



ODA

Portfolio
Review
Report

2016

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ODA Portfolio Review 2016

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Acronyms

AAR&NR	Agriculture Agrarian Reform and Natural Resources
ACSP	Agricultural Credit Support Project
ADB	Asian Development Bank
AECID	Spanish Agency for International Development Cooperation
AM	Alert Mechanism
ARB	Agrarian Reform Beneficiary
ARCP II	Agrarian Reform Communities Project II
ARISP	Agrarian Reform Infrastructure Support Project
ARMM	Autonomous Region in Muslim Mindanao
BAC	Bids and Awards Committee
BEAM	Basic Education Assistance for Muslim Mindanao
BEST	Basic Education Sector Transformation
BIR	Bureau of Internal Revenue
CAR	Cordillera Administrative Region
CARP	Comprehensive Agrarian Reform Program
CBFMMP	Community-Based Forest and Mangrove Management Program
CC	Climate Change
CCT	Conditional Cash Transfer
CF	Commitment Fees
CLLEx	Central Luzon Link Expressway
CNS/ATM	New Communications, Navigation and Surveillance/Air Traffic Management Systems
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

DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DFAT	Department of Foreign Affairs and Trade
DICT	Department of Information and Communications Technology
DILG	Department of Interior and Local Government
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
DOTr	Department of Transportation
DP	Development Partner
DPWH	Department of Public Works and Highways
DPWH-FCMC	DPWH-Flood Control Management Cluster
DR	Disbursement Rate
DRR	Disaster Risk Reduction
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EDCF	Economic Development Cooperation Fund
EDGE	Education Governance Effectiveness Program
EDP	Environmental Development Project
ERC	Energy Regulatory Commission
EU	European Union
FDU	Full-time Delivery Units
FMP	Forestland Management Project
FMR	Farm-to-Market Road
FPIC	Free Prior and Informed Consent
GFI	Government Financial Institution
G&ID	Governance and Institutions Development
GOCC	Government-Owned and -Controlled Corporation

GOI	Government of Italy
GOJ	Government of Japan
GPH	Government of the Philippines
GSO	Gapan-San Fernando-Olangapo
HUDCC	Housing and Urban Development Coordinating Council
IARCDSP	Italian Assistance to the Agrarian Reform Community Development Support Program
ICB	International Competitive Bidding
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
IRA	Internal Revenue Allotment
IRR	Implementing Rules and Regulations
IT&T	Industry, Trade and Tourism
JICA	Japan International Cooperation Agency
JRMP	Jalaur River Multi-Purpose Project
KALAH-CIDSS	Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
KC-NCDDP	KALAH-CIDSS-National Community-Driven Development Program
KC-JFPR	KALAH-CIDSS Japan Fund for Poverty Reduction
KEDCF	Korean Economic Development Cooperation Fund
KEXIM	Export-Import Bank of Korea
KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Credit Institute)
KOICA	Korea International Cooperation Agency
LADP	Laguindingan Airport Development Project
LBP	Land Bank of the Philippines
LEAPS	Learning, Equity, and Accountability Program Support Project
LGU	Local Government Unit
LIDP	Logistics Infrastructure Development Project
LP	Loan Proceeds

LWUA	Local Water Utilities Administration
M&E	Monitoring and Evaluation
MB	Monetary Board
MCC	Millennium Challenge Corporation
MES	Monitoring and Evaluation Staff
MinDA	Mindanao Development Authority
MinSAAD	Mindanao Sustainable Agrarian and Agriculture Development
MOA	Memorandum of Agreement
MWCI	Manila Water Company, Inc.
MWMP	Metro Manila Wastewater Management Project
MWSI	Maynilad Water Services Inc.
MYDev	Mindanao Youth for Development
NB	NEDA Board
NCIP	National Commission on Indigenous Peoples
NCR	National Capital Region
NEDA	National Economic and Development Authority
NG	National Government
NGA	National Government Agency
NG-LGU	National Government-Local Government Unit
NHA	National Housing Authority
NIA	National Irrigation Administration
NISRIIP	National Irrigation Sector Rehabilitation and Improvement Project
NISs	National Irrigation Systems
NRM	Natural Resource Management
NSCRP	North-South Commuter Railway Project
OA	Oversight Agency
OECD	Organization for Economic Cooperation and Development
OECD-DAC	OECD-Development Assistance Committee
OFID	Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development

O&M	Operations and Maintenance
OP	Office of the President
OPAPP	Office of the Presidential Adviser on the Peace Process
OSG	Office of the Solicitor General
OWPA	Overall Weighted Physical Accomplishment
PCG	Philippine Coast Guard
PDP	Philippine Development Plan
PHUMP	Pinatubo Hazard Urgent Mitigation Project
PIDP	Participatory Irrigation Development Project
PMO	Project Management Office
PNP	Philippine National Police
PTWSSP	Provincial Towns and Water Supply and Sanitation Project
RA	Republic Act
RIIDP	Road Improvement and Institutional Development Project
RM	Results Matrix
RORO	Roll-on/roll-off
RoWA	Right of Way Acquisition
RTC	Regional Trial Court
SC	Supreme Court
SHSSP	Senior High School Support Program
SME	Small and Medium-sized Enterprises
SPSP	Social Protection and Support Program
SPSP-AF	Social Protection and Support Program-Additional Financing
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
TE	Time Elapsed
TIKA	Turkish Cooperation and Coordination Agency

TOR	Terms of Reference
TPC	Total Project Cost
TRTA	Trade Related Technical Assistance
TSC	Technical Support Consultant
TVET	Technical and Vocational Education and Training
TWG	Technical Working Group
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UR	Utilization Rate
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WD	Water District

Executive Summary

ODA Portfolio Profile

The total Official Development Assistance (ODA) Portfolio as of December 2016 amounted to US\$15.60 billion consisting of 66 loans (US\$12.21 billion) and 400 grants (US\$3.39 billion).

Japan (Government of Japan-Japan International Cooperation Agency or JICA) was the biggest source of loans with 45 percent share (US\$5.47 billion) on overall loan portfolio, followed by the World Bank (WB) and the Asian Development Bank (ADB) with 25 percent (US\$3.04 billion) and 24 percent (US\$2.88 billion) shares, respectively. For ODA grants, the United States Agency for International Development (USAID) and Millennium Challenge Corporation (MCC), Australia-Department of Foreign Affairs and Trade, and the United Nations System were the three leading providers with 40 percent (US\$1,343.73 million), 25 percent (US\$823.78 million), and 11 percent (US\$381.64 million) shares on the total grants portfolio, respectively.

In terms of distribution per sector for the ODA loans portfolio, the Infrastructure Development sector accounted for the largest share (56%) with US\$6.83 billion assistance for 36 loans, followed by the Social Reform and Community Development (SR&CD) and Governance and Institutions Development (G&ID) sectors with 22 percent and 13 percent shares, respectively. The SR&CD sector was the major recipient of grants assistance with US\$1,229.42 million or 36 percent share. The G&ID and the Infrastructure Development sectors followed, with 25 and 17 percent shares, respectively.

Performance

Financial.

Comparing with the financial performance in CY 2015, all capacity indicators of ODA loans generally decreased as of year-end CY 2016 which can be attributed to the financial closure quick-disbursing program loans in CY 2015, and poor disbursement performance of project loans in CY 2016.

In particular, overall disbursement level of the ODA loans portfolio decreased by 49 percent from US\$2.31 billion in 2015 to US\$1.18 billion in 2016, due to the low disbursement level of the eight active program loans in 2016 amounting to US\$677.43 million as compared to US\$1.64 billion program loans disbursement in CY 2015. The disbursement rate significantly decreased

from 83 percent in 2015 to 59 percent in 2016 due to unmet disbursement targets largely of the project loans. Cumulative availment backlog reached US\$1.74 billion compared to only US\$888.27 million in 2015. Disbursement ratio likewise decreased from 32 percent to only 13 percent in 2016 due to inclusion of eight newly effective loans with no or minimal disbursements during the year.

On the other hand, utilization level of the 400 active ODA grants as of year-end 2016 reached US\$2.13 billion (out of the total grant amount of US\$3.39 billion), with a utilization rate of 63 percent.

Physical.

There were 453 programs and projects financed by ODA as of end of CY 2016. Of these, 105 were physically completed (23%), 233 were ahead or on-schedule (51%), 112 were delayed (25%), and three were closed with incomplete outputs (1%).

In terms of the physical status of the 53 ODA-loan assisted projects, eight were physically completed, 23 were ahead or on schedule, 21 were behind schedule, and one closed with incomplete outputs.

Among these, ten ODA-loan assisted projects were identified as actual problem projects for

priority monitoring and facilitation based on the Alert Mechanism of the National Economic and Development Authority-Monitoring and Evaluation Staff (NEDA-MES). These actual problem projects posted an availment backlog of US\$500 million or 29 percent of the total availment backlog of the active ODA loans portfolio as of end of CY 2016. Seven of these were identified to be in the Critical Stage (Alert Level II) having implementation issues that remained unresolved for at least six months.

For the 400 ODA grant-assisted projects/programs, 99 were already completed, 210 were ahead or on schedule, while 91 were behind schedule.

Programs/Projects Results

The review showed that 35 programs and projects¹ demonstrated results that contribute to achieving 53 sector outcome indicators in seven chapters of the 2011-2016 Philippine Development Plan-Results Matrices (PDP-RM).

Key Implementation Issues

There were 52 reported incidents of implementation issues encountered in CY 2016.

Site condition / availability. Ten projects encountered issues on right-of-way (ROW), land acquisition, poor site conditions, and peace and security.

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

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

Budget and funds flow. Six projects were affected by budget and fund flow issues due to delays in fund releases.

Design, scope, technical. Four projects experienced delays due to faulty or inadequate project design and changes in scope or output specifications.

Performance of contractors/consultants. Three projects had issues on the performance of contractors/consultants, such as failure to deliver on expected services or the required specifications.

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

Project Management Office (PMO) manpower/ capacity. Five projects were affected by limited PMO manpower/capacity due to low technical capacity to manage/implement the program/project and increased coverage of projects (resulting in additional tasks for personnel), among others.

Institutional support. One project 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 support was withdrawn, varied, or deemed inadequate.

Demand/ Identification/ Processing/ Approval of Demand-driven Subprojects. Two projects encountered issues on approval of subprojects due to low interest rates offered by credit firms and non-competitiveness of financing facilities.

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

Inputs and cost. One project experienced issue on unavailability of required quantities of inputs.

Other Implementation Issues. One project encountered issue on difficulty of the implementing agency to substantiate disbursement-linked indicators.

Lessons Learned

Important lessons learned on project design, scope and implementation arrangement, as well as on procurement, were also included in the report.

Recommendations

Recommendations to further improve ODA portfolio performance for CY 2017 and beyond were also included in the Review Report.

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 conduct an annual review of the status of all projects financed by ODA and identify causes of implementation and completion delays or reasons for bottlenecks, cost overruns (actual and prospective), and continued project or program viability. The NEDA 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, implemented or completed, or had its ODA financing closed/ended from January 1, 2016 to December 31, 2016. 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 14 agencies involved in implementing the programs/projects. The NEDA undertook the Review with the participation of oversight agencies (OAs) such as the Department of Budget and Management (DBM) and the Department of Finance (DOF), and various development partners (DPs).

1.4 Structure

This Report is organized into eight sections inclusive of this introduction. Section 2 provides an overview of the ODA portfolio in CY 2016. Section 3 reports on financial and physical performance. Section 4 reports on results whereas Section 5 discusses key implementation issues and problematic projects in CY 2016. Section 6 provides an assessment of the continued viability of ODA programs/projects. Lastly, Section 7 presents the important lessons learned in project/program implementation and Section 8 on the recommendations for 2017 and beyond.

2 ODA Portfolio

The total ODA portfolio as of December 2016 amounted to US\$15.6 billion, consisting of 66 loans worth US\$12.21 billion (78% of total portfolio), and 400 grants worth US\$3.39 billion (22% of total portfolio).

Table 2.1 ODA Loans Distribution by Implementing Agency

IA	Loans	Grants	Total Count	Loan Net Commitment (US\$ M)	Grant Amount (US\$ M)	Total ODA (US\$ M)	% Share on Total ODA
DOTr	11	3	14	3,519.07	37.88	3,556.94	22.81
DSWD	5	12	17	2,101.10	178.33	2,279.44	14.61
DPWH	16	6	22	1,844.35	259.72	2,104.08	13.49
DOF	3	8	11	1,100.00	13.10	1,113.10	7.14
DepEd	2	8	10	600.00	249.48	849.48	5.45
DA	4	31	35	567.38	135.04	702.42	4.50
DOE	2	9	11	400.00	154.02	554.02	3.55
LBP	3	5	8	495.76	33.26	529.01	3.39
DBP	2	-	2	506.24	-	506.24	3.25
DOH	1	32	33	10.80	475.43	486.22	3.12
NIA	3	1	4	334.95	21.76	356.71	2.29
DENR	4	34	38	207.15	148.70	355.85	2.28
DAR	6	1	7	302.26	1.77	304.02	1.95
MinDA	-	2	2	-	166.19	166.19	1.07
DILG	1	16	17	22.12	125.46	147.59	0.95
MWSS	1	1	2	123.30	1.00	124.30	0.80
LWUA	2	1	3	71.01	2.00	73.01	0.47
Other IAs	-	84	84	-	429.44	429.44	2.68
DP-Implemented	-	95	95	-	651.74	651.74	4.18
Multi-Agency	-	31	31	-	235.72	235.72	1.51
LGUs	-	20	20	-	71.40	71.40	0.46
TOTAL	66	400	466	12,205.49	3,391.44	15,596.93	100.00

2.1 ODA Distribution

2.1.1 By Implementing Agency

As of CY 2016, the Department of Transportation (DOTr) had the largest ODA share of the active ODA portfolio with 23 percent (US\$3.56 billion for 11 loans and three grants), followed by the Department of Welfare and Social Development (DSWD) with 15 percent (US\$2.28 billion for five loans and 12 grants) and the Department of Public Works and Highways with 13 percent (US\$2.10 billion for 16 loans and 6 grants).

2.1.2 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 2.2.

Table 2.2 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, information communications technology, 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 Infrastructure sector accounted for the largest share of the active ODA portfolio with 47 percent (US\$7.39 billion for 68 loans/grants), followed by the SR&CD sector with 25 percent (US\$3.94 billion for 142 loans/grants), and the AAR&NR sector with 13 percent (US\$2.07 billion for 135 loans/grants). See **Annex 2-A** for the distribution of ODA loans by sector and subsector.

Table 2.3 ODA Distribution by Sector

Sector	Loans	Grants	Total Count	Loan Net Commitment (US\$ M)	Grant Amount (US\$ M)	Total ODA (US\$ M)	% Share on Total ODA
INFRA	36	32	68	6,825.82	559.69	7,385.51	47.35
SR&CD	8	134	142	2,711.90	1,229.42	3,941.31	25.27
AAR&NR	18	117	135	1,545.65	526.24	2,071.88	13.28
G&ID	4	93	97	1,122.12	831.01	1,953.13	12.52
IT&T	-	24	24	-	245.08	245.08	1.57
TOTAL	66	400	466	12,205.49	3,391.43	15,596.93	100.00

2.1.3 By Region

Nationwide ODA programs/projects had the largest share of the total active ODA Portfolio as of end of CY 2016 with 43 percent share (US\$6.00 billion for 231 projects), followed by multi-regional programs/projects with 38 percent share (US\$5.31 billion for 136 projects), and region-specific programs/projects with 19 percent share (US\$2.74 billion for 89 programs/projects) (see Table 2.4 for details). Meanwhile, 97 projects (26 loans and 71 grants) had regional cost breakdown with total cost amounting to US\$3.15 billion (US\$2.49 billion for loans, and US\$660.65 million for grants).

Box 2.1 ODA Classification by 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 amount of ODA, composed of the loan net commitment and grant amount.

Table 2.4 Distribution of ODA Loans and Grants by Area Coverage

Coverage	Loans			Grants			Total		
	Count	Net Commitment (US\$ M)	% Share on Amount	Count	Grant Amount (US\$ M)	% Share on Amount	Count	ODA Amount (US\$ M)	% Share on Amount
A. Nationwide	16	4,541.38	42.63	215	1,457.04	42.96	231	5,998.42	42.71
program loans	5	1,800.00	16.90	-	-	-	5	1,800.00	12.82
projects	11	2,581.17	24.23	215	1,457.04	42.96	226	4,038.21	28.75
component ² only	-	160.21	1.50	-	-	-	0	160.21	1.14
B. Multi-regional	21	4,035.53	37.88	115	1,275.05	37.6	136	5,310.58	37.81
with regional cost breakdown	7	409.42	3.84	1	1.5	0.04	8	410.92	2.93
no regional cost breakdown	14	3,626.11	34.04	114	1,273.55	37.55	128	4,899.66	34.89
C. Region-specific	19	2,075.72	19.49	70	659.35	19.44	89	2,735.07	19.47
TOTAL	56	10,652.63	100.00	400	3,391.44	100	456	14,044.07	100.00

The top five regions that received the largest share of the ODA portfolio were: Region III (17%), Region VII (17%), National Capital Region (NCR) (16%), Region VII (13%), and Region X (10%).

Table 2.5 Distribution of ODA Loans and Grants by Region

Loans				Grants				TOTAL			
Region	Count	Net Commitment (US\$ M)	% Share on Amount	Region	Count	Grant Amount (US\$ M)	% Share on Amount	Region	Count	ODA Amount (US\$ M)	% Share on Amount
III	12	543.78	21.88	VIII	16	457.34	69.20	III	13	547.34	17.40
NCR	8	490.31	19.73	VII	4	51.88	7.85	VIII	23	519.22	16.50
X	9	300.55	12.09	ARMM	5	44.17	6.68	NCR	17	503.99	16.02
VII	7	346.44	13.94	II	4	28.42	4.30	VII	11	398.32	12.66
VI	10	223.90	9.01	VI	8	24.84	3.76	X	14	303.95	9.66
XII	6	203.45	8.19	NCR	9	13.68	2.07	VI	14	248.74	7.91
IV-B	6	88.26	3.55	CAR	1	8.94	1.35	XII	9	209.44	6.66
CAR	7	71.23	2.87	IV-A	3	6.62	1.00	IV-B	6	88.26	2.81
IV-A	6	21.96	0.88	XII	3	5.99	0.91	CAR	8	80.17	2.55
VIII	7	61.88	2.49	XI	3	5.48	0.83	ARMM	9	75.85	2.41
XI	4	17.60	0.71	V	4	4.01	0.61	II	10	57.62	1.83
II	6	29.20	1.17	III	1	3.56	0.54	IV-A	9	28.58	0.91
ARMM	4	31.68	1.27	X	5	3.40	0.51	IX	10	24.92	0.79
I	6	6.74	0.27	IX	5	2.50	0.38	XI	7	23.08	0.73
XIII	5	8.21	0.33	IV-B	-	-	-	V	10	21.54	0.68
IX	5	22.42	0.90	I	-	-	-	XIII	5	8.21	0.26
V	6	17.53	0.71	XIII	-	-	-	I	6	6.74	0.21
TOTAL	-	2,485.14	100.00	TOTAL	-	660.85	100.00	TOTAL	-	3,145.97	100.00

*amounts reflected were based on current costs in ₱ (which may be different from the ICC-approved costs) expressed in US\$ using the average Philippine Peso-US Dollar exchange rate for the 4th quarter of 2016.

² Nationwide component of a multi-regional program/project

2.1.4 By Development Partner

Japan (GOJ-JICA) had the largest share in the ODA portfolio representing 36 percent (US\$5.62 billion). This is followed by the WB with 20 percent share (US\$3.12 billion), the ADB with 19 percent share (US\$2.98 billion), and the combined assistance of the MCC and the USAID with 9 percent share (US\$1.34 billion). Assistance from these top four DPs amounted to 84 percent of the portfolio (US\$13.07 billion).

Table 2.6 Total ODA by Development Partner in US\$ million

Development Partner	Loans	Grants	Total Count	Loan Net Commitment (US\$ M)	Grant Amount (US\$ M)	Total ODA (US\$ M)	% Share on Amount
GOJ-JICA	22	-	31	5,474.34	149.32	5,623.67	36.06
WB	11	-	33	3,035.46	89.00	3,124.46	20.03
ADB	13	-	41	2,881.40	100.37	2,981.78	19.12
USAID/MCC	-	69	69	-	1,343.73	1,343.73	8.62
Australia-DFAT	-	73	73	-	823.78	823.78	5.28
KEDCF/KOICA	7	-	22	522.38	78.71	601.09	3.85
UN System*	5	-	120	108.84	381.64	490.48	3.14
EU	-	12	12	-	217.32	217.32	1.39
GIZ/KfW	3	13	16	26.12	87.99	114.11	0.73
Canada-DFAT	-	11	11	-	74.14	74.14	0.48
AFD	1	9	10	54.94	9.92	64.86	0.42
OFID	2	-	2	51.61	-	51.61	0.33
Italy	1	-	3	28.27	5.61	33.88	0.22
Austria	1	-	1	22.12	-	22.12	0.14
AECID	-	14	14	-	19.00	19.00	0.12
NZAid	-	3	3	-	8.13	8.13	0.05
China	-	1	1	-	1.56	1.56	0.01
TIKA	-	3	3	-	0.90	0.90	0.01
NoRad	-	1	1	-	0.32	0.32	0.00
TOTAL	66	400	466	12,205.49	3,391.44	15,596.93	100.00

* UN System is composed of FAO, IFAD, ILO, IOM, UNDP, UNICEF, UNIDO, UNFPA, UNEP, UN-ESCAP, UN Women, UNAIDS, WFP and WHO

2.1.5 Other Distribution

Fifty programs and projects (loans and grants) with total cost of ₱112.32 billion were identified to have components on climate change strategies/interventions and disaster risk reduction, with breakdown provided in Table 2.7. (See **Annex 2-B** for the complete list of loans and grants supporting climate change mitigation/adaptation and disaster risk reduction.)

Table 2.7 ODA Programs and Projects Addressing CC and Contributing to DRR

CC and DRR Initiatives	Fund Source				Total	
	Loans		Grants			
	Count	Cost (₱ M)	Count	Cost (₱ M)	Count	Cost (₱ M)
CC Adaptation	7	33,225.42	8	1,244.02	15	34,469.44
CC Mitigation	8	25,769.61	4	1,082.23	12	26,851.84
DRR	2	18,786.56	7	2,306.78	9	21,093.34
CC Adaptation & Mitigation	6	20,412.88	3	513.62	9	20,926.50
CC Adaptation & DRR	-	-	1	946.35	1	946.35
CC Mitigation & DRR	-	-	1	32.81	1	32.81
CC Adaptation and Mitigation and DRR	-	-	3	8,002.90	3	8,002.90
Total by Component	23.00	98,194.47	27.00	14,128.72	50	112,323.18

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

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

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

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

2.2 ODA Status

2.2.1 ODA Loans

The loans portfolio worth US\$12.21 billion³ is composed of 58 project loans amounting to US\$9.26 billion (76%) and 8 program loans worth US\$2.95 billion (24%). From this, 63 loans supported the implementation of 53 projects⁴. (See **Annex 2-C** for the list of loans covered in the Review, **Annex 2-D** for the total project cost of ODA loans and **Annex 2-E** for the descriptions.)

Box 2.3 Concessionality of ODA Loans to the Philippines

The grant element is a measure of the concessionality 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/GFls (usually guaranteed by the NG), which are incurred pursuant to their original charter or under special borrowing laws (e.g., Foreign Borrowings Act, as amended), and are not incurred under the ODA Act.

For the eight newly signed direct loans of the NG in CY 2016, the weighted average grant element calculated by the DOF is 69 percent. The financing terms of development partners, i.e., interest rate, maturity (interval to final payment), and grace period (interval to first payment of capital) is presented in **Annex 2-F** for reference. Meanwhile, the grant element of all active ODA loans as of CY 2016 are presented in **Annex 2-G**.

³ Net of cancellations amounting to US\$34.88 million.

⁴ Excluding three budget support program loans, three newly signed loans that are not yet effective, forty-seven projects were financed by a single loan, five projects were financed by two loans each, and one was financed by three loans.

Box 2.4 CY 2016 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 2016.

As of 2016, 32 loans in the active ODA loans portfolio were denominated in US dollars amounting to US\$6.40 billion while the remaining 34 loans were non-US dollar denominated (i.e., in Japanese Yen, Euro, and Special Drawing Rights) amounting to US\$5.80 billion.

Currency	Loan Count	Amount in Original Currency (Millions)	Amount in US\$ Million
US\$	32*	6,404.00	6,404.00
JPY	23	607,001.00	5,561.19
EUR	8	171.89	185.56
SDR	3	40.09	54.74
TOTAL	66	-	12,205.49

**Includes seven Korean-assisted loans with net commitment capped in US dollars but with loan disbursements in Korean Won.*

The CY 2016 loan portfolio increased by US\$455.68 million compared with CY 2015. Eight loans (US\$1.81 billion) were newly signed in CY 2016 while the remaining 58 loans (US\$10.40 billion) were continuing from previous years. A comparison of the CY 2015 and 2016 ODA loans portfolio composition by status is shown in Table 2.8. Meanwhile, **Annex 2-H** shows the magnitude of the ODA loans portfolio in the past ten years.

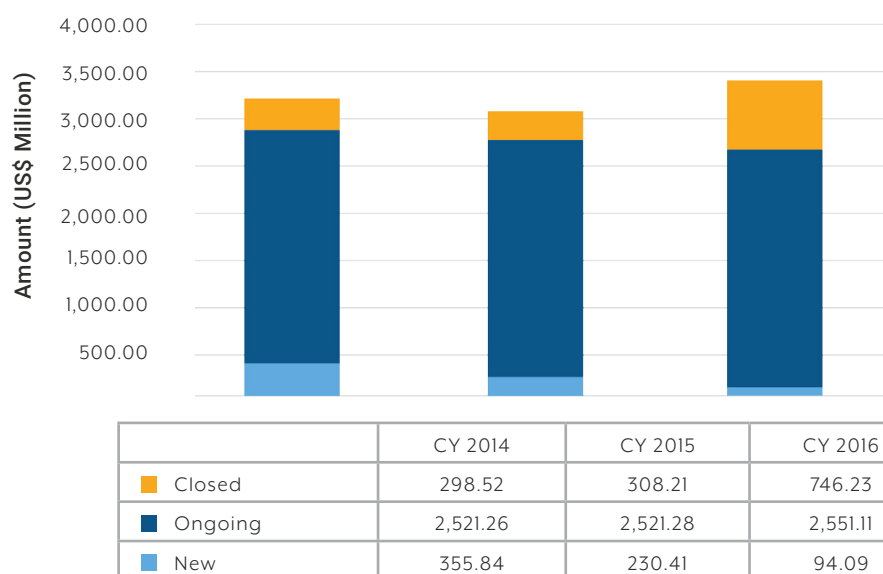
Table 2.8 CY 2015 and CY 2016 Composition of Loans in US\$ billion

Status	CY 2015		CY 2016	
	Amount	Count	Amount	Count
Newly signed	3.44	11	1.81	8
Ongoing	6.81	47	9.13	48
Closed during the year	2.41	15	1.27	10
TOTAL	12.66	73	12.21	66

2.2.2 ODA Grants

As of year-end CY 2016, there were 400 active grant-assisted projects with a cumulative grant amount of US\$3.39 billion (Figure 2.1). See **Annex 2-I** for the list of ODA grants covered in the Review.

Figure 2.1 ODA Grants Magnitude in USUS\$ million (CY 2014 to CY 2016)



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-j**. As of year-end CY 2016, there were 68 programs/projects under the said category with total amount of US\$432.91 million.

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, a project in its initial stage would register a close-to-zero availment rate. A project that has an availment rate closer to 100 percent signifies that it is 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 inclusive of newly effective loans. Disbursement ratio increases or improves with an increase in actual disbursement.

Source: NEDA-Monitoring and Evaluation Staff

3.1.1 CY 2016 Financial Performance

Compared with financial performance as of end of CY 2015, all absorptive capacity indicators generally decreased as of end of CY 2016. This may be attributed to the financial closure of quick-disbursing program loans, and poor disbursement performance of project loans for the year. **Annex 3 -A** provides the details on ODA loans financial performance for 2016, and **Annex 3-B** for the historical financial performance of the ODA loans portfolio for the past ten years showing that, except for the disbursement level, all three indicators for 2016 posted lowest financial performance.

Table 3.1 ODA Loans Financial Performance (CY 2015 vs. CY 2016)

Financial Indicators	Newly Signed		Continuing		TOTAL	
	2015	2016	2015	2016	2015	2016
Disbursement Level (US\$ billion)	0.456	0.014	1.853	1.168	2.309	1.182
Program	0.456	0.004	1.186	0.674	1.642	0.677
Project	-	0.010	0.668	0.494	0.668	0.505

Financial Indicators	Newly Signed		Continuing		TOTAL	
	2015	2016	2015	2016	2015	2016
Disbursement Rate (%)	130.23	12.24	76.13	62.09	82.93	59.28
Program	130.23	3.22	88.79	92.99	97.40	80.93
Project	-	-	60.75	42.73	60.75	43.61
Availment Rate (%)	116.86	19.17	82.80	67.55	85.05	66.89
Program	116.86	5.05	100.52	95.28	102.60	90.42
Project	-	-	66.09	58.61	66.09	58.87
Disbursement Ratio (%)	39.85	1.15	30.06	14.52	31.60	12.79
Program	70.12	0.38	80.12	62.94	77.07	33.53
Project	-	4.13	14.25	7.09	12.89	6.99

Disbursement Level. Overall disbursement level decreased by 49 percent from US\$2.31 billion in CY 2015 to US\$1.18 billion in 2016. This is a base effect of the high disbursement level of active program loans in 2015 which reached US\$1.64 billion compared to only US\$677.43 million in CY 2016.

Disbursement Rate. With the significant decrease in portfolio disbursement performance from CY 2015 to 2016, the disbursement rate decreased from 83 percent to 59 percent. This is mainly due to an increase in unmet disbursement targets from US\$475.18 in 2015 to US\$812.08 million in 2016, 80 percent (US\$652.44 million) may be attributed to the poor performance of project loans.

Availment Rate. From 85 percent in CY 2015, availment rate decreased to 67 percent in 2016 due to the poor historical performance of project loans with cumulative US\$1.61 billion availment backlog in 2016 which increased by US\$649.80 million compared to the US\$960.82 million availment backlog in 2015. Program loans likewise contributed US\$127.85 million to the 2016 availment backlog.

Disbursement Ratio. Disbursement ratio decreased from 32 percent to only 13 percent in CY 2016 due to the addition of eight newly effective loans with no/minimal disbursements during 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. On the other hand, the sector-based program loan is used to finance IAs' regular activities under a specific sector. Budget allocations and cash releases to the IAs follow the GPH budget execution processes.

Program loans have lower transaction cost. Since 2006, the share of program loans 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 2016, of the five active program loans, two were policy-based approaches to support investment in capital market reforms, and private sector participation in infrastructure programs. The remaining three were sector based program loans which support activities for education, and social welfare and development. See **Annex 3-C** for the performance of program loans.

3.1.2 Financial Performance of Implementing Agencies

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 3.2. 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 2016, only DOF was able to post disbursement and availment rates higher than 70 percent. On the other hand, four agencies (i.e., DOTr, LWUA, NIA, and LBP) were not able to reach the 70 percent threshold for both availment and disbursement rates.

Table 3.2 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	DENR ↑, DPWH ↑	<u>DOF</u> **
Below 70 percent Disbursement Rate	<u>DOTr</u> , <u>LWUA</u> , <u>NIA</u> , LBP ←	<u>DepEd</u> , DA ↓, DBP ↓, DSWD ↓, DAR →

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

** DOF loans are budget-support program loans which are usually fully disbursed during effectivity year.

3.1.2.1 Portfolios with the Highest Disbursement Shortfall in CY 2016

The top four agencies that did not meet the disbursement targets for CY 2016 were the DOTr, DSWD, LBP, and NIA which constituted 69 percent of the total shortfall of US\$571.85 million (Table 3.3).

Table 3.3 Actual Disbursement Shortfall/ Surplus by Agency

IA	Loan Count		Target Disbursement (US\$ M)	Actual Disbursement (US\$ M)	Disbursement Shortfall (US\$ M)	% Share to GPH Disbursement Shortfall
	Total	With shortfall				
DOTr	11	5	245.14	83.65	(161.49)	19.54
DSWD	5	2	241.46	80.62	(160.84)	19.46
LBP	3	3	197.07	50.08	(146.99)	17.79
NIA	3	3	109.82	7.28	(102.53)	12.41
DPWH	16	9	234.23	164.64	(69.59)	8.42
DAR	6	5	76.53	18.22	(58.32)	7.06
DepEd	2	1	123.35	69.55	(53.80)	6.51
DA	4	2	88.71	43.25	(45.46)	5.50
DBP	2	2	64.67	39.18	(25.48)	3.08
LWUA	2	1	4.18	2.35	(1.83)	0.22
TOTAL	54	33	1,385.15	558.82	(826.33)	100.00

3.1.2.2 Portfolios with the Highest Availment Backlog in CY 2016

A net availment backlog of US\$1.74 billion was reported in CY 2016. The total actual availment amounting to US\$32.90 billion of the entire GPH portfolio fell short of the cumulative scheduled availment of US\$4.65 billion for an overall availment rate of 62 percent.

The top five agencies that did not meet their respective scheduled availment as of CY 2016 were the DPWH, DOE, DOTr, NIA, and LBP, which contributed 76 percent to the total availment backlog (Table 3.4).

Table 3.4 Availment Backlog/ Surplus by Implementing Agency

IA	No. of Loans		Scheduled Availment (US\$ M)	Actual Availment (US\$ M)	Availment Backlog (US\$ M)	% Share to GPH Availment Backlog
	Total	w/ backlog				
DPWH	16	15	975.13	495.63	(479.49)	27.42
DOE	2	2	300.00	1.57	(298.43)	17.07
DOTr	11	7	501.07	255.42	(245.65)	14.05
NIA	3	3	246.82	64.95	(181.88)	10.40
LBP	3	2	415.76	290.20	(125.55)	7.18
DSWD	5	4	950.03	848.94	(101.09)	5.78
DBP	2	1	498.36	405.29	(93.07)	5.32
DENR	4	3	89.51	21.79	(67.73)	3.87
DepEd	2	1	264.01	204.35	(59.66)	3.41
DAR	6	4	229.84	174.94	(54.90)	3.14
DA	4	3	155.52	119.91	(35.61)	2.04
LWUA	2	1	11.01	5.64	(5.37)	0.31
DOH	1	1	10.80	10.60	(0.19)	0.01
TOTAL	61	47	4,647.86	2,899.24	(1,748.62)	100.00

3.1.3 Commitment Fees

Total commitment fees (CFs) paid in CY 2016 amounted to US\$3.15 million, slightly lower than the CFs paid in CY 2015. **Annex 3-D** shows annual data on the commitment fees paid from CY 2004 to 2016. About 49 percent of commitment fees paid in 2016 was attributed to implementation delays (Box 3.3).

Table 3.5 Commitment Fees Paid in CY 2015 and 2016

	2015	2016
A. Commitment Fees Paid (US\$ M)	3.32	3.15
Due to Cost of Financing	2.22	1.59
Due to Delays	1.10	1.56
B. Net Commitment (US\$ M)	15,700.90	12,205.49
C. Ratio of A to B (%)	0.02	0.03

**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 US\$10 million (undisbursed amount) = US\$75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion thereof (base), which approximates, or may be bigger than the amount scheduled to be disbursed due to avilment backlogs. Thus, even when there is no implementation delay, a certain amount of commitment fee would still be charged as purely cost of financing. Implementation delay only increases the amount.

A review was conducted to approximate how much of the commitment fees paid in CY 2016 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent avilment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay were calculated by: (a) deducting computed commitment fees assuming 100 percent avilment rate to the actual commitment fees paid, or (b) applying the rate to the backlog (scheduled avilment less actual avilment). The result of the analysis showed that approximately 49 percent of commitment fees.

The top six projects with the highest contribution to this portion of CFs attributed to implementation delays are shown in Table 3.6. These six projects collectively accounted for almost 80 percent of CFs paid due to implementation delays. (See **Annex 3-E** for cumulative CFs paid in CY 2016 and prior years, **Annex 3-F** for the annual amount of CFs paid by implementing agency from CY 2012 to 2016, **Annex 3-G**, and **Annex 3-H** for the cumulative CFs incurred by projects with active loans as of year-end 2016.)

Table 3.6 Projects with the Highest Amount of CFs Paid in CY 2016 due to Implementation Delays (in US\$ M)

Project Title	IA	DP	CFs Paid in CY 2016 due to Delays	% Share to Total CFs Paid in CY 2016 due to Delays
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project	DOE	ADB	0.34	21.57
Road Upgrading and Preservation Project	DPWH	JICA	0.21	13.17
KALAHI-CIDSS National Community Driven Development Program	DSWD	ADB	0.19	12.39
Social Protection Support Project - Additional Financing	DSWD	ADB	0.17	10.99
Central Luzon Link Expressway Project	DPWH	JICA	0.15	9.85
Capacity Enhancement of Mass Transit Systems in Metro Manila	DOTr	JICA	0.14	8.71
TOTAL			1.20	49.10

Meanwhile, of the active ODA loans as of year-end CY 2016, the five projects which incurred the largest cumulative CFs since loan effectivity until year-end 2016 are shown in Table 3.7.

Table 3.7 Top Five 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	1.94	13.77
Road Upgrading and Preservation Project	DPWH	JICA	1.91	13.58
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project	DOE	ADB	1.44	10.24
Capacity Enhancement of Mass Transit Systems in Metro Manila	DOTC	JICA	1.24	8.82
Central Luzon Link Expressway	DPWH	JICA	0.89	6.33
Sub-Total			7.42	52.74
Cumulative CFs paid for Active Loans			14.09	

3.2 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 2016 reached US\$2.13 billion, with a utilization rate of 62.85 percent, or an increase of US\$247.71 million (1.15 percentage points) from CY 2015 utilization rate of 61.7 percent (US\$1.88 billion).

3.2.1 By Development Partner

USA (combined USAID and MCC) posted the largest utilization as of year-end 2016 with US\$913.44 million, followed by Australia-DFAT with US\$437.61 million and the UN System with US\$233.49 million.

Table 3.8 Grant Utilization as of CY 2016 by Development Partner

Development Partner ⁵	No. of Projects	Grant Amount (US\$ M)	Utilization (US\$ M)	% Share to Total	Utilization Rate
USAID/MCC	69	1,343.73	913.44	42.85	67.98
Australia-DFAT	73	823.78	437.61	20.53	53.12
UN System*	115	381.64	233.49	10.95	61.18
EU	12	217.32	182.22	8.55	83.85
GOJ-JICA	9	149.32	95.91	4.50	64.23
ADB	28	100.37	60.48	2.84	60.25
WB	22	89.00	25.39	1.19	28.53
GIZ/KfW	13	87.99	57.30	2.69	65.12
KOICA	15	78.71	55.34	2.60	70.31
Canada-DFAT	11	74.14	47.60	2.23	64.20
AECID	14	19.00	7.04	0.33	37.07
AFD	9	9.92	1.31	0.06	13.23
NZAid	3	8.13	7.76	0.36	95.53

⁵ No information on utilization levels as of 2016 from AFD, China, JICA, and Turkey.

Development Partner ⁵	No. of Projects	Grant Amount (US\$ M)	Utilization (US\$ M)	% Share to Total	Utilization Rate
Italy	2	5.61	5.20	0.24	92.83
China	1	1.56	1.09	0.05	70.02
TIKA	3	0.90	-	-	-
NoRad	1	0.32	0.32	0.02	100.00
Total	400	3,391.44	2,131.53	100.00	62.85

* UN System is composed of FAO, IFAD, ILO, IOM, UNDP, UNICEF, UNIDO, UNFPA, UNEP, UN-ESCAP, UN Women, UNAIDS, WFP and WHO.

3.3 Physical Performance

3.3.1 Overall Government of the Philippines (GPH) ODA Portfolio (Loans and Grants)

Out of the 453 active ODA loan or grant-assisted programs and projects⁶ as of end of CY 2016 in the GPH ODA Portfolio, 105 were physically completed, 44 were ahead of schedule, 189 were on schedule, 112 were behind schedule, and three closed with incomplete outputs (Table 3.9). For details, refer to **Annex 3-I** (loans) and **Annex 3-J** (grants).

Table 3.9 Physical Status of Program/Project Loans and Grants as of end of CY 2016

Physical Status	No. of Projects			% Share (on count)	ODA Amount (US\$ M)			% Share (on amount)
	Loan ⁷	Grant	Total		Loan	Grant	Total	
Completed	8	97	105	23.18	881.84	609.30	1,491.14	10.74
Ahead of schedule	1	43	44	9.71	108.5	259.75	368.25	2.65
On-schedule	22	167	189	41.72	6,433.81	1,530.28	7,964.09	57.35
Behind schedule	21	91	112	24.72	3,059.49	849.72	3,909.21	28.15
Closed with incomplete outputs	1	2	3	0.66	11.01	142.39	153.40	1.10
Total	53	400	453	100.00	10,494.65	3,391.44	13,886.09	100.00

3.3.2 Physical Performance of ODA Loan-assisted Programs/Projects by Implementing Agency

The DepEd and DSWD had all of their projects in their portfolios implemented on schedule, followed by DA with three out of four projects implemented on schedule (see Table 3.10).

⁶ 53 ODA loan-assisted programs/projects and 400 grant-assisted programs/projects, excluding those supported by newly-signed loans which were not yet effective as of year-end 2016

⁷ Excludes three budget support program loans (US\$1.10 billion) and two project loans (US\$210.84 million) that have not yet started.

Table 3.10 Physical Status of ODA Loan-assisted Projects by Implementing Agency

Physical Status	Implementing Agencies														
	DA	DAR	DBP	DENR	DepEd	DILG	DOE	DOH	DOTr	DPWH	DSWD	LBP	LWUA	MWSS	NIA
Completed				1				1	1	2					
Closed			2									1	1*		
Ahead of schedule										1					
On schedule	3	1			2				4	9	3				
Behind schedule	1	4		2		1	1		3	3		2		1	3
TOTAL	4	5	2	3	2	1	1	1	8	15	3	3	1	1	3

* With incomplete outputs

3.3.3 Grant-assisted Programs/Projects by Development Partner

Table 3.11 presents the physical status of ODA grant-assisted projects by development partners.

Table 3.11 Physical Status of ODA Grants Portfolio by Development Partner

DP	Physical Status (count of projects)				Total Count
	Completed	Ahead of Schedule	On-Schedule	Behind Schedule	
USAID/MCC	17	1	50	-	1
Australia-DFAT	19	25	8	20	1
UN System	30	4	59	22	-
EU	3	6	2	1	-
GOJ-JICA	2	2	2	3	-
ADB	9	-	4	15	-
WB	2	3	6	11	-
GIZ/KfW	1	-	11	1	-
KOICA	4	-	5	6	-
Canada-DFAT	1	-	8	2	-
AECID	4	-	7	3	-
AFD	3	-	2	4	-
NZAid	1	2	-	-	-
Italy	-	-	-	2	-
China	-	-	-	1	-
TIKA	-	-	3	-	-
NoRad	1	-	-	-	-
TOTAL	97	43	167	91	2

4 Results

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

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

The Philippine Development Plan (PDP) 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 CY 2016 ODA review, 35 programs and projects were reported to have contributed to 53 sector outcome indicators in seven chapters of the PDP-RM (Table 4.1 and Table 4.2).

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

PDP (2011-2016) Chapter		No. of Projects/ Programs ⁸	No. of PDP-RM Indicators
Chapter 1	Roadmap to Inclusive Growth	4	2
Chapter 3	Competitive and Innovative Industry and Services Sectors	1	2
Chapter 4	Competitive and Sustainable Agriculture and Fisheries Sector	4	4
Chapter 6	Social Development	11	21
Chapter 7	Good Governance and the Rule of Law	1	1
Chapter 9	Sustainable and Climate-Resilient Environment and Natural Resources	4	3
Chapter 10	Accelerating Infrastructure Development	21	20

⁸ One project/program may contribute to several outcome indicators in more than one chapter of the PDP.

Table 4.2 Project/Program Results Supporting the PDP-Results Matrices Indicators

RM Indicator	Outcome/Results	Output
Chapter 1: Roadmap to Inclusive Growth		
<i>Employment generated increased ('000)</i>	<u>KC-NCDDP/DSWD/ADB and WB</u> 393,145 of paid labor jobs created <ul style="list-style-type: none"> Female: 91,223 (23%) Male: 301,922 (77%) 	<u>KC-NCDDP/DSWD/ADB and WB</u> 14,960 community development projects employing locals completed
<i>Unemployment rate reduced (in %)</i>	<u>KC/DSWD/MCC</u> 182,008 of people employed for subproject construction <ul style="list-style-type: none"> Female: 19,709 (11%) Male: 162,299 (89%) 	<u>KC/DSWD/MCC</u> 4,025 community development projects employing locals completed
	<u>KC/DSWD/Australia-DFAT</u> 11,139 of paid labor jobs created <ul style="list-style-type: none"> Female: 1,276 (11%) Male: 9,863 (89%) 	<u>KC/DSWD/ Australia -DFAT</u> 360 community development projects employing locals completed
	<u>ACSP/LBP/JICA</u> New jobs created for small farmers and fisher folks (6,661); SMEs (529); and in agribusiness	
Chapter 3: Competitive and Innovative Industry and Services Sectors		
<i>Gross Value Added (GVA) in the Industry and Services sectors improved</i>	<u>COMPETE Project/DTI/USAID</u> Power generation costs were reduced by 30% and retail rate by 20% for 6 million consumers in Regions 1, 3, and 8.	<u>COMPETE Project/DTI/USAID</u> Power supply aggregation initiatives
<i>Total approved investments increased</i>	<u>COMPETE Project/DTI/USAID</u> <ul style="list-style-type: none"> US\$3.45 billion private investments in the energy sector for Central Luzon Electric Cooperatives Association-GN Power (Central Luzon), AGCARRECA-AES (Region 1 and CAR), and One Bohol Power (Region VII) US\$50 million private investments for the up scaling programs for cacao and seaweeds 	
Chapter 4: Competitive and Sustainable Agriculture and Fisheries Sector		
<i>Level of post-harvest losses reduced</i>	<u>LIDP/DBP/JICA</u> Spoilage volume reduced by <1%	<u>LIDP/DBP/JICA</u> 6 cold storage facilities constructed
<i>Yield of major commodities increased (in metric ton per hectare)</i>	<u>ARISP III/DAR/JICA</u> Increase in yield from 2.89 mt/ha to 5.56 tons/ha	<u>ARISP III/DAR/JICA</u> <ul style="list-style-type: none"> 12,611 hectares irrigated by 120 constructed/ rehabilitated CISs/CIPs; 7,068 farmers applied the improved technology in their farming 142 Irrigator's Associations organized/ strengthened
	<u>PIDP/NIA/WB</u> Cropping intensity in NISs covered by the project increased from 151% to 190%	<u>PIDP/NIA/WB</u> 85,193 ha irrigated
<i>Total land distribution under Comprehensive Agrarian Reform Program (CARP)</i>	<u>ARCP II/DAR/ADB and OFID</u> 4,293 hectares distributed	

RM Indicator	Outcome/Results	Output
Proportion of farmers or fisher folks borrowers obtaining loans from formal sources increased		<u>ARCP II/DAR/ADB and OFID</u> 10,528 ARBs and non-ARBs provided access to credit
Chapter 6: Social Development		
Net enrolment increased (%)	<u>SPSP & SPSP-AF/DSWD/ ADB</u> 96.3% of CCT households meet education conditions regularly (i.e., maintain attendance of 85% of school days per month)	<u>SPSP & SPSP-AF/DSWD/ ADB</u> 613,800 poor households (HHs) receiving Conditional Cash Transfers (CCT) grants
Adjusted net enrolment increased (%)	<u>SWDRP II/DSWD/WB</u> 88.9% of monitored elementary students and 85.7% of monitored high school students in poor CCT beneficiary households attend school at least 85% of the time.	
Cohort Survival Rate Increased (%)	<u>SWDRP II /DSWD/WB</u> 50.70% of monitored children in poor CCT beneficiary households transitioned from elementary to high school	
Net enrolment rate in elementary education increased	<u>BEAM-ARMM/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> 5,803 Early Childhood Care and Development (ECCD) completers transitioning to higher grade level 3,798 kindergarten completers now in regular school 	<u>BEAM-ARMM/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> 335 tahderiyyah centers supported with standardized curriculum 1,147 teachers and administrators trained on tahderiyyah curriculum package, child-centered teaching methodologies
Adjusted net enrolment rate in elementary education increased		<u>BEST/DepEd/Australia-DFAT</u> <ul style="list-style-type: none"> 13 curriculum guides on the K to 12 developed 55 IP schools provided with technical assistance 220 classrooms constructed
Completion rate in elementary education increased		<u>Basa Pilipinas/DepEd/USAID</u> <ul style="list-style-type: none"> 12,854 grades 1 to 3 teachers trained 465 supervisors and school heads trained 4 million teaching and learning materials distributed
Cohort survival rate in elementary education increased		<u>LEAPS/DepEd/WB</u> <ul style="list-style-type: none"> 21,125 grades 1 to 3 teachers trained 3,251 principals, school heads trained
Achievement rate in elementary education increased		<u>EDGE/DepEd/USAID</u> <ul style="list-style-type: none"> 2,718 administrators and officials trained 217 participative summits conducted
Simple literacy rate increased		

RM Indicator	Outcome/Results	Output
<p><i>Net enrolment rate in secondary education increased</i></p> <p><i>Adjusted net enrolment rate in secondary education increased</i></p> <p><i>Completion rate in secondary education increased</i></p> <p><i>Cohort survival rate in secondary education increased</i></p> <p><i>Achievement rate in secondary education increased</i></p>	<p><u>SHSSP/DepEd/ADB</u></p> <ul style="list-style-type: none"> At least 85% of DepEd senior high school achieve minimum service standard for teacher-student ratio for qualified senior high school mathematics teachers 1,536,413 enrolled in senior high school in non-DepEd, private, and SUCs in 2016 	<p><u>SHSSP/DepEd/ADB</u></p> <p>26,195 senior high school items filled-up</p>
<p><i>Certification rate in TVET increased</i></p>		<p><u>MYDev/DepEd/USAID</u></p> <ul style="list-style-type: none"> 9,830 out of school youths enrolled in skills and workforce development training 447 Technical and Vocational Education and Training (TVET) teachers trained 23 tech-voc High Schools provided with technical support in applying for the Unified TVET Program Registration and Accreditation System (BEAM-ARMM) 280 tech-voc high schools oriented on the experiences and best practices gained in the implementation of SHS modeling
<p><i>Infant mortality rate per 1,000 live births decreased</i></p> <p><i>Under five mortality rate per 1,000 live births decreased</i></p> <p><i>Prevalence of underweight children under five per 1,000 live births decreased</i></p>	<p><u>Health Sector Reform Agenda/ DOH/ KfW</u></p> <ul style="list-style-type: none"> Reduction rate of the infant mortality rate to 19/100,000 live births in 2015 Reduction of the under-five mortality rate to 26.7/1,000 in 2015 	<p><u>Health Sector Reform Agenda/ DOH/ KfW</u></p> <ul style="list-style-type: none"> Rural Health Units with birthing facility constructed in Gamu and San Mariano, Isabela; Casiguran, Sorsogon; and in Solano, Nueva Vizcaya Provincial hospitals in Biliran, Zamboanga del Sur; Catanduanes, Sorsogon; and Lanao del Norte constructed/renovated

RM Indicator	Outcome/Results	Output
<p><i>Infant mortality rate per 1,000 live births decreased</i></p> <p><i>Under five mortality rate per 1,000 live births decreased</i></p> <p><i>Prevalence of underweight children under five per 1,000 live births decreased</i></p>	<p><u>SWDRP II/ DWSD/WB</u> 92.40% of monitored children 0-5 years old in poor CCT beneficiaries' households undergoing growth monitoring and check-ups in accordance with Department of Health protocol</p> <p><u>SPSP & SPSP-AF/DSWD/ ADB</u> 94.60% of households meet health conditions regularly (under five children visit health centers monthly)</p>	
<p><i>Maternal mortality ratio (per 100,000 live births) decreased</i></p> <p><i>Increased access to upgraded health facilities (in % of total population)</i></p>	<p><u>SPSP & SPSP-AF/DSWD/ ADB</u> 94.60% of households meet health conditions regularly (trimestral consultations during pregnancy, birth delivery attended by a skilled health worker, grantee/spouse attends monthly family development sessions)</p> <p><u>Cordillera-Wide Strengthening of the Local Health System for Effective and Efficient Delivery of Maternal and Child Health Services/DOH/JICA</u></p> <ul style="list-style-type: none"> Decrease in maternal mortality ratio in CAR from 65 in 2010 to 45 in 2015 Facility-based delivery rate increased in CAR from 68% in 2010 to 92% in 2015 	<p><u>Cordillera-Wide Strengthening of the Local Health System for Effective and Efficient Delivery of Maternal and Child Health Services/DOH/JICA</u></p> <ul style="list-style-type: none"> 17 inter-local health zones in the Cordillera strengthened 188 Basic Emergency Obstetric and Newborn Care facilities established 144 rural health units and barangay health stations accredited with maternal care packages (MCP)
<p><i>Proportion of poor families covered by PhilHealth as identified under NHTS-PR and LGU-sponsored program (%)</i></p>	<p><u>SPSP-AF/DSWD/ADB</u> 100% of poor households in the Listahanan 1 (NHTS-PR) database are enrolled in the PhilHealth Indigent Program, 81% of which are enrolled in Pantawid Pamilya Program</p>	<p><u>SPSP-AF/DSWD/ADB</u> 4.2 million HHs enrolled in Pantawid Pamilya Program</p>

Chapter 7: Good Governance and the Rule of Law

<p><i>Cities and municipalities with Local Poverty Action Plan increased</i></p>	<p><u>KC-NCDDP/DSWD/ ADB and WB</u></p> <ul style="list-style-type: none"> 560 (90%) of KC-NCDDP municipalities have municipal poverty reduction plans 11,662 (89%) of KC-NCDDP barangays have poverty reduction plans 	
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Chapter 9: Sustainable and Climate-Resilient Environment and Natural Resources

<p><i>Solid waste diversion rate</i></p>		<p><u>EDP/DBP/JICA</u> 146,767 cu m of waste recycled by 3 MRF projects</p>
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RM Indicator	Outcome/Results	Output
Open and denuded forest land area reduced (M ha)	<u>CBFMMP/DENR/KfW</u> <ul style="list-style-type: none"> Successful rehabilitation of 7,860 ha of degraded forest land, with a survival rate above 80%. Reduction of deforestation rate in project provinces by 77% compared to the pre- project rate (jointly with other actors and projects, such as the National Greening Program and GIZ-assisted projects). Increase of plant and fauna biodiversity by 20% to 80% 	<u>CBFMMP/DENR/KfW</u> <ul style="list-style-type: none"> Multipurpose tree plantations, enrichment planting with tree and rattan species, planting of mangroves and establishment of agroforestry systems Transformation of cogon grasslands and arable upland farms into species-rich tree plantations and agroforestry systems
Forest land/ area protected increased (M ha)		<u>INREMP/DENR/ADB</u> <ul style="list-style-type: none"> 5,541 ha awarded through Afforestation and Reforestation 7,569 ha awarded through Assisted Natural Regeneration 5,824 ha awarded through Agroforestry 1,301 ha awarded for commercial plantation 24,669 local beneficiaries trained on (i) land use assessment and Upper River Basin Management Plans (URBM); (ii) land use planning, watershed management and monitoring and Reducing Emissions from Deforestation and Forest Degradation (REDD) and (iii) technical extension-information, education and communication (TE-IEC)
		<u>MinSAAD/DAR/JICA</u> 4,272 hectares in 205 barangays covered by agroforestry and tree crops production projects

Chapter 10: Accelerating Infrastructure Development		
Passengers transported via air per annum increased		<u>Puerto Princesa Airport Development Project/ DOTr/KEDCF</u> Puerto Princesa International Airport constructed <u>Laguindingan Airport Air-Navigation System and Support Facilities Supply Project/DOTr/KEDCF</u> Air navigation system and support facilities installed and functional
Decreased travel time (via RRTS and ferry system)	<u>LIDP/DBP/JICA</u> Passenger traffic capacity increased by an average of 110 pax capacity	<u>LIDP/DBP/JICA</u> 14 RORO vessels acquired
Load transport via the Central RORO spine increased (in tons per ship-hour)	<u>LIDP/DBP/JICA</u> Cargo traffic capacity increased by 265 vehicles	<u>LIDP/DBP/JICA</u> 9 berthing spaces improved/constructed
Travel time via road in key corridors and key urban corridors decreased (in hrs)	<u>LIDP/DBP/JICA</u> Decrease in travel time in toll roads by 1.5 hrs, LGU/provincial roads by 0.75 hrs, and farm-to- market roads by 0.25 hrs	<u>LIDP/DBP/JICA</u> <ul style="list-style-type: none"> 268 lane-km toll roads constructed 3,354 lane-km LGU roads and access roads constructed 110 road maintenance equipment purchased
	<u>RIIDP/DPWH/ADB & OFID</u> Travel time from Iloilo City to Roxas City was reduced by one hour, from three hours to two hours	<u>RIIDP/DPWH/ADB & OFID</u> Four road sections located in Luzon and Visayas with total length of 156 km were completed

RM Indicator	Outcome/Results	Output
Travel time via road in key corridors and key urban corridors decreased (in hours)		<u>NRIMP/DPWH/WB</u> <ul style="list-style-type: none"> 413 km road constructed/ improved/ rehabilitated 1,964 km bridges constructed
		<u>GSO II/DPWH/KEDCF</u> <ul style="list-style-type: none"> 20 km road constructed/ improved/ rehabilitated 220 km bridges constructed
Reduced critical areas vulnerable to flooding (in ha)	<u>PHUMP III/DPWH/JICA</u> <ul style="list-style-type: none"> Area affected reduced from 47,100 ha to 29,000 ha (for 2-year flood return period) Area affected reduced from 49,600 ha to 35,000 ha (for 5-year flood return period) Area affected reduced from 51,900 ha to 46,200 ha (for 20-year flood return period) 	<u>PHUMP III/DPWH/JICA</u> Completed flood control facilities in Sasmuan, Guagua, Lubao, San Fernando, Mexico and Sto. Tomas Pampanga
Reduced annual flood damages (in ₱)	<u>PHUMP III/DPWH/JICA</u> Cost of flood damages was reduced by 40 percent from ₱590 million in 2010 to ₱230 million in 2016.	
Households with electricity increased	<u>LIDP/DBP/JICA</u> Increase in service connections by 5,603 HH	
	<u>KC-NCDDP/DSWD/ ADB and WB</u> 279,828 household beneficiaries	<u>KC-NCDDP/DSWD/ ADB and WB</u> 1,028 electrification/lighting subprojects
	<u>KC/DSWD/MCC</u> 12,598 household beneficiaries	<u>KC/DSWD/MCC</u> 38 electrification/lighting subprojects
	<u>KC-JFPR/DSWD/ADB</u> 22,711 household beneficiaries	<u>KC-JFPR/DSWD/ADB</u> 34 electrification/lighting subprojects
Annual amount of electricity and fuel conserved, in Kilo Tons Oil Equivalent (KTOE)	<u>EDP/DBP/JICA</u> Reduction in fossil fuel consumption by 3,266 billion barrels/year	<u>EDP/DBP/JICA</u> 7.43 MW additional capacity in renewable energy generated
	<u>Project for Introduction of Clean Energy using Solar Power Generating System/ DOE/ JICA</u> <ul style="list-style-type: none"> PNP-Center of Law Enforcement Studies: annual reductions of 98 tons CO₂ emissions and 497 barrels of crude oil PNP-Sports Center: annual reductions of 303 tons CO₂ emissions and 1,446 barrels crude oil National Power Corporation: annual reductions of 98 tons CO₂ emissions and 497 barrels crude oil Lung Center of the Philippines: annual reductions of 86 tons CO₂ emissions and 412 barrels crude oil 	<u>Project for Introduction of Clean Energy using Solar Power Generating System/ DOE/ JICA</u> Construction of solar PV facilities: <ul style="list-style-type: none"> 100 kW in PNP-CLES 310 kW In PNP Sports Center 100 kW in NPC 90 kW in Lung Center of the Philippines
Proportion of population with access to safe	<u>KC-NCDDP/DSWD/ ADB and WB</u> 193,817 household beneficiaries	<u>KC-NCDDP/DSWD/ ADB and WB</u> 843 water system subprojects completed
	<u>KC/DSWD/MCC</u> 75,492 household beneficiaries	<u>KC/DSWD/MCC</u> 385 water system subprojects completed

RM Indicator	Outcome/Results	Output
<i>Water increased (HH in %)</i>	KC-JFPR/DSWD/ADB 4,916 household beneficiaries	KC-JFPR/DSWD/ADB 17 water system subprojects completed
<i>HH access to water supply increased (in % of total number of HH)</i>	PTWSSP III/LWUA/ KfW 100% service area coverage achieved (Aparri, Cagayan; Binalonan, Pangasinan; Orani, Bataan; and Infanta, Quezon)	PTWSSP III/LWUA/ KfW 4 water supply systems completed and operational (i.e., Aparri, Binalonan, Orani, and Infanta).
<i>Coverage of 24/7 water supply services in cities increased (in %)</i>	ARISP III/DAR/JICA 19,848 households served	ARISP III/DAR/JICA 70 level I and II water supply systems constructed and installed
<i>Level III water supply service coverage in cities and municipalities increased (in %)</i>	MinSAAD/DAR/JICA 1,788 households served	MinSAAD/DAR/JICA 7 potable water supply systems constructed/ rehabilitated
		ARCP II/DAR/ADB 9 level II water supply systems constructed
<i>Classroom to pupil ratio improved</i>	from 1:39 in 2010 to 1:30 in 2016 (elementary) and 1:54 in 2010 to 1:45 in 2016 (secondary)	Basic Education Sector Transformation/ DepEd/ Australia-DFAT 220 classrooms constructed KC-NCDDP/DSWD/ ADB and WB 1,063 school building subprojects completed KC/DSWD/MCC 557 school building subprojects completed KC- JFPR/ DSWD/ ADB 11 school building subprojects completed KC/DSWD/Australia-DFAT 190 school building subprojects completed (418 classrooms)
<i>Increased access to upgraded health facilities (in % of total population)</i>	KC-NCDDP/DSWD/ ADB and WB 210,716 household beneficiaries KC/DSWD/MCC 59,263 household beneficiaries KC- JFPR/ DSWD/ ADB 1,057 household beneficiaries	KC-NCDDP/DSWD/ ADB and WB 705 health station subprojects completed KC/DSWD/MCC 210 health station subprojects completed KC- JFPR/ DSWD/ ADB 3 health station subprojects completed
<i>Water and sanitation facilities to pupil ratio improved</i>	PROWATER/ DILG/ Spain 24,657 HHs, health and day care centers, schools and public spaces provided access to water and sanitation facilities from 1:58 in 2010 to 1:50 (elementary) and 1:103 in 2010 to 1:50 in 2016 (secondary)	PROWATER/ DILG/ Spain 6 integrated safe water, sanitation and hygiene systems adopted by LGUs and communities BEAM-ARMM/DepEd/Australia-DFAT 550 BRAC learning centers installed with washing facilities Basic Education Sector Transformation/ DepEd/ GOA-DFAT 72 water systems installed
<i>Non-revenue water (NRW) decreased (in % of total volume of water produced)</i>	PTWSSP III/LWUA/KfW NRW of completed WDs decreased from a range of 30-50% before project implementation, to 20% by end of 2016	PTWSSP III/LWUA/KfW 4 water supply systems completed and operational (i.e., Aparri, Binalonan, Orani, and Infanta)

RM Indicator	Outcome/Results	Output
<i>Treated municipal wastewater increased (in % of total volume of municipal wastewater produced).</i>	<u>MWMP/LBP/WB</u> Increase of 25.50 cu m/day in wastewater treatment capacity	<u>MWMP/LBP/WB</u> 4 MWMP sub-projects completed namely: (1) Ayala-Alabang Septage Treatment Plant; (2) Talayan Septage Treatment Plant; (3) South Septage Treatment Plant; (4) Pasay Conveyance.
<i>Proportion of households covered by sewerage systems increased</i>	<u>MWMP/LBP/WB</u> 166,000 people covered with combined sewer systems	
<i>Biochemical Oxygen Demand (BOD) level in priority river systems (under water criteria Class C <= 7mg/L; and Class D <= 10mg/L but > 7mg/L) reduced (%)</i>	<u>MWMP/LBP/WB</u> 382 tons of BOD/year removed by sewage and septage treatment plants	
<i>Irrigation service coverage in % of total potential irrigable area increased</i>		<u>ARCP II/DAR/ADB and OFID</u> 7 small scale irrigation with a total service area of 2,580 hectares were completed construction
		<u>PIDP/NIA/WB</u> 85,193 ha irrigated

5 Key Implementation Issues

5.1 Issues Affecting Project/Program Implementation and Performance

In CY 2016, various key implementation issues encountered by 38 loan and grant assisted projects are discussed in the succeeding sub-sections. Table 5.1 provides a summary of major issues, by typology and number of affected projects. The complete list of issues reported by the agencies are available in individual Agency ODA Portfolio reports.

Table 5.1 Classification and Incidence of Key Implementation Issues in CY 2016

Issue Typology ⁹	No. of Projects Affected	Incidence ¹⁰		Agencies
		Resolved	Current	
Site condition/availability	10	5	7	DOTr, DOST, DPWH, LBP, LWUA
Procurement	9	2	8	DOE, DSWD, DTI, DOTr, LBP, LWUA, NIA
Government/funding institution approvals	8	1	5	DA, DOE, DENR, DOTr, DSWD
Budget and funds flow	6	2	4	DOTr, DOE, DENR, DAR, LWUA
Design, scope, technical	4	2	3	DOTr, DOE, DENR
Performance of contractor/consultant	3	2	1	DOTr, NIA
PMO manpower/capacity	5	1	4	DAR, DSWD, LBP
Institutional support	2	1	1	DENR
Issues on Demand and Processing/Approval of Subprojects	2	1	1	LBP, LWUA
Sustainability and O&M	2	-	2	DOE
Inputs and cost	1	1	-	DOTr
Others	1	1	-	DepEd
TOTAL	52*	19	39	

*Some projects may be affected by more than one implementation issue

5.1.1 Projects with Issues on Site Condition/Availability

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

⁹ Key implementation issues considered were either outstanding or resolved in CY 2016

¹⁰ A project may encounter two or more implementation issues

Project/IA/DP	Issue Details	Actions Taken/To be Taken
Resolved		
1. North-South Commuter Railway Project (Malolos-Tutuban) / DOTr / JICA	Two commercial buildings located in the proposed station in Tutuban are currently under lease until 2034	The proposed station in Tutuban was relocated to a nearby area
	Valenzuela LGU opposed the planned construction of the Valenzuela Station along Marcos Highway as it will aggravate traffic congestion in the area	The Valenzuela Station was relocated near Valenzuela Depot to prevent further traffic congestion
2. Provincial Towns Water Supply Programme III / LWUA / KfW	Pipe laying and installation of facilities were delayed because Water Districts (WDs) were not able to present documents confirming acquisition of ROW	Pipe laying and installation of facilities in concerned WDs were realigned to other areas to resume civil works
3. Cebu Bus Rapid Transit / DOTr / WB	Land acquisition cannot start unless a MOA between DOTr and Cebu City Government is signed	DOTr and Cebu City Government signed a MOA on land acquisition and resettlement on December 28, 2016
4. Flood Forecasting and Warning System in the Bicol River Basins/ DOST / JICA	Change in the landscape where the station will be rehabilitated/constructed resulted in delay in the implementation of the project since re-design works have to be carried out by the project consultant	Re-design works for the station was completed
5. Puerto Princesa Airport Development Project / DOTr / KEDCF	Unclear delineation of responsibilities on the demolition of houses of informal settlers on the acquired properties	MOA on resettlement was executed among DOTr, NHA, and concerned LGU
Current		
6. Flood Risk Management Project for Cagayan River, Tagoloan River, and Imus River / DPWH / JICA	Civil works implementation was delayed due to pending acquisition of the area for the Imus Retarding Basin either through expropriation or negotiated sale, depending on the result of updated market value based on the Right-of-Way Act (RA 10752)	DPWH will coordinate with DBP on the determination of fair market value to resolve the ROW issue with Ayala Land Inc., a majority owner of the land area Department of Public Works and Highways-Flood Control Management Cluster (DPWH-FCMC) is negotiating with the landowners to secure permits to enter the remaining lots
	Delayed civil works for Tagoloan River Component (upstream section) due to issues on securing permit to excavate in the channel/river	DPWH request for permit was denied by the provincial mining regulatory board. DPWH will invoke DO 139 s. 2014 (Guidelines on Dredging River Channels) to pursue excavation works in Tagoloan River
7. Central Luzon Link Expressway Project/ DPWH / JICA	ROW acquisition for the project was affected by the newly enacted Right-of- Way Act and would need to re-assess the market value of the affected properties to provide appropriate payments to land owners	DPWH shall avail the services of DBP in re-assessing the market value of the affected areas Updates: On May 3, 2017, DPWH-Road Management Cluster I recommended to DPWH-BAC the engagement of the services of DBP for immediate valuation of the affected properties
8. Arterial Road Bypass Road Project, Phase II / DPWH / JICA	Refusal of some landowners to issue 'Permit to Enter' before palay harvesting season and until land is fully compensated	The DPWH and the contractor negotiated with the landowners and were allowed to enter the area to do preparatory activities (i.e., site clearing, etc.) after harvesting season Agreement with landowners on compensation will be finalized once DBP have reassessed the market value

Project/IA/DP	Issue Details	Actions Taken/To be Taken
9. Cebu Bus Rapid Transit Project / DOTr / WB	Land owners' non-issuance of Permit to Enter and to conduct topographic and geotechnical surveys	Expedite processing of documents needed for the ROW acquisition and resettlement and consider transferring funds for ROW and resettlement to LGU
	Refusal of the owners of 16 lots for expropriation	Continuous coordination with OSG will be conducted in 2017 to expedite the issuance of Writ of Possession
10. Metro Manila Wastewater Management Project / LBP / WB	Delayed civil works due to soft ground condition and liquefaction in areas covered by the following subprojects: South Pasig IA, North Pasig I Pumping Station, and Tunasan Sewerage Treatment Plant	<p>The contractors conducted joint review and workshop in pursuit of technical solutions to address the soft ground condition and impact of liquefaction</p> <p>Updates as June 2017: Design was revised based on the result of seismic, engineering design and analysis and findings of the geotechnical assessments review and Hazard Operability Study (HAZOP) workshops. Jet grouting at aeration and equalization area were conducted for Tunasan Sewage Treatment Plant (STP); while new and appropriate drilling equipment will be used for South Pasig IA including construction of temporary works such as silt traps, mounting of deviation channels, barriers and trenches along stock piles</p>

Box 5.1 Republic Act (RA) No. 10752 or “The Right-of-Way Act”

To address the substantial delays caused by right-of-way (ROW) issues perennially encountered by infrastructure projects across the country, Republic Act (RA) 10752, or “The Right-of-Way Act”, was signed into law on March 7, 2016. The Act covers all national government infrastructure projects, local government infrastructure projects (choice of LGU), and all ROW transactions except those that have been concluded satisfactorily at the time of the Act's effectivity.

Under this Act, the government may acquire real property needed as ROW site for any government infrastructure project through donation, negotiated sale, expropriation, or any other mode of acquisition as provided by law. The IA may offer to acquire the site through negotiated sale by offering the property owner a compensation price amounting to the sum of: (i) the current value of the land; (ii) the replacement cost of structures and improvements therein; and (iii) the current market value of crops and trees therein. Replacement costs (item ii) shall also apply to owners of structures and improvements who do not have legally recognized rights to the land. Further, the law mandates IAs to engage the services of a government financial institution or an independent property appraiser (IPA) accredited by the BSP in determining the appropriate price offer.

In the case that after 30 days, the property owner refuses or fails to accept the government's offer, the Act provides guidelines for expropriation proceedings, particularly the requirements that IAs must comply with for the court to issue a writ of possession that will consequently start the implementation of the project.

Further, the HUDCC and the NHA, in coordination with LGUs and IAs concerned, are directed to establish and develop resettlement sites with adequate basic services and community facilities for informal settlers to be affected by the project.

RA 10752 also mandates government to provide adequate appropriations that will allow concerned IAs to acquire the required ROW in advance of the project implementation. For budgeting purposes, the IAs may determine ROW costs based on BIR zonal values (times a factor not exceeding 2), benchmark unit costs derived from industry standards (for projects with feasibility study), or detailed estimates (for projects that have undergone detailed engineering design).

The Implementing Rules and Regulations (IRR) of RA 10752, promulgated on May 25, 2016, mandates each IA to prepare and implement its own “Manual of Procedures for ROW Acquisition”, consistent with the provisions of the Act and its IRR, customized according to particular requirements/systems of the agency.

5.1.2 Projects with Issues on Procurement

Nine projects encountered issues on procurement.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Provincial Towns Water Supply Programme III / LWUA / KfW	Delays in the procurement of civil works contractors due to absence of bidders and/or non-compliance with RA 9184 (i.e., incomplete submission of eligibility documents).	The Project conducted re-bidding or negotiated procurement, as necessary. Civil works for delayed WD subprojects will be fast tracked in CY 2017.
2. Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project / DOE / ADB	Significant delays in the procurement of the first batch of E-Trikes (3,000 units) and the corresponding award of contract to the winning supplier/contractor due to the lengthy process and negotiation in the resulting unit price of the E-Trike, which reached ₱455,917.	Procurement of 3,000 E-Trike finalized and contract awarded in February 2016.
<i>Current</i>		
3. KALAHI-CIDSS – NCDDP / DSWD / WB and ADB	Prolonged procurement of subprojects due to lack of bidders, and/or bidders backing out.	A task force learning mission was conducted to strengthen procurement facilitation at the community level.
4. Trade Related Technical Assistance (TRTA) 3 / DTI / EU	Absence of qualified short-term experts to conduct the following studies: (a) Review of the Government Procurement Agreement; (b) Capacity Building on Non-Tariff Barrier Reduction Approach; and (c) Market Trade Access Program.	The three remaining consultancy works will be carried over to the project's next phase (TRTA 4). Update as of June 2017: Project was endorsed by the DOF to the Office of the President (OP) in April 2017. DTI is still awaiting the approval of the OP as of June 2017.
5. Cebu Bus Rapid Transit Project / DOTr / WB	DOTr and World Bank disagreement on the validity of the proposals for the Technical Support Consultant (TSC).	GPPB opinion shall be sought regarding the procurement of the TSC, in response to WB's recommendation to DOTr to accept the received proposals for the TSC procurement.
6. North-South Commuter Railway Project / DOTr / JICA	Delay in procurement due to the interpretation/opinion of the DOTr-BAC regarding the qualification conditions of prospective bidders (there may be conflict of interest if the consultant for detailed design shall be allowed to participate in the bidding for the general consulting service).	Updates as of April 2017: DOTr-BAC and JICA agreed that the DED consultant may be allowed to bid, in accordance with the following: (a) JICA procurement guidelines; (b) Minutes of Discussions for the project as agreed between JICA and GPH on July 20, 2015; and (c) the Record of Discussions between JICA and DOTr on September 8, 2015.
7. Metro Manila Wastewater Management Project / LBP / WB	Failure of bidding due to high variance of bid price versus budget for the contract package South Pasig 2B.	MWCI is considering to redesign the contract package.
8. Jalaur River Multipurpose Irrigation Project, Phase II / NIA / KEDCF	The opening of Technical Bids for the rebidding of the International Competitive Bidding (ICB) contract for the construction of Jalaur Dam was postponed adhering to the decision of Regional Trial Court, Branch 84 dated October 20, 2016 to cease, desist and defer conduct of rebidding. Postponement of the opening of bids was due to the appeal of one bidder.	While waiting for the RTC to lift the cease and desist order, NIA will continue to implement the project activities not affected by the suspension.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
9. National Irrigation Sector Rehabilitation and Improvement Project / NIA / KEDCF	Failure of bidding for civil works due to bidders' inability to comply with the required documents.	NIA to fast track procurement of the remaining civil works package. As of December 2016, of the 13 contract packages only one remains to be procured.
	Failure of bidding for the procurement of eight (8) units of motor grader due to the lone bidder not meeting the requirement per result of post qualification conducted by NIA.	NIA to conduct another bidding process in May 2017.

Box 5.2 Revised Implementing Rules and Regulations (IRR) of the Republic Act (RA) No. 9184

The 2016 Revised IRR of the RA No. 9184, otherwise known as the "Government Procurement Reform Act" is in line with the government's commitment to promote good governance, and adhere to the principles of transparency, efficiency, and economy in its procurement process. It aims to further streamline the procurement process and in the implementation of procurement contracts and foster competitiveness by extending equal opportunity among contracting parties.

Some of the salient features of the said revised IRR are as follows:

- (a) mandatory registration of bidders under the PhilGEPS Platinum Membership and uploading of Class "A" eligibility documents (e.g., registration certificate, mayor's/business permit, tax clearance, etc.) for easier eligibility check and reduce disqualification of bidders/failure of bidding/increase competition;
- (b) stronger post-qualification process and stricter evaluation of performances of bidders on their completed and ongoing contracts to ensure technical capability;
- (c) allowing bidders to choose preferred form of bid security to avoid undue disqualification of bids with bid amount more than the required amount;
- (d) reduction of retention money from 10 percent to at least 1 percent for procurement of goods;
- (e) option to rescind/terminate the contract of the contractor once cumulative amount of liquidated damages reaches 10 percent;
- (f) option to engage the services of International Organizations and International Financial Institution for the procurement of goods, infrastructure projects and consulting services involving advance technologies and techniques not locally available; and
- (g) commencement of procurement process (except awarding of contract) pending ROWA.

5.1.3 Projects with Issues on Government/Funding Institution Approvals

Eight projects encountered issues on processing or securing clearances, permits, and approvals from other government offices.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Fisheries, Coastal Resources and Livelihood Project (FishCORAL) / DA / IFAD	The signing of the grant financing agreement was delayed by six months due to discrepancy on the currency used between the Special Presidential Authority which is in Euro against IFAD's financing agreement which is in US Dollars.	The grant agreement was signed on May 17, 2016 after DA coordinated with the Department of Finance - International Finance Group to solicit assistance.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Current</i>		
2. KALAHI-CIDSS – NCDDP / DSWD / WB, ADB	Lengthy processes related to compliance with social and environmental safeguards and issuance of required certifications for projects in indigenous people (IP) areas (dependent on the National Commission on Indigenous Peoples [NCIP] capacity).	<p>The program worked on stronger coordination with NCIP in 2016.</p> <p>The DSWD-NCIP Regional TWG will be strengthened and an assessment with NCIP will be conducted in July 2017 to expedite the validation process and issuance of certifications.</p>
3. Capacity Enhancement of Mass Transit Systems / DOTr / JICA	Delayed issuance of permit from the Province of Cavite resulted in delays in relocation.	Updates: Cavite Province issued the (construction of housing) permit to the contractor last February 15, 2017 to continue the construction of row houses for the Informal Settler Families (ISFs).
4. Forestland Management Project / DENR / JICA	Tedious and varied Free Prior and Informed Consent (FPIC) process per NCIP region	Continuous efforts by DENR to comply with the NCIP-FPIC process.
5. Integrated Natural Resources and Environmental Management Project / DENR / ADB and IFAD	Tedious and varied FPIC process per NCIP region	Continuous efforts by DENR to comply with the NCIP-FPIC process.
6. Mini-Hydropower for Ifugao / DOE / JICA	<p>The Provincial Government of Ifugao has not yet complied with the following requirements:</p> <ul style="list-style-type: none"> • execution of Energy Sales Agreement (ESA) • submission of an Ecological Study and Sustainability Plan to the National Water Resources Board for the issuance of a Water Permit • FPIC 	<p>On 1 August 2016, the Provincial Government of Ifugao requested for exemption from the conduct of Competitive Selection Process to the Energy Regulatory Commission (ERC).</p> <p>Update: DOE has submitted the Deed of Donation between DOE and Provincial Government Ifugao to the ERC, as part of the requirements for the operation of the project. The project consultant to provide a list of consultants who may be able to carry out the study.</p> <p>DOE to provide assistance to Provincial Government of Ifugao to secure public consent on the project among residents and local communities.</p> <p>Update as of February 16, 2017: NCIP issued work order no. WO-17-15 to continue the facilitation of the remaining FPIC activities on the Likud Mini- hydropower Plant.</p>
7. Mini-Hydropower for Isabela / DOE / JICA	NIA Board deferred granting authority to the Administrator to sign the ESA.	<p>Updates: DOJ issued a legal opinion in favor of NIA to engage in power generation. The NIA was able to secure authority from its Board of Directors for the Administrator to sign the ESA.</p> <p>Facilitation of signing of the ESA between NIA and Isabela I Electric Cooperative, Inc., and its subsequent filing and approval with ERC will be undertaken.</p>

Project/IA/DP	Issue Details	Actions Taken/To be Taken
8. Italian Assistance to the Agrarian Reform Community Development Support Program / DAR/ Italy	Delayed issuance of No Objection Declaration (NOD) by the Italian Embassy for 27 sub-projects with a total amount of ₱165 million submitted from May to July 2016.	<p>The issue was brought up to the Inter-agency Project Steering Committee meeting held on November 17, 2016. The Ambassador of Italy committed to resolve the issue as soon as possible.</p> <p>DAR to closely coordinate/follow-up with the Italian Embassy.</p>

5.1.4 Projects with Budget and Funds Flow Issues

Budget and funds flow issues were identified for six projects.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Forestland Management Project / DENR / JICA	Suspension of replenishment of Loan Proceeds due to the CY 2015 audit observation for FMP Region 6.	Suspension was lifted by JICA upon completion of refund procedures.
2. Provincial Towns Water Supply and Sanitation Programme III / LWUA / KfW	Delayed liquidation by water districts resulted in delayed replenishment of funds from KfW.	LWUA required water districts to liquidate at least 50% of previous fund releases to enable LWUA to request replenishment of funds from KfW earlier.
<i>Current</i>		
3. Italian Assistance to the Agrarian Reform Community Development Support Program / DAR / Italy	Pending confirmation on proposed budget realignment from Government of Italy (GOI).	<p>DAR sent an endorsement letter on July 13, 2016 and follow-up letter on September 8, 2016 to Italian Embassy.</p> <p>GOI has yet to reply. The DAR decided to revert to the original work plan and targets (i.e., gravel roads instead of concrete) to utilize the current budget considering the validity of 2017 appropriations and limited time to review subprojects.</p>
	Budget shortfall for VAT payments and supplemental funds for project management.	<p>DAR to request ICC approval for additional GOP counterpart fund allocation of ₱102 million or 4% of the total project cost to cover the shortfall for the operating expenses and provision of VAT for the two components which were not considered in the original estimates of the project.</p> <p>Update as of May 2017: The NEDA ICC Cabinet Committee approved DAR request on May 17, 2017</p>

Project/IA/DP	Issue Details	Actions Taken/To be Taken
4. Mini-Hydropower Development Project in the Province of Ifugao / DOE / JICA	The contractor has pending claims for reimbursement of the VAT imposed on materials and services procured for the project. As of end 2016, the contractor has not received any amount for reimbursement (₱10,276,134.79).	DOE to follow up on BIR opinion/ruling. DOE assured that the contractor will be paid its VAT reimbursement, as soon as it receives BIR opinion. DOE will also coordinate with DOF and DBM on the issuance of guidelines on VAT payments for ODA projects.
5. Forestland Management Project / DENR / JICA	Special account is insufficient to cover payment of Peoples Organizations' accomplishments under site development contracts.	DENR and JICA are exerting best efforts to fast track disbursement and processing of replenishments to maintain the required special account level.
6. North-South Commuter Railway Project (Malolos-Tutuban) / DOTr / JICA	There is a discrepancy in the source of financing for the JICA project as it was identified as locally-funded in the original Multi-Year Obligation Authority.	DOTr already applied for a revised MYOA to the DBM.

5.1.5 Projects with Design/ Scope/ Technical Issues

Four projects were affected by issues related to design, scope or technical specifications.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. North-South Commuter Railway Project (Malolos-Tutuban) / DOTr / JICA	The project was designed to use the previously acquired ROW for the NorthRail project which includes structures at different stages of completion. However, the existing structures are no longer compatible with the current standards for rail construction.	After the design team's analysis of the structural integrity of said structures, DOTr/ PNR and the design team agreed to build above the existing NorthRail structures.
2. Market Transformation thru Introduction of Energy Efficient Electric Vehicles Project / DOE / ADB	Lack of uptake by LGUs due to: (a) stringent LBP loan requirements, including the requirement of tying up LGUs' Internal Revenue Allotment (IRA); (b) LGUs' limited borrowing capacity; (c) high unit cost (₱455,917) of the E- Trikes; and (d) LGUs' lack of technical capability and knowledge to implement the project.	DOE continued to undertake its marketing and promotion activities to lock-up LGUs' participation for the Project. DOE eventually requested for a partial cancellation of the ADB and Clean Technology Fund (CTF) loans, with a corresponding reduction in scope (from 100,000 E-Trikes to 3,000 E-Trikes). DOE shall submit to the ICC its plan for deployment of the 3,000 units for the information and decision of the ICC. Update as of June 2017: During the joint ICC-TB/CC meeting on June 1, 2017, the ICC noted DOE's options for distribution of the E-trikes. DOE may now make the final decision on the deployment option/s to be implemented, and coordinate with DOF and ADB regarding revisions in financing agreements arising from foreseen changes in implementation arrangements.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Current</i>		
3. Capacity Enhancement of Mass Transit Systems / DOTr / JICA	The 30% Japanese requirement as specified in the loan agreement may not be attained due to lack of interested Japanese bidders.	Ongoing discussions between DOTr and JICA on options to be taken to comply with the 30% Japanese content requirement. The options are: (a) purchase of additional equipment supplied from Japan; or (b) request JICA to lower content requirement, which may undergo ICC review (change in scope and increase in cost) and amendment to the loan agreement.
4. Integrated Natural Resources and Environmental Management Project / DENR / ADB & IFAD	Natural Resource Management (NRM) targets as originally set in the Project Administration Manual (PAM) are not achievable due to changes in land cover over time. The original targets are based on the 2003 land cover data. The project is currently using the 2010 land cover data in land use planning and NRM target setting.	The Project is firming-up its proposal for the reduction of NRM targets and re-alignment of funds thereof, as recommended during the ADB-IFAD Mid-term Review Mission conducted from February 3 to March 14, 2017.
	Absence of clear Guidelines on Conservation Farming and Community- Based Forest Protection resulted in delays in awarding subproject contracts.	Guidelines on Conservation Farming and Community-Based Forest Protection are currently being finalized.

5.1.6 Projects with Issues on the Performance of Contractors/Consultants

Three projects encountered issues on poor performance of project contractors or consultants.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Maritime Safety Capability Improvement Project for the Philippine Coast Guard (PCG), Phase I / DOTr / JICA	Unavailability of detailed drawings in 3D format (particularly in the general arrangement of the equipment on the vessel) resulted in improper installation of selected equipment.	Findings showed that it would be too late to change the design of the ships. A series of technical meetings between JICA and DOTr-PCG were conducted. The PMO instructed the contractor on the proper location of the equipment for installation.
2. New Bohol Airport Construction Project / DOTr / JICA	Problem in contractor's resources particularly the sourcing of aggregate materials.	Contractor found other sources for sand and other coarse aggregates. DOTr updated the delivery schedule of materials and increased manpower on-site to fast-track implementation.
<i>Current</i>		
3. Participatory Irrigation Development Project / NIA / WB	Delay in the implementation of four civil works contracts due to poor performance of contractors: (a) schedule of contractors' activities were not in sync with the water delivery schedule during summer season; and (b) not enough manpower.	NIA terminated the contract of the 2 contractors, repackaged the contract to smaller packages, and bid-out the new contracts in the respective regional offices (i.e., Regions 2 and CAR).

5.1.7 Projects with Issues on Capacity of Project Management Office and other Implementing Partners

Five projects encountered issues on limited manpower or weak PMO capacity.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Social Protection Support Project / DSWD / ADB	Existing staff capacity was constrained due to increased Pantawidamilya coverage and additional tasks of field level staff (e.g., augmenting frontliners for the Quick Response Team, assisting during pay-out, monitoring of other programs/services of DSWD, etc.) following decentralization of activities.	The Capability Building Division introduced capacity building monitoring and evaluation tools. Training of staff was also conducted based on results of training needs assessments.
<i>Current</i>		
2. KALAHI-CIDSS National Community Driven Development Program / DSWD / WB, ADB	Inadequate field staff to provide technical assistance given the geographic spread of target areas and expanded scope/reach of the program.	Updates: Skilled and more experienced staff were deployed to augment capacities in certain areas. The program has developed stronger pool of service providers for its community driven development component and technical operations.
3. Italian Assistance to the Agrarian Reform Community Development Support Program / DAR / Italy	DAR needs to engage the local consultants until April 2019 but their contract shall expire in December 2016.	DAR shall also request the ICC for additional GOP counterpart funds for project management in CY 2017. Update: The ICC approved on May 17, 2017 additional GOP funding to cover the shortfall for project management and operating expenses
4. Agrarian Reform Communities Project II / DAR / ADB & OFID	LGUs and contractors are having difficulty in accomplishing the revised DOF-MDFO forms and documentary requirements for fund releases.	Updates: Provincial project accountants were hired to assist LGUs in contract and financial management. Administrative support was also extended to LGUs and contractors, and an orientation briefing was conducted for newly-hired project accountants in Eastern Samar and Leyte
5. Yolanda Reconstruction Project / LBP / KfW	Limited capacity of the LGUs to carry out project preparation activities such as preparation of detailed engineering design.	Update: Services of a consulting firm was procured to guide/assist the LGUs in the preparation of detailed engineering design

5.1.8 Projects with Issues on Institutional Support

One project encountered issues related to weak support or prolonged coordination with stakeholders or implementing partners.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Integrated Natural Resources and Environmental Management Project / DENR / ADB and IFAD	Prolonged negotiation between the DENR and the Provincial Government of Lanao del Sur on the institutional arrangement for the Lake Lanao River Basin (LLRB) component	MOU on implementation arrangements between the Provincial Government of Lanao del Sur and DENR-Region 10 was signed on September 21, 2016.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Current</i>		
2. Integrated Natural Resources and Environmental Management Project / DENR / ADB and IFAD	Unsettled implementation arrangement with DA on the rural infrastructure sub-component amounting to US\$10 million.	DA to implement the rural infrastructure subproject in INREMP areas using the US\$10 million. MOA between DA and DENR will be prepared to define the roles and responsibilities of the two agencies.

5.1.9 Projects with Issues on Demand/Identification/Processing/Approval of Demand-driven Subprojects

Two projects encountered issues on creating demand and processing the approvals for sub- projects.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Provincial Towns Water Supply Programme III / LWUA / KfW	Water Districts (WDs) either withdrew or subprojects were not approved due to: (a) relatively higher interest rates offered by LWUA compared to lower interest rates offered by local banks; (b) water source problems; and (c) failure to address WD huge loan arrears with LWUA	LWUA and KfW agreed that only WDs for which activities have commenced in 2015 will be pursued under the Project. Of the 13 WD subprojects identified, only 9 shall be completed (by December 2017) and the remaining 4 shall be financed under other facilities.
<i>Current</i>		
2. Agriculture Credit Support Project / LBP / JICA	Non-competitiveness of ACSP financing facility relative to the low interest rate regime since 2014	Continuous marketing efforts were undertaken to encourage availments under the ACSP funds. LBP to identify whether there are still potential borrowers.

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

Two projects were affected by sustainability and O&M issues.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Current</i>		
1. Mini-Hydropower for Ifugao / DOE / JICA	The responsibility for the O&M on the transmission lines and distribution facilities from the hydropower plants was assigned to electric cooperatives (IFELCO for Ifugao and ISELCO 1 for Isabela). However, both parties have expressed concerns that they cannot be held responsible for facilities they do not own (in Ifugao, transmission lines are owned by the Provincial Government, while in Isabela, lines are owned by NIA).	Updates: For Ifugao, there were initial discussions with Provincial Government of Ifugao on the provision of personnel to conduct the O&M
2. Mini-Hydropower for Isabela / DOE / JICA		ISELCO 1 finally agreed to maintain the transmission lines, with cost to be shouldered by NIA (as owner of transmission line). DOE to facilitate discussion among the parties on options to resolve the issue and consult with JICA before any decision is made. However, no formal agreements have been signed between any of the parties.

5.1.11 Projects with Issues on Inputs and Costs

Issues on inputs and costs were identified for one project.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Resolved</i>		
1. Puerto Princesa Airport Development Project / DOTr / KEDCF	Inadequate supply of aggregates due to limited volume approved for extraction by the issuing agency, increase in price of aggregates due to limited supply and higher demand in the region.	Outsourcing of materials to other neighboring regions, and continuous coordination with LGU to issue additional volume extraction permit.

5.1.12 Projects with Other Implementation Issues

One project encountered issue on substantiating agreed upon disbursement-linked indicators.

Project/IA/DP	Issue Details	Actions Taken/To be Taken
<i>Current</i>		
1. LEAPS / DepEd / WB	UP Assessment, Curriculum, and Technology Research Centre (UPACTRC) was unable to substantiate in its verification report the WB request to clarify the number of unspecified teachers and school heads trained on Early Language, Literacy, and Numeracy.	<p>The Bank accepted evidence provided for Disbursement-Linked Indicators (DLIs) 2.1, and 3.1 to 3.2 which represented 99.25%, and 86% achievement of targets, respectively.</p> <p>Additional data verification by the UPACTRC is underway to see if 100% of grades I to III teachers were trained to allow the disbursement of the remaining US\$900,000 under DLI 2.1.</p> <p>Restructuring of DLIs 3.1 and 3.2 is being proposed to allow additional school heads to be trained and to disburse the remaining balance of US\$4.2 million.</p> <p>The disbursement of the remaining balance is subject to further discussions by DepEd, DOF, and WB.</p>

5.2 Alert Mechanism

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) uses a set of indicators to flag these projects (see Box 5.3 for details).

Box 5.3 The NEDA-Alert Mechanism (AM)

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 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

5.2.1 Actual Problem Projects in CY 2016

As of end of CY 2016, ten ODA projects were flagged as actual problem projects for priority monitoring and facilitation. Refer to **Annex 5-A** for the list of actual problem projects.

Out of these, seven projects were in the Critical Stage (Level II) because of implementation issues that remained unresolved for at least six months. Meanwhile, the list and status of the actual problem projects are presented in Table 5.3.

Table 5.2 Alert Status Summary

Alert Status	As of December 2016
Actual Problem Projects	10
Level II	7
Level I	3
Potential Problem Projects	17
Projects with No Major Problems	18
Ongoing Subtotal	45
Closed	8
Total	53^{II}

^{II} These 53 projects are supported by 61 ODA loans. 46 projects were financed by a single loan; six projects by two loans (ARCP II, RIIDP, INREMP, ETrike-2, KALAH-I-CIDSS NCDDP, and SPSP); and one project by three loans (Cebu BRT). The count does not include three active budget support program loans and two projects with signed loans that are not yet effective as of year-end 2016.

Meanwhile, the list and status of the actual problem projects are presented in Table 5.3.

Table 5.3 Actual Problem Projects as of End of CY 2016

Project Title/IA/DP	Reasons for Delay/Updates
<i>I. Alert Level II</i>	
1. Agrarian Reform Communities Project II/ DAR/ ADB	<p>Breached 1a (Average DR = 15.33%), 1b (TE = 94.05%; UR = 48.41%), 2a (Physical slippage = 20%), and 4a (final year of implementation)</p> <p>The physical slippage in CY 2016 is attributed to the following: (a) non- approval of engagement of consultants; and (b) difficulty of LGUs in accomplishing the revised DOF-MDFO forms and submitting the complete documentary requirements for fund releases and liquidation.</p>
2. Metro Manila Wastewater Management Project/ LBP/ WB	<p>Breached 1a (Average DR = 20.73%), 1b (TE = 89.45%; UR = 39.11%), 2a (Physical slippage = 31.79%), and 4a (final year of implementation)</p> <p>The project experienced delays in the following: (a) securing permits from the LGU due to possible impact on traffic; (b) acquisition of property for the lift station in Brgy. Kapitolyo, Pasig City since the original location had to be moved in favor of the planned Ortigas-BGC Bridge; and (c) failure of bidding due to high variance of bid cost vs. budget.</p> <p>The contractor also experienced delays in securing the following: (a) performance bank guarantees required for contract signing; and (b) securing permits and clearances from the Barangay, DPWH, Muntinlupa Traffic Management Bureau (MTMB), and the LGU.</p>
3. Jalaur River Multipurpose Irrigation Project, Phase II/ NIA/ KEDCF	<p>Breached 1b (TE = 74.44%; UR = 2.61%), and 2a (Physical slippage = 48.53%)</p> <p>Rebidding of the ICB contract for the construction of the Jalaur Dam was postponed in compliance with RTC Branch 84 resolution (dated October 20, 2016) to cease, desist, and defer the conduct of rebidding.</p>
4. National Irrigation Sector Rehabilitation and Improvement Project (NISRIIP)/ NIA/ JICA	<p>Breached 1b (TE = 64.24%; UR = 17.04%), and 2a (Physical slippage = 58.50%)</p> <p>Failure of bidding for: (a) civil works due to bidders' inability to comply with the required documents; and (b) procurement of eight units of motor grader due to the lone bidder not meeting the requirement.</p>
5. Integrated Natural Resources and Environmental Management Project/ DENR/ ADB	<p>Breached 1b (TE = 45.91%; UR (ADB) = 8.18%; UR (IFAD) = 10.15%), and 2a (Physical slippage = 17%).</p> <p>Difficulties in engaging highly specialized consultancy services, tedious and varied FPIC process per regional NCIP.</p> <p>There is also a low probability of meeting targets of the project due to competition with other government-led forestry-related projects (i.e., National Greening Program).</p>
6. Italian Assistance to the Agrarian Reform Community Development Support Program (IARCDSP)/ DAR/ Italy	<p>Breached 1a (no disbursement in CY 2016), 1b (TE = 59.46%; UR = 25.18%), and 2a (Physical slippage = 21.05%)</p> <p>The following issues were encountered by the project: (a) budget shortfall for VAT requirements and project management; (b) non-extension of consultancy services and limited number of PMO staff; (c) pending confirmation on proposed realignment of budget for rural infrastructure subprojects from the Government of Italy; and (d) pending issuance of No Objection Declaration from the Embassy of Italy on the 27 approved rural infrastructure and survey sub-projects.</p>
7. Mindanao Sustainable Agrarian and Agriculture Development Project (MINSAAD)/ DAR/ JICA	<p>Breached 1a (Average DR = 9.82%), and 2a (Physical slippage = 44.20%). Delay of about three years due to two failed biddings.</p>

Project Title/IA/DP	Reasons for Delay/Updates
<i>II. Alert Level I</i>	
8. Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ JICA	<p>Breached 1b (TE = 44.39%; UR = 2.37%), and 2a (Physical slippage = 12.62%)</p> <p>There were issues on alignment caused by different reference points, delayed issuance of the Writ of Possession and delayed ISF relocation due to unavailability of permit from the Province of Cavite to construct row houses.</p> <p>Additionally, the 30% Japanese content as required in the loan agreement may not be attained due to lack of interested Japanese bidders.</p>
9. Cebu Bus Rapid Transit Project/ DOTr/ WB	<p>Breached 2b (prolonged procurement of civil works contractor), 3a (potential cost overrun of more than 20%)</p> <p>DOTr and WB disagreed on the validity of the proposal for the procurement of the TSC</p> <p>Increase in project cost was due to foreign exchange rate differentials and approval of Right-of-Way Act (RA 10752) which provides that payment for project land acquisition should be based on market value instead of zonal values.</p>
10. New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ GOJ-JICA	<p>Breached 1a (Average DR = 7.23%), and 2a (Physical slippage = 36.9%)</p> <p>Unavailability of aggregate materials on site affected the construction activities. Also, owners of 16 lots that fall under the area coverage of the project refused to accept purchase offers.</p>

5.2.2 Actual Problem Projects Contribution to the Availment Backlog

Almost 30 percent (US\$500 million) of the total availment backlog of the active ODA loans portfolio for CY 2016 (US\$ 1.74 billion) was attributed to the 10 actual problem projects. The three problem projects which had the highest contribution to the total availment backlog were: (a) the Jalaur River Multipurpose Irrigation Project, Phase II of

NIA (backlog of US\$147.66 million); (b) Capacity Enhancement of Mass Transit Systems in Metro Manila Project of DOTr (backlog of US\$121.44 million); and (c) the Metro Manila Wastewater Management Project of LBP (backlog of US\$87.41 million) (**Annex 5-A**).

5.3 Projects with Incomplete Outputs at Loan Closing in CY 2016

One loan and two grant projects closed in 2016 with incomplete outputs. Details are shown in Table 5.4.

Table 5.4 Projects with Incomplete Outputs at Loan Closing in CY 2016

Project/IA/DP	Recent Updates
<i>Loans</i>	
Provincial Towns Water Supply and Sanitation Program Phase III / KfW / LWUA	<p>KfW granted LWUA's request to utilize EUR2.1 million (within the loan amount) beyond loan closing date to complete works for the nine subprojects until CY 2017. As of December 2016, two WD subprojects (Binalonan and Orani) were completed, two are scheduled for soft opening in the 1st Quarter of 2017 (Infanta and Aparri) while five are still in various stages of completion. All civil works are targeted for completion by December 2017.</p> <p>Update: Two WDs (Infanta and Aparri) were completed in the 1st quarter of 2017 while the Balaoan and Mabitac WDs were almost complete as of March 2017. The other three WDs are still in various stages of completion.</p>
<i>Grants</i>	
KALAH-CIDSS / MCC / DSWD	Three subprojects (Tanauan, Leyte; Laua-an, Antique; and Mabinay, Negros Oriental) were still in various stages of implementation as of December 2016. These were turned over to the LGUs to finance the remaining works for completion. Unutilized grants funds were returned to the KC National Project Monitoring Office/donor.
KALAH-CIDSS / GOA-DFAT / DSWD	<p>The grant for the project closed in December 31, 2016, with 6 unfinished subprojects out of the 375 funded subprojects. Municipal and barangay LGUs have assumed responsibility to ensure the completion of the daycare centers and school buildings. KC- NCDDP will continue to monitor the completion of the subprojects. Functionality audit and sustainability evaluation of subprojects will be conducted six months after completion.</p> <p>Update as of April 2017: Only one subproject remained unfinished</p>

6 Assessment of Continued Viability of ODA Projects/Programs

6.1 Projects Re-evaluated by the ICC in CY 2016

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 2016, thirteen IA requests for project re-evaluation were processed by the ICC/NEDA Board or the ICC Secretariat (Table 6.1).

Table 6.1 Projects Re-evaluated by the ICC in CY 2016

Nature of Re-evaluation	Project Count		Distribution by IA
	Loans	Grants	
Change in Scope	2	-	
with additional cost	1	-	DOTr(1)
with loan cancellation	1	-	DOE(1)
Extension	3	3	
Extension only	2	2	DAR(1), DPWH(1), DA(1), and MCWD(1)
With reallocation	1	-	NIA(1)
With additional financing	-	1	DepEd(1)
Others	5	-	
Loan reallocation	2	-	DA(1), DPWH(1)
Partial loan cancellation	1	-	DAR(1)
Additional financing	2	-	DA (2)
TOTAL	10	3	

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

6.1.1 Projects with Change in Scope

Project/IA/DP	Reason/s for Restructuring	Updates
<i>Loans</i>		
Market Transformation through introduction of Energy Electric Vehicle Project/DOE/ADB	Partial loan cancellation of US\$359.76 million and change in scope of the project due to low demand for the E-Trikes among LGUs resulting from high unit cost of E- Trikes and complex implementation and re- payment arrangements, among others.	ICC-CC approved (ad referendum) the partial cancellation in December 2016. Update as of January 2017: ADB confirmed the cancellation through a letter to DOF dated January 25, 2017. New loan amount is US\$40.24 million. The amount from the CTF grant to be retained is yet to be determined

Project/IA/DP	Reason/s for Restructuring	Updates
New Bohol Airport Construction and Sustainable Environment Protection Project/DOTr/JICA	<p>Change in scope and increase in cost from ₱7,440 million to about ₱7,773 million.</p> <p>Construction of additional passenger boarding bridges to be connected to the planned second floor structure of the passenger terminal building, and extension of runway length from 2.0 to 2.5 km, to allow Philippine flight carriers to operate large aircrafts in undertaking flights to regional countries (China, Japan and Korea), without incurring payload penalties.</p>	<p>The NEDA Board approved DOTr's request on September 14, 2016 with the condition that DOTr provide a copy of the approved accelerated implementation plan.</p> <p>Update as of May 2017: DOTr approved accelerated implementation plan of the project as of April 2017, in compliance with ICC instructions</p>

6.1.2 Projects with Extension

Project/IA/DP	Reason/s for Restructuring	Updates
Loans		
Agrarian Reform Communities Project II/DAR/ADB and OFID	In order to provide ample time to complete all the remaining rural infrastructure components, DAR requested for a one-year physical implementation extension from December 2016 to December 2017, and loan validity extensions from June 30, 2017 to 30 June 2018 for both ADB and OFID loans.	Approved by the ICC-CC on December 21, 2016 thru ad referendum
Road Improvement and Institution Development Project/DPWH/ADB & OFID	DPWH requested for a two-year validity extension of the ADB loan from June 30, 2016 to June 30, 2018 due to delays in procurement and change in road design i.e., adopting the new DPWH pavement design for asphalt overlay.	ICC-CC approved the loan extension on June 6, 2016.
Participatory Irrigation Development Project/NIA/WB	NIA requested for: (a) one-year and 10 months loan validity extension to provide ample time to finish the four remaining NISs and ongoing contracts for civil works in core A and B; and (b) loan reallocation for the change of loan financing share of civil works (from 72% to 100%) and consulting services (from 65% to 100%).	<p>On December 21, 2016, the ICC-CC approved thru ad referendum, the requested loan reallocation and the extension of loan validity.</p> <p>Update as of May 2017: the World Bank approved the request for extension and restructuring through a letter dated February 14, 2017 with the following modifications: (a) only four of the seven proposed Core B NISs will be funded by the reallocation; and (b) preparation of the Integrated Water Resources Management Plan shall be excluded</p>
Grants		
Philippine-Sino Center for Agricultural Technology - Second Technical Cooperation Program II/ DA/China	The ten-month validity extension from September 2016 to July 2017 without cost increase was sought by DA to complete remaining works (i.e., technological demonstration on hybrid rice in Region I, the continuation of the commercialization of the biogas technology, and project evaluation after completion before its turn-over to the Central Luzon State University).	The Embassy of China approved the request for extension. However, the Chinese consultants were extended only until March 2017.
Metro-Cebu Water Supply/ MCWD/ JICA	MCWD requested an extension of the validity of the grant to complete the construction and installation of a Supervisory Control and Data Acquisition (SCADA) System which will provide for an integrated, more accurate and real time data collection and analysis, thereby improving the water supply management in Metro Cebu.	NEDA endorsed the grant extension to JICA by transmitting signed copies of the amendment to the grant agreement through a letter dated August 8, 2016. The grant period was extended by 1 year from March 31, 2017 to March 2018. All remaining works, however, were completed in the 4th quarter of 2016.

Project/IA/DP	Reason/s for Restructuring	Updates
Basic Education Assistance for ARMM/DepEd/ Australia-DFAT	DepEd requested for: (a) two-year extension due to the need to change program design to address challenges in implementation such as sporadic conflicts, location and terrain of activity sites, varying performance of direct and indirect implementing partners, changing stakeholders' priorities and level of engagement; and (b) additional grant financing of AU\$6 million due to the unfavourable fluctuations in AU\$- exchange rate.	NEDA issued a no objection letter to DepEd dated February 22, 2016.

6.1.3 Others

6.1.3.1 Projects with Loan Reallocation

Project/IA/DP	Reason/s for Restructuring	Updates
Philippine Rural Development Project/DA/WB	DA requested for reallocation of US\$32 million from the I-REAP component (enterprise development) to the I-BUILD component (rural infrastructure) given the excess demand for I-BUILD.	NEDA endorsed the loan reallocation to DOF on February 9, 2017. DOF subsequently sent its endorsement to WB on February 24, 2017 for concurrence.
Pasig-Marikina River Channel Improvement Project Phase III/DPWH/ JICA	DPWH requested for reallocation of the contingency fund of the loan to the civil works component to cover the deficit cost requirement resulting from foreign exchange losses (Yen depreciation).	NEDA endorsed the loan reallocation to DOF through a letter dated July 18, 2016. JICA concurrence on the loan reallocation was received on October 20, 2016.

6.1.3.2 Projects with Partial Loan Cancellation

Project/IA/DP	Reason/s for Restructuring	Updates
Agrarian Reform Communities Project II/DAR/ADB and OFID	Partial loan cancellation of US\$14.72 million (US\$6.33 million from ADB and US\$8.39 million from OFID) due to withdrawal of LGUs from undertaking subprojects due to insufficient time to complete the subprojects, and difficulty in meeting the cost sharing scheme.	Endorsed to DOF on June 15, 2016. DOF endorsed to OFID and ADB on July 21, 2016.

6.1.4 Projects with Additional Financing

Project/IA/DP	Reason/s for Restructuring	Updates
<i>Loans</i>		
Second Cordillera Highland Agricultural Resource Management Project/DA/IFAD	Additional financing was requested to expand current project coverage in the region.	The NEDA Board approved the request on November 14, 2016. DOF requested for the issuance of the Office of the President Special Authority to proceed with the negotiation and signing of the new Loan Agreement. The IFAD and the GPH (through the DOF) are awaiting the following documents: (1) monetary board in principle; and (2) forward obligation authority by DBM before proceeding to the finalization of the negotiation and the drafting of the new loan agreement.

Project/IA/DP	Reason/s for Restructuring	Updates
Philippine Rural Development Project/DA/WB	DA requested an additional financing for the excess demand for rural infrastructure under the I-BUILD. The proposal was economically viable with an EIRR of 27.2% based on the ICC Secretariat's review.	The NEDA Board approved the request on November 14, 2016. DOF requested the Monetary Board for the issuance of the Monetary Board Approval in principle to proceed with the negotiation and signing of the new Loan Agreement.

6.1.5 Cost Overrun Stock

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

Agency requests for cost-overruns undergo the ICC review process, mainly to determine whether the

project continues to be economically viable. In 2016, the ICC Secretariat received one request for increase in project cost due to additional scope. Thus, the stock amount as of December 2016 stood at ₱4.94 billion for four ongoing projects (Table 6.2)

Table 6.2 Cost Overrun Stock as of End of CY 2016

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

Project Title/IA/DP	ICC- Approved Cost (P M)	Revised Project Cost (P M)	Change in Cost (P M)	Change in Cost (%)	Reason for Cost Overrun
2016					
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	7,440.00	7,773.00	333.00	4.48	a) Construction of additional passenger boarding bridges to be connected to the planned second floor structure of the passenger terminal building; and extension of runway length from 2.0 to 2.5 km
TOTAL	81,378.60	86,317.28	4,938.68	6.07	

Box 6.1 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)

6.2 Projects Likely to be Re-evaluated by the ICC in CY 2017

Projects that would most likely seek ICC approval for project restructuring in CY 2017 are listed in Table 6.3.

Table 6.3 Projects Likely to be Re-evaluated in CY 2017

Project/IA/FI	Nature of Restructuring	Reason/s for Restructuring
Loans		
1. Mindanao Sustainable Agrarian and Agriculture Development/ DAR/JICA	One-year loan validity extension and two-year implementation duration extension.	To recoup about 3 years of implementation period lost due to two failed biddings, and to provide ample time to deliver expected outputs. Update as of May 2017: The ICC-TB approved on May 4, 2017 DAR's request for one-year loan validity extension while the ICC-CC approved on May 17, 2017 the request for two- year extension of implementation duration. Said requests were subsequently endorsed to DOF on May 5, 2017 and May 31, 2017, respectively
2. Italian Agrarian Reform Community Development Support Program/DAR/Italy	Increase in cost.	To cover the shortfall for the operating expenses and provision of VAT for the two components which were not considered in the original cost estimates of the project Update as of May 2017: The ICC approved on May 17, 2017 additional GPH funding to cover operating expenses and VAT requirements for the Agricultural Enterprise Development Support (AEDS) component and the Local Capacity Building Support (LCBS) component

Project/IA/FI	Nature of Restructuring	Reason/s for Restructuring
3. Integrated Natural Resources and Environmental Management Project/DENR/ADB and IFAD	Reallocation, partial cancellation, and change in implementation arrangement.	DENR to submit to NEDA its request for project restructuring.
4. Capacity Enhancement of Mass Transit System on Metro Manila/ DOTr/JICA	Change in scope and loan validity extension.	To address the following issues: (a) inability to meet the 30% Japanese content component of the loan agreement due to lack of interested Japanese bidders; and (b) delays in procurement of light rail vehicles due to failed bidding may result in delayed anticipated delivery schedule of manufacturers from 27 to 48 months
5. Cebu Bus Rapid Transit/DOTr/ AFD & WB	Increase in cost.	Project cost may increase by more than 20% due to increase in ROW cost resulting from the approval of the Right-of-Way Act (RA 10572). The cost for ROW increased as compensation is based on fair market value. DOTr has further proposed to charge the increase in cost to local funds.
6. New Communication Navigation System -Air Traffic Management/ DOTr/JICA	Loan validity extension and loan reallocation	The PMO needs to complete the following activities: (a) construction at the Zamboanga radar site - 6.5 months; (b) Defects Liability Period - 12 months; (c) billings and settling of accounts with the contractors and consulting services - 5 months; (d) contingency months for Smart Telecommunications to finish their optical fiber link installation - 6.5 months.
7. North-South Commuter Railway Project/ DOTr/JICA	Increase in cost	Project cost may increase due to anticipated design changes resulting from DED (still under DOTr review).
8. National Irrigation Sector Rehabilitation and improvement Project/NIA/JICA	Change in cost	The peso equivalent of the loan amount JPY6,187 million (₱2,617 million) is not enough to cover the counterpart requirement of the Project (₱ 3,418 million) due to Peso appreciation.
9. Jalaar River Multipurpose Project II/NIA/KEDCF	Loan extension	Due to late approval of the project and KEDCF concurrence on the procurement of consulting services for the DED and construction supervision
10. Forestland Management Project / DENR/ JICA	Loan re-allocation and revision of Project Implementation Plan (PIP)	Re-allocation and revision of PIP given considerable delays in project implementation and the changes/recent developments in the project sites, subject to the results of the planned midterm review.
Grants		
The Project for Enhancement of Coastal Communications System/ DOTr-PCG/JICA	Grant validity extension	To complete the remaining activities: (a) bidding for the subscriptions of Satellite Circuit Lease Contract for the VSAT System, and monthly Airtime for INMARSAT Fleet Broadband 250; (b) shipment and installation of Vessel Traffic Management Services (VTMS) operational equipment; and (c) completion of works of the external wall painting, internal finishing, installation of doors and windows, and water proofing works of the Cebu VTMS

7 Lessons Learned

This section shares knowledge gained from actual experience in project implementation which can improve planning, design, implementation, and resource allocation for similar projects in the future. This may address any aspect of the project development cycle including institutional arrangements, preparing cost estimates, consultancy service requirements, and appropriateness of project design, among others. General lessons learned in CY 2016 are shown in Table 7.1, while key selected project-specific lessons learned are found in **Annex 7-A**. (List of complete lessons learned are available in the individual Agency ODA Portfolio Review Reports.)

Table 7.1 Selected Lessons Learned for CY 2016

Category	Situation/Context	Lessons Learned
Project Design	<p>The foreign content requirement in DAR's Italian Assistance to the Agrarian Reform Community Development Support Program (20% Italian content) delayed project implementation as the cost of the required equipment is insufficient to meet the 20% requirement.</p> <p>For DOTr's Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT South, Cavite Extension) (30% Japanese content) there is a risk that the 30% Japanese Content requirement specified in the loan agreement will be breached due to lack of interested Japanese bidders.</p>	<p>For tied loans that require a specific percentage of foreign content from the source country, there is a high risk that the requirement may not be complied with during implementation. Thus, a thorough review at appraisal of the feasible level/amount of foreign content vis-a-vis the design and requirements of the project, and the specific market conditions is imperative.</p>
Project Design	<p>The E-Trike Project of DOE was intended to be a pioneering project that would introduce E-Trikes to the market, and eventually transform the tricycle industry by replacing gas-fed and two-stroke engine tricycles, and establishing support mechanisms (e.g. motor supply chain, solar charging stations). However, with prolonged procurement and high unit price of the project's E- Trikes, the project experienced difficulties in creating demand among LGUs. Four years into its implementation, no E-Trikes have been distributed. Meanwhile, development of E-Trikes in the private sector has grown rapidly within the project period.</p>	<p>For pioneering (and demand-driven) projects such as the E-Trike, in-depth stakeholder analysis and consultation with relevant stakeholders are critical to ensure that there will be adequate and sustained demand for the new technology being offered. Re-lending to LGUs may also be an unsuitable implementation arrangement for projects of this nature, because most LGUs have limited borrowing capacity, and would already have other development priorities.</p> <p>In the design of future similar projects, outputs may be provided to beneficiaries through smaller- scale grants, to first establish marketability and profitability to users then, proceed with scaling up, if outcomes turn out to be positive.</p>
Project Design	<p>By design, DENR's INREMP will finance rehabilitation and improvement of rural infrastructure (RI) sub-component amounting to US\$10 million in the Cordillera Highland Agricultural Resource Management Project (CHARMP) 2 areas located in the Upper Chico River Basin. The amount will be administered by and released through the DA. However, CHAMRP 2 was scheduled to close in December 2012 while INREMP has yet to be made effective. With the extension of CHARMP 2 until July 2017, DENR renegotiated with DA to take on the RI subcomponent but outside of CHARMP 2.</p>	<p>While it is recognized that synergy in implementing projects to deliver benefits would maximize efficiency and results, there is a significant risk in synchronizing actual implementation as IAs have different internal capacities and procedures.</p>

8 Recommendations

8.1 Recommendations for CY 2017 and Beyond

8.1.1 For Implementing Agencies

As discussed during the agency level meetings and desk review, selected key recommendations for implementing agencies for CY 2017 and beyond are summarized in **Annex 8-A**. These were identified during the agency-level desk reviews and consultation meetings. A number of these

recommendations refer to actions on improving the performance of the ongoing ODA portfolio of agencies, including results monitoring to show how these link or contribute to the achievement of the PDP objectives.

Table 8.1 Recommendations for Implementing Agencies for CY 2017 and Beyond

Recommendations for CY 2017 and Beyond
<p><u>On Project Design</u></p> <p>Incorporate climate-resilient design for civil works structures. 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).</p>
<p><u>On Monitoring and Evaluation</u></p> <p>IAs should have a unified M&E unit to consolidate the functions of all monitoring units in the Department (as applicable). For IAs with M&E units to continue to enhancing the technical capacity of M&E staff.</p> <p>Ensure completion and continuous monitoring of ongoing subprojects which remained unfinished upon loan or grant closing (applies to DBP's EDP and LIDP, DSWD's KALAHI-CIDSS and KC-NCDDP, etc.)</p> <p>Submit to NEDA requests for project restructuring no later than 6 months before the loan closing date.</p> <p>Seriously consider the conduct of an ex-post and/or impact evaluation of completed projects to assess the achievements of its objectives and capture lessons learned and best practices during implementation (pursuant to the operationalization of the National Evaluation Policy Framework).</p> <p>Submit to NEDA regular progress reports for ongoing projects and Project Completion Reports for all completed projects /closed loans six months after project completion/loan closing (projects that closed in 2016 include DepEd's BEAM-ARMM, DOH's Health Sector Reform Agenda (HSRA) SP, LWUA's PTWSSP III, and DSWD's SPSP).</p> <p>Improve reporting of physical and financial accomplishments, issues encountered, project outcomes/results (especially on their contribution to the achievement of relevant outcome indicators in the PDP-RM)</p>

8.1.2 For Oversight Agencies and Development Partners

Recommendations for OAs and DPs for CY 2017 and beyond are presented in Table 8.2.

Table 8.2 Recommendations for Oversight Agencies and Development Partners for CY 2017 and Beyond

Recommendations for CY 2017 and Beyond
<i>General Recommendations for DPs</i>
For DPs (especially WB, JICA, and ADB) to conduct briefings/orientation on their procurement guidelines for IAs and OAs on operational transactions (e.g., eligible expenditures, acceptable mode of payment, disbursement procedures, instruments/standard procurement templates to support validity of procurement of goods and services, etc.).
<i>General Recommendations for the Various NEDA Board Committees</i>
ICC to issue a policy on approving additional financing only for those projects that sufficiently demonstrate satisfactory performance in delivering expected outputs/results from the original loan.
Referral system should be established among NEDA Board Committees to secure clearances and/or facilitate the processing and approval of proposed projects that would likely have risks that may be addressed by a particular NEDA Board Committee (e.g., issue on securing FPICs, relocation/resettlement issues, LGU clearances/permits).

CY 2016 ODA Portfolio Review Report Feedback Form

We are pleased to share with you the CY 2016 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:

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

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

Note: Anonymous answers are also acceptable.

1. OVERALL RATING. Please mark (x) for overall rating on the Report, 4 as the highest rating and 1 for the lowest rating.

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

2. Please mark (x) to rate sections in the Report:

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

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

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.
Availment Rate	Cumulative actual disbursements as a percentage of cumulative scheduled disbursement reckoned from the start of implementation (i.e. loan effectiveness) 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 impact 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
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
Foreign-Assisted Project (FAP)	Development projects that benefited from financial or technical assistance from abroad; and another term for Official Development Assistance or ODA
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, 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 any time shall not be less than forty percent and each ODA must contain a grant element of at least twenty-five percent.
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, and the borrower can no longer disburse from the loan/grant account, as indicated in the loan/grant agreement.
Loan Effectivity Date	Date after disbursements can be made.
Loan/Grant Signing Date	Date the project’s loan/grant agreement is signed.
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 "Poverty in multiple dimensions reduced and massive quality employment created". 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 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 wherein implementing agencies manage ODA projects.
Project Start Date	Date the project started its 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.
Slippage	Variance between target and actual physical accomplishment or output of the project.
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

