



Official Development Assistance

PORTFOLIO REVIEW REPORT

2018



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ODA Portfolio Review 2018

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

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Acronyms

AARNR	Agriculture, Agrarian Reform, and Natural Resources
ADB	Asian Development Bank
ADSDPP	Ancestral Domain Sustainable Development and Protection Plan
AFD	French Development Agency
AIIB	Asian Infrastructure Investment Bank
AM	Alert Mechanism
ARB	Agrarian Reform Beneficiary
ARMM	Autonomous Region in Muslim Mindanao
BAC	Bids and Awards Committee
BCDA	Bases Conversion and Development Authority
BOI	Bureau of Investments
BOTr	Bureau of Treasury
BSP	Bangko Sentral ng Pilipinas
CAR	Cordillera Administrative Region
CADT	Certificate of Ancestral Domain Title
CC	Climate Change
CCC	Climate Change Commission
CCF	Climate Change Fund
CF	Commitment Fees
CHED	Commission on Higher Education
CHR	Commission on Human Rights
COA	Commission on Audit
CP	Contract Package
CSO	Civil Society Organization
DA	Department of Agriculture
DAC	Development Assistance Committee
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
DFA	Department of Foreign Affairs
DFAT	Department of Foreign Affairs and Trade
DILG	Department of the Interior and Local Government
DND	Department of National Defense
DOE	Department of Energy
DOF	Department of Finance
DOH	Department of Health
DOJ	Department of Justice
DOST	Department of Science and Technology
DOTr	Department of Transportation
DP	Development Partners
DPWH	Department of Public Works and Highways
DRR	Disaster Risk Reduction
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
EDCF	Economic Development Cooperation Fund
EU	European Union
FAO	Food and Agriculture Organization
FMP	Forestland Management Project
FMR	Farm-to-Market Road
FPIC	Free, Prior, and Informed Consent
GAD	Gender and Development
GEF	Global Environmental Facility
GFI	Government Financial Institution
GID	Governance and Institutions Development

GOCC	Government-Owned and-Controlled Corporation
GPH	Government of the Philippines
IA	Implementing Agency
ICC	Investment Coordination Committee
ICC-CC	Investment Coordination Committee – Cabinet Committee
ICC-TB	Investment Coordination Committee – Technical Board
IFAD	International Fund for Agricultural Development
IFP	Infrastructure Flagship Project
ILO	International Labour Organization
INFRA	Infrastructure Development
IOM	International Organization for Migration
IP	Indigenous People
IPCC	Intergovernmental Panel on Climate Change
ITT	Industry, Trade, and Tourism
JICA	Japan International Cooperation Agency
JV	Joint Venture
KEDCF	Korean Economic Development Cooperation Fund
KEXIM	Export-Import Bank of Korea
KOICA	Korea International Cooperation Agency
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LLDA	Laguna Lake Development Authority
LP	Loan Proceeds
LRTA	Light Rail Transit Authority
LWUA	Local Water Utilities Administration
MDFO	Municipal Development Fund Office
MES	Monitoring and Evaluation Staff
MINDA	Mindanao Development Authority
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding

MWSS	Metropolitan Waterworks and Sewerage System
NB	NEDA Board
NCIP	National Commission on Indigenous Peoples
NCR	National Capital Region
NDRRMC	National Disaster Risk Reduction and Management Committee
NEA	National Electrification Administration
NEDA	National Economic and Development Authority
NGA	National Government Agency
NG	National Government
NG-LGU	National Government-Local Government Unit
NGO	Non-government Organizations
NHA	National Housing Authority
NIA	National Irrigation Administration
NPV	Net Present Value
OA	Oversight Agency
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OFID	OPEC Fund for International Development
O&M	Operations and Maintenance
OPAPP	Office of the Presidential Adviser on the Peace Process
OPEC	Organization of Petroleum Exporting Countries
OWPA	Overall Weighted Physical Accomplishment
PAGASA	Philippine Atmospheric, Geophysical, and Astronomical Services Administration
PCG	Philippine Coast Guard
PCW	Philippine Commission on Women
PDP	Philippine Development Plan
PFMI	Project Facilitation, Monitoring, and Innovation
PIP	Public Investment Program
PMO	Project Management Office

PNP	Philippine National Police
PPP	Public-Private Partnership
RM s	Results Matrices
RoWA	Right of Way Acquisition
SC	Supreme Court
SDG	Sustainable Development Goals
SRCD	Social Reform and Community Development
SUC	State Universities and Colleges
TA	Technical Assistance
TESDA	Technical Education and Skills Development Authority
TOR	Terms of Reference
TPC	Total Project Cost
UN	United Nations
UN HABITAT	United Nations Human Settlement Programme
UN WOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
UNDAF	UN Development Assistance Framework
UNDP	UN Development Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	UN Children's Fund
UNIDO	UN Industrial Development Organization
UNOPS	United Nations Office for Project Services
USA	United States of America
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank
WD	Water District
WFP	World Food Programme
WHO	World Health Organization

EXECUTIVE SUMMARY

ODA Portfolio Profile

Total ODA Portfolio as of December 2018 amounted to USD16.86 billion, consisting of 76 loans worth USD14.46 billion (86% of the total portfolio); and 338 grants worth USD2.40 billion (14% of the total portfolio).

Japan (Government of Japan – Japan International Cooperation Agency) provided the bulk of ODA loans to the country accounting for 42 percent (USD6.13 billion) of the loans portfolio, followed by the Asian Development Bank (ADB) with 25 percent (USD3.56 billion) and the World Bank (WB) with 21 percent (USD3.09 billion). For ODA grants, the USA (United States Agency for International Development), Australia, and the UN System were the three (3) major providers with 37 percent (USD886.47 million), 20 percent (USD476.19 million), and 15 percent (USD349.28 million), respectively.

As in the previous year, the Infrastructure Development (INFRA) sector accounted for the largest share of the ODA loans portfolio with 58 percent (USD8.35 billion for 41 loans), followed by the Social Reform and Community Development (SRCD) sector with 18 percent (USD2.60 billion for 7 loans), and the Agriculture, Agrarian Reform, and Natural Resources (AARNR) sector with 13 percent (USD1.94 billion for 8 loans). On the other hand, the SRCD remained as the largest recipient of grants assistance with 35 percent share (USD832.65 million for 105 grants), followed by AARNR with 30 percent (USD732.65 million for 78 grants), and Governance and Institutions Development (GID) sector with 16 percent (USD389.75 million for 115 grants).

Performance

FINANCIAL

Compared with the financial performance in 2017 and 2016, all absorptive capacity indicators of ODA loans, except disbursement rate increased by the end of 2018 with the significant improvement in the disbursement level of program loans. Historically, ODA loans' financial performance (disbursement rate, availment rate, and disbursement ratio) exhibited a downward trend.

In 2018, overall disbursement level of the ODA loans portfolio increased by 54 percent, from USD1.45 billion in 2017 to USD2.23 billion. Disbursement ratio also increased from 17 percent to 19 percent in the same period. The disbursement rate for project loans, however, decreased by two (2) percentage points, from 60 percent in 2017 to 58 percent in 2018 due to several implementation issues on site condition or availability, and procurement, among others.

Notwithstanding the slight increase in availment rate of project loans, from 65 percent in 2017 to 67 percent in 2018, an availment backlog of USD1.42 billion was still recorded as of year-end 2018. Disbursement ratio increased by two (2) percentage points from 17 percent in 2017 to 19 percent in 2018.

Meanwhile, utilization level of the 338 active ODA grants reached USD1.67 billion, posting a utilization rate of 70 percent against the total grant amount of USD2.40 billion.

PHYSICAL

There were 394 ODA-funded programs and projects by the end of 2018 with reported physical status. Of these, 108 were physically completed (27%); two (2) were ahead of schedule (0.51%); 232 were on-schedule (59%); 42 were behind schedule (11%); seven (7) were closed with incomplete outputs (2%), and three (3) were not yet started (0.76%).

In terms of the physical status of the 56 ODA-loan assisted projects, six (6) were physically completed (10.71%), two (2) were ahead of schedule (3.57%), 21 were on schedule (37.5%), 20 were behind schedule (35.7%), four (4) closed with incomplete outputs (7.14%), and three (3) were not yet effective (5.36%).

For the 338 ODA grant-assisted projects, 102 were already completed, 211 were on schedule, 22 were behind schedule, and three (3) projects were closed with incomplete outputs.

Actual Problem Projects in the Alert Mechanism

The National Economic and Development Authority-Monitoring and Evaluation Staff (NEDA-MES) identified 11 ODA-loan assisted projects as actual problem projects for priority monitoring and facilitation, based on its Alert Mechanism. Nine (9) of these were identified to be in the Critical Stage (Alert Level II), having implementation issues that remained unresolved for at least six (6) months, while the remaining two (2) projects were under the Early Warning Stage (Level I). Ten (10) actual problem projects posted an availment backlog of USD572.41 million or 40 percent of the total availment backlog of the active ODA loans portfolio as of end 2018.

Programs/Projects Results

The Review showed that 43 programs and projects reported results that contribute to achieving 37 sector outcome indicators in five (5) chapters of the 2017-2022 Philippine Development Plan – Results Matrices (PDP-RMs).

Key Implementation Issues

Various key implementation issues encountered by 58 projects in 2018 were discussed extensively in Section 5 of this report.

Site Condition/ Availability

There were 16 projects that encountered issues on availability of project site, inadequacy of existing site structures, unanticipated geological conditions, right-of-way and land acquisition, resettlement, and peace and order concerns in the project area.

Procurement Issues

Thirteen projects experienced delays in procurement and pre-procurement activities such as failures in bidding and negotiations with potential contractors, among others.

Processing of Clearances / Permits and Approvals

There were also 13 projects that encountered difficulties in obtaining Government or Funding Institution (FI) approvals or required clearances or permits.

Institutional Support

Twelve projects had issues related to inadequate support from and/or coordination with stakeholders or implementing partners, particularly when program/project implementation relies on complementary support from other

Capacity of PMO and Other Implementing Partners

Seven (7) projects were affected by the difficulties faced by PMOs and/or other implementing partners in terms of recruitment, turnover of staff, and low technical capacity to manage/implement the project.

Budget and Funds Flow

Nine (9) projects were affected by absence or inadequate funding, delayed fund releases, and adverse movement of interest or exchange rates.

Design, Scope, Technical Issues

Eight (8) projects that encountered delays due to changes in scope and output specification outside the agreed range, or inadequate design resulting in facilities that are incapable of delivering services at anticipated cost and specified level.

Performance of Contractor/ Consultant

Seven (7) projects had issues on the poor performance of contractors/consultants such as failure to provide contracted service to required specifications, or failure of contractor to meet the project's financial demands and technical specifications.

Inputs and Cost

Five (5) projects encountered delays due to unavailability of inputs in required quantities or higher cost of inputs against what was anticipated at project design.

Issues on Project Uptake

Four (4) projects that had issues on creating demand and processing the approvals for sub-projects.

Legal/Policy Issuances

Two (2) projects had issues on legal and policy issuances that had adverse consequence on program/project implementation.

Sustainability and Operations and Maintenance (O&M)

One (1) project experienced delay in full operation due to technical concerns on the project's repair and maintenance.

Other Implementation Issues

Six (6) projects encountered delays due to legal issues and inability to meet service delivery by reason of force majeure events (e.g., earthquakes and major typhoons).

Assessment of Continued Viability of ODA Programs/Projects

There were 24 ODA loans that were restructured in 2018, with most of the requests involving increase in cost (8 projects). For 2019, 18 projects are expected to be restructured covering extension of loan validity, changes in scope and/or cost, and/or implementation period or Reallocation or implementation arrangements.

Lessons Learned

Important lessons learned on human resource, risk management, communication, adoption of technology, site/right-of-way acquisition, project design, scope, implementation arrangement, and procurement are discussed in this Report.

Recommendations

Recommendations for implementing and oversight agencies, as well as development partners in the areas of project design, capacity development, legal/policy issuances, and monitoring and evaluation are also discussed in the Report to further improve the ODA portfolio performance for 2019 and beyond.

Major Development Initiatives

Various development initiatives were undertaken in 2018 by NEDA, in coordination with other government agencies, development partners, and stakeholders from the non-government sector. Some of these are: (a) updating of the PDP-RM 2017-2022; (b) participation to the 3rd monitoring round of the Global Partnership for Effective Development Cooperation; (c) conduct of impact evaluation studies under the NEDA-administered M&E Fund and the NEDA-UNDP Partnership Agreement on Strategic M&E; (d) review of National Evaluation Systems and Capacities for Evaluating Progress Towards the SDGs; (e) alignment of Development Partners' Performance Indicators and Country Partnership Strategies with the PDP 2017-2022; (f) conduct of the 7th M&E Network Forum; (g) adoption of global internal auditing standards; and (h) localization of the Open Government Partnership.

ABOUT THE ODA PORTFOLIO REVIEW

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. NEDA is required to submit to Congress a report on the outcome of the review not later than June 30 of each year.

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

Objectives

In compliance with the above mandates, NEDA conducts annual reviews of the ODA portfolio to:

- a. report on the status of all projects financed by ODA
- b. identify key implementation issues, problems, actual or prospective causes (e.g., 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
- f. track developments on recommendations made in the past portfolio reviews.

Methodology

The Review covered all ODA loan- and grant-assisted programs and projects that were signed, became effective, implemented or completed, or had the ODA financing closed/ended from January 1, 2018 to December 31, 2018. This Report also covers projects of government-owned and controlled corporations (GOCCs)/government financial institutions (GFIs) funded by foreign lenders/development partners, wherein the borrowings are made pursuant to the original charters of GOCC/GFI or under special borrowing laws (amended Foreign Borrowings Act).

The review process includes consultations and discussions with 15 agencies involved in implementing the programs/projects. NEDA undertook the review with the participation of oversight agencies (OAs) such as the Department of Budget and Management (DBM), Department of Finance (DOF), and the Commission on Audit (COA) and various development partners (DPs).

Structure

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

- **Section 2** provides an overview of the ODA portfolio for 2018, with specific updates on ODA-funded Infrastructure Flagship Projects (IFPs) implemented under the Build, Build, Build Program.
- **Section 3** reports on financial and physical performance of the ODA portfolio and problematic projects in 2018.
- **Section 4** reports the results (outcomes and outputs).
- **Section 5** discusses key implementation issues.
- **Section 6** provides an assessment of the continued viability of ODA programs/projects.
- **Sections 7 and 8** present the important lessons learned from project/program implementation and the recommendations for 2019 and beyond, respectively.
- **Section 9** highlights the major development effectiveness initiatives in 2018.

THE 2018 ODA PORTFOLIO

The total ODA portfolio as of December 2018 amounted to USD16.86 billion, consisting of 76 loans worth USD14.46 billion (86% of the total portfolio), and 338 grants worth USD2.40 billion (14% of the total portfolio). These ODA support 67 loan programs and projects and 338 grant projects (Table 2.1).

Table 2.1 Composition of the ODA Portfolio

ODA	Count	Net Commitments (in USD billion)	Number of Programs/Projects Supported by ODA ¹
Loans	76	14.46	67
Programs	11	3.56	11
Projects	65	10.90	56
Grants	338	2.40	338
Projects	338	2.40	338
TOTAL	414	16.86	405
Programs	11	3.56	11
Projects	403	13.30	394

ODA Distribution

By Implementing Agency

As of 2018, the Department of Transportation (DOTr) had the largest share of the active ODA portfolio with 30 percent (USD 4.99 billion for 15 loans and 2 grants); followed by the Department of Public Works and Highways (DPWH) with 16 percent (USD 2.68 billion for 19 loans and 7 grants); and the Department of Finance (DOF) with 14

¹ A program/project may be supported by two (2) or more loans and a loan may support one or more program/projects.

percent (USD2.36 billion for 9 loans and 4 grants). Table 2.2 presents the ODA distribution by Implementing Agency.

Table 2.2 ODA Distribution by Implementing Agency

IA	Loans	Grants	Total Count	Loan Net Commitment (USD Million)	Grant Amount (USD Million)	Total ODA (USD Million)	% Share on Total ODA
DOTr	15	2	17	4,982.35	3.03	4,985.38	29.56
DPWH	19	7	26	2,559.09	123.31	2,682.40	15.90
DOF	9	4	13	2,319.25	37.81	2,357.06	13.97
DSWD	4	9	13	1,701.10	31.97	1,733.07	10.27
DA	6	42	48	769.01	81.36	850.37	5.04
DepEd	2	9	11	600.00	248.92	848.92	5.03
NIA	4	1	5	395.09	21.83	416.92	2.47
DOH	-	30	30	-	364.34	364.34	2.16
LBP	2	5	7	318.62	33.40	352.02	2.09
MWSS	2	1	3	334.51	1.00	335.51	1.99
DENR	3	20	23	157.25	100.40	257.65	1.53
DAR	6	1	7	203.92	2.22	206.14	1.22
MINDA	-	3	3	-	167.71	167.71	0.99
DOE	2	6	8	40.24	103.20	143.44	0.85
OPAPP	-	4	4	-	65.66	65.66	0.39
LWUA	1	1	2	60.00	2.00	62.00	0.37
DTI	-	3	3	-	43.67	43.67	0.26
DILG	1	7	8	24.44	18.23	42.67	0.25
Other IAs ²	-	63	63	-	293.63	293.63	1.74
DP-Implemented ³	-	86	86	-	344.01	344.01	2.04
Multi-Agency	-	25	25	-	246.76	246.76	1.46
LGU-Implemented ⁴	-	9	9	-	68.54	68.54	0.41
TOTAL	76	338	414	14,464.87	2,403.02	16,867.89	100.00

² Other IAs include DOLE with 15 projects; NEDA with nine (9) projects; CCC with seven (7) projects; CHR with five (5) projects; SC with three (3) projects; DOST, COA, DOJ, and NDRRMC all with two (2) projects each; and PPP Center, BSP, Bangsamoro Development Agency, PAGASA, NEA, PNP, PCW, CHED, IC, BOI, Office of the Ombudsman, BOTr, TESDA, PTV, National Competitiveness Council, and National Nutrition Council all with one (1) project each.

³ DP-implemented projects are grants that are administered by the DPs including Australia, Canada, WHO, UN Habitat, UNDP, UNIDO, WFP, IOM, UNICEF, and USAID.

⁴ LGU-implemented grants are grants that are administered by the LGUs such as Metro Manila, ARMM, Region 2, 4A, 4B, 5, 6, 10, 11, 12, and 13.

By Sector

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

Table 2.3 Sector Classification

Sector	Key Activities/Components
 AARNR	Farm-to-market roads and bridges, irrigation systems/facilities, agriculture and enterprise development, agricultural credit, multi-purpose buildings, flood protection, solar driers, warehouses, potable water supply, watershed conservation, forest management and agro-forestry, agribusiness, and environmental management (e.g., climate change, disaster risk reduction)
 GID	Tax reforms, human resource development and management, judicial reforms, and local governance
 ITT	Trade and investment, environmental technologies in industries, and microfinance and microenterprise development
 INFRA	Power, energy, electrification, information communications technology, air, land (roads and bridges), rail, and water transportation, flood control and drainage, solid waste management, water supply and sanitation, and other public works (e.g., public markets, bus terminals)
 SRCD	Primary, secondary, and tertiary education, technical and vocational education training, arts, culture, and humanities education, maternal and child health services, hospital services, nutrition and population, social welfare and development, multi-purpose buildings, school buildings, potable water supply, and water, sanitation and hygiene

The INFRA sector accounted for the largest share of the active ODA portfolio with 51 percent (USD 8.62 billion for 60 loans/grants); followed by the SRCD sector with 20 percent (USD3.43 billion for 112 loans/grants); and the AARNR sector with 12 percent (USD1.96 billion for 135 loans/grants). (See Figure 2.1 and Annex 2-A for the distribution of ODA loans by sector and subsector).

Year-on-year (2017-2018) comparison shows that aside from having the highest share for both years, the INFRA sector also significantly increased by USD 1.99 billion in 2018. This is mainly due to the entry of seven (7) new infrastructure loans amounting to USD 2.15 billion, three (3) of which are part of the Build, Build, Build Program with net commitment amounting to a total of USD 1.31 billion.

The share of AARNR sector also increased by USD 0.59 billion with the addition of two (2) loans (1 loan is part of the Build, Build, Build Program with net commitment amounting to USD 62.09 billion). Meanwhile, SRCD, GID, and ITT sectors showed a decrease in their shares (see Figure 2.2).

Figure 2.1 ODA Distribution by Sector

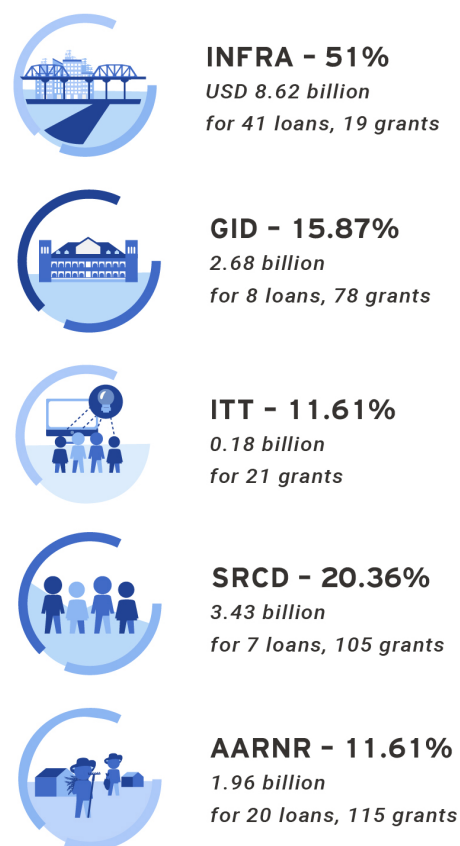
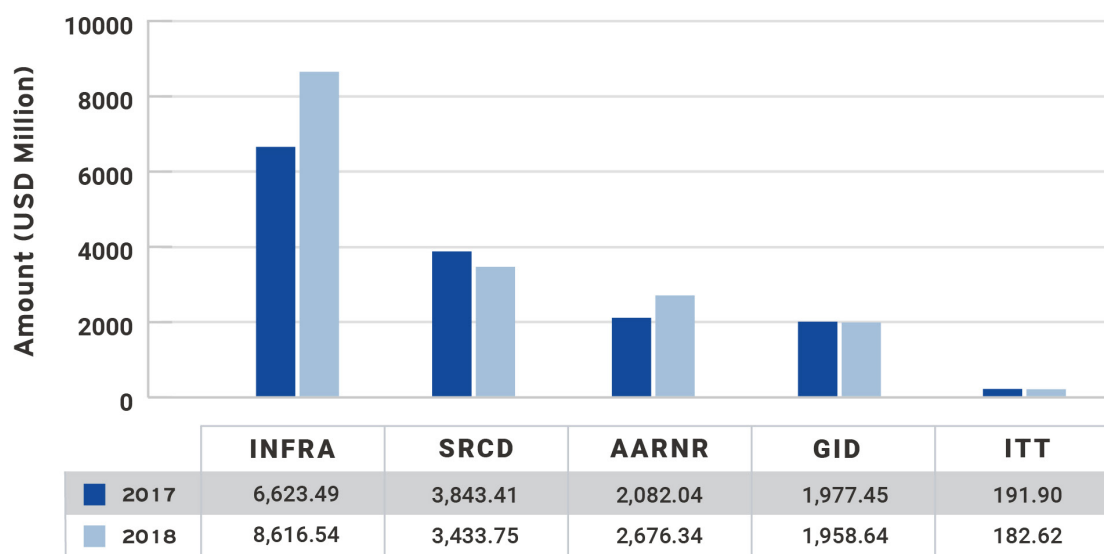


Figure 2.2 Year-on-year (2017-2018) ODA Classification by Sector



By Region

Box 2.1 ODA Classification by Area Coverage

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

The regional cost is based on the submitted peso equivalent (which may be different from the ICC- approved costs) of loan and grant amount expressed in USD using the average PHP-USD exchange rate for the 4th quarter of 2018. For programs/projects with no information on regional cost as submitted by implementing agencies, ODA amounts are based on the submission of Funding Source.

Multi-regional programs/projects had the largest share of the total active ODA portfolio as of end of 2018 with 39 percent share (USD 6.50 billion for 119 projects), followed by nationwide programs/projects with 30 percent share (USD 5.09 billion for 187 projects), and region-specific programs/projects with 31 percent share (USD 5.28 billion for 108 programs/projects). Table 2.4 shows the ODA distribution by Area Coverage.

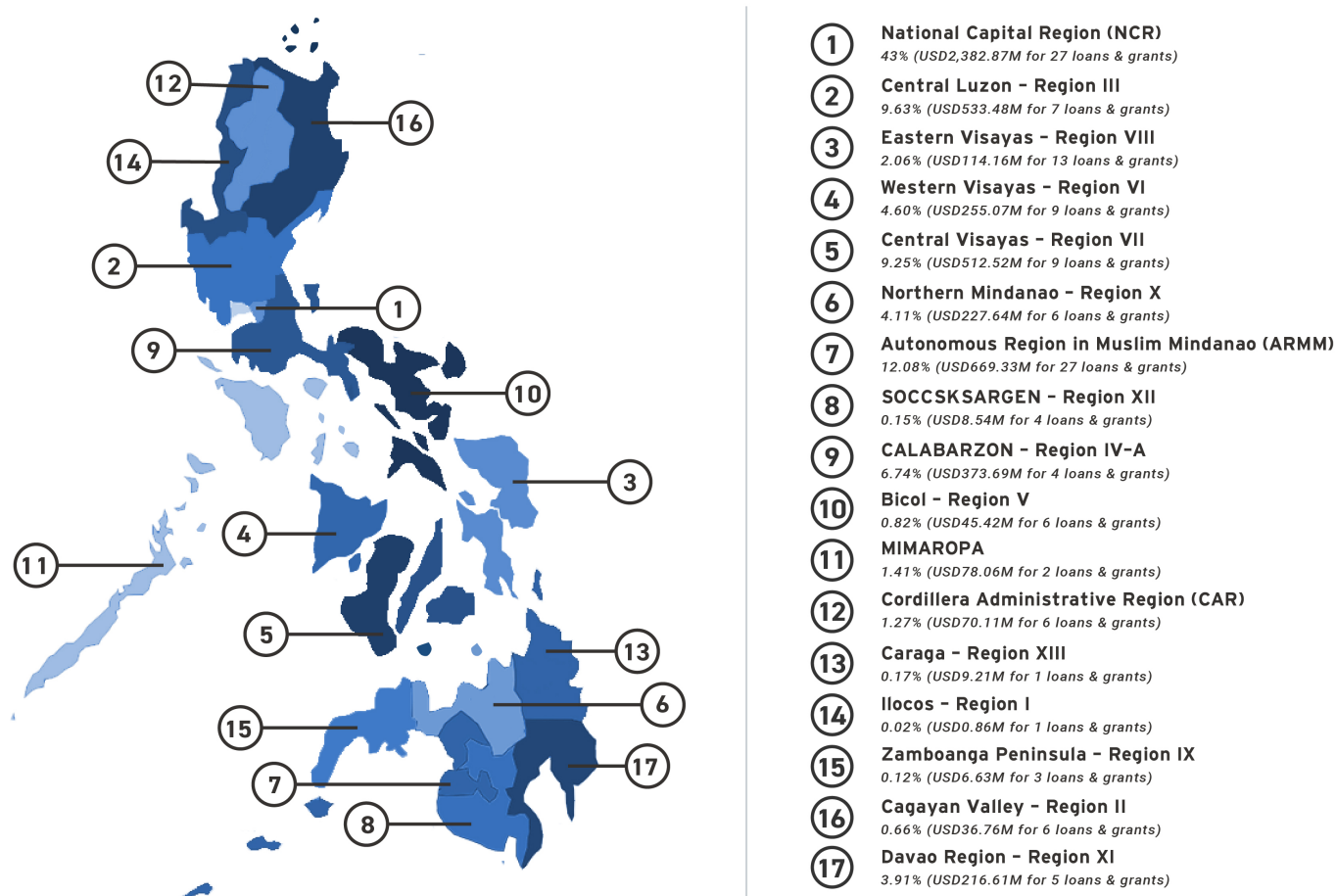
Table 2.4 Distribution of ODA Loans and Grants by Area Coverage

Coverage	Loans		Grants		Total		
	Count	Net Commitment (USD million)	Count	Net Commitment (USD million)	Count	Net Commitment (USD million)	% Share on Amount
Nationwide	20	4,257.78	167	829.62	187	5,087.40	30.16
Program	9	2,969.25	-	-	9	2,969.25	17.60
Projects	11	1,288.54	167	829.62	178	2,118.16	12.56
Multi-regional	24	5,435.90	95	1,066.91	119	6,502.81	38.55
With regional cost breakdown	5	253.98	1	14.83	6	268.81	1.59
Without regional cost breakdown	19	5,181.92	94	1,052.08	113	6,234.00	36.96

Coverage	Loans		Grants		Total		
	Count	Net Commitment (USD million)	Count	Net Commitment (USD million)	Count	Net Commitment (USD million)	% Share on Amount
Region-specific	32	4,771.19	76	506.49	108	5,277.68	31.29
TOTAL	76	14,464.87	338	2,403.02	414	16,867.89	100.00

Meanwhile, the top five (5) regions that received the largest share of the ODA portfolio were: National Capital Region (NCR) (43%), ARMM (12%), Region III (10%), Region VII (9%), and Region IV-A (7%). Table 2.5 provides the regional distribution of ODA loans and grants based on available information from implementing agencies and funding source.

Figure 2.3 Regional Distribution of ODA Loans and Grants



Note: Includes only region-specific programs/projects and multiregional ODA with regional cost breakdown. One (1) loan/grant may support multiple regions.

By Fund Source

Japan provided the bulk of ODA assistance to the country accounting for 37 percent share (USD6.24 billion for 35 loans/grants) of the active ODA portfolio, followed by ADB with 22 percent (USD3.64 billion for 33 loans/grants) and WB with 19 percent (USD3.13 billion for 22 loans/grants). Table 2.6 provides the percentage distribution of active ODA by fund source.

Table 2.5 Total ODA by Fund Source in USD million

Fund Source	Loans*	Grants	Total Count	Loan Net Commitment (USD million)	Grant Amount (USD million)	Total ODA (USD million)	% Share on Amount
Japan	24	11	35	6,132.86	106.76	6,239.62	36.99
ADB	18	15	33	3,561.70	74.64	3,636.34	21.56
WB	12	10	22	3,094.21	33.43	3,127.64	18.54
USA	-	57	57	-	886.47	886.47	5.26
Korea	6	12	18	653.38	83.70	737.08	4.37
Australia	-	53	53	-	476.19	476.19	2.82
UN System**	5	134	139	108.97	349.28	458.25	2.72
China	2	2	4	273.3	91.62	364.92	2.16
France	4	3	7	321.18	1.31	322.49	1.91
AIIB	1	-	1	207.6	-	207.60	1.23
EU	-	6	6	-	148.74	148.74	0.88
Germany	-	7	7	-	73.12	73.12	0.43
Canada	-	17	17	-	55.80	55.80	0.33
OFID	2	-	2	51.61	-	51.61	0.31
Italy	1	2	3	35.63	5.55	41.18	0.24
Austria	1	-	1	24.44	-	24.44	0.14
New Zealand	-	3	3	-	8.32	8.32	0.05
Spain	-	6	6	-	8.10	8.10	0.05
TOTAL	76	338	414	14,464.88	2,403.02	16,867.90	100.00

*Loans under the UN System pertains to IFAD loans

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

By Development Themes

ODA on Climate Change (CC) Adaptation and Mitigation and Disaster Risk Reduction (DRR) Implementing agencies identified 41 programs and projects (loans and grants) with a total cost of PHP 90.26 billion having components on climate change strategies and interventions and disaster risk reduction (see Table 2.7). The complete list of loans and grants supporting climate change mitigation/adaptation and disaster risk reduction is provided in Annex 2-B.

Table 2.6 ODA Addressing Climate Change Adaptation and Mitigation and Disaster Risk Reduction⁵

Climate Change (CC) and Disaster Risk Reduction (DRR) Initiatives	Fund Source				Total	
	Loans		Grants			
	Count	Cost (PHP M)	Count	Cost (PHP M)	Count	Cost (PHP M)
CC Adaptation	8	28,613.80	6	5,427.4	14	34,041.20
CC Mitigation	4	1,822.24	8	142.00	12	1,964.24
DRR	4	22,241.80	3	490.37	7	22,732.17
CC Adaptation & Mitigation	2	1,869.51	1	15.07	3	1,884.58
CC Mitigation & DRR	1	1.13	-	-	1	1.13
CC Adaptation and Mitigation and DRR	3	29,629.71	-	-	3	29,629.71
CC Adaptation and DRR	-	-	1	2.21	1	-
Total by Component	22	84,178.19	19	6,077.05	41	90,255.25

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.

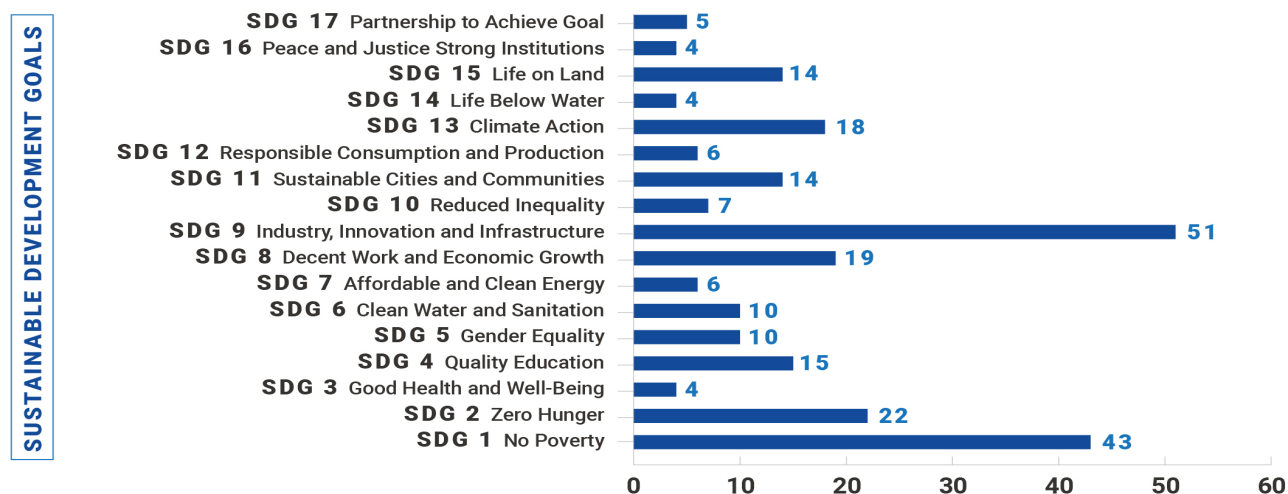
Meanwhile, the ADB defines DRR as a “series of interconnected actions to minimize disaster vulnerability by avoiding (prevention) or limiting (mitigation and preparedness) the adverse effects of hazards within the broad context of sustainable development.” DRR is also an integral component of CC adaptation.

⁵ A program/project may contribute to more than one component under CC and DRR initiatives, thus total count and cost may not tally.

Sustainable Development Goals (SDGs)

For 2018, a total of 108 ODA programs and projects supported the achievement of the 17 SDGs. The top three (3) SDGs supported by ODA loans and grants are SDG 9 (Industry, Innovation, and Infrastructure); SDG 1 (No Poverty); and SDG 2 (Zero Hunger) – with 51, 43, and 22 ODA programs and projects, respectively (see Figure 2.3). See also Annex 2-C for the list of ODA loans and grants supporting the SDGs.⁶

Figure 2.4 ODA Loans and Grants supporting the Sustainable Development Goals



*A program/project may be counted in more than one (1) SDG.

Box 2.3 Sustainable Development Goals (SDGs)

Built on the success of the Millennium Development Goals and anchored on the 2030 Agenda, the SDGs are a universal set of goals aimed towards ending poverty, protecting the planet, and ensuring that all people enjoy peace and prosperity. Adopted in September 2015 and made effective in January 2016, 193 partner countries of the United Nations committed to uphold the achievement of the 17 goals by 2030.



⁶ Source: Public Investment Program (PIP) Online

Promoting Gender-Responsiveness of Projects

Pursuant to RA No. 7192 (Women in Development and Nation-Building Act) and RA No. 9710 (Magna Carta of Women), NEDA has been tracking the amount of ODA allotted for gender-responsive programs and projects since 2007. RA 9710 specifically provides that “five to thirty percent (5%-30%) of funds received from foreign governments and multilateral agencies are in support of gender-responsive programs and projects”. The Harmonized Gender and Development Guidelines has been used as the tool for monitoring the gender-responsiveness of ODA programs and projects.

In 2018, 12 implementing agencies with ODA loans and grants provided information on the gender responsiveness of their projects. They include the Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), Department of Education (DepEd), Department of the Interior and Local Government (DILG), Department of Labor and Employment (DOLE), DOTr, DPWH, Department of Social Welfare and Development (DSWD), Land Bank of the Philippines (LBP), Local Water Utilities Administration (LWUA), and Office of the Presidential Adviser on the Peace Process (OPAPP). For 2018, 72 percent of the ODA portfolio was accounted to be gender-responsive and gender-sensitive projects with a total project cost of PHP508,378.01 million (*see Table 2.8*). The complete list is provided in Annex 2-D.⁷

Table 2.7 Classification of ODA Projects by Gender-Responsiveness

Classification	Projects			
	Count	% Share	Total Project Cost (PHP M)	% Share
Gender-responsive	17	26.56	473,861.97	67.17
Grants	4		7,269.37	
Loans	13		466,592.60	
Gender-sensitive	15	23.44	34,516.04	4.89
Grants	9		3,474.23	
Loans	6		31,041.81	
With promising GAD prospects	13	20.31	102,328.35	14.51
Grants	5		591.44	
Loans	8		101,736.91	
GAD is invisible in the project	13	20.31	46,169.81	6.54
Grants	8		2,087.43	
Loans	5		44,082.38	

⁷ Source: NEDA-Social Development Staff

Classification	Projects			
	Count	% Share	Total Project Cost (PHP M)	% Share
Unclassified	6	9.38	48,589.95	6.89
Grants	1		23.37	
Loans	5		48,566.58	
TOTAL	64	100.00	705,466.12	100.00

ODA Status

ODA Loans

The loans portfolio in 2018 amounted to USD14.46 billion for 11 program loans and 65 project loans worth USD 3.56 billion and USD 10.90 billion, respectively. The amount is the net of USD513.41 million loan cancellations. Out of 67 total projects, four (4) projects are supported by two (2) loans; one (1) project is backed by three (3) loans; and two (2) projects are supported by one (1) loan. Annex 2-E provides the list of loans, Annexes 2-F and 2-G provides the total project cost and the description of loan-supported programs and projects, respectively.

Box 2.4 Concessionalities of ODA Loans to the Philippines

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

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

For the 12 newly signed direct loans of the NG in 2018, the weighted average grant element computed by DOF is 72 percent. The financing terms of development partners, such as interest rate, maturity (interval to final payment), and grace period interval to first payment of capital, are presented in Annex 2-H. Annex 2-I presents the grant element of all active ODA loans as of 2018 (DOF).

The loans portfolio in 2018 increased by USD 2.14 billion compared with the 2017 commitment level. Thirteen (13) loans (3 program loans and 10 projects loans) amounting to USD 3.38 billion were newly signed in 2018 while the remaining 63 loans (8 program loans and 55 project loans) amounting to USD11.08 billion have been in active status or continuing from previous years. A comparison of the 2017 and 2018 ODA loans portfolios by status is shown in Table 2.9. Annex 2-J shows the magnitude of the ODA loans portfolios in the past ten (10) years.

Box 2.5 2018 ODA Loans Net Commitment in Original Currency

Loans were contracted in their original currencies as follows:

Currency	Loan Count	Amount in Original Currency (Millions)	Amount in USD Million
USD	38	7,246.28	7,246.28
JPY	24	693,500.12	6,132.86
EUR	7	362.22	413.98
KRW	6	737,446.95	653.38
SDR*	1	13.24	18.38
TOTAL	76	-	14,464.87

*Special Drawing Rights

For the purpose of analysis and reporting, the non-USD denominated loans were converted to USD using the Bangko Sentral ng Pilipinas average monthly foreign exchange rates for the last quarter of 2018.

Table 2.8 2017 and 2018 Status of Loans in USD Million by Loan Type

Status	Programs				Projects			
	2017		2018		2017		2018	
	Amount (USD M)	Count	Amount (USD M)	Count	Amount (USD M)	Count	Amount (USD M)	Count
Continuing	2,615.07	8	2,669.25	8	8,067.91	51	8,415.19	55
Closed	665.07	3	719.25	3	428.28	4	683.39	9
Not Yet Effective					33.58	1		
Ongoing	1,950.00	5	1,950.00	5	7,606.04	46	7,731.80	46
New	717.75	3	900.00	3	923.86	8	2,480.44	10
Effective			600.00	2	168.24	3	1,893.22	7

Status	Programs				Projects			
	2017		2018		2017		2018	
	Amount (USD M)	Count	Amount (USD M)	Count	Amount (USD M)	Count	Amount (USD M)	Count
Not Yet Effective	717.75	3	300.00	1	755.62	5	587.22	3
TOTAL	3,332.83	11	3,569.25	11	8,991.77	59	10,895.62	65

Of the 13 new loans in 2018, nine (9) became effective (2 program loans and 7 project loans) while the remaining four (4) (1 program loan and 3 project loans) are not yet effective as of December 2018. Meanwhile, two (2) continuing loans, namely, Inclusive Partnerships for Agricultural Competitiveness (IPAC) and Integrated Marine Environment Monitoring System Phase 2 (PHILO Project Phase 2), were terminated in 2018. Further, looking on the annual comparison of loan inflows (see *Table 2.10*) from 2016 to 2018, a significant increase in the new loans can be observed in the 2018 portfolio.

Table 2.9 Status of Loans in USD Million 2016-2018

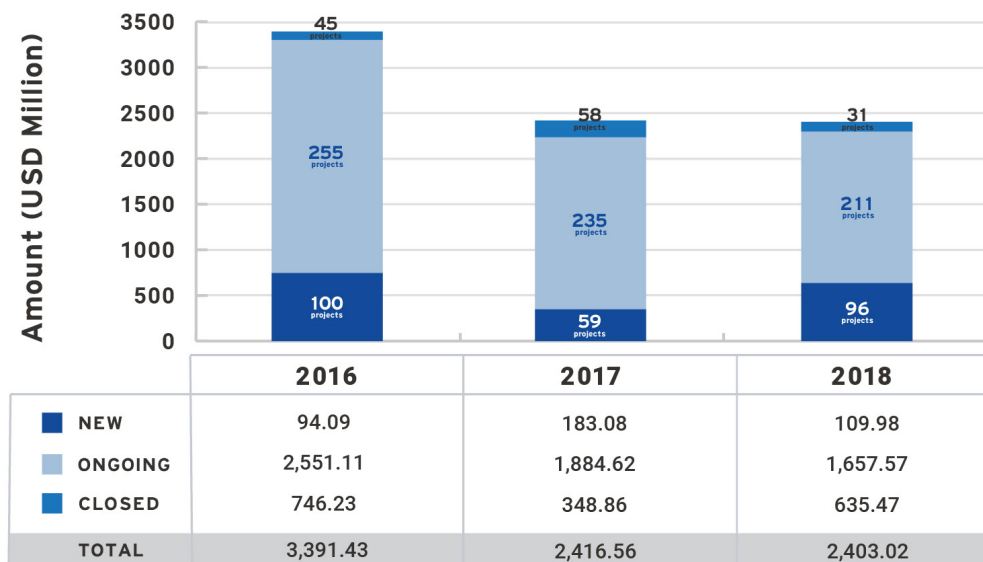
Status	2016		2017		2018	
	Amount	Count	Amount	Count	Amount	Count
Continuing	10,353.53	58	10,682.98	59	11,084.44	63
Closed	1,219.53	10	1,093.35	7	1,402.64	12 ⁸
Not Yet Effective			33.58	1		
Effective	2218.2508	1				
Ongoing	6,915.75	47	9,556.04	51	9,681.80	51
New	2,141.16	11	1,641.61	11	3,380.44	13
Closed	53.98	1				
Not Yet Effective	491.63	4	1,473.37	8	887.22	4
Effective	1,595.56	6	168.24	3	2,493.22	9
TOTAL	12,494.69	69	12,324.59	70	14,464.87	76

ODA Grants

The ODA Grants portfolio as of year-end 2018 consisted of 338 active ODA grant-assisted projects with assistance from 28 Development Partners (DPs). Covered in this report are 31 new and 307 active grants continuing from previous years with a total grant amount of USD2.40 billion. Of the continuing grants, 211 are still ongoing while 96 already closed in 2018 (see *Figure 2.4*). Annex 2-K provides the list of ODA grants covered in the Report.

⁸ Includes two terminated project loans in 2018 with a loan amounting to USD132.49 million

Figure 2.5 ODA Grants Magnitude in USD million (2016 to 2018)



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

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

Meanwhile, 14 DPs provided supplemental information on grants channeled through civil society organizations including non-government organizations and private sector groups. There were 52 programs/projects reported with a total amount of USD166.60 million (see Annex 2-L for the list of non-ODA grants).

Infrastructure Flagship Projects

There are 75 game-changing and high impact infrastructure projects identified by the NEDA Board Committee on Infrastructure (INFRACOM) and the Investment Coordination Committee (ICC) as Infrastructure Flagship Projects (IFPs). The list of 75 IFPs was adopted by the NEDA Board on June 27, 2017 (see Annex 2-M for the complete list of IFPs). These projects are expected to greatly contribute to the achievement of the country's development goals by enhancing connectivity and promoting growth centers outside the urban-industrial region centered on Metro Manila. Total investment requirements for these projects is estimated to be at PHP2.18 trillion.

Box 2.7 The Government's Build, Build, Build Program

Infrastructure development remains among the top priorities of the government over the medium term. To usher in the golden age of infrastructure and increase the pace of growth, intensify inclusion, reduce poverty, and attract foreign investment, the Duterte Administration launched the Build, Build, Build Agenda as a means to address the poor quality of infrastructure and to promote transparency and efficiency of major infrastructure agencies in implementing government infrastructure projects.

The Build, Build, Build Program aims to support a higher growth trajectory and improve the quality of life in both urban and rural communities. Spending on infrastructure is being intensified while addressing persistent issues and challenges hampering implementation, so that the "Golden Age of Infrastructure" will form part of a solid foundation for reaching AmBisyon Natin 2040 or the country's long-term vision for 2040.

As of December 31, 2018, 57 projects worth PHP 2.01 trillion (93%) are to be implemented through ODA, 12 projects (6%) worth PHP 138.54 billion through Government Funds, five (5) projects (1.07%) worth PHP 23.27 billion through PPP, and one (1) project through purely private initiative. Table 2.11 provides the breakdown of IFPs by mode of financing.

Table 2.10 IFPs by Source of Financing

Funding Source	Number of Projects	Indicative Cost	Fund Source
ODA	57	2,014,408.26	92.56
GAA	12	138,537.20	6.37
PPP	5	23,268.61	1.07
Private	1	(to be determined)	(to be determined)
Grand Total	75	2,176,214.07	100

As of end 2018, 36 out of the 75 IFPs were approved by the ICC and confirmed by the NEDA Board, with a total investment requirement of PHP1.55 trillion. Meanwhile, 30 projects are expected to be approved by the NEDA Board upon recommendation of the ICC; and nine (9)⁹ projects do not require ICC/NB approval.

⁹ Joint Venture (JV) projects are to be implemented by BCDA under its own JV guidelines; three (3) projects are below the PHP2.5 billion projects cost threshold; one (1) is already completed as a component of the Pasig-Marikina River Channel Improvement Project Phase III; one (1) DOE project is identified as a purely private initiative; and one (1) project is for review or possible replacement.

Out of the 36 projects approved by the NEDA Board, 25 IFPs have confirmed ODA funding (i.e., with agreements already signed or for signing within 2019). The list of eight (8) IFPs that have active loans and grants from Korea (2 projects), Japan (2 projects), China (4 projects), are shown in Table 2.12.

Table 2.11 IFPs with Active Loans and Grants

Project Title/ IA	Total Project Cost (PHP M)	Net Commitment (USD M)	Loan/ Grant Signing	Project Status (as of end of 2018)
Korea				
New Cebu International Container Port/ DOTr	9,195.00	172.64	<u>Loan Signing:</u> June 4, 2018 <u>Loan Effectivity:</u> September 21, 2018	Procurement
Panguil Bay Bridge Project/ DPWH	7,375.34	100.13	<u>Loan Signing:</u> April 28, 2016 <u>Loan Effectivity:</u> August 3, 2016	Procurement
Japan				
Metro Manila Subway Project - Phase 1/ DOTr	356,964.17	925.29	<u>Loan Signing:</u> March 16, 2018 <u>Loan Effectivity:</u> June 25, 2018	Detailed Engineering Design
Cavite Industrial Area Flood Management Project/ DPWH	9,891.50	141.10	<u>Loan Signing:</u> November 20, 2017 <u>Loan Effectivity:</u> March 12, 2018	Procurement
China (Grant)				
Binondo-Intramuros Bridge/ DPWH	4,607.04	74.15	<u>Loan Signing:</u> May 15, 2017 <u>Loan Effectivity:</u> November 15, 2017	Ongoing Construction
Estrella-Pantaleon Bridge/ DPWH	1,367.04	17.46	<u>Loan Signing:</u> May 15, 2017 <u>Loan Effectivity:</u> November 15, 2017	Ongoing Construction
China (Loan)				
Chico River Pump Irrigation Project/ National Irrigation Administration (NIA)	4,372.90	62.09	<u>Loan Signing:</u> April 10, 2018 <u>Loan Effectivity:</u> June 5, 2018	Ongoing Construction

Project Title/ IA	Total Project Cost (PHP M)	Net Commitment (USD M)	Loan/ Grant Signing	Project Status (as of end of 2018)
New Centennial Water Source - Kaliwa Dam Project/ Metropolitan Waterworks and Sewerage System (MWSS)	12,200.01	211.21	Loan Signing: November 20, 2018 Loan Effectivity: not yet effective	Procurement

Meanwhile, the loan agreements of 17 IFPs are expected to be signed within 2019 (*see Table 2.13*).

Table 2.12 IFPs with Loans for Signing in 2019

Project Title/ IA	Funding Type (Indicative)	Total Project Cost (PHP M)
ADB		
Marikina-Vista Real Bridge/ DPWH	Loan	1,813.78
J.P. Rizal - Lopez Jaena Bridge/ DPWH	Loan	1,610.81
J.P. Rizal - St. Mary Bridge/ DPWH	Loan	5,738.76
Mercury-Evangelista Bridge/ DPWH	Loan	1,375.30
East-west Bank Bridge 2/ DPWH	Loan	3,176.25
Metro Manila BRT - Line 2 (EDSA/Central)/ DOTr	Loan	37,760.00
Japan and ADB		
PNR North 2 (Malolos-Clark International Airport-New Clark City)/ DOTr • Phase 1: Malolos-Clark International Airport • Phase 2: Clark International Airport-New Clark City	Loan	283,815.00
PNR South Commuter Line (Tutuban-Calamba)/ DOTr	Loan	344,606.00
China		
Subic-Clark Railway Project/ DOTr/BCDA	Loan	50,031.00
Ambal-Simuay River and Rio Grande de Mindanao River Flood Control Projects/ DPWH	Loan	39,219.68
Palanca-Villegas Bridge/ DPWH	Loan	1,595.49
Beata-F.Y. Manalo Bridge/DPWH	Loan	1,386.61
Blumentritt-Antipolo Bridge/ DPWH	Loan	1,103.34
East-west Bank Bridge 1/ DPWH	Loan	1,538.04
North and South Harbor Bridge/ DPWH	Loan	8,029.53
PNR South Long-haul (Manila-Bicol)/ DOTr	Loan	175,318.00
WB and French Development Agency (AFD)		
Metro Manila BRT - Line 1 (Quezon Avenue)/ DOTr	Loan	4,789.08

PERFORMANCE

Loans Financial Performance

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

Box 3.1 Definition of Absorptive Capacity Indicators

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

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

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

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

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

Source: NEDA-Monitoring and Evaluation Staff

2018 Financial Performance

Compared with financial performance as of end 2017, all absorptive capacity indicators except disbursement rate increased as of end 2018 and this was largely attributed to program loans (see Table 3.1). Annex 3-A provides the details on ODA loans financial performance for 2018. However, historically, there was a downward trend in ODA loans financial performance (disbursement rate, availment rate, and disbursement ratio). Annex 3-B shows the historical financial performance of the ODA loans portfolio for the past ten (10) years. On the other hand, except for disbursement rate, 2018 performance is generally better as compared to the past two (2) years.

Table 3.1 ODA Loans Financial Performance (2017 vs. 2018)

Financial Indicators	Count		Total		Increase / (Decline) (%)
	2017	2018	2017	2018	
Disbursement Level (USD Billion)	70	76	1,451.65	2,231.10	53.69
Program	11	11	700.43	1,513.48	116.08
Project	59	65	751.22	717.62	(4.47)
Disbursement Ratio	70	76	17.28	19.29	2.01
Program	11	11	35.10	52.03	16.92
Project	59	65	11.73	8.29	(3.44)
Disbursement Rate	59	65	60.18	58.27	(1.91)
Project	59	65	60.18	58.27	(1.91)
Availment Rate	59	65	64.53	66.72	2.19
Project	59	65	64.53	66.72	2.19

Note: Disbursement and availment rate for program loans not computed in the absence of target disbursements for some program loans.

Disbursement Level. Overall disbursement level increased by 54 percent from USD1.45 billion in 2017 to USD2.23 billion in 2018. Largest contributions to the portfolio disbursement level are from the three (3) program loans namely: (a) Second Disaster Risk Management Development Policy Loan with a CAT-DDO (USD497.50 million); (b) Facilitating Youth School-to-Work Transition Program–Subprogram 1 (USD300 million); and (c) Encouraging Investment through Capital Market Reforms Program, Subprogram 2 (USD200 million). However, a four (4) percent decrease in disbursement level was observed in the disbursement level of project loans.

Disbursement Ratio. Disbursement ratio likewise increased by two (2) percentage points from 17 percent in 2017 to 19 percent in 2018. Four (4) program loans (3 were closed and 1 was fully disbursed) largely contributed to the increase in portfolio disbursement ratio. More than half (USD1.52 billion) of the available program loan balance from the beginning of the year was disbursed by yearend. Meanwhile, despite the USD233.96 million loan cancellations in 2018, there

was a 3.4 percentage point decrease from the 2017 project loans disbursement ratio due to the entry of 13 new loans which increased the loan balance, nine (9) of these became effective within the year.

Disbursement Rate (Project loans only). The two-percentage-point decrease in disbursement rate of project loan from 60 percent in 2017 to 58 percent in 2018 was caused by several implementation issues (see Section 5. Key Implementation Issues).

The top five (5) agencies that contributed the most to the disbursement shortfall for the year were DOTr, DA, NIA, LBP, and DAR which constituted 76 percent of the total shortfall amounting to USD513.94 million (see Table 3.2).

Table 3.2 Actual Project Loans Disbursement Shortfall by Implementing Agency

IA	Loan Count		Target Disbursement (USD Million)	Actual Disbursement (USD Million)	Disbursement Shortfall (USD Million)	% Share to GPH Disbursement Shortfall
	Total	With shortfall				
Project Loans	65	36	1,231.56	717.62	513.94	100
DOTr	15	7	331.73	184.02	147.70	28.74
DA	6	4	187.32	110.92	76.40	14.87
NIA	4	3	101.16	32.90	68.26	13.28
LBP	2	1	119.03	57.34	61.69	12.00
DAR	6	3	58.30	22.71	35.58	6.92
Others	32	18	434.02	309.72	124.30	24.19

Availment Rate (Project loans only). There was a two-percentage-point increase in the availment rate of project loans, from 65 percent in 2017 to 67 percent in 2018. However, an availment backlog of USD1.42 billion was still recorded in 2018. The top five (5) agencies that did not meet their respective scheduled availment as of 2018 for their project loans were DOTr, DPWH, NIA, DENR, and DSWD. These contributed to 91 percent of the total availment backlog (see Table 3.3).

Table 3.3 Project Loans Availment Backlog by Implementing Agency

IA	Loan Count		Scheduled Availment (USD Million)	Actual Availment (USD Million)	Availment Backlog (USD Million)	% Share to GPH Disbursement Backlog
	Total	With Backlog				
Project Loans	65	45	4,261.06	2,843.04	1,418.01	100
DOTr	15	9	1282.66	558.32	724.34	51.07
DPWH	19	16	1050.77	643.88	406.90	28.69
NIA	4	4	167.25	109.03	58.22	4.10

IA	Loan Count		Scheduled Availment (USD Million)	Actual Availment (USD Million)	Availment Backlog (USD Million)	% Share to GPH Disbursement Backlog
	Total	With Backlog				
DENR	3	3	97.80	45.47	52.34	3.69
DSWD	2	2	802.10	753.30	48.80	3.44
Others	22	11	860.48	733.04	127.34	8.98

Box 3.2 Types of Program Loans

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

Program loans have lower transaction cost. Since 2006, the share of program loans supported structural reforms (i.e., budgetary support, tax reforms, and governance), sector-based approaches (i.e., social welfare, health, education, agriculture, environment, and socioeconomic development), and post-disaster reconstruction. In 2018, of the 11 active program loans, five (5) were policy-based approaches to support investment in local government finance and fiscal decentralization reforms and disaster risk reduction. The remaining six (6) were sector-based program loans, which support activities for education, social welfare, and development, infrastructure, and agriculture. See Annex 3-C for the performance of program loans.

Source: Department of Finance

Financial Performance of Implementing Agencies

Table 3.4 shows the annual and historical ODA financial performances of the project loans portfolios by agencies with respect to the 70 percent threshold for both the disbursement and availment rates.

As of end of 2018, DPWH showed improvement in its annual disbursement performance from below 70 percent in 2017 to above 70 percent disbursement rate in 2018. On the other hand, DENR, DOE, DOTr, LWUA, and NIA remained below 70 percent for both availment and disbursement rates. The annual performance of DA, DSWD, and DILG portfolios worsened from above 70 percent disbursement rate in 2017 to below 70 percent disbursement rate in 2018, but maintained the above-70 percent level of availment rate. Lastly, the financial performance of LBP, MWSS, and DAR in 2017 and 2018 remained below 70 percent in disbursement and above 70 percent in availment rates in both years.

Table 3.4 Financial Performance by Agency

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

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

Commitment Fees

Total commitment fees (CFs) paid in 2018 amounted to USD4.60 million, slightly higher than the CFs paid in 2017 (see Table 3.5). Annex 3-D shows annual data on the CFs paid from 2004 to 2018. About 42 percent of CFs paid in 2018 was attributed to implementation delays (see Box 3.3).

Table 3.5 Commitment Fees Paid in 2017 and 2018

	2017	2018
A. Commitment Fees Paid (USD M)	3.76	4.60
Due to Cost of Financing	2.51	2.645
Due to Delays	1.25	1.96
B. Net Commitment (USD M)	12,324.59	14,464.87
C. Ratio of A to B (%)	0.03	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 USD10 million (undisbursed amount) = USD75,000]. The rate is applied on the undisbursed amount of the entire loan or a portion thereof (base), which approximates, or may be bigger than the amount scheduled to be disbursed due to availment backlogs. Thus, even when there is no implementation delay, a certain amount of commitment fee would still be charged as purely cost of financing. Implementation delay only increases the amount.

A review was conducted to approximate how much of the commitment fees paid in 2018 may be attributed to implementation delay. First, it assumed that for all loans with at least 100 percent availment rate (no implementation delay), commitment fees paid are entirely due to cost of financing. Second, commitment fees due to implementation delay were calculated by: (a) deducting computed commitment fees assuming 100 percent availment rate to the actual commitment fees paid; or (b) applying the rate to the backlog (scheduled availment less actual availment). The result of the analysis showed that approximately 42 percent of commitment fees paid in 2018 may be attributed to implementation delays.

The top six (6) projects with the highest contribution to total 2018 CFs attributed to implementation delays are shown in Table 3.6. These projects collectively accounted for 81 percent of CFs paid due to implementation delays in 2018 (*see Annex 3-E for cumulative CFs paid in 2018 and prior years, Annex 3-F for the annual amount of CFs paid by implementing agency from 2012 to 2018, Annex 3-G, and Annex 3-H for the cumulative CFs incurred by projects with active loans as of yearend 2018*).

Table 3.6 Projects with Highest CFs Paid in 2018 due to Implementation Delays

Project Title/IA/Fund Source	CFs Paid in 2018 due to Delays (in USD Million)
Philippines Social Welfare Development and Reform Project II/ DSWD/ WB	0.55
Metro Manila Flood Management Project/ DPWH/ AIIB & WB	0.29
Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ JICA	0.27
Philippine Rural Development Project - Additional Financing	0.19
Central Luzon Link Expressway Project/ DPWH/ JICA	0.15
Road Upgrading and Preservation Project/ DPWH/ GOJ-JICA	0.13
Total	1.58

Table 3.7 shows the five (5) projects which incurred the largest cumulative CFs since loan effectivity until yearend 2018. These projects also belong to the active ODA loans as of yearend 2018.

Table 3.7 Top Five Projects which Incurred Highest CFs

Project Title/IA/Fund Source	Total CFs Paid (in USD Million)
Social Protection Support Project/ DSWD/ ADB	2.99
Road Upgrading and Preservation Project/ DPWH/ GOJ-JICA	2.28
Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTC/ GOJ-JICA	1.83
Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project/ DOE/ ADB	1.59
Central Luzon Link Expressway Project/ DPWH/ GOJ-JICA	1.23
Sub-Total	9.92
Cumulative CFs paid for Active Loans	19.14

Grants Financial Performance

Grants financial performance was measured in terms of utilization level¹⁰. Utilization level of the active grants reached USD1.67 billion, posting a utilization rate¹¹ of 70 percent against the total grant amount of USD2.40 billion. This reflects a one-percentage-point increase in utilization rate compared to the same period last year (69%).

By Fund Source

The top three (3) fund sources which posted the largest utilization level are USA, Australia, and the UN System with USD617.39 million, USD318.68 million, and USD245.75 million, respectively.

Table 3.8 Grant Utilization as of 2018 by Fund Source

Fund Source	No. of Projects	Grant Amount (USD Million)	Utilization (USD Million)	% Share to Total	Utilization Rate
USA	57	886.47	617.39	36.89	69.65
Australia	53	476.19	318.68	19.82	66.92
UN System*	134	349.28	245.75	14.54	70.36
EU	6	148.74	143.14	6.19	96.23

¹⁰ Utilization level is the cumulative disbursements of grants reckoned from grant agreement effectivity dates.

¹¹ Utilization rate is computed as the utilization level over the total grant amount.

Fund Source	No. of Projects	Grant Amount (USD Million)	Utilization (USD Million)	% Share to Total	Utilization Rate
Japan	11	106.76	94.35	4.44	88.38
China	2	91.62	-	3.81	-
Korea	12	83.70	67.35	3.48	80.48
ADB	15	74.64	49.79	3.11	66.72
Germany	7	73.12	64.57	3.04	88.31
Canada	17	55.80	43.41	2.32	77.81
WB	10	33.43	8.66	1.39	25.89
New Zealand	3	8.32	8.18	0.35	98.24
Spain	6	8.10	3.44	0.34	42.49
Italy	2	5.55	5.22	0.23	94.01
France	3	1.31	0.16	0.05	11.91
TOTAL	338	2,403.02	1,670.08	100.00	69.50

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

Physical Performance

Overall GPH ODA Portfolio (Loans and Grants)

Out of 394 active ODA loan or grant-assisted projects (56 loan-assisted projects and 338 grant-assisted projects), 108 were physically completed (27%); 232 were on-schedule (59%); 42 were behind schedule (11%); and seven (7) were closed with incomplete outputs (2%) (see Table 3.9). For details, refer to Annex 3-I (loans) and Annex 3-J (grants).

Table 3.9 Physical Status of ODA Programs and Projects as of end of 2018

Physical Status	No. of Projects			% Share on Count	ODA Amount (in USD Million)			% Share on Amount
	Loan	Grant	Total		Loan	Grant	Total	
Completed	6	102	108	27.41	520.77	686.57	1,207.34	6.13
Ahead of Schedule	2	-	2	0.51	145.29	-	145.29	0.74
On schedule	21	211	232	58.88	5,790.54	1,529.81	7,320.35	37.19
Behind Schedule	20	22	42	10.66	10,082.90	169.93	10,252.83	52.09
Closed with incomplete outputs	4	3	7	1.78	192.15	16.71	208.86	1.06
Not yet started ¹²	3	-	3	0.76	548.48	-	548.48	2.79
TOTAL	56	338	394	100.00	17,280.13	2,403.02	19,683.15	100.00

*Note: *Excludes 11 budget-support and policy program loans*

¹² Loan not yet effective

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

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

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

Implementing Agency	Physical Status (Count of Projects)						Total Count
	Completed	Ahead of Schedule	On Schedule	Behind Schedule	Closed with Incomplete Outputs	Loan Not Yet Effective	
DA	1	-	2	2	1	-	6
DAR	-	-	1	2	2	-	5
DENR	-	-	2	-	-	-	2
DepEd	-	-	-	-	-	-	0
DILG	1	-	-	-	-	-	1
DOE	-	-	-	1	-	-	1
DOF	-	-	-	1	-	1	2
DOTr	3	-	5	4	-	1	13
DPWH	1	1	10	5	-	-	17
DSWD	-	-	1	-	-	-	1
LBP	-	-	-	2	-	-	2
LWUA	-	-	-	1	-	-	1
MWSS	-	-	-	-	-	1	1
NIA	-	1	-	2	1	-	4
TOTAL	6	2	21	20	4	3	56

Physical Performance of ODA Grant-assisted Projects by Fund Source

Table 3.11 presents the physical status of ODA grant-assisted projects by fund source.

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

Fund Source	Physical Status (Count of Projects)			Total Count
	Completed	On Schedule	Behind Schedule	
ADB	10	2	3	15
Australia	5	45	3	53
Canada	-	15	2	17
China	-	2	-	2
EU	1	4	1	6

Fund Source	Physical Status (Count of Projects)			Total Count
	Completed	On Schedule	Behind Schedule	
France	-	3	-	3
Germany	3	4	-	7
Italy	-	-	2	2
Japan	4	7	-	11
Korea	4	4	4	12
New Zealand	2	1	-	3
Spain	1	2	3	6
UN System	54	77	3	134
USA	18	39	-	57
WB	-	6	4	10
TOTAL	102	211	25	338

Alert Mechanism

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

Box 3.4 The NEDA-Alert Mechanism

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

AM Indicators

Indicator 1: Financial	
1a	Disbursement rates below 50 percent for at least one (1) year (or in the last four quarterly reporting periods)
1b	Difference between time elapsed based on revised loan closing dates and utilization rate is more than 30 percent

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

Source: NEDA-MES

Actual Problem Projects in 2018

Eleven (11) ODA loan-assisted projects were flagged as actual problem projects for priority monitoring as of December 2018. Of these, nine (9) projects remain to be actual problem projects for the last six (6) months (or 2 consecutive reporting quarters), and thus, elevated to the Critical Stage (Alert Level II) (see Annex 3-K for the list of actual problem projects).

Table 3.12 Summary of Alert Status of Ongoing Projects (2017 vs 2018)

Alert Status	As of December 2017	As of December 2018
Actual Problem Projects	13	11
Level II	9	9
Level I	4	2
Potential Problem Projects	22	21
Neither Actual nor Potential Problem Projects (NP) ¹³	8	11
Ongoing Subtotal	43	43
Completed	4	6
TOTAL	47	49¹⁴

¹³ Projects which did not breach any AM leading indicators

¹⁴ These projects are supported by 56 ODA loans. Note that a project may be financed by two (2) or more ODA loans and that a loan may support two (2) projects. Further, the total does not include program loans and projects with loans that are yet to be made effective.

The AM covered a total of 49 ongoing projects as of December 2018 (43 projects carried over from 2017 and additional 6 new projects which were ongoing in 2018). Of the 43 ongoing projects, eight (8) remained to be actual problem projects from 2017 to 2018; nine (9) projects worsened to being either potential or actual problem projects; while eight (8) projects improved from being either actual to potential problem or from potential problem to problem resolved. *See Annex 3-L for the list of projects with corresponding alert status as of year-end of 2017 and 2018.*

Meanwhile, seven (7) actual problem projects remained to be in the critical stage (Alert Level II) throughout 2018. These are: (a) Italian Assistance to the Agrarian Reform Community Development Support Program; (b) Forestland Management Project; (c) Integrated Natural Resources and Environmental Management Project; (d) Market Transformation Thru Introduction of Energy Efficient Electric Vehicles Project; (e) Central Luzon Link Expressway Project; (f) National Irrigation Sector Rehabilitation and Improvement Project; (g) Jalaur River Multipurpose Irrigation Project, Phase II. The details and status of issues and updates for actual problem projects as of December 2018 are presented in Annex 3-M.

Actual Problem Projects Contribution to the Yearend Availment Backlog

Ten (10) actual problem projects contributed to the availment backlog as of December 2018 with a total backlog amount of USD572.41 million or 40 percent of the total availment backlog of the active loans portfolio. The three (3) actual problem projects with the highest contribution to the yearend availment backlog are: (a) Capacity Enhancement of Mass Transit Systems in Metro Manila - LRT Line 1; (b) Central Luzon Link Expressway Project; and (c) Cebu Bus Rapid Transit Project. *See Annex 3-K for the list of actual problem projects and the corresponding availment backlog.*

FOUR

RESULTS

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

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

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

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

Source: www.pdp.neda.gov.ph

For the 2018 ODA review, 43 programs and projects reported results that contributed to 37 sector outcome indicators in five (5) chapters of the PDP-RMs (see *Table 4.1* and *Table 4.2*).

*Table 4.1 ODA Projects and Programs with Reported Results
Contributing to the Philippine Development Plan*






PDP (2017-2022) Chapter		No. of ODA Projects/ Programs	No. of PDP-RMs Indicators
	Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries	8	11
	Chapter 10: Accelerating Human Capital Development	5	3
	Chapter 11: Reducing Vulnerability of Individuals and Families	6	3
	Chapter 19: Accelerating Infrastructure Development	16	12
	Chapter 20: Ensuring Ecological Integrity, Clean and Healthy Environment	9	8

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

RMs Indicator	Outcome/ Results	Output
Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries		
Yield of major commodities increased (mt,ha)	<ul style="list-style-type: none"> Rice yield per cropping increased from 2.194 mt/ha to 3.122 mt/ha 109 Irrigator Associations trained 38 community infrastructure constructed 	Scaling-Up of the Second Cordillera Highland Agricultural Resource Management Project /DA/ IFAD
Post-harvest losses of key agricultural commodities reduced (% , cumulative)	37 out of 126 units of post-harvest facilities completed	Agrarian Reform Communities Project II/ DAR/ ADB/ OFID
	60 units of post-harvest facilities completed against the 58 target units	Mindanao Sustainable Agrarian and Agriculture Development Project/ DAR/ JICA
	<ul style="list-style-type: none"> Post-harvest losses on palay production reduced by 2 percent 16,100 out of 25,598 sqm (62.89%) of solar dryers constructed. 	Italian Assistance to Agrarian Reform Community Development Support Program/ DAR/ Italy
Number of group beneficiaries provided with agricultural and fishery machineries and equipment increased	114 out of 644 Livelihood Interest Groups (LIGS) provided with equipment and starter kits for production enhancement and in support to commodity enterprises.	Scaling-Up of the Second Cordillera Highland Agricultural Resource Management Project /DA/ IFAD
Number of fisherfolks provided with production support increased	769 out of 16,247 fisherfolks trained on Coastal Resource Management (CRM) and Fisheries Local Enforcement Teams	Fisheries, Coastal Resource and Livelihood Project/ DA/ IFAD
	8,226 persons trained on Ecosystem Approach to Fisheries Management, Marine Protected Area (MPA), and Climate Change Adaptation (CCA)	Ecosystems Improved for Sustainable Fisheries/ DA/ USAID
Number of group beneficiaries provided with technical support services increased	Capacities of eight (8) Farmer's Associations enhanced in managing and operating income generating projects	Panay Island Upland Sustainable Rural Development Project/ DA/ KOICA
Share of small farmers adopting new technologies to total number of small farmers trained with new technologies increased (% , cumulative)	9,870 out of 10,829 farmers trained (91%) adopted improved/ new technologies	Mindanao Sustainable Agrarian and Agriculture Development Project/ DAR/ JICA

RMs Indicator	Outcome/ Results	Output
Share of small farmers borrowing from formal credit sources to total number of farmers availing credit increased (% , cumulative)	22,242 agrarian reform beneficiaries (ARBs) and non-ARBs were given access to credit	Agrarian Reform Communities Project II/ DAR/ ADB/ OFID
Area distributed under Comprehensive Agrarian Reform Program (CARP) increased (ha, cumulative)	Area distributed increased from 4,293 ha to 9,383 ha	Agrarian Reform Communities Project II/ DAR/ ADB/ OFID
	6,204 ha (100% of target) re-documented with individual or collective CLOAs/titles	Project Convergence for Value Chain Enhancement and Rural Growth Empowerment /DAR/ IFAD
Number of ARBs with Emancipation Patents (EP)/Certificate of Land Ownership Awards (CLOAs) increased (cumulative)	Number of ARBs issued with individual titles increased from 2,733 to 5,931	Agrarian Reform Communities Project II / DAR/ ADB/ OFID
	5,277 ARBs (100% of target) issued with individual titles	Project Convergence for Value Chain Enhancement and Rural Growth Empowerment /DAR/ IFAD
Area of collective CLOAs subdivided increased (ha, cumulative)	Land survey conducted in 2,820 out of 20,517 ha	Italian Assistance to Agrarian Reform Community Development Support Program/ DAR/ Italy
	Land survey conducted in 1,791 ha	Project Convergence for Value Chain Enhancement and Rural Growth Empowerment/ DAR/ IFAD
Number of registered fisherfolk provided with livelihood projects increased	7,841 out of 219,959 registered fisherfolks provided with livelihood projects	Fisheries, Coastal Resource and Livelihood Project/ DA/ IFAD

RMs Indicator	Outcome/ Results	Output
Chapter 10: Accelerating Human Capital Development		
Net enrolment rate increased (%) <ul style="list-style-type: none"> Kindergarten Elementary Junior High School Senior High School (SHS) 	<ul style="list-style-type: none"> About 46 percent of the population aged 16-17 were enrolled in SHS in School Year (SY) 2017-2018 About 84 percent of the population who are five (5) years of age were enrolled in kindergarten in SY 2017-2018 About 94 percent of the population aged six (6) to 11 were enrolled in primary school in SY 2017-2018 17,639 Muslim children aged three (3) to five (5) (against a target of 15,075) benefited from the Tahderiyyah Programme 813 schools (100% of target) and communities covered by expanded Tahderiyyah programme 811 Tahderiyyah teachers (against a target of 800) trained on the curriculum with provision of Early Childhood Care and Development (ECCD) kits including hygiene kits 800 Teduray tribe children (against a target of 100) benefited from a contextualized Kindergarten Catch-Up experience based on existing practices of the community. Enhanced skills of 500 inclusive education champions (against a target of 280) through advocacies and mentoring to promote inclusion in every classroom and barriers addressed collaboratively by the school and community 	SHS Support Program/ DepEd/ ADB 7th Country Programme for Children (Increased Access to Elementary Education)/ DepEd/ UNICEF
Completion rate increased (%) <ul style="list-style-type: none"> Elementary Junior High School SHS 	1.3 million SHS graduated in SY 2017-2018	SHS Support Program/ DepEd/ JICA

RMs Indicator	Outcome/ Results	Output
Proportion of students performing at moving towards mastery, closely approximating mastery or mastered increased (%) <ul style="list-style-type: none"> Elementary Junior High School SHS 	<ul style="list-style-type: none"> 18,773 classrooms (against a target of 14,600) provided with 10.4 million early grade reading materials 30,729 teachers (against a target of 12,894) trained on effective literacy and teaching practices 	Basa Pilipinas/ DepEd/ USAID
Proportion of students performing at moving towards mastery, closely approximating mastery or mastered increased (%) <ul style="list-style-type: none"> Elementary Junior High School SHS 	<ul style="list-style-type: none"> 10,468 teachers (against a target of 3,950) trained on remedial reading program 2,987 schools (against a target of 1,549) conducted remedial reading programs with 307,318 learners 	Education Governance Effectiveness (EdGE) Program/ DepEd/ USAID
	<ul style="list-style-type: none"> Study of 938 pre-service teachers supported 156 schools (against a target of 96) conducted orientation on Learning Action Cells 307 superintendents and assistant superintendents trained on education leadership 56 DepEd policies approved to support K to 12, SHSI, Multigrade Schools, Gender-Responsive Basic Education, and Inclusive Education 	Basic Education Sector Transformation (BEST)/ DepEd/ Australia-DFAT
	<ul style="list-style-type: none"> 3,487 Kindergarten teachers (against a target of 1,250) trained on new National Standards for Training of Kindergarten teachers 259 Kindergarten coordinators (against a target of 200) trained on and provided with prototype teaching-learning materials in all school divisions nationwide. 	7th Country Programme for Children (Increased Access to Elementary Education)/ DepEd/ UNICEF
Chapter 11: Reducing Vulnerability of Individuals and Families		
Number of Conditional Cash Transfer (CCT) beneficiaries covered	4,178,828 active CCT beneficiaries registered/provided cash assistance	Social Protection Support Project and Social Welfare Development and Reform Project II/ DSWD/ WB

RMs Indicator	Outcome/ Results	Output
Percentage of families affected by natural and human-induced calamities provided with relief assistance	1,435,761 families affected by calamities provided with relief assistance	<ul style="list-style-type: none"> Kapit-Bisig Laban sa Kahirapan- Comprehensive and Integrated Delivery of Social Services - National Community-Driven Development Program (KC-NCDDP)/ ADB/ WB Return and Reintegration for Assisted Trafficking Victims in Japan (RRTVJ)/ IOM KC-NCDDP Additional Financing: Livelihood and Entrepreneurship (KC-NCDDP AF)/ AD
		<ul style="list-style-type: none"> Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda (EAERTY)/ ADB
Percentage of emergency shelter assistance provided	555 KC-NCDDP sub-projects constructed as evacuation centers	<ul style="list-style-type: none"> KC-NCDDP /ADB/ WB Capacity Building Support to the DSWD Towards the Protection of Mobile and Fragile Populations in the Philippines (CBS-DSWD)/ IOM Emergency and Transitional Shelter Support for Populations Displaced by Typhoon Ompong/ Mangkhut (ETSSTO)/ IOM
Chapter 19: Accelerating Infrastructure Development		
Average travel time by road with roll-on roll-off (RORO) in key corridors decreased (hours)	<ul style="list-style-type: none"> Travel time from Iloilo to Capiz reduced by one (1) hour, from three (3) hours to two (2) hours Travel time from Dipolog City to Oroquieta City reduced by 30 minutes, from one (1) hour and 30 minutes to one (1) hour Travel time from Butuan-Cagayan de Oro-Iligan reduced by one (1) hour, from six (6) hours to five (5) hours Iloilo-Capiz road section (27.01 km) completed in April 2015 Dipolog-Oroquieta City Road, Zamboanga del Norte (20.682 km) in May 2017 Butuan-Cagayan de Oro-City-Iligan Road, Misamis Oriental (19.693 km) completed in December 2018 	Road Improvement and Institutional Development Project/ DPWH/ JICA

RMs Indicator	Outcome/ Results	Output
Number of night-rated airports increased	One (1) additional night-rated airport constructed	Puerto Princesa Airport Development Project/ DOTr/ Korean Economic Development Cooperation Fund (KEDCF)
Maritime incidents responded to increased (in % of total no. of incidents reported cumulative)	946 rescue/monitoring missions conducted through maritime vessels	Maritime Safety Capability Improvement Project for the Philippine Coastguard, Phase I/ DOTr/ JICA
Actual irrigated area increased (% of total potential irrigable area, cumulative)	Irrigated 5,351.08 ha (0.17%) of the total potential irrigable area of 3,019,609 ha	
	4,648.75 out of 12,375 ha irrigated by 10 completed small scale irrigation systems	Agrarian Reform Communities Project II/ DAR/ ADB/ OFID
	42 out of 1,500 ha irrigated by two (2) completed communal irrigation systems (CISs)	Italian Assistance to Agrarian Reform Community Development Support Program/ DAR/ Italy
	660.33 out of 2,080 ha irrigated by five (5) completed CISs	Mindanao Sustainable Agrarian and Agriculture Development Project/ DAR/ JICA
Cropping intensity increased (% , cumulative)	<ul style="list-style-type: none"> Single rainfed cropping increased to two (2) cropping seasons with an average increase of 3.22 ha in area irrigated 53 out of 302.7 ha irrigated by two (2) completed /rehabilitated communal irrigation systems 	Scaling up of the Second Cordillera Highland Agricultural Resource Management Project / DA/ IFAD
	<ul style="list-style-type: none"> Cropping intensity in national irrigation services covered by the project increased from 151% to 171% 126,184 out of 118,980 ha of irrigation areas generated/rehabilitated/ restored 	Participatory Irrigation Development Project/ NIA/ WB
Developed new service areas increased (ha)	2,787 out of 3,438 ha of new irrigation areas generated	Participatory Irrigation Development Project/ NIA/ WB
	66 out of 2,816 ha of new irrigation areas generated	Philippine Rural Development Project/ DA/ WB
	493 out of 9,500 ha of new irrigation areas generated	Jalaur River Multipurpose Project 2/ NIA/ KEDCF

RMs Indicator	Outcome/ Results	Output
Restored irrigation service areas increased (ha)	6,889 out of 7,005 ha of irrigation areas restored	Participatory Irrigation Development Project/NIA/WB
	8,323 out of 21,624 ha of irrigation areas restored	Jalaur River Multipurpose Project 2/ NIA/ KEDCF
Rehabilitated irrigation service areas increased	116,508 ha of irrigation areas rehabilitated (against a target of 108,507 ha)	Participatory Irrigation Development Project/ NIA/ WB
	1,052.18 ha (100% of target) of irrigation areas rehabilitated	Second Cordillera Highland Agricultural Resource Management Project/ DA/ IFAD
Classroom to pupil ratio improved <ul style="list-style-type: none"> Primary Kindergarten Grades 1-3 Grades 4-6 Junior High School SHS 	At least 55 percent of DepEd SHSs (with an average of 40 to 45 students) met the minimum service standards	SHS Support Program/ DepEd/ ADB
	470 out of 509 disaster-resilient classrooms constructed	BEST/ DepEd/ Australia-DFAT
	1,790 out of 20,000 school-age children affected by major disasters (i.e., Mt. Mayon volcanic eruption; and typhoons Mangkhut and Yutu) attending sessions in temporary learning spaces	7th Country Programme for Children (Increased Access to Elementary Education)/ DepEd/ UNICEF
Proportion of households with access to safe water supply to total number of households increased	<ul style="list-style-type: none"> Households with access to safe water supply increased from 4,203 to 4,351 18 units of level 2 potable water supply system (PWS) constructed for 4,351 households 	Mindanao Sustainable Agrarian and Agriculture Development Project/ DAR/ JICA
	<ul style="list-style-type: none"> 234 out of 450 households provided access to safe water supply 2 units of level 2 PWS constructed 	Project Convergence for Value Chain Enhancement and Rural Growth Empowerment/ DAR/ IFAD
	<ul style="list-style-type: none"> Households with access to safe water supply increased from 1,434 to 2,024 3 units of level 2 PWS constructed 	Italian Assistance to Agrarian Reform Community Development Support Program/DAR/Italy

RM Indicator	Outcome/ Results	Output
Volume of desludged and/or treated septage in WDs increased (m ³)	<ul style="list-style-type: none"> Volume of wastewater treatment capacity increased from 0 (2012) to 81,500 m³/day (2018) Four (4) septage treatment plants (STPs) completed: Ayala-Alabang STP (10,000 m³/day); Talayan STP (71,620 m³/day), South STP (250 m³/day), Pasay STP (46,000 m³/day) One (1) conveyance system completed in Pasay 	Metro Manila Wastewater Management Project/ LBP/ WB
Conserved annual amount of electricity and fuel increased (in kilotons oil equivalent or KTOE, cumulative)	<ul style="list-style-type: none"> Total energy savings of 236,779.59 MWh and 868,074 gigajoule (GJ) attained Sustainable energy management systems practiced in the industry sector (556 factories trained, and 1,097 factory managers and staff trained on Energy Management System or EnMS; 424 factories, 1,272 factory personnel, and 29 equipment vendor trained on energy systems optimization) 	Philippine Industrial Energy Efficiency Project/ DOE/ UNIDO
Chapter 20: Ensuring Ecological Integrity, Clean and Healthy Environment		
Area of denuded and degraded forestland decreased (M ha, cumulative)	4,372 out of 7,648 ha in 259 barangays covered by agroforestry and tree crops production projects	Mindanao Sustainable Agrarian and Agriculture Development Project/ DAR/ JICA
	22,482 out of 22,486 ha planted through Afforestation, Reforestation, and Assisted Natural Regeneration	Integrated Natural Resources and Environmental Management/ DENR/ ADB/ IFAD
	24 sub-watersheds (100% of target) characterized, surveyed, and mapped	Forestland Management Project/ DENR/ JICA
Area of forestland under effective management increased (M ha, cumulative)	<ul style="list-style-type: none"> 80,152 out of 80,152 ha monitored and protected through community-based monitoring in four (4) covered upper river basins 14 community watershed protection brigades (100% of target) organized with at least 30 percent female membership 	Integrated Natural Resources and Environmental Management/ DENR/ ADB/ IFAD/ Global Environment Facility (GEF)/ Climate Change Fund (CCF)
	358,965 ha of biologically significant areas under improved natural resource management	Protect Wildlife Project/ DENR/ USAID

RMs Indicator	Outcome/ Results	Output
Area of forestland under effective management increased (M ha, cumulative)	Six (6) out of 10 project sites have Certificate of Ancestral Domain Title (CADTs) and Number of Ancestral Domain Sustainable Development and Protection Plan (ADSDPPs)	Philippine Climate Change Adaptation/ DENR/ UNDP/ GEF
Percentage of priority water bodies within water quality guidelines increased (e.g., BOD, DO, pH, temperature, P, N, fecal coliform)	<ul style="list-style-type: none"> 1,022 tons of biochemical oxygen demand/year removed by sewage and STPs Four (4) STPs completed: Ayala-Alabang STP (10,000 m³/day); Talayan STP (71,620 m³/day), South STP (250 m³/day), Pasay STP (46,000 m³/day) One (1) conveyance system completed in Pasay 	Metro Manila Wastewater Management Project/ LBP/ WB
Number of issued CADTs increased	One (1) out of eight (8) CADTs issued	Second Cordillera Highland Agricultural Resource Management Project/ DA/ IFAD
Number of ADSDPPs formulated	Six (6) out of 20 ADSDPPs formulated	Second Cordillera Highland Agricultural Resource Management Project/ DA/ IFAD
Area assessed and mapped for soil fertility status and soil fertility management increased (ha)	20,000 ha of agricultural land in Abuyog, Leyte, and Malaybalay City assessed and mapped	Implementation of Sustainable Land Management Practices to Address Land Degradation and Mitigate Effects of Drought/ DA/ UNDP-GEF
Area of land degradation hotspots decreased (ha)	20,000 of the 242,554 ha of land degradation hotspots in Leyte and Bukidnon improved	Implementation of Sustainable Land Management Practices to Address Land Degradation and Mitigate Effects of Drought/ DA/ UNDP-GEF
Greenhouse gas (GHG) emissions per sector reduced (million MT CO ₂ e)	<ul style="list-style-type: none"> CO₂ emissions reduced by 171,428.42 metric tons Sustainable energy management systems practiced in the industry sector (556 factories trained, and 1,097 factory managers and staff trained on EnMS; 424 factories, 1,272 factory personnel, and 29 equipment vendor trained on energy systems optimization; five (5) factories granted International Organization for Standardization or ISO certification on EnMS) 	Philippine Industrial Energy Efficiency Project/ DOE/ UNIDO

KEY IMPLEMENTATION ISSUES

Issues Affecting Implementation and Performance and Measures Taken/To Be Taken

In 2018, various key implementation issues encountered by 58 projects are discussed in detail in the succeeding sub-sections. Table 5.1 provides a summary of major issues, by typology and number of affected projects.

Table 5.1 Classification and Incidence of Key Implementation Issues in 2018

Issue Typology ¹⁵	Number of Incidents			No. of Projects Affected	Agencies
	Resolved	Current	Total		
Site condition/availability	10	17	27	16	DENR, DOH, DOTr, DPWH, PAGASA
Procurement issues	5	10	15	13	DA, DAR, DENR, DOTr, DPWH, DSWD, LBP, NIA
Processing of clearances/permits and approvals	5	9	14	13	DA, DAR, DENR, DOE, DOTr, DPWH, DSWD, LWUA, NIA
Institutional support	5	7	12	12	DA, DENR, DepEd, DOTr, DPWH, DSWD, LBP, NEA, PAGASA
Capacity of PMO and other implementing partners	3	9	12	7	DA, DAR, DENR, DPWH, DSWD, LWUA, NIA
Budget and funds flow issues	3	6	9	9	DA, DAR, DENR, DOTr, DSWD, NEA, NIA
Design, scope, technical issues	2	6	8	8	DAR, DepEd, DOTr, DPWH

¹⁵ Key implementation issues considered were either outstanding or resolved in 2018.

Issue Typology ¹⁵	Number of Incidents			No. of Projects Affected	Agencies
	Resolved	Current	Total		
Performance of contractor / consultant	2	6	8	7	DA, DOTr, NIA, DPWH
Inputs and cost	4	2	6	5	DA, DOTr, DPWH
Issues on project uptake	1	3	4	4	DILG, DOE, LBP, LWUA
Legal / policy issuances	1	1	2	2	DOE, DOTr
Sustainability and O&M issues	1	0	1	1	DENR
Other	5	1	6	6	DPWH, DILG, LBP, PPP Center
Total	47	77	124	103¹⁶	

Issues on Site Condition/Availability

Issues on availability of project site, inadequacy of existing site structures, unanticipated geological conditions, right-of-way (RoWA) and land acquisition, resettlement, and peace and order concerns in the project area are classified under this typology. In 2018, 16 projects were affected by 27 incidents of site condition/availability issues, 10 of which were already resolved.

Table 5.2 Projects with Issues on Site Condition/Availability

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Metro-Manila Interchange Construction Project (MMICP) VI/ DPWH/ JICA	Concerns regarding overlapping alignment with other government infrastructure projects in the site for the North/Mindanao and EDSA/North/West interchanges caused delays in obtaining JICA concurrence/approval to proceed with procurement of design and civil works contractor.	Action taken: DPWH and DOTr verified that there is no overlap between alignment of the Mindanao Interchange, the MRT7, and the Metro Manila Subway Projects.

¹⁶ Projects may encounter more than one issue typology.

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
		Updates: JICA concurred the bidding documents for the procurement of civil works for the North/Mindanao Avenue Interchange and the C5/Green Meadows/ Acropolis/Calle Industria Interchange on January 30, 2019, and the advertisement for bidding was posted in February 2019. The design and construction of MRT/ LRT common station was awarded to BF Construction/Ayala Consortium.
Road Upgrading and Preservation Project (RUPP)/ DPWH/ JICA	Suspension of works due to unstable peace and order situation in the project site.	Action taken: DPWH requested assistance from DILG/Philippine National Police (PNP) to assure the safety of the contractor's personnel and equipment on site. The PNP, in coordination with other law enforcement agencies, monitored the situation on the ground and released a certification on September 30, 2018 that the area is free of insurgent interventions and cleared the continuation of project implementation.
Pasig-Marikina River Channel Improvement Project (MRCIP) III/ DPWH/ JICA	Works were suspended on March 2, 2018 due to unavailability of backfill sites located along Laguna de Bay shore land area, Brgy. San Juan, and Brgy. Muzon, Taytay, Rizal.	Actions taken: New backfill site identified and permitted by Laguna Lake Development Authority (LLDA). A tripartite memorandum was also executed by and among LLDA, DPWH, and the contractor on December 17, 2018 to use the identified backfill site. Update: Construction resumed on December 1, 2018.
Flood Risk Management Project for Cagayan de Oro River (FRMP-CDOR)/ DPWH/ JICA	Difficulty in mobilizing foreign experts, specifically in Cagayan de Oro City, due to security reasons arising from the imposition of Martial Law, which affected the completion of the detailed engineering design (DED).	Actions taken: In order to mobilize the foreign experts, DPWH and the local consultants coordinated with provincial and municipal LGUs and the PNP to ensure safety of the project team during site activities. The DED was completed in September 2018. Updates: The NTP for CPI (Bonbon-Kauswagan) was issued on December 18, 2018. The civil works contracts for CP2 (Consolacion) and CP3 (Kauswagan-Carmen-Balulang-Nazareth-Macasandig) were awarded on December 27, 2018.

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 1)/ DOTr/ JICA	Late resetting of hearings of expropriation cases under the Regional Trial Court (RTC) Bacoor City, Cavite (for project lots in Cavite), due to large volume of cases managed by the court.	<p>Action taken: LRTA initially requested transfer for all expropriation cases under RTC Branch 89 to another Branch, for the early resetting of hearings. LRTA eventually did not pursue request for transfer as the hearings were already set to May 2019.</p> <p>Action to be taken: LRTA to continue coordination with RTC Branch 89 on the status of expropriation cases.</p>
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 1)/ DOTr/ JICA	The check for the properties for CPI (Paranaque) was held in trust in LBP, which will not release funds without issuance of court order. Pursuant to RA 10752 (ROWA Act), this should not be the case given that the law provides that the funds should be held in trust in the clerk of court.	<p>Actions taken: LRTA assigned a lawyer to assist in filing a motion to dismiss the expropriation case and to cancel the check held in LBP. The check was deposited back to the ROWA fund, and LRTA proceeded with direct negotiation with the lot owners.</p> <p>Update: Lots for CPI were acquired as of December 2018.</p>
Integrated National Resources and Environment Management Project (INREMP)/ DENR/ ADB-IFAD	Delayed implementation in Lake Lanao River basin in ARMM for almost six (6) months due to peace and order situation in Marawi City.	<p>Action taken: While the ARMM conflict was ongoing in Marawi City and adjacent areas, the Project proceeded with capacity-building, planning, and other activities in its original work plan that could be conducted outside of the conflict area to lessen the extent of delay.</p> <p>Action to be taken: PMO will strictly adhere to its 2019 work and financial plan to ensure that all expected deliverables will be achieved until project completion.</p>
Sulu-Sulawesi Seascape (SSS)/ DENR/ Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Threats of terrorism attacks in the project site (Balabac, Palawan) limited the mobility of project personnel and partners. Per GIZ guidelines, it cannot mobilize its resources nor send its consultants to security-risk areas.	<p>Action taken: SSS shoulders the travel costs of persons from project sites for workshops in Metro Manila.</p>

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Improvement of Flood Forecasting and Warning System (FFWS) for Cagayan de Oro River Basin/ PAGASA/ JICA	Issues concerning requests/demands of landowners and land disputes, such as claiming of identified sites by different families, whereas some families/groups demanded monthly rent for their properties. A lot owner for a certain site also demanded provision of security during the operation of the station, to be paid by PAGASA.	<p>Actions taken: Contract of Lease between PAGASA and lot owners was signed. The amount paid is based on the zonal values issued by the Municipal Assessor's Office. For Lot area within ancestral domain of the Indigenous Peoples (IPs) of Bukidnon, the National Commission on Indigenous Peoples (NCIP)-Bukidnon sub-office intervened in securing the approval of the IPs including payment to be made by PAGASA for annual dues of the annual ritual of the IPs.</p> <p>Updates: PAGASA management gave the approval for some demands that are fair enough to be paid by the government. Some demands are still being evaluated by the PAGASA Legal Officer.</p>
FFWS for Cagayan de Oro River Basin/ PAGASA/ JICA	Security issues due to Marawi siege during the implementation of the project. As a security protocol, police escorts were required for the site survey conducted in November 2018, prior to Detailed Design.	Action taken: Police escorts were provided for Japanese and local experts.
Current		
Road Upgrading and Preservation Project (RUPP)/ DPWH/ JICA	With the enactment of RA 10752, the basis of compensation for RoWA changed from zonal value of the land to the current market value, requiring land valuation anew to be determined by a GFI or an accredited independent appraiser.	<p>Action taken: DPWH engaged the services of LBP to determine current market value of affected lots.</p> <p>Updates: Initial report containing the Summary of Important Facts and Conclusion of Appraisal Report of current market value was submitted by LBP on February 18, 2019. On March 7, 2019, public consultations were held and letter offers for negotiated sale of all affected lots were distributed.</p> <p>Civil works resumed on April 22, 2019 as permits-to-enter were already secured for 12 out of 64 lots.</p>

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Central Luzon Link Expressway (CLLEX)/ DPWH/JICA	<p>RoWA in CP3 was intermittent due to some lot owners' refusal to negotiate, and other lot owners' lack of necessary documents to establish ownership.</p> <p>Enactment of the RoWA Act, shortly after the first contract was awarded, required the recomputation of land acquisition costs due to change in basis of computation.</p>	<p>Action taken: Initial compensation paid to affected landowners based on the valuation of an independent land appraiser which was consistent with the resettlement plan, expedited the concurrence of landowners to grant permit to construct within their lots.</p> <p>Updates: As of March 2019, 20 lots were filed with the Office of the Solicitor General (OSG) for expropriation. As of April 2019, permits-to-enter for 75 percent of the total affected lots (589 out of 784) were already secured.</p>
	<p>Delays in RoWA resulted in the use of local roads as access routes for trucks to haul borrow materials for embankment construction. However, affected LGUs in Nueva Ecija imposed limitations on the use of these local roads as it leads to early degradation.</p>	<p>Action taken: DPWH is negotiating with landowners to facilitate RoWA of the appropriate hauling route.</p> <p>Actions to be taken: DPWH to continue negotiations with landowners to facilitate RoWA. The Contractors shall likewise maintain the local roads being used as access roads to CLLEX's main alignment.</p> <p>Update: As of April 2019, the Contractor and concerned LGUs entered into an agreement allowing the former to use local roads as haulage routes.</p>
Metro Manila Interchange Construction Project (MMICP) Phase VI/ DPWH/ JICA	<p>Difficulties in RoWA inside the DND-owned Veteran's Golf Course for the widening of North Avenue and installation of a pump house for the tunnel section. The Department of National Defense (DND) denied DPWH's request for donation of the affected portion of the property.</p>	<p>Action taken: On January 3, 2019, DPWH requested DND for the copy of the Certificate of Title/Transfer Certification of Title to be able to proceed with the acquisition process through Section 4 of RA 10752.</p> <p>Update: As of April 2019, a Memorandum of Agreement (MOA) among DPWH, DND, and National Housing Authority (NHA) is being reviewed. Said MOA will facilitate acquisition of RoW inside the Veterans Golf Course through easement agreement.</p>

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
	Existence of obstructions along the project site (e.g., pedestrian bridges, overhead utility lines, and trees).	<p>Actions to be taken: DPWH to ensure that the obstructions are removed before the start of construction of the interchanges.</p> <p>The street lights/posts will be removed by the Quezon City LGU while the relocation of overhead and underground utilities will be undertaken by the concerned utility firms. Cutting/balling of trees is being coordinated with the Quezon City LGU and DENR. All clearing activities shall be completed by 3rd quarter of 2019, before the commencement of civil works.</p>
Davao Coastal Bypass Construction Project (DCBCP)/ DPWH/ JICA	Problems with the alignment and road right-of-way (RRoW) due to the recently-declared heritage site (Davao Ancestral Heritage in Brgy. Cabantian, Davao City) and subdivision development (North Town Subdivision in Brgy. Tigatto, Davao City).	<p>Actions taken: DPWH shifted/changed the alignment to avoid the heritage site and the major subdivisions to minimize RRoW cost. DPWH is closely coordinating with the property owner and the Davao City LGU.</p> <p>Update: The owners of the properties already agreed with the shifted alignment and permitted the entry of surveyors to conduct the study</p>
Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River (FRMP-CTI)/ DPWH/ JICA	Additional Temporary Stock Yards (TSYs) and disposal areas (DAs) with an estimated area of 50 ha are needed to accommodate remaining estimated volume of excavated materials of approximately 1.2 million cubic meters from the Imus and Bacoar retarding basins.	<p>Action taken: Continued coordination with the Provincial Government (PG) of Cavite to provide additional lots as TSYs and DAs. As of March 2019, two (2) properties covering about 9.92 hectares within the three-kilometer radius from the Imus and Bacoar project sites were offered by two (2) landowners as potential TSYs.</p> <p>Action to be taken: A new procedure on hauling excavated materials is being proposed subject to the approval of DPWH-Flood Control Management Cluster (FCMC) and favorable consideration by the PG of Cavite. Said procedure recommends the use of unexcavated areas with Permits-to-Enter (PTE) as TSYs, and allows private companies/entities to haul excavation material to private disposable areas to fast-track excavation works.</p>

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
	<p>Delayed acquisition of required lots for the construction of two (2) retarding basins in Imus, Cavite hampered construction works.</p> <p>DPWH was unable to meet its payment obligations to lot owners Ayala Land Inc. (ALI) due to delays in compliance of documentary and payment requirements. Consequently, the permit to enter (PTE) in the involved lots earlier issued by ALI was revoked.</p> <p>The LGU recently adopted a policy to use the Bureau of Internal Revenue (BIR) Zonal Value as acquisition cost of lots which negatively impacted DPWH's original budget allotment for land acquisition.</p>	<p>Actions taken: DPWH requested project cost increase from PHP5,587.9 million to PHP7,540.9 million (without supplemental funding from JICA) to: (a) cover the RoWA due to the revised BIR zonal value; and (b) finance inclusion of structures as substitute to previously included works. ICC approval of the request was confirmed by the NEDA Board, through ad referendum, on December 28, 2018.</p> <p>Action to be taken: DPWH to continuously conduct land expropriation/negotiation activities for RoWA. DPWH targets to acquire all ALI properties by April 2019, and the remaining lots by December 2019.</p>
Integrated Disaster Risk Reduction and Climate Change Adaptation (IDRR-CCA)/ DPWH/ KEDCF	Limited workable area for the project due to delayed RoWA in the dike alignment and disposal site. This was caused by late approval of the parcellary plans and incomplete documentation from lot owners, which are required to process payments for the lots to be acquired.	<p>Action taken: DPWH-FCMC is facilitating the approval of parcellary plans. As of December 2018, appraisal of the affected lots is at the final stages.</p> <p>Action to be taken: DPWH Unified Project Management Office (UPMO)-FCMC to continue to negotiate with the landowners to at least secure PTE for the affected lots. Target date to partially address RoWA is June 15, 2019.</p>
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 1)/ DOTr/ JICA	Delay in relocation of utilities due to increase in indicative cost of relocation. The total cost increased due to a number of affected utilities not included in the initial estimate.	<p>Actions taken: LRTA, Light Rail Manila Corporation (LRMC), MERALCO, and a legal team conducted several meetings to finalize the work order.</p> <p>MERALCO submitted relocation plans to DOTr for evaluation and approval.</p> <p>Action to be taken: DOTr to review and evaluate the MERALCO relocation plans for the remaining project areas. For approved relocation plans, relocation of utilities will be simultaneously conducted with civil works construction.</p>



INREMP : Women members of San Carlos Association for Rehabilitation of Environmental Denudation showcase the processing of root and tuber crops into different products.

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
North-South Commuter Railway Project (Phase I: Malolos-Tutuban Segment)/ DOTr/ JICA	DOTr discovered landlocked areas which were not identified during the preparation of the Resettlement Action Plan and Project-Affected Persons (i.e., lots that have no direct access to a public street, necessitating legal permission to cross adjacent lots of different owners to gain street access).	Action taken: The General Consultant conducted validation of the landlocked areas in November and December 2018, which will be incorporated in the general plan for construction.
Strengthening National Systems to Improve Governance and Management of Indigenous Peoples and Local Communities Conserved Areas and Territories/ DENR/ GEF/ UNDP	Military skirmishes in some sites due to cancellation of peace talks with the Communist Party of the Philippines.	Action to be taken: DENR to coordinate with LGUs, local communities and partners, and UNDP, particularly in terms of situation monitoring and information sharing, so that appropriate actions and mitigating measures can be taken by field officers.
JICA CARE Project/ DOH/ JICA	Delay in the processing of the land title transfer delayed the start of project implementation.	Action to be taken: Creation of a Technical Working Group (TWG) within Q1 2019 to discuss the issue and take up the recommendations in the regular Steering Committee Meeting.

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Priority Bridges- Binondo Intramuros Bridge Project/ DPWH/ China	UNESCO Culture Sector and World Heritage Center requested for an Archeological and Heritage Impact Assessment due to concerns on the effect of the Binondo-Intramuros Bridge Project on the buffer zone of San Agustin Church.	<p>Updates: On April 8, 2019, DPWH submitted the Archaeological and Heritage Impact Assessment of the Binondo-Intramuros Bridge Project to the National Museum for evaluation.</p> <p>On May 27, 2019, DPWH informed NEDA that the revised design (avoiding the San Fernando Bridge from being affected) will be prepared in stages to strategize implementation and coordination. Compliance with the requirements for ICC re-evaluation cannot be achieved until the revised design is completed.</p>
	Need to relocate MERALCO distribution circuits situated in Muelle de Industria in Binondo.	Action to be taken: All the affected Meralco distribution circuits are for relocation until July 2019.
	Need to relocate MERALCO poles and cables in the project site.	Update: Relocation of affected poles and cables started in the first week of April 2019 and targeted for completion by June 2019.
	Eight (8) private properties are affected by RRoW problems which include the presence of 70 informal settler families in the Mandaluyong side.	<p>Action taken: Mapping of structures affected by RRoW in the Mandaluyong side was conducted in January 2019 in coordination with DPWH Metro Manila 1st District Engineering Office, NHA, and Mandaluyong Housing and Development Board.</p> <p>Update: An appraisal report on affected lots/structures and estimation of replacement costs was submitted in March 2019. RRoW issues are targeted to be resolved by December 2019.</p>

Issues on Procurement

This typology of issues refers to delays in procurement and pre-procurement activities such as failures in bidding and negotiations with potential contractors, among others. Fifteen (15) incidents of issues related to procurement affected 13 projects, five (5) of which were already resolved.

Table 5.3 Projects with Issues on Procurement

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Project Convergence on Value Chain Enhancement for Rural Growth and Empowerment (ConVERGE)/ DAR/ IFAD	Delayed procurement of farm machineries, equipment, and inputs due to: (a) required technical specifications of machineries, equipment, and production; and processing inputs not readily available in the market; and (b) failed biddings due to lack of Philippine Center for Postharvest Development and Mechanization (PhilMech) accredited organizations in project areas.	Actions taken: DAR was able to catch up with procurement schedule through the hiring of a Value-Chain Specialist who reviewed and recommended technical specifications of farm machineries, equipment, and production and processing inputs. This minimized the occurrence of failed biddings as the specifications of the goods for procurement matched the needs of beneficiaries and were readily available in the market. DAR also conducted capacity-building activities on procurement for its technical staff.
Italian Assistance to the Agrarian Reform Community Development Support Program (IARCDSP)/ DAR/ Italy	Delay in the procurement of consultants for Italian Technical Assistance (ITA) and Local Microfinance Institution (MFI).	Action taken: DAR requested two-year loan validity extension of the project. The request was approved by ICC on July 27, 2018. Updates: DAR issued the Notice to Proceed (NTP) for the local MFI consultant on December 28, 2018 while the NTP for the ITA consultant was issued on February 12, 2019.
Maritime Safety Capability Improvement Project for the Philippine Coast Guard (PCG), Phase II/ DOTr/ JICA	The planned revision by PCG of Multi Year Obligational Authority (MYOA) to utilize the 2017 unobligated funds in 2018 stalled the procurement of Consulting Services and issuance of DOTr Legal Pass for the Contract.	Action taken: DOTr-PCG eventually did not pursue the revision of the MYOA. The PCG received DOTr's legal pass for the Consulting Services contract on September 19, 2018. Thus, the contract was signed on September 28, 2018, and the NTP was issued on November 9, 2018.
Samar Pacific Coastal Road Project (SPCRP)/ DPWH/ KEDCF	Prolonged procurement for civil works contract due to failure of bidding on August 22, 2017 caused by excessively high bid of the lone eligible contractor.	Action taken: DED plans and corresponding Program of Works were revised, adopting the updated price of construction materials for cost estimates, which were considered in the rebidding. Updates: The contract was awarded on December 29, 2017 and the NTP for the civil works contractor was issued on April 13, 2018. Construction started on May 13, 2018.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
National Irrigation Sector Rehabilitation and Improvement Project (NISRIP)/ NIA/ JICA	Five (5) bid failures for one (1) contract package (Lambayong 1) due to bidders not meeting the technical criteria set by NIA.	Actions taken: The contract was repackaged into three (3) contracts and were procured at the NIA Regional Offices. Notices of Award (NOA) for the three (3) contract packages were issued on October 2, 2018, December 13, 2018, and December 28, 2018, with JICA's concurrence received on April 12, 2019.
Current		
Italian Assistance to the Agrarian Reform Community Development Support Program (IARCDSP)/ DAR/ Italy	Numerous bid failures for sub-projects due to the unmet procurement requirement for three (3) eligible bidders.	Actions to be taken: Revise Memorandum of Understanding (MOU) to include provision that procurement shall proceed regardless of the number of eligible bidders.
Philippine Rural Development Project (PRDP)/ DA/ WB	Failure of bidding due to lack of interested firms considering other government projects (e.g., KALSADA; Build, Build, Build Projects, etc.).	Actions taken: The Project Support Offices have been conducting conferences/meetings with the contractors to introduce the sub-projects ready for bidding as well as discuss the PRDP procurement process and standards for implementation.
Fisheries, Coastal Resources and Livelihood (FishCORAL) Project/ DA/ IFAD	Bid failure for the conduct of the Participatory Resource and Social Assessment (PRSA) in ARMM due to limited bidders.	Actions taken: DA initiated a partnership with MSU Sulu for the conduct of PRSA. MOA, with the Technical and Financial Proposals, were finalized for submission to Bureau of Fisheries and Aquatic Resources (BFAR). Update: The MOA is expected to be completed by end of June 2019.
Forestland Management Project (FMP)/ DENR/ JICA	Delayed procurement of remaining consultants (i.e., Institutional Development Specialist or IDS, Information, Education, and Communication Specialist or IECS, consultancy services for the Engineering Firm) due to limited number of qualified applicants meeting the technical requirements of the required services.	Actions taken: Continuous facilitation of the procurement process. Contract for the IDS was awarded in December 2018. Actions to be taken: Fast track procurement of IECS firm upon approval of TOR. IECS consultants targeted to be onboard within first semester of 2019.



FishCORAL : The women fisherfolk manage and monitor the planted seaweeds at Barangay Looc, Cawayan in Masbate City. (November 2018)

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 1 and Line 2)/ DOTr / JICA	The required 30 percent Japanese content ratio as specified in the loan agreement may not be attained due to lack of interested Japanese bidders.	<p>Actions taken: Japanese contractors with specialist subcontractors of different nationalities were procured.</p> <p>DOTr proposed to include VAT and import duties in the computation of the Japanese Content Ratio so that the 30 percent Japanese content requirement would be met.</p> <p>Actions to be taken: DOTr to submit to JICA the proposal on the re-computation of the 30 percent Japanese Content. If JICA concurs with the proposal, DOTr would proceed to complete the documentary requirements to achieve this requirement under the Loan agreement. Target date for JICA concurrence is on May 31, 2019.</p>
Maritime Safety Capability Improvement Project for the Philippine Coast Guard, Phase II/ DOTr/ JICA	Delay in the procurement of shipbuilder due to delays in the procurement of the General Consultant. The delay was due to revision of the project's MYOA and late issuance of DOTr Legal Pass.	<p>Actions to be taken: The procurement of shipbuilder contractor is being handled by the DBM-PS BAC Region 10. Award of Contract for the shipbuilder contractor is targeted for issuance in August 2019.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
North-South Commuter Railway Project (Phase I: Malolos-Tutuban Segment)/ DOTr/ JICA	Under negotiated procurement, the bidder provided excessive bid price and final offer against the Approved Budget for Contract Package 1.	Actions taken: DOTr conducted a series of negotiations in 2018 and final contract negotiation with the bidder on March 18, 2019 to settle final offer amount. Action to be taken: DOTr targets contract signing within April 2019.
Social Protection Support Project Additional Financing (SPSP- AF) and Social Welfare and Development Reform Project (SWDRP) II/ DSWD/ ADB and WB	Delayed result of the 3rd wave impact evaluation (IE) final report for the CCT program, which will input to the proposed scaling-up of the program. Result of the IE was delayed due to the 1.5-year delay in the procurement of the data collection firm and further review of evaluation objectives, questions, and methodology.	Action taken: Preliminary findings of the Philippine Institute for Development Studies (PIDS) were presented to stakeholders (DSWD IE-TWG, DSWD management and regional offices, and development partners) in Q1 of 2019. Updates: Final draft of the PIDS impact evaluation is currently being reviewed by the DSWD management, for acceptance and later release within Q2 of 2019.
Panguil Bay Bridge Project (PBBP)/ DPWH/ KEDCF	KEXIM's bidding/procurement process resulted in delay of KEXIM's concurrence with the DPWH-BAC Technical Bid Evaluation Report for civil works procurement.	Updates: KEXIM Bank's recommendation for the opening of price bids of the two (2) bidders was received by the DPWH on February 11, 2019. KEXIM Bank approved negotiation for the highest ranked bidder on April 16, 2019.
Carbon Asset Development Fund (CADF)/ LBP/ WB	Delayed procurement of monitoring equipment due to limited availability of the equipment in the market. LBP conducted three (3) bidding attempts but the potential supplier was unable to submit complete bidding documents.	Action taken: LBP is currently revising the specifications of the monitoring equipment to cater to more suppliers

Issues on Processing of Clearances and Approvals

This sub-section discusses difficulties in obtaining clearances or permits and approvals from the Government or Funding Institution (FI). There were 14 incidents of issues on government/FI approvals that affected 13 projects in 2018, five (5) were already resolved.

Table 5.4 Projects with Issues on Processing of Clearances/Permits and Approvals

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Philippine Rural Development Project (PRDP)/ DA/ WB	Compliance with requirements/ clearances from other National Government Agencies (NGAs) (e.g., Environmental Compliance Certificate from the DENR-Environmental Management Bureau or EMB, Certificate of Pre-Conditions from the NCIP, Protected Areas Management Bureau Resolution from DENR, Cutting Permit from DENR and Philippine Coconut Authority).	<p>Action taken: PRDP facilitates the forging of agreements/understanding with relevant NGAs to expedite issuance of clearance.</p> <p>Action to be taken: PRDP to further assist proponent LGUs on how to secure various clearances from NGAs (e.g., making LGUs aware of the procedures and specific requirements to secure clearances such as Certificate of Pre-condition and Environmental Compliance Certificate or ECC).</p>
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 2 East Extension)/ DOTr/ JICA	<p>Delayed issuance of building permits and clearances from Antipolo and Marikina LGUs for CP2 (design and build of stations).</p> <p>LRTA was not allowed to construct the stairway on the sidewalk in Antipolo as it will eventually block pedestrians from using the sidewalk.</p> <p>In Marikina, LRTA was not allowed to construct the column that is blocking the entrance of a building.</p>	<p>Update: Both LGUs issued building permits on June 2018.</p> <p>Action taken: LRTA's re-designed station stairway in Antipolo was approved by Antipolo LGU.</p> <p>Action taken: In Marikina, LRTA repositioned the column to allow pedestrians to pass.</p>
Water District Development Sector Project (WDDSP)/ LWUA/ ADB	Delay in approval by the LWUA Board of the Bayawan sub-project and opening of LBP bank account for the WDDSP Advance Account.	<p>Updates: Bayawan sub-project approved by the Board in December 2018 and the bank account for the project was opened in LBP in 2018. ADB downloaded USD5.98 million to the said account on November 19, 2018.</p>

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Integrated Disaster Risk Reduction and Climate Change Adaptation (IDRR-CCA)/ DPWH/ KEDCF	Delay in securing the approval of the Korean government (through Korean legislative action) to amend the “Pledge of the EDCF loan”, specifically to execute the ICC-approved change in project implementation arrangement designating DPWH as the sole executing agency and dropping DepEd as implementer of the project.	Action taken: The Embassy of South Korea in Manila issued its revised “Pledge of EDCF Loan” through a Note to DFA dated November 28, 2018, which identified DPWH as the only executing agency of the project. The amendment shall not affect the loan agreement, procurement, and consulting services of the project.
Access to Sustainable Energy Program (ASEP)/ DOE/ EU	Delayed implementation of component 3 (call for proposals) wherein sub-projects were estimated to have an implementation of 24 months which will go beyond 2019 (original end of implementation). However, a 24-month grant extension requested by both DOE and EU was not granted by DOF due to concerns on the language of the financing agreements (FA) between EU and GPH, particularly, those that have reference to parity of rights, prior notice and consultation, and interference in domestic affairs.	Action taken: The DOF and EU delegation negotiated for ASEP extension to enable signing of contracts with contractors. Update: DOF signed the Addendum No. 1 to the FA of ASEP reflecting the 24-month extension of the financing agreement and the operational duration of ASEP. The addendum also indicates amendments to the standard FA between EU and GPH, addressing the GPH's concerns on parity of rights, prior notice and consultation and non-interference in the state's affairs.
Current		
Italian Assistance to the Agrarian Reform Community Development Support Program (IARCDSP) / DAR / Italy	The Italian Government held pending its approval of the MOU and issuance of No Objection Declaration (NOD) for rural infrastructure sub-projects costing EUR100,000 and above.	Actions taken: DAR requested the assistance of DFA through the Philippine Embassy in Italy to make a representation to the Italian Government in Rome to follow-up and facilitate the signing of the MOU and issuance of note verbale and issuance of NODs for approved sub-projects. As of December 2018, the Italian Government issued 62 NOD clearances. In January 2019, DFA sent a letter to the Philippine Embassy in Rome to follow-up and facilitate the signing of the modifications to the MOU and issuance of the note verbale, and the remaining NOD 2 for the procured works. Actions to be taken: The Italian Embassy is actively pressing the Italian Government to obtain a structured counterproposal to facilitate approval of the amendments to the MOU and issuance of note verbale.

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Integrated Natural Resources and Environment Management Project (INREMP)/ DENR/ ADB-IFAD	Tedious ADB review process caused delays in the issuance of No Objection Letters (NOLs) for Community-Based Protection and Management (CBPM), Conservation Farming (CF), and Livelihood Enhancement Support (LES).	Updates: NOL already issued for CF (Oct. 26, 2018), LES Categories 2 to 4 (Dec. 11, 2018), and CBPM (Dec. 17, 2018) for protection activities.
North-South Commuter Railway Project (Phase I: Malolos-Tutuban Segment)/ DOTr/ JICA	On valuation of compensation payment, the Development Bank of the Philippines (DBP) cannot begin appraisal of structures affected by the implementation of North-South Commuter Railway Project pending issuance of DOTr-BAC legal opinion on the MOA between DOTr and DBP, which would allow DBP to proceed with appraisal of affected structures and properties.	Actions taken: DOTr-BAC issued the legal opinion on December 27, 2018, allowing DBP to sign the MOA with DOTr signed on March 28, 2019 Update: DOTr is awaiting issuance of the Final Appraisal Report from DBP.
Arterial Road Bypass Project (ARBP) II/ DPWH/ JICA	JICA has yet to approve GPH request to reallocate to civil works JPY344 million that would come from consulting services (JPY152 M) and contingencies (JPY192 M). JICA awaits DOF's confirmation that the reduced allocation for consulting services will be sufficient to cover the obligation for the expansion of Contract Package III, which entails widening of the two-lane road to four-lanes.	Actions taken: DPWH requested DOF's approval of reallocation of loan proceeds. Said request was forwarded to NEDA on August 31, 2018. NEDA endorsed the request to DOF on September 24, 2018. Updates: DPWH requested DOF on January 10, 2019 to confirm with JICA the requested loan reallocation, including DPWH's plan to tap its unprogrammed funds in case there will be a deficit in the allocation for consulting services. In its April 22, 2019 letter, DOF confirmed with JICA the requested loan reallocation including the arrangement for GPH to cover the resulting shortfall of funds intended to cover existing contracts under Consulting Services.

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Davao Coastal Bypass Construction Project (DCBCP)/ DPWH/ JICA	The source of financing to cover the LP requirement of the PHP7.04 billion cost overrun due to change in scope (approved by the NEDA Board ad referendum on October 20, 2018) has yet to be firmed up.	<p>Updates: In February 2019, DOF, JICA, DPWH, and NEDA conducted a series of meetings to discuss the possible source of financing. The issue on financing was also discussed in the 7th Philippine-Japan High Level Joint Committee Meeting on Infrastructure Development and Economic Cooperation held in Osaka, Japan on February 21-22, 2019.</p> <p>The JICA Fact Finding Mission was dispatched last March 25-29, 2019 to discuss the details about the additional financing for the Project.</p> <p>DPWH confirmed during the March 28, 2019 meeting among representatives from JICA, DOF, DPWH, and NEDA, that they will be requesting for another round of increase in cost due to change in design and scope of the project. The request for increase in cost and its supporting documents for ICC and NEDA Board approval are being updated by the DPWH Consultant.</p>
Chico River Pump Irrigation Project (CRPIP)/ NIA/ China	Non-issuance of the required Certificate of Pre-condition from NCIP given that disturbance compensation on the affected IPs in the Kalinga area of the projects has not yet been fully paid.	<p>Action taken: NIA is prioritizing the payment of disturbance compensation to the project-affected IPs.</p> <p>Updates: Payment of disturbance compensation was already completed on March 21, 2019.</p>
KALAHI CIDSS-NCDDP/ DSWD/ WB	Delays in issuance of Free, Prior, and Informed Consent (FPIC) by NCIP to sub-projects in IP areas due to prolonged conduct of validation activities. Due to limited manpower, NCIP had been pooling the certification requests from various agencies prior to scheduling and conducting the field visits and validation.	<p>Actions taken: The DSWD and NCIP national TWGs frequently met from 2017 until March 2018; KC-Regional PMOs were instructed to conduct an inventory of sub-projects with pending certification, for NCIP action.</p> <p>Actions to be taken: DSWD to continue its close coordination with NCIP for the settlement and issuance of FPICs on or before December 2019.</p> <p>Updates: As of December 2018, 3,921 (79%) out of the 4,973 sub-projects in IP areas were issued with FPIC.</p>



Portion of Namal Access Road in Ifugao with poured Portland cement before and after brooming as part of the Agroforestry Support Facilities activity in Q1 of 2018

Project/IA/Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Forestland Management Project (FMP)/ DENR/ JICA	Cash releases under loan proceeds insufficient to cover payments for People's Organizations (POs) under the Site Development contract. Of the target 147 POs, only 57 have secured their respective Land Tenurial Instruments (LTIs). As cited by DENR, the NCIP's tedious and varying processes for the issuance of FPIC, contributed to POs' delay in securing their respective LTIs.	<p>Action to be taken: The FMP PMO is considering a request for additional revolving funds from JICA by Q3 of 2019 in anticipation of the projected increase in cash requirement to cover incoming payables in 2019 and 2020.</p> <p>Action Taken: For LTIs of Regions 6 and CAR, DENR participated in the Commission en banc meeting on January 16, 2019, which resulted in the issuance of a Memorandum Order to CAR and Region 6 NCIP offices to facilitate processing of applications for NCIP clearances.</p>

Issues on Institutional Support

Twelve (12) projects encountered issues related to inadequate support or coordination with stakeholders or implementing partners particularly when program/project implementation relies on complementary support from other government agencies, LGUs, NGOs, or others. Issues on five (5) of these projects were addressed within 2018.

Table 5.5 Projects with Issues on Institutional Support

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Cebu Bus Rapid Transit (BRT) Project / DOTr/ AFD/ WB/ Clean Technology Fund (CTF)	The engagement of services of the Technical Support Consultant (TSC) and Social Management Consultant (SMC) with NTPs pending approval since February 2018. Implementation was put on hold in consideration of stakeholders' concerns on the project's current viability.	Actions taken: During the ICC meeting in April 25, 2018, the DOTr was instructed to mobilize procurement of the TSC or an independent third party to review the project's design requirements and recommend the best way to move forward with the project. With inputs from the independent third party review, DOTr informed the ICC in July 2018 of its decision to proceed with the project, which would form part of the planned Metro Cebu Intermodal and Integrated Transport System (MCIITS). DOTr issued the Notices-To-Proceed for the SMC and the TSC on September 19 and September 25, 2018, respectively.
Integrated Natural Resources and Environment Management Project (INREMP)/ DENR/ ADB-IFAD	The National Greening Program (NGP) and other reforestation projects of the government are competing with the natural resource management (NRM) activities of INREMP in terms of identifying available areas and POs.	Action taken: DENR top management instructed its four (4) regional offices (CAR, Region 7, Region 10, ARMM) to prioritize the use of available INREMP resources for the conduct of their NRM activities, to further improve INREMP physical and disbursement performance.
Sulu-Sulawesi Seascape (SSS)/ DENR/ GIZ	Inadequate LGU support on the establishment of MPA in Balabac due to local political concerns.	Actions taken: Resolution of the issue is an ongoing effort. DENR continuously makes representations with the LGU through information campaigns, courtesy calls, and liaison with the provincial government, to secure the necessary institutional support and buy-in from the LGU of Balabac.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Services for the Development of Municipal Level Sub-Seasonal Surface Wave Height and Solar Radiation Forecast Products/ PAGASA/ UN-FAO	There is no established communication protocol for information flow among DA, PAGASA, and LGUs.	Actions taken: Concerned officials from PAGASA, International Center for Tropical Agriculture (CIAT), Bureau of Soils and Water Management (BSWM), and DA, convened to prioritize activities necessary in harmonizing PAGASA and DA strategies for climate information and services.
Services for Assessing the Requirements to Enhance the Climate and Weather Information System in the Philippines through Upgrading, Expansion and Data Sharing/ PAGASA/ UN-FAO		Activities to harmonize the weather observation networks of DA and PAGASA in support to the development of Climate Information Services for agriculture were identified and prioritized. A flowchart for the flow of information was created in support to the preparation of concept paper for the Green Climate Fund.
Current		
Philippine Rural Development Project (PRDP)/ DA/ WB	Delayed transfer of funds from LGU to Proponent Groups (PGs) implementing enterprise sub-projects due to the imposition of the LGUs' requirement to accredit the PGs (NGOs) before releasing funds. Some PGs incurred delay in complying with the requirements for accreditation (e.g., accomplishment reports, board resolution, and financial statement, among others) as they were also preoccupied with the operation of the enterprise as well as their individual farming activities.	Actions taken: PRDP PMO conducted dialogues with the accountants of the LGUs to discuss PRDP requirements for the LGUs to release funds to the PGs. It was thus clarified that the accreditation of the PG by the LGU is not a pre-requisite or requirement for the downloading of funds to the PGs for the implementation of PRDP Investments for Rural Enterprises and Agri-fishery Productivity (I-REAP) sub-projects. Actions to be taken: Close monitoring of downloaded funds to LGU for I-REAP sub-projects and provision of necessary assistance and guidance to facilitate fund transfer from LGU to PG, as needed.
Senior High School Support Program (SHSSP)/ DepEd/ ADB	There were no primary offices in DepEd that would take the lead in meeting necessary conditions to successfully achieve disbursement-linked indicator (DLI) 2 target in 2016 (DepEd's policy on SHS technical-vocational-livelihood or TVL track, with a strategy and action plan to promote female enrollment issued).	Actions taken: Series of consultations were done with offices concerned to address overlapping of activities. The Bureau of Learning Delivery (BLD) already took the lead and drafted the policy on Minimum Service Standard for DepEd and non-DepEd TVL providers currently being reviewed by the Planning Service. The Youth Formation Division (YFD) has already forwarded the draft TOR for Career Counselors for review of the Bureau of Curriculum Division. Actions to be taken: DepEd-Project Management Service (PMS) will continuously follow up with the BLD and YFD on the issuances of the said TVL policy and TOR, respectively.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
KALAHI CIDSS – NCDDP/ DSWD/ WB	652 ADB-funded sub-projects were not completed by loan closing in June 2018 due to time spent on social preparations, prior to actual construction of sub-projects.	<p>Actions taken: DSWD requested loan restructuring of the WB loan to provide sufficient time to complete both the remaining ADB and WB-funded sub-projects in 2019. As of February 2019, 103 sub-projects were implemented and completed by communities using WB and International Bank for Reconstruction and Development (IBRD) fund.</p> <p>Action to be Taken: DSWD to secure commitment from LGUs to complete the sub-projects until December 2019.</p>
Social Protection Support Project Additional Financing (SPSP-AF) and Social Welfare and Development Reform Project (SWDRP) II/ DSWD/ ADB/ WB	Non-compliance of beneficiaries with the education condition of the CCT program, resulting in attrition, due to factors such as: (a) lack/loss of interest in school; (b) poor health condition of the students; and (c) required fees to enroll in TESDA courses.	<p>Actions taken: DSWD continuously conducts family development sessions (FDS) and reiterates importance of education to parents to encourage children to go to school. DSWD also conducts ongoing discussion with TESDA, including plans to prepare a MOA within 2019 to resolve the issue pertaining to enrolment.</p>
Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River (FRMP-CTI)/ DPWH/ JICA	<p>Lack of LGU dump trucks to aid in hauling the excavated materials.</p> <p>A MOA with the Provincial Government of Cavite (PGC) was forged relative to the disposal of the excavated materials. Said MOA stipulates that the PGC shall be responsible for: (a) providing the area/location of disposal sites; and (b) hauling excavated materials beyond 3-km radius from the project area or from the Temporary Stock Yard (TSY). As the TSY has been fully occupied, hauling of excavated materials by the PGC from TSY to the identified disposal site, shall require additional dump trucks.</p>	<p>Actions taken: DPWH coordinated and followed up with the PGC to provide additional dump trucks. DPWH initially targeted to resolve the issue within February 2019. As of March 2019, the issue is still ongoing.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Metro Manila Wastewater Management Project (MWMP)/ LBP/ WB	Delayed issuance by the LGUs of the locational, excavation, construction, and building permits due to concerns on impact of the project on the traffic condition, affecting the implementation of both Maynilad Water Services Inc. and Manila Water Company, Inc. sub-projects.	<p>Actions taken: LBP proposed to replace the slow-moving or non-moving sub-projects with fast moving sub-projects to fast track disbursement of the WB loan.</p> <p>Updates: During its May 17, 2019 meeting, ICC-Cabinet Committee (CC) approved LBP's request for a one-year loan validity extension from June 30, 2019 to June 30, 2020 and the request for change in scope, replacing the slow-moving sub-projects with completed sub-projects which were not part of the ICC-approved project's scope.</p>
Power Distribution Project in Bangsamoro Area/ NEA/ JICA	Difficulty in complying with Bureau of Customs (BOC) documentary requirements for release of delivered items (i.e., boom trucks, equipment, etc.).	Action taken: Continuous meeting and coordination with DOF and BOC for immediate release of delivered items to avoid incurring demurrages.

Capacity of PMO and Other Implementing Partners

This typology includes difficulty of PMOs and/or other implementing partners in recruitment, turnover of staff affecting project implementation, and low technical capacity to manage and/or implement the project. Twelve (12) incidents on capacity of PMO and other implementing partners affected seven (7) projects in 2018, three (3) of which were already resolved.

Table 5.6 Projects with Issues on Capacity of PMO and/or Other Implementing Partners

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Jalaur River Multi-purpose Project (JRMP) II/ NIA/ KEDCF	One of the requirements of KEXIM for its concurrence on the award of the contract for the project's major components is for NIA to provide a detailed computation of payments for the project-affected families. JRMP 2 PMO experienced difficulties in surveying upland ancestral domain areas to assess appropriate compensation to affected IPs due to lack of sufficient manpower, terrain of sites to be surveyed, and the complicated nature of appraising lots on ancestral lands.	<p>Action taken: JRMP 2 PMO utilized all its manpower and created six (6) composite teams which focused on the simultaneous conduct of survey activities and consultations with the programs and projects (PAPs) in the 145 directly affected barangays from June 11 to August 31, 2018.</p> <p>Updates: The contract was concurred by the Bank on November 19, 2018. The NTP was issued to the contractor on November 21, 2018 and groundbreaking was held on February 27, 2019.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Water District Development Sector Project (WDDSP)/ LWUA/ ADB	Shortage of in-house experts on design within LWUA.	Actions taken: A design-and-build scheme was adopted for the implementation of the project, which required LWUA to conduct only a single bidding for both design and construction. As such, preparation of the DED will no longer be undertaken by LWUA.
	Limited manpower and capacity of the LWUA-BAC to undertake procurement for the project.	Actions taken: LWUA delegated the procurement responsibility to the water districts, on the condition that they have the procurement and financial management capacity based on ADB's assessment. Relevant provision in the project administration manual was revised accordingly.
Current		
KALAHI CIDSS -NCDDP/ DSWD/ ADB	Insufficient number of personnel due to security of tenure and risk of unemployment given program completion in 2019.	Actions to be taken: RPMOs to revisit regional plans and come up with supporting data, justifications, and strategies for staffing adjustments. Given available fund, RPMO will submit a letter of request to the National PMO for the issuance of authority to hire.
Water District Development Sector Project (WDDSP)/ LWUA/ ADB	LWUA's lack of experience in implementing sanitation projects.	Actions taken: Consultants for the project are assisting LWUA in the preparation of documentary requirements, preparation of concept design, and costing of O&M for the San Francisco sanitation project.
	Lack of PMO staff to assist in the implementation of the project (supervision and project management).	Actions to be taken: Hiring of personnel for the Project Management Unit (PMU) to be undertaken in 2019.



Ammoweg Bridge in Region 2 as of Q4 of 2018.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Metro Manila Flood Management Project (MMFMP)/ DPWH/ WB and AIB	Seven-month delay in project start-up activities (e.g., procurement of civil works and consultancy services) due to lack of: (a) manpower to design interventions; (b) as-built plans of pumping stations; and (c) familiarity with WB guidelines and procedures.	<p>Actions taken: DPWH participated in the Implementation Review and Support Mission conducted by the WB from October 1-10, 2018 to identify action plans to catch-up on implementation.</p> <p>Actions to be taken: PMOs of DPWH and Metro Manila Development Authority (MMDA) shall closely supervise the project's implementation and carry out the recommendations from the Implementation Review and Support Mission.</p> <p>DPWH is advised by WB to tap specific WB fiduciary and procurement teams based in Manila, for possible capacity building to aid in the management and implementation of the required WB processes.</p>
Project Convergence on Value Chain Enhancement for Rural Growth and Empowerment (ConVERGE)/ DAR/ IFAD	Low utilization of loan proceeds due to limited capacity of project operating units and LGUs to prepare statement of expenditures (SOE).	<p>Actions taken: DAR conducted meetings and provided technical assistance to operating units and LGUs to facilitate submission of SOE and to expedite the procurement process.</p> <p>Actions to be taken: DAR to continuously provide technical assistance and closely monitor the project operating units and LGUs to facilitate submission of the remaining SOE until Q1 of 2019.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Philippine Rural Development Project (PRDP)/ DA/ WB	Delayed submission of liquidation reports from proponent groups (PGs)/ LGUs largely attributed to: (a) lack of knowledge and difficulty of some PGs in securing documents required by the government for liquidation (e.g., securing official receipt as some suppliers do not issue the same); (b) delay in the delivery of items to be covered by the funds released owing to delay of the PGs in undergoing procurement activities.	<p>Actions taken: PRDP conducted a series of management meetings with the concerned LGUs and PGs to: (a) discuss pending liquidation reports; (b) providing technical assistance to comply with the documentary requirements for liquidation; and (c) reiterating timelines of submission of reports.</p> <p>Actions to be taken: Continuous close monitoring of the status of spending of the funds downloaded to the LGUs and PGs, and provision of technical assistance to PGs/ LGUs on the process of liquidation of actual expenses.</p>
	Some LGUs lack technical capability in crafting business plans for enterprise sub-projects including difficulty in complying with documentary requirements.	Actions to be taken: Continuous provision of training for proponent LGUs and PGs on the formulation of Business Plans (with varying schedules per LGU from April to December 2019).
	Frequent changes of LGU focal persons (as composition of the Provincial Project Management Implementing Unit is a prerogative of the local chief executive).	<p>Action taken: PRDP provides continuous mentoring of LGU focal persons one (1) month after the notification that there has been a change in the composition of the Provincial Project Management Implementing Unit (PPMIU).</p> <p>Action to be taken: Re-orientation of the new members of the PPMIUs – within one (1) month after detailing of new member/s in each PPMIU.</p>
Integrated Natural Resources and Environment Management Project (INREMP)/ DENR/ ADB	Insufficient field manpower that resulted in: (a) non-attainment of major targets; (b) limited assistance to POs/communities; (c) limited monitoring and identification of issues; and (d) unmet administrative requirements such as timely submission of reports and other documentation.	Actions Taken: 62 additional project staff for CAR and Region 10 were hired in 2018. Hiring of additional 16 staff is in process.

Design/Scope/Technical Issues

There were eight (8) incidents reported in 2018 that were related to changes in scope and output specification outside the agreed range, or inadequate design resulting in facilities which are substandard or incapable of delivering services at anticipated cost and specified level. Two (2) of these were already resolved.

Table 5.7 Projects with Design, Scope, and Technical Issues

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Davao Coastal Bypass Construction Project (DCBCP)/ DPWH/ JICA	Per DED, the original design of a two-lane bypass road is insufficient to meet future traffic demand. The rise in future demand forecast from the 2014 JICA Feasibility Study was due to ongoing new housing development along the corridor, as well as DPWH's implementation of road widening projects that will connect to the bypass road.	<p>Actions taken: DPWH requested ICC approval for: (a) change in scope from two-lane road and main tunnel and two-stage implementation scheme to four-lane road and main tunnel and one-stage implementation scheme; and (b) increase in cost from PHP16.81 billion (originally approved by the NEDA Board on May 28, 2015) to PHP25.85 billion.</p> <p>Said request was approved by ICC-CC on July 27, 2018 and subsequently confirmed by the NEDA Board through ad referendum on October 20, 2018.</p>
Flood Risk Management Project for Cagayan de Oro River (FRMP-CDOR)/ DPWH/ JICA	Delays in the approval of the conceptual design plan and in the completion of the DED by more than one (1) year due to changes in scope of works and revisions in technical design (i.e., revision of alignment of dikes and floodwalls) and in the design scale (from 25 to 50 years to comply with DPWH standards).	<p>Updates: DPWH incorporated said revisions in the DED which was completed in September 2018. NTP for CP1 (Bonbon-Kauswagan) was issued on December 18, 2018.</p> <p>Actions to be Taken: To catch up on implementation, DPWH shall: (a) fast-track approval of the contract documents for CP2 and CP3 to commence construction activities as soon as possible; and (b) instruct winning bidder/s to commence civil works earlier.</p>



MinSAAD : Turnover of Talasan Communal Irrigation System (CIS) Project in Barangay Pinamanguan, Kadingilan, Bukidnon held last February 6, 2018. Expected to irrigate 123 hectares involving 152 farmers under the Pinamanguan Communal Irrigators Association.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Current		
Mindanao Sustainable Agrarian and Agriculture Development (MinSAAD)/ DAR/ JICA	Increase in cost per kilometer of FMRs due to changes in design (i.e., pavement width, pavement thickness, road drainage, slope protection, and shoulder width and material) in compliance with the required standard specifications of FMRs per DPWH Department Order No.II series of 2014. Thus, the project can only complete 229.80 kilometers out of the global target of 395.2 kilometers (58%) until the loan closing date due to insufficient loan allocation for civil works.	<p>Action taken: DAR requested for loan reallocation amounting to about JPY250,949,000 (USD2.22 million) from contingencies to civil works to finance the three (3) proposed FMR sub-projects covering a total of 21.41 kilometers.</p> <p>Actions to be taken: DAR shall request ICC approval of reduction of targets for rural infrastructure (FMRs and bridges) and six (6) months to one-year implementation extension by Q3 of 2019.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Italian Assistance to the Agrarian Reform Community Support Program (IARCDSP)/ DAR/ Italy	Increase in cost per kilometer of FMRs due to changes in design (i.e., pavement width, pavement thickness, road drainage, and slope protection) in compliance with the required standard specifications of FMRs per DPWH Department Order No.11 series of 2014.	<p>Action taken: DAR consulted with NEDA on the preparation of its ICC proposal for change in scope for rural infrastructure targets.</p> <p>Action to be taken: DAR shall request ICC approval of reduction of targets for rural infrastructure (FMRs, bridges, irrigation, PWS, PHF) by Q3 of 2019.</p>
Project Convergence on Value Chain Enhancement for Rural Growth and Empowerment (ConVERGE)/ DAR/ IFAD	Increase in cost per kilometer of FMRs due to changes in design (i.e., pavement thickness) in compliance with the required standard specifications of FMRs per DPWH Department Order No.11 series of 2014.	<p>Action taken: During the DAR and IFAD mid-term review of the project from November 12, 2018 to December 10, 2018, it was agreed that DAR will assess the project targets and subsequently submit an ICC request for change in scope.</p> <p>Action to be taken: DAR shall request ICC approval of reduction of targets for rural infrastructure by Q3 of 2019.</p>
Cebu Bus Rapid Transit (BRT) Project/ DOTr/ AFD/ WB/ CTF	With DOTr's decision to include the project in the Metro Cebu Intermodal and Integrated Transport System (MCIITS), implementation timelines would need to be revised and contract packages need to be reviewed and finalized to ensure alignment and complementation with other projects.	<p>Action taken: DOTr provided a presentation on the MCIITS during the ICC-CC Meeting on December 19, 2018, which discussed the revised indicative Cebu BRT project implementation timelines.</p> <p>Action to be taken: DOTr to submit a detailed implementation timeline for the project to the ICC by February 2019.</p> <p>Updates: Cebu BRT NPMO and TSC to provide by May 2019 the DOTr management recommendations on the revised contract packages and the implementation of catch-up plans; and the conduct of options analysis of different modes of procurement for the PPP Transactions Adviser.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Metro Manila Priority Bridges Seismic Improvement Project (MMPBSIP)/ DPWH/ JICA	Need for: (a) additional work items under the project's technical specifications (i.e., ground improvement using new technology, use of Steel Pipe Sheet Pile and Steel Pipe Piles); (b) additional scope of works for the RoWA and Resettlement Action Plan; and (c) revision of manpower deployment schedule to shorten the construction period.	<p>Action taken: Ongoing finalization of technical specifications, scope of work, and construction duration as input to the preparation of bidding docs for the civil works contractor.</p> <p>The proposed additional services (i.e., construction of temporary detour bridges at Guadalupe bridge to mitigate traffic congestion) are still subject to review and approval by DPWH and JICA.</p>
	The geotechnical investigation found a large discrepancy in the soil profile at the east and west side of the pier nearest to the Mandaluyong side of the Guadalupe bridge. Said discrepancy is yet to be validated and may entail additional cost.	<p>Action to be taken: DPWH requested ICC approval for change in scope and increase in cost in February 2019 (details and updates are provided in Section 6.2.6 on projects likely to be restructured in 2019).</p>
	Complicated schedule on traffic management scheme as the project will be implemented simultaneously with other projects in nearby areas	
PATHWAYS/ DepEd/ DFAT	With the inauguration of the new Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) government, DepEd reported the additional territories which translate to change in geographical scope of the covered schools under its current jurisdiction, and creation of new agencies (e.g., Ministry of Basic, Higher and Technical Education or MBHTE, merging ARMM's DepEd, CHED, and TESDA units).	<p>Actions to be taken: DepEd will meet with the MBHTE, DepEd-Regional XII and other implementing units concerned in the transfer of schools to be affected by BARMM transition. DFAT and Palladium (Managing Contractor) informed that the Responsive Innovative Fund and the Responsive Assistance Fund features of PATHWAYS could extend support to activities regarding the transition and other educational initiatives.</p> <p>DepEd and DFAT will amend the existing Subsidiary Arrangement of PATHWAYS within June 2019 to cover changes in the scope and implementation arrangements of the said Project.</p>



Site visit for the Nursery Operation of People's Organization in Region 2 last Q3 of 2018

Issues on Budget and Funds Flow

Budget and funds flow issues refer to absence, lack of, or inadequate funding, delayed fund releases, and adverse movement of interest or exchange rates. Nine (9) incidents under this typology were reported in 2018, three (3) of these were already resolved.

Table 5.8 Projects with Issues on Budget and Funds Flow

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Forestland Management Project (FMP)/ DENR/ JICA	Delays in conducting validation activities and in providing corrections on the statement of expenditures resulted in slow processing of fund disbursement and replenishment.	<p>Action taken: A streamlined procedure in the validation process was implemented, including the application of Contract Monitoring and Information System.</p> <p>Action to be taken: Deployment of additional staff from other units within the regions to augment and facilitate validation activities of FMP.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	The project had a funding shortfall due to foreign exchange fluctuation and increase in construction works (i.e., expansion of terminal building from one-story to two-story building).	<p>Actions taken: DOTr requested for additional financing and/or supplemental loan to address the funding shortfall.</p> <p>DOTr requested an increase in the supplemental loan from PHP1,231 million to PHP2,176.44 million, following the appraisal mission dispatched by JICA in January 2018. The ICC approved the increase in supplemental loan amount on June 14, 2018 and was confirmed ad referendum by the NEDA Board on June 19, 2018. The Philippine and Japanese governments signed the supplemental loan agreement on October 8, 2018, and the loan was made effective on January 29, 2019.</p>
Agrarian Reform Communities Project (ARCP) II/ DAR/ ADB and OFID	Some LGUs were not able to submit the required liquidation reports and technical documents for completed sub-projects before loan closing due to: (a) difficulty among LGUs to accomplish the MDFO forms; (b) non-prioritization by LGU accountants of submission of financial reports for the project; and (c) difficulty in securing audit certificates due to frequent rotation of LGU auditors.	<p>Actions taken: DAR provided project staff and administrative support to LGUs to expedite submission of liquidation reports. DAR also worked closely with MDFO to settle unliquidated balance of the project. Hence, DAR was able to liquidate PHP347 million out of the PHP380 million unliquidated balance.</p>
Current		
Philippine Rural Development Project (PRDP)/ DA/ WB	Lack of funds under sub-component 1.2 (i.e., Support to Agri-Fisheries Modernization Plan Implementation) since crafting of all Provincial LGUs of their respective Provincial Commodity Investment Plans progressed faster than anticipated (9 months earlier than June 2018 target).	<p>Actions taken: The PRDP included the use of portion of Foreign Exchange (ForEx) in the two-year extension proposal of the project gains to finance activities under the sub-component 1.2.</p> <p>A portion of the reverted fund in 2020 will also be allocated to Sub-component 1.2.</p> <p>Updates: The ICC-Technical Board (TB) approved the said proposal on January 31, 2019. The proposal shall be elevated to the ICC-CC and NEDA Board within the first semester of 2019. The additional source of funds for Sub-component 1.2 will be available and accessible in FY 2020.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Scaling-Up of CHARMP2/ DA/ IFAD	Shortfall of about PHP69 million GPH counterpart required by the Project for its first year of implementation. The shortfall was due to the non-inclusion of said budget in the 2019 GAA.	<p>Action taken: The DA-Regional Field Office in CAR submitted a request for the reallocation of the PHP69 million project requirement from DA's available resources.</p> <p>Action to be taken: DA-Central Office will submit the request for reallocation to DBM by June 2019.</p>
Maritime Safety Capability Improvement Project for the Philippine Coast Guard, Phase II/ DOTr/ JICA	Programmed funds for civil works were not obligated in 2018 due to delayed procurement of shipbuilders. Said funds were reverted to the treasury and no longer available in 2019 to fund the procurement of shipbuilders.	<p>Actions to be taken: PMO to request DOTr to meet with DBM after the technical evaluation of bid for civil works not later than June 2019, which is the scheduled opening of bids for shipbuilder contractors.</p> <p>The PMO intends to discuss with DBM the possibility of sourcing from the unprogrammed funds, the financing to cover loan proceeds for civil works of MSCIP Phase II.</p>
KALAHYAN CIDSS – NCDDP/ DSWD/ ADB	There is a pending refund of USD188,143.04 unutilized loan balance (USD18,783.09 has a legal issue due to alleged fraudulent transactions made by an area coordinator in one region).	<p>Actions taken: DSWD initiated criminal proceedings and other legal actions on this issue. DSWD requested extension of the April 30, 2019 deadline of fund return to June 15, 2019. In coordination with DBM, the DSWD earmarked said amount in the 2019 agency allocation, as temporary payment to ADB on or before June 15, 2019.</p>
Power Distribution Project in Bangsamoro Area/ NEA/ JICA	NEA failed to include funds (amounting to PHP195 million) to cover payment for VAT and other GPH counterpart (e.g., transportation costs, port charges, installation of equipment) in the original budget proposal for FY 2018.	<p>Actions taken: NEA requested from DBM the inclusion of the GPH counterpart in both 2018 and 2019 GAA from DBM. DBM disapproved the requests due to the following:</p> <ul style="list-style-type: none"> • augmentation beyond NEA's approved 2018 Corporate Operating Budget may only be allowed under two (2) conditions: (a) continuous implementation of the Sitio Electrification and Barangay Line Enhancement Projects; and (b) rehabilitation of damaged distribution facilities; and • limited fiscal space in 2019. <p>NEA also requested assistance from DOE to provide additional financing for GPH counterpart of the project. DOE advised NEA to utilize corporate budget as advised by DBM.</p> <p>Update: As of February 2019, NEA also requested for Tax Subsidy from DOF. Said request is still being reviewed by DOF-Corporate Affairs Group.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Participatory Irrigation Development Project (PIDP)/ NIA/ WB	A balance of USD1.562 million loan proceeds from WB was not utilized within the loan validity and shall be reverted to WB. Two (2) sub-projects (Upper Chico River and Apayao-Abulog River Irrigations Systems) were not completed within the loan validity period and thus have to be funded and completed using local resources.	<p>Action taken: NIA is expediting the recoupment of said amount from its regional offices for remittance to the Bureau of Treasury (BTr).</p> <p>Updates: The said amount was transferred by NIA to the BTr on February 26, 2019. Remittance from BTr was received by WB on March 1, 2019. Budgetary requirement for the completion of the remaining works and sub-projects was included in the proposed GAA 2019 of NIA CAR.</p>

Performance of Contractors/Consultants

Eight (8) incidents of issues related to poor performance of contractor/consultant (i.e., failure to provide contracted service to required specifications, or failure of contractor's financial and technical capacity to meet the project's financial demands and technical specifications) affected seven (7) projects. Two (2) of said incidents were already resolved.

Table 5.9 Projects with Issues on Performance of Contractors/Consultants

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Philippine Rural Development Project (PRDP)/ DA/ WB	Contractors of PRDP sub-projects with other ongoing contracts are not able to meet construction schedule leading to inefficient management of resources and equipment across sub-projects.	<p>Actions taken: PRDP initiated the conduct of contractors' conference to remind the contractors on the required manpower and equipment consistent with the magnitude of construction works. They were warned that contracts will be terminated in the event that the physical progress incurs a negative slippage of at least 15 percent (adhering to the Operations Manual of the I-BUILD Component). Moreover, it was reiterated that liquidated damages will be imposed corresponding to the number of days of delay in the completion of sub-project.</p>
North-South Commuter Railway Project (Phase I: Malolos-Tutuban Segment)/ DOTr/ JICA	There were missing and/or incorrect information on the parcellary survey plans prepared by the consultant (e.g., erroneous information on lot titles and numbers).	<p>Actions taken: DOTr required the consultant to revise the parcellary plans.</p> <p>Updates: DOTr received and approved the General Consultant's revised parcellary survey plans on December 18, 2018.</p>

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Current		
Fisheries, Coastal Resources and Livelihood (FishCORAL) Project/ DA/ IFAD	Delayed construction of watch towers due to failure of contractors to comply with the liquidation requirements such as Certificate of Completion, Certificate of Inspection, and Audited Liquidation Report on some BFAR-funded projects, which need to be completed before commencement of work on subsequent sub-projects.	<p>Action taken: The regional offices coordinated with the LGUs to fast-track the contracting, resulting in the commencement of construction of: (a) six (6) watchtowers and three (3) Bay Management and Multi-purpose Buildings (BMMBs) with five (5) watchtowers for completion in July 2019; and (b) two (2) BMMBs for completion in August, 2019.</p> <p>Action to be taken: Constant monitoring of the construction of watchtowers.</p>
Maritime Safety Capability Improvement Project for the Philippine Coast Guard, Phase I/ DOTr/ JICA	<p>Low project disbursement due to pending payments for consulting services and contractors.</p> <p>Delayed payments are due to: (a) delayed submission of deliverables by the consulting firm; and (b) delayed repair of multi-role response vessels (MRRV) by the contractors.</p>	<p>Actions taken: The DOTr-PCG informed the consultant to submit the pending deliverables and instructed them to expedite the repairs of the MRRVs so that billing of invoices may be sent once repairs are finished.</p> <p>Action to be taken: DOTr-PCG to immediately process the claims for payment submitted by the consultant to PCG-PMO. DOTr-PCG intends to complete payment for consultants within Q2 of 2019.</p>
Participatory Irrigation Development Project (PIDP)/ NIA/ WB	Contract packages for two (2) sub-projects (Upper Chico and West Apayao-Abulog River Irrigation System or RIS) were terminated since the contractors incurred negative slippages of more than 15 percent. With the WB loan closing in August 2018, there is no sufficient time to rebid, award, and implement said contracts within the duration of the loan validity.	<p>Actions taken: Remaining works in Upper Chico RIS were repackaged into 13 contracts and were procured by the NIA Regional Offices. Remaining works on West Apayao-Abulog RIS will be procured by the NIA CAR. The budgetary requirement for the completion of the remaining works was included in the proposed GAA 2019 of NIA CAR.</p> <p>Update: As of May 2019, NIA is still awaiting the release of Special Allotment Release Order (SARO) from DBM before works for both sub-projects could commence.</p>

Project Title/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
National Irrigation Sector Rehabilitation and Improvement Project (NISRIIP)/ NIA/ JICA	Several contract packages are encountering implementation delays due to limited resources of contractors and lack of qualified key technical personnel.	Actions taken: These contracts were terminated, repackaged into smaller packages (below PHP100 million), and procured in NIA Regional Offices. Implementation could be expedited by allowing more contractors to perform simultaneous civil works.
	Delayed compliance of contractors with the required supporting documents to process milestone payments which resulted in the project's low disbursement.	Actions taken: PMOs constantly followed up with the contractors and extended necessary support to expedite preparation of all necessary documents.
Programme for the Support for Rehabilitation and Reconstruction of Marawi City and its Surrounding Areas (PSRRMC)/ DPWH/ JICA	Delayed procurement of consulting services for project management and procurement of civil works contractor under CPI-A with the lone bidder having several ongoing contracts incurring slippages of more than 10 percent, which resulted in contract termination and imposition of liquidated damages.	Updates: Bid docs for CP 1-A were re-advertised on January 24, 2019. The contract was already awarded to the winning bidder on April 24, 2019. Moreover, the procurement of consulting services for project management was cancelled on February 15, 2019 and re-advertised from May 12-18, 2019.

Inputs and Costs

Five (5) incidents of issues on unavailability required quantities of inputs or higher cost of inputs against anticipated cost at project design affected four (4) projects, four (4) were resolved in 2018.

Table 5.10 Projects with Issues on Inputs and Cost

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 2 East Extension)/ DOTr/ JICA	The original material (A572 steel) for the construction of structural steel works was not readily available locally and the importation of said material would cause further delay in the fabrication of steel structures.	Action taken: DOTr's discussion with the contractors on its proposal to substitute the originally planned A572 steel with A36 steel started in the Q4 of 2017. DOTr approved the contractor's proposal on the material substitution of structural steel works in May 2018.

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	Delayed construction activities due to unavailability of sources for aggregate materials for construction.	<p>Actions taken: The contractor sourced aggregates from Luzon and Visayas and submitted a crashed work program to catch up with construction.</p> <p>The Project was substantially completed on October 31, 2018 and inaugurated on November 27, 2018. Airport partial commercial operations (visual flight rule) commenced on November 28, 2018.</p> <p>Action to be taken: Minor remaining works is ongoing, with target completion in May 2019.</p>
Central Luzon Link Expressway (CLLEX)/ DPWH/ JICA	Delayed quarrying activities since March 12, 2018 resulted in time extensions. The quarry site in Nueva Ecija did not have an ECC required by the Provincial Government.	<p>Actions taken: For CP4 (Cabanatuan Section), the contractor mobilized additional hauling equipment to reach the target volume of aggregate which will be sourced from an ECC-compliant quarry site in Tarlac and to address the deficiencies in previous months. Additional equipment for soft soil treatment such as pre-fabricated vertical drains machine was likewise mobilized to fast-track embankment works.</p>
	Difficulties in securing supplies of cement and crushed aggregates due to general shortage of supplies in the area.	<p>Action taken: The Consultant advised the Contractor to make advance payments to suppliers to ensure timely deliveries. Advance payment ensures that the Contractor will be prioritized by the suppliers in the delivery of materials, given the high demand for construction materials in the area.</p>
Current		
Road Upgrading and Preservation Project (RUPP)/ DPWH/ JICA	Depleted construction aggregates, resources, and cement.	<p>Action taken: The DPWH and the Consultant are looking for alternative source of materials that will pass the specification.</p> <p>Update: Due to scarcity of cement, time extension of 88 calendar days was approved for the Catanduanes Circumferential Road Improvement Project, CP-IIIc, Minaile-Pandan Sections.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Fisheries, Coastal Resources and Livelihood (FishCORAL) Project/ DA/ IFAD	An estimated one-month delay in establishment of livelihood projects due to staggered delivery of livelihood supplies and materials. Staggered delivery was due to unavailability of supply (e.g., crablets or fingerlings) which made it difficult for the winning supplier to deliver the inputs needed to implement the livelihood projects.	<p>Action taken: DA required the suppliers to completely deliver the goods within the delivery period.</p> <p>Actions to be taken: FishCORAL RPMO to continue facilitating and monitoring the delivery of the goods to the POs/household recipients. They will also coordinate with the suppliers on the discrepancies, and thereafter report to the regional office for appropriate legal action to be taken.</p> <p>Updates: A total of 671 out of 1,937 target livelihood projects started with delivery of livelihood materials ongoing in four (4) regions.</p>

Issues on Project Uptake

Four (4) projects encountered issues on creating demand and processing the approvals for sub-projects. The incident affecting DILG's Disaster Risk Management and Institutional Strengthening project was resolved in 2018.

Table 5.11 Projects with Issues on Project Uptake

Project Title / IA / Fund Source	Issue Details	Actions Taken / To be Taken / Updates
Resolved		
Disaster Risk Management and Institutional Strengthening (DRM-IS)/ DILG/ AFD	Delayed implementation of Disaster Preparedness Audit (DPA) Tools and DPA-based capacity building due to difficulty in getting buy-in from LGUs, in view of the 2019 local elections.	<p>Action taken: Constant follow-up with LGUs who have not yet submitted a conforme letter signifying their intent to partner with the DRM-IS Project. By end 2018, DILG was able to secure confirmation of LGUs.</p> <p>Action to be taken: PMO to facilitate signing of Memorandum Circular between DILG and pilot LGUs, to formalize commitment and/or partnership.</p>



PCB-WEEE: Training conducted with National Electrification Administration (NEA) regarding the project and its activities, policies on PCB, and the role of NEA in the project and issues encountered.

Project Title / IA / Fund Source	Issue Details	Actions Taken / To be Taken / Updates
Current		
E-Trike Project/ DOE/ ADB	Delay in deployment of E-tries due to LGUs' difficulties in complying with the requirements for ADB's issuance of a NOL for conditional donation, as follows: (a) MOA between DOE and LGUs; and (b) detailed deployment plan for DOE approval.	<p>Actions taken: Consultative meetings were conducted among the LGUs of NCR and Region IV to communicate process and requirements for distribution of the E-Trike units. Several discussions were also held between DOE and ADB on how to simplify requirements for issuance of NOL.</p> <p>Action to be taken: The E-Trike Project PMU and Project Implementation Consultants will continue to provide technical assistance to beneficiary LGUs on how to facilitate their compliance with ADB's NOL requirements, before loan closing on May 30, 2019.</p>
Water District Development Sector Project (WDDSP)/ LWUA/ ADB	Non-submission of documentary requirements by the Water Districts (WDs) due to: (a) possibility of WDs entertaining Joint Venture (JV) Agreement with private sector; (b) higher rate for the ADB loan compared to LWUA- Internally-Generated Cash Grant (ICG); and (c) procedural issues (ease of processing and amount of documentary requirements).	<p>Actions taken: LWUA inserted provision in the Contract wherein the WD will have to pay in full all outstanding loans to LWUA if it decides to go into a JV.</p> <p>LWUA will charge the same interest rate of four (4) percent for both the ADB and LWUA-ICG loans.</p> <p>LWUA informed the WDs of the advantages of availing the ADB loan (e.g., 20% grant on sanitation projects, longer repayment period of 20 years compared to LWUA ICG's 15 years; free consultancy services; and participation in ADB-sponsored training and seminars).</p>

Project Title / IA / Fund Source	Issue Details	Actions Taken / To be Taken / Updates
Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)/ LBP/ JICA	Low competitiveness of HARVEST funds against social credit programs (e.g., Agricultural Competitiveness Enhancement Fund or ACEF, and Socialized Credit Program under the Sugarcane Industry Development Act or SCP-SIDA), which LBP is mandated by law to implement. Both ACEF and SCP-SIDA serves the same eligible projects and borrowers for lower interest rates and simpler requirements compared with the HARVEST.	<p>Action taken: LBP continuously conducts marketing efforts (i.e., road shows) to encourage availment under the HARVEST funds, especially with the increasing trend of the prevailing market rate.</p> <p>Updates: As of June 2019, LBP released a total of PHP6.28 million to one (1) borrower. Documents of three (3) borrowers with a total loan amount of PHP748 million were submitted to JICA for review and approval, while documents of other potential borrowers with a total loan amount of PHP512 million are for submission to JICA.</p>

Legal/Policy Issuances

Two (2) incidents of issues arising from legal/policy issuances with adverse consequence on program or project implementation affected two (2) projects in 2018, one (1) of which was already resolved.

Table 5.12 Projects affected by Legal/Policy Issuances

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 1 South Extension)/ DOTr/ JICA	Delayed issuance of the Writ of Possession and delayed implementation of relocation units due to inadequate RoWA budget owing to the implementation of RA 10752, which entailed different computation of cost for RoWA.	<p>Action taken: DOTr met with DBM to settle concerns about additional RoWA budget.</p> <p>Update: RoW budget included in the DOTr budget for 2019.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Current		
Development of Renewable Energy Applications Mainstreaming and Market Sustainability (DREAMS)/ DOE/ UNDP-GEF	The project is designed to be implemented via the national implementation (NIM) modality. NIM requires the opening of a separate project account to be managed by DOE. To date, the project account has not been established. DOE has yet to advise the PMU on the applicability of a government circular (Joint Administrative Order 2015-1 or the Implementation of the Treasury Single Account System for government disbursement) that instructs DOE to have a single account for all grants and donations to DOE.	<p>Actions taken: In the absence of a DREAMS project account, procurement of goods and services is being done via the UNDP process. The Project Steering Committee approved the interim fund and procurement process. A full-time procurement assistant and a finance assistant (cost shared with other UNDP projects) were also hired to facilitate the procurement and payment of services for DREAMS.</p> <p>Action to be taken: The PMU will continue to coordinate with the finance and legal departments of the DOE on fund management procedure.</p>

Issues on Sustainability and Operations and Maintenance (O&M)

There was an issue on the sustainability and O&M, specifically on organizational inadequacies preventing continuity of work or services under the program or project. This was reported in 2018 and was already resolved.

Table 5.13 Project with Issues on Sustainability and O&M

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Polychlorinated Biphenyl Waste Electrical and Electronic Equipment (PCB-WEEE)/ DENR/ UNIDO	Delay in full operation of the Bataan non-combustion (Non-Com) persistent organic pollutants (POPs) facility due to technical concerns on the facility's repair and maintenance, such as typical worn-out parts, check-up of pumps, and calibration of equipment.	Action taken: Ongoing hiring of technical personnel who will operate the facility, ongoing repair and maintenance activities for the facility's worn-out parts, and procurement of equipment for PCB analysis to augment the facility's day-to-day functions while awaiting full operation.

Other Implementation Issues

Six (6) projects encountered legal issues and inability to meet service delivery by reason of force majeure events (e.g., earthquakes and major typhoons). Five (5) of the issues were already resolved.

Table 5.14 Projects with Other Implementation Issues

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Resolved		
Bureau of Fire Protection Capability Building Program (BFP-CBP) Phase II/ DILG/ Austria	Pending the resolution of the case filed against the project, the fire trucks were held in custody by the BOC at the Batangas Port.	<p>Action taken: As of June 2018, BFP reported that the fire trucks were finally awarded by the BOC through the execution of a Deed of Donation.</p> <p>Action to be taken: DILG to provide report on status of distribution of fire trucks to LGU beneficiaries.</p>
Capacity Development Technical Assistance (CDTA) on Strengthening Public-Private Partnerships (PPP) in the Philippines/ PPP Center/ ADB	Project Development and Monitoring Facility (PDMF) disbursements from donor side were slow due to the GPH's change in policy to accommodate ODA funding for infrastructure projects, having an 80:20 cost-sharing ratio.	<p>Action taken: The PPP Center's request for a change in cost-sharing ratio from 80:20 to 50:50 between the GPH and donor was approved by ADB in January 2018.</p> <p>From 50:50 cost-sharing ratio, the PPP Center requested to change to 37.5 (GPH): 62.5 (Donor) to achieve the PDMF performance target for the second half of 2018. This request was approved by ADB in November 2018.</p>
Samar Pacific Coastal Road Project (SPCRP)/ DPWH/ KEDCF	The Project was severely affected by Typhoons Ompong, Samuel, Usman, and Amang which caused site conditions to be unworkable.	<p>Action taken: Works suspension orders were issued covering: (a) September 13 to 14, 2018; (b) November 20, 2018 to January 6, 2019; and (c) January 20, 2019 to February 11, 2019.</p> <p>Updates: On January 16, 2019, DPWH approved first contract time extension equivalent to 60 calendar days. Meanwhile, the revised construction schedule was approved on January 31, 2019.</p>
Central Luzon Link Expressway (CLLEX)/ DPWH/ JICA	Unfavorable work conditions due to flooding caused by Typhoons Henry and Inday.	<p>Actions taken: A time extension of 44 calendar days was awarded to the contractor for CP2 (Rio Chico Bridge Section). The contractor's revised work program was likewise approved.</p>

Project/ IA/ Fund Source	Issue Details	Actions Taken/ To be Taken/ Updates
Carbon Asset Development Fund (CADF)/ LBP/ WB	Delayed installation of digester due to Typhoon Ompong in September 2018.	Action taken: The project proceeded with implementation, following a revised work plan.
Current		
Road Upgrading and Preservation Project (RUPP)/ DPWH/ JICA	Poor weather conditions (i.e., strong rains resulting in flooding) which caused delays in pavement works.	Action taken: The Contractor was advised by the DPWH and Consultant to undertake overtime work at the project site whenever good weather prevails.

Projects with Incomplete Outputs at Loan Closing in 2018

Six (6) projects closed in 2018 with incomplete outputs. Details and measures to be taken to complete project outputs are shown in Table 5.15.

Table 5.15 Projects with Incomplete Outputs at Loan Closing

Project/ IA/ Fund Source	Description of Incomplete Outputs	Measures Taken/ To be Taken / Updates
Loans		
Participatory Irrigation Development Project/ NIA/ WB	Upper Chico River Irrigation System (RIS). Remaining works along the main canal involve construction of canal lining and other canal structures. If not completed, the main canal would be washed-out by natural calamity, potentially damaging the adjacent rice fields.	Measures taken: Budgetary requirement for the completion of the remaining works included in the proposed 2019 budget of NIA-CAR. Update: As of May 2019, civil works for the remaining sub-projects to commence pending issuance of the GAA 2019 SARO.
	West Apayao-Abulog RIS. Remaining works from the terminated contract (due to poor contractor performance) involve construction of glacis weir. If not completed, flood and typhoons would damage the existing dam, which would result in low water efficiency and would affect farm yields.	

Project/ IA/ Fund Source	Description of Incomplete Outputs	Measures Taken/ To be Taken / Updates
Agrarian Reform Communities Project II (ARCP II)/ DAR/ ADB and OFID	There are 56 out of 142 incomplete rural infrastructure sub-projects.	Measures to be taken: LGUs which were not able to submit the required liquidation reports and technical documents required to facilitate release of remaining funds before loan closing date shall finance and complete the remaining 56 sub-projects.
Learning, Equity, and Accountability Program Support (LEAPS)/ DepEd/ WB	Upon loan closing in December 2018, there was an undisbursed loan amount of USD4.80 million due to partial achievement of one (1) sub-disbursement link indicator (DLI). Specifically for DLI 2.3, there were 10,054 out of 11,998 Grades 1-3 teachers (or about 84%) trained ¹⁷ to improve their capability to effectively teach reading and Math in said grade levels. This achievement translated to only USD25.20 million disbursements out of USD30 million loan, leaving an undisbursed loan balance of USD4.80 million.	Measures taken: DepEd, through its field offices and schools and in cooperation with local partners, regularly conducts in-service training and school-based learning action cells to enhance teachers' skills and knowledge, and improve overall teaching practices. These capability-building avenues are programmed in the school's three-year School Improvement Plan, detailed in the Annual Improvement Plan, and regularly allocated fund for in the school's yearly Maintenance and Other Operating Expenses (MOOE). The impetus for continuing professional development among teachers is made even more pronounced by the Department's nationwide adoption and implementation of the Philippine Professional Standards for Teachers, which serves as a basis for all learning and development programs for teachers.
KALAHI CIDSS – NCDDP/ DSWD/ ADB and WB	About 652 sub-projects under the ADB loan were not completed by loan closing in June 2018 due to longer time spent on the social preparations (i.e., consultation with community beneficiaries) which DSWD needed to conduct prior to the actual construction of sub-projects.	Measures taken: DSWD requested for the restructuring of the WB loan involving: (a) increase in cost of PHP2.57 billion due to forex differential from time of ICC approval (USD1=PHP40) to the current prevailing exchange rate (USD1=PHP50); (b) change in scope involving additional sub-projects (not completed under the ADB loan); and (c) loan extension from December 31, 2019 to December 31, 2020. This shall enable DSWD to complete both the ADB and WB-funded sub-projects in 2019. Update: The proposed restructuring shall be discussed in the ICC-TB meeting scheduled in June 2019.

¹⁷ A teacher can be considered trained if he/she attended in at least 22 (or 80%) of the 28 topics on Early Language, Literacy and Numeracy (ELLN). Based on the verification report on the partial achievement of the sub-DLI, the reasons for not meeting the minimum attendance requirement for ELLN sessions include, among others, overlapping of activities, absence of mentors, disruptions due to power interruptions, and lack of instructional materials.

Project/ IA/ Fund Source	Description of Incomplete Outputs	Measures Taken/ To be Taken / Updates
Cordillera Highland Agricultural Resource Management Project (CHARMP)/ DA/ IFAD	There were unachieved targets under Land Titling Investment sub-component due to lot boundary conflicts, and two (2) CIS under the Rural Infrastructure component which were cancelled due to unresolved RoW issues.	Measure taken: DA RFO-CAR proposed the two (2) CIS for funding under other programs/ projects, one of which is to be included as rural infrastructure sub-project under INREMP, and another under the DA's regular program.
Grants		
KALAHI CIDSS – NCDDP AF/ DSWD/ ADB	13 sub-projects waived implementation due to the implementing communities' inability to meet social and technical requirements within the loan duration.	Measure to be taken: These sub-projects will be considered for possible funding under WB loan and the GPH counterpart funds.

Ongoing Projects with Damaged Outputs in 2018

Three (3) projects were reported with damaged outputs in 2018. Outputs under two (2) projects – the DPWH-implemented Flood Risk Management Project in Cagayan River, Togoloan River, and Imus River (FRIMP-CTI), and the DA-implemented Scaling up of CHARMP2, were affected by adverse weather conditions. The DENR-implemented Forestland Management Project (FMP) was affected by fire incidents in two (2) project sites.

Table 5.16 Projects with Damaged Outputs

Project/ IA/ Fund Source	Description of Damaged Outputs	Measures Taken/ to be Taken /Updates
Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River/ DPWH/ JICA	Typhoon Ompong caused minor damages in the Cagayan River sub-project, particularly in the Alibago area's contractor facilities (i.e., bodega, diesel, and cement warehouse, fabrication yard, quarters, and signboards) and lean concrete at project site.	<p>Measures taken: DPWH is conducting reconstruction activities in the areas affected by the typhoon.</p> <p>Update: As of March 2019, OWPA of the Cagayan River sub-project is 90.7 percent against a target of 88.92 percent. Said sub-project is targeted for completion in August 2019.</p>

Project/ IA/ Fund Source	Description of Damaged Outputs	Measures Taken/ to be Taken /Updates
Forestland Management Project (FMP)/ DENR/ JICA	<p>Damaged plantation of POs in Nueva Ecija, due to fire accidents.</p> <p>An estimated area of 75.5 hectares of FMP reforestation and agroforestry plantations were destroyed during the first quarter of 2018. The burned area was previously planted with narra, cacao, mango, and other fruit trees with an equivalent damage cost of PHP793,088.61.</p> <p>Another fire incident during Q2 of 2018 damaged 73 hectares of land planted with narra, mango, and other fruit trees. The estimated damage cost is PHP1,264,526.</p>	<p>Measures taken: Concerned POs replanted the burned areas during the rainy season. Field Implementing Units (FIUs) assisted these POs in developing their fire protection plans.</p> <p>FMP provided fire-fighting equipment to the POs.</p> <p>Measures to be taken: FMP will further implement the following measures:</p> <ul style="list-style-type: none"> • monitoring of implementation of the developed fire protection plans; • provision of additional fire-fighting equipment to POs; and • mobilization of forest protection team and intensification of patrol works.
Scaling of CHARMP2/ DA/ IFAD	<p>Sub-projects were seriously affected by adverse weather conditions (Typhoons Ompong and Rosita) in CAR as the seedlings, agro-plots, including the crops and livestock, were partially damaged.</p>	<p>Livelihood interest groups and members shall continue re-planting seedlings and shall shoulder repairs and replacements using their counterpart funds. Community funding institutions are also considering extension of their payment period to allow members to pay using income generated from their harvest.</p>

ASSESSMENT OF CONTINUED VIABILITY OF ODA PROGRAMS/PROJECTS

Projects Restructured in 2018

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. There were 24 agency requests for project re-evaluation that were processed by the ICC/ NEDA Board in 2018 (see Table 6.1).

Table 6.1 Projects Re-evaluated by the ICC in 2018

Nature of Re-evaluation	Project Count	Distribution by IA
Increase in Cost	8	
Increase in cost only	2	DPWH (1); DOTr (1)
Increase in cost with extension	2	DPWH (1); DOH (1)
Increase in cost with change in scope	4	DPWH (3);
Change in Scope	1	
Change in scope only	1	DepEd (1)
Extension	7	NIA (2); DOE (2); DPWH (1); DAR (1); DepEd (1)
Others	8	
Loan reallocation	5	DPWH (4); DAR (1)
Loan cancellation and reallocation	1	DENR (1)
Additional financing	1	DOTr (1)
Change in Implementation Arrangement	1	DENR (1)
TOTAL	24	

Details on the agency requests for project re-evaluation and corresponding actions by the ICC Secretariat in assessing continued viability¹⁸, including NEDA Board/ICC decision and updates, are discussed in succeeding sub-sections.

Increase in Cost

Table 6.1.1 Projects with Change in Scope Only

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River/ DPWH/ KEDCF	Increase in total project cost by PHP1,953.00 million (35%) from PHP5,587.90 million to PHP7,540.90 million (without supplemental funding from JICA) to cover the RoWA and finance the inclusion of structures as substitutes for previously included works.	<u>Assessment on Continued Viability:</u> <u>Economic Internal Rate of Return (EIRR):</u> 14 percent <u>Net Present Value (NPV):</u> PHP2,563.90 million (2013) The request was approved by the ICC-CC on July 27, 2018 and was subsequently confirmed by the NEDA Board through a referendum on December 28, 2018.
North-South Commuter Railway Project Phase I/ DOTr/ JICA	<p>Increase in total project cost by PHP43,817.34 million (42%) from PHP105,312.85 million to PHP149,130.19 million and, integration of the North-South Commuter Railway Project Phase I into the North-South Commuter Railway System, along with the proposed North-South Commuter Railway Extension Project. This will be comprised of the Philippine National Railway (PNR) South Commuter Railway (Manila-Calamba) and the Malolos-Clark Railway Project.</p> <p>The increase in cost is based on the result of the DED that integrates the North-South Commuter Railway Project Phase I into the North-South Commuter Railway System.</p>	<u>Assessment on Continued Viability (considering 365 days of operation):</u> <u>EIRR:</u> 10.49 percent <u>NPV:</u> PHP43,274.92 million (2018) The request was confirmed by the NEDA Board along with the approval of the North-South Commuter Railway Extension Project on November 15, 2018. The North-South Commuter Railway Project Phase I is ongoing and in pre-construction phase as of December 2018.

¹⁸ The ICC Secretariat assumed a social discount rate of ten (10) percent in re-computing economic viability indicators pursuant to ICC Memorandum dated September 30, 2016.

Table 6.1.2 Projects with Increase in Cost and Extension

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in Low Lying Areas of Pampanga/ DPWH/ KEDCF	<p>Increase in cost by PHP2,322.50 million (61%) from PHP3,828.28 million to PHP6,150.78 million (without supplemental funding from KEDCF) with a 27-month extension of the KEDCF loan validity period from November 14, 2019 to January 31, 2022 due to the following:</p> <ul style="list-style-type: none"> • increase in civil works cost due to additional scope of works, price escalation, and variation orders; • supplemental consulting services; and • increase in project management cost, equivalent to 3.5 percent of the cost of civil works and consulting services. 	<p>Assessment on Continued Viability: EIRR: 12.12 percent NPV: PHP1,288 million (2014)</p> <p>The request was approved by the ICC-CC on March 8, 2018 and was subsequently confirmed by the NEDA Board on April 25, 2018.</p>
Development Objective Agreement: Family Health Improvement Project/ DOH/ USAID	<p>Increase in cost by USD8.75 million (6%) from USD145.68 million to USD154.43 million; and one-year grant validity extension covering the period of October 1, 2018 to September 30, 2019 to:</p> <ul style="list-style-type: none"> • prevent potential gaps in family planning, maternal, and child health, and TB service delivery, while the new generation of health activities under the USAID portfolio are being designed in consultation with DOH, affiliate agencies, and other stakeholders. The extension period will primarily bridge activities in the current USAID health program to the new one, pending bilateral discussions and subsequent GPH approval; and • ensure obligated funds in the Project remain active until necessary financial close-out procedures for the different activities funded through the Agreement are completed. 	<p>The request was endorsed by the ICC Secretariat to the DOF through a letter dated June 5, 2018.</p>

Table 6.1.3 Projects with Increase in Cost and Change in Scope

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Panguil Bay Bridge Project/ DPWH/ KEDCF	<p>Increase in total project cost by PHP2,516 million (52%) from PHP4,859 million to PHP7,375 million with change in scope due to the following:</p> <ul style="list-style-type: none"> to cover actual expense incurred for RoWA carried out by the Misamis Occidental and Lanao del Norte DPWH District Engineering Offices; increase in length for the approach roads under Tangub Section (from 260 to 360 m) and Tubod Section (from 856 to 1,052.53 m); changes in other project components: main bridge (from 14.50 to 15.50 m), pile (from 33-44 to 50-90 m), and borehole (from 1.50 to 2.50 m); inclusion of appropriate seismic design to ensure structural safety of the bridge; and additional temporary and ancillary facilities for construction. 	<p>Assessment on Continued Viability: EIRR: 15.10 percent NPV: PHP4,033.48 million (2018)</p> <p>The request was approved by the ICC-CC on July 27, 2018 and was subsequently confirmed by the NEDA Board through an ad referendum on December 28, 2018.</p>
Pasig Marikina River Channel Improvement Project Phase III/ DPWH/ JICA	<p>Increase in total project cost by PHP1.48 billion (20%) from PHP7.54 billion to PHP9.02 billion to cover modifications and additional works necessary to complete the project.</p>	<p>Assessment on Continued Viability: EIRR: 23.41 percent NPV: PHP13,385 million (2012)</p> <p>The request was approved by the ICC-CC on October 25, 2018 and was subsequently confirmed by the NEDA Board through ad referendum on December 28, 2018.</p>
Davao City Bypass Construction Project/ DPWH/ JICA	<p>Increase in cost by PHP9,034.32 million (54%) from PHP16,814.69 million to PHP25,849.01 million with change in scope due to the change in the original project design from a two-lane bypass road through a two-stage implementation scheme, to a four-lane bypass road through a two-stage implementation scheme. Based on the results of the DED, there was a significant increase in future traffic demand compared to the projections in the 2014 JICA Feasibility Study. The rise in future demand was caused by ongoing new housing developments along the corridor, as well as DPWH RO XI's implementation of road widening projects that will connect to the bypass road.</p>	<p>Assessment on Continued Viability: EIRR: 22.24 percent NPV: PHP28,647.31 million (2017)</p> <p>The request was approved by the ICC-CC on July 27, 2018 and was subsequently confirmed by the NEDA Board through ad referendum on October 20, 2018.</p> <p>There are ongoing discussions among GPH and JICA representatives on the source of financing for the additional cost.</p>

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	<p>Increase in total project cost by PHP1,933.93 (22%) from PHP8,914.67 million to PHP10,848.60 million, and additional scope with the construction of cargo terminal building and parallel taxiway, fuel farm with fuel hydrant system, and further extension of the runway from 2,500 to 2,800 million meters due to stakeholder request, and the addition of works that were not part of the original project design.</p> <p>The project design was initially based on the outdated 2012 JICA feasibility study and master plan cost-saving scenario.</p>	<p>Through its letter to NEDA dated March 7, 2019, DOTr confirmed withdrawal of the proposed additional works and increase in cost for the New Bohol Airport Construction and Sustainable Environment Protection Project.</p> <p>DOTr proposes for the additional works to be included in the O&M plans of the NBACSEPP (to be financed through PPP). The project was substantially completed and partially operational as of December 2018.</p>

Change in Scope

Table 6.1.4 Projects with Change in Scope Only

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Senior High School (SHS) Support Program/ DepEd/ ADB	<p>The amendment of DLI4 (use of public-private partnership modality considered for a portion of DepEd SHS infrastructure delivery) given that two (2) sub-DLIs worth USD7.5 million may no longer be achievable due to DepEd's reprioritization away from PPP activities. Said amendment shall replace targets under DLI4 by an additional target in DLI3 (minimum service standard for student-classroom ratio in DepEd SHS achieved), which can still produce the necessary outputs (i.e., classroom construction) to deliver the intended results.</p>	<p>The DBM informed the DOF that the DBCC Executive Technical Board has acknowledged said changes through a letter dated June 27, 2018.</p>

Extension

Table 6.1.5. Projects with Extension Only

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Jalaur River Multi-purpose Project II/ NIA/ KEDCF	<p>There is a 46-month loan validity extension from May 28, 2018 to March 28, 2022 and three-year and six-month implementation duration extension from November 28, 2017 to September 28, 2021 to recoup time lost due to delays in the procurement of consulting services and civil works, and to provide ample time to deliver expected outputs.</p>	<p>Assessment on Continued Viability: EIRR: 11 percent NPV: PHP1,063.50 million (2017) The request was approved by the ICC-CC on December 6, 2017 and was subsequently confirmed by the NEDA Board through ad referendum on January 23, 2018.</p>

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	There is a one (1) year and six (6) months project implementation period extension from December 31, 2017 to June 30, 2019 to recoup time lost due to delays in the procurement of consulting services and civil works, and to provide ample time to deliver expected outputs.	The request was approved by the ICC-CC on January 26, 2018.
Market Transformation through Introduction of Energy Efficient Electric Vehicles/ DOE/ ADB	An 11-month loan and grant validity extension was granted from June 30, 2018 to May 30, 2019 to allow DOE to sustainably deploy the contracted 3,000 E-Trike units to selected LGUs.	The request was endorsed by the ICC Secretariat to the DOF on May 18, 2018 and was subsequently endorsed to ADB on May 31, 2018. Request was approved by ADB June 22, 2018.
Access to Sustainable Energy Program/ DOE/ EU	<p>A two-year grant validity extension from December 18, 2021 to December 18, 2023 and a two-year project implementation period extension from December 18, 2019 to December 18, 2021 to complete the remaining project deliverables due to the following:</p> <ul style="list-style-type: none"> • delays in putting up the support teams and late deployment of experts; • delays in the procurement process; and • delays in the mobilization of EU experts to start the process of guidelines preparation and solicitation of proposals. 	<p>The request was presented during the ICC-TB meeting on July 11, 2018. However, the ICC-TB deferred endorsement of the proposed extension to the ICC-CC pending guidance from DOF on project financing.</p> <p>On December 6, 2018, DOF signed addendum no.1 to the Financing Agreement of ASEP reflecting the two-year grant validity extension.</p> <p>The project was presented to the ICC-CC on May 17, 2019.</p>
Central Luzon Link Express Project Phase I/ DPWH/ JICA	<p>There is a three-year extension of the JICA loan validity period from July 3, 2019 to July 3, 2022, and three (3) years and 9.5 months extension of implementation period from July 2017 to April 15, 2021 due to the following:</p> <ul style="list-style-type: none"> • delays in procurement for DED and civil works consultants/contractors; • delays in RoWA activities due to the late start of its activities and delays incurred due to the enactment of the RoW Act; • the requirement by the Provincial Government to quarry operators to first secure an ECC affected the quarry operations in Nueva Ecija since March 12, 2018; • limitations imposed by the LGUs in Nueva Ecija on the use of provincial and barangay roads as haulage routes for access in the hauling of borrow material for embankment construction; and • unfavorable work conditions due to flooding caused by Typhoons Henry and Inday resulting in contract time extensions. 	<p>Assessment on Continued Viability: EIRR: 20.16 percent NPV: PHP10,223.59 million (2011)</p> <p>In August 2018, DPWH requested for a two-year loan validity extension, but in January 2019, the request for loan extension was revised to three (3) years to cover the one-year defects liability period.</p> <p>The request was endorsed by the ICC-CC to the Cabinet Committee on March 14, 2019.</p> <p>The request was approved on May 17, 2019 by the ICC-CC subject to the condition that the concern regarding interest rates for JICA loans be resolved by the DOF with JICA within 30 calendar days.</p>

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Italian Agrarian Reform Community Development Support Program/ DAR/ Italy	A two-year loan validity extension from April 11, 2019 to April 11, 2021 and two-year implementation duration extension from December 28, 2018 to December 28, 2020 was approved to complete the remaining works under the community infrastructure development component and agricultural enterprise development support component.	Assessment on Continued Viability: EIRR: 17 percent NPV: PHP708.89 million (2018) The request was approved by the ICC-CC on July 27, 2018 and subsequently approved by the Italian lender on March 18, 2019.
Learning, Equity, and Accountability Program Support/ DepEd/ WB	There is a four-month extension of loan validity from August 2018 to December 2018 due to some DLIs that cannot be completed within the original loan closing in August 2018 noting that the achievement of the same will be subject to independent party evaluation.	The DBCC approved the request on July 13, 2018 and was subsequently concurred by the WB through a letter dated August 20, 2018.

Others

Table 6.1.6 Projects with Loan Cancellation and Reallocation

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Integrated Natural Resources and Environmental Management Project/ DENR/ ADB, IFAD, GEF, CCF	Partial loan cancellation of at least USD56 million; reallocation of ADB funds to finance areas in the Upper Bukidnon River Basin (originally financed by IFAD); reduction in natural resources management and rural infrastructure targets; proposed partnership with DTI to the livelihood sub-component; and extension of completion date from June 2020 to December 2020 due to significant implementation delays brought by myriad of factors related to management and technical capacities, as well as implementation procedures and various requirements of four (4) external funding sources.	Assessment on Continued Viability: EIRR: 17 percent NPV: PHP445.80 M (2014) The request was approved by the ICC-CC on March 8, 2018 and was subsequently confirmed by the NEDA Board through ad referendum on May 2, 2018.

Table 6.1.7 Projects with Loan Reallocation

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
Road Upgrading and Preservation Project/ DPWH/ JICA	Reallocation of JPY4,765 million loan proceeds to civil works from consulting services (JPY1,759 million) and contingencies (JPY3,006 million) due to the appreciation of the Philippine Peso over the Japanese Yen, thus the original allocation of JPY26,817 million for civil works and equipment supply category is no longer sufficient to cover costs.	The request was endorsed by the ICC Secretariat to the DOF on January 26, 2018 and was subsequently endorsed to JICA on April 23, 2018. JICA concurred with the request on May 22, 2018.
Arterial Road Bypass Project Phase II/ DPWH/ JICA	Reallocation of JPY344 million loan proceeds to civil works from consulting services (JPY152 million) and contingencies (JPY192 million) to utilize the savings from loan proceeds to partially fund Contract Package III expansion (change from two-lane to four-lane bypass road) under ARBP II and III.	The request was endorsed by the ICC Secretariat to the DOF on September 24, 2018 and was subsequently endorsed to JICA on September 26, 2018. JICA, in its May 9, 2019 letter to DOF, expressed no objection said on the request.
Samar Pacific Coastal Road Project/ DPWH/ KEDCF	Reallocation of USD481.78 million in loan proceeds to civil works from consulting services (USD29.97 million) and contingencies (USD451.81 million) to cover the fund deficit for civil works. The original allocation for civil works under the loan agreement (USD16.90 million) was no longer sufficient to finance the actual bid of the civil works contractor (USD17.38 million).	The request was endorsed by the ICC Secretariat to the DOF on July 10, 2018 and was subsequently endorsed to KEDCF on July 19, 2018. KEDCF concurred with the request on July 31, 2018.
Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in Low Lying Areas of Pampanga/ DPWH/ KEDCF	Reallocation of PHP386.57 million to the flood control component from the school building component based on DepEd's request that it will no longer use loan funds other than its Basic Education Facilities local funds to fully cover the fund requirements of the school building component.	The request was endorsed by the ICC Secretariat to the DOF on April 26, 2018 and was subsequently endorsed to KEXIM the same date. In a response letter to DOF in June 2018, KEXIM concurred with the loan reallocation and loan validity extension. DOF acknowledged and agreed with the said loan amendments with KEXIM on July 12, 2018.
Mindanao Sustainable Agrarian and Agriculture Development/ DAR/ JICA	Loan reallocation amounting to about JPY250,949,000 (USD2.22 million) from contingencies to civil works given that the loan portion under the civil works is no longer sufficient to cover the remaining FMR targets due to increase in cost per kilometer of roads. The reallocation shall finance the three (3) FMR sub-projects covering a total of 21.41 kilometers.	The request was endorsed by the ICC Secretariat to the DOF on September 11, 2018 and was subsequently endorsed to JICA on October 2, 2018. The request was approved by JICA on October 10, 2018.

Table 6.1.8. Projects with Additional Financing

Project/ IA/ DP	Reason/s for Restructuring	Assessment on Continued Viability/ Updates
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	DOTr initially requested additional supplemental loan from JICA amounting to PHP1,231 million to address the funding shortfall for the civil works component of the project. DOTr revised the amount to PHP2,176.44 million due to the results of the JICA appraisal mission in January 2018. The funding shortfall was caused by foreign exchange fluctuation, and increase in cost of construction works in 2017 due to re-measurement of quantities and updating of cost of construction works, following the ICC-approved revised scope in 2016.	<p>Assessment on Continued Viability: EIRR: 21.24 percent NPV: PHP4,729.53 million (2016)</p> <p>The NEDA Board en banc noted the ad referendum approval of the original request for supplemental loan (PHP1,231 million) on April 26, 2018.</p> <p>The NEDA Board confirmed approval (through an ad referendum) of the updated request (PHP2,176.44 million) on June 19, 2018.</p> <p>The Philippine and Japanese governments signed the supplemental loan agreement on October 8, 2018, and the loan was made effective on January 29, 2019.</p>

Table 6.1.9 Projects with Change in Implementation Arrangement

Project/ IA/ Fund Source	Reason/s for Restructuring	Updates
Integrated Natural Resources and Environmental Management Project/ DENR/ ADB, IFAD, GEF, CCF	Change in NG-LGU cost-sharing scheme from 80:20 to 88:12 to enable low-income LGUs (3rd to 4th class municipalities) to provide equity for rural infrastructure sub-projects.	The request was endorsed by the ICC Secretariat to the DOF on September 7, 2018 and was subsequently endorsed to ADB on November 9, 2018.

Cost Overruns in 2018

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 2018, the ICC received seven (7) requests for increase in cost due to change in scope and domestic inflation. Total cost overrun increased from PHP6.81 billion in 2017 to PHP24.79 billion in 2018 (see Table 6.2).

Table 6.1.10 Cost Overruns in 2018

Project Title/ IA/ Fund Source	ICC- Approved Cost (PHP Million)	Revised Project Cost (PHP Million)	Change in Cost (PHP Million)	Change in Cost (%)	Reason for Cost Overrun
2018					
Philippine Rural Development Project/ DA/ WB	27,535.33	32,364.74	4,829.41	17.54	increase in civil works cost due to adherence to specifications set by DPWH on construction of roads (including FMRs).
Panguil Bay Bridge Project/ DPWH/ Korea	4,858.98	7,375.34	2,516.36	51.79	<ul style="list-style-type: none"> • increased length of approach roads; • increased width of main bridge by one (1) m; • increased length of pile foundation; • increased borehole diameter; • inclusion of appropriate seismic design; and • additional temporary facilities. <p>The revised cost includes actual expenses for RoW acquisition in Misamis Occidental and Lanao Del Norte.</p>
Davao City Bypass Construction Project/ DPWH/ JICA	16,814.69	25,849.01	9,034.32	53.73	<ul style="list-style-type: none"> • change in scope from two-lane to four-lane road and tunnel, notwithstanding the exclusion of the evacuation tunnel and widening of two (2) connector roads, and • increase in land acquisition cost from project-affected structures.
Flood Risk Management Project in Cagayan River, Tagoloan River, and Imus River Project/ DPWH/ JICA	5,587.29	7,504.91	1,917.62	34.32	<ul style="list-style-type: none"> • domestic inflation which significantly increased cost of construction materials; • inclusion of new work items as substitute for originally included works based on as-staked and recent geotechnical surveys; • increase in land acquisition cost, particularly at the Imus River Sub-project; and • attendant increases in consultancy services and administration costs.

Project Title/ IA/ Fund Source	ICC- Approved Cost (PHP Million)	Revised Project Cost (PHP Million)	Change in Cost (PHP Million)	Change in Cost (%)	Reason for Cost Overrun
Pasig-Marikina River Channel Improvement Project – Phase III/ DPWH/ JICA	7,545.16	9,028.84	1,483.68	19.66	<ul style="list-style-type: none"> increase in civil works cost due to variations between original design and as-staked (pre-construction survey) survey, and design modifications and as-built plans (reflecting actual changes in specifications of constructed structures); increase in cost of consultancy services arising from necessary construction supervision services for additional dredging works; and increase in administrative cost, which corresponds to the 3.5 percent construction management cost of total annual budgetary appropriations.
Integrated DRR and CCA Measures in Low Lying Areas of Pampanga/ DPWH/ Korea	4,214.86	6,150.78	1,935.92	45.93	<ul style="list-style-type: none"> increase in civil works cost from additional scope of work, price escalation, and variation orders; supplemental consulting services; and increase in the project management cost, equivalent to 3.5 percent of civil works and consulting services costs.
New Bohol Airport Construction and Sustainable Environment Protection/ DOTr/ JICA ¹⁹	7,772.90	10,848.60	3,075.70	39.57	<ul style="list-style-type: none"> extension of runway from 2500 m to 2800 m; extension of parallel taxiway; and construction of the cargo terminal building and farm with a fuel hydrant system.
TOTAL	74,329.21	99,122.22	24,793.01	33.36	

Projects Likely to be Restructured in 2019

Eighteen (18) projects implemented by eight (8) agencies are expected to be restructured in 2019, covering extension of loan validity, changes in scope and/or cost, and/or implementation period, reallocation, or implementation arrangements. Agency requests for restructuring will require ICC review, approval, and/or NEDA Board confirmation.

¹⁹ The DOTr JICA-assisted New Bohol Airport Construction and Sustainable Environment Protection Project withdrew their request for cost overrun amounting to PHP3,075.70 million through a letter to NEDA dated March 7, 2019

Table 6.2 Summary of ODA Projects for Restructuring in 2018

Nature of Request	Project Count		Distribution by IA
	Loans	Grants	
Change in Scope			
Change in Scope only	2	-	DAR (2)
With Change in Cost and Extension in Implementation Duration and/or Loan Validity	2	-	DOTr (1), NIA (1)
With Change in Cost	1	-	DPWH (1)
With Extension in Loan Validity	1	-	DSWD (1)
With Extension in Implementation Duration and/or Loan Validity	2	-	LBP (1), DAR (1)
With Change in Implementation Arrangements	1	-	DepEd
Change in Cost			
Change in Cost only	3	-	DPWH (2), NIA (1)
With change in project scope and Extension in Implementation Duration, Loan Validity and Loan Reallocation	2	-	DA (1), DOTr (1)
Extension			
Extension in Implementation Duration and/or Loan/Grant Validity only	2	1	DPWH (2), LBP (1)
Extension in Implementation Duration and/or with Loan Reallocation	1	-	DENR
TOTAL	17	1	

Details and updates on projects to be restructured in 2019 are discussed in the following sub-sections.

Change in Project Scope

Table 6.2.1 Change in Project Scope

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Italian Agrarian Reform Community Development Support Program/ DAR/ Italy	Remaining physical targets for rural infrastructure cannot be completed due to insufficient loan allocation for civil works brought about by increase in cost per kilometer of roads	DAR plans to submit their official request by Q3 of 2019.
Project Convergence for Value Chain Enhancement and Rural Growth Empowerment/ DAR/ IFAD	Remaining physical targets for rural infrastructure cannot be completed due to insufficient loan allocation for civil works brought about by increase in cost per kilometer of roads.	DAR plans to submit their official request by Q3 of 2019.

Change in Project Scope with Change in Cost

Table 6.2.2 Change in Project Scope with Change in Cost

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Davao City Bypass Construction Project/ DPWH/ JICA	Based on the March 28, 2019 meeting among representatives from JICA, DOF, DPWH, and NEDA, discussing the source of financing for the cost overrun, DPWH confirmed that they will be requesting for another increase in cost due to change in design and scope of the project. The change in design was considered in the underpass and cut and cover tunnels due to safety considerations and to allow the use of the existing roads during construction. DPWH and its consultant are currently preparing the request including the supporting documents (details to be determined after end of JICA Mission in June 2019).	DPWH plans to submit request for restructuring by Q2 of 2019.

Change in Project Scope with Extension in Loan Validity

Table 6.2.3 Change in Project Scope with Extension in Loan Validity

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Kapit-Bisig Laban sa Kahirapan- Comprehensive and Integrated Delivery of Social Services – National Community-Driven Development Program/ DSWD/ WB	<p>The PMO intends to:</p> <ul style="list-style-type: none"> utilize the remaining WB loan proceeds and GPH counterpart estimated at PHP2.57 billion, accrued from peso depreciation of PHP40:USD1²⁰ to PHP50:USD1; change the scope through additional cycles/community sub-projects, as a result of the said forex gains; and extend the closing of the WB loan from December 31, 2019 to December 31, 2020 to provide sufficient time to complete both the ADB and WB-funded sub-projects in 2019 and the proposed additional community sub-projects in 2020. 	The DSWD submitted pertinent ICC documents between February and March 2019. The NEDA Secretariat submitted a preliminary report in March 2019 and requested from DSWD further justification and supporting documents. The ICC-TB meeting is scheduled on May 2019.

Change in Project Scope and Implementation Arrangement

Table 6.2.4 Change in Project Scope and Implementation Arrangement

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Education Pathways to Peace in Mindanao (PATHWAYS)/ DepEd/ Australian DFAT	During the Progress Update Meeting for PATHWAYS held on March 19, 2019, the DepEd and Australian DFAT explained that with the inauguration of the new BARMM government, the Subsidiary Arrangement of the Project needs modifications to allow for changes in the implementation arrangements and expansion of its geographical scope to cover schools in Cotabato City and some barangays of North Cotabato.	DepEd and DFAT will make amendments to the existing Subsidiary Arrangement of PATHWAYS within June 2019 to cover changes in the scope and implementation arrangements of the said Project.

²⁰ The prevailing exchange rate during the ICC approval of the project on November 7, 2012 was PHP40:USD1

Change in Project Scope with Extension in Implementation Duration and/or Loan/Grant Validity and Reallocation

Table 6.2.5 Change in Project Scope with Extension in Implementation Duration and/or Loan/Grant Validity and Reallocation

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Philippine Rural Development Program/ DA/ WB	A two-year loan validity extension was proposed to complete the construction of 18 ongoing rural infrastructure sub-projects and the implementation of 75 enterprise sub-projects under I-REAP, and to utilize the foreign exchange differential amounting to USD84.81 million due to depreciation of the Philippine Peso vis-à-vis the US Dollar from PHP41:USD1 at appraisal, to PHP50:USD1.	NEDA endorsed DOE's request for loan validity extension to DOF on May 18, 2018, for subsequent endorsement by DOF to ADB.

Change in Project Cost

Table 6.2.6 Change in Project Cost

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Metro Manila Priority Bridges Seismic Improvement Project/ DPWH/ JICA	<p>Cost increase due to changes as a result of the DED, such as:</p> <ul style="list-style-type: none"> change of construction method for steel pipe sheet pile from press-in method to gyro press method that will be used for the substructure works at Guadalupe Bridge; construction of temporary detour bridges at the downstream and upstream sides of Guadalupe Bridge to manage traffic during construction of superstructure of the outer bridge; change of the type and capacity of the crane to a 360-ton "crawler crane" to be used for the installation of steel girder at Guadalupe Bridge; additional ground improvement and foundation construction works under the retaining wall of Lambingan Bridge; additional reinforcement works on the current abutment of the Guadalupe Bridge; and shortening of overall construction period of civil works from 30 months (with single-shift operations) to 26 months (with double-shift operations). 	<p>DPWH sent its official request to NEDA (letter dated February 6, 2019)</p> <p>Preliminary Report on the re-evaluation of the project was presented to the ICC-TB on April 24, 2019. Through a letter received on April 25, 2019, DPWH informed NEDA the need to update its request as a result of a recent discussion with JICA.</p>
Flood Risk Management Project for Cagayan de Oro River DPWH/ JICA	The updated project cost is estimated at PHP9,505.85 million vis-à-vis ICC-approved total project cost of PHP8,549.18 million primarily due to the additional cost required for civil works per result of actual DED and the increase in current price level. The additional cost is proposed for local financing.	DOTr plans to submit their request for restructuring by June 2019.

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Jalaur River Multipurpose Irrigation Project/ NIA/ KEDCF	<p>Increase in cost resulting from:</p> <ul style="list-style-type: none"> weakening of the Philippine Peso against US Dollar (PHP43.1:USD1 at time of appraisal against the current PHP52:USD1); and price escalation of labor and materials brought about by the six-year delay of commencement. 	NIA intends to submit their official request by Q3 of 2019.

Change in Project Cost and Scope with Loan Validity and/or Implementation Duration Extension

Table 6.2.7 Change in Project Cost and Scope with Loan Validity and/or Implementation Duration Extension

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Capacity Enhancement of Mass Transit System in Metro Manila/ DOTr/ JICA	<ul style="list-style-type: none"> Extension of loan validity by 48 months (from November 2020 to November 2024) due to extension of light rail vehicle (LRV) manufacturing and delivery timeline, change in contract duration for depot, delay in procurement of civil works due to bidding failure, and additional man-months for consulting services due to delay and/or change in the project duration. Increase in JPY loan proceeds allocation for LRT Line 2 East Extension Project through reduction in JPY loan proceeds allocation for LRT Line 1 South Extension Project due to the actual bid and change in the procurement strategy to meet the 30 percent Japanese content requirement. <p>LRT Line 1- South Extension Project</p> <ul style="list-style-type: none"> Change in implementation schedule from a four-year duration (2015 to 2019) to a six-year duration (2017 to 2023) due to bidding failure for LRV manufacturing and delivery, and delay in construction of the line extension. Increase in cost by nine (9) percent (PHP6 billion) from PHP64.95 billion to PHP70.95 billion due to increase in RoWA cost. <p>LRT Line 2- East Extension</p> <ul style="list-style-type: none"> Decrease in Total Project Cost of less than 10 percent due to conservative Approved Budget for the Contract (ABC) for civil works and ongoing negotiation with affected property owners to enter into a MOA instead of acquiring the properties in project areas. 	Request still being finalized by DOTr.

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
National Irrigation Sector Rehabilitation and Improvement Project/ NIA/ JICA	<ul style="list-style-type: none"> Reduction in scope from a total firmed-up service area of 35,670 ha to 34,216 ha due to conversion of agricultural area originally covered by the project to industrial area. Change in project cost from PHP4.01 billion to PHP3.39 billion due to the weakening of Japanese Yen versus the Philippine Peso (PHP0.552:JPY1) during appraisal stage compared to the average exchange rate in the last three (3) years (PHP0.445:JPY1). 	The proposal was endorsed by the ICC-TB on April 24, 2019 and approved by the ICC-CC on May 17, 2019 subject to DOF-JICA negotiations.
	<ul style="list-style-type: none"> Loan validity extension from July 3, 2019 to July 3, 2021 and implementation duration extension from June 30, 2019 to June 30, 2021 to complete the remaining ongoing and terminated civil works contracts and programmed activities. Reallocation of JICA proceeds amounting to JPY586.5 million to avoid further incurring commitment charges due to delayed implementation of sub-projects. 	

Change in Cost with Change in Project Scope with Extension in Implementation Duration, Loan Validity, and Loan Reallocation

Table 6.2.8 Change in Cost with Change in Project Scope with Extension in Implementation Duration, Loan Validity, and Loan Reallocation

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
FishCORAL/ DA/ IFAD	<p>Loan reallocation from Component 1-Coastal Resource Management to Component 2-Livelihood Development and within Component 2 due to change in cost and strategy. Activities such as mangrove and seagrass rehabilitation as well as scaling down of installation of seaweed solar dryers will be replaced with investment activities to cover the targeted beneficiaries. Said investment activities will fund the highest potential cultivated marine commodity for each bay.</p> <p>DA will request for a one-year loan validity extension since the objective of having coastal communities sustainably manage their fishery and coastal resources is unlikely to be achieved at loan closing of June 30, 2021. Said request for extension was agreed between DA and IFAD during the IFAD Medium-Term Review in March 2018.</p> <p>DA will also request for the use of the savings due to currency differential under the IFAD Loan and additional GPH counterpart funds to support livelihood activities and Participatory Resource and Social Assessment (PRSA) implementation.</p>	DA plans to submit the request to ICC by May 2019.

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
New Bohol Airport Construction and Sustainable Environment Protection Project/ DOTr/ JICA	<p>Request for increase in total project cost by PHP3,075.70 (39.57%) from PHP7,772.90 million to PHP10,848.60 million, and additional scope with the construction of cargo terminal building and parallel taxiway, fuel farm with fuel hydrant system, and further extension of the runway from 2,500 to 2,800 meters and the additional works that were not part of the original project design.</p> <p>The project design was initially based on the outdated 2012 JICA feasibility study and master plan cost-saving scenario.</p>	<p>Through its letter to NEDA dated March 7, 2019, DOTr confirmed withdrawal of the proposed additional works and increase in cost for the New Bohol Airport Construction and Sustainable Environment Protection Project.</p> <p>The airport was substantially completed and partially operational as of December 2018.</p>

Extension in Implementation Duration and/or with Loan Reallocation

Table 6.2.9 Change in Extension in Implementation Duration and/or with Loan Reallocation

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Integrated Natural Resources and Environmental Management Project/ DENR/ ADB, IFAD	DOF, through its letter to IFAD dated August 16, 2018, requested approval to reallocate USD11.5 million of IFAD loan proceeds from DENR to the NIA portfolio, to support the ongoing Bangon Marawi Comprehensive Rehabilitation and Recovery Program (BMCRRP). The said amount will finance the rehabilitation of 13 CIS in Marawi City and Lanao del Sur.	<p>While DOF submitted to IFAD a request for reallocation, NIA submitted a corresponding proposal to the ICC Secretariat for review and approval. NIA is expected to submit additional information to facilitate ICC review.</p> <p>This shall require an amendment to the Loan Agreement and subsequent reallocation of loan proceeds from DENR to NIA.</p>

Extension in Implementation Duration and/or Loan/Grant Validity

Table 6.2.10 Extension in Implementation Duration and/or Loan/Grant Validity

Project/ IA/ DP	Nature and Reasons for Restructuring	Status/ Remarks
Samar Pacific Coastal Road/ DPWH/ KEDCF	<p>Loan validity extension to allow the completion of the Project's scope of works, in view of implementation delays caused by:</p> <ul style="list-style-type: none"> - prolonged procurement resulting in late start of civil works, NTP issued on only April 3, 2018; and - unfavorable work conditions due to flooding caused by Typhoons Ompong, Samuel, Usman, and Amang resulting in three (3) periods of work suspensions (September 13-14, 2018; November 20, 2018 to January 6, 2019; and January 20 to February 11, 2019). 	<p>DPWH plans to submit its request for restructuring by June 2019 .</p> <p>It should be noted, however, that the previously approved two-year loan validity extension from January 18, 2018 to January 17, 2020 was deemed by the ICC as a final extension for the Project.</p>
Flood Risk Management Project CTI/ DPWH/ JICA	Extension of implementation period, with possible extension of the loan validity period until November 2020, will be requested to facilitate completion of works for the Imus River Basin Component which was delayed due to RoWA issues.	DPWH plans to submit its request for restructuring by June 2019.
Carbon Asset Development Fund/ LBP/ WB	The LBP will be requesting a one-year and 10-month grant validity extension (from June 30, 2019 to April 31, 2021) from WB. The extension will allow LBP to fully utilize the grant for the Carbon Finance Support Facility monitoring and verification activities.	LBP is yet to request WB said grant validity extension.

Seven

LESSONS LEARNED

This section presents implementation experiences and lessons shared by agencies in the implementation of their respective projects. This also highlights the strengths and weaknesses in the project preparation, design, and implementation that affected project performance, outputs, and outcomes. These lessons learned were identified using the following considerations: (a) design/ scope/ financing; (b) cost; (c) quality; (d) time; (e) human resource; (f) procurement; (g) communication; (h) risk management; and (i) others (e.g., adoption of technology, site acquisition, among others). General lessons learned in 2018 are enumerated in Table 7.1, while key project-specific lessons learned are found in Annex 7-A.

Table 7.1 Selected Lessons Learned in 2018

Situation/Context	Lessons Learned
Human Resource	
PRDP's high number of rural infrastructures have poor operations and maintenance due to lack of capacity of the LGU beneficiaries, and lack of funding support. To mitigate this, the Project has initiated to strengthen the implementation and monitoring of O&M.	<ul style="list-style-type: none"> To ensure the sustainability and durability of the completed rural infrastructure sub-projects funded by the Project, conscious effort should be made to capacitate the partner LGUs in carrying out appropriate O&M measures tailor-made to each type of rural infrastructure (i.e., FMR, FMR with Bridge, Bridge, CIS, PWS, Postharvest facilities, etc.) To ensure continuous assistance to the LGUs even after the Project, the PRDP has initiated the creation of Regional Operation and Maintenance Team (ROMAT) composed of regular personnel from the Regional Offices that will continuously supervise the monitoring and implementation of O&M.

Situation/Context	Lessons Learned
Others (Adoption of Technology)	
<p>DENR's use and adoption of the Lawin Forest and Biodiversity Protection System/ Technology under the B+WISER Program resulted in the following enhancements: (a) accelerated generation, transmission, and retrieval of patrol data; (b) timely response to environmental threats; and (c) more efficient planning due to presence of real-time data.</p>	<p>Integration of modern technology and innovations to existing monitoring systems of DENR creates a simplified, effective, and a more efficient M&E system.</p>
Risk Management, Communication, Others (Project Design)	
<p>There was a significant delay in the start of the procurement process for the design and construction of the MMICP Phase VI due to possible conflict in alignment/interfacing since DOTr will construct the MRT-LRT common station in the same area where the North/Mindanao and EDSA/North/West interchanges are planned to be built.</p> <p>The issue was only resolved when the concept design for said interchanges were changed from flyover to underpass to improve traffic flow and to co-exist with the MRT-LRT common station project of the DOTr.</p>	<p>During the early stages of conceptualizing transport projects, proponent agencies should study and refer to existing infrastructure master plans, roadmaps, or investment programs to identify possible overlaps or conflict in alignment with other proposed projects in the same area.</p> <p>Further, in case different projects are to be implemented in the same area, coordination mechanisms between concerned proponent agencies should be established at the onset to facilitate determination of appropriate project design/alignment that concerned parties can agree to, to avoid conflict during implementation. If the parties cannot agree, the issue should be raised at the appropriate inter-agency body (e.g., NEDA Board-Infrastructure Committee, the Cabinet Infrastructure Cluster, etc.) for resolution.</p>
Others (Site Condition and Availability)	
<p>The PMO of the Capacity Enhancement of Mass Transit Systems in Metro Manila (LRT Line 1) encountered difficulty in the relocation of utilities (MERALCO, Maynilad, etc.) as the activity would require upfront payment for relocation services due to previous projects with DPWH. However, upfront payment from the implementing agency is not allowed under government rules.</p>	<p>It is important to have clear mechanisms/ guidelines and procedures for the proper payment of compensation and/or recovery of cost related to the relocation of utilities, to facilitate removal and transfer of these affected utilities (e.g., electric, water lines, etc.).</p>

Situation/Context	Lessons Learned
Others (Site Acquisition/ROWA)	
<p>In the course of site acquisition for the New Bohol Airport Construction and Sustainable Environment Protection Project (NBACSEPP), the involved agencies (DOTr, CAAP, DOT, and Provincial Government of Bohol or PGBh) were cooperative in processing Deeds of Exchanges with the affected lot owners. Through a MOA signed with DOTr (then DOTC), the PGBh also supported and assisted the land acquisition of the project RoW, which included undertaking the transfer of title of properties acquired in the name of DOTr.</p> <p>DOTr and JICA also conducted regular monitoring on the status of site acquisition. Further, DOTr and the PGBh held monthly coordination meetings to discuss and resolve issues and concerns in site acquisition.</p> <p>The affected lot owners or the project-affected families were likewise amenable to issuing the required permit to enter their lots, as the DOTr-acquired (and donated to PGBh) resettlement/ relocation site is still within Panglao island (Barangay Tawala). Further, the resettlement action plan provided the affected families with livelihood assistance such as trainings and establishment of a livelihood center.</p> <p>As such, NBACSEPP construction site was acquired prior to airport construction; and the remaining lots for acquisition are outside the project construction site (but still part of the project site). As of December 31, 2018, NBACSEPP was physically completed and the airport operational (visual flight rule).</p> <p>On the remaining lots for acquisition, the PGBh submitted 77 Deeds of Exchange to DOTr for approval, while seven (7) Deeds of Exchange are still for signature of lot owners. The remaining 47 Deeds are still being processed (for compliance of technical and other documentary requirements).</p>	<p>To ensure timely acquisition of the project construction site RoW, it is necessary to have:</p> <ul style="list-style-type: none"> • effective collaboration among stakeholders involved in the RoW acquisition (including strong commitment of the local government); and, • an available/acquired resettlement site that is within close proximity to the current location of the owners of affected lots/project-affected families.
Others (Project Design)	
<p>The ADB-WDDSP financing is not attractive to WDs due to the high interest rates of ADB projects attributable to pass-on charges (maturity charge, commitment charge, foreign exchange fluctuations) and high engineering and supervision charges at six (6) percent and four (4) percent, respectively. The LWUA-ICG funding is more preferred by WDs, having lower interest rates.</p> <p>To address this, LWUA lowered the interest rate of the WDDSP to four (4) percent – same rate with the ICG facility. LWUA also lowered the engineering study charge to three (3) percent and construction supervision charge to three (3) percent.</p>	<p>Relending projects funded externally by ODA such as the WDDSP should be designed to be competitive (in terms of interest rate and repayment period) with LWUA's ICG or other internal loan facility, if any.</p>

eight

RECOMMENDATIONS

For Implementing Agencies

As identified during the agency-level desk reviews and consultation meetings, summarized in Annex 8-A are the recommendations for 2018 and beyond which refer to actions on improving the performance of ongoing ODA portfolio of projects, 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 2019 and Beyond

Recommendations for 2019 and Beyond
On Project Design
To address issues on low project disbursement and low financial performance of projects due to pending payments for consulting services, IAs may consider adding in the project's TOR contracts a provision imposing sanctions and penalties to the contractors for delayed submission of documentary requirements to process milestone payments.
On Capacity Development
Implementing agencies should pursue PMO capacity building, particularly on contract management/project management including the preparation and submission of liquidation reports, procurement, new implementation schemes (such as design-and-build contracts), and other technical aspects of the projects.

Recommendations for 2019 and Beyond
On Legal/Policy Issuances
On the implementation of the Right-of-Way Act, IAs should ensure budget provisions for RoWA and the set-up of appropriate coordination mechanism with GFIs (e.g., LBP) or an accredited independent appraiser to determine the current market value of land in compliance with the law.
On Monitoring and Evaluation
<ul style="list-style-type: none"> • IAs should ensure regular submission of complete project updates highlighting physical and financial accomplishment; issues encountered; progress and actions being taken on approved catch-up plans; mitigating measures for risks such as bad weather conditions; project outcomes/results especially its contribution to the achievement of relevant outcome indicators in the PDP-RM; and good practices and lessons learned during project implementation. This information may be shared during the quarterly meetings of the Project Implementation Officers on active ODA-funded programs and projects. • Submit to NEDA the Project Completion Reports (PCRs) for all completed projects upon project completion or loan closing. For projects nearing completion, IAs may start preparing the PCR, preferably six (6) months prior to loan/grant closing/completion date. • Continue periodic coordination with NEDA on project problem solving, to facilitate and address recurring issues. • Submit to NEDA the requests for project restructuring not later than six (6) months before the loan/grant closing date. • Ensure continuous monitoring and reporting of ongoing sub-projects, which remained unfinished upon loan or grant closing. • IAs should ensure that end-users, for instance, LGU beneficiaries would be able to sustain the programs and projects financed through ODA, once completed. Establishing their sense of ownership, through participative planning and implementation, and even during O&M would ensure sustainability of projects. • IAs should conduct more evaluations (ex-post and impact) to generate and be able to report substantially higher order results of project effectiveness apart from outputs.

For Oversight Agencies and Development Partners

Recommendations for OAs, DPs, and other stakeholders for 2019 and beyond are presented in Table 8.2.

Table 8.2 Recommendations for Oversight Agencies and Development Partners for 2019 and Beyond

Recommendations for 2019 and Beyond
For Oversight Agencies
<ul style="list-style-type: none"> • Appraisal of projects should consider pre-conditions, pre-implementation safeguards, and risk mitigation such as RoW, IPs, environmental and LGU clearances, and existing programs that may affect implementation of the proposed project, among others. • Conduct briefing sessions for IAs in preparing and submitting ISO 9001-aligned QMS documents for ICC project restructuring to facilitate review and approval of requests for restructuring.

Recommendations for 2019 and Beyond

- ICC-CC should consider the approval of the four-year extension (from December 31, 2018 to December 31, 2022) of the validity period of the NEDA-DOF-DBM Joint Memorandum Circular No. 2017-01, which provides the implementation guidelines for the establishment of the Project Facilitation, Monitoring, and Innovation (PFMI) Task Force, created to facilitate the development; approval; and regular tracking, monitoring and evaluation, and facilitation of the implementation of the government's priority programs and projects under the Build, Build, Build Program.
- DBM should review timelines and requirements to speed up issuance of Multi-Year Contracting Authority for projects, and prevent implementation delays in consistency with the FY 2019 cash-based budgeting.
- Streamline IA reporting processes, considering various requirements for M&E processes; PFMI Task Force; and, PIP Online, among others.

For Development Partners

- DPs should establish and/or strengthen their coordination mechanisms with the concerned PMOs and provide training and/or orientation and conduct capability development activities to ensure that procurement guidelines and requirements are strictly followed; and approval of processes and timelines of DPs are well-understood and complied with in complementation with GPH processes and requirements, to prevent delays and bottlenecks in project implementation.
- DPs may provide IAs a timeline of review and approval/concurrence of project-related activities such as restructuring (i.e., loan extension, increase in cost, request for additional financing) and contract awarding for the IA's reference, including issuances of NOL and/or NOD.
- DPs may provide complementary support to its ongoing and/or pipelined loan-assisted projects in the form of technical assistance and/or grants to increase the capacity of PMOs and beneficiaries in performing their assigned roles from pre-implementation to project implementation and through post-completion.
- Continue to partner with government agencies in conducting supervision and implementation review missions and ensure feedback mechanisms are effective. This is also an opportunity to interact with the beneficiaries and recommend ways to improve project implementation.



MAJOR DEVELOPMENT EFFECTIVENESS INITIATIVES IN 2018

The four (4) development effectiveness core principles, as agreed during the fourth High-Level Forum (HLF) on Aid Effectiveness held in Busan in 2011, were: (a) focus on results; (b) ownership of development priorities by developing countries; (c) inclusive development partnerships; and (d) transparency and accountability. The Busan Partnership document which resulted from the HLF further states that these principles are for all development actors who must work together towards making development cooperation effective. This section discusses the major initiatives undertaken by development actors at the country level towards ensuring that the core principles are upheld, particularly in the planning, implementation, and M&E of development assistance.

Updating and Localization of the Philippine Development Plan Results Matrices (PDP-RMs) 2017-2022

The RMs is an instrument designed to provide results orientation to the PDP. It is anchored on results-based management (RbM), a strategy that focuses on performance by highlighting the achievement of results at the outcome and impact levels. Upon implementation of the PDP, the RMs shifts from a planning tool to a performance assessment tool, to be monitored on an annual basis with NEDA as the lead agency in coordination with the responsible agencies identified in the RMs.

To tighten monitoring and assessment of the PDP 2017-2022, NEDA updated the Plan's accompanying RMs in 2018, specifically to address necessary changes identified in the 2017 Socioeconomic Report, and to ensure that all indicators are provided with baseline data and annual targets. The updated RMs was published on the NEDA website on January 14, 2019.

The DILG, in partnership with NEDA, also spearheaded the localization of the PDP-RMs 2017-2022 to the provincial government level through the issuance of Joint Memorandum Circular (JMC) No. 01, s. 2018 dated November 26, 2018. Guided by the JMC, the localization is an ongoing process that aims to institutionalize the formulation of provincial RMs which are in accordance with the respective local development plans and in line with the national level RMs. It also ensures the commitment of LGUs to allocate appropriate budget and implement programs, projects, and activities for the achievement of targets in the RMs.

Participation in the 3rd Monitoring Round of the Global Partnership for Effective Development Cooperation

The Busan HLF also resulted in the creation of the Global Partnership for Effective Development Cooperation (GPEDC) – an inclusive political forum which brings together governments, bilateral and multilateral organizations, civil society, and representatives from the parliament and the private sector towards strengthening the effectiveness of development cooperation to produce maximum effect for development.



As a signatory to the Busan Partnership document, the Philippines has participated in various fora and monitoring exercises of the GPEDC. In 2018, the Philippines participated in the 3rd Monitoring Round to take stock of progress made on the various indicators for the core development effectiveness principles, and to stimulate discussions on enhancing ways to deliver better results. The country-level monitoring process was led by NEDA in partnership with the UNDP. The third round broadened its reach and



inclusiveness with the participation of representatives from various government agencies, development partners, civil society organizations, trade unions, the private sector, and Congress. The final results of the country-level monitoring were submitted to the Global GPEDC Secretariat (UNDP-OECD Joint Support Team) on February 2019, while follow-up actions on the country report's recommendations will be discussed with various stakeholders.

Conduct of Impact Evaluation Studies and Capacity Building Activities

In line with the Philippine Government's commitment to RbM, NEDA was allotted an M&E Fund to finance various activities related to M&E, particularly for the conduct of evaluation studies and capacity-building activities. In 2018, NEDA, through the M&E Fund, organized a two-week customized course based on the Centers for Learning on Evaluation and Results-Impact

Evaluation (CLEAR-IE) module for its technical staff in the central and regional with the end goal of strengthening the internal capacities of NEDA on M&E. The implementation of three (3) impact evaluation studies commissioned by NEDA also commenced in 2018, namely: (a) LRTA's Light Rail Transit Project 2; (b) TESDA's Technical Education and Skills Development Project; and (c) DPWH's Rural Road Network Development Project. Under the M&E Fund, a series of capacity building sessions on impact evaluation for technical staff of NEDA Central and Regional Offices was also conducted in 2018.

Under the Policy Window Philippines (PWP), the International Initiative for Impact Evaluation (3ie) and the Australian-DFAT provided assistance in the commissioning of the following evaluation studies: (a) Impact Evaluation of DOLE's Special Program for the Employment of Students (SPES), the final report for which was published in December 2018; (b) Impact Evaluation of DSWD's Sustainable Livelihood Program; (c) Impact Evaluation for the Supreme Court (SC)'s Small Claims Procedure and e-Court Programs; and (d) Process Evaluation for the SC's Continuous Trial Program.



NEDA-UNDP Partnership Agreement on Strategic M&E

NEDA, in partnership with UNDP, implemented the Strategic M&E Project to help strengthen the M&E capacities of the national government (NG) towards supporting the achievement of the PDP and the SDGs through evidence-based decision-making. The Project, which officially commenced in December 2017, supported NEDA and other NG agencies in managing and conducting evaluations in order to improve public sector management and M&E of development programs and projects.

Currently, the Project involves four (4) components, namely: (a) Commissioning of Evaluation Studies; (b) Evaluating Capacity Assessment and Development; (c) Advisory Services for the National Evaluation Policy Framework (NEPF) Guidelines and the Evaluation Portal; and (d) Project Management. Another component will be the development of a web-based system for monitoring and delivery of priority infrastructure projects under the PIP.

Much of the work done during the first year of implementation in 2018 include activities on the commissioning of evaluation studies, designing evaluation plans, stakeholder consultations, ascertaining evaluability, developing terms of reference for the identified thematic evaluations in the areas of nutrition, Anti-red Tape Act, early childhood care and development, peace (PAMANA), and Climate Change Adaptation. All the evaluations proposed



obtained considerable support not only within NEDA but also by the concerned line agencies. The consultative manner by which the evaluation planning process was undertaken also surfaced key issues and gaps in the capacity of agencies in conducting M&E, and opportunities for intervention.

Review of the National Evaluation Systems and Capacities for Evaluating Progress Towards the Sustainable Development Goals (SDGs)

This study is part of the UNICEF-UNDP regional level initiative “Review of National Evaluation Systems and Capacities for Evaluation Progress towards the SDGs in Asia Pacific Region”, which involves the preparation of a series of country case studies that map and assess national evaluation systems and capacities of selected countries in terms of their readiness to meet the evaluation needs associated with the SDGs. While UNICEF manages the Philippine case study, a Management Steering Committee (composed of NEDA, DBM, Philippine Statistics Authority, UNICEF, and UNDP) was formed to steer the progress of the study and to review the major deliverables. The objective of the study is to generate a body of knowledge to guide national evaluation capacity development for the SDGs.

The study was conducted from May 2018 to April 2019, its data gathering carried out through desk review as well as key informant interviews and focus group discussions with national government agencies, CSOs/NGOs, non-state think tank, voluntary organizations of professional evaluators, development partners, and UNDAF M&E Group. The initial results and findings of the study were presented in the stakeholder validation workshop on January 31, 2019 which was attended by national government agencies, CSOs/NGOs, academe, DPs, NEDA, UNDP, and UNICEF. Inputs and comments gathered from the workshop were included in the final report.

Alignment of Development Partners' Performance Indicators and Country Partnership Strategies with the PDP 2017-2022

The country's DPs have also been pursuing better alignment of their ODA programs and projects and their overall Country Partnership Strategies (CPS) and Country Programme Documents (CPDs) with the Philippines' development priorities. The 2018 Philippines Country Report on the 3rd Monitoring Round of the GPEDC found that CPS and CPDs of all DPs with an active portfolio in the Philippines in 2018 were generally aligned with the PDP 2017-2022, AmBisyon Natin 2040, and the SDGs. There is particularly high alignment between the objectives of new projects (i.e., projects approved in 2018) and the goals in the PDP-RM 2017-2022.

DPs ensure country ownership in various ways, an example is through the 4th Joint Commission for Bilateral Cooperation organized by the Government of Canada in September 2018, which provided the opportunity for the Canadian and Philippine Governments to discuss the similarities

provided the opportunity for the Canadian and Philippine Governments to discuss the similarities in their respective development priorities and to ensure that Canada's programming is aligned with the PDP 2017-2022.

The World Food Programme (WFP) also aligned their five-year strategic plan for the Philippines from 2018-2023 with the country's priorities, particularly through consultations with the Cabinet Cluster on Disaster Risk Reduction Management and Climate Change Adaptation, and by referring heavily on the Peace and Development Plan, the Philippine Plan of Action on Nutrition, and the ARMM Development Plan.

Conduct of the 7th Monitoring and Evaluation (M&E) Network Forum

The 7th M&E Network Forum was conducted in November 2018. It brought together more than 250 participants composed of government agencies, academe, development partners, civil society, and evaluation practitioners. It also generated wide interest among stakeholders for



M&E in general, and specifically on NEDA's work. The Forum also highlighted reports on findings of several completed and ongoing evaluation studies of the following policies and projects: (a) Kabuhayan Para Sa Magulang ng Batang Manggagawa; (b) Anti-Red Tape Act; (c) Student Grants in Aid Program for Poverty Alleviation; (d) Tahderiyyah Programme 2017-2022; (e) Special Program for the Employment of Students; (f) National Shelter Program; and (g) UNICEF Handwashing Campaign Pilot to Inform Scale-Up. The M&E Network Forum also served as an apt summation of the technical work done by the Strategic M&E Project with UNDP in 2018 to complete the draft Guidelines to the NEPF and subject it to stakeholder consultation, and identify capacity gaps and unmet need for policy and technical assistance of M&E practitioners in government. A draft version of the Guidelines to the NEPF was launched and discussed during the Forum.

Adoption of Global Internal Auditing Standards at the Department of Finance (DOF)

In parallel with the DPs' increased use of the country's auditing systems as reported in the 3rd Monitoring Round of the GPEDC, the Philippine government has also been undertaking improvements in auditing across the bureaucracy. In 2018, under the Philippine Internal Auditing Framework for the Public Sector (COA Resolution No. 2016-016 adopted in 2016), the DOF became the first Philippine government agency to formally and publicly adopt an Internal Audit Charter for its Internal Audit Service (IAS) that is compliant with global principles and standards. This initiative set the stage for other Philippine governments to elevate their internal auditing standards, and ultimately to enhance the promotion of transparency and service delivery in the Philippines' public sector.

Localization of the Open Government Partnership

The Philippines is one of the eight founding governments of the Open Government Partnership (OGP) and has been a member since 2011. The OGP is an initiative to bring government and civil society together towards creating action plans that would make governments more inclusive, responsive, and accountable (Source: Philippine Open Government Partnership). The DBM, which serves as the OGP Secretariat in the Philippines, works closely with multilateral partners and CSOs in advancing the objectives of the Partnership.

In May 2018, the Caucus of Development NGO Networks (CODE-NGO) and the ADB conducted a seminar towards the localization of the OGP, particularly to enhance citizen participation at the grassroots level. Over 80 representatives from CSOs participated in the seminar, where measures and technology supporting the OGP at the local level such as participatory budgeting, electronic petitions, and freedom of information access were discussed (Source: ADB).

