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ODA Portfolio Review 2021

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Acronyms

AARNR	Agriculture, Agrarian Reform, and Natural Resources
ADB	Asian Development Bank
AFD	Agence Française de Développement
AFI	Alliance for Financial Inclusion
AIIB	Asian Infrastructure Investment Bank
AM	Alert Mechanism
AWP	Annual Work Program
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BCDA	Bases Conversion and Development Authority
BEEA	Basic Education Exit Assessment
BFAR	Bureau of Fisheries and Aquatic Resources
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
BSP	Bangko Sentral ng Pilipinas
BTA	Bangsamoro Transition Authority
CAF	Country Assistance Framework
CAR	Cordillera Administrative Region
CC	Climate Change
CCC	Climate Change Commission
CDD	Community-driven Development
CDM	Clean Development Mechanism
CERs	Certified Emission Certificates
CF	Commitment Fee
CHR	Commission on Human Rights
CIS	Community Irrigation System

COA	Commission on Audit
COVID-19	Coronavirus disease 2019
CPBRD	Congressional Policy and Budget Research Department
CPF	Country Program Framework
CPG	Consumer Protection Group
CRM	Coastal Resource Management
CWC	Council for the Welfare of Children
CY	Calendar Year
DA	Department of Agriculture
DAED	Detailed Architectural and Engineering Design
DAR	Department of Agrarian Reform
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DED	Detailed Engineering Design
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DFAT	Department of Foreign Affairs and Trade
DICT	Department of Information and Communications Technology
DILG	Department of the Interior and Local Government
DLI	Disbursement Link Indicator
DND	Department of National Defense
DOE	Department of Energy
DOF	Department of Finance
DOH	Department of Health
DOLE	Department of Labor and Employment
DOST	Department of Science and Technology
DOT	Department of Tourism
DOTr	Department of Transportation

DP	Development Partner
DPWH	Department of Public Works and Highways
DRR	Disaster Risk Reduction
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
ECCD	Early Childhood Care and Development
EPC	Engineering, Procurement, Construction
EU	European Union
FAO	Food and Agriculture Organization
FMF	Farm-to-Market Road
FY	Fiscal Year
GAA	General Appropriations Act
GAD	Gender and Development
GFI	Government Financial Institution
GID	Governance and Institutions Development
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOCC	Government-Owned and Controlled Corporation
GPH	Government of the Philippines
GSDP-CLP	Government Staff Development Program on Competition Law and Policy
GSIS	Government Service Insurance System
HGDG	Harmonized Gender and Development Guidelines
IA	Implementing Agency
IBRD	International Bank for Reconstruction and Development
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

INFRA	Infrastructure Development
INFRACOM	Infrastructure Committee
IOM	International Organization for Migration
IPIF	Infrastructure Preparation and Innovation Facility
IRR	Implementing Rules and Regulations
ITT	Industry, Trade and Tourism
JAIF	Japan-ASEAN Integrated Fund
JICA	Japan International Cooperation Agency
KEDCF	Korea Export-Import Bank – Economic Development Cooperation Fund
KOICA	Korea International Cooperation Agency
LBP	Land Bank of the Philippines
LGU	Local Government Unit
LWUA	Local Water Utilities Administration
MAFAR	Ministry of Agriculture Fisheries and Agrarian Reform
MAFRA	Ministry of Agriculture, Food, Rural Affairs – Korea
MCWD	Metropolitan Cebu Water District
MINDA	Mindanao Development Authority
MMDA	Metropolitan Manila Development Authority
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MWSS	Metropolitan Waterworks and Sewerage System
NCCA	National Commission for Culture and Arts
NCR	National Capital Region
NEA	National Electrification Administration
NEDA	National Economic and Development Authority
NG	National Government
NGA	National Government Agency
NIA	National Irrigation Administration

NNC	National Nutrition Council
NPC	National Privacy Commission
NPD	National Project Director
NWRB	National Water Resource Board
OA	Oversight Agency
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPAPP	Office of the Presidential Adviser on the Peace Process
PAF	Project Affected Families
PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
PAWD	Philippine Association of Water Districts Inc.
PCC	Philippine Competition Commission
PCIC	Philippine Crop Insurance Commission
PCG	Philippine Coast Guard
PCR	Project Completion Report
PCW	Philippine Commission on Women
PDP	Philippine Development Plan
PhilMech	Philippine Center for Postharvest Development and Mechanization
PhilSA	Philippine Space Agency
PIO	Project Implementation Officer
PIP	Public Investment Program
PMO	Project Management Office
PMU	Project Management Unit
PNP	Philippine National Police
POPCOM	Commission on Population and Development
PPA	Philippine Ports Authority
PPP	Public-Private Partnership

RA	Republic Act
RIS	River Irrigation System
RM	Results Matrix
ROW	Right of Way
ROWA	Right of Way Acquisition
RROW	Road Right-of-Way
SARO	Special Allotment Release Order
SC	Supreme Court
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission
SMS	Short Message Service
SRA	Sugar Regulatory Administration
SRCD	Social Reform and Community Development
SSF	Support-Shared Service Facility
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organization
UK	United Kingdom
USA	United States of America
USAID	United States Agency for International Development
USTDA	United States Trade and Development Agency
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization

Executive Summary

Despite the persistence of the COVID-19 pandemic, the Philippines made significant progress in recovering its economy with a 5.60 percent growth in 2021.

The government continued to enter into quick-disbursing program loans to support its vaccination program and improvements in the healthcare system, which enabled the country to gradually reopen the economy. The increase in program loan financing in recent years also demonstrated the government's commitment to carry out critical policy reforms in several priority sectors amid the challenges brought about by the COVID-19 health crisis.

To ensure a strong and sustainable economic recovery, the government further accelerated its efforts to drive economic growth through public infrastructure investments to boost economic activities and increase employment.

ODA Portfolio Profile

USD32.24B
ACTIVE
ODA LOAN AND
GRANT
PORTFOLIO

The active official development assistance (ODA) loan and grant portfolio of the Philippines in 2021 amounts to USD32.24 billion, or a 5.04 percent increase from USD30.69 billion in 2020. It consists of 107 loans¹ and 297 grants². Of the 107 loans, program loans decreased by 0.59 percent, from USD11.81 billion (30 program loans) in 2020 to USD11.74 billion (28 program loans) in 2021. On the other hand, project loans increased by 6.63 percent, from USD17.19 billion (76 project loans) in 2020 to USD18.41 billion (79 project loans) in 2021.

To support various programs and projects for COVID-19 response, the government entered into 15 new ODA loan agreements worth USD5.57 billion (USD3.29 billion for eight program loans and USD2.28 billion for seven project loans). This results in 36 active³ loans amounting to USD13.64 billion which have been signed by the government for COVID-19 response, as of December 2021. This includes six loans which closed in 2021.

The infrastructure development sector recorded the largest share, amounting to USD14.02 billion or 43 percent of the active ODA portfolio in 2021, followed by the governance and institutions development sector at 28 percent and the social reform and community development sector at 19 percent. Japan remained the top provider of ODA to the country with USD10.36 billion (32%) worth of loans and grants, followed by the Asian Development Bank (28%) and World Bank (24%).

¹ This includes one hybrid loan (the WB-funded Beneficiary First Social Protection Project of the DSWD) that is counted twice (as a program loan worth USD580 million and as a project loan worth USD20 million)

² The total project count/grant amount of the ODA grant portfolio excludes regional/inter regional/global projects or facilities that did not disclose grant amount earmarked specifically for the Philippines. In CY 2021, there were 116 projects under the said category: 51 from the UN System, 33 from ADB, 18 from Australia, eight from Canada, and six from the UK.

³ Active loans refer to loans that are newly signed, newly effective and ongoing as of the reporting period, and those closed (based on the approved loan closing date) within the reporting year.

Performance

Financial performance of project loans and grants

There was a decline in the financial performance of project loans in terms of disbursement rate⁴ and availment rate⁵ despite the increase in disbursement level mainly attributed to budgetary problems, delays in implementation of project activities attributed to community quarantines in the country, implementation delays attributed to adverse weather conditions, among others.

The disbursement level of the total ODA project loans portfolio doubled, from USD1.06 billion in 2020 to USD2.12 billion in 2021. The disbursement ratio increased by 6.83 percentage points from 8.05 percent in 2020 to 14.88 percent in 2021, while the availment rate decreased by 5.02 percentage points from 64.86 percent in 2020 to 59.84 percent in 2021. The disbursement rate also decreased by 18.52 percentage points from 66.69 percent in 2020 to 48.17 percent in 2021. The project loans portfolio registered a disbursement shortfall (target disbursements less actual disbursements) of USD2.28 billion in 2021. Availment backlog (cumulative scheduled availment less cumulative actual availment) also remained high at USD3.77 billion.

For active ODA grants, the overall utilization level in 2021 reached USD1.04 billion, posting a utilization rate of 50 percent against the total grants portfolio amount of USD2.09 billion. This reflects a two percentage points decrease in the utilization rate of grants compared to the same period in 2020 (52%).

Responsiveness of program loans to financing requirements

Program loans are designed to provide fiscal support, which are disbursed on an as-needed basis following a financing program that is designed to bridge the fiscal deficit while keeping the debt-to-gross domestic product (GDP) level sustainable. In 2021, the fiscal deficit reached PHP1.67 trillion, which is PHP298.70 billion or 21.78 percent higher than 2020 levels, as expenditures grew to 10.60 percent vis-à-vis a 5.24 percent increase in government revenues.

Of the USD11.74 billion total for 28 program loans, USD3.37 billion was disbursed in 2021, in accordance with the National Government's financing requirements. Along with previous years' disbursements, this translates to 79 percent (USD9.26 billion) overall utilization rate as of December 2021.

Of the USD13.64 billion total amount of COVID-19 response-related program loans signed in 2021, a total of USD9.32 billion (68%) was disbursed as of year-end 2021. In addition, USD200 million was disbursed from a program loan secured in 2019 to support COVID-19 response.

⁴ Disbursement rate refers to actual disbursement level as a percentage of target disbursement for the year.

⁵ Availment rate refers to cumulative actual disbursements as percentage of cumulative scheduled disbursement, both reckoned from the start of implementation up to the reporting year.

Physical performance of project loans and grants

Of the 364 ongoing ODA-funded projects (67 loan-assisted projects and 297 grant-assisted projects), 257 loan/grant-assisted projects (70.60%) were implemented on schedule, 44 loan/grant-assisted projects (12.09%) were behind schedule, 55 loan/grant-assisted projects (15.11%) were completed, four loan/grant-assisted projects (1.10%) were closed with incomplete outputs, two loan-assisted projects were implemented ahead of schedule, and two loan-assisted projects (0.55%) have yet to start.

In terms of the physical status of the 67 loan-assisted projects, six projects (8.96%) were physically completed, two projects (2.99%) were implemented ahead of schedule, 23 projects (34.33%) were on schedule, 31 projects (46.27%) were behind schedule, two projects (2.99%) were not yet started, three projects (4.48%) closed with incomplete outputs. Of the six completed loan-assisted projects in 2021, five projects were completed on time while one project was completed beyond its Investment Coordination Committee (ICC)-approved completion date.

Of the 23 projects on schedule, a total of three projects are expected to be completed within the Duterte administration, another three are expected to be completed by end 2022, seven projects in 2023, and 10 projects in 2024 and beyond. Meanwhile, the implementation of 31 projects were behind schedule due to COVID-19 restrictions, lacking/insufficient project budgets, land/right-of-way (ROW) acquisition, delays in procurement and government and funding institution approvals, among others.

Of the 297 grant-assisted projects, 49 projects (16.50%) were completed, 234 ongoing projects (78.79%) were on schedule, 13 ongoing projects (4.38%) were behind schedule, and one grant-assisted project (0.34%) closed with incomplete output.

257
OUT OF
364
ONGOING
ODA-FUNDED
PROJECTS
WERE
IMPLEMENTED
ON SCHEDULE

Programs / Projects Results

Implementation of ODA-funded programs and projects yielded outputs and outcomes aligned with the national development priorities indicated in the Enhanced Philippine Development Plan (PDP) 2017-2022 Results Matrices (RM) Midterm Update. ODA support for COVID-19 response was primarily directed towards the government's emergency cash assistance program and health system delivery through the provision of medical supplies and equipment, construction of isolation and quarantine facilities, and strengthening the capacity of existing health facilities.

For CY 2021 ODA review, 52 loan/grant-assisted projects reported outputs and outcomes which contributed to 49 sector outcome indicators in seven chapters of the Enhanced 2017-2022 PDP-RM Midterm Update. Meanwhile, there were 37 ODA loan/grant-assisted projects with no reported outputs as these either have newly effective loans, in pre-implementation stages (i.e., preliminary or detailed engineering design stage or procurement), just commenced implementation/construction in 2021, have yet to receive project funding, or are affected by the COVID-19 pandemic.

Key Implementation Issues

Implementation setbacks have been experienced by 95 ODA projects in 2021, and the impact of the COVID-19 pandemic continued to affect most of the ODA projects. Further adaptive measures were put in place by the implementing agencies (IA) to ensure that implementation progress catches up amidst the new normal.

Impact of COVID-19

The impacts of COVID-19 continued to be evident in 2021 as 47 ongoing ODA programs and projects experienced issues related to the pandemic, such as travel and logistics restrictions, procurement delays, among others. Of the 64 COVID-19-related issues which affected project implementation, 39 were already resolved.

Site Condition/Availability

Of the 49 issues related to site condition and availability (i.e., availability of project and resettlement sites, extreme weather conditions in project sites, inadequacy of existing site structures, and issues on ROW and land acquisition), which affected 31 projects, 12 issues were already resolved.

Procurement

Of the 27 issues related to delays in procurement, which affected 21 projects, four issues were already resolved.

Government/Funding Institution Approvals

Of the 21 issues related to government or funding institution approvals, which affected 19 projects, five were already resolved.

Budget and Funds Flow

Of the 44 issues related to budget and funds flow (i.e., absence, lack of, or inadequate funding, and delayed fund releases), which affected 28 projects, 26 issues were already resolved.

Design, Scope, and Technical Specifications

Of the 11 issues related to design, scope, and technical specifications (i.e., changes in project scope and specifications outside the agreed range, and low uptake), which affected 11 projects, six were already resolved.

Performance of Contractors/consultants

Of the eight issues reported on the poor performance of contractors/consultants (e.g., failure to provide contracted service to required specifications or delayed submission of request for payments), which affected seven projects, one issue was resolved.

Manpower/Capacity of Project Management Office and other Implementing Partners

Of the 10 issues reported on the capacity of PMO and other implementing partners (e.g., recruitment, turnover of staff affecting project implementation, and low technical capacity to manage/implement the project), which affected 10 projects, one issue was resolved.

Institutional Support

Of the seven issues related to inadequate support or coordination with stakeholders or implementing partners, which affected seven projects, five issues were resolved.

Inputs and Cost

Of the eight issues on inputs and costs (e.g., unavailability of required quantities and inadequacy in the quality of inputs/materials), which affected seven projects, two were already resolved.

Legal and Policy Issuance

Of the three issues related to legal matters and policy issuances which affected three projects, two were already resolved.

Projects with Restructuring Requests in 2021

NEDA received 37 restructuring requests from various agencies involving 30 projects from various agencies. Of the 37 requests, 25 were approved by the ICC-Cabinet Committee and confirmed by the NEDA Board in 2021. Twelve requests are under ICC Secretariat review as of end 2021.

Meanwhile, a total of 19 projects, which encountered various implementation issues, are likely to be restructured in 2022.

Lessons learned and recommendations

Lessons from project preparation, design, and implementation that affected project performance, outcomes, and impacts were documented in this report to serve as reference for future improvement of project/program design and implementation. These arose from the concerted efforts of various government agencies involved in the implementation of 95 projects that encountered issues related to government/funding institution approvals, design/scope/technical specifications, procurement, site condition/availability, budget and funds flow, inputs and cost, performance of contractor/consultant, PMO manpower/capacity, institutional support, legal policy and issuances, and the COVID-19 pandemic.

Some of the important lessons include:

- (a) ensuring availability of baseline data to set reliable targets;
- (b) incorporating capacity building activities, as part of the project scope, that will help ensure compliance of IAs with development partner (DP) policies/guidelines (e.g., on environmental and social safeguards);
- (c) conducting consultations with chief executives of affected local government units (LGUs) during project conceptualization/preparation to avoid institutional opposition during implementation;
- (d) incorporating climate-resilient features in project design;
- (e) conducting market sounding and research, undertaking early preparation of TORs with appropriate technical specifications, and ensuring budget availability to expedite procurement;
- (f) entering into memorandum of agreements (MOAs) with relevant government agencies, LGUs, and utility providers, and providing assistance to land and property owners in securing documentary requirements to fast track ROW acquisition and access to project site;
- (g) ensuring the availability and timely release of funds to sustain the engagement of targeted LGUs as implementing partners of community-driven development sub-projects; and
- (h) adopting digital technologies in project management and monitoring and evaluation (M&E) to mitigate the effects of the COVID-19 pandemic on project implementation.

STRICTLY OBSERVING CATCH-UP PLANS AND HEALTH AND SAFETY PROTOCOLS IN VIEW OF THE COVID-19 PANDEMIC

Meanwhile, recommendations to the implementing agencies include:

- (a) firming-up budgetary requirements and securing budget cover for the remaining years of project implementation;
- (b) building capacity on all aspects of project management and in the various stages of the project cycle with focus on the procurement processes and guidelines of DPs;
- (c) enhancing coordination with oversight agencies, DPs, LGUs, and other stakeholders to expedite delivery of target outputs and ensure full physical completion within the approved project timeline;
- (d) ensuring timely preparation and implementation of the land acquisition and resettlement plan in coordination with project-affected families and utility companies;
- (e) strictly observing catch-up plans and health and safety protocols in view of the COVID-19 pandemic;
- (f) improving monitoring and evaluation, and reporting to oversight agencies; and
- (g) timely submission of restructuring requests, with complete and compliant requisite documents, for ICC/NEDA Board deliberation and approval in accordance with the ICC guidelines and procedures.

Review of ODA Grants on Capacity Development Provided by Development Partners from January 2017 to June 2021

In 2021, NEDA conducted a study/review which examined the effectiveness of grants-assisted programs and projects implemented in the country from 2017 to June 2021 towards strengthening capacities of government agencies. The study assessed the delivery of target outcomes and outputs of grant programs/projects. A total of 75 capacity development grants⁶, with a total allocation of USD283.57 million, provided by development partners (DPs) to the country were covered in the study. The United States Agency for International Development (USAID) provided the bulk of ODA capacity development grants to the country, accounting for 46 percent share (USD129.03 million) of the grants assistance portfolio, followed by the Australia Department of Foreign Affairs and Trade (DFAT) with 16 percent (USD46.01 million) and the European Union (EU) with 14 percent (USD39.55 million).

Under the study, the governance and institutional development (GID) sector received the largest share of the total grant assistance for capacity building with 30 percent (USD84.25 million for 20 projects), followed by the industry, trade and tourism (ITT) sector with 23 percent (USD65.58 million for 8 projects), and the social reform and community development (SRCD) sector with 18 percent (USD52.23 million for 15 projects).

Sixty-nine projects (93%) of the 74⁷ ODA grants delivered either all or most of their target outputs, while 70 projects (95%) delivered either all or most of their intended outcomes. Fifty-five projects (74%) were able to achieve all or most of both their intended outputs and outcomes.

Using a 5-point satisfaction rating scale, satisfaction rating of beneficiaries of the 72⁸ capacity development grants averaged 4.46. Moreover, there were 67 projects (93% of 72 grants) that achieved either all or most of the target outcomes and have highly satisfied/satisfied beneficiaries.

The top four types of outputs provided to recipient agencies are:

- (a) trainings/workshops/fora;
- (b) manuals/guidelines;
- (c) masterplans and management plans; and
- (d) policy/regulation/legislation formulation.

The findings also indicate that the grants covered in the study have strengthened the technical, operational, systemic, adaptive, and influencing capacities of National Government Agencies (NGAs) and LGUs.

⁶ Objectives of these capacity development grants were anchored on Country Assistance Frameworks (CAF)/Country Program Framework (CPF) between GPH and DPs. These frameworks are generally aligned with development objectives of the Philippine Development Plan (PDP).

⁷ This refers to the number of grants with complete information on the level of achievement of outputs and outcomes. One grant (Human Resource Organisational Development Facility) was not covered due to the insufficient information on output and outcome achievement provided by Australia-DFAT.

⁸ This refers to grants, which were provided with satisfaction ratings by respondents of the survey conducted for the study.



ODA Portfolio
Review

Mandate

Republic Act (RA) No. 8182, also known as the ODA Act of 1996, as amended by RA 8555, mandates NEDA to conduct an annual review of the implementation of all projects financed through ODA. The outcomes of the review are reported by NEDA to Congress not later than 30 June of each year. The ODA Act complements NEDA Board Resolution No. 30 series of 1992, which directs the Investment Coordination Committee (ICC) to review all ongoing ODA-funded programs and projects, with the aim of improving ODA absorptive capacity.

Objectives

The ODA portfolio review aims to:

- (a) report on the status of all projects financed through ODA, including their budgetary requirements;
- (b) identify key implementation issues, actual or prospective causes (e.g., procurement delays, cost overrun), and cross-cutting concerns hampering project implementation;
- (c) report on actions taken by concerned agencies to facilitate project implementation;
- (d) report on projects requiring restructuring;
- (e) report results (outputs and outcomes) derived from implementing ODA programs and projects; and
- (f) provide recommendations to improve portfolio performance

Methodology

As provided under RA 8182, ODA is defined as a loan or a loan and grant that meets all of the following criteria:

- (a) administered with the objective of promoting sustainable social and economic development and welfare of the Philippines;
- (b) contracted with governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements or which are members of the United Nations (UN), their agencies and international or multilateral lending institutions;
- (c) no available comparable financial instruments in the capital market; and
- (d) must contain a grant element of at least 25 percent.⁹

⁹ Source: <https://www.neda.gov.ph/oda-act-1996/>

Methodology

The 2021 portfolio review covered active ODA loans and grants that were signed or became effective, and supported programs and projects implemented/completed/had ODA financing closed within the period of January 1, 2021 to December 31, 2021. The review also covered projects of government-owned and controlled corporations (GOCCs)/government financial institutions (GFIs) funded by foreign lenders/DPs, wherein borrowings are made pursuant to the original charters of GOCC/GFI or under special borrowing laws (amended Foreign Borrowings Act). In addition, while the ODA Act of 1996, as amended, only requires the reporting of loans and loans with grant counterpart, this review also covers stand alone grant-assisted programs and projects reported by the DPs.

The review process involved online¹⁰ consultations, discussions, and validation with 17 agencies with project portfolios financed through loans and ICC-approved grants, and purely grant-assisted projects amounting to PHP300 million and above. Desk reviews¹¹ were conducted with agencies whose portfolios only include purely grant-assisted projects. The review involved the participation of oversight agencies (OAs), namely National Economic and Development Authority (NEDA), Department of Budget and Management (DBM), Department of Finance (DOF), and Commission on Audit (COA), as well as various DPs.

Report Structure

The ODA report is organized into eight sections, including this section. Section 2 provides an overview of the ODA portfolio in CY 2021, updates on ODA-funded Infrastructure Flagship Projects (IFPs) implemented under the Build, Build, Build Program, and highlights on ODA-funded programs and projects contracted for COVID-19 response. Section 3 reports on financial and physical performance of the ODA portfolio. Section 4 reports on results (outcomes and outputs), whereas Section 5 discusses key implementation issues and problematic projects in CY 2021, and provides an assessment of the continued viability of ODA programs/projects. Sections 6 and 7 present the important lessons learned from project/program implementation and recommendations for 2022 and beyond, respectively. Lastly, Section 8 provides an overview of the study conducted by NEDA on

¹⁰ Due to the imposition of the community quarantines in the country in response to the COVID-19 pandemic, consultations were conducted using various digital platforms such as email, online messaging, video conferencing, short message service (SMS), among others.

¹¹ Desk review also involved consultations and validation activities with agencies and development partners through official correspondence and email exchanges.



2021 ODA Portfolio 2

The size of the ODA loan and grant portfolio continued to increase in 2021 in support of programs and projects for COVID-19 response and economic recovery.

The total ODA portfolio as of December 2021 increased by USD1.55 billion (5.05%), from USD30.69 billion (for 106 loans and 251 grants) in 2020 to USD32.24 billion (for 107 loans and 297 grants) in 2021. This supported 94 loan-assisted programs/projects and 297 grant-assisted projects (Table 2.1).

Table 2.1 Composition of the ODA Portfolio

ODA	CY 2020			CY 2021		
	Loan/ Grant Count	Commitment ¹² (In Million USD)	Number of programs/ projects supported by ODA	Loan/ Grant Count	Commitment ¹³ (In Million USD)	Number of Programs/ Projects supported by ODA
Loans¹⁴	106	29,003.92	93	107	30,147.91	94
Programs	30	11,813.15	26	28	11,741.18	24
Projects	76	17,190.77	67	79	18,406.73	70
Grants	251	1,687.80	251	297	2,091.33	297
Projects	251	1,687.80	251	297	2,091.33	297
Total	357	30,691.72	344	404	32,239.24	391
Programs	30	11,813.15	26	28	11,741.18	24
Projects	327	18,878.57	318	376	20,498.06	367

The total cost of the 70 loan-assisted projects, as approved by the ICC, amounted to PHP2.94 trillion, of which PHP691.56 billion or 24 percent was sourced using government counterpart funds. The percentage share of each fund category to the total cost of the entire portfolio is shown in Table 2.2. Refer to **Annex 2-A** for the list of ODA loan-assisted projects in 2021 by implementing agency (IA) and the corresponding ICC-approved total project cost. Meanwhile, total cost for program loans, as approved by the Development Budget Coordination Committee (DBCC), amounted to USD11.74 billion, which were purely funded by loans. See **Annex 2-B** for the list of DBCC-approved program loans.

¹² Non-USD denominated loans and grants are converted in USD amounts based on the quarterly average foreign exchange rates as of 4Q 2020 published on the BSP website.

¹³ Non-USD denominated loans and grants are converted in USD amounts based on the quarterly average foreign exchange rates as of 4Q 2021 published in the BSP website.

¹⁴ The total count in 2020 and 2021 includes one hybrid loan (the WB-funded Beneficiary First Social Protection Project of the DSWD) that is counted twice (as a program loan worth USD580 million and as a project loan worth USD20 million).

Table 2.2 Share of Various Fund Categories to the Project Loans Portfolio

Fund Category	Amount (In Million PHP)	Percent Share to Total Portfolio
Loan Proceeds	2,194,810.15	74.73
Grant Proceeds	2,053.69	0.07
Government of the Philippines Counterpart	691,562.62	23.54
Private Sector Counterpart	40,788.16	1.39
LGU/ Beneficiary Counterpart	7,074.83	0.24
Others ¹⁵	867.00	0.03
Total Project Cost	2,937,156.45	100.00

2.1 ODA Distribution

By Implementing/Executing Agency

In 2021, DOF, as the borrower or as signatory on behalf of the government, accounted for the largest share of the active ODA portfolio with 28 percent [USD9.05 billion for 24 loans (four project loans and 20 policy-based program loans) and USD27.06 million for five grants]. Of the 24 loans contracted by DOF, there were 18 loans used for COVID-19 response¹⁶. This was followed by the Department of Transportation (DOTr) with 25 percent (USD7.98 billion for 20 loans and USD111.58 million for eight grants) and DPWH with 15 percent (USD4.75 billion for 22 loans and USD209.39 million for 12 grants). In total, ODA received by the top three agencies constitute 69 percent (USD22.13 billion) of the entire ODA portfolio. Table 2.3 presents the ODA distribution by implementing/executing agency.

¹⁵ Refers to DTI's Rural Agro-Enterprise Partnership for Inclusive Development and Growth Project's other fund sources, specifically: (a) Financial Service Providers (PHP621.85 million); (b) Small and Medium Enterprises' Equity (PHP141.9 million); and (c) Farmers' Equity (PHP103.25 million).

¹⁶ Total net commitment for said loans amounted to USD7.98 billion. Program loans typically involve other agency/ies or multiple implementing agencies listed in the policy matrix attached to or part of the loan agreement.

Table 2.3 ODA Distribution by Implementing Agency

Implementing/ Executing Agency	Loans	Grants	Total Count	Loan Net Commitment (In Million USD)	Grant Amount (In Million USD)	Total ODA (In Million USD)	Percent Share on Total ODA
DOF	24	5	29	9,051.65	27.06	9,078.71	28.16
DOTr	20	8	28	7,978.45	111.58	8,090.03	25.09
DPWH	22	12	34	4,752.61	209.39	4,962.00	15.39
DOH	9	20	29	2,825.00	218.77	3,043.77	9.44
DSWD	6	9	15	1,900.00	30.59	1,930.59	5.99
DA	5	25	30	891.40	74.07	965.47	2.99
DepEd	2	11	13	600.00	68.02	668.02	2.07
DILG	2	1	3	562.00	1.00	563.00	1.75
DAR	3	2	5	422.97	2.57	425.54	1.32
Multi-Agency	–	36	36	–	410.82	410.82	1.28
MWSS	3	–	3	404.56	–	404.56	1.26
DP-Implemented ¹⁷	–	62	62	–	380.61	380.61	1.18
NIA	4	–	4	343.02	–	343.02	1.06
Other IAs ¹⁸	–	59	59	–	280.44	280.44	0.87
DENR	2	17	19	138.40	87.88	226.28	0.70
LGU-Implemented ¹⁹	–	19	19	–	139.02	139.02	0.43
BOC	1	1	2	88.28	0.25	88.53	0.28
DTI	1	2	3	62.90	2.64	65.54	0.20
LWUA	1	2	3	60.00	3.00	63.00	0.20
LBP	1	4	5	43.37	5.33	48.70	0.15
DOE	–	2	2	–	38.29	38.29	0.12
PCC	1	–	1	23.30	–	23.30	0.07
Total	107	297	404	30,147.91	2,091.33	32,239.24	100.00

¹⁷ DP-implemented projects are grants that are administered directly by the DPs including Australia, EU, FAO, GIZ, IOM, KOICA, Netherlands, New Zealand, UNDP, UNFPA, UNIDO, and USAID.

¹⁸ Other implementing agencies include: NEDA with six projects; BSP with five projects; BIR, BTA, and SEC with three projects; CHR, CWC, DOLE, DOST, MCWD, PAGASA, POPCOM, and PPP Center with two projects; and CCC, COA, DICT, DND, DOT, ECCD, MINDA, MMDA, NCCA, NEA, NNC, NWRB, OPAPP, PAWD, PCG, PCW, PhilMech, PhilSA, PNP, SC, SRA, UP, and NPC with one project.

¹⁹ LGU-implemented projects are grants that are administered by the LGUs in NCR, BARMM, CAR, Regions 2, 3, 4A, 4B, 5, 6, 7, 9, 11, 12, and Caraga.

By Sector

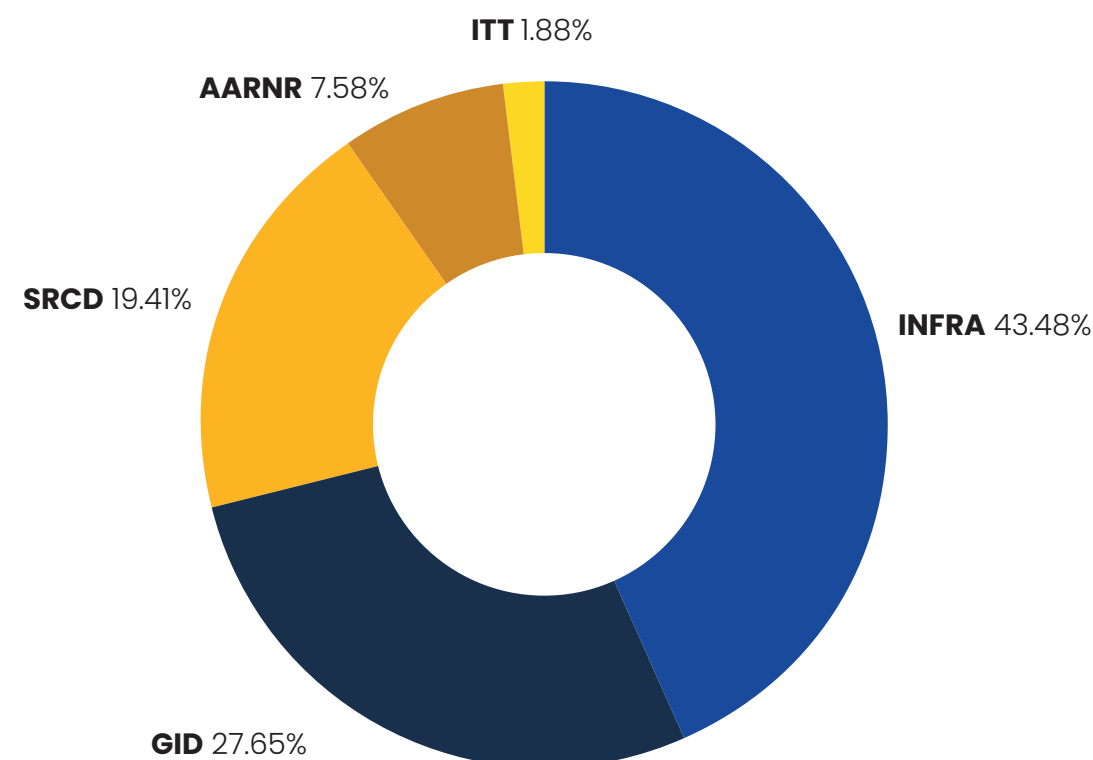
ODA programs and projects are classified into five sectors: agriculture, agrarian reform, and natural resources (AARNR); governance and institutions development (GID); industry, trade, and tourism (ITT); infrastructure development (INFRA); and social reform and community development (SRCD).

Table 2.4 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 agroforestry, 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 43 percent (USD14.02 billion), followed by the GID sector with 28 percent (USD8.91 billion), the SRCD with 19 percent (USD6.26 billion), the AARNR with eight percent (USD2.44 billion), and the ITT sector with two percent (USD607 million) (see Figure 2.1 for loans and grants distribution by sector and **Annex 2-C** for the distribution of ODA loans by sector and subsector).

Figure 2.1 ODA Loans and Grants Distribution by Sector in CY 2021



Sector	Loans	Grants	Total Count	Loan Net Commitment (In Million USD)	Grant Amount (In Million USD)	Total ODA (In Million USD)	Percent Share on Total ODA
INFRA	48	38	86	13,445.62	572.17	14,017.79	43.48
GID	22	77	99	8,424.95	489.95	8,914.90	27.65
SRCD	18	77	95	5,725.00	531.40	6,256.40	19.41
AARNR	16	86	102	2,125.22	317.93	2,443.15	7.58
ITT	3	19	22	427.12	179.88	607.00	1.88
Total	107	297	404	30,147.91	2,091.33	32,239.24	100.00

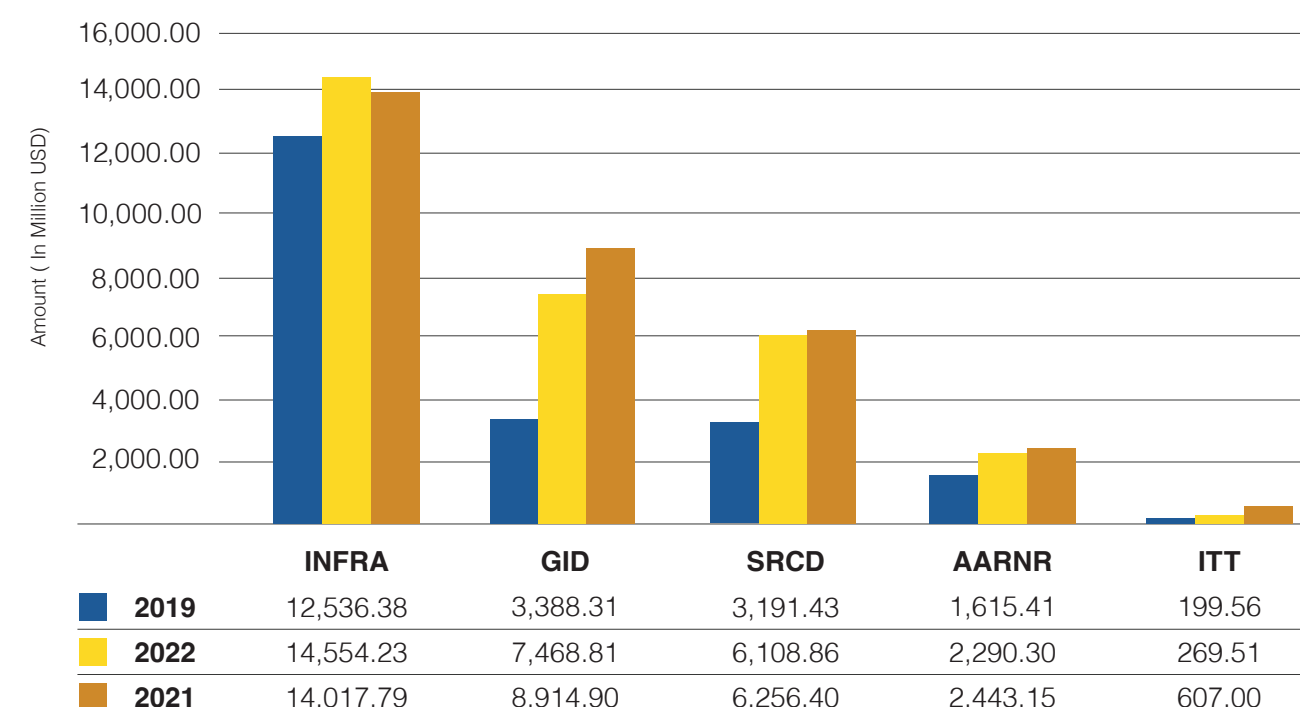
Meanwhile, for the 92 new ODA loans and grants that entered the portfolio in 2021 (Table 2.5), the SRCD sector accounted for the highest share with 46 percent (USD3.03 billion for eight loans and 24 grants), followed by GID sector with 31 percent (USD2.04 billion for five loans and 22 grants). The INFRA sector, accounting for the largest share in the whole portfolio, only came fourth with nine percent (USD596.52 million for three loans and six grants).

Table 2.5 Sectoral Distribution of New ODA Loans and Grants in 2021

Sector	Loans Count	Loan Net Commitment (In Million USD)	Grant Count	Grant Amount (In Million USD)	Total Count	Total ODA (In Million USD)	Percent Share on Amount
SRCD	8	3,000.00	24	34.26	32	3,034.26	45.64
GID	5	2,000.00	22	44.31	27	2,044.31	30.75
AARNR	2	566.06	17	92.96	19	659.02	9.91
INFRA	3	580.60	6	15.92	9	596.52	8.97
ITT	1	275.94	4	38.46	5	314.40	4.73
Total	19	6,422.60	73	225.91	92	6,648.51	100.00

A three-year comparison shows that GID and ITT sector investments significantly increased in 2021. While there was a continued increase in ODA to the SRCD and AARNR sectors, the 2021 data exhibited that more ODA loans and grants were provided to the ITT sector for the promotion of digital economy and the GID sector in support of programs and projects for COVID-19 response.

Figure 2.2 Three-Year (CY 2019 to CY 2021) Comparison of ODA by Sector



By Region²⁰

Nationwide-implemented ODA programs/projects had the largest share of the total active ODA portfolio in 2021 with 51 percent share (USD16.38 billion), followed by region-specific programs/projects with 28 percent share (USD9.03 billion), and multi-regional programs and projects with 21 percent share (USD6.80 billion). Table 2.6 shows the ODA distribution by area coverage.

Table 2.6 Distribution of ODA Loans and Grants by Area Coverage

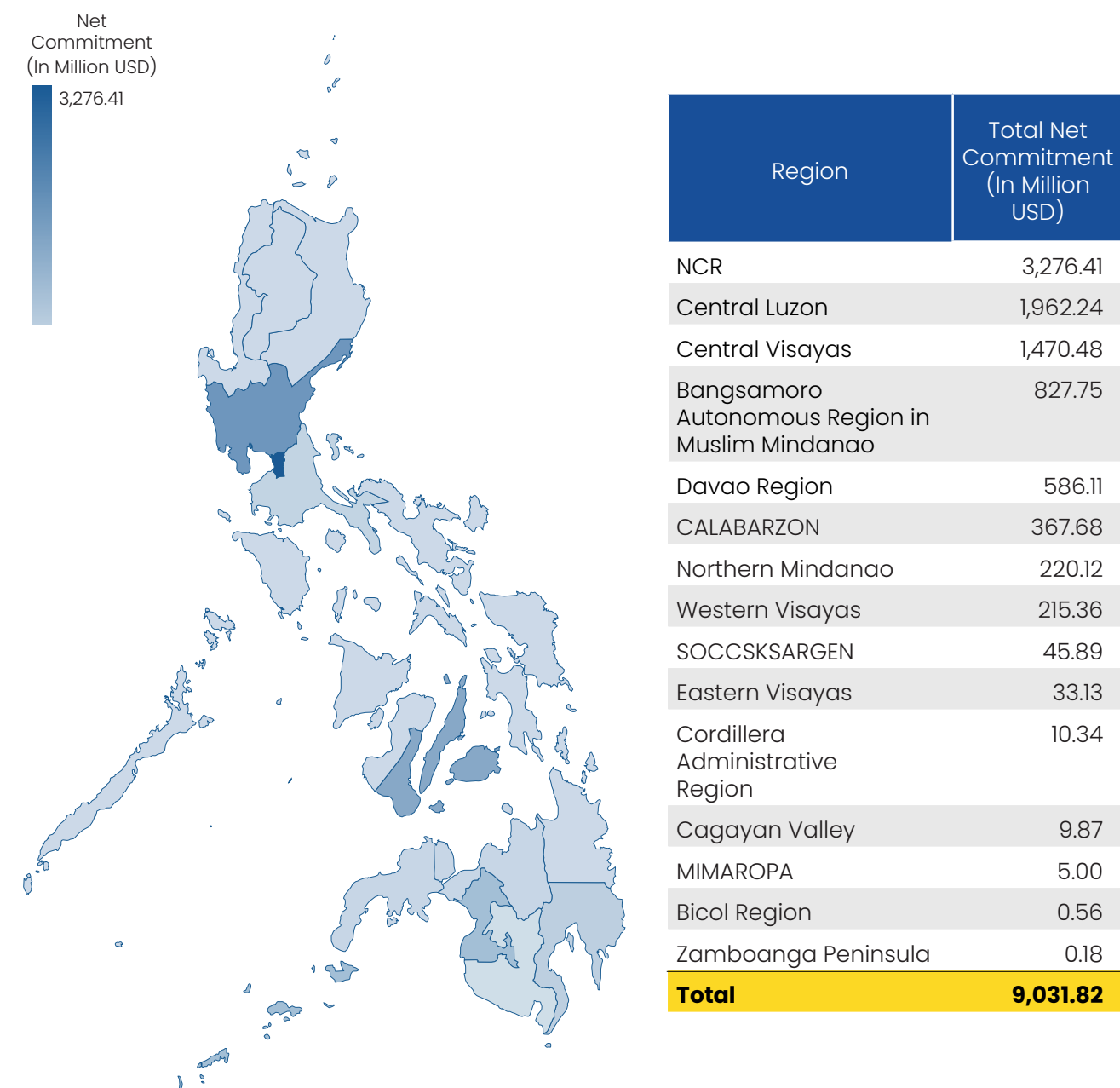
Coverage	Loans		Grants		Total		
	Count	Net Commitment (In Million USD)	Count	Net Commitment (In Million USD)	Count	Net Commitment (In Million USD)	Percent Share on Total ODA Portfolio (%)
Nationwide	49	15,572.89	150	806.67	199	16,379.56	50.81
Programs	26	10,841.17	-	-	26	10,841.17	33.63
Projects	23	4,731.72	150	806.67	173	5,538.39	17.18
Multi-regional	19	6,195.02	69	610.35	88	6,805.37	21.11
Programs	-	-	-	-	-	-	-
Projects	19	6,195.02	69	610.35	88	6,805.37	21.11
Region-specific	39	8,380.00	73	651.82	112	9,031.82	28.01
Programs	1	300.00	-	-	1	300.00	0.93
Projects	38	8,080.00	73	651.82	112	8,731.82	27.08
Unspecified²¹	-	-	5	22.49	5	22.49	0.07
Programs	-	-	-	-	-	-	-
Projects	-	-	5	22.49	5	22.49	0.07
Total	107	30,147.91	297	2,091.33	404	32,239.24	100.00

²⁰ The three major classifications of area coverage are (a) nationwide; (b) multi-regional; and (c) region-specific. Region-specific programs/projects are implemented in only one region while multi-regional programs/projects are implemented in various regions of the country.

²¹ Area coverage are unspecified due to unavailability of data from Japan (three projects) and UNIDO (two projects).

Meanwhile, for region-specific programs and projects, the top five regions with the largest share of the ODA portfolio were the National Capital Region or NCR (36%), Central Luzon (22%), Central Visayas (16%), BARMM (9%), and Davao Region (6%). Figure 2.3 shows the distribution and the respective ODA net commitments for region-specific ODA programs and projects in CY 2021.

Figure 2.3 Distribution of Region-specific ODA Loans and Grants in CY 2021



By Fund Source

Cumulatively, Japan remains to be the top provider of ODA to the country, accounting for 32 percent share (USD10.36 billion for 27 loans and 47 grants), followed by Asian Development Bank (ADB) with 28 percent (USD8.99 billion for 31 loans and 26 grants), and World Bank (WB) with 24 percent (USD7.66 billion for 25 loans and eight grants). Total assistance from the three DPs accounted for 84 percent of the ODA portfolio as of 2021. Table 2.7 provides the percentage distribution of active ODA by fund source.

Table 2.7 Total ODA by Fund Source in Million USD

Fund Source	Loans	Grants	Total Count	Loan Net Commitment (In Million USD)	Grant Amount (In Million USD)	Total ODA (In Million USD)	Percent Share on Total ODA Portfolio
Japan ²²	27	47	74	10,018.90	337.69	10,356.59	32.12
ADB	31	26	57	8,873.47	112.44	8,985.91	27.87
WB	25	8	33	7,621.30	36.62	7,657.92	23.75
AIIB	4	-	4	1,507.60	-	1,507.60	4.68
China	4	5	9	769.02	174.47	943.49	2.93
Korea ²³	8	16	24	837.26	87.90	925.16	2.87
USA ²⁴	-	41	41	-	629.69	629.69	1.95
UN System ²⁵	5	102	107	149.18	231.65	380.83	1.18
France	2	5	7	344.30	2.80	347.10	1.08
EU	-	7	7	-	227.52	227.52	0.71
Australia	-	16	16	-	130.82	130.82	0.41
Germany	-	8	8	-	73.65	73.65	0.23
Italy	1	2	3	26.88	5.81	32.69	0.10
Netherlands	-	5	5	-	20.53	20.53	0.06
Canada	-	2	2	-	14.01	14.01	0.04
Spain	-	3	3	-	3.48	3.48	0.01
New Zealand	-	2	2	-	2.05	2.05	0.01
Others ²⁶	-	2	2	-	0.20	0.20	0.00
Total	107	297	404	30,147.91	2,091.33	32,239.24	100.00

²² Japan accounts for the contributions of the Japan International Cooperation Agency (JICA) and the Embassy of Japan (i.e., Non-Project Grant Aid).

²³ Korea accounts for the contributions of the Korea International Cooperation Agency (KOICA), Korea Rural Economic Institute (KREI), Ministry of Agriculture Food and Rural Affairs – Education, Promotion, and Information Service (MAFRA-EPIIS).

²⁴ USA accounts for the contributions of United States Agency for International Development (USAID) and United States Trade and Development Agency (USTDA).

²⁵ UN System is composed of FAO, IFAD, IOM, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIDO, WFP, and WHO. 26 Others includes Japan-ASEAN Integrated Fund (JAIF) and Alliance for Financial Inclusion (AFI).

²⁶ Others includes Japan-ASEAN Integrated Fund (JAIF) and Alliance for Financial Inclusion (AFI).

Meanwhile, of the 92 new ODA loans and grants that entered the portfolio in 2021, about 44 percent were from WB (USD2.90 billion for seven loans and two grants), followed by ADB with 34 percent (USD2.23 billion for six loans and five grants), and the Asian Infrastructure Investment Bank (AIIB) with eight percent (USD550 million for two loans).

Table 2.8 Distribution of New ODA Loans and Grants in 2021 by Fund Source

Fund Source	Loans	Grants	Total Count	Loan Net Commitment (In Million USD)	Grant Amount (In Million USD)	Total ODA (In Million USD)	Percent Share on Total ODA Portfolio
WB	7	2	9	2,880.00	21.64	2,901.64	43.65
ADB	6	5	11	2,225.10	6.20	2,231.30	33.56
AIIB	2	-	2	550.00	-	550.00	8.27
France	1	3	4	286.06	1.60	287.66	4.33
China	1	-	1	275.94	-	275.94	4.15
Korea ²⁷	2	3	5	205.50	12.09	217.59	3.27
USA ²⁸	-	7	7	-	54.02	54.02	0.81
UN System ²⁹	-	38	38	-	66.33	66.33	1.00
EU	-	2	2	-	34.59	34.59	0.52
Japan ³⁰	-	10	10	-	21.91	21.91	0.33
Australia	-	2	2	-	7.41	7.41	0.11
Others ³¹	-	1	1	-	0.12	0.12	0.00
Total	19	73	92	6,422.60	225.91	6,648.51	100.00

²⁷ Korea accounts for the contributions of the Korea International Cooperation Agency (KOICA) and Ministry of Agriculture Food and Rural Affairs – Education, Promotion, and Information Service (MAFRA-EPIIS).

²⁸ USA accounts for the contributions of United States Agency for International Development (USAID) and United State Trade and Development Agency (USTDA).

²⁹ UN System is composed of FAO, IOM, UNDP, UNICEF, and UNIDO.

³⁰ Japan accounts for the contributions of the Japan International Cooperation Agency (JICA) and the Embassy of Japan (i.e., Non-Project Grant Aid).

³¹ Others include Alliance for Financial Inclusion (AFI).

ODA on Climate Change Adaptation and Mitigation and Disaster Risk Reduction

Concerned IAs identified 37 projects (21 were loan-funded and 16 were grant-funded) which have 66 components on climate change (CC) adaptation and mitigation and disaster risk reduction (DRR) with a total cost of PHP128.80 billion (Table 2.9). The complete list of loan- and grant-assisted projects supporting CC mitigation/adaptation and DRR is provided in **Annex 2-D**.

Table 2.9 ODA Addressing Climate Change Adaptation and Mitigation and Disaster Risk Reduction

CC and DRR Initiatives	Total No. of Projects	Fund Source				Total	
		Loans		Grants			
		No. of components	Cost (In Million PHP)	No. of components	Cost (In Million PHP)	No. of components	Cost (In Million PHP)
CC Adaptation	11	13	32,260.06	14	671.52	27	32,931.58
CC Mitigation	10	4	247.59	10	3,262.35	14	3,509.94
DRR	11	10	87,822.97	2	198.62	11	88,021.59
CC Adaptation and Mitigation	1	2	34.46	-	-	2	34.46
CC Adaptation and Mitigation and DRR	2	7	4,296.53	-	-	7	4,296.53
Adaptation and DRR	2	-	-	4	4.81	4	4.81
Total	37	36	124,661.61	30	4,137.30	66	128,798.91

Box 2.1 Climate Change Adaptation and Mitigation and Disaster Risk Reduction

The Climate Change Act of 2009 (RA 9729 as amended by RA 10171) and National Framework Strategy on Climate Change 2010–2022 define climate change (a) adaptation; and (b) mitigation strategies as follows:

Adaptation – adjustments in natural or human systems in response to actual or expected climatic stimuli or impacts, which moderate harm or exploit beneficial opportunities. Some mitigation measures include: (a) integrated ecosystem-based management; (b) water governance and management; (c) promotion of climate-responsive agriculture; (d) support climate-responsive health sector; and (e) encourage climate proofing infrastructure.

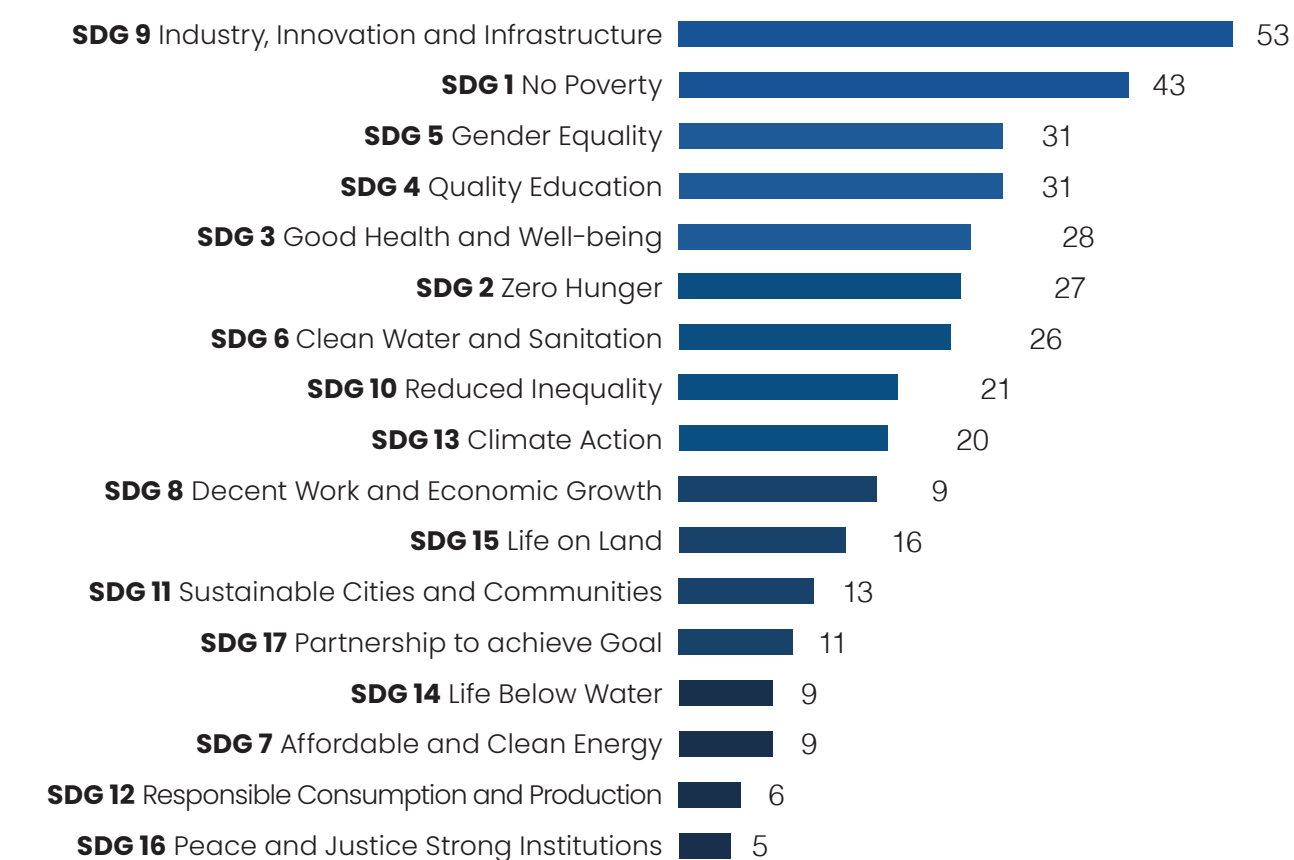
Mitigation – human intervention to reduce anthropogenic emission sources and enhance removals by sinks of all greenhouse gases, including ozone-depleting substances and their substitute. Some of the mitigation measures include: (a) energy efficiency and conservation; (b) realization of the full potential of the country's renewable energy; (c) improvement of the transport sector through the uptake of alternative fuels and expansion of mass transport systems; (d) making use of energy-efficient design and materials for public expenditure and settlements; (e) reduction of emissions from deforestation and forest degradation; and (f) waste management.

Meanwhile, disaster risk reduction (as defined under RA 10121) refers to the concept and practice of reducing disaster risks through systematic efforts to analyze and manage the causal factors of disasters, including through reduced exposures to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.

2.1.1 Sustainable Development Goals

In 2021, a total of 141 programs and projects supported the achievement of the 17 SDGs (66 programs and projects were loan-funded, 68 were grant-funded, and seven were supported by both loans and grants). The top three SDGs supported by ODA loans and grants are SDG 9 (Industry, Innovation and Infrastructure), SDG 1 (No Poverty), and SDGs 4 and 5 (Quality Education and Gender Equality), with 53, 43, and 31 ODA programs and projects, respectively (see Figure 2.4). See **Annex 2-E** for the list of ODA loans and grants supporting the SDGs.

Figure 2.4 ODA Programs and Projects* Supporting SDGs



*A program/project may contribute to more than one SDG



Box 2.2 Sustainable Development Goals

Built on the success of the Millennium Development Goals and anchored on the 2030 Agenda, the SDGs are 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 commit to uphold the achievement of the following goals by 2030.

(Source: United Nations [2016]. Overview of the SDGs).

SUSTAINABLE DEVELOPMENT GOALS



2.1.2 Promoting Gender-Responsiveness of Projects

Pursuant to RA 7192 (Women in Development and Nation-Building Act) and RA 9710 (Magna Carta of Women), NEDA has been tracking the amount of ODA allotted for gender-responsive programs and projects. RA 9710 specifically provides that “5-30 percent of funds received from foreign investments and multilateral agencies are in support of gender-responsive programs and projects.” The Harmonized Gender and Development Guidelines (HGDG)³² is a tool in monitoring the gender responsiveness of ODA programs and projects in terms of their design, implementation, management, monitoring and evaluation. For 2021, about 84 percent of the number of ODA projects with available Gender and Development (GAD) classification were accounted to be gender-responsive and gendersensitive, with a total cost attributed to GAD amounting to PHP556.03 billion (Table 2.10). Meanwhile, the remaining 16 percent was comprised of programs/projects with promising GAD prospects (worth PHP10.18 billion). The complete list is provided in **Annex 2-F**.

Table 2.10 Classification of ODA Projects by Gender-Responsiveness

Classification	Projects			
	Count	Percent Share	Total Project Cost (In Million PHP)	Percent Share
Gender-Responsive	23	53.49	489,338.44	86.42
Loans	15		482,870.48	
Grants	8		6,467.97	
Gender-Sensitive	13	30.23	66,693.69	11.78
Loans	10		63,929.27	
Grants	3		2,764.42	
With Promising GAD Prospects	7	16.28	10,176.23	1.80
Loans	4		9,964.46	
Grants	3		211.77	
GAD is Invisible in the Project	-	-	-	-
Loans	-		-	
Grants	-		-	
Total	43	100.00	566,208.35	100.00

³² Copy of the Harmonized Gender and Development Guidelines for Project Development, Implementation, Monitoring and Evaluation is available through: <https://tinyurl.com/HGDGuidelines>, pursuant to the PCW-NEDA-DBM Joint Circular No.v 2012-01 Providing the Guidelines for the Preparation of Annual Gender and Development Plans and Budgets and Accomplishment Reports to Implement the Magna Carta of Women.

2.2 ODA Status

ODA Loans

The loans portfolio in 2021 amounted to USD30.15 billion for 79 project loans and 28 program loans worth USD18.41 billion and USD11.74 billion, respectively. The amount is net of USD203.44 million loan cancellations. The 28 programs loans support 24³³ policy- and sector-based activities and investments, while the 79 project loans support 70³⁴ projects. **Annex 2-G** provides the list of active ODA loans and **Annex 2-H** provides the description of loan-supported programs and projects.

Box 2.3 CY 2021 ODA Loans Net Commitment in Original Currency

Loans contracted in their original currencies were as follows:

Currency	Loan Count	Net Commitment in Original Currency (Millions)	Net Commitment (In Million USD)
USD	66	18,351.53	18,351.53
JPY	26	1,115,577.00	9,816.86
EUR	7	1,072.09	1,223.65
KRW	7	872,471.18	737.26
SDR*	1	13.25	18.61
Total	107	-	30,147.91

For the purpose of analysis and reporting, the non-USD denominated loans were converted to USD using the average monthly foreign exchange rates for the last quarter of 2021 published in the Bangko Sentral ng Pilipinas website

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. The Department of Finance (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 19 new direct loans that entered the NG in 2021, the weighted average grant element is 63.60 percent based on the computation of the DOF. 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-I. The grant element of all active ODA loans as of 2021 are shown in Annex 2-J.

Source: DOF (2022). Grant Element of Active ODA Loans in 2021.

Of the 19 new loans in 2021, there were 12 loans that became effective (five program loans and seven project loans), six were signed but not yet effective (two program loans and four project loans), while one program loan closed in 2021.

Table 2.11 CY 2020 and CY 2021 Status of ODA Loans in Million USD by Loan Type

Status	Programs				Projects			
	CY 2020		CY 2021		CY 2020		CY 2021	
	Net Commitment (In Million USD)	Loan Count	Net Commitment (In Million USD)	Loan Count	Net Commitment (In Million USD)	Loan Count	Net Commitment (In Million USD)	Loan Count
Continuing	3,650.00	10	8,455.12	20	14,330.28	62	15,270.20	68
Closed	2,050.00	5	2,589.99	6	1,127.97	8	342.74	5
Ongoing	1,600.00	5	5,865.13	14	13,202.31	54	14,927.46	63
New	8,163.15	20	3,286.06	8	2,860.49	14	3,136.54	11
Closed	1,197.93	5	100.00	1	-	-	-	-
Newly Effective	5,785.22	13	1,986.06	5	2,314.21	9	2,161.44	7
Newly Signed but not yet Effective	1,180.00	2	1,200.00	2	546.28	5	975.10	4
Total	11,813.15	30	11,741.18	28	17,190.77	76	18,406.74	79

Based on the annual comparison of ODA loans from 2019 to 2021 (see Table 2.12), there is a steady increase in continuing loans, while for new loans, a significant increase is observed from 2019 to 2020 and a decrease from 2020 to 2021.

Table 2.12 Status of Loans in Million USD CY 2019 to 2021

Status	2019 ³⁵		2020		2021	
	Net Commitment (In Million USD)	Loan Count	Net Commitment (In Million USD)	Loan Count	Net Commitment (In Million USD)	Loan Count
Continuing	13,180.56	65	17,980.28	72	23,725.31	88
Closed	1,815.10	11	3,177.97	13	2,932.72	11
Newly Effective	211.21	1	-	-	-	-
Ongoing	11,154.25	53	14,802.31	59	20,792.59	77
New	6,109.36	16	11,023.64	34	6,422.60	19
Closed	450.00	1	1,197.93	5	100.00	1
Newly Effective	3,614.24	7	8,099.43	22	4,147.50	12
Not yet Effective	2,045.12	8	1,726.28	7	2,175.10	6
Total	19,289.92	81	29,003.92	106	30,147.91	107

³³ The Covid-19 Active Response and Expenditure Support Program is being supported by five loans.

³⁴ There is one project being supported by three loans, eight projects being supported by two loans each, and two projects being supported by one loan.

³⁵ The CY 2019 figures are based on the adjusted data reported in the published CY 2020 ODA Review Report.

ODA Loans for COVID-19 Response

As of December 2021, there are 36 active ODA loans³⁶ amounting to USD13.64 billion (USD5.57 billion for 15 new loans and USD8.07 billion for 21 continuing loans³⁷) signed by the government in support of various programs and projects for COVID19 response. Of the USD13.64 billion, 68 percent or USD9.32 billion was disbursed as of end 2021 (see Table 2.13). **Annex 2-K** provides the list of loans for COVID-19 response and corresponding status as of December 2021.

Table 2.13 Status of COVID-19 ODA Loans in CY 2021

Status	Loan Count	Net Commitment (In Million USD)	Actual Availment as of December 2021 (In Million USD)
Continuing	21	8,070.12	7,154.82
Program	16	7,155.12	6,847.34
Closed	5	2,189.99	2,189.99
Ongoing	11	4,965.13	4,657.35
Project	5	915.00	307.48
Ongoing	5	915.00	307.48
New	15	5,566.06	2,160.71
Program	8	3,286.06	1,268.56
Closed	1	100.00	100.00
Newly Effective	5	1,986.06	1,168.56
Note yet Effective	2	1,200.00	0
Project	7	2,280.00	892.15
Newly Effective	4	1,480.00	892.15
Note yet Effective	3	800.00	0
Grand Total	36	13,636.18	9,315.53

Source: DOF's tracker (as of 29 Mar 2022) on financing secured for COVID-19 response, which may be accessed at: <https://www.dof.gov.ph/data/fin-agreements/>

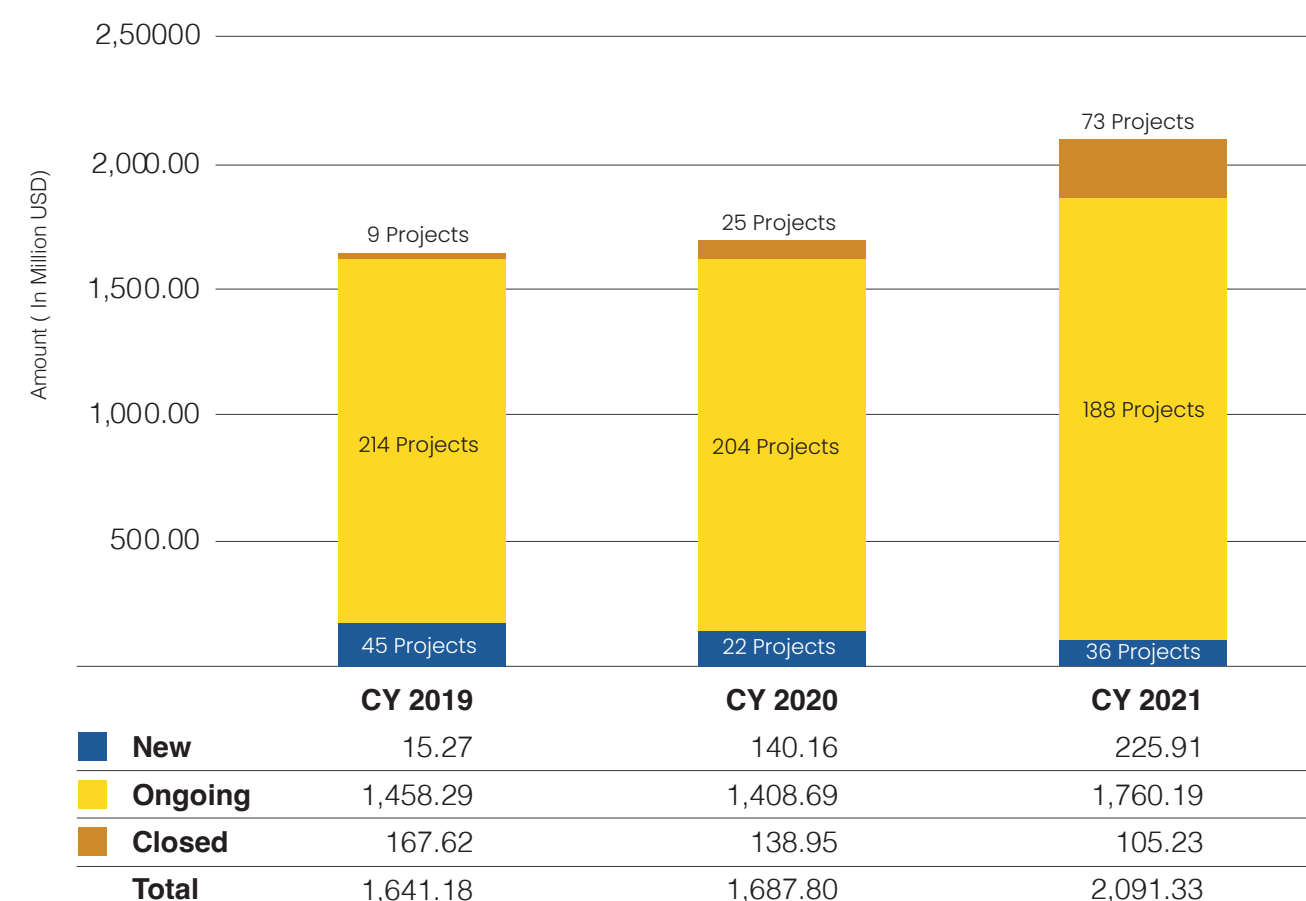
³⁶ This include one WB-assisted hybrid loan, i.e., the Philippines Beneficiary FIRST Social Protection Project which was counted twice, as a program loan worth USD580 million and as a project loan worth USD20 million.

³⁷ This include one WB-assisted loan contracted in 2019, i.e., Philippines Social Welfare Development and Reform Project II – Additional Financing with a total loan amount of USD300 million, of which USD200 million is availed for budgetary support purposes in light of COVID-19 response.

ODA Grants

The ODA grants portfolio as of 2021 consisted of 297 active ODA grant-assisted projects from 32 DPs. Covered in this report are 73 new grants and 224 active grants continuing from previous years with a total grant amount of USD2.09 billion. Of the continuing grants, 188 are still ongoing while 36 were already closed in 2021 (see Figure 2.5). The total number of active grantassisted projects increased from 251 projects in 2020 to 297 projects in 2021. In effect, there was an increase in the total grant amount from USD1.69 billion in 2020 to USD2.09 billion as of December 2021. **Annex 2-L** provides the list of ODA grants covered in the report.

Figure 2.5 Magnitude of ODA Grants, in Million USD (CY 2019 to CY 2021)



Box 2.5 Classification of ODA Grant Assistance

ODA grants covered in this report only refer to those provided by DPs where the Government of the Philippines (GPH) is the implementing/executing agency, and/or a direct beneficiary. These grants are classified as follows:

Joint programmes – Projects involving the government and two or more organizations with a joint work plan and related common budgetary framework intended to achieve results aligned with national priorities

GPH-implemented – Projects directly implemented by the GPH, with budgetary support from DPs going directly to the GPH treasury;

Grants coursed through other DPs – Grants with GPH as the beneficiary but are administered by DPs or coursed through other DP facilities;

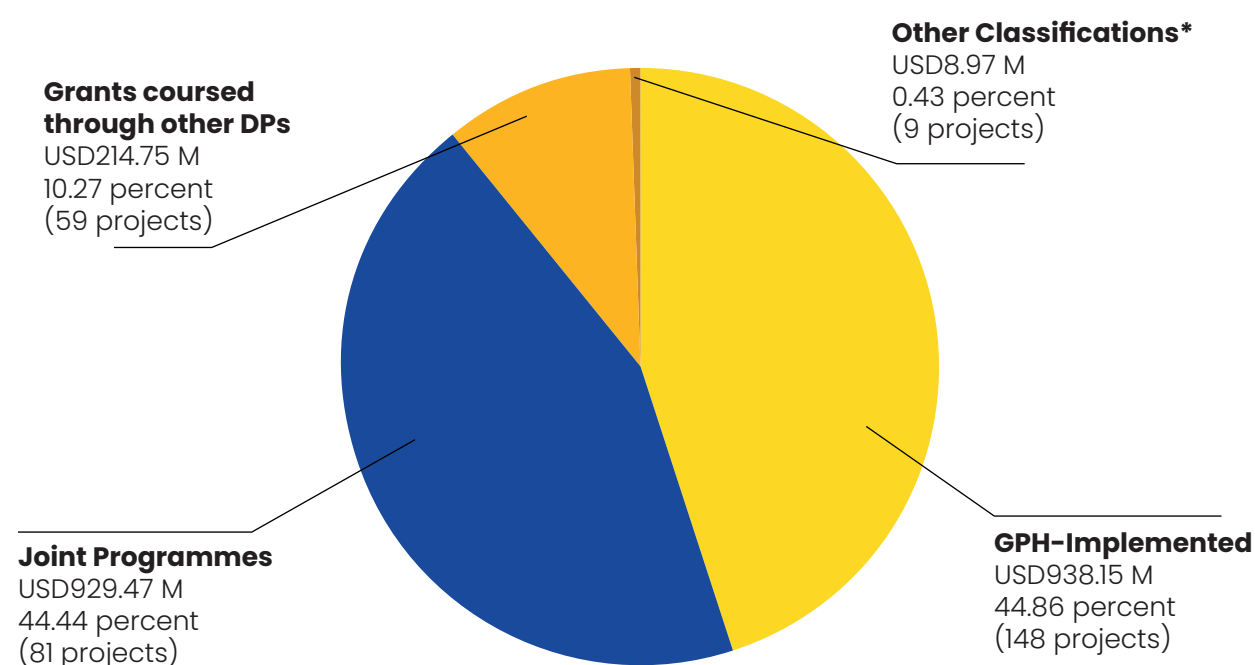
Regional/inter regional/global projects/facilities – Global partnership projects with contributions from one or more DPs; and

Trust fund – Financing arrangements with contributions from one or more DPs.

Source: NEDA-Monitoring and Evaluation Staff (2018). Updated Guidelines on ODA Grants Monitoring and Reporting.

Figure 2.6 shows the classification and respective shares of active grants based on count and commitment amount. Grants classified as GPH-implemented and joint programmes (in the form of capital grants, emergency/relief, trust funds, technical cooperation, among others) account for the largest commitment amount with a combined share of 89 percent.

Figure 2.6 Distribution of ODA Grant Assistance by Classification



*Other classifications include regional/inter regional/global projects or facilities amounting to USD6.62 million (0.32% with 7 projects) and Trust Funds amounting to USD2.35 million (0.11% with 2 projects).

Table 2.14 shows the breakdown of GPH-implemented grants by type and count, and the corresponding shares in the total amount of GPH-implemented grants. The Binondo-Intramuros Bridge and Estrella-Pantaleon Bridge of Department of Public Works and Highways (DPWH) received the largest grant assistance classified as GPH-implemented with an amount of USD103.47 million from the Chinese government.

Table 2.14 GPH-implemented ODA Grants by Type in CY 2021

Grant Type	Total grant amount (In Million USD)	Percent share	Grant count	Percent share
Capital Grants	316.44	33.73	14	9.46
Technical Assistance	214.83	22.90	33	22.30
Mixed ³⁸	201.04	21.43	27	18.24
Technical Cooperation	129.29	13.78	56	37.84
Emergency/Relief	36.62	3.90	8	5.41
Trust Fund	36.59	3.90	7	4.73
Others ³⁹	3.34	0.36	3	2.02
Total	938.15	100.00	148	100.00

Note that the table above does not include regional/inter regional/global projects or facilities that did not disclose grant amount earmarked specifically for the Philippines. In CY 2021, there were 116 projects under the said category: 51 were from the UN System, 33 from ADB, 18 from Australia, eight from Canada, and six from the UK (see **Annex 2-M** for the list of regional/inter regional/global projects or facilities grants). Further, 18 DPs provided supplemental information on grants not classified as ODA as these were channeled through civil society organizations, including nongovernment organizations and private sector groups. Reported under this category were 182 programs/projects worth USD380.70 million (see **Annex 2-N** for the list of non-ODA grants).

ODA Grants for COVID-19 Response

The ADB, Australia, Japan, UN System, and WB provided assistance to the GPH's COVID-19 interventions amounting to USD69.29 million for 11 grants. Japan provided the largest grant assistance amounting to USD23.66 million for two projects. **Annex 2-O** presents the list of grants reported by the DPs in support of GPH's COVID-19 response, and the corresponding financial performance as of December 2021.

³⁸ Mixed grants refer to projects with components belonging to various grant types.

³⁹ Others refer to grants which have not been specifically classified by the DPs or which pertain more to funding modalities or financing schemes.

2.3 Infrastructure Flagship Projects

Background

The Build, Build, Build (BBB) Program represents the government's commitment to accelerate infrastructure development in the country. Infrastructure development remains among the top priorities of GPH to spur and sustain economic development, support a higher growth trajectory, and improve the quality of life in urban and rural communities

Infrastructure Flagship Projects

At the core of the government's Build, Build, Build Program are the Infrastructure Flagship Projects (IFPs), which are expected to greatly contribute to achieving the country's development goals by improving connectivity and stimulating growth across the country. The IFPs were conceptualized in 2017 with the following objectives:

- Prioritize game-changing and urgently needed projects of national significance;
- Facilitate the processing, approval, and implementation of the identified flagship projects; and
- Push substantial implementation on the ground to ensure continuity of pipeline projects into succeeding administration.

The original list of 75 IFPs was presented and endorsed for adoption during a special joint meeting of the NEDA Board Committee on Infrastructure (INFRACOM) and the ICC-CC on April 17, 2017. On June 27, 2017, the NEDA Board approved the adoption of the 75 IFPs.

On November 29, 2019, the government updated the list of IFPs to ensure the relevance and responsiveness of the flagship projects to the development objectives of the country in the medium term. The evolving list then contained 100 infrastructure projects (worth PHP4.35 trillion), wherein 36 projects were retained from the original 75, while 64 new projects were added.

Infrastructure Program Amid COVID-19

At the height of the pandemic in mid-2020, the INFRACOM approved a revised list of 104 IFPs (worth PHP4.13 trillion) to prioritize implementation-ready projects, help revitalize the economy, and promote economic recovery. The revised IFP list was subsequently approved through ad referendum by the NEDA Board on August 19, 2020. In the first quarter of 2021, the INFRACOM revisited the IFP list to consider the following:

- progress of implementation/government approvals/project development of each project in the list;
- inclusion of projects that were previously parked in the last updating exercise; and
- incorporation of additional projects that are responsive to the priorities under the new normal.

Accordingly, the INFRACOM, in coordination with the Office of the Presidential Adviser for Flagship Programs and Projects, approved the revised list of IFPs on April 14, 2021, composed of 112 projects. On May 12, 2021, the NEDA Board confirmed via ad referendum the INFRACOM approval of the revised IFP list.

However, due to the continued imposition of community quarantine across the country in 2021, the operations of the construction and transportation sectors, among others, were hampered, which affected the timely and efficient implementation of infrastructure projects.

IFPs by Source of Financing

Table 2.15 shows the financing sources of the 112 IFPs. The majority of the IFPs are ODA-funded (worth PHP2.9 trillion), with a share of 57.48 percent.

Table 2.15 IFPs by Source of Financing

Source of Financing	Number of Projects	Percent Share	Indicative Cost (In Million PHP)	Percent Share
ODA	53	47.32	2,896.98	57.48
PPP	28	25.00	1,742.03	34.56
GAA	25	22.32	235.92	4.68
Private	2	1.79	36.47	0.73
ODA/GAA	2	1.79	37.04	0.72
ODA/PPP	1	0.89	64.92	1.29
GAA/PPP	1	0.89	26.63	0.53
Total	112	100.00	5,039.99*	100.00

Status of active ODA-funded IFPs

As of the end of 2021, there were 40 IFPs under the active/ongoing loans/grants portfolio. These projects have a total investment requirement amount of PHP2.16 trillion.

The 40 IFPs are supported by 45 active loans⁴⁰ and four grants, majority of which are funded by Japan. Table 2.16 shows the number of IFPs per development partner. (**Annex 2-P** provides a list of ODA-funded projects).

⁴⁰ For loans, 28 projects are supported by one loan each, six projects are supported by two loans, one project is supported by three loans, while two projects (LRT Line 1 South Extension and LRT Line 2 East Extension) are under one loan "Capacity Enhancement of Mass Transit Systems in Metro Manila)

Table 2.16 Active ODA-funded IFPs by Development Partner

Development Partner	Number of Projects
Japan	16
ADB	7
China	7
Korea	5
WB	3
WB and AIIB	1
WB and France	1
Total	40

In terms of project implementation status as of December 2021, out of the 40 IFPs, two were completed, and the rest were in various stages of implementation/preparation. Additionally, two ODA-funded projects from previous IFP lists were completed as of December 2021. Table 2.17 shows the breakdown of status of ODA-funded IFPs.

Table 2.17 ODA-funded IFPs by Status

Development Partner	Number of Projects
Completed	4
From 112 IFPs	2
From Previous IFP Lists	2 ⁴¹
Inaugurated/Partially Open	2
Ongoing construction/implementation	24
Pre-construction/pre-implementation	11
Under project preparation	1
Total	42

⁴¹ The two completed projects are the: (1) Angat Water Transmission Improvement Project/MWSS/ADB from the 104 IFPs, and, (2) Improvement of remaining sections along Pasig River from Delpan Bridge to Napindan Channel (under Pasig Marikina River Channel Improvement Project, Phase III/DPWH/JICA) from the 75 IFPs.

Performance 3

3.1 Responsiveness of Program Loans to Financing Requirements

In 2021, there were 20 policy-based program loans, which supported investments in local governance finance, fiscal decentralization reforms, disaster risk reduction, and COVID-19 response. The remaining eight program loans supported sector-based activities related to education, social welfare and development, agriculture, and health. The majority (24 out of 28) of the program loans contracted as of December 2021 were provided for COVID-19 response.

Box 3.1 Types of Program Loans

The two 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.

Source: DOF

Program loans are intended to provide fiscal support and are based on quick-disbursement procedures of the DPs. Disbursement triggers are based on policy reforms agreed upon between the government and the development partners.

Disbursements of program loans are made on an as-needed basis following a financing program that is designed to bridge the fiscal deficit, while keeping the debt-to-gross domestic product (GDP) level sustainable. In 2021, the fiscal deficit reached PHP1.67 trillion, which is PHP298.70 billion or 21.78 percent higher than 2020 levels, as expenditures grew 10.60 percent vis-à-vis a 5.24 percent increase in government revenues.

Of the total USD11.74 billion for 28 program loans, USD3.37 billion was disbursed in 2021, in accordance with the National Government's financing requirements. Along with previous years' disbursements, this translates to 79 percent (USD9.26 billion) overall utilization rate as of December 2021. See **Annex 3-A** for the financial performance of program loans.

The government's ability to access concessional financing mitigated the pressure on capital markets to drive up interest rates on commercial borrowings. The continued high utilization rate is a testament of the government's prudent public financial management, and steadfast commitment to its development agenda. The increase in program loan financing in recent years also shows that the government continued to deliver critical policy reforms in several priority sectors even with the challenges brought about by the COVID-19 health crisis.

3.2 Financial Performance of Project Loans

Financial performance of project loans (disbursement rate and availment rate) declined in 2021 in comparison to 2020 despite the increase in disbursement level. The decline reflects the failure to meet the target disbursement and availment levels, mainly due to budgetary problems (e.g., late release of special allotment release order (SARO), low budget allocation, pending approval of loan reallocation), impacts of the COVID-19 pandemic (e.g., delays in procurement and implementation of project activities), procurement issues unrelated to COVID-19, and implementation delays due to adverse weather conditions, among others.

Box 3.2 Definition of Absorptive Capacity Indicators

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

Disbursement Rate is defined as the actual disbursement level as a percentage of target disbursement for the year.

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 the year inclusive of newly effective loans. Disbursement ratio increases or improves with an increase in actual disbursement

Source: NEDA (2018). NEDA Manual for Project Monitoring.

Table 3.1 shows the comparative financial performance of project loans in 2020 and 2021.

Table 3.1 ODA Project Loans Financial Performance (CY 2020 vs CY 2021)

Financial Indicators	Total		Change
	2020	2021	
Disbursement level (in Million USD)	1,062.57	2,123.21	99.82 percent
Disbursement ratio (in percent)	8.05	14.88	6.83 percentage points
Disbursement rate ⁴² (in percent)	66.69	48.17	(18.52) percentage points
Availment rate ⁴³ (in percent)	64.86	59.84	(5.02) percentage points
Loan count	76	79	3 loans

Disbursement Level

Disbursement level of project loans increased by 99.82 percent, from USD1.06 billion in 2020 to USD2.12 billion in 2021.

Table 3.2 Disbursement Level of Project Loans in CY 2020 and CY 2021

Loan Status	2020			2021		
	Loan Count	Net Commitment (In Million USD)	Disbursement Level (In Million USD)	Loan Count	Net Commitment (In Million USD)	Disbursement Level (In Million USD)
Continuing	62	14,330.28	1,054.42	68	15,270.20	1,231.06
New	14	2,860.49	8.15	11	3,136.54	892.15
Total	76	17,190.77	1,062.57	79	18,406.74	2,123.21

Disbursement Ratio

Disbursement ratio of project loans exhibited a 6.83 percentage points increase, from 8.05 percent in 2020 to 14.88 percent in 2021 due to increase in disbursement level.

Table 3.3 Disbursement Ratio of Project Loans in CY 2020 and CY 2021

Period	Loan Count	Net Commitment (In Million USD)	Loan Balance (In Million USD)	Disbursement Level (In Million USD)	Disbursement Ratio (%)
2020	76	17,190.77	13,195.28	1,062.57	8.05
2021	79	18,406.74	14,265.88	2,123.21	14.88

⁴² 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.

⁴³ 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.

Disbursement Rate

The disbursement rate of the project loans exhibited an 18.52 percentage points decrease, from 66.69 percent to 48.17 percent with total disbursement shortfall (target less actual disbursements) amounting to USD2.28 billion in 2021. The top five agencies that contributed to the shortfall were the Department of Transportation (DOTr), Department of Health (DOH), Metropolitan Waterworks and Sewerage System (MWSS), Department of Public Works and Highways (DPWH), and Department of Agriculture (DA) with a combined disbursement shortfall amounting to USD2.16 billion (Table 3.4).

Table 3.4 Actual Project Loans Disbursement Shortfall by Implementing/Executing Agency

Implementing /Executing Agency	Loan Count		Total Target Disbursement (In Million USD)	Total Actual Disbursement (In Million USD)	Total Net Disbursement Shortfall (In Million USD)
	Total	With Shortfall			
DOTr	20	15	2,468.33	584.27	1,884.06
DOH	8	3	1,186.94	1,036.37	150.57
MWSS	3	3	53.85	1.19	52.66
DPWH	22	10	266.22	228.13	38.09
DA	5	4	70.59	33.15	37.44
NIA	4	4	63.93	27.70	36.23
DAR	3	2	42.24	21.15	21.09
DSWD	2	2	158.72	137.85	20.87
DENR	2	2	39.39	22.24	17.15
LWUA	1	1	16.42	3.57	12.84
LBP	1	1	5.09	-	5.09
DTI	1	1	9.15	4.28	4.88
PCC	1	1	5.41	1.71	3.70
Total	73	49	4,386.28	2,101.61	2,284.67

Availment Rate

The availment rate (cumulative actual disbursements over scheduled availment) of the project loans portfolio decreased by 5.02 percentage points, from 64.86 percent in 2020 to 59.84 percent in 2021. Availment backlog (scheduled availment less cumulative actual disbursements) remains high, amounting to USD3.77 billion. The top five agencies which contributed to the backlog as of December 2021 were the Department of Agrarian Reform (DAR), National Irrigation Administration (NIA), DOTr, DPWH, and DOF. (Table 3.5). Refer to Annex 3-B for the list of project loans with availment backlog.

Table 3.5 Project Loans Availment Backlog by Implementing/Executing Agency

Implementing /Executing Agency	Loan Count		Scheduled Availment (In Million USD)	Actual Availment (In Million USD)	Net Availment Backlog (In Million USD)
	Total	With Shortfall			
DOTr	20	19	4,408.73	2,137.37	2,271.36
DPWH	22	20	1,728.18	884.73	843.45
DAR	3	3	303.98	64.64	239.34
DOF*	4	4	184.31	55.54	128.77
NIA	4	4	231.39	147.75	83.64
MWSS	3	2	163.04	98.25	64.79
LWUA	1	1	57.00	10.22	46.78
DA	5	4	603.75	562.84	40.92
DENR	2	2	137.58	109.04	28.54
LBP	1	1	31.22	23.01	8.21
DILG	1	1	5.52	-	5.52
DTI	1	1	14.15	9.28	4.88
PCC	1	1	5.50	2.90	2.60
Total	68	63	7,874.36	4,105.56	3,768.80

*DOF as executing agency of the Infrastructure Preparation and Innovation Facility (IPIF), IPIF-Additional Financing (AF), Philippines-Korea Project Preparation Facility, and Local Governance Reform Project

3.3 Financial Performance of Implementing Agencies

In 2021, disbursement rates and availment rates of the Department of Trade and Industry (DTI), Philippine Competition Commission (PCC), DAR, and MWSS, declined, from above 70 percent in 2020 to below 70 percent in 2021. Meanwhile, DA and Land Bank of the Philippines (LBP) had decreased disbursement rates. The DPWH is the only agency with improved disbursement rate in 2021. There were no changes in the financial performance of the Department of the Interior and Local Government (DILG), Local Water Utilities Administration (LWUA), Department of Social Welfare and Development (DSWD), Bureau of Customs (BOC), Local Water Utilities Administration (LWUA), Department of Health (DOH), Department of Environment and Natural Resources (DENR), DOF, and DOTr in terms of the 70 percent threshold for the disbursement and availment rates.

Table 3.6 presents the annual and historical financial performance of project loan portfolios by agencies with respect to the 70 percent threshold for both the disbursement and availment rates. **Annex 3-C** provides the details of absorptive capacities for all agencies.

Table 3.6 Financial Performance of Implementing/Executing Agencies for Project Loans

Historical and Annual Financial Indicators	Below 70 Percent Availment Rate of Project Loans	70 Percent and above Availment Rate of Project Loans
70 percent and above disbursement rate of project Loans	DOF	DSWD
	DPWH ↑	BOC
	DILG	DOH
Below 70 percent disbursement rate of project loans	DAR ↓ ←	DA ↓
	DOTr	DENR
	DTI ↓ ←	LBP ↓
	LWUA	
	MWSS ↓ ←	
	NIA	
	PCC ↓ ←	

*Movement across quadrants from prior year's performance is indicated by the directional arrows. Left-facing arrow means a decrease in the availment rate performance of the IA from 70 percent and above in CY 2020 to below 70 percent in CY 2021, while a right-facing arrow means an improvement in their availment performance in CY 2021. Meanwhile an upward-facing arrow means an improvement in the disbursement rate performance of the IA from below 70 percent in CY 2020 to 70 percent and above in CY 2021, while a downward-facing arrow means otherwise.

Budgetary Performance of Implementing Agencies

As of end 2021, the obligation rate of agencies with respect to the implementation of ODA loan-funded projects reached 93 percent, while the disbursement rate reached 71 percent. Details of the financial performance per agency are shown in Table 3.7, while details per project in terms of allotment releases, obligations, and disbursements are provided in **Annex 3-D**.

Table 3.7 Allotment Releases, Obligations, and Disbursements as of end 2021

Implementing Agency	Allotment releases (In Million PHP) (a)	Obligations (In Million PHP) (b)	Disbursements (In Million PHP) (c)	Obligation rate (in percent) (d) = (b)/(a) x 100%	Disbursement rate (in percent) (e) = (c)/(b) x 100%
BOC	31.47	0.46	0.46	1.46	100.00
DAR	5,525.03	3,303.10	2,648.41	59.78	80.18
DA	35,871.91	32,993.73	30,186.79	91.98	91.49
DENR	9,969.37	8,699.58	6,402.90	87.26	73.60
DOH	71,809.62	67,540.64	50,970.18	94.06	75.47
DOTr	216,182.99	207,017.29	132,289.10	95.76	63.90
DPWH	87,191.35	75,690.89	62,358.56	77.88	82.39
DSWD	3,383.00	3,245.02	2,021.53	95.92	62.30
DTI	532.15	338.17	208.50	63.55	61.66
NIA	18,556.76	17,536.50	10,104.06	94.50	57.62
PCC	155.00	86.13	42.15	55.57	48.94
Total	449,208.65	416,451.51	297,232.63	92.71	71.37

Multi-year Budget Requirements

Based on agency forecasts as of end-2021, a total of PHP1.58 trillion is needed for the completion of 61 ongoing projects from 2022 until the end of their implementation periods. Budget requirements per agency are shown in Table 3.8 and breakdown by fund source for the 61 ongoing projects is shown in **Annex 3-E**.

Table 3.8 Multi-year Budget Requirements per IA for FY 2022 and Beyond agency

Implementing Agency	No. of Projects	Budget Requirement (In Million PHP)						Total
		2022*	2023	2024	2025	2026	2027 Onwards	
BOC	1	1,593.13	1,783.89	2,041.00	-	-	-	5,418.02
DAR	2	6,620.23	17,401.60	-	-	-	-	24,021.83
DA	4	7,941.78	6,317.10	3,642.72	841.16	-	-	18,742.76
DENR	1	-	32.92	-	-	-	-	32.92
DILG	1	4,490.15	5,403.24	6,316.13	-	-	-	16,209.52
DOH	6	44,433.70	362.51	-	-	-	-	44,796.21
DOTr	17	19,750.86	309,554.20	200,284.04	150,961.28	131,183.73	358,556.90	1,170,291.01
DPWH	20	10,263.75	58,101.82	82,409.78	37,759.57	41,612.74	35,102.20	265,249.86
DSWD	2	9,025.69	-	-	-	-	-	9,025.69
DTI	1	834.04	753.43	921.18	746.75	235.13	-	3,490.53
LWUA	1	1,271.64	963.38	211.38	130.50	-	-	2,576.90
MWSS	2	4,511.52	3,363.32	3,841.51	1,439.32	1,493.12	-	14,648.79
NIA	2	723.60	262.38	-	-	-	-	985.98
PCC	1	320.98	323.34	293.96	324.51	-	-	1,262.79
Total	61	111,781.07	404,623.13	299,961.70	192,203.09	174,524.72	393,659.10	1,576,752.82

*Figures are from actual GAA funds allocation and request for unprogrammed funds for 2022

Commitment Fees (CF)⁴⁴

Total CFs paid in 2021 amounted to USD8.67 million, which was 27.88 percent higher than the fees paid in 2020 (Table 3.9). Consequently, the proportion of CFs to the net commitments paid in 2021 slightly increased as compared to that of 2020. Details of the annual data on the CFs paid from 2007 to 2021 are provided in Annex 3-F, with Annex 3-G for the cumulative CFs for all projects paid in 2021 and prior years, Annex 3-H for the annual amounts of CFs paid by IAs from 2015 to 2021, and Annex 3-I for the cumulative CFs incurred by projects with active loans in 2021.

Table 3.9 Commitment Fees Paid in CY 2020 and CY 2021

	CY 2020	CY 2021
A. Commitment Fees Paid (In Million USD)	6.78	8.67
B. Net Commitment (In Million USD)	29,003.92	30,147.91
C. Ratio of A to B (in percent)	0.02	0.03

Source: DOF-BTr (2022). Commitment Fees and Other Charges (January to December 2021).

⁴⁴ CF is the amount levied on the undisbursed loan amount or a portion thereof, payable per annum.

Table 3.10 shows the five projects with active ODA loans, which incurred the largest cumulative CFs from loan effectivity until year-end 2021.

Table 3.10 Top Five Projects which Incurred Highest Commitment Fees

Project Title/IA/Fund Source	Total CFs paid (In Million USD)
1. Malolos-Clark Railway Project/DOTr/ADB	3.72
2. Metro Manila Flood Management Project/ DPWH/ WB & AIIB	3.70
3. Capacity Enhancement of Mass Transit Systems in Metro Manila/ DOTr/ Japan	2.87
4. Road Upgrading and Preservation Project/ DPWH/ Japan	2.43
5. Improving Growth Corridors in Mindanao Road Sector Project/ DPWH/ ADB	2.02
Sub-Total	14.74
Cumulative CFs paid for Active Loans	28.22

3.4 Grants Financial Performance⁴⁵

Utilization level of active grants as of December 2021 reached USD1.04 billion, posting a utilization rate⁴⁶ of 50 percent against the total grant amount of USD2.09 billion. This reflects a two percentage points decrease in utilization rate compared to the same period in 2020, which was at 52 percent.

The top three fund sources that posted the largest utilization level in 2021 were the USA, EU, and the UN System accounting for 60 percent of the overall utilization level of the grants portfolio (Table 3.11). Compared with the CY 2020 performance, the USA registered an increase in utilization rate by nine percentage points (from 39% to 48%) in CY 2021. Further, EU and UN System posted an increase of 15 percentage points (from 63% to 78%) and one percentage point (from 61% to 62%) in CY 2021, respectively.

⁴⁵ Grants financial performance was measured in terms of utilization level, which is the cumulative disbursements of active grants reckoned from grant agreement effectivity dates.

⁴⁶ Utilization rate is computed based on the utilization level over the total grant amount.

Table 3.11 Grant Utilization as of CY 2021 by Fund Source

Fund Source	No. of Projects	Grant Amount (In Million USD)	Utilization (In Million USD)	Percent Share to Total	Utilization Rate (in Percent)
USA ⁴⁷	41	629.69	300.12	28.86	47.66
EU	7	227.52	177.50	17.07	78.01
UN System ⁴⁸	102	231.65	144.17	13.87	62.24
ADB	26	112.44	77.84	7.49	69.23
China	5	174.47	77.20	7.42	44.25
Japan ⁴⁹	47	337.69	66.55	6.40	19.71
Korea ⁵⁰	16	87.90	63.70	6.13	72.47
Australia	16	130.82	54.79	5.27	41.88
Germany	8	73.65	43.72	4.20	59.36
Canada	2	14.01	14.01	1.35	100.00
WB	8	36.62	11.78	1.13	32.16
Italy	2	5.81	5.81	0.56	100.00
New Zealand	2	2.05	1.12	0.11	54.70
France	5	2.80	0.78	0.07	27.67
Spain	3	3.48	0.66	0.06	19.08
Others ⁵¹	2	0.20	0.08	0.01	40.00
Netherlands ⁵²	5	20.53	0.04	0.00	0.21
Total	297	2,091.33	1,039.87	100.00	49.72

3.5 Physical Performance

Overall ODA Portfolio (loans and grants)

As of December 2021, 70 percent of the ODA portfolio was implemented on schedule while 12 percent was behind schedule. The share of projects that were behind schedule consisted of 31 loan-assisted projects with reported implementation issues discussed in Section 5, and 13 grant-assisted projects (see Table 3.12).

Of the ODA portfolio, 16 percent was comprised of loan/grant-assisted projects that were completed as of end of 2021 and those with loans that closed in 2021 with incomplete outputs. Details of loan projects which closed in 2021 but with incomplete outputs are reported in Section 5.4.

⁴⁷ USA accounts for the contributions of United States Agency for International Development (USAID) and United States Trade and Development Agency (USTDA).

⁴⁸ UN System is composed of FAO, IFAD, IOM, UNDP, UNESCO, UNFPA, UNICEF, UNIDO, WFP, and WHO.

⁴⁹ Japan accounts for the grant assistance from Japan International Cooperation Agency and the Embassy of Japan (i.e., Non-Project Grant Aid). This excludes the grant amounts of 28 JICA-assisted grants due to unavailability of data.

⁵⁰ Korea accounts for the grant assistance from Korea International Cooperation Agency, Korea Rural Economic Institute, and Ministry of Agriculture Food and Rural Affairs - Education, Promotion and Information Service.

⁵¹ Others includes projects funded by the Alliance for Financial Inclusion (AFI) Japan-ASEAN Integration Fund (JAIF).

⁵² This excludes the utilization level of four Netherlands-assisted grants due to unavailability of data.

Table 3.12 Physical Status of ODA-assisted Projects in 2021

Implementing Agency	Number of Projects			Percent Share on Count	ODA Amount (In Million USD)			Percent Share on Amount
	Loans	Grants	Total		Loans	Grants	Total	
Completed	6	49	55	15.11	1,226.26	114.02	1,340.28	6.94
Ahead of schedule	2	-	2	0.55	150.13	-	150.13	0.78
On schedule	23	234	257	70.60	7,794.06	1,925.76	9,219.82	47.75
Behind schedule	31	13	44	12.09	5,755.85	51.29	6,307.14	32.67
Not yet started	2	-	2	0.55	300.94	-	300.94	1.56
Closed with incomplete outputs	3	1	4	1.10	1,989.15	0.26	1,989.41	10.30
Total	67	297	364	100.00	17,216.39	2,091.33	19,307.72	100.00

Physical performance of ODA loan-assisted projects by implementing agency⁵³

Of the 67 loan-assisted projects, 31 projects were reported to be behind schedule (Table 3.13). These encountered delays due to issues related to site condition/availability, procurement, government/funding institution approvals, budget and funds flow, and other implementation issues. Details of the issues are discussed in Section 5: Key implementation issues. Refer to **Annex 3-J** for the physical status of ODA loan-assisted programs and projects.

Table 3.13 Physical Status of ODA Loan-assisted Projects by Implementing Agency

Implementing Agency	Completed	Ahead of Schedule	Physical Status		Not Yet Started	Closed with Incomplete Outputs	Total Count
			On Schedule	Behind Schedule			
BOC	-	-	-	1	-	-	1
DA	-	-	4	-	-	1	5
DAR	1	-	1	1	-	-	3
DENR	-	-	-	1	-	1	2
DILG	-	-	-	1	-	-	1
DOH	-	-	6	-	-	-	6
DOTr	4	-	2	11	-	-	17
DPWH	-	-	7	10	2	-	19
DSWD	-	-	-	2	-	-	2

⁵³ Due to unavailability of data, the list excludes the three projects that are within the purview of DOF as executing agency (i.e., Infrastructure Preparation and Innovation Facility (IPIF), Philippines-Korea Project Facilitation Facility, and Local Governance Reform Project)

Implementing Agency	Completed	Ahead of Schedule	Physical Status		Not Yet Started	Closed with Incomplete Outputs	Total Count
			On Schedule	Behind Schedule			
DTI	-	1	-	-	-	-	1
LBP	-	1	-	-	-	-	1
LWUA	-	-	-	1	-	-	1
MWSS	1	-	2	-	-	-	3
NIA	-	-	1	2	-	3	4
PCC	-	-	-	1	-	-	1
Total	6	2	23	31	2	3	67

In terms of completion timelines of the six completed loan-assisted projects, five were completed on time. Meanwhile, the remaining project⁵⁴ was completed beyond the ICC-approved completion date.

For the projects which are implemented on schedule, one project is expected to be completed within the Duterte administration, three are expected to be completed by end 2022, seven projects in 2023, and 10 projects in 2024 and beyond (see Table 3.14).

Table 3.14 Project Status and Target Completion Year of Loan-assisted Projects

Physical Status	2021 and Prior	2022			2023	2024 and beyond	Total Count
		1st sem	2nd sem	Total			
Completed	5	-	-	-	1	-	6
Ahead of schedule	-	1	-	1	-	1	2
On schedule	2	1	3	4	7	10	23
Behind schedule	3	2	4	6	7	15	31
Not yet started	1	-	-	-	-	1	2
Closed with incomplete outputs	3	-	-	-	-	-	3
Total	14	4	7	11	15	27	67

Physical Performance of ODA grant-assisted Projects by Fund Source

Table 3.15 presents the physical status of grant-assisted projects by fund source. For the complete list of physical status of the ODA grant-assisted projects, see **Annex 3-K**.

⁵⁴ DOTr-implemented Maritime Safety Capability Improvement Project for the Philippine Coast Guard funded by JICA.

Table 3.15 Physical Status of ODA Grant-assisted Projects by Fund Source

Fund Source	Physical Status (Count of Projects)				Total Count
	Completed	On Schedule	Behind Schedule	Closed with Incomplete Outputs	
ADB	4	21	1	–	26
Australia	1	14	–	–	16
Canada	–	2	–	–	2
China	3	2	–	–	5
EU	–	7	–	–	7
France	1	4	–	–	5
Germany	–	8	–	–	8
Italy	–	1	1	–	2
Japan ⁵⁵	2	45	–	–	47
Korea ⁵⁶	1	8	7	–	16
Netherlands	1	4	–	–	5
New Zealand	–	2	–	–	2
Spain	–	3	–	–	3
UN System ⁵⁷	29	71	3	–	102
USA ⁵⁸	5	35	1	–	41
WB	1	6	–	1	8
Others	1	1	–	–	2
Total	49	234	13	1	297

⁵⁵ Japan accounts for the grant assistance from Japan International Cooperation Agency and the Embassy of Japan (i.e., non-project grant aid).

⁵⁶ Korea accounts for the grant assistance from Korea International Cooperation Agency, Korea Rural Economic Institute, and Ministry of Agriculture Food and Rural Affairs – Education, Promotion and Information Service.

⁵⁷ UN System is composed of FAO, IFAD, IOM, UNDP, UNESCO, UNFPA, UNICEF, UNIDO, WFP, and WHO.

⁵⁸ USA accounts for the contributions of United States Agency for International Development (USAID) and United States Trade and Development Agency (USTDA).

Results 4

Implementation of ODA-funded programs and projects in 2021 continued to yield outputs and outcomes that are aligned with national development priorities indicated in the Enhanced Philippine Development Plan (PDP) 2017-2022 Results Matrices (RM) Midterm Update. ODA support for COVID-19 response was primarily directed towards the government's emergency cash assistance program and health system delivery through the provision of medical supplies and equipment, construction of isolation and quarantine facilities, and strengthening the capacity of existing health facilities.

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

Box 4.1 Enhanced Philippine Development Plan 2017-2022 Results Matrices Midterm Update

In line with the current administration's mission to achieve every Filipinos' aspirations, the Philippine Development Plan 2017-2022 has been formulated with the goal to lay down the foundation for inclusive growth, a high-trust and resilient society, and a globally competitive knowledge economy. The strategies to achieve this goal are anchored on three main pillars of *malasakit, pagbabago, and patuloy na pag-unlad*. However, due to the unprecedented threat of the COVID-19 pandemic, the country's immediate response was to save lives by first restricting social and economic activities to limit the spread of the virus, while improving the country's health system capacity. The Updated PDP contains five major programs designed to build the resilience of individuals, families, businesses, government, and society under the new normal. These are health system improvement, food security and resiliency, learning continuity, digital transformation, and regional development through the *Balik Probinsya Bagong Pag-asa (BP2) Program*.

Source: NEDA (2022). Enhanced PDP 2017-2022 Results Matrices Midterm Update. <https://neda.gov.ph/wp-content/uploads/2022/03/Enhanced-PDP-RM-F.pdf>

Table 4.1 shows 52 loan/grant-assisted projects that have reported outputs and outcomes contributing to 49 sector outcome indicators in seven chapters of the Enhanced 2017-2022 PDPRM Midterm Update (details in Annex 4-A). Meanwhile, 37 ODA loan-assisted projects have no reported outputs and outcomes as these either have newly effective loans, under the pre-implementation stage (i.e., under preliminary or detailed engineering design stage, or procurement), just started implementation/construction in December 2021, have not yet received project funding, or affected by the COVID-19 pandemic.

Table 4.1 ODA Loan/ Grant-assisted Projects and Programs with Reported Outputs and Outcomes Contributing to the Enhanced PDP-RM 2017-2022 Midterm Update

Enhanced PDP 2017-2022 results matrices midterm update	No. of ODA projects/ programs*	No. of PDP-RM indicators
Chapter 8: Expanding Economic Opportunities in Agriculture, Forestry, and Fisheries and Ensuring Food Security	7	12

Enhanced PDP 2017-2022 results matrices midterm update	No. of ODA projects/ programs*	No. of PDP-RM indicators
Chapter 9: Expanding Economic Opportunities in Industry and Services through Trabaho and Negosyo	2	5
Chapter 10: Human Capital Development Towards Greater Agility	4	6
Chapter 11: Ensuring Food Resiliency and Reducing Vulnerabilities of Filipinos	4	1
Chapter 16: Promoting Competition	1	4
Chapter 19: Accelerating Infrastructure Development	23	8
Chapter 20: Ensuring Ecological Integrity, Clean and Healthy Environment	11	13
Total	52	49

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

Results of ODA Loan-assisted Programs and Projects Availled for COVID-19 Response

As of December 2021, there are a total of 36 active loans (including six closed loans) availled for COVID-19 response. Table 4.2 shows the summary of active COVID-19 response loans with a total net commitment of USD13.64 billion and availment of USD9.32 billion in 2021. **Annex 2-K** presents the 36 active COVID-19 budget-support program and project loans as of December 2021.

Table 4.2 Summary of Active COVID-19 Response ODA Loans as of December 2021

Loan Type	Fund Source	Count	Net Commitment (In Million USD)	Actual availment in CY 2021 (In Million USD)
Program	WB	8	3,980.00	2,684.01
	ADB	11	4,445.13	3,415.86
	GOJ-JICA	2	879.98	879.98
	France	1	286.06	286.06
	Korea	1	100.00	100.00
	AIIB	1	750.00	750.00
	Program Total	24	10,441.18	8,115.91
Project	WB	7	1,870.00	460.08
	ADB	3	775.00	443.92
	AIIB	2	550.00	295.63
	Project Total	12	3,195.00	1,199.63
Grand Total		36	13,636.18	9,315.54

Table 4.3 shows the major outputs of four COVID-19 related loan projects being implemented by the DOH as of December 2021.

Table 4.3 Results of COVID-19 Related Loan Projects

Loan Title/DP/IA	Actual Output/Outcome as of December 2021
1. Philippines COVID-19 Emergency Response Project (PCERP)/WB/DOH Net Commitment: USD100 million Availment as of end 2020: USD8.15 million Loan Validity: May 6, 2020 to December 29, 2023	Component 1 – Strengthening COVID-19 Emergency Health Care Response <ul style="list-style-type: none"> • standard design for hospital isolation and treatment centers to manage Severe Acute Respiratory Infections patients finalized • 200 units of ventilators to be provided for hospitals procured • 14,757 health staff trained in infection prevention and control per DOH-approved protocols Component 2 – Strengthening Laboratory Capacity at National and Sub-National Level to Support Emerging Infectious Diseases Prevention, Preparedness, and Response <ul style="list-style-type: none"> • daily capacity of designated national laboratory in conducting COVID-19 diagnostic tests increased from 300 to 692 • daily capacity of designated sub-national laboratory in Davao in conducting COVID-19 diagnostic tests increased from 20 to 1,006 • daily capacity of designated sub-national laboratory in Cebu in conducting COVID-19 diagnostic tests increased from 20 to 545 Component 3 – Implementation Management and Monitoring and Evaluation <ul style="list-style-type: none"> • monitoring and evaluation systems for project activities established • Terms of Reference for the development of a functional asset management system being finalized • grievance redress mechanism monitoring system being developed
2. Health System Enhancement to Address and Limit (HEAL) COVID-19/ADB/DOH Net Commitment: USD125 million Loan Validity: October 13, 2020 to June, 30 2023	<ul style="list-style-type: none"> • 70 units of patient transport vehicles, 90 units of mechanical ventilators, 85 units of x-rays, and PPEs (gowns, gloves, N95 respirators, and masks) delivered • Detailed Architectural and Engineering Design (DAED) for the laboratories and isolation facilities completed • capacity building for COVID-19 response ongoing • Procurement of construction firm for Package 1: types 1-4 isolation ward facilities and laboratories are ongoing

3. Philippines COVID-19 Emergency Response Project (PCERP) 2/WB/DOH

Net Commitment: USD500 million
 Loan Validity: April 28, 2020 to December 29, 2023

- 13 million doses of the Moderna vaccine delivered out of 13 million doses contracted
- 8,239 PCR test kits were fully delivered
- procurement for ancillaries is ongoing
- Of the 57 facilities planned for 2022, ten are recommended for awarding, 12 are ongoing reevaluation, 11 with ongoing clarification, and 24 for rebidding

4. Second HEAL COVID-19/ADB and AIIB/DOH

ADB
 Net Commitment: USD400 million
 Loan Validity: April 15, 2021 to September 30, 2024

AIIB
 Net Commitment: USD300 million
 Loan Validity: May 10, 2021 to September 30, 2024

- 45.63 million out of the 45.63 million Sinovac contracted doses delivered
- 40 million out of 40 million Pfizer doses delivered

4.2 Recently Completed Studies on ODA-funded Programs and Projects

As part of its monitoring and evaluation function, NEDA undertakes objective assessment and reporting of the results of completed programs and projects to determine the impact of development interventions and to derive lessons to guide future policy actions for improved project design and implementation.

Completed evaluation studies of programs and projects in the transportation, agriculture and agrarian reform, water resource infrastructure, trade and industry, climate change, and social welfare sectors reported mixed results/findings and highlighted the need to sustain and enhance efforts across these sectors for continuous improvement and enhanced transparency and accountability.

The findings of all completed evaluation studies in 2021 are presented in Annex 4-B and categorized into:

- (a) thematic studies of government programs under the NEDA-UNDP Strategic M&E Project; and
- (b) NEDA-commissioned studies. The completed studies are enumerated in Table 4.4.

Table 4.4 List of Completed Evaluation Studies in 2021

Title of study
1. Impact Evaluation of the Subic-Clark-Tarlac Expressway (SCTEX)
2. Ex-Post Evaluation of the Agrarian Reform Communities Project Phase II
3. Ex-Post Evaluation of the Agno River Integrated Irrigation Project (ARIIP)
4. Ex-Post Evaluation of the Angat Water Utilization and Aqueduct Improvement Project Phase II
5. Evaluability Assessment of the Micro, Small, and Medium Enterprises Development Plan (MSMEDP) and its Priority Programs with a Process Evaluation of Government Support
6. Evaluation of the National Climate Change Action Plan (NCCAP)

To help ensure that these evaluation efforts influence the decision of stakeholders, the study findings were disseminated employing various communication methods to different audiences, such as senior officials from IAs, DPs, research institutions, and the general public. Also embedded in the conduct and management of evaluation studies is the implementation of evidence uptake strategies to secure commitments from stakeholders to seek feedback and act on the study recommendations, as applicable. Action plans shall be developed and subsequent monitoring will be conducted to report on the status of implementation of these action plans. The details of the dissemination for each of the study findings can be found in **Annex 4-C**.

Key Implementation Issues 5

There were 95 ODA projects which experienced implementation setbacks, and the impact of the COVID-19 pandemic continued to affect most ODA projects. Further adaptive measures were put in place by the IAs to ensure that implementation progress catches up amidst the new normal. However, IAs continue to experience recurring issues on procurement, lacking/insufficient project budgets, land/ROW acquisition, government and funding institution approvals, among others, which negatively affected implementation timelines and the delivery of project outputs.

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

A summary of various issues encountered in project implementation in 2021 is provided in Table 5.1. Issues arising from the COVID-19 pandemic were separately accounted for in addition to the recurring implementation issues reported by the IAs. While most of the implementation issues only require project-level and agency-specific interventions, some resulted in the need for the agencies to request for the restructuring of 30 projects in 2021, with another 19 projects likely to require ICC re-approval in 2022 for various forms of project restructuring. See **Annex 5-A** for the list of projects with issues and the corresponding actions taken or measures to be taken by the agencies.

Table 5.1 Classification and Incidence of Implementation Issues in CY 2021

Issue typology	Number of incidents			No. of Affected Projects	Agencies
	Resolved	Current	Total		
Site condition/availability	12	37	49	31	DA, DepEd, DILG, DOH, DOST, DOTr, DPWH, MWSS, NIA
Procurement	4	23	27	21	BARMM-MAFAR, BOC, DA, DAR, DENR, DepEd, DILG, DOE, DOH, DOST, DOTr, DPWH, DSWD, LWUA, PCC, PPPC
Government/Funding Institution Approvals	5	16	21	19	DAR, DENR, DOE, DOH, DPWH, DSWD, DTI, LANDBANK, LWUA, MWSS, NIA, PCC, PPPC
Budget and Funds Flow	26	18	44	28	DA, DAR, DENR, DOTr, DPWH, DSWD, DTI, LWUA, PCC

Issue typology	Number of incidents			No. of Affected Projects	Agencies
	Resolved	Current	Total		
Design, Scope, Technical Specification	6	5	11	11	BARMM-MAFAR, DepEd, DENR, DOST, DOTr, DPWH, DSWD, LANDBANK, PCC
Performance of Contractors/Consultants	1	7	8	7	DENR, DOH, DOTr, DPWH, NIA
Manpower/Capacity of PMO and other Implementing Partners	1	9	10	10	DA, DENR, DepEd, DOH, DOST, DOTr, DTI, PCC
Institutional Support	5	2	7	7	DENR, DOH, DOST, DPWH, DSWD
Inputs and costs	2	6	8	7	DepEd, DOH, DPWH, NIA
Legal and Policy Issuances	2	1	3	3	DepEd, DOH, PPC
COVID-19	39	25	64	47	BARMM-MAFAR, DA, DAR, DENR, DepEd, DOE, DOH, DOTr, DOST, DPWH, DTI, NIA, PCC, PPPC, Provincial Government of Quirino
Other Implementation Issues	-	3	3	3	DENR, DOTr, PPPC
Total	103	152	255		

Impact of COVID-19

The impacts of COVID-19 continued to be evident in 2021 as 47 ongoing ODA programs and projects experienced issues related to the pandemic. Major COVID-19-related issues encountered by typology are shown in Table 5.2.

Table 5.2 Projects with COVID-19-related Issues

Issue typology	Number of incidents			No. of Affected Projects	Agencies
	Resolved	Current	Total		
Travel and logistics restrictions	32	18	50	42	BARMM-MAFAR, DA, DAR, DENR, DepEd, DOE, DOH, DOTr, DOST, DPWH, DTI, NIA, PCC, PPC, Provincial Government of Quirino
Procurement delays	1	3	4	4	DA, DPWH
Securing permits/clearance/approvals of government/DPs	1	0	1	1	DOST
Budget and costs	3	1	4	4	DPWH
Contract implementation and suspension of project activities	2	3	5	4	DPWH, Provincial Government of Quirino
Total	39	25	64		

5.2 Projects which Require Restructuring

Project restructuring requests cover changes in cost and scope, extension of loan/grant and implementation duration period, and loan reallocation that are submitted by various agencies to approving bodies such as the ICC and the DBCC.

In CY 2021, most agencies requested implementation duration extensions mainly because of delays brought about by the COVID-19 pandemic, changes in project design/specifications, delays in procurement, and right-of-way acquisition.

Projects with restructuring requests

In 2021, NEDA received 37 restructuring requests involving 30 projects. Of the 37 requests, 25 were approved/endorsed by the ICC-CC, and confirmed by the NEDA Board. The remaining 12 requests were still under ICC Secretariat review as of end 2021.

Table 5.3 shows the summary of projects with restructuring requests, corresponding implementation issues encountered, and the status of review/ approval. See **Annex 5-B** for details of project restructuring requests in 2021

Table 5.3 Projects with restructuring requests in 2021

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
Increase in cost	Flood Risk Management Project – Cagayan, Tagoloan and Imus River/ DPWH/JICA	Additional scope of works/items and increase in cost required for the right-of-way acquisition in the Imus component.	The request was approved by the ICC-CC on September 28, 2021 and confirmed by the NEDA Board on October 30, 2021.
Increase in cost, loan validity extension, and loan reallocation	Samar Pacific Coastal Road/ DPWH/KEDCF	Changes due to variation orders, additional items of work, extension of consulting services and price escalation. Delays in materials/ service delivery due to imposed community quarantines. Unworkable site condition due to adverse weather.	Update: The request was approved by the ICC-CC on January 26, 2022 and confirmed by the NEDA Board on February 17, 2022. Through a letter dated April 14, 2022, KEXIM-EDCF approved the request for loan validity and implementation period extensions. The request for loan reallocation is under review/consideration of the Bank.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
Increase in cost with loan validity and implementation duration extension	New Cebu International Container Port Project/DOTr/KEDCF	<p>Remaining right-of-way acquisition and resettlement.</p> <p>Delays in procurement of consulting services, delays in activities in loan signing and effectivity.</p> <p>Adverse impact of the COVID-19 pandemic.</p>	<p>DOTr has yet to submit complete and compliant ICC requisite documents as requested by the ICC Secretariat through a letter dated October 26, 2021.</p> <p>Update: The DOTr PMO, through e-mail dated February 10, 2022, confirmed that the project consultant is still preparing DOTr's response and is targeting to submit the same to NEDA by March 2022.</p>
Decrease in cost and change in financing mix	Central Luzon Link Expressway Project/DPWH/JICA	Low actual bid costs awarded for civil works contracts.	DPWH has yet to provide complete and compliant ICC requirements per their letter from NEDA dated November 3, 2021.



Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
Change in scope only	Capacity Building to Foster Competition Project/PCC/ADB	Proposed inclusion of the DTI, chiefly the Consumer Protection Group (CPG), as a beneficiary agency of the Government Staff Development Program on Competition Law and Policy.	<p>The ICC-TB noted the project's updates during its December 10, 2021 meeting, and instructed PCC to submit the full report on the implementation status of the project.</p> <p>Update: On January 14, 2022, PCC responded to the instructions of the ICC-TB.</p> <p>DOF, through a letter to NEDA, informed the ICC-TB that PCC's responses were still unsatisfactory.</p> <p>DOF is amenable to holding further discussions with NEDA and the PCC to gather clarifications on the matter.</p>
Change in scope with increase in cost and implementation duration and/or loan validity extension	Metro Manila Subway Project/DOTr/JICA	Change in alignment, addition of stations, physical integration with the NSCR System.	The request was approved by the ICC-CC on August 18, 2021 and confirmed by the NEDA Board on September 23, 2021.
	North-South Commuter Railway System –North-South Commuter Railway Phase I, North-South Commuter Railway Extension Project/DOTr/ JICA, ADB	Integration with the Metro Manila Subway Project.	Update: The request was approved by the ICC-CC on February 18, 2022 and confirmed by the NEDA Board through ad referendum on March 12, 2022.



Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
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In a letter dated December 28, 2021, the ICC Secretariat forwarded its comments and requested clarifications on DOTr's latest submission.

Update: Through letters dated April 1 and 18, 2022, DOTr responded to the ICC Secretariat's comments. As of April 2022, DOTr submissions are under review by the ICC Secretariat.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
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Chico River Irrigation Pump Project/NIA/China

To recoup delays and cover additional works and revised construction quantities/cost.

Update: The request was approved by the ICC-CC on March 28, 2022 and confirmed by the NEDA Board through ad referendum on April 18, 2022.

Cebu Bus Rapid Transit/DOTr/AFD and WB

Alignment of the project to be part of the Metro Cebu Integrated Intermodal System, revised implementation and repackaging of civil works and extension of consultancy contracts.

In a letter dated May 12, 2021, DOTr requested an extension of the implementation period for the project from December 2019 to December 2023.

The ICC-TB on May 19, 2021 endorsed the subject request, but later withdrew the same following confirmation by the DOTr of the revised implementation schedule.

In a letter dated September 30, 2021, and confirmed in a letter dated December 6, 2021, DOTr provided NEDA with an updated Gantt chart of the project.

Flood Risk Management Project – Cagayan de Oro River/JICA

Change in the original project design (i.e., removal of retarding basins), difference between the costs during the DED stage vs. actual implementation and delays in securing permits for lots affected by the project.

Through a letter dated October 25, 2021 (received on November 3, 2021), DPWH submitted a revised proposal to include change in scope in addition to its earlier request for increase in cost.

Update: Through a letter dated March 22, 2022, DPWH conveyed its responses to the comments and recommendations raised by the ICC Secretariat. As of April 2022, DPWH submissions are under review by the ICC Secretariat.

Change in scope with an increase in cost and loan reallocation

Integrated Disaster Risk Reduction – Climate Change Adaption in Low-Lying Areas in Pampanga Bay/DPWH/KEDCF

Change in the original design of the flood control components (e.g., dike embankment at the Third River) to suit the current site condition and the type of embankment materials needed.

Additional cost for consulting services and right-of-way acquisition.

The request was endorsed by the ICC-TB to the ICC-CC on December 10, 2021.

The request has yet to be approved by the ICC-CC.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
Change in scope with loan reallocation, implementation duration and loan validity extension	ConVERGE/DAR/IFAD	<p>Delays in procurement given the new combined requirements of RA 9184 and the IFAD procurement protocols.</p> <p>Delay in the opening of 30 project local accounts in the regional and provincial offices of DAR due to the unfamiliarity of project field finance staff with the procedures regarding the opening of accounts.</p> <p>Nationwide lockdowns due to the COVID-19 pandemic and the differing health protocols of LGUs in project sites.</p> <p>Delays in the appointment of a National Project Director (NPD) and the formation of project management offices (PMOs).</p>	<p>The request was approved by the ICC-CC on December 15, 2021.</p> <p>Update: ICC approval was confirmed ad referendum by the NEDA Board on January 27, 2022.</p> <p>Project completion and loan closure dates were amended to December 31, 2022 and June 30, 2023, respectively per letter of amendment from IFAD dated January 03, 2022. Moreover, the request for loan reallocation (as a result of the change in scope under the loan) was approved by IFAD in its letter dated April 29, 2022.</p>
Change in scope with loan validity extension	Maritime Safety Capability Improvement Project Phase I/ DOTr/JICA	<p>Additional project scope to utilize the remaining loan balance from the implementation of the original scope of the project.</p>	<p>The request was endorsed by the ICC-TB for ICC-CC approval on June 25, 2021 subject to the compliance of DOTr with the instructions of the Technical Board.</p> <p>During the November 22, 2021 meeting, the ICC-CC decided to revisit the project proposal upon DOTr's submission of the ICC recommendation to include measures for the efficient management and use of spare parts.</p>

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
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Update: Through a letter to NEDA dated February 2, 2022, the DOTr/PCG, in compliance with the instructions of the ICC-CC during its November 22, 2021 meeting, submitted its revised proposal to include an automated Warehouse Management System. Said request was returned to the ICC-TB due to the revision in the original request of DOTr. The ICC-TB, in its March 31, 2022 meeting, endorsed the DOTr's request for the project, specifically on the:

- (a) utilization of loan savings, but only for the supply, delivery, installation, testing, and commissioning of shore-based communication system for MSCIP I; and
- (b) extension of the loan validity period, commensurate to the additional scope endorsed by the ICC-TB.

Through letters dated April 7, 2022 and May 10, 2022, DOTr submitted its response to the March 31, 2022 ICC-TB instructions. DOTr submissions are under review by the ICC Secretariat.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
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Grant validity and implementation duration extension with a notation of additional grant proceeds	Access to Sustainable Energy Programme/DOE/ EU	To allow completion of all works and activities for Investment Support and Call components, which were delayed because of restrictions imposed due to the pandemic.	The request was approved by the ICC-CC on May 21, 2021 and confirmed by the NEDA Board on September 24, 2021.
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Loan/Grant validity and implementation duration extension	Italian Assistance to Agrarian Reform Community Development Support Program (IARCDSP)/DAR/ Italy	To allow completion of 58 rural infrastructure subprojects under the Community Infrastructure Development Support component which were not completed by the implementation end date of December 28, 2020.	The request was approved by ICC-CC on May 17, 2021 and confirmed by the NEDA Board through ad referendum on June 23, 2021.
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Panguil Bay Bridge Project/DPWH/ KEDCF	Delays in procurement of the design-and-build contractor and in the finalization of the contract of the winning bidder.	The request was approved by the ICC-CC on February 22, 2021 and confirmed by the NEDA Board through ad referendum on March 24, 2021.
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Through a letter dated June 10, 2021, KEXIM-EDCF approved the extension of the loan closing date and project completion date until March 31, 2024 and December 31, 2023, respectively.



Panguil Bay Bridge Project
Photo courtesy of DPWH

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
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Integrated Disaster Risk Reduction – Climate Change Adaption in Low-Lying Areas in Pampanga Bay/ DPWH/KEDCF	To cover the revised target completion of works in December 2022, and to cover an additional six-month period (January 2023 to June 2023) after the revised target construction completion for the close-out activities of the contractor and consultant.	The request was approved by the ICC-CC on February 22, 2021 and confirmed by the NEDA Board through ad referendum on March 24, 2021.
	Through a letter dated June 10, 2021, KEXIM-EDCF approved the extension of the loan closing date and project completion date until June 30, 2023 and December 19, 2022, respectively.	

Loan/grant validity extension only	Emergency Assistance for Reconstruction and Recovery of Marawi –Health Component (EARRM-HC) Project/ DOH/ADB	Delays in finalization of specifications for the procurement of ambulances, medical transport vehicles, monitoring transport vehicles, and failed bidding for the construction of health unit due to difficulty to source-out contractors /bidders.	NEDA, through a letter to the DOF dated July 13, 2021, endorsed DOH's request for a grant validity extension from December 31, 2021 to December 31, 2022, and reallocation of grant proceeds to the DOF on July 13, 2021.
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DOF endorsed the request to the ADB on July 30, 2021. ADB, in its letter dated October 21, 2021, approved the extension of the grant closing date until December 31, 2022.

Consolidated Rehabilitation of Illegal Drug Users (CARE)/ DOH/JICA	Delayed procurement of construction materials, adverse impact of the pandemic, difficulty in securing the Tree Cutting Permit/Certificate of NonCoverage from DENR, encroachment of the planned Drug Abuse Treatment and Rehabilitation Center construction in a private property.	NEDA, through a letter to DOF dated October 6, 2021, endorsed DOH's request for a grant validity extension from January 12, 2022 to December 2022.
		DOH and JICA signed the Amendment to the Grant Agreement reflecting the proposed grant validity extension on February 9, 2022.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
	National Irrigation Sector Rehabilitation and Improvement Project/NIA/JICA	Delays in contract implementation and deployment of manpower due to the COVID-19 pandemic.	The request was approved by the ICC-CC on June 25, 2021 and confirmed by the NEDA Board through ad referendum on July 8, 2021. Through a letter dated July 30, 2021, JICA approved the extension of the loan validity until December 31, 2021.
	Cebu Bus Rapid Transit (CBRT)/ DOTr/AFD, WB-CTF, WB-IBRD	Prolonged preparation of DED to consider alignment with the Metro Cebu Integrated Intermodal System and suspension of related activities due to the COVID-19 pandemic.	The request was approved by the ICC-CC on February 22, 2021.
Implementation period extension	Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 1 South Extension Project/DOTr/JICA	Prolonged procurement for the general consultant, depots, manufacturing and delivery of new rolling stock, civil works for track works, electrical and mechanical systems and integration with existing systems.	The request was approved by the ICC-CC on February 22, 2021 and confirmed by the NEDA Board through ad referendum on March 24, 2021.
	Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 2 East Extension Project/DOTr/JICA	Prolonged procurement for the general consultant, depots, manufacturing and delivery of new rolling stock, civil works for track works, electrical and mechanical systems and integration with existing systems.	The request was approved by ICC-CC on February 22, 2021 and confirmed by the NEDA Board through ad referendum on March 24, 2021.
	MRT 3 Rehabilitation Project/DOTr/JICA	COVID-19 related suspension and limitation of work and prolonged system handover from MRT 3 Maintenance Team to the contractor.	The request was approved by the ICC-CC on February 22, 2021.



Binondo-Intramuros Bridge
Photo courtesy of DPWH

Binondo-Intramuros and Estrella-Pantaleon Bridges Project/DPWH/China	Changes in the design of the Binondo-Intramuros Bridge as the project encroaches the buffer zone of the San Fernando Bridge (a heritage site) and delays caused by the imposition of community quarantine in view of the COVID-19 pandemic.	The request was approved by the ICC-CC on February 22, 2021.
Integrated Natural Resources and Environmental Management Project-Bangon Marawi Comprehensive Rehabilitation and Recovery Program/NIA/IFAD	Delays in the conduct of major project activities due to the COVID-19 pandemic and daily rain occurrences at project site.	The request was endorsed by the DOF on May 14, 2021. In a letter dated May 27, 2021, IFAD approved the said request, together with a six-month loan validity extension from January 1, 2022 to June 30, 2022.
Road Upgrading and Preservation Project/DPWH/JICA	Delay in ROWA affecting 65 lots and 15 structures for improvements, which delayed the work schedule for the reconstruction of the Clarin Bridge. Pending works under CP 2: Road Asset Preservation for Annual Work Program (AWP) 3.	The request was approved by the ICC-CC on February 22, 2021 and was confirmed by the NEDA Board on March 24, 2021.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
	Maritime Safety Capability Improvement Project Phase II/ DOTr/JICA	Late start of procurement and prolonged procurement.	<p>In a letter dated November 27, 2020 (received by NEDA on December 11, 2020), DOTr requested a one-year extension of the implementation period.</p> <p>Update: In an e-mail dated January 25, 2022, the ICC Secretariat forwarded its clarifications and comments to DOTr's latest submissions.</p> <p>DOTr has yet to submit complete and compliant ICC requisite documents as requested and followed up by the ICC Secretariat.</p>
	Arterial Roads Bypass Project, Phase III/ DPWH/JICA	Issues on ROW acquisition and delays due to the COVID-19 pandemic.	<p>DPWH has yet to provide complete and compliant ICC requisite documents as requested through the July 16, 2021 and September 20, 2021 letters from NEDA.</p> <p>Update: Through a letter dated February 28, 2022, DPWH informed NEDA of its intent to submit the remaining ICC requisite documents in March 2022. As of April 2022, NEDA has yet to receive the said documents.</p>

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
	Binondo-Intramuros and Estrella-Pantaleon Bridges Project/ DPWH/China	Delays encountered due to overhead obstructions located in the project site and delays in the acquisition of the GSIS property for the access road of the up-ramp at the Intramuros side.	<p>Through a letter dated January 18, 2021, DPWH forwarded its request to NEDA.</p> <p>Update: As of April 2022, DPWH has yet to provide complete and compliant ICC requisite documents as relayed through e-mail dated January 25, 2022 and letter dated February 21, 2022 from NEDA.</p>
Loan reallocation with cancellation of loan proceeds	Angat Water Transmission Improvement Project/MWSS/ ADB	No issue on completion of all components of AWTIP.	<p>Update: Through a letter dated February 4, 2022, NEDA endorsed the proposal to the DOF.</p> <p>Through a letter dated April 21, 2022, the DOF approved the request of MWSS. Subsequently, ADB, through a letter to MWSS dated May 5, 2022, approved the reallocation with cancellation of loan proceeds.</p>
Loan reallocation only	Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 1 South Extension Project/ DOTr/JICA	Difference between the Approved Budget of the Contract (ABC) vis-à-vis the actual contract amount.	<p>NEDA endorsed the request to the DOF on August 19, 2021, and the latter subsequently endorsed the same to JICA on December 28, 2021.</p> <p>Update: JICA approved the request on February 17, 2022.</p>

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
	Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 2 East Extension Project/DOTr/JICA	Difference between the ABC vis-à-vis the actual contract amount.	NEDA endorsed the request to the DOF on August 19, 2021 and the latter subsequently endorsed the same to JICA on December 28, 2021. Update: JICA approved the request on February 17, 2022.
	Pangul Bay Bridge Project/DPWH/KEDCF	Insufficient loan balance for consultancy services to cover the extension of the consulting services contract until December 2023, consistent with the latest ICC-approved project completion date.	NEDA endorsed the request to the DOF on July 23, 2021 and the latter endorsed the same to KEDCF on August 10, 2021. KEDCF issued its concurrence on the request on October 1, 2021.
	Flood Risk Management Project – Cagayan de Oro River/DPWH/JICA	Difference between the cost during the DED stage and the actual implementation of the project.	NEDA endorsed the request to the DOF on February 26, 2021. Update: The request was not endorsed given that DPWH plans to utilize the savings from foreign exchange differential.
	Central Luzon Link Expressway Project/DPWH/JICA	For payments of remaining claims for civil works contractors, covering the additional cost incurred due to exchange rate fluctuations, variation orders on the four civil works contract packages, and proposed price escalations on civil works.	NEDA endorsed the request to the DOF on November 15, 2021 and the latter endorsed the same to JICA on December 1, 2021. JICA issued its concurrence on the request on December 14, 2021.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of review/ approval
Others	RAPID Growth Project/DTI/IFAD	Proposal to proceed to Phase 2 or the full implementation phase of the project (for ICC approval) and revision on the original ICC-approved logical framework (for ICC notation).	Through a letter dated April 1, 2022, the ICC Secretariat requested the DTI to update the project documents including the project logical framework given the change in the number of regions and provinces covered by the project. The said requests will be presented to the ICC along with the request for change in scope.

Projects likely to be restructured in 2022

A total of 19 projects which encountered various implementation issues are likely to be restructured in 2022. Table 5.4 provides a summary of projects that may be restructured in 2022 and further details of the nature of restructuring are provided in **Annex 5-C**.

Table 5.4 Projects likely to be restructured

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
Increase in cost	Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 1 South Extension Project/DOTr/JICA	Acquisition of additional ROW, including updating of cost estimates pursuant to the ROWA Act.	Target date for submission of request: to be determined (TBD)
	Philippine National Railway – South Long-Haul Project /DOTr/China	No details provided.	Target date for submission of request: TBD

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
Increase in cost with loan validity and implementation duration extension	Jalaur River Multipurpose Project (JRMP) Stage II/NIA/ KEDCF	Construction delays resulting from adverse weather conditions. Price escalation of civil works contract.	Target date for submission of request: June 2022
Increase in cost with implementation duration extension	EDSA Greenways Project/DOTr/ADB	To cover updated cost of utility relocation, appraised values for land acquisition, and additional bid security and insurance. Due to delay in procurement of civil works arising from the continuous development of project interfaces and timeline causing revisions on the bidding documents.	Target date for submission of request: second quarter of 2022
Change in scope only	RAPID Growth Project/DTI/IFAD	Change in the number of regions and provinces due to changes in geopolitical arrangements.	Through a letter dated February 24, 2022, the DTI submitted its request for change in scope to NEDA. As of date, the ICC Secretariat is reviewing DTI's submission. Through a letter to the DTI dated April 1, 2022, NEDA requested the DTI to submit additional documents (detailed status reports and catchup plans). As of May 4, 2022, DTI has yet to submit the said documents.

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
Change in scope with increase in cost and implementation duration and/or loan validity extension	MRT 3 Rehabilitation Project/DOTr/ JICA	Due to COVID-19-related variations and variations resulting from the integration with the MRT-LRT Common Station and the four-car train configuration, complete rehabilitation.	Target date for submission of request: second quarter of 2022
Change in scope with loan validity and implementation duration extension	Central Luzon Link Expressway Project/DPWH/JICA	Inclusion of a one-span bridge overpassing Felipe Vergara Highway and proposed a modification/ configuration of the on and off ramp of Cabanatuan Interchange.	Target date for submission of request: TBD
Change in scope with loan validity and implementation duration extension and loan reallocation	Metro Manila Bus Rapid Transit Line 1 Project (MMBRT)/ DOTr/WB	Delay in procurement of key consultants due to unavailability of funds. Change in scope to: (a) cover the Interim Bus Service and the consultancy services for the Interim System Management Office, which were not part of the ICC-approved project design/scope, and (b) exclude the construction of the bus depot component. Loan reallocation to cover the estimated deficit of USD6.18 million for the Technical Support Consultant.	N/A (see item on loan cancellation, which supersedes DOTr's confirmation of the possible request for change in scope, extension of implementation and loan validity periods, and loan reallocation)

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
Change in scope with implementation duration extension	Metro Manila Interchange Construction Project, Phase VI/ DPWH/JICA	<p>Delay in the procurement of civil works contractor for the construction of the North/Mindanao Interchange and the C5/Green Meadows/ Acropolis/Calle Industria Interchange due to the high bid of the lone bidder.</p> <p>Delayed implementation of the: (a) EDSA/ Roosevelt-Congressional Avenue Interchange; and (b) EDSA/North Avenue-West Avenue Interchange due to the prolonged resolution of the conflict in alignment with DOTr's MRT-LRT Common Station and Metro Manila Subway projects.</p>	<p>Target date for submission of request: March 2022</p> <p>The request was submitted to NEDA on March 29, 2022.</p>
	Water District Development Sector Project/ MWSS/ADB	Non-take up of the project by water districts (WDs) and delays in pre-procurement activities for six WDs.	Target date for submission of request: TBD
Loan/Grant validity and implementation duration extension	Samar Pacific Coastal Road Project/ DPWH/ KEDCF	Due to typhoons and intermittent adverse weather conditions experienced in Northern Samar, rendering unworkable site condition.	Target date for submission of request: TBD

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
Loan/grant validity extension only	Project for Introducing Evidence-based Relapse Prevention Programs to Drug Dependence Treatment and Rehabilitation Centers in the Philippines (InterIaPP)/ DOH/ JICA	To complete the project's remaining deliverables.	Update: Through a letter dated April 19, 2022, NEDA endorsed to the DOF the proposed 18-month extension of the implementation period of the project, from December 2022 to June 19, 2024.
Implementation Duration extension	Access to Sustainable Energy Programme (ASEP)/ DOE/EU	Under the Rural Network Solar component: failure of bidding and withdrawal of the contractor's bid in view of significant increases in costs of modules, shipping/freight, and local labor.	The request was submitted to NEDA on March 31, 2022.



Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
	Davao City Bypass Construction Project/DPWH/JICA	Delays encountered in securing supplemental funding for cost increases approved by the ICC in 2018 and 2019 due to change in scope resulting from the detailed engineering design (DED). Delays caused by the imposition of community quarantine due to the COVID-19 pandemic.	Target date for submission of request: TBD
	Metro Manila Priority Bridges Seismic Improvement Project/DPWH/JICA	Delays due to the bidding failure for the civil works contractor, and delays in rebidding due to the imposition of community quarantine in view of the COVID-19 pandemic.	Target date for submission of request: TBD
	Reconstruction and Development Plan for Greater Marawi-Stage 2/DPWH/ADB	Prolonged procurement of the Project Implementation Consultant for the preparation of feasibility study, DED, and construction supervision	Target date for submission of request: TBD

Nature of Restructuring	Projects/IA/DP	Reason(s) for Restructuring	Status of Review/ Approval
	Road Upgrading and Preservation Project/DPWH/JICA	Delay in ROWA affecting 65 lots and 15 structures for improvements, which delayed the work schedule for the reconstruction of the Clarin Bridge. Pending works under CP 2: Road Asset Preservation for Annual Work Program (AWP) 3.	Target date for submission of request: TBD
Loan reallocation only	New Cebu International Container Port Project/ DOTr/KEDCF	To cover the variation orders to rehire and extend the contract of the project consultant who shall assist in the bidding process for the Engineering, Procurement, and Construction (EPC) contractor.	Target date for submission of request: third quarter of 2022
Loan cancellation	Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)/LBP/JICA	Cancellation due to undisbursed loan balance of JPY2.31 billion. Available funds from sub-loans collections can adequately finance the demand of the pipeline projects and future availments.	Through a letter dated January 10, 2022, LBP forwarded its request to NEDA. The request was approved by the ICC-CC through ad referendum on April 7, 2022.
	Metro Manila Bus Rapid Transit Line 1 Project (MMBRT)/ DOTr/WB	Cancellation of USD64.50 million loan proceeds (USD40.60 million under the International Bank for Reconstruction and Development or IBRD loan and USD23.90 million under the Clean Technology Fund or CTF loan).	NEDA received DOTr's request for loan cancellation on April 28, 2022. The ICC-CC approved the request through ad referendum on June 3, 2022.



5.3 Alert Mechanism

The NEDA's Enhanced Alert Mechanism⁵⁹ (AM) identifies and flags ongoing ICC-approved ODA loan- and grant-assisted projects which require priority monitoring and facilitation by classifying them into Potential⁶⁰ and Actual Problem Projects⁶¹ (i.e., Level I – Early Warning Stage and Level II – Critical Stage) using 10 leading indicators on financial, physical, cost overrun, and stage of project implementation. ODA-funded projects are considered ongoing when their loans/grants become effective. These projects shall be covered under the AM until the quarter that covers the closing date of their loans/grants.

Box 5.1 The NEDA Enhanced Alert Mechanism

Enhanced AM Indicators

Indicator 1: Financial

- 1a Ratio of (a) actual loan proceeds disbursements to (b) target loan proceeds disbursements is less than 70 percent.
- 1b Ratio of (a) actual grant proceeds disbursements to (b) target grant proceeds disbursements is less than 70 percent.
- 1c Ratio of (a) actual disbursements from the GPH Counterpart Fund to (b) target disbursements from the GPH Counterpart Fund is less than 70 percent.
- 1d Difference between the (a) time elapsed and the (b) ratio of cumulative actual disbursements to the ICC- approved project cost is more than 30 percent.
- 1e Difference between the (a) ratio of cumulative actual disbursements to total ICC-approved project cost and the (b) actual overall weighted physical accomplishment is more than 30 percent.

Indicator 2: Physical

- 2a Negative physical slippage of at least 10 percent
- 2b Project with (a) delays of more than six months being experienced in its major ongoing activities in the critical path or in any ongoing component/ deliverable, or (b) with some activities due for completion after the ICC-approval of the extension of implementation period/loan or grant 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 (excluding cost overrun with NEDA Board confirmation of ICC approval)

Indicator 4: Stage of project implementation

- 4a Project is completing within a year (supplemental indicator only)

Source: NEDA (2019). Enhanced Alert Mechanism Guidelines

⁵⁹ Adopted by NEDA-Monitoring and Evaluation Staff during the 68th Project Implementation Officers' (PIO) Meeting held on April 28, 2019.

⁶⁰ Projects which breached an indicator in any of the following categories: financial, physical and cost overrun are tagged as Potential Problem projects.

⁶¹ Projects which breached an indicator in at least two of the following categories: financial, physical and cost overrun are tagged as Actual Problem projects.

Actual Problem Projects in CY 2021

Table 5.5 provides the year-end AM status of 71 ongoing ODA-funded projects, 65 of which were carried over from 2020 and six became effective/ongoing in 2021. Thirty-five ODA loan- and grant-assisted projects were flagged as actual problem projects, which require priority monitoring (i.e., Critical Stage – Alert Level II, and Early Warning Stage – Alert Level I) as of December 2021, while 23 were flagged as potential problem projects.

Of the 71 projects, a total of 25 projects were elevated to a higher alert status while 11 projects have improved their alert status (i.e., compared to last year's assessment). On the other hand, 25 projects retained their 2020 alert status. The remaining 10 projects are either newly effective/ongoing or performance of which were not assessed in 2021. Refer to **Annex 5-D** for the list of projects with corresponding alert status as of year-end of 2020 and 2021.

Table 5.5 Summary of Alert Status of Ongoing Projects in 2020 and 2021

Alert Status	2020			2021		
	Loan-Assisted	Grant-Assisted	Total	Loan-Assisted	Grant-Assisted	Loan Count
Actual Problem Projects	32	2	34	33	2	35
Level II	27	2	29	27	2	29
Level I	5	–	5	6	–	6
Potential Problem Projects	7	1	8	23	–	23
No Problem Projects (no alert indicators breached)	9	–	9	5	1	6
No Assessment	16	–	16 ⁶²	7	–	7
Total	64	3	67⁶³	68	3	71⁶⁴

Of the 29 projects with alert status tagged as Critical Stage (Alert Level II), 24 projects have either restructuring requests in 2021 and/or are identified as likely to be restructured in 2022. In total, 20 restructuring requests were received by NEDA in 2021 (involving 16 out of the 24 critical projects) while 14 restructuring requests are anticipated to be officially requested by IAs in 2022 (involving 14 out of 24 critical projects)⁶⁵.

⁶² Includes projects, which were tagged as completed/closed and newly-effective in the CY 2020 ODA Portfolio Review Report.

⁶³ Excludes four newly-signed loan-assisted projects as of year-end 2020, namely: (i) BOC's Philippines Customs Modernization Project; (ii) DOTR's Epifanio De Los Santos Avenue Greenways Project (EDSA Greenways); and (iii) DSWD's Beneficiary First Social Protection Project – Component 2 and (iv) Additional Financing for the KALAHI-CIDSS National Community Driven Development Project, as these were not yet covered under NEDA's Enhanced Alert Mechanism.

⁶⁴ Excludes four newly-signed loan-assisted projects as of year-end 2021, namely: (i) DPWH's Metro Manila Bridges Project; and DOH's (ii) Cov19: Second Health Enhancement to Address and Limit COVID-19- Additional Financing; (iii) Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility Project – Additional Financing (HEAL 2 – AF) (L0555A); and (iv) Philippines COVID-19 Emergency Response Project – Additional Financing 2, as these were not yet covered under NEDA's Enhanced Alert Mechanism.

⁶⁵ Some projects may either have (i) multiple restructuring requests in 2021 and/or (ii) have both restructuring requests in 2021 and are likely to be restructured in 2022.

The remaining five critical projects which did not entail restructuring were monitored closely (i.e., through Project Implementation Reviews and other technical-level meetings with concerned Project Management Offices or PMOs) to facilitate immediate action of agencies on reported issues and to expedite intervention towards resolution of the issues. Refer to Section 5.2 for the complete details of critical projects with restructuring requests in 2021 and critical projects that are likely to be restructured in 2022.

5.4 Projects with Incomplete Outputs at Loan Closing in CY 2021

Four projects and one program were reported to have incomplete outputs upon loan/grant closing (Table 5.6).

Table 5.6 Projects with Incomplete Outputs

Project/IA/fund source	Description of incomplete outputs	Measures taken/to be taken/ updates
Project Loans		
1. Scaling-Up of the Second Cordillera Highland Agriculture Resource Management Project (Scaling Up of CHARMP2)/DA/IFAD	<p>Three infrastructure subprojects [i.e., two farm-to-market roads (FMRs) with a total length of 6.6 km, and one community irrigation system (CIS) servicing 40 hectares] were not completed as of loan closing on December 31, 2021.</p> <p>The two FMRs located in Licuan-Baay, Abra were found ineligible due to misprocurement by MLGU and recommended for refund by the IFAD Mission.</p> <p>Meanwhile, the CIS located in Malibcong, Abra faced implementation delays due to the inability of the contractor to deliver sufficient construction materials at the project site and insufficient manpower to perform civil works.</p>	<p>Measures taken: Three subprojects (misprocurement of two FMRs and one CIS in Abra) have already been terminated as of December 2021.</p> <p>Measures to be taken: DA-CAR to comply with the documentary requirements to recover the balance of funds paid to the contractor for the two FMRs in Abra.</p> <p>The LGU of Malibcong will continue to implement the remaining works for the said CIS subproject which shall be funded by their own funds, and are targeted for completion by 2023.</p> <p>Update: Refund of Outstanding Advances and Ineligible Expenses under the loan was made on February 24, 2022. The loan was closed on the said date</p>

Project/IA/fund source	Description of incomplete outputs	Measures taken/to be taken/ updates
2. National Irrigation Sector Rehabilitation and Improvement Project (NISRIIP)/NIA/JICA	Two sub-projects, the Lambayong (comprised of three contract packages) and Simulao (comprised of two contract packages) River Irrigation Systems (RIS) in Sultan Kudarat and Agusan del Sur, were not completed on the scheduled June 30, 2021 completion date of the project, and upon loan closing on December 31, 2021 due to unworkable site condition brought about by continuous flooding in May and June 2021, and resumption of water delivery, respectively.	Measures to be taken: The remaining works in Lambayong CIS and Simulao CIS shall be financed under the FY 2022 budget of NIA and implemented by NIA Regional Offices XII and Caraga, respectively. Target completion of said remaining works is within the second semester of 2022.
3. Integrated Natural Resources and Environmental Management Project (INREMP)/DENR/ADB and IFAD	Of the 74,604 ha target of Community Based Protection and Monitoring, 6,554 ha were canceled and dropped due to the backing out of People's Organizations (POs) in Cagayan Upper River Basin (CURB) under Kalinga Province in 2021 (i.e., Upper Mabaca Farmers Association with 1,295 ha) and Galwitan Unoy Association with 5,259.5 ha) amounting to PHP9,831,750.00.	Measures taken: DENR requested the cancellation of the two POs to the ADB.

Project/IA/fund source	Description of incomplete outputs	Measures taken/to be taken/ updates
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Five out of the 55 Rural Infrastructure subprojects with total cost of PHP90.8 million were incomplete as of December 31 2021, to wit:

LGU/ Region		Accomplishment (in percent)
Region VII		
1	Sierra Bulliones	90
Region X		
2	Talakag	70
BARMM		
3	Lumbabay abao	80
4	Tamparan	2
5	Maguing	60

Measures taken: A series of consultations, technical assistance, and assessments were provided and conducted with the partner LGUs to complete the remaining physical works on or before the project closing on December 31, 2021.

Measures to be taken: DENR to seek commitment letter of the five LGUs to complete the remaining physical works.

Two out of 28 Livelihood Enhancement Support-Shared Service Facility (SSF) construction works under the DTI with an amount equivalent to PHP864,146.69 were incomplete as of end 2021:

(a) Gaang Tribal Unity for Development (GATUD) with 75.1 percent accomplishment; and
(b) Tinanang Incorporated (TI) with 76.4 percent accomplishment.

Measures taken: DTI planned and attempted to complete the remaining works of the two SSF construction works which include installation of windows, doors, frames, railings and glazed tiles, painting works, plastering, and waterproofing. However, the completion was affected by the series of failed biddings, COVID-19 travel restrictions, and bad weather conditions.

Measures to be taken: DENR and DTI will endorse to the DBM the request for guidance on funding the completion of the two SSFs under the regular funds of the DENR.

Project/IA/fund source	Description of incomplete outputs	Measures taken/to be taken/ updates
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Program Loan

4. Senior High School Support Program (SHSSP)/DepEd/ ADB
DepEd was unable to conduct the

Basic Education Exit Assessment (BEEA) for Grade 12 learners in 2021 because there were no face-to-face classes to administer such kind of large-scale assessments and relatedly, the Department has yet to shift from paper-based to computer-based testing. The results of the DepEd Basic Education Exit Assessment (BEEA) will serve as the basis to assess whether the Disbursement-linked indicator (DLI) 1.4 (Grade 12 exit assessment Mean Percentage Score or MPS in SHSS is at least 50% for mathematics and at least 45% for science) was actually achieved.

While the Department intends to conduct the BEEA during the second quarter of CY 2022, this timeline makes it improbable for DepEd to gather, analyze and interpret the results before the project closing date on June 30, 2022. Hence, DepEd decided to conform with the partial disbursement procedures for DLI 1.4 using the SY 2018-2019 NAT results. GPH, through the DOF, was able to disburse USD1.07 million out of the USD2 million allocation from the Bank. In a letter from the ADB to the DOF dated March 16, 2022, the Bank conveyed that the remaining undisbursed amount (USD932,237) was already cancelled.

Measures taken: DepEd decided to avail the partial disbursement procedures for DLI 1.4 using the SY 2018-2019 NAT Results. The agency, through its October 28, 2021 letter to ADB, reported the partial achievement of DLI 1.4. ADB confirmed the partial achievement on November 9, 2021, signifying that DOF can already proceed with the withdrawal application. The GPH, through the DOF, was able to disburse USD1.067 million out of the USD2 million loan allocation for DLI 1.4.

Update: On February 18, 2022, DOF transmitted its letter to DBM expressing DepEd's intent to cancel the remaining undisbursed balance. The DBCC then approved the cancellation, as indicated in DBCC Resolution No. 2022-2 dated March 14, 2022. Through a letter to the DOF on March 16, 2022, the ADB confirmed the cancellation of the remaining undisbursed amount (USD932,237.00) effective March 15, 2022.

Project/IA/fund source	Description of incomplete outputs	Measures taken/to be taken/ updates
Grants		
5. Carbon Asset Development Fund (CADF) – Methane Recovery from Waste Management Project/LANDBANK/ WB	The grant was only able to achieve 64 percent of its target Certified Emission Certificates (CERs) of 525,730 upon its closing in April 2021.	Measures taken: Clean Development Mechanism (CDM) verification activities are still ongoing for CERs generated until 2020 crediting period from piggery projects and sanitary landfill projects under the CDM Program of Activities (PoAs). An estimate of 444,641 CERs (total from both PoAs) are expected to be issued upon successful completion of said CDM verification activities. These will bring the total CERs issued by the grant to 970,371 CERs or 118 percent of the overall target.



Fisheries, Coastal Resources and Livelihood Project
Photo courtesy of BFAR

5.5 Ongoing Projects with Damaged Outputs in CY 2021

Two projects (one implemented by DA and another by DSWD) were reported to have damaged outputs in 2021 due to Super Typhoon Odette. Details are provided in Table 5.7.

Table 5.7 Projects with Damaged Outputs in 2021

Project/IA/Fund Source	Description of Damaged Outputs	Measures taken/To be taken/ updates
1. Fisheries, Coastal Resources and Livelihood Project (FishCORAL)/DA/ IFAD	<p>The following project outputs were damaged by typhoon Odette in December 2021:</p> <ul style="list-style-type: none"> • eight infrastructures (five watchtower, one bay-wide management and multi-purpose building, two jetty ports/ fish landing); • three Coastal Resource Management (CRM) subprojects (one mangrove rehabilitation projects, two stock enhancement, patrol boat accessories/ equipment); • 347 CRM equipment (four patrol boats accessories/equipment/ engines, 335 Fish Sanctuary markers/buoys, eight equipment as technical assistance (IT equipment, GPS, camera, night vision monocular, aqualung diving set); • 58 livelihood projects (seaweed farming, lobster farming, mangrove crab fattening, fish culture, oyster culture); and • 23 facilities/equipment and infrastructure (including three freezers, one ice maker machine, four solar dryers, among others). <p>Total estimated damaged cost is PHP37,257,702 million (PHP15,866,111 million for the CRM Component, and PHP21,391,591 million for the Livelihood Component).</p>	<p>Updates: Typhoon damage report was forwarded to the Bureau of Fisheries and Aquatic Resources (BFAR) regional and national offices in February 2022 for possible assistance. Assistance to be rendered (as proposed under the supplemental budget of BFAR Regional Offices) are fishing gears/equipment, post-harvest facilities, and livelihood materials. The Philippine Crop Insurance Commission (PCIC)-insured beneficiaries who were affected by recent natural disasters would also receive indemnity. As of March 31, 2022, some of these beneficiaries have already received partial indemnity while some are awaiting its release.</p> <p>Actions to be taken: DA-BFAR shall coordinate with national and local government agencies to prepare fishing communities for disaster response. Disaster risk mitigation and adaptation measures will be part of the project's exit and sustainability plan as most of the project areas are prone to typhoons.</p>

Project/IA/Fund Source	Description of Damaged Outputs	Measures taken/To be taken/ updates
2. Kapit-Bisig Laban sa Kahirapan Comprehensive and Integrated Delivery of Social Services National Community-Driven Development Program Additional Financing (KC-NCDDP) Additional Financing/ DSWD/WB	<p>Twenty-five completed and 58 ongoing sub-projects classified under the Cash for Work (CFW) assistance, livelihood, community infrastructure, and communication devices were damaged by Super Typhoon Odette in 24 municipalities in the provinces of Bohol, Surigao del Norte, Surigao del Sur and Dinagat Islands in December 2021.</p>	<p>Action Taken: The project shifted to the Rapid-onset Disaster Response Operations Modality (DROM) in December 2021, which is a platform for speeding-up post disaster recovery and rehabilitation activities through the mobilization of a network of community volunteers and service providers.</p> <p>Updates: The Rapid Damage Assessment and Needs Analysis (RDANA) and Damage assessment of community infrastructure subprojects were conducted from January to February 2022.</p> <p>Action to be Taken: The KC-NCDDP AF PMO shall undertake the enhancement of the Disaster Response Operations Procedures (DROP) and provide guidelines on the continuation of community infrastructure sub-projects that were ongoing but were damaged by Super Typhoon Odette, if the communities still consider these as a priority.</p>

Lessons Learned 6

5.6 Cost Overrun in CY 2021

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/approval process, mainly to determine whether the project continues to be economically viable. In 2021, NEDA received six official requests for change in cost amounting to PHP231.83 billion. Of the six requests, two were still under review by the ICC Secretariat as of the reporting period, one was approved by the ICC-CC pending NEDA Board confirmation, and three were already confirmed by the NEDA Board as of first quarter of 2022. **Annex 5-E** shows the details of the six requests.

Lessons from project/program preparation, design, and implementation that affected the performance and achievement of project/program outcomes and impacts were documented for future improvement of project/program design and implementation.

Programs and projects encountered issues related to government/funding institution approvals, design/scope/technical specifications, procurement, site condition/availability, budget and funds flow, inputs and cost, performance of contractor/consultant, PMO manpower/capacity, institutional support, legal policy and issuances, and COVID-19 pandemic.

Design/scope/technical specifications

Eleven projects encountered bottlenecks in design, scope, or technical requirements. Some notable lessons learned from these reported issues are:

- (a) ensuring the availability of baseline data to set reliable targets;
- (b) conducting consultations with affected LGUs and involving local executives during project conceptualization/preparation stage to avoid institutional oppositions during implementation;
- (c) designing a facilitation guide that is tailor-fitted to COVID-19 to improve the responsiveness of sustainability plans;
- (d) strengthening marketing activities to promote credit programs to address low competitiveness over other similar programs;
- (e) incorporating climate-resilient features in project design to reduce the risks and vulnerabilities posed by climate change; and
- (f) embedding sustainability measures in the design of capacity-building projects, which include creation of knowledge hub and learning resource centers within agencies, establishment of communities of practice, and retaining capacitated personnel for coaching and mentoring.

Government/funding institution approvals

Nineteen projects reported issues on government approvals. Frequent coordination meetings and review missions with DPs, NGAs, and other stakeholders to comply with processing and approval requirements were instrumental in resolving some of the said issues. It may be prudent for agencies to consider existing policies and guidelines (e.g., environmental and social safeguards) of DPs to ensure smooth implementation of their ODA-funded projects and to consider packaging project activities that require compliance with the aforementioned policies/guidelines as part of the scope or technical assistance under the said projects.

Procurement

Twenty-one projects faced procurement issues. Undertaking early preparation of TORs with appropriate technical specifications, conducting market research, pre-bid conferences with project management units (PMUs), LGUs, and prospective bidders, and in some cases, engaging a procurement agent, were instrumental in expediting the procurement process and in ensuring a more market-responsive cost estimate.

In preparing for early procurement activities, it is crucial for implementing units to ensure availability of budget, observe timelines, and compliance with DBM requirements on requests for additional funding.

Site condition/availability

Thirty-one projects with issues on road right-of-way (RROW) and site availability/conditions were reported. Continuous coordination and communication with project affected families (PAFs) and other stakeholders were instrumental in finalizing compensation packages and securing RROW. It is important for agencies to provide assistance to landowners, in coordination with LGUs, to secure necessary documents regarding ownership of real estate properties prior to the commencement of civil works. Entering into MOAs with relevant government agencies is a way to delineate and formalize their respective roles in terms of RROW, site acquisition, resettlement of PAFs, and relocation of utilities. Further, the identification of alternate project sites at the preparatory stage is a good contingency measure should there be issues on the feasibility/availability of the original site.

Budget and funds flow

There were 28 projects that encountered budget-related issues. Close coordination and informal discussions at the technical level with DBM facilitated efficient staff work and helped fast track the approval of needed SAROs.

For projects that would require restructuring, IAs should already anticipate and appropriately act on requirements to secure government approvals as a pre-condition for the processing of budget cover.

Inputs and costs

Seven projects reported issues on inputs and costs. The concerned agencies realized the importance of having contingency measures to consider the eventual increase on mobilization, labor, and material costs as early as the project design phase. To avoid cost overruns, due diligence in checking the market cost of the goods and equipment should be part of the planning stage. IAs must provide flexibility in developing/updating contingency measures to consider exogenous factors due to fortuitous events.

Performance of contractor/consultant

Seven projects encountered issues related to the performance of engaged contractors/consultants. Active and close monitoring of the performance of contractors will help prevent delays in delivering outputs. IAs should use/provide appropriate qualification standards for the selection of potential contractors/consultants to ensure the delivery of quality outputs.

PMO manpower/capacity

Ten projects cited manpower and capacity issues because of lack of required familiarity with the procurement processes, financial and operational guidelines of development partners, which prolonged coordination between IAs and DPs and subsequently affected the overall timeliness of project implementation. In addressing the cited issues, agencies determined the importance of a well-oriented staff on project management (e.g., contract, financial, operational, communication, planning, M&E).

Institutional support

There are seven projects that experienced issues on institutional support. One highlighted the disengagement of local chief executives, the *Sangguniang Bayan*, and other local stakeholders who refused to sign partnership/cooperation documents (e.g., MOA, MOU, letter of intent) due to delayed release of funds necessary for LGUs to implement community-driven development (CDD) projects. The availability and timely release of funds is critical to sustain the engagement of the targeted LGUs as implementing partners of CDD projects. Further, engagement of stakeholders, through public consultations, was identified to be crucial in providing context on local priorities and socio-economic conditions of LGUs toward promoting project ownership.

Legal policy and issuances

Three projects encountered legal-/policy-related issues. The lack of enabling policy environments particularly for improving access to reproductive health services and products and promoting value chain governance towards increased competitiveness of agro-enterprises affected the maximization of project benefits.

COVID-19 pandemic

Forty-seven projects were affected by issues related to the COVID-19 pandemic. The utilization and improvement of digital technology played an important role in mitigating the effects of the pandemic on project implementation. The flexibility and resiliency of project implementers are instrumental during project implementation given the varying health restrictions imposed in 2021. Strengthened planning and coordination with project stakeholders remained pivotal in carrying out project activities. Further, innovations in monitoring through digital reporting aided project implementation in the new normal.

Other lessons learned such as close monitoring and having a comprehensive monitoring and evaluation (M&E) system improved the quality of project reporting (e.g., use of harmonized M&E forms to allow for a standard data consolidation across implementing units), which are useful in assessing project performance and facilitating evidence-based decisions.

Recommendations

7

Budget and funds flow

Implementing agencies should commence preparatory activities early on to ensure the timely submission of firmed up budgetary requirements and availability of budget cover for the remaining years of project implementation. Agencies with inadequate approved appropriations in the FY 2021 and/or FY 2022 General Appropriations Act (GAA) vis-a-vis their proposed project budget may request for special budget under the unprogrammed appropriations of the FY 2022 GAA in accordance with its purposes, requirements, and special provisions such as the Support for Infrastructure Projects and Social Programs, Support for Foreign-Assisted Projects, and Right-of-Way Acquisition, among others.

Capacity development

To further enhance the PMO's capacity to manage projects, agencies should strengthen capacity building in all aspects of project management and in the various stages of the project cycle. This includes project development, assessment of project viability, preparation of investment plans/subproject proposals, procurement, contract management, financial management, monitoring and evaluation, among others.

Coordination, implementation, and other project management concerns

For projects which encountered implementation bottlenecks near their completion date, IAs should closely coordinate with the concerned oversight agencies, NGAs, DPs, LGUs, and other stakeholders to facilitate the delivery of target outputs and ensure full physical completion by the target date.

Right-of-way acquisition

To prevent implementation delays, agencies must ensure that ROWA-related issues are resolved before the start of construction. Timelines in the preparation and implementation of the land acquisition and resettlement plan, as well as coordination with PAFs and utility companies for the relocation of utilities should be strictly observed.

Addressing the impacts of the COVID-19 pandemic

For projects that were delayed due to the impacts of the COVID-19 pandemic, IAs should prepare and strictly implement their catch-up plans to anticipate possible requests for restructuring (e.g., time extension). To address the impacts of the pandemic, IAs must ensure COVID-19 safety protocols are strictly enforced, pursuant to relevant policy issuances such as on construction safety guidelines for the implementation of infrastructure projects. IAs may also consider developing a guideline or framework to streamline the processing and expeditiously address contractor/consultant claims related to COVID-19, such as on the added cost of bio-sanitary measures to prevent the spread of COVID-19, and standby costs during community quarantine, covering salaries of security staff, accommodations, and standby cost of equipment, among others.

Monitoring and evaluation

IAs must ensure that all projects embed the monitoring and evaluation of outputs and outcomes, and should have monitoring and evaluation plans submitted both to NEDA and DBM. PMOs/IAs need to ensure the regular and timely submission to NEDA of complete project updates highlighting the physical and financial accomplishments consolidated at the project level, issues encountered, progress, actions being taken on approved catch-up plans, risk mitigation measures, and project outcomes/results. IAs and oversight agencies must actively participate in Project Implementation Review meetings to ensure that agreements reached are followed through for the expeditious resolution of implementation issues.

For projects nearing completion, IAs may start preparing Project Completion Reports (PCR), ideally six months prior to the actual closing/completion date of projects. PCRs must be submitted to NEDA, for all completed projects/closed loans six months after project completion/loan closing. IAs must continuously monitor and report projects which remain unfinished upon loan or grant closing. Moreover, IAs may consider subjecting completed projects for further evaluation/impact studies, through NEDA and other available mechanisms, to validate the effectiveness of interventions and take stock of lessons learned as input to future project planning and programming. Oversight agencies are encouraged to have continuous knowledge sharing on their monitoring and evaluation systems and templates to avoid duplication of reporting of project performance.

At the end of the life cycle of programs/projects, IAs should conduct proper evaluations to measure and analyze cause-effect links between programs/projects and their results. To ensure that evaluation findings are utilized, IAs must formulate action plans and commit to implement recommendations on improving policy, programs, and projects.

Projects restructuring

IAs must submit requests for project restructuring with complete and compliant ICC requisite documents to NEDA with at least six months lead time in consideration of the processing timelines of the ICC Secretariat, DOF, ICC and NEDA Board. For projects with requests for extension of implementation period/loan/grant validity, agencies should submit their requests to NEDA at least six months before the latest ICC-approved implementation end date/loan/grant closing date. Agencies should continuously provide NEDA and other oversight agencies with copies of official communications on likely and ongoing restructuring processes.

Procurement

To prevent future delays in procurement activities, IAs, in coordination with the DPs, should continue the conduct of regular training on procurement processes and guidelines of DPs.



Review of ODA Grants

8

on Capacity Development
Provided by Development Partners
from January 2017 to June 2021

In 2021, NEDA conducted a study/review which examined the effectiveness of grant-assisted programs and projects implemented in the country from 2017 to June 2021 towards strengthening the capacities of government agencies. Specifically, the study assessed the delivery of target outcomes and outputs of grant programs/projects.

A total of 75 capacity development grants, with a total allocation of USD283.57 million, provided by DPs to the country were covered in the study. The United States Agency for International Development (USAID) provided the bulk of ODA capacity development grants to the country, accounting for a 46 percent share (USD129.03 million) of the grants assistance portfolio, followed by the Australia Department of Foreign Affairs and Trade (DFAT) with 16 percent (USD46.01 million) and the European Union (EU) with 14 percent (USD39.55 million).

Under the study, the governance and institution development (GID) sector has the largest share of the total allocation for capacity building assistance with 30 percent (USD84.25 million for 20 projects), followed by the industry, trade and tourism (ITT) sector with 23 percent (USD65.58 million for eight projects), and the social reform and community development (SRCD) sector with 18 percent (USD52.23 million for 15 projects).

All grants covered in the study had either or both NGAs and/or LGUs as main beneficiaries. The said grants also supported capacity building activities for community-based organizations, and networks of marginalized groups (e.g., indigenous peoples and cultural communities, urban poor) through or in partnership with GPH, among others.

Thirty-two percent (24 projects) of the total number of grants covered in the study had purely GPH agencies/units (NGAs/LGUs) as beneficiaries while 68 percent (51 projects) had a mixture of beneficiaries. In terms of cost allocation, standalone grants (33 projects) had the highest share with 52 percent, follow-up grants (20 projects) with 32 percent, and complementary grants (22 projects) with 16 percent.

Objectives of capacity development grants covered in the study were anchored on Country Assistance Frameworks (CAF)/Country Program Framework (CPF) between GPH and DPs. These frameworks are generally aligned with development objectives of the Philippine Development Plan (PDP). More than 74 percent (53 projects) of the grants used results frameworks or similar instruments as key tools for project design, implementation, and M&E. Sixty-nine projects (93%) of the 74⁶⁶ ODA grants delivered either all or most of their target outputs, while 70 projects (95%) delivered either all or most of their intended outcomes. Fifty-five projects (74%) were able to achieve all or most of both their intended outputs and outcomes.

Using a 5-point satisfaction rating scale, satisfaction rating of beneficiaries of the 72⁶⁷ capacity development grants averaged 4.46. Moreover, there were 67 projects (93% of 72 grants) that achieved either all or most of the target outcomes and have highly satisfied/satisfied beneficiaries.

The top four types of outputs provided to recipient agencies are:

- (a) trainings/workshops/fora;
- (b) manuals/guidelines;
- (c) masterplans and management plans; and
- (d) policy/regulation/ legislation formulation.

The findings also indicate that the grants covered in the study have strengthened the technical, operational, systemic, adaptive, and influencing capacities of NGAs and LGUs.

Forty-one grants covered in the study have encountered changes from their originally approved scope, budget, and implementation duration. Time extension of six months to two years was cited as among the major reasons for restructuring by more than half of the covered grants.

The capacity of PMUs was identified as the most important facilitating factor in achieving the intended results of the grants covered in the study. The performance of contractors/consultants is also a significant factor identified from the collected responses of the survey administered for the study. Findings of the study also emphasize that sustaining momentum for capacity development grant implementation necessitates strong and continuous institutional support from implementing partners. On the other hand, the study also highlights difficulty for some grants in securing government approvals due to the following:

- (a) change in government leadership;
- (b) non-allocation in the GAA of counterpart funding; and
- (c) overall delay in securing approvals/signatures from their respective partner implementing agencies.

Issues on the performance of consultants for capacity development grants include the following:

- (a) delayed submission of outputs and progress billings;
- (b) decreased number of designated consultants due to resignations; and
- (c) weak oversight and monitoring functions of consultants due to their inadequate knowledge and appreciation of the local context.

In addition, COVID-19 emerged as another hindering factor to the achievement of desired outputs/outcomes due to the following:

- (a) travel restrictions imposed by the national and local governments;
- (b) limited conduct of face-to-face activities; and
- (c) changes in priorities of the stakeholders involved.

A copy of the full report is provided in **Annex 8-A** (<https://bit.ly/ODAReviewAnnex8-A>).

⁶⁶ This refers to the number of grants with complete information on the level of achievement of outputs and outcomes. One grant (Human Resource Organisational Development Facility) was not covered due to the insufficient information on output and outcome achievement provided by Australia-DFAT.

⁶⁷ This refers to grants, which were provided with satisfaction ratings by respondents of the survey conducted for the study.