 Average Age at Closing and Years of Extension of Loans which Closed from CY 2011 to 2015

	2011	2012	2013	2014	2015
Total Loan count	8	14	9	12	9
Net commitment (USD million)	553.39	849.35	521.42	758.09	699.60
Ave. age at closing (loans without extension)	4.86	5.64	3.46	3.94	5.92
No. of loans without extension	1	2	2	5	4
Ave. age at closing (loans with extension)	8.09	7.13	6.81	7.55	6.01
No. of loans with extension	7	12	7	7	5
Ave. extension (no. of years)	2.25	1.99	1.19	3.27	2.26

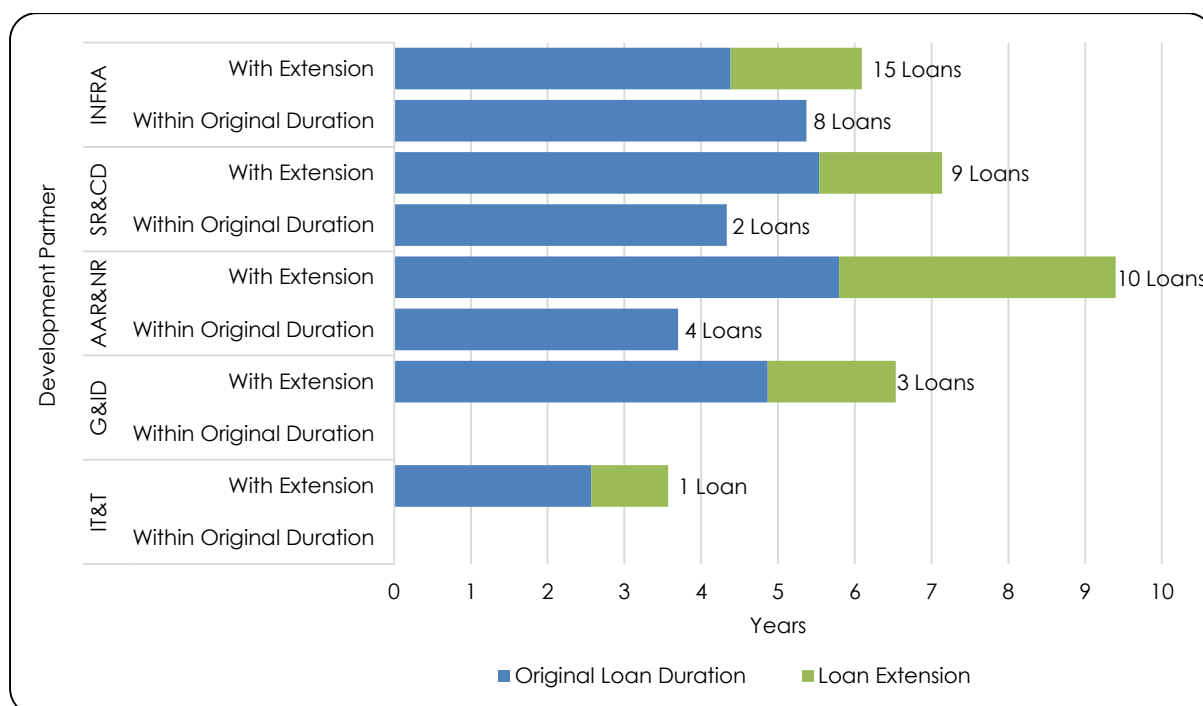
For loans that closed from 2011 to 2015, JICA loans had the largest average age-at-closing of 6.5 years for loans implemented within the original loan duration; and 9.4 years for loans with extensions (see Figure 2.3).

Figure 2.3 Average Age at Closing and Years of Extension of Loans which Closed from CY 2011 to 2015, by Development Partner



By sector distribution, the Infra sector posted the largest average age-at-closing (5 years) for loans implemented within the original loan duration. Meanwhile, AAR&NR posted the largest average age-at-closing (9.4 years) for loans with extensions (see Figure 2.4).

Figure 2.4 Average Age at Closing and Years of Extension of Loans which Closed from CY 2011 to 2015, by Sector

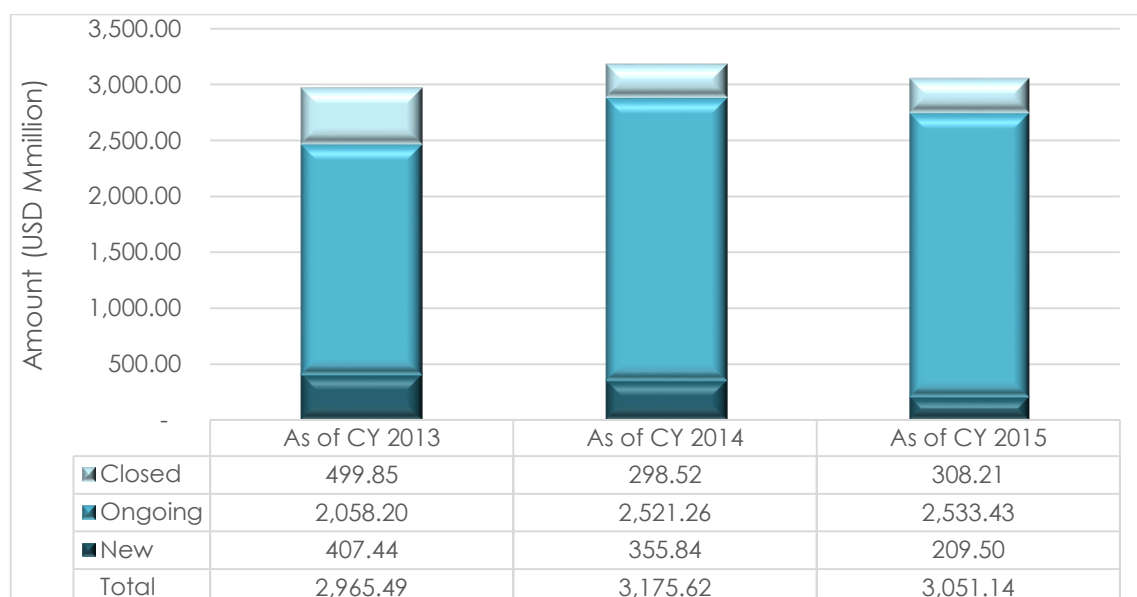


2.4 ODA Grants Profile

2.4.1 Magnitude and Distribution

As of CY 2015, there are 460 active grant-assisted projects with a cumulative grant amount of USD3.05 billion (see Figure 2.5 for details).

Figure 2.5 ODA Grants Magnitude in US\$ million (CY 2013 to CY 2015)



Newly-effective grants for CY 2015 amounted to USD209.503 million (7% of the grants portfolio), which is lower by USD146.34 million from last year. Meanwhile, grants closed for the same year amounted to USD308.21 million (10% of the total grants portfolio).

2.4.2 Distribution by Development Partner⁵

The top three providers of grant assistance to the GPH for CY 2015 were USA (USAID and MCC), Australia-DFAT, and the UN System with USD1,268.29 million (42% share), USD567.09 million (19%), and USD365.28 million (12%), respectively.

Table 2.8 ODA Grants Distribution by DP

Development Partner	Count	Grant Amount (US\$ M)	% Share	Rank
USAID/MCC	81	1,268.29	41.57	1
Australia-DFAT	83	567.09	18.59	2
UN System ⁶	127	365.28	11.97	3
EU	13	227.31	7.45	4
GOJ-JICA ⁷	13	139.82	4.58	5
ADB	46	112.16	3.68	6
GIZ/KfW	14	108.20	3.55	7
KOICA	18	87.61	2.87	8
WB	25	75.61	2.48	9
Canada-DFAT	13	61.30	2.01	10
NZAid	4	10.88	0.36	11
AECID	10	10.88	0.36	12
AFD	5	7.22	0.24	13
Italy	2	5.61	0.18	14
China	1	1.56	0.05	15
NoRad	2	1.43	0.05	16
TIKA	3	0.90	0.03	17
Total	460.00	3,051.14	100.00	

Box 2.5 Other DP-assisted programs and projects (non-ODA)

This Report only covers DP assistance where the GPH is represented as an implementing/executing agency, or a direct beneficiary.

However supplemental information on grants implemented by 15 DPs channeled to non-government organizations, civil society organizations, and the private sector are provided in **Annex 2-F**. These account for a total of 108 programs and projects (with total amount of USD249.76 million).

2.4.3 Distribution by Sector

In terms of sectoral distribution, the SR&CD sector remained the major recipient of ODA grants with 37 percent (USD1,139.81 million for 149 projects), followed by the G&ID sector with 22 percent (USD682.90 million for 105 projects), and the AAR&NR sector with 18 percent (USD549.78 million for 134 projects).

⁵ Grant assistance figures are attributed to the DP disbursing or administering the grant funds.

⁶ UN System includes: FAO, IFAD, ILO, IOM, UNDP, UNEP, UN-ESCAP, UNFPA, UN-ITR, UNICEF, UNIDO, WFP and WHO.

⁷ All technical cooperation projects are reported under one grant.

Table 2.9 ODA Grants Distribution by Sector

Sector	Project Count	Grant Amount (US\$ M)	% Share
SR&CD	149	1,139.81	37.36
G&ID	105	682.90	22.38
AAR&NR	134	549.78	18.02
Infra	40	540.75	17.72
IT&T	32	137.90	4.52
Total	460	3,051.14	100.00

2.5 Other ODA Disaggregation

ODA may also be classified according to the following: (a) by area coverage; (b) on addressing climate change and contributing to disaster risk reduction; (c) on supporting the Millennium Development Goals (MDGs); and (d) by gender responsiveness.

2.5.1 Distribution by Area Coverage

Box 2.6 Classifications of Area Coverage

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

The regional disaggregation is based on the total program/project cost, inclusive of loan and grant proceeds, GPH counterpart, and private sector counterpart, if any.

Multi-regional ODA programs/projects accounted for the largest share of the total cost of the GPH active ODA Portfolio as of end of CY 2015 with 53 percent share (PHP446.12 billion for 161 projects), followed by nationwide programs/projects with 25 percent share (PHP207.91 billion for 204 projects), and region-specific programs/projects 22 percent share (PHP184.80 billion for 149 programs/projects) (see Table 2.10 for details). Meanwhile, 165 projects (31 loans and 134 grants) had regional cost breakdown with total cost amounting to PHP312.50 billion (PHP257.62 billion for loans, and PHP54.89 billion for grants).

Table 2.10 Distribution of ODA Loan- and Grant-assisted Programs and Projects by Area Coverage

Coverage	Loan-assisted			Grants			Total		
	Count	TPC (PHP B)	% Share on Cost	Count	TPC (PHP B)	% Share on Cost	Count	TPC (PHP B)	% Share on Cost
A. Nationwide	10	163.36	23.47	194	44.55	31.03	204	207.91	23.63
- program loans	1	29.29	4.21	-	-	-	1	29.29	4.12
- projects	9	118.74	17.06	194	44.55	31.03	203	163.29	17.34
- component ⁸ only	-	15.32	2.20	-	-	-	-	15.32	2.16
B. Multi-regional	24	396.08	56.91	137	50.04	35.13	161	446.12	56.47
- with regional cost breakdown	11	121.03	17.39	5	6.68	4.69	16	127.71	17.13
- no regional cost breakdown	13	275.05	39.52	132	43.36	30.44	145	318.41	39.33
C. Region-specific	20	136.59	19.62	129	48.21	33.84	149	184.80	19.91
Total	54	696.02	100.00	460	142.79	100.00	514	838.82	100.00

⁸ Nationwide component of a multi-regional program/project

The top five regions that received the largest share of the ODA portfolio were: National Capital Region (17%) with PHP50.67 billion for 56 projects; Region VIII (13%) with PHP38.89 billion for 33 projects; Region III (13%) with PHP38.45 billion for 17 projects; Region VII (9%) with PHP26.66 billion 13 projects; and Region X (8%) with PHP24.28 billion for 10 projects (see Table 2.11 for details).

Table 2.11 Regional Distribution of ODA Loan- and Grant-assisted Programs and Projects

	Loans				Grants				TOTAL			
	Region	Count	Cost (PHP B)	% Share on Loan Amount	Region	Count	Cost (PHP B)	% Share on Grant Amount	Region	Count	Cost (PHP B)	% Share on Cost
1	NCR	5	38.44	15.87	VIII	27	27.43	49.97	NCR	56	50.67	17.05
2	III	11	37.58	15.51	NCR	51	12.22	22.27	VIII	33	39.89	13.42
3	VII	9	24.58	10.14	ARMM	11	5.76	10.50	III	17	38.45	12.94
4	X	9	24.12	9.95	VII	4	2.08	3.79	VII	13	26.66	8.97
5	VI	9	20.14	8.31	II	6	1.47	2.67	X	10	24.28	8.17
6	XII	5	16.40	6.77	VI	8	1.23	2.23	VI	17	21.37	7.19
7	V	6	14.27	5.89	CAR	5	1.02	1.87	XII	9	17.00	5.72
8	IV-B	5	13.83	5.71	IV-B	2	0.90	1.65	IV-B	7	14.73	4.96
9	VIII	6	12.47	5.15	III	6	0.87	1.58	V	11	14.43	4.86
10	CAR	6	8.20	3.39	XII	4	0.60	1.09	CAR	11	9.23	3.11
11	XIII	4	7.52	3.10	XI	5	0.45	0.82	XIII	8	7.71	2.60
12	I	6	5.43	2.24	IV-A	5	0.32	0.58	ARMM	14	7.22	2.43
13	IX	4	5.16	2.13	XIII	4	0.20	0.36	II	12	5.65	1.90
14	IV-A	7	4.91	2.03	V	5	0.16	0.30	I	6	5.43	1.83
15	II	6	4.18	1.73	X	1	0.16	0.29	IV-A	12	5.23	1.76
16	XI	5	3.43	1.41	IX	2	0.03	0.05	IX	6	5.18	1.74
17	ARMM	3	1.46	0.60	I	-	-	-	XI	10	3.88	1.30
18	NIR	1	0.18	0.07	NIR	-	-	-	NIR	1	0.18	0.06
	Total	-	242.29	100.00	Total	-	54.89	100.00	Total	-	297.18	100.00

*costs reflected was based on current costs which may be different from the ICC-approved costs

2.5.2 Addressing Climate Change and Contributing to Disaster Risk Reduction

Seventy-one programs and projects (loans and grants) allocated a total of PHP185.59 billion (24% share to total cost of the active ODA portfolio) for components involving strategies/interventions for climate change (CC) and disaster risk reduction (DRR) (see Table 2.12 for details). **Annex 2-G** provides the complete list of loans and grants supporting climate change mitigation/adaptation and disaster risk reduction.

Table 2.12 ODA Programs and Projects Addressing Climate Change (CC) and Contributing to Disaster Risk Reduction (DRR)

CC and DRR Initiatives	Fund Source				Total	
	Loans		Grants			
	Count	Cost (PHP M)	Count	Cost (PHP M)	Count	Cost (PHP M)
By Component						
CC Adaptation	8	60,834.42	19	4,455.78	27	65,290.19
CC Mitigation	11	78,463.37	8	1,220.82	19	79,684.20
DRR	-	-	11	4,5284.28	11	4,584.28
CC Adaptation & Mitigation	3	33,307.79	4	294.83	7	33,602.62
CC Adaptation & DRR	-	-	2	1,073.11	2	1,073.11
CC Mitigation & DRR	-	-	2	144.56	2	144.56
CC Adaptation and Mitigation and DRR	1	4.95	2	1,202.97	3	1,207.92
Total by Component	23	172,665.09	48	12,976.35	71	185,586.88

Box 2.7 Climate Change (CC) Adaptation and Mitigation and Disaster Risk Reduction (DRR)

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

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

Meanwhile, the ADB defines DRR as a "series of interconnected actions to minimize disaster vulnerability by avoiding (prevention) or limiting (mitigation and preparedness) the adverse effects of hazards within the broad context of sustainable development." DRR is also an integral component of CC adaptation.

2.5.3 Transitioning the Millennium Development Goals to Sustainable Development Goals

Reports on the status of the Millennium Development Goals (MDGs) as of September 2015 indicated that the Philippines' compliance to the achievement of the end-of-2015 goals had the following varying outcomes: (a) high probability of achieving end-of-2015 targets for the indicators on poverty gap ratio, food poverty, infant mortality, under five mortality, ratio of girls to boys in elementary, secondary, and tertiary education, and access to safe water and sanitary toilet facilities; (b) medium probability on income poverty, underweight children, and proportion of births attended by skilled health personnel; and (c) low likelihood of achieving targets for proportion of household with per capita energy less than 100 percent adequacy, cohort survival rate, primary completion rate, maternal mortality rate, literacy rate (15-24 years old), contraceptive prevalence rate, and proportion of women in wage employment in the non-agriculture sector.

The Sustainable Development Goals (SDGs) seek to build on the success of the MDGs by developing a post-2015 development agenda centered on achieving three extraordinary things in the next 15 years: ending extreme poverty, fighting inequality and injustice, and combating climate change. Officially known as "Transforming Our World: the 2030 Agenda for Sustainable Development", the plan was launched in September 2015 with 193 countries signifying their commitment to attain the 17 development goals (with 169 targets and 230 globally-approved indicators).

2.5.4 Promoting Gender-Responsiveness of Projects

To mainstream Gender and Development (GAD) in the government, policies were introduced to establish a system to track allocations for gender equality and women's empowerment.

Legal Basis	Description
RA 7192 (Women in Development and Nation Building Act) approved on February 12, 1992	Integration of women as full and equal partners of men in development and nation-building
RA 7845 (General Appropriations Act of 1995)	Formulation of a GAD plan in which cost shall not be less than 5% of the annual budget
RA 9710 (An Act Providing For The Magna Carta of Women) approved on August 14, 2009	Adoption of gender mainstreaming as a strategy to implement the Magna Carta of Women

Moreover, mechanisms were introduced to ensure systematic tracking of government compliance to the above policies in promoting GAD.

The Philippine Commission on Women (PCW), as the lead agency in the monitoring of gender mainstreaming efforts, analyzes the GAD budget allocation and expenditures of agencies for fund adequacy and compliance to government rules and regulations, and reports to Congress on the government agencies' compliance to the GAD budget policy.

Gender Equality and Women's Empowerment was introduced as one of the ten indicators for tracking progress in implementing development effectiveness principles during the 2nd monitoring round of the Global Partnership for Effective Development Cooperation (GPEDC). The Philippines, along with 87 other countries⁹, participated in said monitoring round which runs from October 2015 to September 2016 (see Section 6.4 for details).

⁹ as of June 1, 2016

3 PERFORMANCE

3.1 Loans Financial Performance

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

Box 3.1 Definition of Absorptive Capacity Indicators

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

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

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

Typically, projects in its initial stages register a close-to-zero availment rate. A project that has an availment rate closer to 100 percent signifies that it is on track or catching up with its scheduled availment. Meanwhile, a project that is about to close, but still registers a comparably low availment rate, reflects that it has a large backlog and may require loan validity extension subject to ICC action.

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

Source: NEDA-Monitoring and Evaluation Staff

3.1.1 2015 Financial Performance

In general, absorptive capacity indicators improved in CY 2015. All indicators (i.e. disbursement level, disbursement rate, availment rate, and disbursement ratio) generally increased as of December 2015. Said improvement was largely attributed to the performance of program loans. (See **Annex 3-A** for details on ODA loans financial performance).

Table 3.1 ODA Loans Financial Performance (CY 2014 vs. CY 2015)

Financial Indicators	Newly Signed		Continuing		TOTAL	
	2014	2015	2014	2015	2014	2015
Disbursement Level (USD billion)	1.281	0.350	0.485	1.852	1.767	2.309
Program	1.144	0.350	0.140	1.186	1.284	1.642
Project	0.137	-	0.346	0.666	0.483	0.668
Disbursement Rate (%)	105.33	100.00	43.97	76.09	76.13	79.09
Program	98.70	100.00	105.79	88.79	99.42	91.12
Project	240.01	-	35.58	60.64	46.92	60.64
Availment Rate (%)	103.41	116.86	77.42	82.80	83.02	85.05
Program	98.70	116.86	97.33	100.52	97.89	102.60
Project	171.96	-	65.98	66.09	68.84	66.09
Disbursement Ratio (%)	36.76	30.60	11.69	30.04	23.12	31.60
Program	52.32	70.12	44.21	80.12	51.29	77.07
Project	10.55	-	9.01	14.25	9.40	12.89

Disbursement Level. Overall disbursement level increased by 31 percent from USD1.77 billion in CY 2014 to USD2.31 billion in CY 2015. This is mostly due to the high disbursement level of program loans which increased by USD358.02 million from USD1.28 billion in CY 2014 to USD1.64 billion in CY 2015 accounting for 71 percent share to disbursement level of the entire ODA loans portfolio. In particular, the three program loans which accounted for almost 40 percent of the disbursement level are: (a) ADB-assisted *Increasing Competitiveness for Inclusive Growth* (USD350 million); (b) WB-assisted *Third Philippine Development Policy Loan to Foster More Inclusive Growth* (USD300 million); and (c) WB-assisted *Second Development Policy Loan to Foster More Inclusive Growth: Supplemental Financing for Post Typhoon Recovery* (USD298.75 million).

Disbursement Rate. Given the increased disbursements from program loans and improved disbursements from project loans in CY 2015, the disbursement rate increased from 76 percent in CY 2014 to 79 percent in CY 2015 (9% points above the 70% average threshold). Notwithstanding an improvement in disbursement level for project loans, the 61 percent disbursement rate translated to a net disbursement shortfall of USD582.15 million.

Availment Rate. From 83 percent in CY 2014, availment rate increased from 85 percent in CY 2015. This two percent increase is mostly due to the high availment rates of program loans which reached 103 percent. Meanwhile, availment performance of project loans of 66 percent translated to a net cumulative availment backlog of US\$881.27 million.

Disbursement Ratio. Disbursement ratio increased to 32 percent as of December 2015 from 23 percent as of December 2014, surpassing the 20 percent ideal ratio. The nine percent increase in performance was primarily due to the performance of program loans which disbursed 77 percent of the available loan balance from the beginning of the year.

Box 3.2 Types of Program Loans

The two types of program loans being implemented by the government are policy-based program loans and the sector-based program loans. The policy-based program loan supports structural reforms framed on certain policy conditionalities. Loan disbursements are not earmarked for activities/projects implemented by specific implementing agencies, but form part of the general cash envelope of the national government. Second is the sector-based program loan to finance IA's regular activities under a specific sector. Budget allocations and cash releases to the IAs follow the GPH budget execution processes.

Program loans have lower transaction cost. Since 2006, the share of program loans was increasing in support of structural reforms (i.e. budgetary support, tax reforms, and governance), sector-based approaches (i.e. social welfare, health, education, agriculture, environment, and socio-economic development), and post-disaster reconstruction. In CY 2015, of the 11 active program loans, six were policy-based approaches to support structural reforms in governance and institutions development particularly for inclusive growth and post disaster reconstruction. The remaining five were sector-based program loans which support activities for education, and social welfare and development. See **Annex 3-B** for the performance of program loans.

3.1.2 ODA Loans Portfolio Financial Performance in the Past Ten Years

Disbursement Level. The disbursement level in the past ten years averaged at US\$1.66 billion per year. During this decade, disbursement level peaked in CY 2015 with total disbursement amounting to USD2.31 billion and was lowest in CY 2013 with total disbursement of USD855.72 million.

Table 3.2 Disbursement Level and Disbursement Rate from CY 2006 to CY 2015

Financial Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Ave.
Disbursement level (USD billion)	1.97	1.95	1.05	2.01	1.61	1.87	1.51	0.86	1.77	2.20	1.68
Disbursement Target (USD billion)	2.47	2.26	1.35	2.24	2.02	2.35	2.19	1.43	2.40	2.78	2.15
Disbursement Rate (%)	79.76	86.28	77.78	89.73	79.70	79.57	68.95	59.44	76.13	79.09	77.64

Disbursement rate, Availment Rate, and Disbursement Ratio. From CY 2006 to CY 2015, the availment rate was consistently above 70 percent, and peaked in CY 2015 with 85 percent.

Meanwhile, disbursement rate and disbursement ratio gradually declined since 2010 with decreasing trend in disbursement levels, but posted improvement starting CY 2014. Since CY 2014, disbursement rate and availment rate performance were able to hurdle the 70 percent threshold and disbursement ratio was able to hurdle the 20 percent threshold (Figure 3.1).

Figure 3.1 Disbursement Rate, Availment Rate and Disbursement Ratio from CY 2006 to CY 2015

3.1.3 Performance of IA Portfolios

The annual and historical financial performances of IAs' ODA loans portfolios based on the 70 percent threshold level on availment and disbursement rates are shown in Table 3.3. Agencies were grouped into four quadrants depending on how they performed against the 70 percent threshold for both the disbursement and availment rates.

As of end of CY 2015, five agencies performed well, both historically and annually (i.e., DA, DBP, DOF and DSWD). Meanwhile, six agencies (i.e., DAR, DENR, DOTC, DPWH, LWUA, and NIA) were not able to reach the 70 percent threshold for both availment and disbursement rates.

Table 3.3 Financial Performance by Agency

Historical and Annual Financial Indicators	Below 70 percent Availment Rate	70 percent and Above Availment Rate
70 percent and Above Disbursement Rate		<u>DA</u> , <u>DBP</u> →, <u>DOF</u> , <u>DSWD</u> ,
Below 70 percent Disbursement Rate	DAR←, <u>DENR</u> , <u>DOTC</u> <u>DPWH</u> , <u>LWUA</u> , <u>NIA</u> ,	DepEd→, DOH↓, <u>LBP</u>

* In the table, movement across quadrants from prior year's performance is indicated by the directional arrows beside the IA, otherwise the IA is underlined.

** Loans without disbursement targets for CY 2015 (i.e., DPWH's Paig-Marikina River Channel Improvement Project II (PMRCIP II) and Bacolod-Silay Airport Access Road (BSAAR) projects, DOTC's Lahundangan Airport Development Project-Air Navigation (LADP-AN), DepEd's Senior High School Support Program (SHSSP), and DOE's lone ODA project, the E-Trike) were excluded in the computation of the agency's overall disbursement rate.

3.1.3.1 Portfolios with the Highest Disbursement Shortfall in CY 2015

The top five agencies that did not meet the disbursement targets for CY 2015 were DPWH, DepEd, NIA, DAR, and DOTC. Their CY 2015 disbursement shortfall constituted 87 percent of the total shortfall of USD582.15 million, which excludes excess disbursements from DBP and DA amounting USD14.59 million (Table 3.4).

Table 3.4 Disbursement Shortfall/Surplus by Agency

IA	Loan Count		Target Disbursement (USD M)	Actual Disbursement (USD M)	Disbursement Shortfall (USD M)	% Share to GPH Disbursement Shortfall
	Total	With shortfall				
DPWH	16	11	272.10	122.63	(149.48)	25.1
DepEd	1	1	147.68	28.25	(119.43)	20.0
NIA	3	3	114.94	11.82	(103.11)	17.3
DAR	5	4	99.28	21.85	(77.44)	13.0
DOTC	9	4	167.74	95.85	(71.89)	12.1
LBP	4	3	106.11	53.02	(53.09)	8.9
DSWD	5	4	406.22	391.08	(15.14)	2.5
DENR	4	4	5.59	1.61	(3.99)	0.7
LWUA	1	1	4.18	2.47	(1.72)	0.3
DOH	1	1	1.55	0.08	(1.47)	0.3
DOE	1	-	-	-	-	-
DOF	6	-	1,354.58	1,354.58	-	-
DA	4	-	49.18	52.51	3.32	-
DBP	4	-	55.14	66.41	11.27	-
Total	68	36	2,784.30	2,202.15	(582.15)	100.00

** Actual disbursements made in CY 2015 from five loans without disbursement targets for CY 2015 were excluded (i.e., DPWH's PMRCIP II and BSAAR projects, DOTC's LADP-AN, DepEd's SHSSP, and DOE's E-Trike).

3.1.3.2 Portfolios with the Highest Availment Backlog in CY 2015

A net availment backlog of USD881.26 million was reported in CY 2015. The total actual availment of USD5.01 billion of the entire GPH portfolio fell short of the cumulative scheduled availment of USD5.90 billion for an overall availment rate of 85 percent.

The top five agencies that did not meet the scheduled availment as of CY 2015 were DPWH, DOE, NIA, DBP, and DOTC, whose combined backlog constituted 82 percent of the total GPH availment backlog (Table 3.5).

Table 3.5 Availment Backlog/Surplus by Implementing Agency

IA	No. of Loans		Scheduled Availment (USD million)	Actual Availment (USD million)	Availment Backlog (USD million)	% Share to GPH Availment Backlog
	Total	w/ backlog				
DPWH	18	14	806.88	459.03	(347.85)	33.5
DOE	2	2	180.24	1.11	(179.13)	17.3
NIA	3	2	167.86	57.20	(110.65)	10.7
DBP	4	2	455.33	345.09	(110.25)	10.6
DOTC	10	5	263.42	159.71	(103.71)	10.0
DAR	6	4	211.83	144.45	(67.37)	6.5
LBP	4	3	280.21	222.34	(57.87)	5.6
DENR	4	3	61.35	12.63	(48.72)	4.7
LWUA	1	1	11.18	3.33	(7.84)	0.8
DA	5	3	87.27	84.63	(2.64)	0.3
DOH	1	1	10.96	9.43	(1.53)	0.1
DOF	8	-	2,125.48	2,125.48	-	-
DepEd	2	-	69.03	134.80	65.77	-
DSWD	5	-	1,164.86	1,255.39	90.53	-
Total	73	40	5,895.89	5,014.63	(881.26)	100.00

3.2 Financial Performance against Total Project Cost

This section aims to quantify total expenditures¹⁰ covering all sources of financing, i.e., from loan and grant proceeds, government, and private sector counterparts.

3.2.1 Expenditures vs Releases in CY 2015

Compared to the available releases/budget of PHP178.65 billion¹¹ in CY 2015, actual expenditures amounted to PHP116.85 billion in CY 2015, which translated to an expenditure rate of 65 percent (Table 3.6). **Annex 3-C** provides details of actual expenditures in CY 2015 of all programs and project in the ODA loans portfolio.

Table 3.6 Summary of Actual Expenditures vs Available Releases in CY 2015 by Project and Program (in PHP billion)

	Loan Proceeds	Grant Proceeds	GPH Counter-part	Total
Program				
Available releases/budget	82.75	-	3.28	86.03
Actual expenditure	77.15	-	3.28	80.44
Expenditure rate (%)	93.24	N/A	100.00	93.50
Project				
Available releases/budget	66.57	0.89	25.94	93.40
Actual expenditure	26.97	0.06	8.83	35.86
Expenditure rate (%)	40.52	6.53	34.05	38.39
Programs and Projects				
Available releases/budget	149.32	0.89	29.22	179.43
Actual expenditure	104.12	0.06	12.11	116.30
Expenditure rate (%)	69.73	6.53	41.46	64.82

¹⁰ Expenditures are the settlement of government obligations and/or accounts payable by cash; movement of cash from the Bureau of Treasury (BTr) or from an authorized disbursing officer to the final recipient. Also synonymous with liquidation/settlement/payment of an obligation.

¹¹ Includes new or current releases in 2015 and balance of releases in previous years continuing or carried forward in 2015, net of adjustments in 2015.

3.2.2 Cumulative Expenditures against Total Project/Program Cost

As of CY 2015, total expenditures amounted to PhP251.74 billion against the total project cost (TPC) of PhP627.25 billion or an expenditure rate of 40 percent (Table 3.7). **Annex 3-E** provides details of actual expenditures as of CY 2015 of all programs and project in the ODA loans portfolio.

Table 3.7 Summary of Actual Expenditures vs Total Cost as of CY 2015 by Program and Project (in PhP B)

	Loan Proceeds	Grant Proceeds	GPH Counter-part	Total
Program				
Total project cost	174.45	-	-	174.45
Actual cumulative expenditures	144.76	-	-	144.76
Expenditure rate (%)	82.98	N/A	N/A	82.98
Project				
Total project cost	320.77	2.02	130.01	452.80
Actual cumulative expenditures	74.96	0.83	31.19	106.97
Expenditure rate (%)	23.37	40.83	23.99	23.62
Programs and Projects				
Total project cost	495.22	2.02	130.01	627.25
Actual cumulative expenditures	219.72	0.83	31.19	251.74
Expenditure rate (%)	44.37	40.83	23.99	40.13

3.2.3 Financial Performance by Implementing Agency

In terms of the CY 2015 expenditure performance, the top three agencies with the highest percentage of actual expenditures to total available releases/budget in CY 2015 were the following: (a) LWUA (86%); (b) LBP (75%); and (c) DSWD (73%). See **Annex 3-F** for the summary of actual expenditures against available releases/budget in CY 2015 by IA.

Meanwhile, as of CY 2015, the top three implementing agencies with the highest percentage of cumulative expenditures to total cost were the following: (a) DBP (54%); (b) DAR (37%); and (c) DSWD (31%). See **Annex 3-H** for the summary of cumulative expenditures against total cost as of end CY 2015 by IA.

Table 3.8 Financial Performance Based on the Total Cost Approach

Financial Performance	Expenditure Rate
70 percent and Above	DSWD, LBP, LWUA
Below 70 percent	DA, DAR, DBP, DENR, DOE, DOH, DOTC, DPWH, NIA

Differences in financial performance of IAs (i.e., from loan disbursements as against expenditures based on the total project/program cost approach) may be explained by the following: (a) difference in what constitute a loan disbursement (e.g., may be a special account) and actual expenditure items (e.g., which may also use reimbursement as a mode); (b) differences in timing and sources of information for target setting of loan disbursements versus program/project expenditures (i.e., includes loan and other source of financing); and (c) differences in foreign exchange conversion between actual transactions during loan drawdowns and at the time of actual payment by the implementing agency of the contractors or suppliers' billing for services delivered or goods provided.

3.2.4 Commitment Fees

Total commitment fees (CFs) paid in CY 2015 amounted to USD 3.32 million, lower by USD1.28 million compared with CY 2014 CFs of USD4.60 million (Table 3.9). **Annex 3-I** shows annual data on the commitment fees paid from CY 2004 to CY 2015. About 33 percent of commitment fees paid in CY 2015 was attributed to implementation delay (Box 3.3 **Commitment Fees Attributable to Implementation Delay and as Cost of Financing**

Commitment fee is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum [Example: 0.75% (rate) x USD10 million (undisbursed amount) = USD75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion 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 review was conducted to approximate how much of the commitment fees paid in CY 2015 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay is 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 33 percent of commitment fees paid in CY 2015 may be attributed to implementation delay.

Box 3.4 Cost Overrun Stock **Box 3.3 Commitment Fees Attributable to Implementation Delay and as Cost of Financing**

Commitment fee is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum [Example: 0.75% (rate) x USD10 million (undisbursed amount) = USD75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion 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 review was conducted to approximate how much of the commitment fees paid in CY 2015 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay is 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 33 percent of commitment fees paid in CY 2015 may be attributed to implementation delay.

Box 3.4 Cost Overrun Stock

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

(Source: NEDA-MES)

Box 3.5 The NEDA-Alert Mechanism **Box 3.4 Cost Overrun Stock** **Box 3.3 Commitment Fees Attributable to Implementation Delay and as Cost of Financing**

Commitment fee is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum [Example: 0.75% (rate) x USD10 million (undisbursed amount) = USD75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion 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 review was conducted to approximate how much of the commitment fees paid in CY 2015 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay is 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 33 percent of commitment fees paid in CY 2015 may be attributed to implementation delay.

Box 3.4 Cost Overrun StockBox 3.3).

Table 3.9 Commitment Fees in CY 2014 and 2015

	2014	2015
A. Commitment Fees Paid (USD million)	4.60	3.32
B. Net Commitment (USD million)	14,357.17	15,700.90
C. Ratio of A to B (%)	0.03	0.02

Box 3.11 Commitment Fees Attributable to Implementation Delay and as Cost of Financing

Commitment fee is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum [Example: 0.75% (rate) x USD10 million (undisbursed amount) = USD75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion 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 review was conducted to approximate how much of the commitment fees paid in CY 2015 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay is 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 33 percent of commitment fees paid in CY 2015 may be attributed to implementation delay.

The top five projects with the highest amount of CFs paid in 2015 (with combined share of 49%) are shown in Table 3.10. (See **Annex 3-J** for cumulative CFs paid per project from CY 2002 to CY 2015, **Annex 3-K** for the annual amount of CFs paid by implementing agency from CY 2012 to CY 2015, and **Annex 3-L** for the cumulative CFs incurred by projects with active loans as of year-end 2015.)

Table 3.10 Projects with the Highest Amount of CFs Paid in CY 2015 (in USD million)

Project Title	IA	DP	CFs Paid in CY 2015	% Share to Total CFs Paid in CY 2015
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project	DOE	ADB	0.45	13.50
Capacity Enhancement of Mass Transit Systems in Metro Manila	DOTC	JICA	0.36	10.90
KALAHI-CIDSS National Community Driven Development Program	DSWD	ADB	0.33	10.00

Road Upgrading and Preservation Project	DPWH	JICA	0.30	9.00
Central Luzon Link Expressway Project	DPWH	JICA	0.19	5.70
Total			1.63	49.10

Meanwhile, of the active ODA loans as of year-end 2015, the five projects which incurred the largest cumulative CFs since loan effectivity until year-end 2015 are shown in Table 3.11.

Table 3.11 Ten Projects with Active Loans that Incurred Largest CFs (in US\$ M)

Project Title/IA/DP	IA	DP	Total CFs Paid	% Share to Total CFs Paid for Active Loans
Social Protection Support Project	DSWD	ADB	1.68	13.90
Road Upgrading and Preservation Project	DPWH	JICA	1.63	13.50
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project	DOE	ADB	0.91	7.50
Capacity Enhancement of Mass Transit Systems in Metro Manila	DOTC	JICA	0.84	7.00
Central Luzon Link Expressway	DPWH	JICA	0.68	5.60
Total			24.13	47.50

3.3 Grants Financial Performance

Grants financial performance was measured in terms of utilization level which is the cumulative disbursements of grants reckoned from grant agreement effectivity dates. Utilization of grant assistance as of CY 2015 reached USD1.88 billion, with a utilization rate of 61.7 percent, or an increase of USD191.09 million (8.4 percentage points) from CY 2014 utilization rate of 53.3 percent (USD1.69 billion).

3.3.1 By Development Partner

USAID and MCC had the highest contribution to the CY 2015 grant disbursement level (USD767.50 million), followed by Australia-DFAT with USD402.27 million, and the UN System with USD236.61million (Table 3.12).

Table 3.12 Grant Utilization as of CY 2015 by Development Partner

Development Partner ¹²	No. of Projects	Grant Amount (USD million)	Utilization (USD million)	% Share to Total	Utilization Rate
USAID/MCC	81	1,268.29	767.50	40.74	60.51
Australia-DFAT	83	567.09	402.27	21.35	70.94
UN System	127	365.28	236.61	12.56	64.78
EU	13	227.31	182.12	9.67	80.12
GOJ-JICA	13	139.82	76.47	4.06	54.69
ADB	46	112.16	46.60	2.47	41.55
GIZ/KfW	14	108.20	60.43	3.21	55.85
KOICA	18	87.61	42.96	2.28	49.04
WB	25	75.61	20.17	1.07	26.68
Canada-DFAT	13	61.30	36.75	1.95	59.95

¹² No information on utilization levels as of 2015 was received from NZAid, NoRAD, and TIKa.

Development Partner ¹²	No. of Projects	Grant Amount (USD million)	Utilization (USD million)	% Share to Total	Utilization Rate
NZAid	4	10.88	-	-	-
AECID	10	10.88	5.73	0.30	52.67
AFD	5	7.22	0.20	0.01	2.76
Italy	2	5.61	4.91	0.26	87.51
China	1	1.56	1.09	0.06	70.02
NoRad	2	1.43	-	-	-
TIKA	3	0.90	-	-	-
Total	460	3,051.14	1,883.82	100.00	61.74

3.3.2 By sector

Programs and projects in the SR&CD sector had the biggest utilization level at USD677.10 million, followed by the G&ID sector with USD488.11 million, and the Infrastructure Development sector with USD355.03 million (Table 3.13).

Table 3.13 Grant utilization as of CY 2015 by Sector

Sector	No. of Projects	Grant Amount (USD million)	Utilization (USD million)	% Share to Total Grant Utilization	Utilization Rate
SR&CD	148	1,133.51	677.10	35.94	59.40
G&ID	106	688.90	488.11	25.91	71.48
AAR&NR	136	564.84	296.30	15.73	53.89
Infra	39	534.75	355.03	18.85	65.66
IT&T	31	137.90	67.29	3.57	48.79
Total	460	3,059.90	1,883.82	100.00	61.74

3.4 Physical Performance

3.4.1 Overall GPH ODA Portfolio (Loans and Grants)

Out of the 514 active ODA loan- or grant-assisted programs and projects¹³ as of end CY 2015 in the GPH ODA Portfolio, 83 were physically completed, 55 were ahead of schedule, 269 were on schedule, 103 were behind schedule, two closed with incomplete outputs, and two were terminated (Table 3.14). For details, refer to **Annex 3-M** (loans) and **Annex 3-N** (grants).

Table 3.14 Physical Status of Program/Project Loans and Grants as of end of CY 2015

Physical Status	No. of Projects			% Share (on count)	Total Cost (PHP billion)	% Share (on cost)
	Loan	Grant	Total			
Completed	7	76	83	16.15	55.88	8.33
Ahead of schedule	-	55	55	10.70	8.31	1.24
On-schedule	26	243	269	52.33	396.57	59.13
Behind schedule	17	86	103	20.04	200.72	29.93
Closed with incomplete outputs	2	-	2	0.39	7.01	1.05
Terminated	2	-	2	0.39	2.18	0.33
Total	54	460	514	100.00	670.67	100.00

¹³ 54 ODA loan-assisted programs/projects and 460 grant-assisted programs/projects, excluding those supported by newly-signed loans which were not yet effective as of year-end 2015

By sector, AAR&NR had the highest percentage of projects/programs implemented ahead or on schedule 68 percent (101 of 148 projects), followed by SR&CD with 65 percent (102 of 156 projects), and G&ID with 63 percent (66 of 105 projects). See Table 3.15.

Table 3.15 Physical Status of Overall GPH ODA Portfolio (Loans and Grants), by Sector

Physical status	Sector					
	Infra	AAR&NR	SR&CD	IT&T	G&ID	Total
Completed	10	26	32	4	11	83
Ahead of schedule	1	23	15	1	15	55
On-schedule	36	78	87	17	51	269
Behind schedule	22	21	22	10	28	103
Closed with incomplete outputs	2	-	-	-	-	2
Terminated	2	-	-	-	-	2
Total	73	148	156	32	105	514

3.4.2 Loan-assisted Programs/Projects

There were 54 loan-assisted programs and projects¹⁴ in the CY 2015 GPH active ODA Loans Portfolio, of which seven were completed (PHP41.62 billion), 26 were on schedule (PHP295.34 billion), 17 were behind schedule (PHP181.74 billion), two closed with incomplete outputs (PHP7.01 billion), and two were terminated (PHP2.18 billion) as shown in Table 3.16. For details of the physical status of ODA Loans see **Annex 3-M**.

Table 3.16 Physical Status of ODA Loan-assisted Projects

Physical Status	No. of Projects	% Share (on count)	Total Cost (PHP billion)	% Share (on cost)
Completed	7	12.96	41.62	7.88
On-schedule	26	48.15	295.34	55.95
Behind schedule	17	31.48	181.74	34.43
Closed with incomplete outputs	2	3.70	7.01	1.33
Terminated	2	3.70	2.18	0.41
Total	54	100.00	527.90	100.00

Of the 49 loan-assisted programs/projects carried over from CY 2014, seven were completed in CY 2015, 21 were on schedule, 17 were behind schedule, two were closed but had incomplete outputs, and two were terminated. Meanwhile, all five new projects in 2015 were reported to be on schedule as of year-end 2015. (See Table 3.17).

Table 3.17 Physical Status of ODA Loan-assisted Projects (CY 2014 vs. CY 2015)

Status	2014 Total	Physical Status as of end CY 2015					
		Completed	On Schedule	Behind Schedule	Closed But Incomplete	Terminated	2015 Total
2014 Continuing	49	7	21	17	2	2	49
Completed*	3	3	-	-	-	-	3
Ahead of schedule	2	-	2	-	-	-	2
On-schedule	10	2	8	-	-	-	10
Behind schedule	34	2	11	17	2	2	34

¹⁴ This excludes projects with signed loans that are yet to be made effective and budget support-type loans. Note that a program/project can be supported by more than one loan.

Newly effective in 2015	-	5	-	-	-	6
Total	7	26	17	2	2	54

* Four loan-assisted projects were physically complete in CY 2014, but their loans closed in CY 2015 hence were still part of the active ODA portfolio in CY 2015.

By sector, SR&CD had the highest percentage of loan-assisted programs/projects that were on schedule with 57 percent in terms of count (4 out of 7 projects) and 75 percent in terms of cost (PHP90.72 billion), followed by AAR&NR with 50 percent in terms of count (7 out of 14 projects) and 57 percent in terms of cost (PHP55.82 billion). Infra was last with 45 percent in terms of count (15 out of 33 projects) and 48 percent in terms of cost (PHP148.80 billion). See Table 3.18.

Table 3.18 Physical Status of ODA Loan-assisted Projects by Sector

Sector	Physical Status					Total
	Completed	On Schedule	Behind Schedule	Closed But Incomplete	Terminated	
AAR&NR						
Count	-	7	7	-	-	14
Cost (PHP B)	0.00	55.82	41.89	0.00	0.00	97.71
% Share (cost)	0.00	57.13	42.87	0.00	0.00	100.00
Infra						
Count	4	15	10	2	2	33
Cost (PHP B)	11.49	148.80	139.85	7.01	2.18	309.34
% Share (cost)	3.72	48.10	45.21	2.27	0.71	100.00
SR&CD						
Count	3	4	-	-	-	7
Cost (PHP B)	30.12	90.72	0.00	0.00	0.00	120.84
% Share (cost)	24.93	75.07	0.00	0.00	0.00	100.00
Total						
Count	7	26	17	2	2	54
Cost (PHP B)	41.62	295.34	181.74	7.01	2.18	527.90
% Share (cost)	7.88	55.95	34.43	1.33	0.41	100.00

Meanwhile, DepEd and DA had the highest share of projects in their portfolio that were implemented on schedule, both with 100 percent (see Table 3.19).

Table 3.19 Physical Status of ODA Loan-assisted Projects by IA

Physical Status	Implementing Agencies												
	DA	DAR	DBP	DENR	DepEd	DOE	DOH	DOTC	DPWH	DSWD	LBP	LWUA	NIA
Completed	-	-	1	-	-	-	1	1	3	1	-	-	-
On schedule	3	1	2	2	2	-	-	4	8	2	2	-	-
Behind schedule	-	3	-	1	-	1	-	3	5	-	1	-	3
Closed with incomplete outputs	-	-	-	-	-	-	-	-	1	-	-	1	-
Terminated	-	-	1	-	-	-	-	-	-	-	1	-	-
Total	3	4	4	3	2	1	1	8	17	3	4	1	3

3.4.3 Grant-assisted Programs/Projects

Of the 460 grant-assisted projects and programs in CY 2015 active GPH grants portfolio, 17 percent (76 of 460 projects) were completed, 64 percent (298 projects) were ahead or on schedule, while the remaining 19 percent (86 projects) were behind schedule (Table 3.20). See **Annex 3-N** for details of the physical status of ODA grants. Meanwhile, in terms

of sectoral disaggregation, the physical status of ODA grants portfolio is presented in Table 3.21.

Table 3.20 Physical Status of ODA Grants Portfolio

Physical Status	Count	% Share	Cost (PHP billion)	% Share on Cost
Completed	76	16.52	14.26	9.99
Ahead of schedule	55	11.96	8.31	5.82
On-schedule	243	52.83	101.23	70.90
Behind schedule	86	18.70	18.98	13.29
Total	460	100.00	142.79	100.00

Table 3.21 Physical Status of ODA Grants Portfolio by Sector

Sector	Physical Status				Total
	Completed	Ahead Schedule	On-Schedule	Behind Schedule	
AAR&NR					
Count	26	23	71	14	134
Cost (PHP B)	5.84	0.79	13.88	4.82	25.32
% Share	4.10	0.55	9.49	3.38	17.53
G&ID					
Count	11	15	51	28	105
Cost (PHP B)	2.10	2.95	23.33	3.65	32.03
% Share	1.47	2.07	16.38	2.56	22.49
Infra					
Count	6	1	21	12	40
Cost (PHP B)	3.68	0.13	20.11	1.47	25.39
% Share	2.58	0.09	14.12	1.03	17.83
IT&T					
Count	4	1	17	10	32
Cost (PHP B)	0.16	0.12	4.57	1.63	6.46
% Share	0.11	0.08	3.21	1.14	4.54
SR&CD					
Count	29	15	83	22	149
Cost (PHP B)	2.49	4.33	39.35	7.41	53.58
% Share	1.75	3.04	27.63	5.20	37.62
TOTAL					
Count	76	55	243	86	460
Cost (PhP B)	14.26	8.31	101.23	18.98	142.79
% Share	10.01	5.84	70.82	13.32	100

3.4.4 Cumulative Outputs as of End of CY 2015

Cumulative project outputs as of end of CY 2015 were reported under the following sectors: Infra sector (29 projects), SR&CD sector (15 projects), G&ID sector (16 projects), AAR&NR sector (13 projects), and Industry, Trade and Tourism sector (5 projects). Key outputs are shown in Table 3.22 while the complete listing of outputs with details and disaggregation by agency, by major final outputs (MFO), and by project/program is presented in **Annex 3-O**.

Table 3.22 Cumulative Outputs by Sector as of End CY 2015

Output Indicator	Target as of End CY 2015	Actual as of End CY 2015	Projects/IA/DP
Infrastructure Development			
Kilometers of roads constructed	622	1,499	<ul style="list-style-type: none"> • Gapan –San Fernando-Olongapo Road II (DPWH/KEDCF) • Logistics Infrastructure Development Project (DBP/JICA) • Pasig-Marikina River Channel Improvement Project III (DPWH/JICA) • Second Cordillera Highland Agricultural Resource Management Project (DA/IFAD & OFID) • Provincial Road Management Facility (DILG/DFAT-Australia) • Secondary National Roads Development Project (DPWH/MCA-P/MCC) • Road Upgrading and Preservation Project (DPWH/JICA)
Kilometers of roads rehabilitated	595.32	1,163.46	
Lineal meters of bridges constructed	3,080	2,966	<ul style="list-style-type: none"> • Second Cordillera Highland Agricultural Resource Management Project (DA/OFID) • Agrarian Reform Infrastructure Support Project III (DAR/ADB) • Gapan –San Fernando-Olongapo Road II (DPWH/KEDCF) • Bacolod-Silay Airport Access Road (DPWH/KEDCF) • Secondary National Roads Development Project (DPWH and MCA-P/MCC)
Kilometers of farm-to-market road constructed	2,013	1,016	<ul style="list-style-type: none"> • Agrarian Reform Infrastructure Support Project III (DAR/JICA) • Community-based Forest Management Project (DENR/KfW) • Agrarian Reform Communities Project II (DAR/ADB & OFID)
Lineal meters of spillway and bridges constructed	1,822	1,687	<ul style="list-style-type: none"> • Agrarian Reform Infrastructure Support Project III (DAR/JICA)
Cubic meters of storage facilities established	84,000	21,470	<ul style="list-style-type: none"> • Logistics Infrastructure Development Project (DBP/JICA)
Hectares serviced by communal irrigation systems	13,468	12,611	<ul style="list-style-type: none"> • Agrarian Reform Infrastructure Support Project III (DAR/JICA)

Output Indicator	Target as of End CY 2015	Actual as of End CY 2015	Projects/IA/DP
Kilometers of canal networks constructed/rehabilitated	1,261	596	<ul style="list-style-type: none"> Participatory Irrigation Development Project (NIA/WB) Pasa Small Reservoir Irrigation Project (NIA/KOICA)
No. of air Navigation System and Support Facilities installed	1	1	<ul style="list-style-type: none"> Laguindingan Airport Development Project (DOTC/KEDCF)
No. of RORO vessels acquired	15	13	<ul style="list-style-type: none"> Logistics Infrastructure Development Project (DBP/JICA)
Kilometers of flood management infrastructure constructed	35.52	34.74	<ul style="list-style-type: none"> Pasig-Marikina River Channel Improvement Project II (DPWH/JICA) Pasig-Marikina River Channel Improvement Project III (DPWH/JICA) Pinatubo Hazard Urgent Mitigation Project III (DPWH/JICA)
No. of hydropower plants constructed	2	2	<ul style="list-style-type: none"> Mini-Hydropower Development Project in Ifugao (with design capacity of 800kwh) and Isabela (with design capacity of 45kwh) (DOE/JICA)
Kilometers of increased energy distribution network	-	13	<ul style="list-style-type: none"> Environment Development Project (DBP/JICA)
No. of LED streetlight systems installed	-	3,090	<ul style="list-style-type: none"> Environment Development Project (DBP/JICA)
No. of water supply systems constructed/improved	360	144	<ul style="list-style-type: none"> Philippine Rural Development Project (DA/WB) Second Cordillera Highland Agricultural Resource Management Project (DA/OFID) Agrarian Reform Communities Project II (DAR/ADB) Mindanao Sustainable Agrarian and Agriculture Development (DAR/JICA) Local Water Utilities Administration III (LWUA/KfW)
Increase in water production (in cubic meters/day)	-	28,595,434	<ul style="list-style-type: none"> Environment Development Project (DBP/JICA)
No. of social infrastructure constructed	<u>3,092</u>	<u>7,725</u>	<ul style="list-style-type: none"> Agrarian Reform Communities Project II (DAR/ADB & OFID) Basic Education Assistance for Mindanao (DepEd/Australia) Prevention and Control of Leptospirosis in the Philippines (DOH/JICA)
<ul style="list-style-type: none"> School buildings Barangay health centers Day care centers Classrooms/learning centers/libraries Disease prevention and control center Multi-purpose center 	244 75 76 2,673 1 24	97 22 19 7,570 1 16	

Output Indicator	Target as of End CY 2015	Actual as of End CY 2015	Projects/IA/DP
No. of early warning monitoring equipment/systems installed in key areas	421	399	<ul style="list-style-type: none"> Enhancement of Earthquake and Volcano Monitoring and Effective Utilization of Disaster Mitigation Information in the Philippines (DOST/JICA) Grant Aid for the Project for Improvement of Equipment for Disaster Risk Management (DOST/JICA)
Social Reform and Community Development			
No. of individuals benefitting from health services	513,568	1,056,360	<ul style="list-style-type: none"> Development Objective Agreement "Family Health Improved" (DOH/USAID)
<ul style="list-style-type: none"> Information on breastfeeding HIV/AIDS counselling/ prevention/ testing 	500,000	1,044,000	
	13,568	12,360	
No. of hospitals/ health facilities/ healthcare providers benefitting from govt. health programs	1,148	26,963	<ul style="list-style-type: none"> Global Partnership on Output-Based Aid (GPOBA) for the Philippines Public Health Project (DOH/WB) Development Objective Agreement "Family Health Improved" (DOH/USAID)
No. of community development sub-projects completed	11,128	9,462	<ul style="list-style-type: none"> KALAH-CIDSS National Community-Driven Development Project (DSWD/ADB-WB) KALAH-CIDSS-MCC (DSWD and MCA-P/MCC) KALAH-CIDSS- Japan Fund for Poverty Reduction (DSWD/ADB-JFPR) KALAH-CIDSS Government of Australia (DSWD/ Australia-DFAT)
No. of textbooks, teaching and learning materials provided	2,200,000	2,505,294	<ul style="list-style-type: none"> Education Governance Effectiveness Program (EdGE) (DepEd/ USAID)
Governance and Institutions Development			
No. of national government agencies capacitated on Disarmament Demobilization and Reintegration	21	26	<ul style="list-style-type: none"> DFAT TAF in Support of the Government of the Philippines Peace, Security and Development Agenda (OPAPP/Australia)
No. of barangays capacitated on enhancing access to justice	-	822	<ul style="list-style-type: none"> Justice for All: Enhancing Accessibility, Fighting Impunity (DILG/EU)
No. of provinces capacitated in PAMANA implementation	25	20	<ul style="list-style-type: none"> Mainstreaming Peace and Development in Local Governance in the Philippines (OPAPP/AECID)
No. of LGU business plans formulated	160	104	<ul style="list-style-type: none"> Local Governance Support Program for Local Economic Development (DILG/CIDA)

Output Indicator	Target as of End CY 2015	Actual as of End CY 2015	Projects/IA/DP
No. of policy papers/studies prepared <ul style="list-style-type: none"> Substantive issues during the negotiations with the MILF Governance framework for an effective enforcement of competition policy and law delivered Cost of injustice 	11 10 - 1	2 7 1 1	<ul style="list-style-type: none"> DFAT TAF in Support of the Government of the Philippines Peace, Security and Development Agenda (OPAPP/Australia) Trade Related Technical Assistance III (DTI/EU) Making Justice Work for the Marginalized (SC/UNDP)
No. of Electronic Tax Information Systems (ETIS) developed	-	1	<ul style="list-style-type: none"> Revenue Administration Reform Project (BIR/MCA-P/MCC)
Agriculture, Natural Resources, and Agrarian Reform			
Hectares of irrigation service area generated, restored, or rehabilitated	64,455	87,034	<ul style="list-style-type: none"> Participatory Irrigation Development Project (NIA/WB) Second Cordillera Highland Agricultural Resource Management Project (DA/IFAD & OFID) Agrarian Reform Communities Project II (DAR/IFAD & OFID)
No. of hectares of farmland distributed	57,064	4,293	<ul style="list-style-type: none"> Agrarian Reform Communities Project II (DAR/IFAD & OFID)
Hectares reforested, with agroforestry, mangroves, rattan enrichment, plantations, or fruit tree orchards areas established	30,136	22,278	<ul style="list-style-type: none"> Forestland Management Project (DENR/JICA) Community Based Forest Management in the Philippines (DENR/KfW) Second Cordillera Highland Agricultural Resource Management Project (DA/IFAD & OFID)
No. of post-harvest facilities constructed	230	98	<ul style="list-style-type: none"> Agrarian Reform Communities Project II (DAR/IFAD & OFID) Agrarian Reform Infrastructure Support Project III (DAR/JICA) Mindanao Sustainable Agrarian and Agriculture Development (DAR/JICA)
No. of plans formulated <ul style="list-style-type: none"> On watershed/sub-watershed management On fisheries management On ancestral domain sustainable development and protection 	75 47 3 20	53 42 3 6	<ul style="list-style-type: none"> Second Cordillera Highland Agricultural Resource Management Project (DA/IFAD & OFID) Ecosystems Improved for Sustainable Fisheries (DA/USAID) Integrated Natural Resources and Environmental Management Project (DENR/ADB) Forestland Management Project (DENR/JICA) Making Justice Work for the Marginalized (SC/UNDP)
Industry, Trade and Tourism			

Output Indicator	Target as of End CY 2015	Actual as of End CY 2015	Projects/IA/DP
No. of green projects and / or initiatives implemented by LGUs or member agencies	98	99	• Promotion of Green Economic Development (DTI/GIZ)

3.4.5 Projects Restructured in CY 2015

Section 5 of the ODA Act of 1996 and Section III of the ICC Guidelines and Procedures require that all requests for change in scope, extension in implementation period or loan validity, or change in cost shall be reviewed, approved and confirmed by the ICC and/or the NEDA Board. In CY 2015, 16 projects were re-evaluated by the ICC /NEDA Board or the ICC Secretariat (see count, nature of restructuring, IA in Table 3.23. For details, refer to **Annex 3-P**.

Table 3.23 Projects Restructured in CY 2015

Nature of Restructuring	Project Count		Distribution by IA
	Loans	Grants	
a) Change in Cost <ul style="list-style-type: none"> Additional financing Decrease in cost due to partial loan cancellation 	2 - 2	1 1 -	DepEd (1) DBP (1), LBP (1)
b) Extension <ul style="list-style-type: none"> Extension only With additional financing and increase in scope 	6 6 -	2 1 1	DA (2), DAR (1), NIA (1), DBP (1), DPWH (1), DOH (1) DTI (1)
c) Change in Scope <ul style="list-style-type: none"> With increase in cost With extension and reallocation With extension and additional financing 	2 1 1 -	1 - - 1	DPWH (1) DPWH (1) DOE (1)
d) Others	2	-	DENR (1), DPWH (1)
Total	12	4	

3.4.5.1 Projects with Cost Overrun

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

Agency requests for cost-overruns undergo the ICC review process, mainly to determine whether the project continues to be economically viable. In 2015, the ICC Secretariat did not receive any request for increase in project cost due to cost overrun. Thus, the stock amount in December 2014 was retained as of the reporting period which stood at PHP8.90 billion for seven ongoing projects with approved cost overruns (Table 3.24)

Table 3.24 Cost Overrun Stock as of End CY 2015

Project Title/IA/DP	ICC-Approved Cost (PHP M)	Revised Project Cost (PHP M)	Change in Cost (PHP M)	Change in Cost (%)	Reason for Cost Overrun
2007					

Laguindingan Airport Development Project/DOTC/ KEDCF	5,385.55	7,853.43	2,467.88	45.82	Financing shortfall due to foreign currency adjustment, price escalation, unbudgeted cost items, and changes in scope
2009					
New Communications, Navigation, Surveillance/Air Traffic Management Systems Development Project/DOTC/JICA	10,869.31	13,271.76	2,402.45	22.10	Proposed changes in scope and increase in customs and tax duties
2010					
Project Title/IA/DP	ICC- Approved Cost (PHP M)	Revised Project Cost (PHP M)	Change in Cost (PHP M)	Change in Cost (%)	Reason for Cost Overrun
Pinatubo Hazard Urgent Mitigation Project II/DPWH/ JICA	4,698.80	5,285.68	586.88	12.49	Additional works in the existing contract packages
National Road Improvement and Management Program 2/DPWH/ WB	27,433.72	29,394.50	1,960.78	7.15	DPWH request to adopt the TPC as provided in its Forward Obligation Authority (FOA) which is 7.1 percent higher than the ICC-approved cost
2012					
National Road Improvement and Management Program 2/DPWH/ WB	29,394.50	28,943.34	-451.16	-1.53	Proposal to defer 4 packages due to increase in unit cost of components under said packages
Pasig-Marikina River Channel Improvement Project 2/DPWH/ JICA	4,608.70	5,541.51	932.81	20.24	Additional works along Malacañang area and repair of damaged structures
2013					
Laguindingan Airport Development Project/DOTC/ KEDCF	7,853.43	7,700.14	-153.29	-1.95	Downscaling of scope with the dropping of planned works on upgrading of equipment
Pinatubo Hazard Urgent Mitigation Project II/DPWH/JICA	5,285.67	5,749.26	463.59	8.77	Additional works in the existing contract packages
2014					

Road Improvement and Institutional Development Project/DPWH/ABD and OFID	6,241.07	6,934.68	693.61	11.11	a) Road design improvement of Dumaguete North Road and Butuan-Cagayan de Oro-Iligan Road caused by earthquake related damages; b) Inclusion of the reconstruction/replacement of Macasoy Bridge along Dipolog-Oroquieta Road in Zamboanga del Norte damaged by typhoon; and c) Upgrading of design standards adopting new issuances of the Department.
Total	64,522.82	73,426.37	8,903.55	13.80	

Box 3.20 Cost Overrun Stock

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

(Source: NEDA-MES)

3.4.5.2 Projects with Loan Cancellations

In CY 2015, almost half of the total loan amount (USD90.17 million out of total loans amounting to USD187.19 million) for the four projects was cancelled upon loan closing date (Table 3.25).

Table 3.25 Projects with Loan Cancellations in CY 2015 (in USD million)

Project	IA	DP	Loan Amount	Cancellations		Net Commitment
				As of 2014	2015	
Credit Line for Energy Efficiency and Climate Protection in the Philippines (CLEECP)	LBP	KfW	21.92	-	21.92	0.00
Support for Strategic Local Development and Investment Project	LBP	WB	96.41	-	15.64	80.77
Regional Infrastructure for Growth			31.64	-	31.56	0.08
Indicator 1: Financial						
1a	Disbursement rates below 50 percent for at least one year (or in the last four quarterly reporting periods)			87.22	21.04	6.18
1b	Difference between time elapsed (based on revised loan closing dates) and utilization rate is more than 30 percent					
Total			187.19		90.17	97.03

Indicators 2: Physical	
3.4.6 Projects with Incomplete Outputs at loan Closing in CY 2015	
2b	Delays in any major activity in the critical path for at least six (6) months and/or with activities for completion only after an extended period of implementation/loan validity
Indicator 3: Cost overrun	
3a	Potential cost overruns of at least 10 percent of ICC-approved cost
3b	Actual cost overruns of at least 10 percent of ICC-approved cost
Indicator 4: Stage of project implementation	
4a	Projects that are on their final year of implementation

Out of the nine ODA project loans that closed in CY 2015, three loan projects had incomplete outputs by loan closing date. Details are shown in Table 3.26.

Table 3.26 Projects with Incomplete Outputs at Loan Closing in CY 2015

Project/IA/DP/Particulars	Recent Updates
Loans	
Pinatubo Hazard Urgent Mitigation Project III (PHUMP III) / DPWH / JICA	
DPWH was unable to complete works for the following under Contract Package (CP) 7 (Excavation/Dredging of Local Drainage Channels, Road Raising and Construction of Bridges): (a) channel excavation of four creeks; (b) construction of three bridges; and (c) road raising and drainage improvement of sections of McArthur Road.	CP 7 was 98.9% complete by end of 2015, with the 10-meter Portland Cement Concrete Pavement (PCCP) road at section 3 (going to San Rafael, Guagua) still ongoing. Update (as of March 2016): CP 7 was completed on February 23, 2016.
Provincial Towns Water Supply and Sanitation Program III (PTWSSP III) / LWUA / KfW	
As of loan closing date, physical and financial performance were both behind schedule; disbursement and availment rates were only 59% and 30% respectively. Utilization rate was only 30% and only one of the WD water supply projects was completed.	Overall physical accomplishment for the project was only 40% upon loan closing on 31 December 2015, with only one water supply subproject completed. Eight of the remaining 12 subprojects are in various stages of implementation and will be completed in CY 2016 using EUR2.1 million funding requested earlier from KfW and supplemented by GPH funds, while the other four WDs will be included in the ADB-financed water supply project that will start in CY 2016.
Credit Line for Energy Efficiency and Climate Protection in the Philippines (CLEECP) / LBP / KfW	
The loan closed in June 2015 with no physical accomplishment due to the following issues: (a) uncompetitive rates; and (b) clients' non-pursuance of chiller replacement projects.	In 2014, KfW conducted a study on the restructuring of CLEECP. The LBP and KfW, however, were not able to come up with a final restructuring proposal. In 2015, BMU informed LBP that they will no longer pursue financing of the redesigned CLEECP.

3.5 Actual Problem Projects in CY 2015

- 3.6 Individual measures of project status and performance (i.e. physical, financial, etc.) are often combined using a composite set of indicators to identify programs and projects for priority monitoring and facilitation at any given period. The NEDA Alert Mechanism (AM)

Box 3.29 The NEDA-Alert Mechanism

The AM aims to flag projects that require priority monitoring and facilitation by classifying them into Potential (with one indicator category breached) and Actual problem projects (with at least two indicator categories breached). Actual problem projects are further classified into two alert levels: Level I, which is the Early Warning Stage; and Level II, which is the Critical Stage. The AM uses the following enhanced leading indicators on financial, physical, cost overrun, and project implementation categories (indicators 1-4) to identify potential and actual problem projects.

AM Indicators

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

Source: NEDA Monitoring and Evaluation Staff

uses a set of indicators to flag these projects (see Box 3.5 The NEDA-Alert Mechanism)

The AM aims to flag projects that require priority monitoring and facilitation by classifying them into Potential (with one indicator category breached) and Actual problem projects (with at least two indicator categories breached). Actual problem projects are further classified into two alert levels: Level I, which is the Early Warning Stage; and Level II, which is the Critical Stage. The AM uses the following enhanced leading indicators on financial, physical, cost overrun, and project implementation categories (indicators 1-4) to identify potential and actual problem projects.

AM Indicators

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

4b	Project has entered midterm of implementation
----	---

Source: NEDA Monitoring and Evaluation Staff

Box 4.1 DP-led Supervision/ Implementation Review Missions

The AM aims to flag projects that require priority monitoring and facilitation by classifying them into Potential (with one indicator category breached) and Actual problem projects (with at least two indicator categories breached). Actual problem projects are further classified into two alert levels: Level I, which is the Early Warning Stage; and Level II, which is the Critical Stage. The AM uses the following enhanced leading indicators on financial, physical, cost overrun, and project implementation categories (indicators 1-4) to identify potential and actual problem projects.

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

Source: NEDA Monitoring and Evaluation Staff

Box 4.1 DP-led Supervision/ Implementation Review Missions

In general, supervision/implementation review missions are conducted by DPs to review project implementation progress, assess achievements and factors affecting progress and recommend measures to strengthen implementation. These missions ensure compliance with loan covenants, procurement, disbursement and the end-use of funds. They are also an effective tool for promoting economy, efficiency and good governance.

In 2015, a total of 16 supervision/implementation review missions were conducted by ADB (1), EU (3), FAO, (2), IFAD (1), JICA (4), UNDP (1), and WB (4). The main mission findings, recommendations and other details are listed in **Annex 4-A**.

Box 4.1 DP-led Supervision/ Implementation Review Missions

The AM aims to flag projects that require priority monitoring and facilitation by classifying them into Potential (with one indicator category breached) and Actual problem projects (with at least two indicator categories breached). Actual problem projects are further classified into two alert levels: Level I, which is the Early Warning Stage; and Level II, which is the Critical Stage. The AM uses the following enhanced leading indicators on financial, physical, cost overrun, and project implementation categories (indicators 1-4) to identify potential and actual problem projects.

AM Indicators	
Indicator 1: Financial	
1a	Disbursement rates below 50 percent for at least one year (or in the last four quarterly reporting periods)

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

Source: NEDA Monitoring and Evaluation Staff

Box 4.1 DP-led Supervision/ Implementation Review Missions Box 3.5 for details).

3.6.1 Project Alert Status as of end of CY 2015

As of end of CY 2015, 12 ODA projects were flagged as actual problem projects, and were likewise classified for priority monitoring and facilitation. Refer to **Annex 3-Q** for the list of actual problem projects.

Out of these, 11 projects were in the Critical Stage (Level II) because of implementation issues that remained unresolved for at least six months. Meanwhile, five of the actual problem projects were previously tagged only as potential problems or with no problem/issue encountered in CY 2014. Table 3.27 tracks the movement of the AM status of projects from year-end CY 2014 to year-end CY 2015.

Table 3.27 Alert Status Summary (CY 2014 vs. CY 2015)

Alert Status	Number of Projects								
	As of Dec 2014 ¹⁵	New	Moved to Alert Level II	Moved to Alert Level I	Moved to Potential Problem	Dropped (No Problem)	Closed		As of Dec 2015
							Still in Active List	Removed in Active List	
Actual Problem Projects	13	+6	-	-	-3	-1	-3	-	12
Level II	12	+5	-	-	-3	-1	-2	-	11
Level I	1	+1	-	-	-	-	-1	-	1
Potential Problem Projects	12	+9	-2	-1	-	-6	-1	-	11
Projects with No Major Problems	27	+9	-3	-	-6	-	-4	-5	18
Ongoing Subtotal	52	+24	-5	-1	-9	-7	-8	-5	41
Closed	7	+8	-	-	-	-	-	-7	8
Total	59	+32	-5	-1	-9	-7	-8	-12	49

Meanwhile, the list and status of the actual problem projects are presented in Table 3.28.

¹⁵ Shows corrected figures.

Table 3.28 Actual Problem Projects as of End CY 2015

Project Title/IA/DP	Reasons for Delay/Updates
I. Alert Level II	
1. Community-Based Forest and Mangrove Management Project / DENR / KfW	<p>Breached 1a, 2b, and 4a.</p> <p>The physical slippage in CY 2015 is attributed to the non-completion of the following: (a) processing of 13 Community Based-Forest Management Agreement applications in Region VI; (b) preparation of phase-out or sustainability plan; (c) preparation of Project Completion Report; (d) conduct of end-of-project evaluation; (e) conduct of impact study in Region VI; (f) investment forum; and (g) conduct of some training courses.</p> <p>Also, the construction of water supply system in the LGU of Sta. Catalina, Negros Oriental has been delayed due to the late approval of loan requirements. The construction of said water system only started in October 2015.</p>
2. Road Improvement and Institutional Development Project / DPWH / ADB & OFID	<p>Breached 1a, 1b, 2b, and 4a.</p> <p>Some civil works being financed under ADB loan are expected to complete beyond scheduled loan closing date due to: (a) changes in scope and design; (b) delay in the Award of Contract to the Consultants for Detailed Engineering Design and Tendering of Asset Preservation and Road Improvement; and (c) delay in the completion of feasibility studies for 11 road sections to be constructed under a different financing facility.</p>
3. Provincial Towns Water Supply III / LWUA / KfW	<p>Breached 1b, 2a, 2b, and 4a.</p> <p>Failed biddings for some WDs; ROWA issues; and late approval of sub-projects of some WDs, resulted in minimal accomplishment.</p>
4. Agrarian Reform Communities Project II / DAR / ADB & OFID	<p>Breached 1a, 1b, 2a, and 2b.</p> <p>Slow liquidation of funds by LGUs delayed the replenishment of the imprest account of the project and the subsequent tranche releases of funds to LGUs.</p> <p>Difficulty faced by LGUs in putting-up their share of the cost and in levelling off with the IA the NG-LGU cost-sharing scheme (there was disagreement on whether the cost-sharing scheme shall be applied to the total project cost or the contract cost).</p>
5. National Irrigation Sector Rehabilitation and Improvement Project / NIA / JICA	<p>Breached 1b, 2a, and 2b.</p> <p>The following issues were encountered: (a) prolonged procurement of consulting services for the detailed design of subprojects; (b) delay in DBM's release of Special Allotment Release Order; and (c) shortage of manpower.</p>

Project Title/IA/DP	Reasons for Delay/Updates
6. Participatory Irrigation Development Project / NIA / WB	Breached 1b, 2a, 2b, and 4a. Seven contracts for civil works are pending as NIA's request for loan validity extension is still awaiting for approval of the NEDA Board ¹⁶ .
7. Jalaur Multipurpose Project Phase II / NIA / KEDCF	Breached 1a, 1b, 2a, and 2b. The Writ of Kalikasan, a legal case filed against the project, caused serious delay in project start-up. This was resolved in September 2015.
8. Italian Assistance to the Agrarian Reform Community Development Support Program / DAR / Italy	Breached 1a, 2a, and 2b. Following are the reasons for the delay in the implementation of the project: (a) difficulty in complying with the requirement to procure 20% of loan proceeds for goods and services from Italy; (b) limited fund allocation for project management; and (c) no provision of VAT.
9. Integrated Natural Resources and Environmental Management Project / DENR / ADB & IFAD	Breached 1a and 2b. Difficulty in securing implementation arrangements/MOA in the Lake Lanao River Basin and delays on the procurement of the following consulting services for Bukidnon areas: (i) Global Environment Facility-funded and Climate Change Fund-funded individual consultants; (ii) IFAD-funded assisting professionals; and (iii) IFAD-funded technical extension officers. In addition, there are delays in the implementation of the rural infrastructure sub-component of the DA-administered US\$10 million in the CHARMP2 areas located in the Upper Chico River Basin. DA proposed the transfer of administration of said amount to DENR, as the CHARMP2 was scheduled to close in December 2015.
10. Metro Manila Wastewater Management Project / LBP / WB	Breached 1b and 2a. Contracts for the construction of sewage treatment plants in Tunasan and Cupang, Muntinlupa, and in Valenzuela (including the conveyance system) have been awarded in December 2014. However, start of construction was delayed due to late issuance of development and excavation permits, which were only issued in February 2016.
11. Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project / DOE / ADB	Breached 1b, 2a, and 2b. Prolonged procurement of CP 1 (delivery of 3,000 E-trike units).
II. Alert Level I	
12. Mindanao Sustainable Agrarian and Agriculture Development Project / DAR / JICA	Breached 1a, 2a, and 2b. Delay in the procurement of consulting services due to two failed biddings.

¹⁶ As of June 2016

3.6.2 Actual Problem Projects Contribution to the Availment Backlog

Half (US\$444.47 million) of the total availment backlog (US\$888.27 million) for CY 2015 was attributed to the 12 actual problem projects. Among the problem projects, the two projects with the highest contribution (30%) to the availment backlog were: (a) *Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project* of DOE with an availment backlog of US\$179.13 million; and the (b) *Jalaur River Multipurpose Irrigation Project, Phase II* (NIA/KEDCF) with an availment backlog of US\$91.06 million.

3.6.3 Projects Likely to be Restructured in CY 2016

Projects that would most likely seek ICC approval for project restructuring in CY 2016 are listed in Table 3.29.

Table 3.29 Projects Likely to be Restructured in CY 2016

	Project/IA/FI	Reason/s for Restructuring
Loans		
1	Philippine Rural Development Project / DA / WB	Additional US\$450 million financing to address the excess demand/proposals for rural infrastructures and operational costs.
2	New Bohol Airport Construction and Sustainable Environment Protection Project / DOTC / JICA	Extension of runway length from 2.0 to 2.5 km and expansion of Passenger Terminal Building from a single to a two-storey building.
3	Road Improvement and Institutional Development Project / DPWH / ADB and OFID	Two-year extension of ADB loan from 30 June 2016 to 30 June 2018, which was approved by the ICC-CC on 6 June 2016.
4	Provincial Towns Water Supply and Sanitation Program III (PTWSSP III) / LWUA / KfW	Possible cancellation of approximately US\$5.493 million by loan closing date on 31 December 2015.
5	National Irrigation Sector Rehabilitation and Improvement Project / NIA / JICA	Due to exchange rate fluctuation, the peso equivalent of the loan amount will no longer be sufficient to cover the requirement of the project. Thus, NIA is considering to trim down project activities or to request for additional financing.
6	Jalaur River Multipurpose Project II (JRMP II) / NIA / KEDCF	Possible extension of project implementation from March 2016 to 28 November 2017 due to delays caused by late project startup and delay in the issuance of bank concurrence for the construction of dams and highline canal. As per KEDCF consultants, civil works will take at least 48 months to be completed. The target completion will likely be adjusted accordingly.
7	Mindanao Sustainable Agrarian and Agricultural Development Project (MinSAAD) / DAR / JICA	Possible extension due to delayed commencement of project implementation brought about by prolonged procurement of consulting services. DAR relayed their plans for possible extension during a meeting with JICA on 2 May 2016.
Grants		

	Project/IA/FI	Reason/s for Restructuring
8	Adapting to Climate Change Impact Through the Construction of Water Impounding Facilities in the Philippines (Pasa SRIP) / NIA / KOICA	Possible extension of grant validity and project implementation due to typhoons and heavy rains in the area that caused delay in the implementation of the project.

4 KEY IMPLEMENTATION ISSUES

4.1 Issues Affecting Project/Program Implementation and Performance

The 105 reported key implementation issues encountered by 56 loan- and grant-assisted projects in CY 2015 were summarized by typology and number of affected projects in Table 4.1.

Table 4.1 Classification and Incidence of Key Implementation Issues

Issue Typology ¹⁷	No. of Projects Affected	Number of Incidents ¹⁸		Agencies
		Resolved	Unresolved	
Procurement	17	6	13	DAR, DENR, DILG, DOE, DOTC, LBP, LWUA, NIA
Site condition/availability	14	6	13	DENR, DILG, DOTC, DPWH, DSWD, LBP, LWUA, NIA
Government/funding institution approvals	14	6	8	DA, DENR, DOE, DOTC, DSWD, LBP, NIA
PMO manpower/capacity	9	6	5	DA, DAR, DENR, DILG, DSWD
Design, scope, technical	8	4	4	DAR, DBP, DOE, DOTC, DPWH, OPAPP
Institutional support	6	1	9	DA, DAR, DENR, DOE
Sustainability and O&M	5	0	5	DA, DENR, DOE
Inputs and cost	5	3	2	DA, DOTC, DSWD
Budget and funds flow	4	0	4	DAR, DENR, DPWH
Legal and policy issuances	4	2	2	DA, DENR, DPWH, NIA
Performance of contractor/consultant	3	1	2	BIR, DOE, DPWH
Others	3	1	2	DepEd, DOE, SC
Total	56*	36	69	

* Some projects were affected by more than one implementation issue.

4.1.1 Procurement

In CY 2015, 17 projects encountered issues on procurement. Among these, six were resolved in 2015 (see Table 4.2 for details).

Table 4.2 Projects with Issues on Procurement

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Mindanao Sustainable Agriculture and Agrarian Development / DAR / JICA	Delayed procurement of Consulting Services (2 failed biddings) due to incomplete documents provided by bidders.	Notice of Award (NOA) was issued on October 9, 2015. Consulting Team was mobilized on November 6, 2015.

¹⁷ Key implementation issues considered were either outstanding or resolved in CY 2015

¹⁸ A project may encounter two or more implementation issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
2. Integrated Persistent Organic Pollutants Management Project / DENR / WB	Delayed procurement due to few submissions of Expression of Interest and qualified consultants offering very high financial proposals which prolonged the negotiation process. Consulting services are also levied with high taxes (up to 42%) which doubled the contract amount. Consultants withdrew interest as reduction of scope of works to conform to the allocated budget would not achieve the target outputs.	Despite efforts of re-bidding and identifying firms for single-source selection, the procurement of these remaining consultancy services was later cancelled. A project restructuring had been done starting the 2 nd quarter of 2015 and finalized around 4 th quarter of 2015. Savings from cancelled activities were re-allocated as support to other ongoing activities or to new proposed activities.
3. Justice for All: Enhancing Accessibility, Fighting Impunity / DILG / EU	Confusion on the procurement and administrative requirements of DILG and EU to be followed.	DILG issued a memorandum circular on the Guidelines on the Procurement of Goods and Services in the Implementation of the <i>EU-Philippines Justice Support Programme II</i> program.
4. Market Transformation Energy Through Introduction of Energy Efficient Electric Vehicles Project / DOE/ ADB	Delays in procurement with first failed bidding and prolonged second bidding conducted in 2015 since only a single bidder was technically responsive but the bid price was twice DOE's approved budget cost which delayed ADB's concurrence on the results of the bid evaluation.	The DOE – Special Bids and Awards Committee conducted a price negotiation with the bidder. After which, a No Objection Letter was issued by ADB, allowing the finalization of the procurement of the 3,000 E-Trikes. The Notice of Award for the supply and distribution of 3,000 E-trike units was issued on December 29, 2015.
5. New Bohol Airport Construction and Sustainable Environment Project / DOTC / JICA	Due to delays in procurement activities, the consulting services for tendering assistance took almost 13 months to complete (from May 5, 2014 to May 31, 2015), which is twice as long as the planned duration.	DOTC approved a 13-month extension of the consultant's services and the realignment of man-months to cover the additional month consumed in the bidding delay.
6. Metro Manila Wastewater Management Project / LBP / WB	Prolonged procurement of civil works contract due to issues on ROWA and procurement thresholds for Commercial Practice of MWCI	MWCI requested the increase of the procurement thresholds for Commercial Practice of Manila Water from USD6 million to USD15 million. WB approved the request.
Current		
7. Expanding and Diversifying the National System of Protected Areas in the Philippines Project / DENR / WB	Procurement of consultancy services for the Terminal Evaluation was delayed due to failed bidding.	Advertisement for the hiring of Terminal Evaluation consultants was reposted, and negotiations with interested individuals are being undertaken to conform to the budget.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
8. Forestland Management Project / DENR / JICA	Delay in hiring of individual consultants because of few submissions of Expressions of Interest.	The evaluation of technical proposals was completed for the 5 individual consultants. Subsequently, the Central Project Management Office shall endorse the results of evaluation to JICA to get the latter's no objection. Four qualified consultants, excluding the site engineers, are expected to be on-board by April to May 2016.
9. Integrated Natural Resources and Environmental Management Project / DENR / ADB & IFAD	Failure to engage required consultants due to: non-compliance with qualification requirements and issues on the acceptability of the TOR and the contract price. Most applicants failed to meet minimum qualification requirements. Qualified applicants, on the other hand, were not amenable to the TOR, often citing uncompetitive pecuniary compensation and the requirement for daily reporting as reasons for rejecting the offer during contract negotiation.	Requests for expression of interest are being re-advertised/reposted for unfilled positions and the TOR are being reviewed for possible revision, subject to the ADB's no objection. Update (as of May 2016): DENR requested ADB for the modifications of the qualification requirements and TOR. DENR is still awaiting ADB's response on the request.
10. Protected Area Management Enhancement (PAME) / DENR / GIZ	Procurement of equipment and consulting services failed as there was no bidder/interested supplier.	Some project partners have designated focal persons to follow-up with the BAC all requests related to procurement. LGU/Academe partners to prepare request for procurement and other supporting documents months in advance. PAME-PMO to write and request the proponents to prioritize procurement actions related to implementation of PAME activities.
11. Strengthening the Marine Protected Areas to Conserve Marine Key Biodiversity Areas Project / DENR / UNDP	Procurement of consulting services was delayed due to two failed biddings (no interested bidders).	Hiring of consultants will be prioritized in January 2016. Schedule for bidding documents submission to be strictly followed, tracked, and evaluated.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
12. Disaster Risk Management and Institutional Strengthening / DILG / AFD	Bottleneck in the procurement of international consulting firm due to conflicting provisions in R.A. 9184 and the AFD Procurement Guidelines.	DILG to ensure that there are clear procurement guidelines to be followed for the project especially when there are conflicting provisions or gray areas between the donor and beneficiary's respective procurement guidelines. Update (as of June 2016): The procurement guidelines were clarified with DILG, and AFD hired a consultant to support the project's procurement activities. As of mid-June 2016, consulting firms have been shortlisted to receive the final request for proposal.
13. Philippine-Japan Project for Introduction of Clean Energy Using Solar Electricity Generation System / DOE / EOJ-JICS	Delays in the procurement of metering and monitoring equipment as counterpart of PNP and Rizal Park Administration to the project, pending MERALCO approval on the agreement on processing of documents and testing of facilities under Distribution Asset Study.	The DOE and beneficiary sites agreed to give authorization to the local contractor to obtain all documents/permits and facilitate the application and agreement between beneficiaries and MERALCO. The DOE requested a series of meetings with MERALCO to discuss its processes in order to fast track the approval of the agreement.
14. Capacity Enhancement of Mass Transit System in Metro Manila LRT Line 1 (South Cavite Extension Project) / DOTC / JICA	Failure in securing qualified bids due to: (a) tight delivery schedule (which covered design, manufacturing and actual delivery); and (b) failure of suppliers to meet the demand due to limited production capacity and outstanding orders both domestic and foreign.	DOTC to invite other bidders, and to conduct bid briefings (roadshows) in Tokyo, Japan.
15. Capacity Enhancement of Mass Transit System in Metro Manila LRT Line 2 East Extension Project / DOTC (LRTA) / JICA	Delay in the procurement of contractors for construction supervision of civil works and for the supplier of the electro-mechanical system due to the internal processes of DOTC BAC and the review and approval of documents, among others.	DOTC managed the entire procurement process for the contracting services. DOTC to continuously assist LRTA in monitoring and coordinating with concerned stakeholders.
16. Provincial Towns Water Supply and Sanitation Program III / LWUA / KfW	Limited capacity of some water districts in preparing bid documents. Failed biddings due to lack of interested bidders.	LWUA formed a team to assist water districts in preparing bid documents. Resorted to re-bidding or negotiated procurement.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
17. National Irrigation Sector Rehabilitation and Improvement Project / NIA / JICA	Three failed biddings in the procurement of 8 motor graders due to failure of the lowest bidder to comply with NIA specifications.	NIA to hold rebidding for the procurement of motor graders.
	Procurement of Civil Works contractor was delayed mainly due to bid failures.	NIA prioritized and fast tracked the procurement of remaining 5 civil works contract packages.
	Delayed completion of detailed engineering design of the 11 subprojects due to prolonged procurement of consulting services.	Update (as of May 2016): All 13 packages were already bid out.

4.1.2 Site Condition/Availability

The review reveals that 14 projects encountered 19 issues related to site condition/availability. Such are issues on ROWA and peace and security issues, among others. Six issues were resolved while 13 remain unresolved (see Table 4.3 for details).

Table 4.3 Projects with Issues on Site Condition/Availability

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Puerto Princesa Airport Development Project / DOTC / Korea	Encountered delays and difficulties in the demolition of informal settlers' houses on acquired properties.	DOTC, NHA, and the LGU entered into a MOA to determine the roles and responsibilities of each in managing the demolition of informal settlers' houses.
2. National Roads Improvement and Management Program Phase II / DPWH / WB	Delay in the removal of electric posts and in ROWA within some areas of the Pahanocoy I and II bridges in Bacolod City, Negros Occidental.	Continuous follow-ups were undertaken to resolve the ROWA problem. Meanwhile, the PMO and the consultant coordinated with the concerned agencies to facilitate immediate relocation of electric posts.
3. Pinatubo Hazard Urgent Mitigation Project Phase III / DPWH / JICA	Work suspensions during the construction of the Sta. Filomena bridge in Pampanga were experienced as the drilling bucket could not penetrate the hard strata where Pier 1 shall be constructed.	DPWH conducted a probe drilling test and determined that bored piling work was doable using a special impact drilling tool. The contractor fabricated and mobilized a special impact drilling tool and hired an equipment master operator from China. Removal of the hard strata began in August 2015.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
4. Widening of Gapan-San Fernando-Olongapo Road Project Phase II / DPWH / KEDCF	Project implementation was affected by delays in ROWA.	DPWH continuously negotiated with owners of affected houses/lots until an agreement on monetary settlement is reached. DPWH also coordinated with concerned agencies on the immediate transfer/relocation of utility posts.
5. KALAHI CIDSS - National Community Driven Development Program / DSWD / ADB & WB	Difficulty in acquisition of: (a) deed of donation; (b) usufruct agreements; (c) quit claim; and (d) ROWA.	DSWD entered into agreements and partnerships with concerned NGAs through the creation of the National Inter-Agency Preparation and Implementation Team with sub-committees on: (a) Hazard Zone Classification; (b) Land Use and Resource Management; and (c) Social Safe Guards.
6. Metro Manila Wastewater Management Project / LBP / WB	ROWA problems were encountered in the area where some of the sewage treatment plants will be constructed.	All lots where the STPs will be constructed have been acquired.
Current		
7. Biodiversity and Watersheds Improved for Stronger Economy and Ecosystems Resilience / DENR / USAID	Pending resolution of issue on illegal structures in the Northern Negros Natural Park built prior to project implementation.	DENR to facilitate final resolution of issue upon submission of reports by the Protected Area Superintendent and the Provincial Government.
	Location of the program office deters spontaneous and joint problem solving as it is only accessible by airplane.	DENR to improve coordination with concerned Regional/ Provincial Environment and Natural Resources Offices and City Environment and Natural Resources Offices on project activities.
8. Strengthening the Marine Protected Areas to Conserve Marine Key Biodiversity Areas Project / DENR / UNDP	Peace and security problems in the ARMM and Southern Palawan delayed project implementation.	No actions taken/reported.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
9. Support to the Implementation of the Tri-National Sulu-Sulawesi Marine Eco-region Comprehensive Action Plan / DENR / GIZ	GIZ guidelines do not allow GIZ staff and consultants to travel in areas with high security risks, such as the project sites in ARMM.	It was clarified that implementing partners, including national government partners, will be allowed to travel to high risk areas as long as they are identified as project focal persons through a special order and would undergo a security briefing before proceeding to the site. GIZ together with DENR-Biodiversity Management Bureau to closely monitor the situation in ARMM.
	Increased unpredictability of weather in most of the project sites affected project implementation. Planned activities such as aerial surveys or monitoring were postponed because of inclement weather.	PMO to closely monitor weather conditions and take advantage of the summer season to conduct field work, while during the rainy season, work should focus on national/regional policy formulation.
10. Local Governance Support Program for Local Economic Development / DILG / Canada-DFAT	Security threats as some foreign nationals have been kidnapped in the project site in Samal Island.	LGUs are pushing strongly for the implementation of "Open Beaches" in Samal Island. The removal of illegal structures such as private jetties and fenced-off areas could help minimize the recurrence of similar incidents by limiting the entry-exit points of security threats, and improving movement of rescue teams and emergency response. Project partners shall continue discussions on how to mitigate reputational risks to the Tourism Development Areas.
11. New Bohol Airport Construction and Sustainable Environment Project / DOTC / JICA	Refusal of some affected lot owners to accept purchase offers.	The remaining 17 lots are under expropriation. DOTC sought the assistance of the Office of the Solicitor General in filing the complaints against lot owners. DOTC to continue coordination to expedite the issuance of Writ of Possession.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
New Bohol Airport Construction and Sustainable Environment Project / DOTC / JICA (cont.)	Prolonged processing of the exchange/barter of lots.	DOTC to facilitate preparation of deed of exchange and the technical description of lots for exchange/barter. DOTC to continue coordination with the Provincial Government of Bohol on the processing of the exchange/barter of lots.
12. Metro Manila Wastewater Management Project / LBP / WB	Prolonged ROWA for the lift/pump station along the conveyance system due to procurement thresholds for Commercial Practice.	MWCI requested increase in procurement thresholds from USD6 million to USD15 million which was approved by WB. Representatives from MWCI and MWSI are currently negotiating with the affected lot/home owners and associations.
13. Provincial Towns Water Supply and Sanitation Program III / LWUA / KfW	Limited access of contractors to project sites.	LWUA required water districts to secure strong proof/document confirming acquisition of ROWA. Water districts to diligently examine documents and reports on ROWA.
14. Adapting to Climate Change Impact through the Construction of Water Impounding Facilities in the Philippines / NIA / KOICA	Delays and conflicts in ROWA.	NIA, DENR, and the concerned LGUs are negotiating with affected lot owners.
	Delayed implementation of civil works due to adverse weather conditions at project site.	NIA to fast track civil works during dry season by mobilizing more manpower and equipment.
15. Road Upgrading and Preservation Project (RUPP)/ DPWH/ JICA	Delay in the construction of the Mamburao section due to security threats to the contractors from armed groups.	DPWH decided to delete the Mamburao section from the project's scope of work. It will now be completed using local funds.

4.1.3 Government/Funding Institution Approvals

In CY 2015, 14 projects encountered issues in processing the necessary documents (i.e., clearances, permits, approvals) from other government offices/agencies/bodies (see Table 4.4 for details).

Table 4.4 Projects with Issues on Obtaining Government/Funding Institution Approvals

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Protected Area Management Enhancement / DENR / GIZ	Delays regarding the NCIP requirement for proponents to observe the free and prior-informed consent (FPIC) process in areas where there are ancestral domain titles or claims.	Explored with NCIP Central Office the possibility of executing a memorandum of agreement to secure NCIP's active support in validating sites with ancestral domain/title. Some DENR Regional Offices took on the responsibility of applying for clearance from the NCIP Regional Office.
2. New Bohol Airport Construction and Sustainable Environment Project / DOTC / JICA	Late issuance of Commencement Certificate to the Contractor due to slow processing/approval of the advance payment.	DOTC fast-tracked the processing of the advance payment to proceed with the issuance of the commencement certificate.
3. New CNS-ATM Development Project / DOTC / JICA	Late access to the Laoag radar site due to DND's delayed approval of DOTC's use of a specified area within DND/AFP property in Pasuquin, Ilocos Norte.	The Consultant-PMO study conducted in June 2015 resulted in a DOTC-Civil Aviation Authority of the Philippines decision to proceed with the alternate site located within the Laoag International Airport.
4. Puerto Princesa Airport Development Project / DOTC / KEDCF	Prolonged issuance/granting of permit to cut trees in affected areas.	Permit already issued by DENR.
5. KALAHI CIDSS - National Community Driven Development Program / DSWD / ADB & WB	Difficulty in securing the following permits: (a) Certification of Pre-condition and Certificate of Non-overlap; (b) Certificate of Non-coverage and Environmental Compliance Certificate; and (c) building permits.	DSWD entered into agreements and partnerships with concerned NGAs through the creation of the National Inter-Agency Preparation and Implementation Team with sub-committees on: (a) Hazard Zone Classification; (b) Land Use and Resource Management; and (c) Social Safe Guards.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
6. Metro Manila Wastewater Management Project / LBP / WB	Delay in the issuance of some necessary permits (locational clearance, development permits, excavation permits) to MWCI and MWSI as some concerned LGUs wanted to get a clear picture of how traffic will be addressed once the laying of pipelines for the conveyance system begins.	MWCI presented its proposed traffic management plan to the members of the Pasig City Council. Meanwhile, MWSI also presented their traffic management plan to the members of the Valenzuela City Council. MWSI also made representation with the Muntinlupa LGU to fast track the issuance of the locational clearance for the Cupang & Tunasan Sewage Treatment Plants (STPs).
Current		
7. Environment and Rural Development Program – Component 7 / DA / GIZ	Extension of implementation duration without prior endorsement of GPH.	DFA yet to finalize the Exchange of Letters.
8. Integrated Natural Resources and Environmental Management Project / DENR / ADB & IFAD	DENR was required by the NCIP Regional Offices in CAR and Region X to secure FPIC from the IP communities as stated in the IP Rights Act prior to project implementation.	Based on the meeting among representatives from INREMP, FMP, and NCIP on 23 June 2015, the FPIC is not required in the implementation of the INREMP. NCIP Regional Directors can issue a Certificate of Precondition as proof that the IPs were fully consulted and are supportive of the Project. DENR-CAR to constantly follow-up with NCIP-CAR to facilitate issuance of the Certificate of Precondition.
9. Mini-Hydropower Development Project in Isabela / DOE / JICA	Deferral by NIA Board of the granting of authority to the Administrator to sign the Energy Sales Agreement, one of the documents necessary for the operation of the plant.	After several meetings with NIA, the Authority to Sign in acquiring necessary permits and clearances such as Water Rights Permit, FPIC, and Energy Regulatory Commission (ERC) Certificate of Compliance was still pending approval by the NIA Board.
10. Mini-Hydropower Development Project – Ifugao / DOE / JICA	Awaiting issuance of necessary permits and clearances, as follows: Water Rights Permit, FPIC, Approval of Energy Sales Agreement, and ERC Certificate of Compliance.	Provincial Government of Ifugao to secure the necessary permits and clearances.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
11. Capacity Enhancement of Mass Transit System in Metro Manila LRT Line 1 (South Cavite Extension Project) / DOTC (LRTA) / JICA	Delay in securing permits from the provincial government of Cavite, resulting in delays in the relocation of informal settlers.	DOTC to continue coordination with LRTA's Legal Office to secure the required permit.
12. Adapting to Climate Change Impact Through the Construction of Water Impounding Facilities in the Philippines / NIA / KOICA	KOICA approval of the proposed Watershed Management and Reforestation activities pending.	Continuous follow-up with the Bank for the approval of the proposal.
13. Jalaur River Multipurpose Project II / NIA / KEDCF	Delayed bank concurrence due to pending completion of environmental and social impact assessment.	The KEDCF dispatched a team of experts on February to March and July 2015 to work closely with NIA to address social and environmental issues and ensure effective measures were taken to minimize and mitigate adverse impacts. Update (as of May 2016): Bank concurrence on the bid documents already received by NIA.
14. Participatory Irrigation Development Project / NIA / WB	Pending government approval on project restructuring request.	Update (as of April 2016): Approved by ICC-CC during the 25 April 2016 meeting, subject to Presidential approval. Meanwhile, WB unilaterally extended loan validity by 11 months until 28 February 2017.

4.1.4 Project Management Office (PMO) Manpower/Capacity

Nine projects encountered issues on limited manpower or weak PMO capacity (Table 4.5). Five issues affecting these projects remained outstanding as of end of CY 2015.

Table 4.5 Projects with Issues on PMO Manpower/Capacity

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Agrarian Reform Communities Project Phase II / DAR / ADB & OFID	Limited number of staff to process the increased volume of documentation resulting in mistakes and backlogs.	DAR hired additional accountants and accounting clerks. DAR to ensure close monitoring of the subprojects by the provincial engineers and newly hired accountants.
2. Biodiversity Partnerships Project / DENR / UNDP	Delays in the mobilization of the Project Management Unit due to the lengthy recruitment and hiring process.	PMO prepared a catch-up plan to fast-track implementation and lessen the impact of the delay.
3. Local Governance Support Program for Local Economic Development / DILG / Canada-DFAT	Difficulty in: (a) managing program transition to DILG; and (b) personnel adjusting to a performance-based management approach.	An internal operations document guided program management transition to DILG. A National Enabling Environment Program Advisor (NEE-PA) was hired to assist in the institutionalization of the Program gains.
4. KALAH-CIDSS – Japan Fund for Poverty Reduction (JFPR) Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda / DSWD / ADB	Prolonged procurement of contractor for the rehabilitation of Guivan Rural Health Unit (RHU) due to the unfamiliarity of the concerned LGU on ADB's procurement processes and guidelines.	The Regional Project Management Office and JFPR Team closely coordinated and provided technical assistance to the volunteers of Barangay Poblacion, Guivan on the procurement process.
5. KALAH-CIDSS - National Community Driven Development Program / DSWD / ADB & WB	Limited capability of field staff in implementing Disaster Risk Operation Procedures.	DSWD undertook the following: (a) enhancement of the guidelines; (b) simplification of requirements; and (c) training of staff on the enhanced guidelines.
6. Integrated Persistent Organic Pollutants Management Project / DENR / WB	Unclear specifications/requirements of some deliverables as stipulated in the contract, which resulted in confusion/disagreements between/among DENR and the consultants.	Contracts of existing consultancy services were reviewed. Specific outputs of consultants were clarified to ensure that deliverables are submitted on time and of satisfactory quality.
Current		
7. Philippine Rural Development Project / DA / WB	Unclear roles of the Regional Program Coordination Office (RPCO), Program Support Office (PSO), and National Program Coordination Office (NPCO).	DA to ensure that regular coordination meetings are held between the NPCO and components/units within the PSO and RPCOs.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
	Limited technical capacity of some RPCOs and PSOs on the procurement process.	DA is conducting a series of training sessions and orientations. DA also encouraged the use of Community Force Account and shopping as primary modes of procurement of goods.
8. Agrarian Reform Infrastructure Support Project Phase III / DAR / JICA	Because of downsizing, project has limited workforce to perform the tasks left by the consultant whose contract ended in 2014.	DAR to augment the project's technical and administrative support staff until project completion. DAR is also considering re-hiring individual consultants previously involved in the project implementation.
9. Forestland Management Project / DENR / JICA	Hiring/promotion of majority of project staffs as permanent staff of DENR outside the PMO.	The project implementing units are advised to facilitate the process of transition for the outgoing and incoming project staff to allow a period of adjustment, mentoring, and proper turnover of tasks and responsibilities, including pertinent project documents and equipment. DENR is also facilitating the hiring of project staff as replacement for those who were hired permanently.
10. KALAHI CIDSS - National Community Driven Development Program / DSWD / ADB & WB	Shortage of experienced staff to fill the large demand at the regional and municipal levels.	DSWD to undertake: (a) training needs assessment; (b) development of training program/capacity building framework under a TA from WB and ADB; (c) continuous coaching and training through distribution of experienced staff among the field area coordinators; (d) conduct of refresher courses; (e) phasing of implementation; and (f) hiring of engineers and additional experts using the TA fund.

4.1.5 Design, Scope, Technical

In CY 2015, eight projects underwent change in project design/scope based on actual conditions in the project site (Table 4.6).

Table 4.6 Projects with Design/Scope/Technical Issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Italian Agrarian Reform Community Development Support Program / DAR / Italy	Delay in implementation due to difficulty in complying with the required 20% Italian content for loan disbursements as stated in the Memorandum of Understanding between the governments of the Philippines and Italy.	The DFA issued a Note Verbale in July 2015 to amend the original MOU revising the 20% Italian content requirement to 5 percent. This was confirmed by the Italian government in November 2015.
2. Maritime Safety Capability Improvement Project for Philippine Coast Guard/DOTC/ JICA	Minor changes in structural design of the ships affected the schedule of their delivery.	The changes in design were discussed in a series of technical meetings. Vessel construction was inspected and trials of delivered ships were tested on sea. Two of the ten ships were scheduled for delivery in 2016.
3. Widening of Gapan-San Fernando-Olongapo Road Project Phase II / DPWH / KEDCF	Durability and stability of the road was affected by overloading during rainy days.	For the remaining sections, which were prone to flooding, DPWH decided to change the design from Asphalt Concrete Pavement to Portland Cement Concrete Pavement.
4. Mainstreaming Peace and Development in Local Governance in the Philippines/ OPAPP/ AECID	Reduced number of boats produced in the Municipalities of Marabut, Hernani, Llorente and Gen. MacArthur due to changes made in the boat specifications. The boats were made bigger to suit conditions in the Pacific Ocean.	Municipalities of Marabut, Hernani and Llorente were requested to submit a letter for (a) change of boat specifications; and (b) justification on change of beneficiaries while the Municipality of Gen. MacArthur was requested to submit a letter (a) change in boat specifications; and (b) final number of boats to be constructed.
Current		
5. Capacity Enhancement of Mass Transit System in Metro Manila LRT Line 1 (South Cavite Extension Project) / DOTC (LRTA) / JICA	Differing reference points which may compromise the accuracy of the railway alignment.	Joint surveys to be conducted by Light Rail Manila Corporation, DOTC, and LRTA to address differing reference points.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
6. Logistics Infrastructure Development Project/DBP / JICA	Low demand for the facility. Borrowers are shifting from LIDP to DBP Bank funds due to more competitive interest rates	Ongoing talks with JICA and Marina on local construction of tankers for identified operators. Evaluation of potential projects under LIDP, mainly acquisition of brand-new RORO vessels. DBP continuously pushes for utilization of LIDP despite cost constraints and prevailing low interest rates in the market; initiatives include blending of LIDP with Bank Funds and minimal credit spreads to finance projects at competitive costs.
7. Market Transformation Energy Thru Introduction of Energy Efficient Electric Vehicles Project / DOE / ADB	Low demand for e-trikes among LGUs	DOE conducted promotional marketing with target LGUs, Tricycle Operators and Drivers Associations, and cooperatives during Cluster Conferences in Luzon, Visayas and Mindanao organized by the League of Municipalities of the Philippines. Initially targeted LGUs include: (a) City of Caloocan; (b) Provinces of Quezon and Marinduque; and (c) Municipalities of Boac and Gasan in Marinduque.
8. Metro Manila Interchange Construction Project Phase VI / DPWH / JICA	Delayed preparation and approval of design plans due to interfacing issues with LRT, MRT 3, and MRT 7, particularly for the EDSA-North Ave.-West Ave. interchange.	DPWH and JICA agreed to defer the DED of the EDSA-North Ave.-West Ave. interchange pending DOTC decision on the resolution of issues on the common station. DPWH and JICA likewise agreed to proceed with the implementation of the other three interchanges as one contract package.

4.1.6 Institutional Support

In CY 2015, six projects encountered ten issues on weak support or prolonged coordination with stakeholders or implementing partners. Among these, nine remain unresolved (Table 4.7).

Table 4.7 Projects with Institutional Support Issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Integrated Persistent Organic Pollutants Management Project / DENR / WB	Delayed completion of consultant's outputs as compliance relies heavily on Polychlorinated Biphenyls (PCB) owners' submission of PCB Management Plans.	Three Environmental Management Bureau (EMB) Memorandum Circulars (MCs) were issued in 2014 and 2015 to facilitate compliance of PCB owners in submitting their Management Plans.
Current		
2. Philippine Rural Development Project / DA / WB	Delay in the implementation of enterprise development sub-components due to non-prioritization of LGUs.	No actions taken/reported.
	Inadequate technical capacity of LGUs in preparing documentary requirements (e.g., in procurement, O&M, and preparation of feasibility studies)	No actions taken/reported.
3. Agrarian Reform Communities Project Phase II / DAR / ADB & OFID	Incomplete submission by LGUs of supporting documents for requests for fund release and liquidation resulted in low and delayed loan disbursements for rural infrastructure subprojects and slow physical implementation.	Continued assistance, handholding, and follow-ups with LGUs to facilitate submission of complete documents to DOF-MDFO. Newly hired accountants in Eastern Samar and Leyte shall be oriented on the project's Financial Management Systems to assist concerned LGUs in preparing packages for fund release requests and for liquidation. Close coordination with MDFO to facilitate ADB loan withdrawals or reimbursements to LGUs.
	Inadequacy of document checking systems at all levels resulted in a number of documents with incomplete requirements reaching the NPCO, MDFO, and ADB.	Newly hired accountants and provincial engineers to monitor subprojects and ensure accuracy of financial and technical details of documents submitted.
	Low morale among members of the Protected Area Management Board (PAMB) resulting in an impasse on most policy decisions needed for effective environmental law enforcement.	Issue was elevated to the Secretary of the DENR and PAMB. Constant/regular follow-ups to be undertaken.
4. Biodiversity and Watersheds Improved for Stronger Economy and Ecosystems Resilience / DENR / USAID		

Project/IA/DP	Issue Details	Actions Taken/To be Taken
5. Integrated Natural Resources and Environmental Management Project/DENR/ADB & IFAD	Unresolved issue on institutional arrangement between DENR-ARMM and Provincial LGU of Lanao del Sur on the management of Lake Lanao River Basin.	Project Steering Committee to discuss and resolve the issue in its meeting in June 2016.
	US\$10 million originally allocated for DA to implement the rural infrastructure subprojects under CHARMP2 for areas within the Chico River Basin was proposed for transfer to DENR for implementation under INREMP, as the former project was scheduled to close in December 2015.	Update (as of January 2016): NEDA, during its meeting with DBM and DENR in January 2016, recommended the following options: (i) continue through DA; (ii) reallocate some funds to other regions subject to the conduct of Feasibility Study; and (iii) partial cancellation. The issue will be discussed and resolved in the Project Steering Committee meeting scheduled in June 2016.
6. Integrated Persistent Organic Pollutants Management Project / DENR / WB	LGUs' slow preparation of action plans in line with their solid waste management plan and reduction of the emission of dioxins and furans from solid wastes.	Hiring of a Social Development Specialist enhanced the capacity of LGUs and Environment Management Bureau (EMB) in the preparation of the Environmental and Social Management Plans (ESMP) component of the LGUs Action Plan based on WB standards.
7. Philippine Industrial Energy Efficiency Project / DOE / EOJ-JICA	Difficulties in securing the commitment of industrial plants to implement energy efficiency measures.	DOE to work closely with industrial associations and chambers of commerce in promoting the project.

4.1.7 Sustainability and Operations & Maintenance (O&M)

In CY 2015, there were five projects reported to have been affected by sustainability, and O&M issues, all of which remained unresolved as of end of 2015 (Table 4.8).

Table 4.8 Projects with Sustainability and O&M Issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Current		
1. Philippine Rural Development Project / DA / WB	O&M Plans of LGUs did not specify budget requirements and fund source. This is necessary to determine the maintenance requirements of rural infrastructure subprojects, which could be used as basis in adjusting current designs or in planning for new sub-projects.	DA to conduct capacity building for LGUs on O&M, and to ensure that O&M budget will be allocated by the LGUs for the subprojects.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
2. Philippine-Sino Center for Agricultural Technology Technical Cooperation Project Phase II / DA / China	Rice milling component of the Bagumbayan Multipurpose Cooperative in Nueva Ecija is not operational due to voltage mismatch of the machine and electricity provider during the year it was deployed to the end-users.	Metering system was replaced (from secondary to main metering system) and power supply was reinstalled by the Nueva Ecija Electric Cooperative Area 2.
3. Partnerships for Biodiversity Conservation: Mainstreaming in Local Agricultural Landscapes or Biodiversity Partnerships Project / DENR / UNDP	Sustainability of the project due to change in Local Chief Executives (LCEs).	Strengthen partnerships with LCEs to sustain the interventions provided by the project. Firm-up sustainability plan and strategy with the LGUs.
4. Philippine Climate Change Adaptation Project / DENR / WB	Leadership change in CCC caused a reshuffling of roles in the office. Focal persons of the project have resigned or are awaiting confirmation of assignments.	Awaiting CCC role assignments. Immediate briefing conference with the person assigned to handle the project.
5. Philippine-Japan Project for Introduction of Clean Energy Using Solar Electricity Generation System / DOE / GOJ	Beneficiaries' limited capability on the operation of project facilities after turnover.	The DOE included a training component to capacitate the beneficiaries and DOE staff on the operation, maintenance, and troubleshooting of the installed solar photovoltaic facilities.

4.1.8 Inputs and Cost

Issues on inputs and costs were encountered in five projects, particularly on inadequate supply of inputs, exceeding expenses, and price escalation in CY 2015. Of these incidents, three were resolved in CY 2015 (Table 4.9).

Table 4.9 Projects with Issues on Inadequate Inputs and Excess Cost

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Puerto Princesa Airport Development Project / DOTC / KEDCF	Supply of aggregates approved for extraction were in insufficient, resulting in uncontrolled escalation of the cost of aggregates.	Materials were outsourced from neighboring regions. Coordination and discussion with Puerto Princesa LGU is ongoing for the issuance of additional volume extraction permit.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
2. Haiyan Agriculture Rehabilitation Program / DA / IFAD	Scarcity in the supply of certified seeds for distribution to farmer beneficiaries in Region VIII.	Region VIII distributed certified seeds to farmer beneficiaries from their buffer stocks, which were replenished upon procurement of seeds under this project.
3. KALAHI-CIDSS – GOA-DFAT (Improving Access to Early Learning through Community-Led Approach Project) / DSWD / Australia-DFAT	Inadequate construction materials in Yolanda-affected areas and difficulty of delivering these to remote areas that suppliers prefer to avoid.	Organized stakeholders from Barangay and Municipal LGUs. DSWD to mobilize support from local suppliers.
Current		
4. Philippine-Sino Center for Agricultural Technology Technical Cooperation Project Phase II / DA / China	Delay in shipment of materials from China would likely extend the conduct of technology demonstration for hybrid rice until the dry season in 2017.	No actions taken/reported.
5. New CNS-ATM Development Project / DOTC / JICA	Consultant's submission of a price escalation claim as a result of increase in cost of labor and materials brought about by two-year suspension following COA's previous Notice of Disallowance for the Project.	The contractor was requested to submit to the consultant, necessary documentations to support the price escalation claim. The consultant shall compute and check the price escalation claim prior to endorsement by DOTC to NEDA for approval.

4.1.9 Budget and Funds Flow

Budget or funds flow bottleneck issues were found in four projects, all of which remained unresolved (Table 4.10).

Table 4.10 Projects with Budget and Funds Flow Issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Current		
1. Italian Agrarian Reform Community Development Support Program / DAR / Italy	Limited fund allocation for Project Management and no budget provision for VAT.	DAR to request supplemental budget and to include the same in DAR's WFP (for the central and field offices).

Project/IA/DP	Issue Details	Actions Taken/To be Taken
2. Community Based Forest and Mangrove Management Project / DENR / KfW	Cash deficit (from loan and grant proceeds) in the 2015 GAA allocation for the payment of obligations for natural resources management activities under the Sub-Grant Agreement between the DENR and 15 LGUs in Panay and Negros. Pending payments as of end of CY 2015 since payments are based on progress billings (i.e., actual accomplishments following set project standards are used as basis in billings).	Update (as of March 2016): DENR confirmed with DBM, through its letter dated March 22, 2016, that there is no need for additional loan financing, and that regular funds will be used to cover the payment of valid obligations.
3. Central Luzon Link Expressway Project Phase I / DPWH / JICA	Due to depreciation of yen, the loan counterpart will not be enough to finance civil works as well as the additional scope of work to include the Zaragoza Interchange in Nueva Ecija.	DPWH to request for possible change of financing ratio upon completion of procurement of all civil works contracts.
4. Road Upgrading and Preservation Project / DPWH / JICA	Due to depreciation of yen, the loan counterpart will not be enough to finance civil works as well as the additional scope of work to include the rehabilitation of damaged bridges in Bohol.	DPWH to request for reallocation of loan proceeds across categories and the additional GPH counterpart to supplement the reduced LP counterpart due to foreign exchange loss. The TPC, however, will still be the same.

4.1.10 Legal and Policy Issuances

In CY 2015, four projects encountered issues in implementation that involved legal and policy issuances (Table 4.11).

Table 4.11 Projects with Legal and Policy Issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Jalaur River Multipurpose Project II / NIA / KEDCF	Issuance of Writ of Kalikasan (legal case) to the project caused delays in project start-up.	Court resolution granted after ten months of litigation. Resolved in September 2015.
2. Philippine Rural Development Project / DA / WB	Conflicting government policies and WB recommendations on FMR construction (e.g., on minimum carriageways, all concreting against spot concreting or gravel road, etc.).	The Operations Manual of the Rural Infrastructure Component was revised and approved by the WB in March 2015, incorporating the geometrical and design specifications and schemes for rural infrastructure in compliance with DPWH and WB standards.
Current		

Project/IA/DP	Issue Details	Actions Taken/To be Taken
3. Forestland Management Project / DENR / JICA	Difficulty in attaining the annual targets under Site Development (SD) contracts due to the enforcement of a PHP2 million limit per contract as prescribed by the DENR-Community Participation Procurement Operations Manual formulated by the Government Procurement Policy Board (GPPB).	As an interim arrangement, the Project is considering implementing SD contracts worth more than PHP2 million through multi-contracting involving different modalities. DENR to request GPPB to allow SD contracts beyond PHP2 million threshold based on the provisions of Project documents which do not provide any threshold.
4. Road Improvement and Institutional Development Project / DPWH / ADB & OFID	Delay in the DED of three sub-projects (i.e., the Manjuyod-La Libertad Road, La Libertad-Vallehermoso Road, and the Butuan-Cagayan de Oro-Iligan Road) due to the upgrading of design standards on the use of 100mm thickness asphalt overlay over portland cement concrete and 50mm thickness asphalt overlay over existing asphalt concrete pavement.	Design for the three sub-projects was revised and completed in February 2016. DPWH shall fast-track the procurement of civil works (covering the review of bid documents, approved budget for the contract, etc.) while waiting for DED plan approvals. The ICC-CC approved the extension of the project loan validity until June 2018 to complete the remaining delayed subprojects.

4.1.11 Performance of Contractor/Consultant

There were three projects that encountered issues on poor performance of project contractors or consultants. One of these incidents were resolved in CY 2015 (Table 4.12).

Table 4.12 Projects with Issues on the Performance of Contractors/Consultants

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Mini-Hydropower Development Project / DOE / JICA	Lack of manpower and skilled workers in the Province of Ifugao.	The contractor hired workers outside of Ifugao.
Current		
2. Revenue Administration Reform Project / BIR / MCC	Contractor's continued inaction to supplement their human resources affects BIR operations seriously.	Update (as of June 2016): BIR closely coordinated with the contractor, resulting in recomposition of the contractor's team and implementation of system fixes to address BIR operations issues.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
3. Secondary National Road Development Project / DPWH / MCC	Poor performance of main contractor and sub-contractors due to limited equipment and manpower.	<p>Tighter management, constant reminder on imposition of penalties for delay, and resolution of design/construction issues.</p> <p>Contractors will be instructed to provide 24/7 operations and more resources such as additional equipment, work force/manpower, and materials.</p>

4.1.12 Other Implementation Issues

In CY 2015, there were three projects which encountered other implementation issues, one of which was resolved in 2015 (Table 4.13).

Table 4.13 Other Implementation Issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. Learning, Equity, and Accountability Program Support/ DepEd/WB	Lengthy verification process for tagging of Disbursement-Linked Indicators (DLIs).	DepEd engaged University of the Philippines-Assessment, Curriculum and Technology Research Centre (UP-ACTRC) to serve as the DLI verification agent. UP-ACTRC submitted its inception report with revised timelines for verification activity.
Current		
2. Market Transformation Energy Thru Introduction of Energy Efficient Electric Vehicles Project / DOE / ADB	LGUs' inability to comply with LBP loan requirements such as, but not limited to DILG Seal of Good Governance.	<p>DOE conducted 29 LGU consultations and information and education campaigns.</p> <p>DOE explored possible participation of other financing institutions to promote the lease-to-own arrangement.</p> <p>DOE to continue consultations with LGUs and financing conduits.</p>
3. JUSTICE Project / SC / USAID	High inflow of cases resulted in lower rate of reduction in pending cases: Angeles City (4.2%), Cebu City (1.9%) and Davao City (negative 12.9%).	<p>Procedural reforms implemented are as follows: (a) continuous trial system for criminal cases; (b) automated hearing system; and (c) assisting courts.</p> <p>Recommended provision of assisting courts and creation of additional courts.</p>

Box 4.1 DP-led Supervision/ Implementation Review Missions

In general, supervision/implementation review missions are conducted by DPs to review project implementation progress, assess achievements and factors affecting progress and recommend measures to strengthen implementation. These missions ensure compliance with loan covenants, procurement, disbursement and the end-use of funds. They are also an effective tool for promoting economy, efficiency and good governance.

In 2015, a total of 16 supervision/implementation review missions were conducted by ADB (1), EU (3), FAO, (2), IFAD (1), JICA (4), UNDP (1), and WB (4). The main mission findings, recommendations and other details are listed in **Annex 4-A**.

4.2 Efforts to Address Key Implementation Issues

This section discusses existing and prospective mechanisms to address key implementation issues.

4.2.1 Risk Register in Project Implementation

As risk and assumptions are potential sources of implementation issues and bottlenecks, IAs closely monitored and developed management strategies to minimize risks and ensure the fulfillment of assumptions.

The key risks and assumptions monitored in the CY 2015 Review fall under eight categories, namely: (a) institutional support; (b) sustainability and O&M; (c) design, scope, and technical; (d) procurement; (e) site condition/availability; (f) government/funding institution approvals; (g) PMO manpower/capacity; and (h) social acceptability.

Box 4.6 Definition of Risks and Assumptions

~~Risks refers to a specific, uncertain event that may occur to the detriment of the project. In particular, these are factors that may adversely affect delivery of inputs, completion of activities, production of outputs and achievement of higher level objectives, many of which are outside the control of the parties responsible for managing and implementing a program or project.~~

~~Assumptions are hypotheses about conditions that are necessary to ensure that planned activities will produce expected results through logical, cause-effect relationships. Achieving results depends on whether or not the assumptions made prove to be true. Project assumptions are potential causes of project risks specially when there is uncertainty in these assumptions.~~

~~Source: Adapted from Manual for Project Monitoring, National Economic and Development Authority Project Monitoring Staff, March 2004~~

Table 4.14 presents updates on the status of risks/assumptions contained in the Risk/Assumptions Register during the CY 2014 Review.

Table 4.14 Updates on the CY 2014 Programs/Projects Risks and Assumptions Register

Project/IA/DP	Assumption/ Risk Description	Management Strategies	2015 Assumption/Risk Status & Update on Management Strategies
PMO Manpower/Capacity			
Agrarian Reform Communities Project II (ARCP II)/DAR/ ADB & OFID	Construction quality control might be inadequate.	DAR to hire a quality assurance firm.	Mitigated. DAR hired a firm to maintain quality assurance/ control. Its contract was extended until June 2016.
KALAH-CIDSS Millenium Challenge Corporation (KC-MCC)/ DSWD/ MCC	Local job market may not meet the demand for hiring staffs of Area Coordinating Teams (ACTs) and Municipal Coordinating Teams (MCTs) because of high qualification requirements.	Regional Project Management Offices to advertise staff vacancies region-wide and nationwide.	Mitigated. Regional Management Offices received sufficient number of job applicants.
Access to Early Learning – Phase II / DSWD/ Australia-DFAT	The limited capacity of target communities in implementing accelerated community empowerment activity cycle (ACEAC), especially in disaster-affected areas, may lead to delays in social preparation.	<p>Augmentation of staff in National Community-Driven Development Program (NCDDP) and disaster-affected areas.</p> <p>LGUs to be required to provide competent Municipal Coordinating Teams.</p> <p>ACTs and MCTs to provide training workshops to the community regarding project requirements and SP implementation.</p> <p>RPMO to adopt Disaster Response Operating Procedure (DROP) for disaster-affected areas, which includes the use of emergency procurement procedures.</p>	Mitigated.

Project/IA/DP	Assumption/ Risk Description	Management Strategies	2015 Assumption/Risk Status & Update on Management Strategies
Project Design, Scope, Technical Concerns			
Credit for Better Health Care Project (CBHCP)/ DBP/ ADB	Funds allocated to LGUs might not be fully utilized.	<p>ADB funds being mixed with other funds to reduce end-cost to sub-borrowers.</p> <p>Increase marketing efforts to LGUs.</p> <p>Consider cancellation of unutilized loan proceeds.</p>	Occurred. In August 2015, the loan closed with JPY15.6 million in cancellations.
Procurement			
Arterial Road Bypass Project, Phase II/DPWH/ JICA	Possibility of another failure of bidding.	DPWH to remind prospective bidders during the pre-bid conference to ensure completeness of required documents.	Mitigated. The remaining CP IV is already ongoing. Notice of Award was issued on 27 January 2016.
Site condition/availability			
Secondary National Road Development Program/ DPWH/ MCC	Risk of delay due to threats on site security, and peace and order.	Implementation of security protocols and tighter management/ supervision of construction activities.	Mitigated. The risk related to insurgency issues was mitigated by maintaining good community relations and close coordination with LGUs and government security agencies.
Road Upgrading and Preservation Project/DPWH/ JICA	Risk of delay due to security threats on the contractors from armed groups.	DPWH to request the assistance of the DND in securing the area.	Occurred. The risk of delay due to security threats was not mitigated nor completely resolved. In one instance, it was further aggravated by the issuance of a Cease and Desist Order against the contractor by the Municipal Government of Mamburao, Occidental Mindoro. DPWH decided to delete the Mamburao section from the Project's scope of work. It will now be completed using local funds.

Project/IA/DP	Assumption/ Risk Description	Management Strategies	2015 Assumption/Risk Status & Update on Management Strategies
Sustainability and O&M			
Pinatubo Hazard Urgent Mitigation Project III/DPWH/ JICA	Completed structures properly turned over to and maintained by DPWH Regional Office III and concerned LGUs.	<p>O&M budget to be secured by DPWH and concerned LGUs.</p> <p>Personnel for proper O&M of completed facilities to be hired.</p> <p>Regular inspection and repair works on damaged structures to be undertaken by DPWH Region III staff.</p>	<p>Current. The UPMO-FCMC turned over to the DPWH Regional Office III the following completed packages: CP-2 (Diversion Channel of Lower Porac-Gumain River); CP-4 (Dredging of Pasac River, Upper Guagua River, Dalan Bapor, Lower Guagua River; CP-3A (Flood Control Works in San Fernando River); and CP-5 (Road and Bridge Raising and Construction of New Bridges).</p> <p>The remaining packages (CP-1 Excavation/ dredging of local drainage channels and construction of bridges; CP-3B Flood control works in San Fernando; CP-6 Flood mitigation works in Guagua, Pampanga; and CP-7 Excavation/ dredging of local drainage channels, road raising and construction of bridges) will be turned over to DPWH Regional Office III once final acceptance certificates have been issued.</p>
Bacolod-Silay Airport Access Road Project/ DPWH/ JICA	Sufficient O&M funds for the completed road is available to the concerned DEO after the warranty period.	Concerned DEO to secure regular maintenance fund for the road.	The budget for the maintenance of the completed road was already included in the CY 2015 Annual Maintenance Work Program of the concerned DEO.

Project/IA/DP	Assumption/ Risk Description	Management Strategies	2015 Assumption/Risk Status & Update on Management Strategies
Market Transformation Energy Thru Introduction of Energy Efficient Electric Vehicles Project (E-TRIKE) / DOE/ ADB	There is a risk that E-trike drivers/operators default in their principal payments.	DOE to promote The benefits of the rent-to-own options.	DOE undertook the following: <ul style="list-style-type: none"> • Credit profiling; • Benchmarking of industry practices and processes; • Pooling of TODAs or other organized groups; • Option of requiring bonds or debentures issued by LGUs with established financial capacity under an indenture to serve as buffer to potential impact of default; and • Establishment of quality control mechanisms to ensure E-Trike units sustain expectations.
Institutional Support			
Ecosystems Improved for Sustainable Fisheries/DA/ USAID	LGUs with the support of provincial and national agencies adopt and implement ecosystems approach to fisheries management .	Conduct training/ workshops to increase LGU technical skills.	Current. DA/USAID already started working closely with the Provincial Government of Batangas (other concerned provincial LGUs to follow) to increase the likelihood of sustaining project gains and best practices.
Regional Infrastructure for Growth Project (RIGP)/ DBP/ WB	Risk of continued delays due to non-availability of approved Sub-Loan Agreement which is still pending approval of World Bank.	DBP to pursue loan restructuring and project extension to allow financing of subprojects for the rehabilitation and reconstruction of Yolanda-affected areas.	Ended. The NEDA Board, in its February 15, 2015 meeting, deferred the DBP's request to restructure RIGP to support recovery and reconstruction efforts for areas affected by Typhoon Yolanda, and to change the financing mix to 90% national government grant and 10% loan. The project loan was cancelled by the World Bank on June 19, 2015.

Project/IA/DP	Assumption/ Risk Description	Management Strategies	2015 Assumption/Risk Status & Update on Management Strategies
Government approvals			
Environmental Development Project (EDP)/ DBP/ JICA	Risk of project delays, fall-out in sub-loan applications, and slow disbursements due to regulatory bottlenecks in securing Monetary Board opinion, Energy Regulatory Commission approval, among others.	DBP to assist proponents in securing regulatory requirements. Also, in order to address cases of fall-outs or project applications being withdrawn by proponents discouraged by the long process of securing requirements, DBP to strengthen its marketing efforts to have ready proposals in the pipeline.	Mitigated. Regulatory bottlenecks and sub-project fall-outs no longer a risk. Monthly updating of status of ongoing and pipeline sub-projects facilitated sub-loan releases and fast tracked utilization of the relending facility.
Gapan-San Fernando-Olongapo Road Project, Phase II/ DPWH/ JICA	Risk of delays due to expropriation proceedings for acquiring ROW.	Strict monitoring together with the project contractor and consultant to facilitate resolution of ROW acquisition problems.	Ended. The project was physically completed on 10 December 2015. The remaining ROW issues pertain to pending settlement payments to affected houses/lot owners who have yet to comply with documentary requirements.
Social Acceptability			
Market Transformation Energy Through Introduction of Energy Efficient Electric Vehicles Project (E-TRIKE) / DOE/ ADB	There is a risk that tricycle drivers/operators will not avail the e-trike lease-to-own schemes proposed by some LGUs due to the high cost of the E-trikes.	DOE to promote the benefits (financial savings and increased income) of the lease-to-own options to tricycle drivers/operators.	Current. DOE continuously hold discussions with TODAs, LGUs and financing institutions for an appropriate and attractive financing mechanism.

Meanwhile, Table 4.15 provides details of the current risks/assumptions for the CY 2015 Risks/Assumptions Register.

Table 4.15 CY 2015 Programs and Projects Risk and Assumptions Register

Project/IA/DP	Assumption/Risk Description	Management Strategies
Institutional Support		
Master Plan Study on the Improvement of National Airports in the Philippines/DOTC/ KOICA	DOTC, CAAP, Philippine Coast Guard, and other concerned stakeholders adopt and implement study recommendations.	Conduct of training of key staff from concerned agencies to ensure future compliance with standard/prescribed practices. In 2015, training workshops were conducted in Manila, Cebu, and in Korea.
Integrated Resources and Environmental Management Project/ DENR/ADB & IFAD	There is a risk that political instability or partisan rivalry in subproject sites would hamper project implementation.	Orientations will be conducted for newly-elected LGU officials to win their support.
Market Transformation Energy Thru Introduction of Energy Efficient Electric Vehicles Project (E-TRIKE)/DOE/ ADB	Local industry has adequate capacity to meet demand for E-trikes (including quality spare parts)	Project team to work closely with possible new suppliers in the local industry and to facilitate networking and information sharing. Currently, the local industry is showing significant investors' interest in the project.
Capacity Enhancement of Mass Transit System in Metro Manila LRT Line 2 East Extension Project / DOTC/JICA	Concerned LGUs are cooperative and supportive during project implementation.	DOTC to hold discussions and information campaigns with LGUs regarding the project's design, scope, and benefits to encourage LGU support to the project.
Government/ Funding Institution Approvals		
Integrated Resources and Environmental Management Project/ DENR/ADB & IFAD	LGU approvals on land use assessments, zoning plans, and management plans for selected upper river basin (URBs) are secured on time.	DENR to ensure constant coordination and communication with concerned LGUs and watershed management councils.
Sustainability and O&M		
Master Plan Study on the Improvement of National Airports in the Philippines/DOTC/ KOICA	Funding is available to implement the recommendations of the study.	DOTC to hold consultations with relevant organizations/agencies (i.e., DBM, NEDA, CAAP) to secure necessary budget and government approvals.
Updating of the Master Plan on the Development of Aids to Navigation in Luzon and Visayas, Philippines/DOTC/ KOICA	Funding is available to implement the recommendations of the study.	DOTC shall include in its annual work and financial plan activities related to the implementation of study recommendations/results. If local funds would be unavailable, external financing shall be tapped.

Project/IA/DP	Assumption/Risk Description	Management Strategies
Market Transformation Energy Through Introduction of Energy Efficient Electric Vehicles Project (E-TRIKE) / DOE/ ADB	There is a risk of significant increases in electricity prices and power shortages in specific areas that may affect earning potential of the beneficiaries.	Charging to be undertaken during off-peak hours since normal tricycle operations are during daytime (peak hour). This information is being disseminated during information, education and communication campaigns. Trainings on battery management shall be conducted for the tricycle drivers to properly maintain installed accessories such as the battery management system, on-board charger, and the vehicle control unit. To tap anticipated/incoming capacity additions particularly renewable energy as well as excess supply during off-peak hours. The solar battery charging stations planned to be set-up under the project already contributes around 300-500kWp (kilowatt peak).
	There is a risk of getting cheap and poor-quality lithium ion batteries for the e-trikes.	Strict pre-qualification criteria will be used to ensure that only reputable manufacturers with international presence in the E-vehicles industry will be allowed to participate in the international bidding process.
Site Condition/Availability		
Samar Pacific Coastal Road Project/ DPWH/ KEDCF	Peace and order situation in the project area may hamper accessibility by and mobility of the contractors, consultants, and project staff, particularly in the mountainous terrain of Samar.	The PMO, thru the District Engineering Office, requested for the assistance of concerned LGUs to help solve security problems. PMO to continue its coordination with concerned LGUs.

4.2.2 Incorporating Lessons Learned in the Design of Future Development Interventions

Lessons learned are valuable pieces of information that, if properly fed back, can improve design and implementation of programs and projects. In the CY 2015 Review, lessons learned were identified considering the following categories: (a) design/scope/technical concerns; (b) performance of contractor/consultant (c) site condition/availability; (d) and sustainability and O&M among others. Details are presented in **Annex 4-B**.

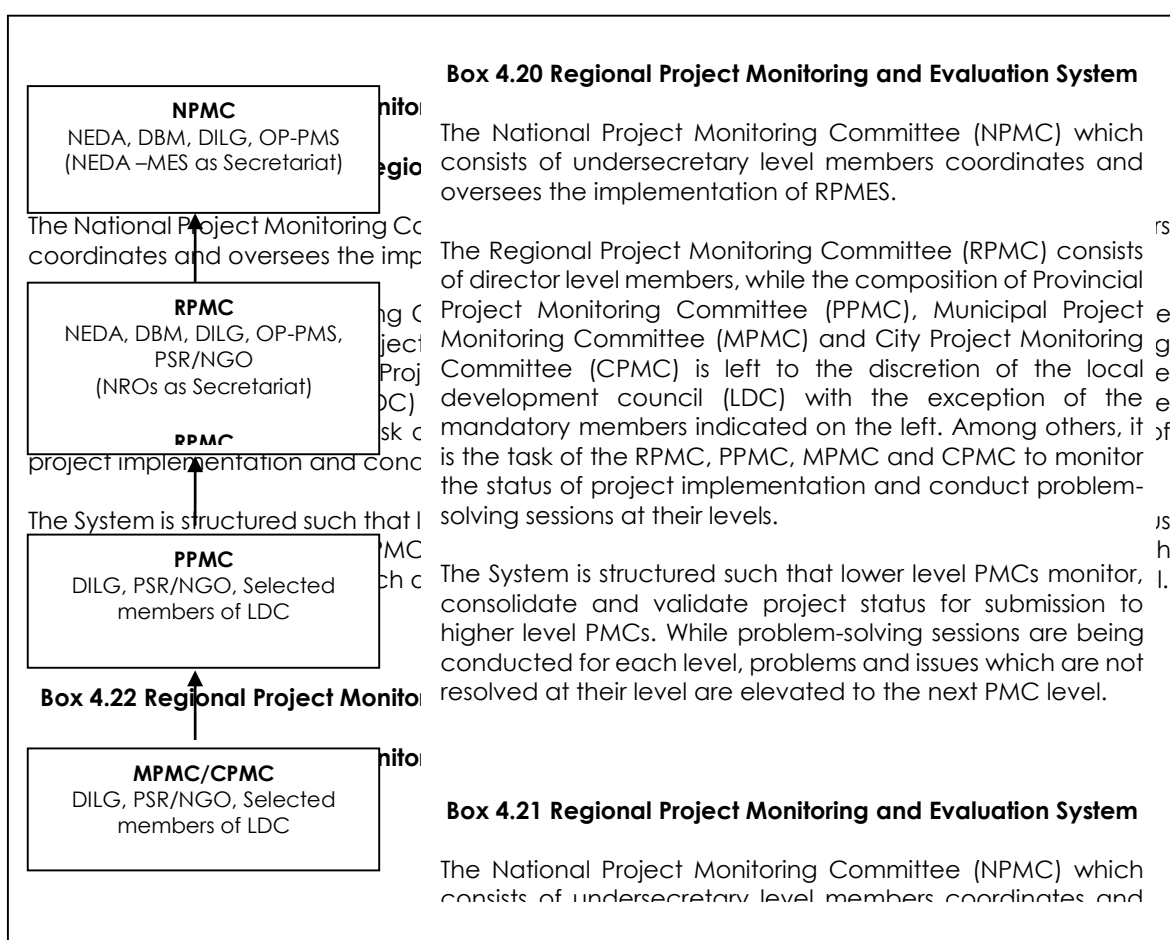
Box 4.12 Definition of Lessons Learned

Lessons learned are generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact. (Source: OECD-DAC.)

4.2.3 Use of Existing Institutional Mechanisms

4.2.3.1 Regional Project Monitoring and Evaluation System (RPMES)

The RPMES was established per EO 376 dated 2 November 1989 to devolve project facilitation, problem solving, and M&E to the regional, provincial, city/municipal levels by involving various agencies, LGUs and NGOs. The RPMES covers all development projects, implemented by NGAs, LGUs, SUCs and GOCCs, at the regional, provincial, and city/municipal levels.



4.2.3.2 Project Implementation Officers (PIO) System

Created in 1999, the PIO system designates an Undersecretary of an IA to be held accountable for overseeing the implementation of their respective ODA-funded projects. PIOs convene quarterly to discuss their respective portfolio performances, problems and bottlenecks, and other relevant issues.

5 RESULTS

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

Box 5.1 Outcomes Contributing to the Various PDP and RM Sector Objectives

The Philippine Development Plan (PDP) 2011 to 2016 Midterm Update identifies the key sector and sub-sector development objectives and strategies to achieve the societal goal of "Poverty in multiple dimensions reduced and massive quality employment created". Its accompanying Revalidated Results Matrices (RM) provide results orientation to the Plan by providing an indicator framework to the Plan objectives.

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

For the CY 2015 ODA Review, 32 programs and projects were reported to have contributed to 54 sector outcome indicators in seven chapters of the Philippine Development Plan 2011-2016 Revalidated Results Matrices or PDP-RM (Table 5.1). The complete details are shown in

Table 5.2.

Table 5.1 ODA Projects and Programs with Reported Results Contributing to the PDP

No. of Projects/Programs ¹⁹	No. of PDP-RM Indicators	PDP (2011-2016) Chapter	
4	1	Chapter 1	Roadmap to Inclusive Growth
3	4	Chapter 4	Competitive and Sustainable Agriculture and Fisheries Sector
11	20	Chapter 6	Social Development
1	1	Chapter 7	Good Governance and the Rule of Law
1	4	Chapter 8	Peace and Security
11	8	Chapter 9	Sustainable and Climate-Resilient Environment and Natural Resources
26	16	Chapter 10	Accelerating Infrastructure Development

Table 5.2 Project/Program Results Supporting the PDP-Results Matrices Indicators

Results Indicator	Result (Output or Outcome)	Project/Program
Chapter 1: Roadmap to Inclusive Growth		
Employment generated	10,292 new jobs created (7,325 jobs for small farmers and fisher folks; and 217 jobs thru small and medium enterprises	ACSP/ LBP/ JICA
	2,750 new jobs through agribusiness	
	254,812 new jobs created	KC-NCDDP/ DSWD/ ADB & WB
	149,149 new jobs created	KC-MCC/ DSWD/ MCC

¹⁹ One project/program may contribute to outcome indicators in more than one chapter of the PDP. Thus the total count of projects and programs may not tally.

Results Indicator	Result (Output or Outcome)	Project/Program
	8,373 new jobs created	KC-GOA-DFAT/ DSWD/DFAT Australia
Chapter 4: Competitive and Sustainable Agriculture and Fisheries Sector		
Yield of major commodities increased	Palay yield increased by an average of 10.16% in project areas in Regions VI, VII, and X.	RaFPEP & IRPEP/ DA/ IFAD
Proportion of farmers or fisher folks borrowers obtaining loans from formal sources increased	18,219 ARBs and non-ARBs provided access to credit	ARCP II/ DAR/ ADB & OFID
	5,974 farmers provided access to credit	ACSP/ LBP/ JICA
Total land distributed under CARP (in hectares)	4,293 hectares distributed	ARCP II/ DAR/ ADB & OFID
Chapter 6: Social Development		
Net enrollment rate in kindergarten, elementary, and secondary schools increased (3 indicators)	Average of 97.7 percent of HHs in Sets 2 and 3 of 4Ps-covered areas meet education conditions	SPSP/ DSWD/ ADB
Adjusted net enrolment rate in elementary and secondary schools increased (2 indicators)	2,526 kinder centers established through the alternative delivery model (ADM)	BEAM-ARMM/ DepEd/ Australia-DFAT
Completion rate in elementary and secondary schools increased (2 indicators)	2,805 elementary schools established through ADM	
Cohort survival rate in elementary and secondary education increased (2 indicators)	1,669,871 learners enrolled in primary schools or non-school settings supported by the project	Basa Pilipinas/ DepEd/ USAID
Achievement rate in elementary and secondary education increased (2 indicators)	1,724 learners enrolled in secondary schools or non-schools supported by MYDev	Mindanao Youth for Development (MyDev)/ DepEd/ USAID
	690,091 learners enrolled in primary schools or non-school settings supported by EdGE	Education Governance Effectiveness Program (EdGE)/ DepEd/ USAID
	Average of 96.6 percent of children aged 0-14 years in Sets 1, 2, and 4 of 4Ps-covered areas attend school	SWDRP/ DSWD/ WB SWDRP AF/ DSWD/ WB
Maternal mortality ratio per 100,000 live births decreased	Average of 94.5 percent of HHs covered in Sets 2 and 3 of 4Ps-covered areas meet health conditions	SPSP/ DSWD/ ADB
Infant mortality rate per 1,000 live births decreased	Average of 94.5 percent of children aged 0-5 years in	SWDRP/ DSWD/ WB
Under-five mortality rate per 1,000 live births decreased	Sets 1, 2, and 4 of 4Ps-covered areas undergo growth monitoring	SWDRP AF/ DSWD/ WB

Results Indicator	Result (Output or Outcome)	Project/Program
Prevalence of underweight children under five per 1,000 live births decreased Proportion of births delivered in facility increased	90% facility-based birth delivery achieved	Strengthening Maternal and Child Health Services in Eastern Visayas/ DOH/ JICA
National Health insurance program coverage rate increased	145,753 poor families enrolled in Phil Health	GPOBA for the Philippines Public Health Project/ DOH/ WB
Contraceptive prevalence rate increased	couple-years of protection increased from 1.8 million in 2014 to 2.2 million in 2015	Development Objective Agreement "Family Health Improved" / DOH/ USAID
Certification rate in technical and vocational education increased (TVET) TVET graduates increased	15,888 out-of-school youths trained to develop TESDA-accredited technical vocational skills	Project for Upgrading and Enhancement of Training Programs of the Regional Training Center (Korea-Philippines Vocational Training Center in Davao City Phase II)/ TESDA/ KOICA
	5,605 out-of-school youths enrolled in skills and workforce development training	BEAM-ARMM/ DepEd/ Australia-DFAT
	5,605 out-of-school youths enrolled in skills and workforce development training	MYDev/ DepEd/ USAID
Chapter 7: Good Governance and the Rule of Law		
Cities and municipalities with Local Poverty Reduction Action Plan increased	Poverty Reduction Plans integrated into the Barangay Development Plans and Annual Investment Plans prepared for 3,799 barangays enrolled in KC-NCDDP	KC-NCDDP/ DSWD/ ADB & WB
Chapter 8: Peace and Security		
Mechanism for monitoring and addressing indigenous people's (IPs) rights violations established and operational	An academe-based conflict sensitive Legal Aid Program (known as Urian Legal Aid Program, based at Fr. Saturnino Urios University - College of Law) is providing developmental legal assistance to marginalized communities, with special focus to IPs or indigenous cultural communities (ICCs). Seven lawyers and 20 law students support institutions at the barangay level in addressing resource-use conflicts in Caraga Region, most of which involves IPs/ICCs.	COSERAM / DILG, NEDA, DENR, OPAPP, and NCIP/ GIZ

Results Indicator	Result (Output or Outcome)	Project/Program
<p>Gender-responsive and conflict-sensitive policies/programs/support services for women and children in conflict situations identified and mainstreamed in national government agencies and local government units in PAMANA provinces</p> <p>Percentage of agency programs related to the peace process capacitated on conflict sensitive planning, implementation and monitoring and evaluation increased</p> <p>Percentage of provinces with communities affected by and vulnerable to armed conflict equipped with tools and processes for conflict-sensitive, peace-promoting and gender-responsive planning and programming increased</p>	<p>Five NGAs (NEDA, DILG, OPAPP, DENR and NCIP) are now promoting culture- and conflict-sensitive land use plans.</p> <p>Guidelines on the following have been produced: (a) integration of indigenous people's rights in planning processes; (b) enhanced titling process and formulation of ADSDPP; (c) inclusive co-management of forest lands and open access areas; (d) selection criteria for responsible investments in forest lands; (e) conflict-sensitive land use planning tools for local governments; and (f) government (re-)entry into communities in conflict-affected areas.</p>	COSERAM / DILG, NEDA, DENR, OPAPP, and NCIP/ GIZ
Chapter 9: Sustainable and Climate-Resilient Environment and Natural Resources		
Ancestral Domains Sustainable Development and Protection Plans (ADSDPPs) formulated	Six ADSDPPs packaged and reproduced.	CHARMP2/ DA/ IFAD & OFID
Number of New Certificates of Ancestral Domain Titles (CADTs) issued	<p>One CADT (Kadaclan) approved by NCIP En Banc</p> <p>Three CADTs for third and final reading by NCIP-Commission En Banc</p>	CHARMP2/ DA/ IFAD & OFID
Percentage of terrestrial, inland water and coastal and marine areas effectively and equitably managed	The Agusan Marsh Wildlife Sanctuary in Caraga is being effectively managed by the indigenous peoples	COSERAM / DILG, NEDA, DENR, OPAPP, and NCIP/ GIZ
Percentage of critical habitats effectively and equitably managed increased	1,216,546 ha of biological significance and/or natural resources under improved natural resource management	B+WISER/ DENR/ USAID

Open and denuded forest land area reduced Forest land/area protected increased	15,200 ha planted through afforestation and reforestation contracts	INREMP/ DENR/ ADB & IFAD
	24,450 ha planted through agroforestry contracts	
	78,870 ha planted through assisted natural regeneration contracts	
	5,962 ha planted through commercial plantation contracts	
	14,350 ha of conservation farming demonstration established	
	7,648 ha in 205 barangays covered by agroforestry and tree crops production projects	MinSAAD/ DAR/ JICA
	2,166.12 ha agroforestry planted with 1,555,965 different fruit tree species in 5,191 agro-plots.	CHARMP2/ DA/ IFAD & OFID
	30 ha of reforestation/ rehabilitation/agroforestry established	National REDD+ System Philippines/ DENR/ GIZ
	9,316 ha reforested and rehabilitated	CBFMMP/ DENR/ KfW
Annual damages and losses (crops and properties) due to natural disasters, environmental hazards, human induced and hydro-meteorological events decreased	18,010 sq m of land avoided erosion	EDP/ DBP/ JICA
Solid waste diversion rate increased	3,000 kg of waste processed into new products per day	EDP/ DBP/ JICA
Chapter 10: Accelerating Infrastructure Development		
Classroom to pupil ratio improved in primary and secondary schools (2 indicators)	74,010 households in 293 barangays provided with 297 school building facilities	KC-NCCDP/ DSWD/ ADB & WB
	123,102 households in 355 barangays provided with 356 school building and day care center facilities	KC-GOA-DFAT/ DSWD/ Australia-DFAT
Access to upgraded health facilities increased	56,465 households served by 234 health stations established in 233 barangays.	KC-NCCDP/ DSWD/ ADB & WB

Results Indicator	Result (Output or Outcome)	Project/Program
Waterless poor areas decreased ²⁰	74,139 households in 335 barangays provided with 342 water systems	KC-NCCDP/ DSWD/ ADB & WB
HH access to water supply increased	Additional 28,500 households served by 70 level I and II water supply systems constructed and installed	ARISP III/ DAR/ JICA
Level III waters supply service coverage in cities and municipalities increased ²¹	12,106 additional households connected to water supply systems	EDP/ DBP/ JICA
Coverage of 24/7 water supply services in cities increased	Additional 8,971.78 cu m per day volume of level III water supply provided	
	8 level II water supply systems constructed	ARCP II/ DAR/ ADB & OFID
	Additional 11,925 households provided access to 27 constructed/ rehabilitated potable water supply systems	MinSAAD/ DAR/ JICA
	3,316 households served by one water supply system (out of the 13 total target of the project)	PTWSSP III/ LWUA/ KfW
	222,575 individuals served by 21 completed level III water supply systems	S2LDIP/ LBP/ WB
	6,055 additional households provided water supply access	CHARMP2/ DA/ IFAD & OFID
	43 domestic water supply systems constructed/ rehabilitated	
	259,648 people gaining access to an improved water source	Be Secure/ DPWH/ USAID
Irrigation service coverage of total potential irrigable area increased	12,611 ha irrigated by 120 constructed/ rehabilitated CISs/CIPs	ARISP III/ DAR/ JICA
	650 ha irrigated by 3 constructed small scale irrigation systems	ARCP II/ DAR/ ADB & OFID
	78,288 ha irrigated	PIDP/ NIA/ WB
	912.22 hectares covered by 49 communal irrigation systems rehabilitated, benefitting 4,969 households	CHARMP2/ DA/ IFAD & OFID
	9,347ha irrigation service area rehabilitated/ restored/ generated	RaFPEP/ DA/ IFAD

²⁰ Applies only to KC-NCCDP, ARISP III, ARCP II, MinSAAD, CHARMP2, and Be Secure

²¹ Applies only to EDP, PTWSSP III, and S2LDIP only

	2,080 ha farmlands irrigated by 12 constructed/ rehabilitated CIs/CIPs	MinSAAD/ DAR/ JICA
Household coverage of sewerage systems increased	166,000 individuals in Muntinlupa and Quezon City benefitted from combined sewer systems	MMWMP/ LBP/ WB
Increased access to basic sanitation	133,681 individuals gaining access to an improved sanitation facilities	Be Secure/ DPWH/ USAID
Treated municipal waste water increased	25.50 cu m of wastewater treated per day by the Ayala-Alabang and Talayan STPs in Muntinlupa and Quezon City, respectively.	MMWMP/ LBP/ WB
Load transported in via the central RORO spine increased	Cargo traffic capacity increased by 13,002 gross tonnage	LIDP/ DBP/ JICA
Decreased travel time via road in key urban corridors	Traffic in McArthur Highway portion of Tarlac and Pangasinan decongested with the operation of Tarlac Pangasinan La Union Expressway, increasing the travel speed from 20 kph to at least 40 kph	LIDP/ DBP/ JICA
Households and sitios with electricity increased (2 indicators)	Additional 5,423 households supplied with electricity	EDP/ DBP/ JICA
	114,122 households in 476 barangays provided with 506 electrification/lighting facilities	KC-NCCDP/ DSWD/ ADB & WB
Power demand met	Additional 3.0 MW capacity generated	EDP/ DBP/ JICA

6 MAJOR INITIATIVES TO PROMOTE DEVELOPMENT EFFECTIVENESS

6.1 Drafting of the Long-Term Vision for the Philippines (“AmBisyon Natin 2040”)

Development plans have to be anchored to a long-term view of what the Filipino people want and where they want the country and the economy to be in the foreseeable future to ensure the continuity of policies, projects, and programs. Thus, the NEDA started developing the Long-Term Vision (LTV) project in early 2015. The project is envisioned to be a basis of unity among Filipinos on where they want the Philippines to be by 2040, and to serve as a guide in development planning across administrations. It has several components, including: national consultations, thematic papers, projection modeling, and the communication campaign.

Dubbed as AmBisyon Natin 2040, the LTV outputs involved the conduct of a series of nationwide consultations, preparation of evidence-based thematic papers, and quantitative projections, among others. The final LTV document is targeted for release in 2016.

6.2 Adoption and Monitoring of the Sustainable Development Goals (SDGs)

The United Nations' 2030 Agenda involves achieving 17 SDGs broken down into 169 targets and 230 globally-approved indicators. The Philippines initiated parallel efforts on the development of national-level indicators in responding to the SDGs challenge.

A second technical workshop on the SDG indicators was jointly conducted by the NEDA, Philippine Statistics Authority (PSA), and the UNDP on May 11-12 2016. Representatives from various specialized government agencies, non-governmental organizations and academic groups were gathered to classify the 230 globally-approved indicators based on level of methodological development and overall data availability at the national level, and reviewed the functions of existing institutional mechanisms that were utilized in the implementation of the MDGs. The workshop allowed concerned agencies to explore new data sources and data collection technologies, including possible partnerships with civil society, international development agencies, business groups, and the academe.

NEDA and PSA shall continue to review and discuss the list of indicators that would need to be mainstreamed in the national planning process, to also include new indicators that may be relevant to the Philippine context.

6.3 Signing of the National Evaluation Policy Framework (NEPF)

In line with the government's continuing efforts to improve on all the components of the public sector management cycle (i.e., planning, budgeting, implementation, monitoring, and evaluation), the National Evaluation Policy Framework (NEPF) was formulated through the NEDA-DBM Joint Memorandum Circular (JMC) No. 2015-01 and signed by NEDA and DBM Secretaries on July 15, 2015. The JMC aims to provide a framework for the purposive conduct of evaluations in the public sector in support of good governance, transparency, accountability, and evidence-based decision-making.

6.4 Participation to the 2nd Monitoring Round of the Global Partnership for Effective Development Cooperation (GPEDC)

The Philippines was a signatory to the outcome document of the 2011 Busan High-Level Forum on Aid Effectiveness (HLF4). As such, the country once again participated in the second round of monitoring survey for 2015 under the Global Partnership for Effective Development Cooperation (GPEDC)'s monitoring framework. The Global Partnership Monitoring Framework (GPMF) was created by the UNDP-OECD Joint Support Team to track progress of the HLF4 commitments through a set of indicators in areas of transparency, predictability of aid, gender equality, and contribution of different stakeholders to development. The Philippines was also one of the 46 countries which participated in the first round of monitoring survey conducted from 2013-2014.

The second monitoring round (administered from December 2015 to March 2016) aimed to track progress of development cooperation effectiveness through an inclusive and consultative process where inputs and perspectives from various stakeholder groups were consciously sought. It was further intended to usher positive behavior change of development actors to complement efforts in implementing the 2030 Agenda for Sustainable Development at the country level. Representatives from the following groups were involved in the exercise: government (NEDA, DBM, DOF, PCW), development providers, civil society, private sector, the academe, and parliament.

The country report was finalized in May 2016. Results of the monitoring exercise showed that there is a good indication on the use of country results frameworks (CRFs) as basis in developing priority interventions. Moreover, continuing reforms in the public financial system (PFM) have potentially resulted in the increase in use of the country PFM. A number of development partners have also demonstrated mutual accountability through joint reviews and dialogue with government. On the other hand, more work is needed to: (a) enhance aid predictability and the comprehensiveness of development cooperation information in budget documents; (b) strengthen tracking of gender and empowerment allocation; and (c) improve the quality of public-private dialogue and the enabling environment for CSOs. The draft country report recommended that a Joint Action Plan be created in light of the GPEDC monitoring results to set forth ways forward on the findings for each indicator in the GPMF.

6.5 Program Expenditure Classification (PREXC) Budgeting Approach

The Program Expenditure Classification (PREXC) budgeting approach was a reform initiated by the Department of Budget and Management (DBM) in CY 2015. The PREXC approach involves a two-step process: (1) restructuring an agency's budget by aligning all recurring activities and projects under programs; and (2) providing performance indicators (outputs and outcomes) for every program. It was the third phase of the Performance-Informed Budget (PIB) reform that sought to better link planning to budgeting, and linking budgeting to execution. PREXC was piloted in CY 2015 in six departments for the preparation of their respective agency budgets under the CY 2016 General Appropriations Act (GAA), and it will be fully implemented for the whole of government for the 2017 GAA.

6.6 Creation of the DBCC Sub-Committee on Program/Project Appraisal

The Development Budget Coordination Committee (DBCC), in its 165th meeting held on 7 April 2015, expressed concern on the continuous underperformance of the government due mainly to structural weaknesses within agencies on planning and implementation.

The Committee thus agreed to adopt a measure that will address these institutional and capacity weaknesses and proposed the creation of a Sub-Committee on Program/Project Appraisal (SC-PPA) to facilitate the review and approval of new or expanded programs and projects which are not covered by the ICC review process (i.e., projects costing less than PhP1 billion). The Sub-Committee shall undertake the following tasks:

- a) Ensure the merit, technical viability, implementation readiness and financial requirements of new and expanded program/project proposals of agencies and GOCCs;
- b) Recommend to the DBM-Executive Review Board and the DBCC the list of new or expanded programs/projects which have gone through the review and which will be funded out of the fiscal space during any given budget year; and
- c) Formulate and improve existing methods and guidelines, including the documentary requirements that may be required from the proponent agencies to improve the appraisal of new and expanded programs and projects.

The draft TOR of the Sub-Committee was first circulated to NEDA and DOF for comments in May 2015. Said comments were consolidated and incorporated in the draft SC-PPA Evaluation Process to serve as an attachment to the DBCC resolution creating the Sub-Committee. As of June 2016, the DBCC is still processing the incorporation of agency comments on the DBCC Resolution.

6.7 Full Implementation of the Revised Framework in Financing (RFF) of National Government Projects

The Revised Framework in Financing (RFF) National Government Projects intends to optimize the use of ODA financing for projects requiring considerable foreign content, expertise and/or technology, among others. Under the RFF, the DOF shall approve the appropriate financing source (whether ODA or non-ODA) of all ICC/NEDA Board approved projects of the national government. It directs the ICC of NEDA to adopt new standards in appraising project proposals of agencies, adding more stringency to the project approval process. Further, the new framework entails the proponent agencies to justify projects on technical and economic merits, and on financial viability without regard to a particular financing source. The implementation of the RFF seeks to: (a) institutionalize coordinated project planning, approval, budgeting and financing and enable timely implementation of projects; (b) ensure guaranteed financing for projects; and (c) generate cost savings (most appropriate financing/expertise/ technology obtained). The RFF was signed in 2013, but full implementation began in 2015.

6.8 Fifth M&E Network Forum

In relation with the signing of the NEPF, the 5th M&E Network Forum was held on November 12-13, 2015 to: (a) apprise participants on the NEDA-DBM JMC, including the results of the DBM's M&E Capacity Assessment of Ten Pilot Agencies; and (b) discuss how to position the GPH in terms of the national and global evaluation agenda which will be supportive of the recently adopted SDGs. It likewise provided participants with the basic knowledge on two important processes in evaluation: (a) establishment of the evaluability of projects; and (b) management of evaluations. A workshop for the participants on basic evaluation activities was facilitated by a representative from UNICEF and the interim secretariat of the M&E Network, NEDA-MES.

7 ACTIONS TAKEN AND RECOMMENDATIONS

7.1 Actions Taken on the Recommendations of the CY 2014 ODA Portfolio Review

A summary of the actions taken by implementing agencies, oversight agencies, and development partners in response to the recommendations made in the previous review are presented in the following sections.

7.1.1 Actions Taken By Implementing Agencies

Agencies have taken actions on the recommendations of the previous year's (CY 2014) ODA review, which contributed to the improved performance of the agencies' portfolio for the year. The complete lists of the measures taken by the implementing agencies are found in **Annex 7-A**.

7.1.2 Actions Taken by Oversight Agencies and Development Partners

Corresponding efforts were undertaken by OAs and DPs on most of the recommendations made in the CY 2014 Review (see Table 7.1 for details).

Table 7.1 Actions Taken by Oversight Agencies and Development Partners

CY 2014 Recommendations	Actions Taken	Responsible Agency
Regular conduct of action planning workshops on addressing key implementation issues	<p>Continuing work. During the quarterly meetings of the PIO and the NPMC, as well as in the quarterly RPMES fora, measures in addressing key implementation issues of major ongoing projects are regularly discussed and concrete actions to be taken are identified.</p> <p>Examples of DP initiatives/collaborations on the other hand include (among others):</p> <ul style="list-style-type: none"> • conduct of quarterly Joint-Analytic Work meetings to discuss the key issues identified during the ODA Review; • semestral conduct of project implementation reviews by JICA; • conduct of Annual Country Programme Review by IFAD; • conduct of missions/problem-solving sessions by DPs (e.g., Philippines-Japan High Level Consultations in December 2015, GPH-AFD Fourth Bilateral Consultations in July 2015, KEDCF Country Program Mission, TWG coordination meetings by KfW, etc.) 	NEDA, DPs, OAs

CY 2014 Recommendations	Actions Taken	Responsible Agency
Enhance reporting on MfDR initiatives undertaken by various agencies and DPs	<p>Continuing work. Some GPH initiatives include:</p> <ul style="list-style-type: none"> • drafting of the Long-Term Vision for the Philippines ("AmBisyon Natin 2040"); • participation to the 2nd Monitoring Round of the GPEDC; • implementation of the PREXC Budgeting Approach; • full implementation of RFF of National Government Projects • signing of the National Evaluation Policy Framework; and • conduct of the annual M&E Network Forum . 	NEDA
Enhance protocols for better M&E including reporting on loans and grants (financial and physical performance, results, issues, and risks)	<p>Continuing work. Continuing conduct of ex-post and impact evaluations of programs and projects.</p> <p>NEDA MES finalized the updated RPMES Operational Guidelines. Further, the RBME Manual was already finalized and ready for publication.</p> <p>Signing of AO 46, s. 2015 which mandates agencies to designate Full-time Delivery Units (FDUs) who shall monitor program and project implementation with an end view of facilitating the implementation of programs and projects to realize the intended economic and social goals of the government. Further, DBM Circular No. 2015-9 requires FDUs to submit flash performance monitoring reports to DBM in order to address the need for timely submission of accountability reports.</p> <p>DOF led an inter-agency initiative to clarify ICC/NB guidelines on the approval of agency requests for change in cost, scope, implementation period, and financing of ICC/NB-approved projects. The proposed ICC/NB policy/guideline is still subject for the President's approval.</p>	IAs, OAs, DPs
Continue tracking key aid effectiveness indicators	<p>Continuing work. Continue to adopt the GPMF as the main monitoring instrument for tracking progress on commitments on actions agreed under the Busan Partnership.</p> <p>The Philippines once again participated in the 2nd monitoring round of the GPEDC. The country report was finalized in May 2016.</p>	NEDA, DPs
Link results frameworks from planning and budgeting through implementation and M&E	<p>Continuing work. Some efforts undertaken by the government in linking planning to budgeting include the operationalization of the PREXC.</p>	OAs, IAs, DPs

CY 2014 Recommendations	Actions Taken	Responsible Agency
Assess the alignment of project results frameworks with the PDP-RM	Continuing work. Results of the 2nd round monitoring under the GPMF suggest/indicate alignment of country assistance strategies of most development partners (e.g., World Bank, IFAD, USAID, UN Agencies, and ADB, among others) with the PDP-RM 2011-2016.	NEDA, DPs
Enhance risk register of projects and quality-at-entry mechanisms	Done. Mainstreamed in the annual ODA Portfolio Review process.	OAs, IAs, DPs
Further strengthen knowledge management (e.g., management information system support among others) on project monitoring and evaluation.	Continuing work. Some initiatives undertaken by NEDA: <ul style="list-style-type: none"> • annual conduct of knowledge sharing forum on M&E products (in CY 2015, the results of three pilot ex-post evaluation studies, one impact evaluation, and findings of End-of-Project Reports (EoPRs) were presented); • enhancement of the Programs and Projects Information Exchange System (PPIES) and development of a database for EoPRs; • annual conduct of M&E Network Forum; and • conduct of evaluation studies under the M&E Fund 	NEDA

7.1.3 Actions Taken on Proposed Enhancements for the Review

In response to proposed Review enhancements made during the 2013 and 2014 ODA Review, NEDA has taken the following activities listed in Table 7.2.

Table 7.2 Actions Taken on Proposed Enhancements for ODA Review

Section	Recommendation	Status / Action Taken
ODA Loans Portfolio	A parallel reporting of disbursements in Peso should be carried-out to address forex and expenditure issues as well as to improve reporting and comparability of ODA statistics across DPs.	Done. A section on Financial Performance in Peso is included in the Report.
	Report on the amount of outstanding ODA loans GPH (including ODA loans that already closed but not yet paid).	Continuing work involving the DOF.
	Enhance regional disaggregation of ODA.	Done. Regional breakdown of total project/program cost is included in the 2015 Review.
ODA Grants Portfolio	Review grant performance in terms of utilization.	Done. Grant utilization is discussed in the 2015 Review.
ODA Loans and Grants Portfolio	Prepare a comparative assessment of GPH's ODA portfolio and ODA portfolio of other developing countries.	Continuing work.

Section	Recommendation	Status / Action Taken
Physical Implementation	Ensure that all projects report overall weighted physical accomplishment.	Continuing work (48 of the 54 ongoing projects have OWPA). IAs' compliance in terms of monitoring and reporting on OWPA needs to improve.
Results	<p>Strengthen results monitoring and evaluation through conduct of (a) GPH-led ex-post and impact evaluations for selected completed ODA projects; (b) ensure all completed projects have PCRs and EOPRs; (c) ensure all ongoing projects have logframes.</p> <p>Revisit quality of development statements (goal, purpose, outputs) and characteristics and dimensions of the indicators of project logframes.</p>	<p>Substantially done. NEDA pilot tested the Ex-post Evaluation Manual through the conduct of three ex-post evaluation studies in 2015. A Knowledge Sharing Forum on M&E Products (EOPRs and presentation of its findings) is included in NEDA-MES workplan. IAs should submit logframes for all ICC-approved projects to NEDA to manage the M&E Fund (PhP200 million in 2015) for the conduct of ex-post and impact evaluation studies.</p> <p>Continuing work. The NEDA Secretariat reviews the quality of project logframes and their alignment with the PDP during project appraisal and implementation.</p>
Key Implementation Issues	Assess the issue of (a) difficulty to secure MB opinion required for sub project approvals; and, (b) interest rates and funds flow of demand driven projects (two-step loan type).	Continuing work. Improvements in the ICC process, programming, and budgeting currently led by DOF with NEDA, DBM, and COA aims to streamline the processes in securing government approvals.
Lessons Learned	Assess how lessons learned and good practices are utilized in project formulation.	Partially done. To feedback lessons learned to NEDA units involved in project appraisal, a compendium of EOPRs and lessons learned are prepared annually and shared to NEDA sector staffs.

7.2 Recommendations for CY 2016 and Beyond

7.2.1 For Implementing Agencies

As discussed during the agency level meetings and desk review, the recommendations for CY 2016 and beyond are summarized in **Annex 7-B**. A number of agencies recommended actions to improve performance the ongoing portfolio of projects, as well as to improve results monitoring to show how these link or contribute to the achievement of the PDPn objectives.

7.2.2 For Oversight Agencies and Development Partners

Recommendations for OAs and DPs for 2016 and beyond are presented in Table 7.3.

Table 7.3 Recommendations for OAs and DPs for CY 2016 and Beyond

Recommendations for CY 2016 and Beyond	Responsible Agency
Continuing from the Previous Review	
Regular conduct of action planning workshops on addressing key implementation issues	NEDA
Enhance reporting on MfDR initiatives undertaken by various agencies and DPs	NEDA
Enhance protocols for better M&E including reporting on loans and grants (financial and physical performance, results, issues, and risks)	IAs, OAs, DPs
Continue tracking key aid effectiveness indicators	NEDA, DPs
Link results frameworks from planning and budgeting through implementation and M&E	IAs, OAs, DPs
Assess the alignment of project results frameworks with the PDP-RM	NEDA, DPs
Further strengthen knowledge management (e.g., management information system support among others) on project monitoring and evaluation.	NEDA
General Recommendations for DPs	
<u>Preparation of Project Operational Manual prior to implementation</u> To minimize confusion brought about by conflicting operational guidelines/standards (including design standards for civil works) between DPs and the GPH, it is recommended that a Project Operations Manual be prepared and agreed upon by both parties prior to implementation, clarifying possible conflicts/confusion in operational guidelines, arrangements, and standards once project implementation commences.	IAs, DPs
<u>Work towards the use of country systems</u> DPs are encouraged to work towards the use of country systems as espoused in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.	DPs

Recommendations for CY 2016 and Beyond		Responsible Agency
General Recommendations to IAs		
On Project Design		
<u>Incorporate climate-resilient design for civil works structures</u> To manage and minimize the negative impacts of climate change, such as drought and heavy rains brought about by the El Nino and La Nina phenomenon, IAs implementing projects with infrastructure components should consider retrofitting with climate-resilient features the design of civil works structures (where applicable and viable, and prioritizing those most susceptible to climate hazards).	IAs	
On Procurement		
<u>Conduct of market sounding activities prior to procurement</u> To avoid bidding failures in procurement, especially for large contracts or those requiring complex or innovative work, it is recommended that IAs: (a) conduct proper "market sounding" and consider market feedback in the drafting of TORs and in the estimation of approved budget costs; and (b) hold pre-procurement conferences to explain to interested bidders the requirements of the procurement process.	IAs	
<u>Creation of Special Bids and Awards Committee for foreign-assisted programs/projects and hiring of staff dedicated to procurement</u> To expedite procurement and pre-procurement processes, IAs with large ODA portfolios should consider creating a special Bids and Awards Committee dedicated solely for the procurement needs of foreign-assisted projects. In addition, IAs may consider assigning/creating permanent positions to support the BAC pursuant to DBM's National Budget Circular No. 2015-558 promulgating the Guidelines in the Organization and Staffing of Procurement Units.	IAs	
<u>Penalty Clauses in TORs & Contracts</u> Include penalty clauses in the contracts that would allow withholding payments or deductions for non-compliance or deviations from the requirements. For example, to ensure contractor compliance to Environment and Health Safety requirements, it is recommended that penalty clause be included in the contract. Further, IAs may also consider adopting a reward system in the implementation of EHS requirements, or consider pay items for EHS performance to be fixed (as a percentage of the bid amount or a fixed provisional sum), and not as work items that are part of the items for bidding.	IAs	
On M&E		
Improve reporting of physical (i.e., the OWPA) and financial accomplishments, issues encountered, project outcomes/results (especially on how they contribute to the achievement of relevant outcome indicators in the PDP-RM 2011-2016), and submission to NEDA of a Project Completion Report six months after project completion.	IAs	
Submit to NEDA requests for loan extension (or for any type of project restructuring) no later than 6 months before the loan closing date.	IAs	

Recommendations for CY 2016 and Beyond	Responsible Agency
General Recommendations to the ICC for Demand-Driven Projects	
<p><u>ICC policy for a mid-term review, prioritizing those with less than 50% loan utilization by midterm</u></p> <p>ODA-funded relending/credit facilities are often approved on the assumption that there is sufficient demand from eligible sub-borrowers. During implementation however, availment of these facilities are often affected by issues on unattractive cost-sharing scheme and/or interest rates, or by sub-borrower difficulties in complying with the requirements for sub-project approval, resulting in low fund utilization. One such project, the WB-funded <i>Regional Infrastructure for Growth Project</i>, even closed without any approved sub-project. It is thus recommended that IAs implementing these kind of projects strengthen marketing the facility, especially where cases of fall outs are observed, to ensure that projected loan disbursements and sub-loan releases materialize within the loan validity period.</p> <p>Further, it is recommended that there be an ICC policy institutionalizing a mid-term viability review for these projects, especially to assess whether the assumption on demand is being realized. These projects may be remanded to the ICC for re-evaluation, prioritizing those with less than 50 percent loan utilization by midterm of implementation.</p>	ICC

CY 2015 ODA Portfolio Review Report Feedback Form

We are pleased to share with you the CY 2015 ODA Portfolio Review Report. To help us improve future ODA Review Reports, may we request you to complete this form.

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

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

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

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

Note: Anonymous answers are also acceptable.

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

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

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

Section	Easy to understand	Difficult to understand	Useful	Not useful
Section 1. Official Development Assistance Portfolio				
Section 2. ODA Portfolio				
Section 3. Performance				
Section 4. Key Implementation Issues				
Section 5. Results				
Section 6. Major Initiatives to Promote Development Effectiveness				
Section 7. Actions Taken and Recommendation				

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

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

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

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

GLOSSARY OF TERMS

Absorptive Capacity	The country's ability to utilize Official Development Assistance (ODA) effectively and efficiently in the delivery of programs' and projects' objectives and outputs, measured with the use of four financial indicators – Disbursement Level, Availment Rate, Disbursement Rate and Disbursement Ratio.
Additional Financing (AF)	<p>Provided by funding institutions to ongoing projects to finance: (a) completion of the original project activities in the event of an unanticipated financing gap or a cost overrun; (b) activities that scale-up a project's impact and development effectiveness; or (c) modified project activities included as part of project restructuring when the original loan amount is insufficient to cover such activities.</p> <p>AF is provided as a separate loan constituting a new loan commitment and negotiations where implementation is limited to only three years.</p>
Alert Mechanism (AM)	Instrument that classifies projects into potential and actual problem projects for priority monitoring and implementation.
Annual ODA Portfolio Review Report	Document that reviews the performance of the programs/projects included in the ODA portfolio of the recently concluded calendar year.
Assumptions	Hypothesis about conditions that is necessary to ensure that planned activities will produce expected results through logical, cause-effect relationships. Project assumptions are potential causes of project risks specially when there is uncertainty in these assumptions.
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.
Cancellation	Amount deducted from loan by funding institution, as mutually agreed upon with borrower.
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.'
Cost Overrun Stock	Sum of the amount (net of underruns) of cost overrun requests under the ICC and NEDA Board review stages, incurred by all active ODA loans, as of the reporting period.

Counterpart Funding	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 (DP)	The donor/funding agency or country making a financial commitment to the project.
Development Results	Outputs, outcomes, or impacts of a development intervention.
Disbursement	Loan drawdowns as registered with the fund source
Disbursement Level	Actual disbursements for the year.
Disbursement Rate	Actual disbursements as a percentage of target disbursements for the year.
Disbursement Ratio	Ratio of the actual disbursements for the year to the net loan amount available during the year.
End-of-Project Report (EOPR)	Document that provides the details on project design and implementation, divergence between appraisal targets and actual accomplishments and reasons thereof, lessons learned in implementation, and initial assessment upon project completion.
Evaluation	Systematic and objective assessment of an ongoing or completed project, program, or policy, including its design, implementation, and results.
Ex-Post Evaluation	Evaluation of selected projects conducted two to three years after project completion.
Expenditures	<p>The settlement of government obligations and/or accounts payable by cash or the movement of cash from the BTr or from an authorized disbursing officer to the final recipient.</p> <p>Also synonymous with liquidation/settlement/payment of an obligation.</p>
Foreign-Assisted Project (FAP)	Development projects that benefited from financial or technical assistance from abroad; another term for Official Development Assistance or ODA.
Gender and Development (GAD)	One of the priority programs of the government anchored on ensuring that explicit, implicit, actual and potential gender biases are removed.

**Global Partnership
Monitoring Framework
(GPMF)**

The GPMF is the main monitoring instrument that intends to track the progress on commitments and actions agreed on under the Busan Partnership, wherein: (a) Ownership of development priorities by developing countries; (b) Transparency and accountability to each other; (c) Focus on results; and (d) Inclusive development partnerships were identified as the agreement's shared principles. The GPMF initiative is managed through a Joint UNDP-OECD Support Team.

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%).

ICC-Approved Cost

Total project cost as approved by the ICC.

Impact

Positive and negative, primary and secondary long-term effects – both intended and unintended – produced directly or indirectly by development interventions.

Impact Assessment

An assessment of how a project, program or intervention affects an outcome, whether these effects are planned or unplanned, positive or negative, direct or indirect.

Impact Evaluation

Impact Evaluations are carried out to assess achievement of the overall goal (long term effect to the beneficiaries) of the project.

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", the ICC is mandated to evaluate specific major capital projects with respect to their technical, financial, economic, social, environmental and institutional development feasibility/viability and from the context of sectoral plans and geographical strategies. The Committee recommends the projects to the NEDA Board for confirmation of its approvals.
Lessons Learned	Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
Loan/Grant Closing Date	Date the project's financial activities are stopped, after which the borrower can no longer disburse from the loan/grant account, as indicated in the loan/grant agreement.
Loan Effectivity Date	Date after which disbursements can be made.
Loan/Grant Signing Date	Date the project's loan/grant agreement is signed.
Logical Framework (logframe)	A project design instrument which clarifies the basic logic of the project, presented in a grid format to show the cause-and-effect linkages among project's inputs, outputs, purpose and goal, their respective indicators and source and methods used in verifying indicators and the important assumptions or risks in implementing the project.
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.
Millennium Development Goals (MDGs)	Comprised of eight international development goals targeted to be achieved by 2015, the MDGs form a blueprint agreed to by all the world's countries and all the world's leading development institutions.
Monitoring and Evaluation (M&E)	Periodic tracking of inputs, activities, and outputs of projects that involves both field and desk work, and assessment of achievement of outcomes midway during project implementation and immediately after project completion.
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.
Outputs	Products, capital goods, and services that result from a development intervention
Outcomes	Likely or achieved short-term and medium-term effects of an intervention's outputs. These are observable behavioral and institutional changes, usually as a result of coordinated short-term investments in individual and organizational capacity building for key development stakeholders.
Oversight Agency (OA)	Any department, authority, office, or agency mandated by law to oversee the implementation of development projects.
Philippine Development Plan (PDP)	Lays out the development plan of the GPH from 2011 to 2016, anchored on the societal goal of <i>"Poverty in multiple dimensions reduced and massive quality employment created"</i> . The PDP identifies key sector and sub-sector development objectives, strategies, core programs and projects to achieve development objectives.
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 Completion Date	Refers to the physical completion of the project normally within the loan closing date.
Project Completion Report (PCR)	Report on the physical and financial status of development projects, as well as outstanding issues and emerging outcomes, prepared by the project management office/unit starting six months before project completion date, and submitted not later than six months after project completion date.
Project Facilitation	Project problem-solving sessions conducted with the national and regional implementing agencies as well as development partners.

Project Implementation Officer (PIO)	Officer of an implementing agency, normally with the rank of undersecretary or equivalent, designated to oversee the implementation of all projects of his agency, and to participate in Quarterly Project Implementation Officers' Meetings and Investment Coordination Committee – Cabinet Committee Meetings.
Project Implementation Officers' (PIO) Meeting	Regular quarterly meeting of designated PIOs of all agencies that serves as a platform for the discussion of agencies' ODA portfolio performance and other related developments.
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 Management Office (PMO)/Unit (PMU)	Office or unit through which implementing agencies manage ODA projects.
Project Start Date	Date the project started implementation.
Re-evaluation	Re-evaluation of projects with requests for change in cost, scope, implementation period/loan validity and supplemental funding.
Results	The output, outcome, or impact (intended or unintended, positive and negative) of a development intervention.
Results Matrices (RM)	A document that accompanies the PDP, it contains statements of the results to be achieved (sector and sub-sector outcomes) with corresponding indicators, baseline information, end-of-Plan targets and responsible agencies.
Risks	Specific, uncertain event/s that may occur to the detriment or enhancement of the project. In particular, these are factors that may adversely affect delivery of inputs, completion of activities, production of outputs and achievement of higher-level objectives, many of which are outside the control of the parties responsible for managing and implementing a program or project.
Slippage	Variance between target and actual physical accomplishment or output of the project.
Supervision Mission	On-site validation activities being conducted with DPs and IAs as necessary
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).

Total Project Cost (TPC)	Sum of foreign exchange component in peso equivalent and local cost of the project.
Undisbursed Amount	Amount committed but not yet spent.
Utilization Rate	Total cumulative disbursements as a percentage of the total net commitment.