

**15th ODA PORTFOLIO REVIEW**  
**Implementation Issues/Problems**  
**As of 31 December 2006**

Nature of Problem	Project	Implementing Agency	Details
Budget/ Financing Issues	1 ARMM Social Fund for Peace and Development	ASFP-FMO	The year's re-enacted budget further delayed the implementation of the JBIC component. For two consecutive years, only preparatory works (social preparation activities and training of municipal facilitators under CDA component, and payments for consultants) have been conducted as the PhP 30.11 million appropriation for the JBIC component could only accomodate such
	2 Infrastructure for Rural Productivity Enhancement Sector Project (InfRES)	DA	To complete the InfRES Project on original schedule, the budgetary requirement for 2006 should be PhP 1,500 million. However, allotment releases amounted only to PhP 774 million
	3 Agrarian Reform Communities Project (ARCP I)	DAR	Cash deficit of about PhP200 million (loan proceeds) due to currency differential resulting from strengthening of peso
	4 Agrarian Reform Infrastructure Support Project II (ARISP II)	DAR	Insufficient loan proceeds to cover the additional works of ongoing projects necessitated by typhoon and flood damages. Limited GOP budget to support operations at the field
	5 Land Administration and Management Project II (LAMP II)	DENR	AusAID TA budget for CY2006-2007 has an impending reduction of A\$2.28M from its A\$10.628M budget
	6 Secondary Education Development and Improvement Project (SEDIP)	DepEd	Due to the re-enacted budget, SEDIP received less than 50% of its budget requirement. Affected component is the school building program
	7 Mindanao Basic Urban Services Sector Project (MBUSSP)	DILG	MBUSSP was placed under the Unprogrammed Funds of the approved GAA for two (2) consecutive years (2005 and 2006). This affected PMO operational requirements resulting in the delay of several project activities
	8 Rural Water Supply and Sanitation Project Phase V (RWSSP V)	DILG	RWSSP V was placed under the Unprogrammed Funds of the approved GAA for two (2) consecutive years (2005 and 2006). This affected PMO operational requirements resulting in the delay of several project activities
	9 MM Flood Control Project – West of Mangahan	DPWH	Insufficient funds to cover payment of lots already acquired/ to be acquired. A total of P 595 million is still needed for the payment of ROWA for affected lots
	10 Laoag River Basin Flood Control and Sabo Project	DPWH	Insufficient funds to cover the actual requirements and still awaiting for the release of CY 2007 budget allocation
	11 KALAHI-CIDSS	DSWD	KALAHI-CIDSS Funding gap for 2006 and beyond
	12 Laguna de Bay Institutional Strengthening and Community Participation Project (LISCOP)	LLDA	Late releases of budget cover for CY 2006. LGUs are not allowed to bid out their subprojects without the required cover

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	13	Malitubog-Maridagao Irrigation Project	NIA	Implementation and completion of most NIA foreign assisted projects adversely affected by the delayed release of funds
	14	Lower Agusan Development Project – IC	NIA	Implementation and completion of most NIA foreign assisted projects adversely affected by the delayed release of funds
	15	Tarlac Groundwater Irrigation Systems Reactivation Project	NIA	Implementation and completion of most NIA foreign assisted projects adversely affected by the delayed release of funds
	16	Southern Philippines Irrigation Sector Project	NIA	Implementation and completion of most NIA foreign assisted projects adversely affected by the delayed release of funds
	17	Help for Catubig Agricultural Advancement Project, Stage I	NIA	Implementation and completion of most NIA foreign assisted projects adversely affected by the delayed release of funds
	18	NorthRail Phase 1 Section 1 Project	NLRC	Non-availability of funds for the financing of administrative expenses and other project costs, e.g., hiring of consultant to review design to be submitted by CNMEG; ROWA; and utilities diversion
Procurement	1	ARMM Social Fund for Peace and Development	ASFP-FMO	Bidding for the remaining SRI subproject, the Dep-Ed ARMM's Regional Teacher's Training Center has been put on hold while awaiting No Objection from World Bank
	2	Land Administration and Management Project II (LAMP II)	DENR	Delays in procurement of goods in Leyte and Bohol. Review of TOR for procurement of services took too much time. Procurement schedule was adjusted to ensure resource availability and timeliness
	3	Secondary Education Development and Improvement Project (SEDIP)	DepEd	Delays in procurement due to losing contractors filing of restraining orders and counter motions by winning bidders. SEDIP issues however are more on management issues, such as slow contracting due to the centralized procurement service
	4	Local Government Finance and Development (LOGOFIND) Project	DOF	Delays by LGUs in procurement stage especially in finalizing Standard Bid Documents (SBDs) and Bid Evaluation Reports ((BERs). Cases of bid failures were also accounted
	5	Local Government Finance and Development (LOGOFIND) Project	DOF	LGU-Resource Mobilization & Performance Monitoring- Slow disbursements despite of substantial number of LGUs approved in RPTA and BTEP due to delays in pre-implementation activities (e.g., procurement, SPLA signing and etc.)
	6	Water Districts Development Project (WDDP)	LBP	Delay in the procurement process (i.e. preparation of specifications & bidding documents, evaluation of the most responsive bidder/s)
	7	Mindanao Basic Urban Services Sector (MBUSSP)	LBP	Delay in the procurement process (i.e. preparation of specifications & bidding documents, evaluation of the most responsive bidder/s)
	8	LGU Support Credit Program (LGUSCP)	LBP	Delay in the procurement process (i.e. preparation of specifications & bidding documents, evaluation of the most responsive bidder/s)

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	9	Laguna de Bay Institutional Strengthening and Community Participation Project (LISCOP)	LLDA	Lengthy time to conclude award of contracts related to detailed architectural and engineering design (DAED) for the subprojects; Prolonged Review and approval of subprojects by LLDA reviewers
	10	Electricity Market and Transmission Development Project (EMTDP)	National Transmission Corporation (TransCo)	Procurement problem within Transco arising from the practice of using the Two-Stage Two Envelope bidding procedure, with no contract provision for price adjustment
	11	Casecnan Multi-Purpose Irrigation Project	NIA	Slow review of procurement document delays procurement of civil works contracts, goods and services. Several contracts were supposed to be processed but only four were awarded in 2006
	12	Bohol Irrigation Project, Stage II	NIA	Slow review of procurement document delays procurement of civil works contracts, goods and services. Several contracts were supposed to be processed but only four were awarded in 2006
	13	NorthRail Phase 1 Section 1 Project	NLRC	Delayed procurement of Project Management Support Team Consultants. Bidding has been put on hold since one of the bidders contested the procedures being implemented by the NorthRail Bids and Awards Committee which resulted in the deferment of the issuance of the Contract of Award
	14	Judicial Reform Support Project/JRSP	SC	The SC provided for the assignment of a full-time secretariat to the Bids and Awards Committee in an effort to comply with timelines outlined in R.A. 9184 or the Government Procurement Reform Act. However, the time spent by the Court En Banc carefully scrutinizing procurement documents continued to exceed the timelines of the procurement law
Right-Of-Way/ Land Acquisition	1	Laguindingan Airport	DOTC	Delayed judicial action on the titling of acquired properties by the Office of the Solicitor-General
	2	New Bacolod	DOTC	Access road for New Bacolod. Originally, access roads should be shouldered by LGUs, however, new LGU's leadership denied such responsibility since there exist no written agreement. This resulted to the shouldering of the access road by the project leading to an increase in project cost
	3	MM Flood Control Project – West of Mangahan	DPWH	ROW problems led to change in the alignment of the dike. Insufficient funds to cover payment of lots
	4	KAMANAVA Area Flood Control Project	DPWH	About 300 returnees/ new batch of informal settlers re-occupied the already cleared areas. Continuous clearing being done in coordination with HUDDC, MMDA and concerned LGU. Furthermore, around 50 more remaining properties are to be acquired
	5	Lower Agusan Flood Control Project	DPWH	All ROW problems have been resolved except for the Bulo property in Package IV, in which work involved in the said area will be undertaken by the LGU; Resistance from land owner
	6	Agno River Flood Control Project, Phase II-A & II-B	DPWH	Newly planted trees within the ROW limits. DPWH still negotiating with the landowners to secured permit to enter. As of Dec 2006, 86.41% and 99.42% permit to enter were secured within the area of Contract Packages 1 and 2, respectively
	7	Austrian-assisted Bridge Replacement Project	DPWH	ROW problem due to shifting of some bridge alignments/locations, redesign/widening of bridges
	8	Urgent Bridges Construction Project for Rural Dev't	DPWH	ROW problem is minimal as reported. Negotiations are ongoing with affected stakeholders

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	9	Manila Third Sewerage Project (MTSP)	LBP	Project is delayed due to problems in land acquisition. LGUs are not entering into Memorandum of Agreement (MOA) on land donation for the construction of treatment plants due to pending election in May 2007
	10	Laguna de Bay Institutional Strengthening and Community Participation Project (LISCOP)	LLDA	Delays in sub-project preparation due to unresolved issues on land ownership
	11	Provincial Towns Water Supply Project I & II (PTWSP I&II)	LWUA	Site acquisition problems in Marilao WD and Bugallon WD-- Marilao- no available sites that can be procured Bugallon- LGU's delay in giving permission to construct in the site
	12	MWSS New Water Source Development Project (NWSDP)	MWSS	Relocation site no longer available
	13	Bago River Irrigation System Rehabilitation and Improvement Project	NIA	The only resettlement issue left is for Bago River Irrigation System
	14	Pasig River Environmental Management and Rehabilitation Sector Development Program (PAREMAR)	PRRC	Acquisition of additional 2,500 housing units held in abeyance by ADB pending result of midterm review of the RAP; Resistance to relocation along the Pasig River; Reoccupation of the 10-meter cleared areas such as San Agustin-Quinta Park primarily due to the fire in Maestranza and lack of LGU vigilance in guarding the areas
LGU Participation	1	Infrastructure for Rural Productivity Enhancement Sector Project (InfRES)	DA	Most LGUs lack adequate staff resources to fulfill its responsibility for DED and construction supervision under the InfRES Project
	2	Northern Mindanao Community Initiatives Resource Management Project (NMCIREMP)	DAR	Delayed submission of liquidation reports from LGU/NCIP (NMCIREMP) hence lower disbursement
	3	Agrarian Reform Communities Development Project II (ARCDPII)	DAR	Reluctance of LGUs to submit subproject proposals that complies with the NG-LGU cost sharing scheme (ARCDPII) hence slow project implementation  Possible delisting of 2 irrigation subprojects (in Isabela, Occ. Mindoro, and Compostela Valley) (ARCDP II) due to financial performance of the LGU in the first subproject (Isabela) and inability of the LGU to provide the required equity
	4	Credit Line for Solid Waste Management Project (CLSWMP)	DBP	Lack of LGUs' technical capacity in loan preparation and in compliance to required submission of documents such as Feasibility Study (F/S), Solid Waste Management (SWM) plans; Low level of compliance of LGUs with RA 9003
	5	Development of Poor Urban Communities Sector Project (DPUCSP)	DBP	Slow implementation due to lengthy preparation process of Community Action Plan; Lengthy conversion/ proclamation process of LGUs sub-project sites; Slow compliance of LGUs & MFIs in the completion of requirements

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	6	LGU Urban Water and Sanitation Project APL2 (LGU-UWSP-APL2)	DBP	Political – some local executives who have signified interest in the project have been replaced, including the legislative council; SB members are not supportive of the mayor; Cost of feasibility study would be shouldered by LGU who in return is not enthusiastic at the idea
	7	Mindanao Basic Urban Services Sector Project (MBUSSP)	DILG	Preparation of various studies (feasibility study, environmental assessment, detailed engineering design) took more time to finish than expected, due to the limited capability of LGUs, resulting into minimal loan drawdown
	8	Health Sector Development Project	DOH	Application of NG-LGU cost sharing to the project with the current zero national government grant to LGU
	9	Health Sector Development Project	DOH	LGUs are reluctant to participate in the project since a new grant from EC is currently being negotiated
	10	Sustainable Environmental Management in Northern Palawan	DOT	For the ECAN Zoning [PCSD] component – Delay in the adoption of the Puerto Princesa ECAN Zones Map by the City Council. The City government opted for more detailed sub-zones for the ECAN coastal/marine zones since the City Agriculture Office would use it in the revision of the City Comprehensive Land and Water Use Plan
	11	Metro Iligan Regional Infrastructure Development Project (MIRIDP)	PGLDN	Low Borrowing Capacity of the LGU - Although the detailed engineering for the mini-hydroelectric power facility is 100% complete, implementation of this facility was deferred due to the limited borrowing capacity of PGLDN. Given this, the PMO recommends cancellation of the mini-hydropower loan component
Poor Performance of Contractor	1	Subic-Clark-Tarlac Expressway Project (SCTEP)	BCDA	Main contractor's poor management over the sub-contractors and inadequate manpower and equipment on site; Delayed start of some major bridges in Package 1 due to contractor's late mobilization of equipment and materials on site; insufficient technical manpower
	2	LGU Urban Water and Sanitation Project APL2 (LGU-UWSP-APL2)	DBP	Technical problems (frequent breakdown of equipment and change in design concept); incompetent contractors submitting substandard or incomplete offers to LGUs
	3	Mindanao Basic Urban Services Sector Project (MBUSSP)	DILG	Delay in the completion of some subprojects due to uncertainty of financial capability of the Contractor
	4	Belgian-assisted LRT Line 1 Rehabilitation II Modernization II Project (Rehab II)	LRTA	Delayed delivery of the 10 remaining traction motor armatures from Belgium for Rehab II Project
	5	Metro Iligan Regional Infrastructure Development Project (MIRIDP)	PGLDN	Slow Progress of Civil Works- The project cannot be completed within the original loan closing date of 7 January 2008. The contractors' slow and poor performance was the major factor that affected the progress of works. The project is considering the possibility of contract termination
Low Demand for Credit	1	Water Districts Development Project (WDDP)	LBP	Limited number of projects which the loan facility could finance. Projects which are qualified for financing are not attractive to LGUs because they are not income-generating projects
	2	Third Rural Finance Project	LBP	Weak state of both the corporate and SME sectors that have not yet fully recovered from the negative impact of the Asian financial crisis; Excess liquidity in the banking system

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	3	Western Mindanao Community Initiative Project	LBP	No significant number of availers for Institutional Development Loan (IDL). To date, of the approximately P9 million funds, only P3 million has been approved involving two Local Participating Credit Institutions (LPCIs) only
	4	Micro, Small and Medium Enterprises Finance Program (MSMEFP)	SBGFC	Under the KfW-assisted MSMEFP, no loan releases have been made due to difficulty of finding other participating financial institutions in the Visayas and Mindanao who will meet KfW's eligibility criteria
Institutional/Operational Problems	1	Diversified Farm Income and Market Development Project (DFIMD)	DA	DA committed to tag US\$16 million-worth of DA appropriation in 2006 (mostly items under the budget of Ginintuang Masaganang Ani (GMA) Programs) for DFIMD financing to catch-up on loan avallment. However, the amount was reduced by DA to only US\$5 million which is disproportionately lower than the avallment schedule. With the release of sub-allotment, this amount is further reduced to only US\$3.25 million. This indicates that operations/activities under the GMA Programs are prioritized over those activities earlier committed for DFIMD financing for implementation by the regular DA units and agencies
	2	KAMANAVA Area Flood Control Project	DPWH	Issuance of EO 598 dated January 1, 2007 placed KAMANAVA Project under the operational control of MMDA while administrative supervision remains with DPWH
	3	Local Government Finance and Development (LOGOFIND) Project	DOF	The delayed establishment of the Municipal Finance Corporation (MFC), to take over the operations of the MDFO, is still on hold on account of findings by the Commission of Audit (COA) and the Department of Justice (DOJ) regarding the use of the second generation funds to capitalize the corporation. This pending operationalization of MFC is affecting LOGOFIND Project as the MDFO strengthening is a component of the project
	4	Health Sector Development Project	DOH	Up to now, the MFC has not started its implementation. MFC was identified as the Special Purpose Entity of the project
Change in cost	1	Laguindingan Airport	DOTC	ICC-approved project cost insufficient to meet project requirements; Transfer of remaining fund (P36 million) to NHA for resettlement works; Transfer of remaining fund to the Provincial Gov't. of Misamis Oriental for the completion of acquisition of access roads
	2	New Bacolod	DOTC	ICC-approved project cost insufficient to meet project requirements
	3	New Iloilo Airport	DOTC	ICC-approved project cost insufficient to meet project requirements
	4	Agno River Flood Control Project, Phase II-A & II-B	DPWH	Financing scheme to cover the cost increase of P 1.25 billion is still under discussion with DPWH-Planning Service
	5	Arterial Road Links Development Project IV, V and VI	DPWH	Due to high bid costs, additional project scope, increase in consultancy cost, and ROW cost
	6	Cordillera Road Improvement Project	DPWH	Due to high bid cost, additional project scope, and increase in consultancy cost

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	7	Laoag River Basin Flood Control and Sabo Project	DPWH	Insufficient loan proceeds with an estimated amount of JP¥ 1.76 billion or P 747.6 million due to the cost increase of P1.7 billion
	8	PJFH Mindanao Section Rehabilitation Phase II	DPWH	Due to high bid cost, additional project scope, increase in consultancy cost, and ROW cost
	9	Second Magsaysay Bridge and Butuan Bypass	DPWH	Due to change in alignment of approach road which resulted in increase in cost
	10	Metro Iligan Regional Infrastructure Development Project (MIRIDP)	PGLDN	The Project encountered problems in budget due to price adjustments, price escalations, and overrun in quantities. The proposed realignment of Segment 2 is the foremost reason for the project's increase in cost since this corresponds to increase in length and also price adjustment
	11	Northern Luzon Wind Power, Phase I (NLWP I)	PNOC-EDC	The ICC-Technical Board and Cabinet Committee favorably endorsed the proposed change in scope and cost increase in October 2006 and November 2006, respectively
Sustainability	1	ARMM Social Fund for Peace and Development	ASFP-FMO	Turn-over of CDA supervision from the Municipal Facilitators to the Municipal Social Welfare Officers (MSWO) who will now be taking over the task under the Program Contract for CDA (between ASFP and DSWD-ARMM)
	2	ARMM Social Fund for Peace and Development	ASFP-FMO	Post-completion performance monitoring and operation and maintenance weak for completed community based infrastructures and SRI subprojects
	3	Metro Manila Air Quality Improvement Sector Development Project (MMAQISDP)	DENR	Need to strengthen the Anti-Smoke Belching (ASB) Program
	4	Northern Negros Geothermal Project (NNGP)	PNOC-EDC	Absence of a bilateral contract with electric cooperatives on the sale of the generated power will expose the project to market risks which will have sustainable implications on the project cash flow
Compliance to Loan Covenant	1	Metro Manila Air Quality Improvement Sector Development Project (MMAQISDP)	DENR	Delayed implementation of the Motor Vehicle Inspection System (MVIS), a conditionality under the Program Loan
Delay in Issuance of ECC from DENR	1	Water Districts Development Project (WDDP)	LBP	Participating LGUs reported that processing and issuance of ECC took time notwithstanding that WDDP projects are for environmental protection
Delayed delivery of equipment	1	Technical Education and Skills Development Project	TESDA	Delayed delivery of 1st package of NDF-financed equipment. One of the suppliers is requesting further extension because some of the equipment models that it was required to deliver were obsolete and out of production
Delayed request for fund release	1	ARMM Social Fund for Peace and Development	ASFP-FMO	Delayed request for fund release by DSWD (DSWD Regional Office, PSWO Tawi Tawi, and PSWO Sulu) under the Program Contract arrangement, which has caused stoppage of civil works in communities

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Peace and Order	1	Northern Mindanao Community Initiatives Resource Management Project (NMCIREMP)	DAR	Peace and order problem in most of CADC areas
PMO-related	1	ARMM Social Fund for Peace and Development	ASFP-FMO	Delay in the appointment of members of the Board of Directors; and (ii) Project management structure yet to be finalized
	2	Land Administration and Management Project II (LAMP II)	DENR	The absence of dedicated full time staff in the Bureau of Local Government Finance (BLGF), plus the strong demand for their services in other projects has contributed to slow progress in implementation
Policy	1	Land Administration and Management Project II (LAMP II)	DENR	Delay on Senate action on the Land Administration Agency (LAA) ; Slow progress on the Free Patent Bill amendment
Reallocation of fund	1	Agrarian Reform Communities Development Project II (ARCDPII)	DAR	Loan extension and reallocation of loan proceed (WB Mission in Nov. 2006 re-confirmed the need for one-year loan extension and reallocation of loan proceeds across categories)
	2	Technical Education and Skills Development Project	TESDA	Rehabilitation of NITVET Workshops will no longer be pursued since budget will now be utilized to cover variation orders and price escalation of other Centexes
Others	1	ARMM Social Fund for Peace and Development	ASFP-FMO	Over Pricing of the construction contract on the Regional Social Welfare and Development Office (RESWAD) remain unsettled with the COA as the supporting documentation has not yet been presented to COA
	2	Land Administration and Management Project II (LAMP II)	DENR	Slow progress in processing of complete applications at CENROs brought about by the competing work priorities of the CENRO staff and lack of resources
	3	Metro Manila Air Quality Improvement Sector Development Project (MMAQISDP)	DENR	Suspension of payment to the contractor ETI/IMACH of the Air Quality Monitoring Network (AQMN) component due to non-compliance with contract obligations and failure to provide corrective actions
	4	Local Government Finance and Development (LOGOFIND) Project	DOF	Insufficient linkages with potential training providers to produce more demand driven trainings
	5	KALAH-I-CIDSS	DSWD	Convergence of efforts within KC(KALAH-I-CIDSS) areas with other line agencies and foreign-funded projects
	6	SBFEMP, Phase II	SBMA	SBFEMP, Phase II continued to draw concerns from both GOJ/JBIC and GOP. Toward year's end, SBMA requested for the cancellation of the loan, reversing earlier commitment to implement the project



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	7	Development of Centers of Excellence in Modern Manufacturing Technology Project (CEMMTP)	TESDA	Transfer of CEMMT equipment from RTC-Cagayan De Oro to New Lucena Polytechnic College (NLPC) in Iloilo strongly objected by the Region X stakeholders, (i.e. RDC 10, metal industries associations)
	8	Rural Water Supply and Sanitation Project Phase V (RWSSP V)	DILG	Settlement of unpaid claims to Drico Ltd., and closure of Batch 1 Contract
	9	Laoag River Basin Flood Control and Sabo Project	DPWH	Requirement for Certification of Precondition from NCIP under the provisions of R.A. 8371 or the Indigenous Peoples Right Act, indigenous people's communities where projects/programs are to be undertaken would require Free Prior and Informed Consent (FPIC) of the affected communities, which need to be complied with by the proponent prior to issuance of Certification of Precondition by NCIP
	10	Metro Manila Interchange Project V	DPWH	No procurement of civil works contracts due to non-endorsement of MMDA (as MM-RDC) of the design of the following interchanges  EDSA/Roosevelt Interchange EDSA/ North Avenue-West Ave. Interchange C-5 Lanuza C-5/Kalayaan  Project cancellation was endorsed by NEDA to DOF on 23 January 2006. EOJ issued note verbale accepting the cancellation in September 2006.
	11	MM Air Quality-Road Rehabilitation	DPWH	No procurement of civil works contract for the EDSA stretch (Roxas Blvd-North Avenue) due to disagreement on mode of rehabilitation between DPWH (AC overlay) and MMDA (re-blocking). This component has been cancelled