



2023 Official Development Assistance

PORTFOLIO REVIEW REPORT

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Table of Contents

List of Figures	v
List of Boxes	vi
List of Tables	vii
List of Acronyms	x
Executive Summary	1
The Annual ODA Portfolio Review	5
1.1. Legal Basis	6
1.2. Objectives	6
1.3. Scope	6
1.4. Report Structure	7
Overview of the CY 2023 ODA Portfolio	8
2.1. Magnitude	9
2.2. ODA Loans	12
2.3. ODA Grants	18
2.4. ODA support for Project Identification, Feasibility Studies, Masterplans, and Monitoring and Evaluation	24
2.5. ODA Distribution	25
2.5.1. By Implementing Agency	25
2.5.2. By Sector	28
2.5.3. By Spatial Coverage	30
2.5.4. By Fund Source	32
2.6. Responsiveness to the Sustainable Development Goals and Key Development Themes	33
2.6.1. ODA Supporting the Sustainable Development Goals	33
2.6.2. ODA Alignment with the PDP 2023–2028	35

2.6.3. ODA on Climate Change Adaptation and Mitigation and Disaster Risk Reduction	36
2.6.4. Promoting Gender-Responsiveness of Projects	37
2.7. ODA Supporting the Infrastructure Flagship Projects	39
Performance	43
3.1. ODA Financial Performance	44
3.1.1. Loans Financial Performance	44
3.1.2. Grants Financial Performance	47
3.2. Budgetary Performance	48
3.2.1. Multi-Year Budget Requirements for FY 2024 and Beyond of Active ODA Loan-Funded Projects	50
3.3. Physical Performance	52
3.4. Problematic Projects	56
3.5. Restructuring of ODA-Funded Projects	60
Results	63
4.1. Emerging Results of ODA-Funded Programs and Projects	64
4.2. Completed Studies on ODA Programs/Projects	69
4.3. Initial Findings of the GPEDC Fourth Monitoring Exercise	69
Implementation Issues and Recommendations	72
5.1. Implementation Issues	73
5.2. Recommendations	76
Lessons Learned	82

List of Figures

Figure 2.1.	Active ODA Loans and Grants in USD Million (2022 vs 2023)	9
Figure 2.2.	Share of ODA by Mode (2014 to 2023)	10
Figure 2.3.	ICC-Approved Projects by Financing Type (2014 to 2023)	11
Figure 2.4.	Total Loan Net Commitment by Type	13
Figure 2.5.	Distribution of ODA Loans by Type (2022 vs 2023)	13
Figure 2.6.	Annual Distribution of ODA Loans by Status (2019–2023, in USD Million)	14
Figure 2.7.	Distribution of Grants by Status (2019–2023, in USD Million)	19
Figure 2.8.	Distribution of ODA Grants by Classification	20
Figure 2.9.	GPH-Implemented Grants by Type	23
Figure 2.10.	ODA Distribution by Implementing Agency (in USD million)	25
Figure 2.11.	Distribution of ODA by Sector in 2023	29
Figure 2.12.	ODA Distribution by Sector (2022 vs 2023)	30
Figure 2.13.	ODA Commitment by Area Coverage	31
Figure 2.14.	Level of ODA Commitment by Region	32
Figure 2.15.	Level of ODA Commitment by Development Partner in 2023	33
Figure 2.16.	ODA Loans and Grants Supporting the Sustainable Development Goals	34
Figure 2.17.	Net Commitment of Active ODA Loans Supporting the PDP 2023–2028 (in USD billion)	35
Figure 2.18.	Breakdown of the 198 IFPs by Funding Source	40
Figure 2.19.	Distribution of IFPs with Active ODA Financing by Development Partner	41
Figure 2.20.	Distribution of ODA-funded IFPs by Status	42
Figure 3.1.	Annual Disbursement of ODA Loans from 2014 to 2023 (Program vs Project Loan)	44

Figure 3.2.	Amount and Cumulative Utilization of Grants by Fund Source in 2023	48
Figure 3.3.	Physical Status of the 77 ICC-Approved Projects by Count	54
Figure 3.4.	Physical Status of the 77 ICC-approved ODA-funded Projects by Implementing Agency	55
Figure 3.5.	Physical Status of non-ICC Grants	56
Figure 3.6.	Alert Status of Projects in CY 2023 by Count	58

List of Boxes

Box 2.1.	Types of Loan	12
Box 2.2.	Types of Program Loans	15
Box 2.3.	Concessionality of Loans	17
Box 2.4.	Classification of ODA Grant Assistance	21
Box 2.5.	Types of ODA Grant Assistance	22
Box 2.6.	Sector Description	28
Box 2.7.	Sustainable Development Goals	34
Box 2.8.	Climate Change Adaptation and Mitigation and Disaster Risk Reduction	36
Box 2.9.	The Harmonized Gender and Development Guidelines	37
Box 3.1.	Commitment Fees	45
Box 3.2.	Unprogrammed Appropriations	51
Box 3.3.	The Enhanced Alert Mechanism	57
Box 3.4.	Projects with Approved Restructuring Requests in 2023	61
Box 4.1.	GPEDC Fourth Monitoring Round	70

List of Tables

Table 2.6.	Ten Largest ODA-funded Projects	26
Table 2.11.	Classification of ODA-funded Projects by Gender Responsiveness	38
Table 3.3.	Commitment Fees Paid in CY 2022 and CY 2023	46
Table 3.4.	Top Five Projects which Incurred Highest Commitment Fees in 2023	46
Table 3.6.	Allotment Releases, Obligations, and Disbursements by Implementing Agency as of end 2023 (in PHP million)	49
Table 3.7.	Multi-year Budget Requirement by Implementing Agency (in PHP Million)	50
Table 3.8.	Completed ICC-Approved Projects funded by ODA in 2023	52
Table 3.10.	Actual Problem Projects since 2021	59
Table 4.1.	ODA Loan/Grant-funded Programs and Projects with Reported Outputs and Outcomes Contributing to the PDP RM 2023–2028	64

List of Annexes

Annex 2-A	List of Active Loans in 2023
Annex 2-B	List of Active Grants-assisted Projects in 2023
Annex 2-C	The Annual ODA Portfolio Review
Annex 2-D	Grant Element of Active ODA Loans
Annex 2-E	ODA Terms and Conditions (as of December 2023)
Annex 2-F	List of Active ODA Grants – Regional, Interregional, Global Projects, or Facilities

Annex 2-G	Other Development Partner-Assisted Programs and Projects in the Philippines
Annex 2-H	ODA Supporting the Sustainable Development Goals
Annex 2-I	ODA on Climate Change Adaptation and Mitigation and Disaster Risk Reduction
Annex 2-J	ODA Loans and Grants Responsive to Gender Promotion
Annex 2-K	Infrastructure Flagship Projects
Annex 3-A	List of Active Program Loans in 2023 with Financials
Annex 3-B	List of Active Project Loans in 2023 with Financials
Annex 3-C	Performance of ODA Portfolio in 2023
Annex 3-D	Cumulative Commitment Fees Incurred by ODA Loan-funded Projects in 2023
Annex 3-E	Agency Budgetary Performance of ODA Portfolio in 2023
Annex 3-F	Multi-year Budget Forecast by Project for FY 2024 and Beyond
Annex 3-G	Physical Status of Non-ICC Grant-assisted Projects
Annex 3-H	Alert Status of ICC-approved ODA-funded Projects (as of December 2023)
Annex 3-I	List of Projects with Approved Restructuring Requests in CY 2023
Annex 3-J	List of Projects with Ongoing Restructuring Requests in CY 2023
Annex 3-K	List of Projects which are Likely to be Restructured in CY 2023
Annex 4-A	Results of ODA Projects and Programs and their Alignment with the PDP and RMs
Annex 4-B	Findings of Studies Completed in 2023
Annex 5-A	Implementation Issues and Recommendations
Annex 5-B	Implementation Issues vis-à-vis Actions Taken and to be Taken

List of Acronyms

4Ps	Pantawid Pamilyang Pilipino Program
AARNR	Agriculture, Agrarian Reform, and Natural Resources
ABC+	Advancing Basic Education in the Philippines
ADB	Asian Development Bank
AGRC	Capacity Building for Higher Education and the Establishment of the Agricultural Genomics Research Center
AIIB	Asian Infrastructure Investment Bank
AIMS	Aid Information Management System
AM	Alert Mechanism
APP I	Actual Problem Projects–Level I
APP II	Actual Problem Projects–Level II
ARC	Agrarian Reform Community
ASGM	Artisanal and Small-Scale Gold Mining
AU-DFAT	Australia – Department of Foreign Affairs and Trade
BARM	Bangsamoro Autonomous Region in Muslim Mindanao
BFIRST	Beneficiary FIRST Social Protection Project
BHERT	Barangay Health Emergency Response Teams
BLGF	Bureau of Local Government Finance
BOC	Bureau of Customs
CALABARZON	Cavite, Laguna, Batangas, Rizal, and Quezon
CC	Climate Change
CFs	Commitment Fees
CLOA	Certificates of Land Ownership Award
ConVERGE	Convergence for Value Chain Enhancement and Rural Growth Empowerment
CP	Contract Package
CPD	Commission on Population and Development
CSOs	Civil Society Organizations
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DED	Detailed Engineering Design
DENR	Department of Environment and Natural Resources

DepEd	Department of Education
DILG	Department of the Interior and Local Government
DLIs	Disbursement-Linked Indicators
DOAg-IHUF	Development Objective Agreement: Improved Health for Underserved Filipinos
DOE	Department of Energy
DOF	Department of Finance
DOH	Department of Health
DOTr	Department of Transportation
DPs	Development Partners
DPWH	Department of Public Works and Highways
DRR	Disaster Risk Reduction
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
ECC	Environmental Compliance Certificate
ESAP	Expanded Social Assistance Project
EU	European Union
EUR	Euro
EXIM	Export-Import Bank
FFW	Federation of Free Workers
FMP	Forestland Management Project
FMR	Farm-to-Market Road
FPIC	Free and Prior Informed Consent
FS	Feasibility Studies
FY	Financial Year
GAA	General Appropriations Act
GABAY	Strengthening Inclusive Education for Blind/Deaf Children
GAD	Gender and Development
GDP	Gross Domestic Product
GE	Grant Element
GFIIs	Government Financial Institutions
GID	Governance, Institution Development
GOCCs	Government-Owned and/or -Controlled Corporations
GOJ	Government of Japan

GPEDC	Global Partnership for Effective Development Cooperation
GPH	Government of the Philippines
HEAL2-AF	Second Health System Enhancement to Address and Limit COVID-19 – Additional Financing
HGDG	Harmonized Gender and Development Guidelines
IAS	Implementing Agencies
ICC	Investment Coordination Committee
IDR-CCA	Integrated Disaster Risk Reduction and Climate Change Adaptation
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management Information System
IFPs	Infrastructure Flagship Projects
INFRA	Infrastructure Development
IPIF	Infrastructure Preparation and Innovation Facility
I-QIP	Implementation of Quick Impact Projects
ISFs	Informal Settler Families
IT&T	Industry, Trade, and Tourism
JAOs	Joint Administrative Orders
JICA	Japan International Cooperation Agency
K-6	Kindergarten to Grade 6
KEXIM-EDCF	Korea Eximbank – Economic Development Cooperation Fund
KOICA	Korea International Cooperation Agency
LFPs	Locally Funded Projects
LGUs	Local Government Units
LWUA	Local Water Utilities Administration
M&E	Monitoring and Evaluation
MBC	Makati Business Club
MCRP	Malolos–Clark Railway Project
MES	Monitoring and Evaluation Staff
MIMAROPA	Mindoro Occidental, Mindoro Oriental, Marinduque, Romblon, and Palawan
MinDA	Mindanao Development Authority

MOA/MOU	Memorandum of Agreement/Understanding
MRT	Metro Rail Transit
MSMEs	Micro, Small, and Medium Enterprises
MWSS	Metropolitan Waterworks and Sewerage System
NCIP	National Commission on Indigenous People
NCR	National Capital Region
NCs	Negosyo Centers
NEDA	National Economic and Development Authority
NGAs	National Government Agencies
NIA	National Irrigation Administration
NSCR	North-South Commuter Railway
O&M	Operations and Maintenance
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PAPs	Project Affected Persons
Pathways	Education Pathways to Peace in Mindanao
PBCs	Performance-Based Conditions
PCC	Philippine Competition Commission
PCG	Philippine Coast Guard
PCMP	Philippines Customs Modernization
PDP	Philippine Development Plan
PhilHealth	Philippine Health Insurance Corporation
PHP	Philippine Peso
PIMME	Project Implementation, Management, and Monitoring Evaluation
PIPOL	Public Investment Program-Online System
PIR	Project Implementation Review
PMO/PMU	Project Management Office/Unit
PNR	Philippine National Railways
PPP	Public-Private Partnerships
PRDP	Philippine Rural Development Project
RA	Republic Act
RAPID Growth	Rural Agro-Enterprise Partnership for Inclusive Development and Growth

ReachHealth	Family Planning/Maternal and Neonatal Health Innovations and Capacity Building Platforms
RM	Results Matrices
ROW	Right-of-Way
RPVAR	Real Property Valuation and Assessment Reform
SAPA	Special Use Agreement in Protected Areas
SDG	Sustainable Development Goals
SESP	Secondary Education Support Program
SIBOL	Sustainable Interventions for Biodiversity, Oceans, and Landscapes
SOCCSKSARGEN	South Cotabato, Cotabato, Sultan Kudarat, Sarangani, and General Santos
SPLIT	Support to Parcelization of Lands for Individual Titling
SRCD	Social Reform and Community Development
TB	Tuberculosis
TEACEP	Teacher Effectiveness and Competencies Enhancement Project
TESDA	Technical Education and Skills Development Authority
TOR	Terms of Reference
TVET	Technical and Vocational Education and Training
UAs	Unprogrammed Appropriations
UA-SFAPs	Unprogrammed Appropriations – Support to Foreign-Assisted Projects
UN	United Nations
UNDP	United Nations Development Programme
UPLB	University of the Philippines–Los Baños
USAID	US Agency for International Development
USD	United States Dollar
WB	World Bank
WD	Water District

Executive Summary

The CY 2023 Official Development Assistance (ODA) portfolio review underscores substantial growth in ODA funding that is strategically aligned with the nation's key development priorities. Significant investments in economic recovery and infrastructure development demonstrate ODA's vital role in bolstering national resilience and promoting equitable growth. Institutional and budgetary challenges continue to hinder the optimization of ODA resources, however, this presents opportunities to boost the government's capabilities and introduce crucial reforms to sustain progress made toward achieving the Sustainable Development Goals (SDG). The review highlights ODA's effectiveness in enhancing national capacities and fostering partnerships which contributes positively to development outcomes in key sectors essential to the country's growth trajectory.

Overview of the CY 2023 ODA Portfolio

The active ODA portfolio in 2023 amounts to USD37.29 billion, comprised of 113 loans totaling USD35.07 billion and 325 grants worth USD2.22 billion. These were supported by 46 development partners (DPs) and implemented by 132 partner agencies. Japan reclaimed the largest share of ODA in the country with 32 percent, followed by the Asian Development Bank (ADB) and World Bank (WB). Over a third of the portfolio is implemented nationwide in support of equitable growth across the archipelago. The active ODA portfolio grew by 15 percent from USD32.40 billion in 2022. This increase underscores ODA's crucial role in supporting government interventions, especially in the context of economic recovery and sustained growth post-pandemic.

In 2023, the Philippines secured significant new ODA loans aimed at economic recovery and infrastructure development under the Build Better More program. In 2023, the Philippines received substantial new ODA, including quick-disbursing program loans for post-pandemic recovery and traditional project loans to support the government's *Build Better More*

infrastructure program. These efforts aim to boost job creation and economic growth. During the year, the government secured 13 new program loans totaling USD6.00 billion and 17 project loans amounting to USD6.08 billion, maintaining an even distribution between the two loan types. This shift allows for greater flexibility in supporting broader policy reforms and post-pandemic recovery efforts. Key new program loans focused on economic recovery include the USD1 billion for the *Post-COVID-19 Business and Employment Recovery Program* and initiatives to modernize financial systems for economic development and inclusion. By the end of 2023, three out of the 13 new program loans, amounting to USD1.5 billion, were closed, marking significant progress in implementing these economic recovery initiatives.

The ODA grants portfolio demonstrates consistent growth, with 57 new grants totaling USD240.53 million in 2023, allocated through government instrumentalities for capital projects and technical assistance. Supported by 25 development partners, these grants aim to boost institutional capacities of government and local stakeholders in delivering public services and in addressing perennial development

challenges. Majority of the assistance focuses on key growth drivers, such as the Agriculture, Agrarian Reform and Natural Resources (AARNR) and Social Reform and Community Development (SRCD) sectors, accounting for 47 percent and 28 percent of the new grants assistance, respectively.

ODA remains to be the primary funding source for new major government investments. Since the start of the term of President Ferdinand R. Marcos, Jr. up to the end of 2023, the National Economic and Development Authority (NEDA) Board Investment Coordination Committee (ICC) has approved 17 projects valued at PHP465.13 billion. Twelve projects amounting to PHP249.34 billion are ODA-funded, while five projects worth PHP215.79 billion are financed through public-private partnerships (PPP). Majority of these initiatives focus on Infrastructure Development (INFRA), with additional investments directed towards AARNR sectors. Over the past decade, ODA has consistently funded major capital projects, with 70 out of 87 projects approved by the ICC since 2014, amounting to PHP2.04 trillion or 67 percent of cumulative investments.

Performance

ODA loans disbursements surged in 2023, marking significant growth amidst fiscal challenges. The financial performance of ODA loan-funded projects in 2023 showcased significant progress and highlighted areas requiring improvement. With cumulative disbursements reaching USD15.80 billion—a notable increase of 27 percent from the disbursement flows in 2022, the efforts toward post-pandemic recovery are evident. However, challenges such as commitment fees (CFs) and budgetary shortfalls underscore the need

for improved efficiency and strategic planning. By addressing these issues and leveraging available resources effectively, the implementation of ODA-funded projects can be optimized to achieve desired development outcomes.

Budgetary performance of ODA loan-funded projects in 2023 underscores the critical importance of strategic budgetary planning and efficient resource management. Despite encountering substantial budget shortfalls, the additional PHP223 billion sourced from the Unprogrammed Appropriations – Support to Foreign-Assisted Projects (UA-SFAPs) enabled agencies to continue making progress to these projects. Ensuring the availability of alternative funding sources and securing sufficient budgetary coverage is imperative to maintain the ongoing implementation of these critical initiatives.

Physical performance of ODA-funded projects reveals challenges in large-scale development initiatives. While significant financial resources have been allocated and substantial progress was made, persistent delays and incomplete deliverables underscore the complexities inherent in big-ticket infrastructure and development initiatives. A significant number of ODA-funded projects were behind schedule due to various factors, such as procurement delays, right-of-way (ROW) acquisitions, and extensions beyond the approved completion dates. Agencies with expansive project portfolios, such as the Department of Public Works and Highways (DPWH) and the Department of Transportation (DOTr) were the most affected by these impediments, impacting project timelines and outcomes. Out of the 45 projects facing delays, 17 projects are implemented by

DPWH while 11 projects are implemented by DOTr. This highlights the need for strategic interventions and enhanced project management practices.

Results

ODA interventions delivered positive outcomes aligned with national development priorities, fostering sustained human and social investments.

ODA-funded health programs effectively contributed to addressing major public health challenges by reducing tuberculosis (TB) incidence, improving maternal and child health, and supporting COVID-19 vaccination efforts. In the education sector, initiatives such as the Secondary Education Support Program (SESP) and Strengthening Inclusive Education for Blind/Deaf Children Project (GABAY) projects facilitated increased enrollment rates and the provision of inclusive education for underserved communities. The *Pantawid Pamilyang Pilipino Program* (4Ps) aided in enhancing social protection among beneficiaries through offering financial assistance to millions of households. In agriculture and business, projects like Philippine Rural Development Project (PRDP) and Convergence for Value Chain Enhancement and Rural Growth Empowerment (ConVERGE) increased farmer beneficiaries' productivity and income, while the *Support to Parcelization of Lands for Individual Titling* (SPLIT) project advanced land titling efforts of the government. Furthermore, infrastructure projects in transport, irrigation, and climate resilience improved mobility, agricultural efficiency, and ecosystem resilience, supporting the country's broader development goals.

The Global Partnership for Effective Development Cooperation (GPEDC) fourth monitoring round represents a critical juncture in global efforts to enhance development cooperation effectiveness.

Anchored in advancing the 2030 Sustainable Development Agenda, it promotes heightened collaboration among nations, international organizations, and non-state actors through country-led, participatory assessment of progress in implementing key principles of development effectiveness: country ownership, focus on results, inclusive partnerships, and transparency and mutual accountability. The monitoring framework incorporates diverse stakeholder perspectives, encompassing national governments, development partners, civil society, and the private sector, to foster inclusive partnerships and transparent development practices. Furthermore, the conduct of the CY 2023 ODA portfolio review alongside the GPEDC fourth monitoring round enhances coherence and underscores the commitment to effective development cooperation practices. The initial findings from the GPEDC fourth monitoring round highlights notable insights on the state of development cooperation in the Philippines, including the: (a) participatory nature of the formulation of the Philippine Development Plan (PDP) 2023–2028 which articulates the country's national development strategies; (b) presence of policies and frameworks guiding development cooperation in the country, such as the Republic Act (RA) No. 4860 and RA 8182, as amended by RA 8555, which also provides for the conduct of mutual assessments to enhance transparency and accountability; (c) challenges on the medium-term predictability of development cooperation flows due to limited information coming from development partners; (d) necessity

for a more structured mechanism to track gender-related expenditures of government agencies; and (e) challenges in integrating and enhancing various aid information management systems on development cooperation.

Recommendations and Key Lessons Learned

To ensure smooth project execution and timely delivery of benefits, implementing agencies must resolve site readiness and ROW issues beforehand, thereby minimizing delays, cost overruns, and legal challenges. This involves conducting thorough assessments, ensuring compliance with development partner and government safeguards, and verifying ownership documentation. Clear roles and responsibilities in ROW, site acquisition, and resettlement should be formalized through Memoranda of Agreement (MOAs) with relevant agencies. Leveraging the Real Property Valuation and Assessment Reform (RPVAR) Act can help resolve valuation disputes and streamline site acquisition processes, ensuring that property valuations reflect current market values and minimizing delays due to compensation disputes and legal challenges.

Legislative measures, such as the Budget Modernization Bill, aim to streamline budget management processes and enhance accountability in government spending. By institutionalizing cash-based budgeting and mandating performance-based budgeting practices, the bill seeks to improve absorptive capacities and ensure efficient fund utilization for ODA-funded projects.

The proposed Integrated Financial Management Information System (IFMIS) will further facilitate real-time monitoring and streamline administrative processes, enabling timely fund releases and enhancing financial performance across government agencies.

Expedited preparation and submission of comprehensive budget proposals to the Department of Budget and Management (DBM) are essential to secure timely budget allocations for ODA-funded projects. Agencies must align budget requests with DBM guidelines and ensure proposals are thorough and submitted on time, especially for projects under unprogrammed appropriations (UAs). Effective budget utilization within the fiscal year is crucial to avoid funding lapses and delays in project implementation, requiring close coordination with DBM to monitor budget disbursements and address any issues promptly.

Coordination efforts among implementing agencies, development partners, local government units (LGUs), and stakeholders are critical in securing timely approvals for necessary permits and certificates. These include securing Free and Prior Informed Consent (FPIC), Special Use Agreements in Protected Areas (SAPA), Environmental Compliance Certificates (ECC), and utility relocation approvals to prevent bottlenecks in project implementation. Proactive engagement with stakeholders facilitates smoother approval processes and enhances project execution by addressing concerns and ensuring compliance with regulatory requirements and community expectations.



1

The Annual ODA Portfolio Review

1.1. Legal Basis

The ODA Act of 1996 or RA 8182, 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 June 30 of each year. The ODA Act complements the NEDA Board Resolution No. 30, series of 1992, which directs the ICC to review all ongoing ODA-funded programs and projects to enhance ODA absorptive capacity.

1.2. 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 delay, 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.

The purpose of the conduct of this review is to aid both the Executive and Legislative branches in discharging oversight functions in contracting and optimizing the utilization of ODA resources. Additionally, the review findings on the status and performance of ODA-funded programs and projects aim to provide the Congress valuable insights for making evidence-based decisions on annual appropriations, exacting accountability over implementing agencies, and crafting legislations to improve the delivery of public goods and services supported by ODA.

1.3. Scope

The review covers all active ODA loans and grants that were signed/became effective or closed, and supported programs and projects that were implemented/completed/terminated within the period January 1, 2023 to December 31, 2023. As provided in the ODA Act of 1996, ODA loans and grants covered in this review meet 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) there are no available comparable financial instruments in the capital market; (d) must contain a grant element (GE) of at least 25 percent; (e) the weighted average GE of all ODA at any time shall not be less than 40 percent; and (f) no case shall the interest rate on the loan or loan component exceed seven percent.

The report also covers projects of government-owned and/or -controlled corporations (GOCCs)/government financial institutions (GFIs) funded by foreign lenders/development partners. These borrowings are made pursuant to the original charters of GOCCs/GFIs separate from the authority of the President of the Philippines to contract loans on behalf of

the Republic provided under RA 4860 (The Foreign Borrowings Act), as amended, or the ODA Act as the case may be. While the ODA Act of 1996, as amended, mandates reporting only loans and loans with grant counterpart, this review also includes standalone grant-assisted programs and projects.

1.4. Report Structure

The report presents the findings of the CY 2023 ODA Portfolio Review, drawing on information supplied by implementing agencies, development partners, and oversight agencies as of December 2023. Excluding this section, the report is organized into six sections: **Section 2** provides an overview of the CY 2023 ODA portfolio; **Section 3** reports on the financial and physical performance of the ODA portfolio, highlighting the problematic projects and those that require ICC action to ensure continued viability; **Section 4** covers results, including outcomes and outputs; **Section 5** discusses key implementation issues and recommendations to improve portfolio performance; and **Section 6** takes stock of the lessons learned in project implementation.

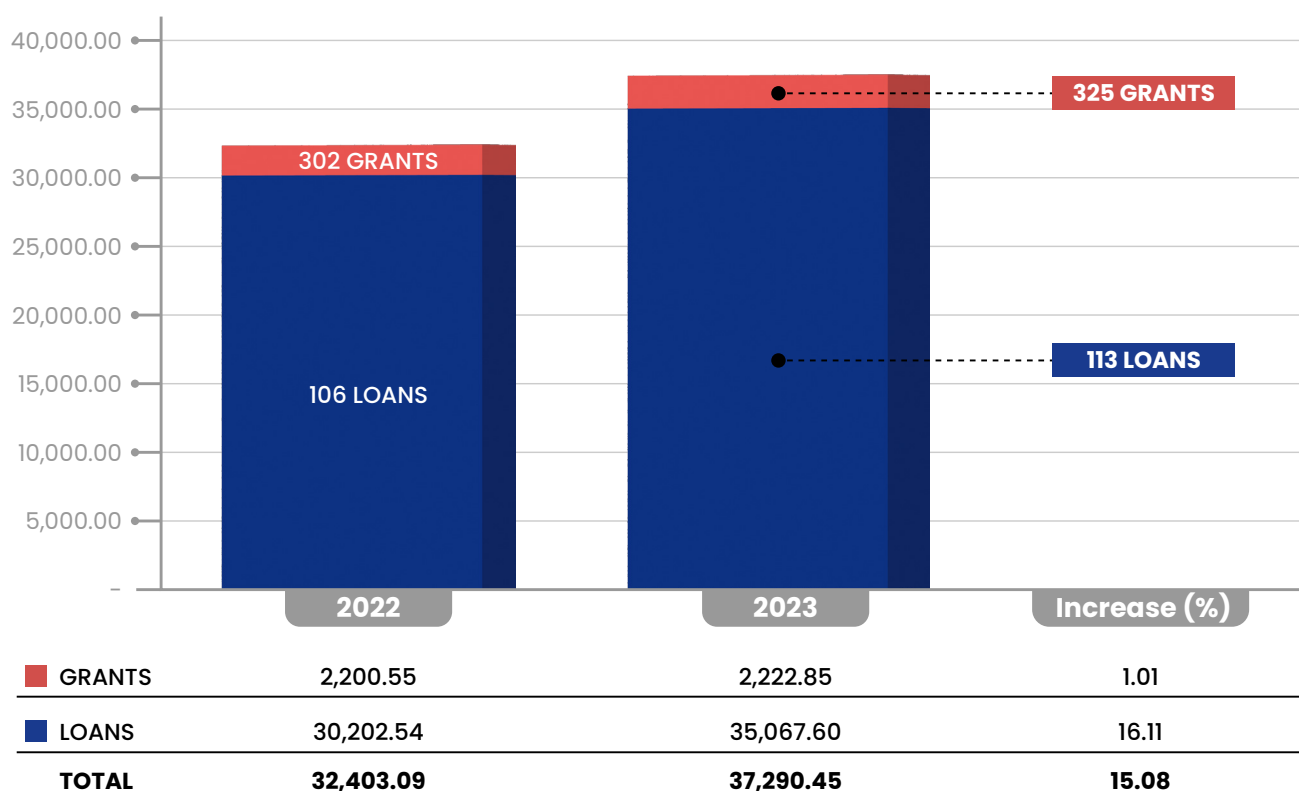
2

Overview of the CY 2023 ODA Portfolio

2.1. Magnitude

As of December 2023, the total active¹ ODA in the country reached USD37.29 billion, comprising 113 loans with a net commitment of USD35.07 billion and 325 grants amounting to USD2.22 billion. These loans and grants were provided by 46 development partners (DPs) and supported the implementation of programs and projects of 132 partner agencies.² The active ODA portfolio grew by 15 percent from USD32.40 billion in 2022 (see **Figure 2.1**). **Annexes 2-A** and **2-B** provide the lists of active loans and grants in the Philippines as of year-end 2023, respectively.

Figure 2.1. Active ODA Loans and Grants in USD Million (2022 vs 2023)



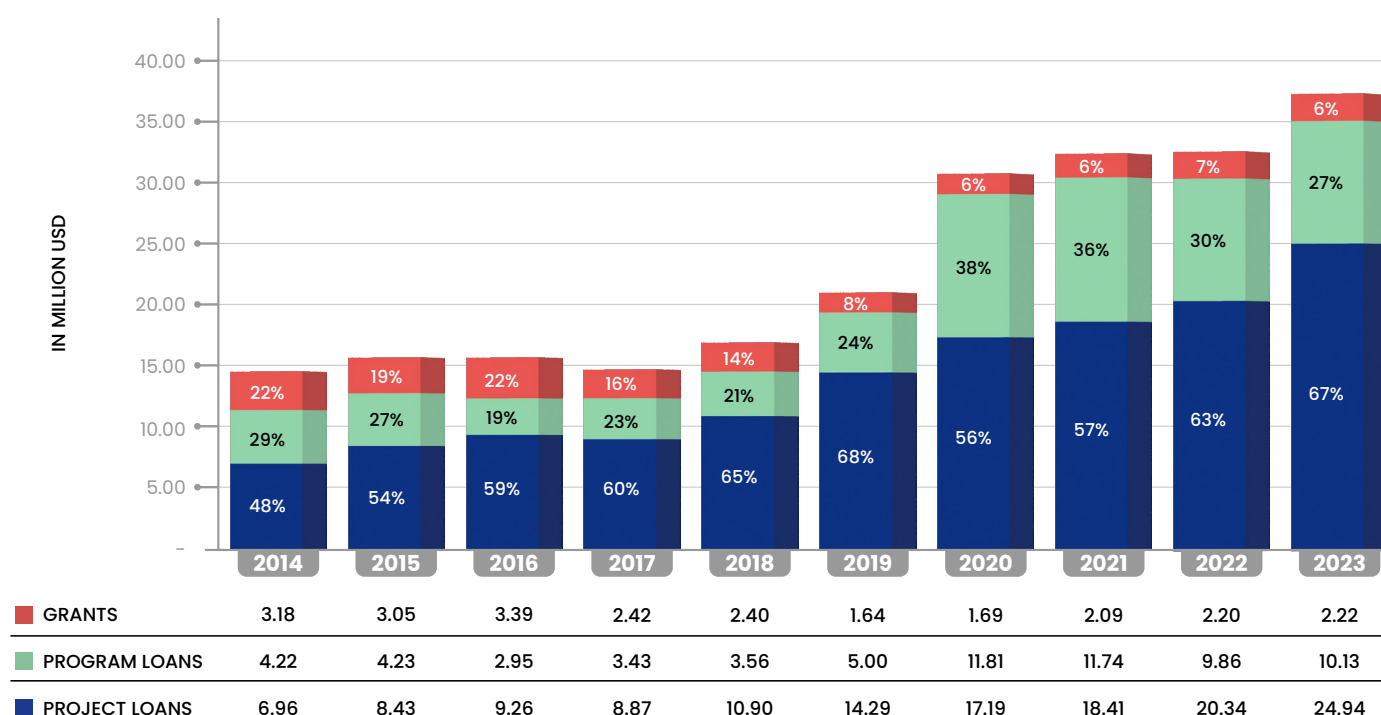
¹ Includes ODA loans and grants which were newly signed, became effective, continuing from previous years, and closed in 2023.

² Comprised of: (a) 93 national government agencies; (b) 23 local government units; (c) 16 other implementing units.

The increase in ODA highlights its continued significance in supporting major government interventions aligned with the Philippine Development Plan (PDP) 2023–2028, alongside efforts to enhance domestic resource mobilization. ODA has been vital in addressing the challenges posed by COVID-19 pandemic and now focuses on fostering economic recovery and sustained growth. This is evident from the new ODA received in 2023, including quick-disbursing program loans aimed at post-pandemic recovery (e.g., *Post-COVID-19 Business and Employment Recovery Program*). Additionally, the Philippine government continued to secure traditional project loans (e.g., *Bataan-Cavite Interlink Bridge Project*), to support the government’s *Build Better More* infrastructure program. A successor to the previous administration’s *Build Build Build* program, this initiative aims to enhance job creation and economic growth across the country.

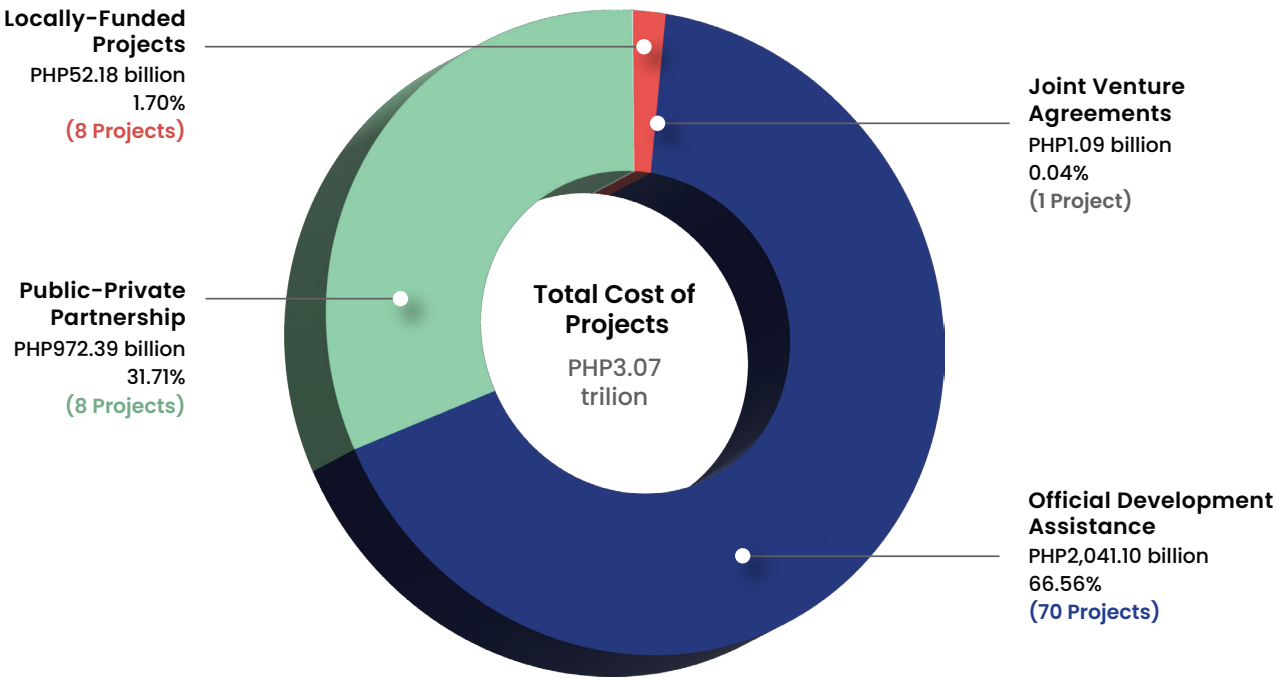
Meanwhile, ODA grants have seen a steady increase in recent years. These grants, provided by DPs for capital projects or technical assistance, primarily aim to assist and capacitate government entities and other stakeholders in achieving national goals. **Figure 2.2** illustrates the magnitude of ODA loans and grants over the past decade (2014 to 2023).

Figure 2.2. Share of ODA by Mode (2014 to 2023)



Over the past decade, ODA has consistently been a significant source of funding for the government’s major capital projects (see **Figure 2.3**). Since 2014, 70 out of 87 projects approved by the NEDA Board Investment Coordination Committee (ICC) have been financed by ODA. These 70 ODA-funded projects amount to PHP2.04 trillion or 67 percent of the PHP3.07 trillion cumulative investments approved by the ICC during this period. These investment costs include contributions from national and local governments as well as private sector funding for projects with hybrid financing (e.g., *Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 1 South Extension*). More details of the breakdown are shown in **Table 2.1 of Annex 2-C**.

Figure 2.3. ICC-Approved Projects by Financing Type (2014 to 2023)



Since the start of President Ferdinand R. Marcos, Jr.’s Administration, the ICC has approved 17 projects amounting to PHP465.13 billion. ODA remains the predominant funding source for the majority of these new investments, supporting 12 projects totaling PHP249.34 billion. Five projects, valued at PHP215.79 billion, are financed through PPP. Majority of these projects, 12 in total and valued at PHP370.20 billion, fall within the INFRA sector. The remaining five projects, worth PHP94.93 billion, are part of the AARNR sector.

2.2. ODA Loans

The Philippine government employs diverse financing mechanisms such as program loans and project loans to facilitate the delivery of public goods and services. Program loans offer general budget support contingent upon agreed conditions, whereas project loans finance specific endeavors, disbursing funds according to a predefined schedule for eligible project expenditures. Further insights into these financing modalities are provided below in **Box 2.1**.

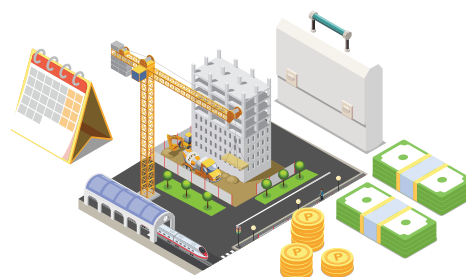
Box 2.1. Types of Loan

MODES OF FINANCING TYPICALLY INVOLVE VARIOUS TYPES OF LOANS TO FUND DEVELOPMENT PROJECTS OR PROGRAMS



PROGRAM LOANS

A type of foreign loan intended for general budget support to finance cash requirements of the National Government, the disbursement of which is based on compliance to programs, parameters, milestones, or conditions, as may be applicable, to be agreed upon between the Borrower and the Development Partner/Lender.



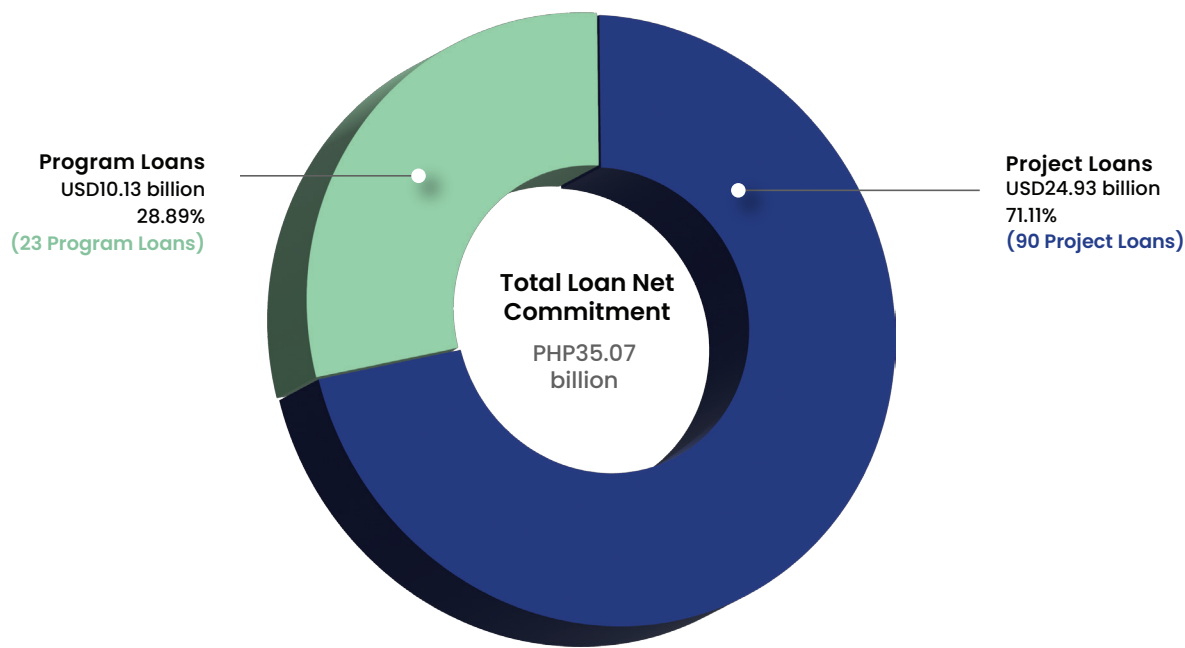
PROJECT LOANS

A type of foreign loan obtained to finance a specific development projects, programs, or activities of the national government or its instrumentalities. Proceeds from the loan require budgetary appropriations cover and are released for eligible project expenditures following a schedule of disbursement. The mechanism for release or disbursement of loan varies depending on the method of disbursement applied and negotiated between the Borrower and the Development Partner/Lender.

Source: DBM (<https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2023/GLOSSARY.pdf>)

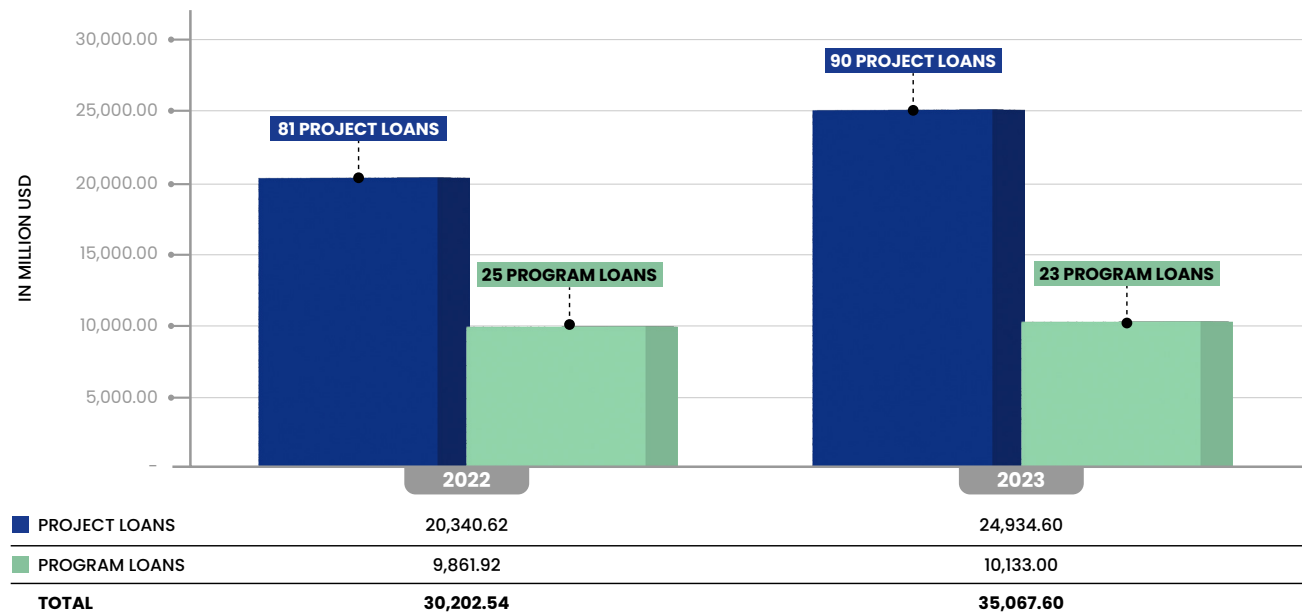
In 2023, the active ODA loans portfolio totaled USD35.07 billion, comprises of 23 program loans valued at USD10.13 billion and 90 project loans totaling USD24.94 billion. Project loans dominated the portfolio, representing 71 percent of the total loan net commitment, while program loans accounted for 29 percent (see **Figure 2.4**).

Figure 2.4. Total Loan Net Commitment by Type



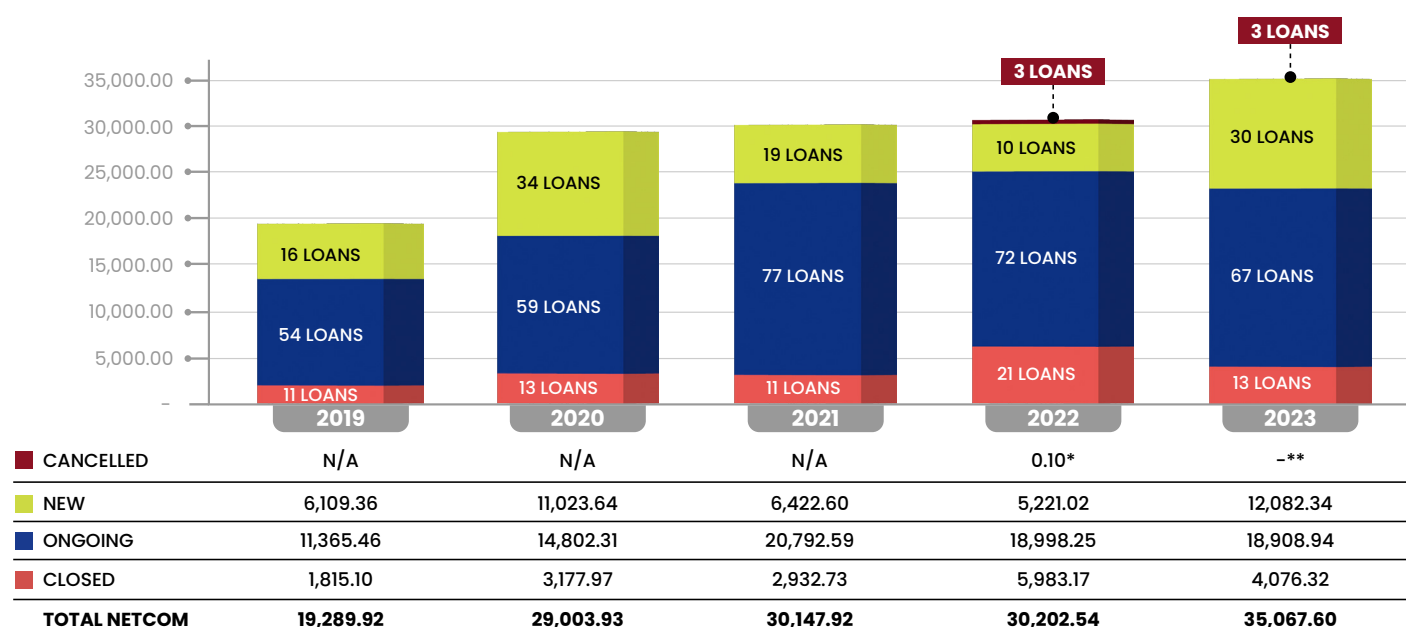
The loan commitments reached a notable milestone in 2023, marking a significant 16 percent increase of USD4.87 billion from the USD30.20 billion committed in 2022 (see **Figure 2.5**). This surge continues the upward trend observed during the 2020-2022 period, characterized by heightened assistance in response to the COVID-19 pandemic.

Figure 2.5. Distribution of ODA Loans by Type (2022 vs 2023)



In 2023, the Philippine Government entered into 30 new loan agreements totaling USD12.08 billion with the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), Export-Import Bank (EXIM) of China, Japan International Cooperation Agency (JICA), and the WB. This marks a significant rise in both the number and amount of new loans since the onset of the pandemic in 2020. Among these agreements, 22 loans were operationalized and became effective in 2023 (see **Figure 2.6**).

Figure 2.6. Annual Distribution of ODA Loans by Status (2019–2023, in USD Million)

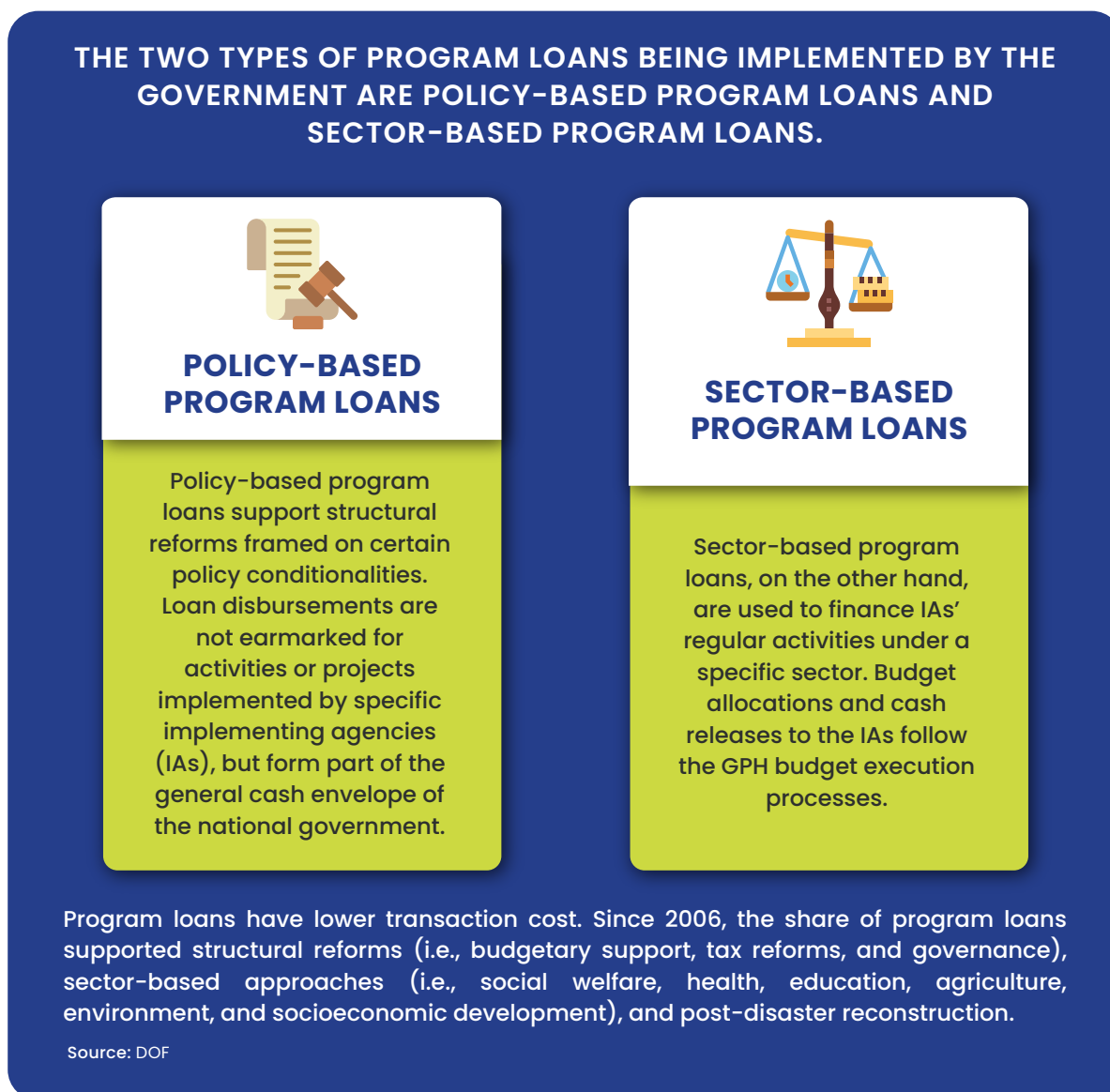


*Refers to the net commitment of the WB-funded Metro Manila Bus Rapid Transit Project following the cancellation of the USD64.50 out of the USD64.60 loan amount in 2022.

**The full cancellation of three COVID-19 loans in 2023 resulted in a net commitment of zero.

New program loans. The government successfully secured USD6.00 billion through 13 new program loans, nearly matching the USD6.08 billion value of 17 new project loans obtained in 2023. This balanced allocation underscores an equal emphasis on both loan types, enhancing flexibility in directing aid toward extensive policy reforms and post-pandemic recovery efforts that conventional project loans may not fully accommodate.

Box 2.2. Types of Program Loans



With the transition from pandemic response to economic recovery, the new program loans secured in 2023 are primarily aimed to revitalizing the Philippines' economy to pre-pandemic levels. Among these, the USD1 billion *Post-COVID-19 Business and Employment Recovery Program – Subprogram 1*, jointly funded by AIIB and ADB with each contributing USD500 million, stands out. Both institutions also support various program loans aimed at enhancing and modernizing the country's financial systems to foster economic development and inclusion in the post-pandemic era. Examples include the *Domestic Resource Mobilization Program – Subprogram 1* and *Inclusive Finance Development Program – Subprogram 3*. By the end of 2023, three out of the 13 new program loans amounting to USD1.5 billion had closed.³

³ These program loans are: (a) Post-COVID-19 Business and Employment Recovery Program – Subprogram 1, ADB; (b) Post-COVID-19 Business and Employment Recovery Program – Subprogram 1, AIIB; and (c) Competitive and Inclusive Agriculture Development Program, AIIB.

New project loans. In 2023, the signing of 17 new project loans totaling USD6.08 billion underscored continued momentum in infrastructure development, a key driver of new loan initiatives supporting major government projects. Approximately USD5.09 billion was allocated to this sector, constituting around 42 percent of the total new loan amount for the year. These loans include additional financing for existing ODA-funded projects, notably enhancing the country's rail network. For example, the implementation of the expansive *North-South Commuter Railway System*, supported by loans from JICA, is a 163-km urban rail network connecting New Clark City in Tarlac to Calamba in Laguna, passing through Metro Manila. JICA also provided supplementary funding for the rehabilitation and upgrade of the *Metro Rail Transit (MRT) Line 3*, aimed at accommodating increased ridership and improving the line's operational efficiency. Beyond Manila, the current administration secured an ADB loan for the *Davao Public Transport Modernization Project*, aimed at enhancing commuting infrastructure in Metropolitan Davao.

New borrowings in 2023 were also allocated to various sector initiatives aimed at promoting inclusive growth. WB allocated additional funding to scale up the Philippine Rural Development Project (PRDP) under the Department of Agriculture (DA). The *PRDP Scale-Up* initiative aims to expand and enhance the original project by introducing innovative approaches to agri-fisheries development, focusing on clustering, consolidation strategies, and fostering productive partnerships with farmers' and fishers' cooperatives, associations, and the private sector. In the agriculture sector, other new projects include the *Mindanao Inclusive Agriculture Development Project* and the *Philippine Fisheries and Coastal Resiliency Project*, both supported by the WB. Meanwhile, in the education sector, a new WB loan backs the *Teacher Effectiveness and Competencies Enhancement Project* (TEACEP). This initiative targets improving education quality by supporting teachers and school leaders in enhancing teaching practices for Kindergarten to Grade 6 (K-6) students in Regions IX, XII, and the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

Ongoing loans. In 2023, out of the 113 active loans, 67 loans totaling USD18.91 billion were carried over from previous years to continue financing project implementations beyond 2023. Some projects benefit from multiple loans, such as the *Davao City Bypass Construction Project*, *EDSA Greenways*, and *Infrastructure Preparation and Innovation Facility*. Additionally, a single loan supports multiple projects, exemplified by the JICA-funded Capacity Enhancement of *Mass Transit Systems in Metro Manila*, which aids the *LRT 1 South Extension* and *LRT 2 East Extension Projects*.

Furthermore, the ongoing portfolio includes nine project loans⁴ that received interim extensions in the first half of 2024 due to lapsed validity dates or nearing expiration, despite substantial work remaining. These extensions provided implementing agencies (IAs) such as the Department of Public Works and Highways (DPWH), Department of Transportation (DOTr), and Metropolitan Waterworks and Sewerage System (MWSS) with additional time to prepare requirements and secure necessary government and donor approvals, ensuring

4 The nine loans include: (a) Angat Water Transmission Improvement Project Additional Financing (ADB); (b) Capacity Enhancement of Mass Transit Systems in Metro Manila (Government of Japan [GOJ]-JICA); (c) Davao City Bypass Construction Project (Southern and Center Section) (GOJ-JICA); (d) Metro Manila Priority Bridges Seismic Improvement Project (GOJ-JICA); (e) Metro Manila Interchange Construction Project Phase VI (GOJ-JICA); (f) New Cebu International Container Port Project (Korea); (g) EDSA Greenways Project (ADB); (h) Pangulil Bay Bridge Project (Korea); and (i) Samar Pacific Coastal Road Project (Korea).

more adequate loan validity and implementation period extensions, alongside other project restructuring requests.

Closed loans. There were 13 loans totaling USD4.08 billion that closed in 2023, compared to 21 loans amounting to USD5.98 billion in 2022. Among the closed loans were seven program loans that supported the government's efforts in COVID-19 response, disaster response, and climate change mitigation. Notably, some of the largest project loans that closed in 2023 include the *Road Upgrading and Preservation Project* of DPWH, and the original and additional financing for the *PRDP* of DA.

Cancelled loans. With a significant percentage of the population vaccinated against COVID-19, three loans supporting the government's procurement of additional COVID-19 vaccines were cancelled in 2023. These included two loans from ADB and AIIB for the *Second Health System Enhancement to Address and Limit COVID-19 - Additional Financing (HEAL 2-AF)* and one loan from the WB for the *Philippines COVID-19 Emergency Response Project - Additional Financing 2*, totaling USD800 million. The cancellations were prompted by the suspension of vaccine procurement in the country due to several factors: (a) there was an adequate supply of vaccines; (b) the supply for bivalent vaccines would continue to be supported by the COVAX facility under the COVAX COVID-19 Program 2024-2025; and (c) the expiration of the *COVID-19 Vaccination Program Act of 2021* following the non-extension of the period of state of calamity in the country.

Box 2.3. Concessionalty of Loans



The **GRANT ELEMENT** is a measure of the concessionalty of a loan calculated as the difference between the face value of a loan and the discounted present value of the service payments the borrower will make over the lifetime of the loan, expressed as a percentage of the face value.

Source: OECD



Pursuant to the amended **ODA ACT OF 1996**, an ODA is a loan or a combination of a loan and grant which contains a **grant element of at least 25 percent**. Additionally, the same law states that **the weighted average grant element of all ODA at any time shall not be less than 40 percent** and that the interest rate on the loan or loan component shall not exceed 7 percent.

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

Concessionality of active loans. According to the Department of Finance (DOF), the weighted average GE of 110 out of the 113 active loans in 2023 is 64.61 percent (see **Annex 2-D** for the GE per loan). The three remaining loans managed by either MWSS or the Local Water Utilities Administration (LWUA) are secured under their original charters,⁵ thus excluded from the DOF's computation. However, these loans were contracted with bilateral and multilateral DPs predominantly offering concessional terms.

Notably, the interest rates for the 113 active ODA loans in 2023 provided by bilateral and multilateral lenders do not exceed seven percent. This aligns with the provisions outlined in the ODA Act of 1996. **Annex 2-E** provides details of the financing terms of DPs in the Philippines, such as interest rates, maturity period, and grace period.

2.3. ODA Grants

ODA grants from DPs played a pivotal role in strengthening the capacities of government agencies and local communities, facilitating improvements in infrastructure, public services, and institutional capabilities through vital financial resources and technical assistance. These grants support a diverse array of initiatives, including training sessions, capacity-building programs, expert deployments, policy development, and scholarships for local beneficiaries. Moreover, some grants complement loans by providing technical assistance and additional support for capital projects. While ODA flows now involve various channels beyond traditional donor-to-government transfers, this report emphasizes grants where the Government of the Philippines (GPH) acts as the primary implementing entity or beneficiary. Consequently, the figures presented in this section do not encompass grants channeled through non-governmental entities such as civil society organizations (CSOs), private sector groups, and academic institutions. This ensures clarity on grants directly impacting government-led initiatives and programs aimed at fostering sustainable development and institutional resilience.

The active ODA grants portfolio in 2023 encompasses 325 grants from 44 DPs, totaling USD2.22 billion (see **Figure 2.7**). This marks a slight increase from the USD2.20 billion recorded in 2022. Over the past five years, the grants portfolio has exhibited steady growth, with 57 new grants amounting to USD240.53 million received in 2023 from 25 DPs. Consistent with the trend observed in recent years, a significant portion of these new grants is directed towards initiatives in the AARNR sector. Noteworthy examples include the EUR 60-million *Green Economy Programme* funded by the European Union (EU) and implemented by the Department of Environment and Natural Resources (DENR). This initiative aims to enhance waste management and promote a circular economy by focusing on sustainable production and consumption practices aimed at reducing waste and extending product lifecycles.

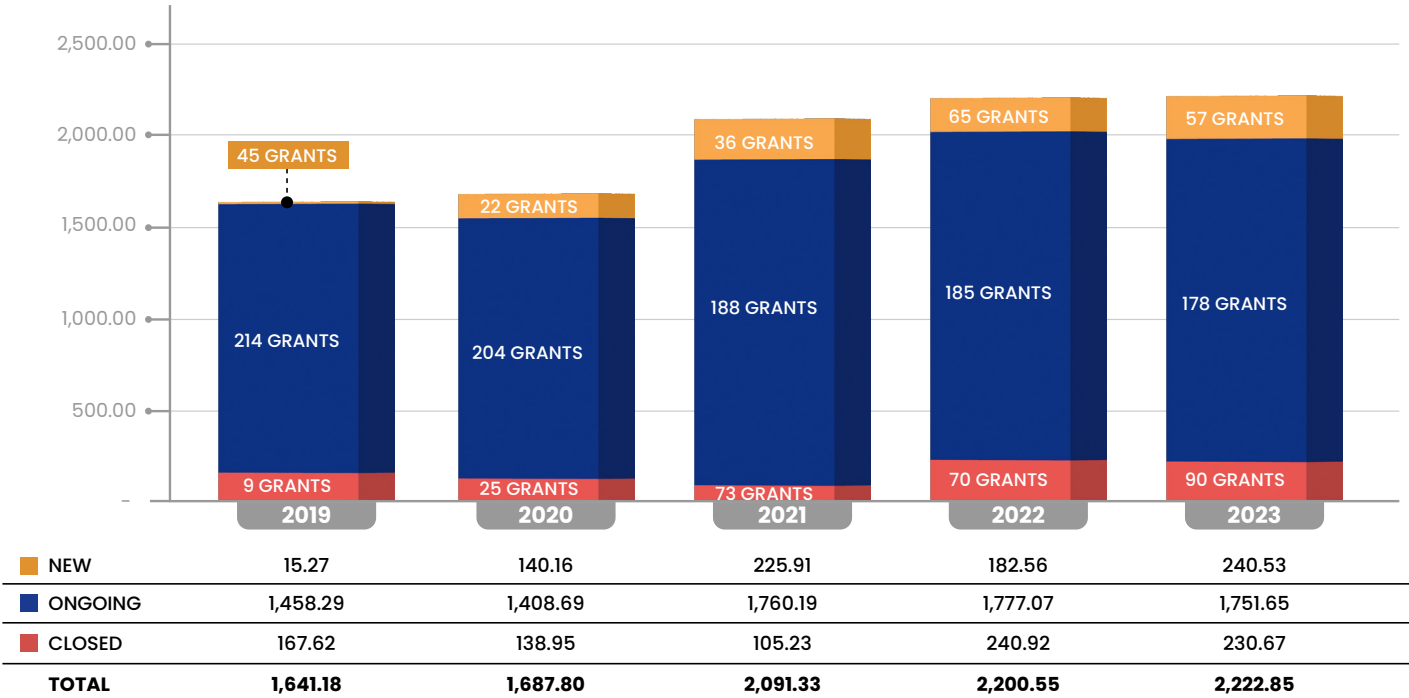
In February 2023, the Indian Government signed a MOA with the Philippine Government to implement *Quick Impact Projects (I-QIP)*. These projects aim to support the Department of the Interior and Local Government (DILG) and LGUs in crafting local interventions across key sectors such as agriculture, health, and education. This agreement represents a significant

5 Section 73 of Presidential Decree No. 768 for LWUA; and Section 5 of the Presidential Decree No. 1406, further amending RA-6243 for MWSS

milestone in the bilateral relationship between India and the Philippines, poised to bring India’s developmental expertise, including its proficiency in digital technology, to benefit the Philippines.

Several ongoing loans, such as those supporting the *PRDP-Additional Financing II* (WB) and *Rural Agro-Enterprise Partnership for Inclusive Development and Growth Project* (International Fund for Agricultural Development [IFAD]) implemented by DA and the Department of Trade and Industry (DTI), respectively. These are complemented by grants in the form of technical assistance or support to operations. Other ongoing grants provide substantial support to major government projects such as the EUR 66-million *Access to Sustainable Energy Programme* of Department of Energy (DOE), financed by the EU. The project aims to increase access to renewable energy among the poor by providing solar-powered equipment to disadvantaged communities.

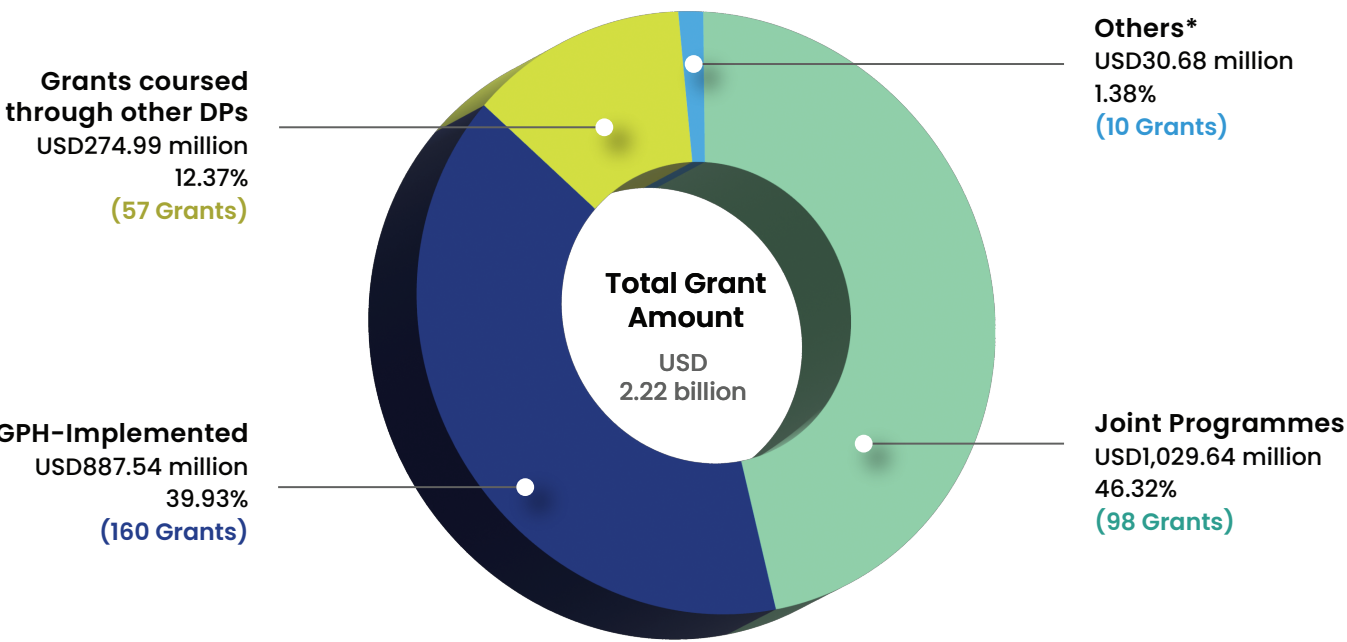
Figure 2.7. Distribution of Grants by Status (2019–2023, in USD Million)



A total of 90 grants amounting to USD230.67 million closed in 2023. One notable grant-funded project that was completed during this period was the *Marawi Response Project*, funded by US Agency for International Development (USAID). Following the 2017 Marawi siege, this five-year, USD24.30 million project supported efforts to improve the economic conditions and social cohesion among internally displaced persons and host communities through participatory livelihood activities, civic engagement, and leadership and entrepreneurial training.

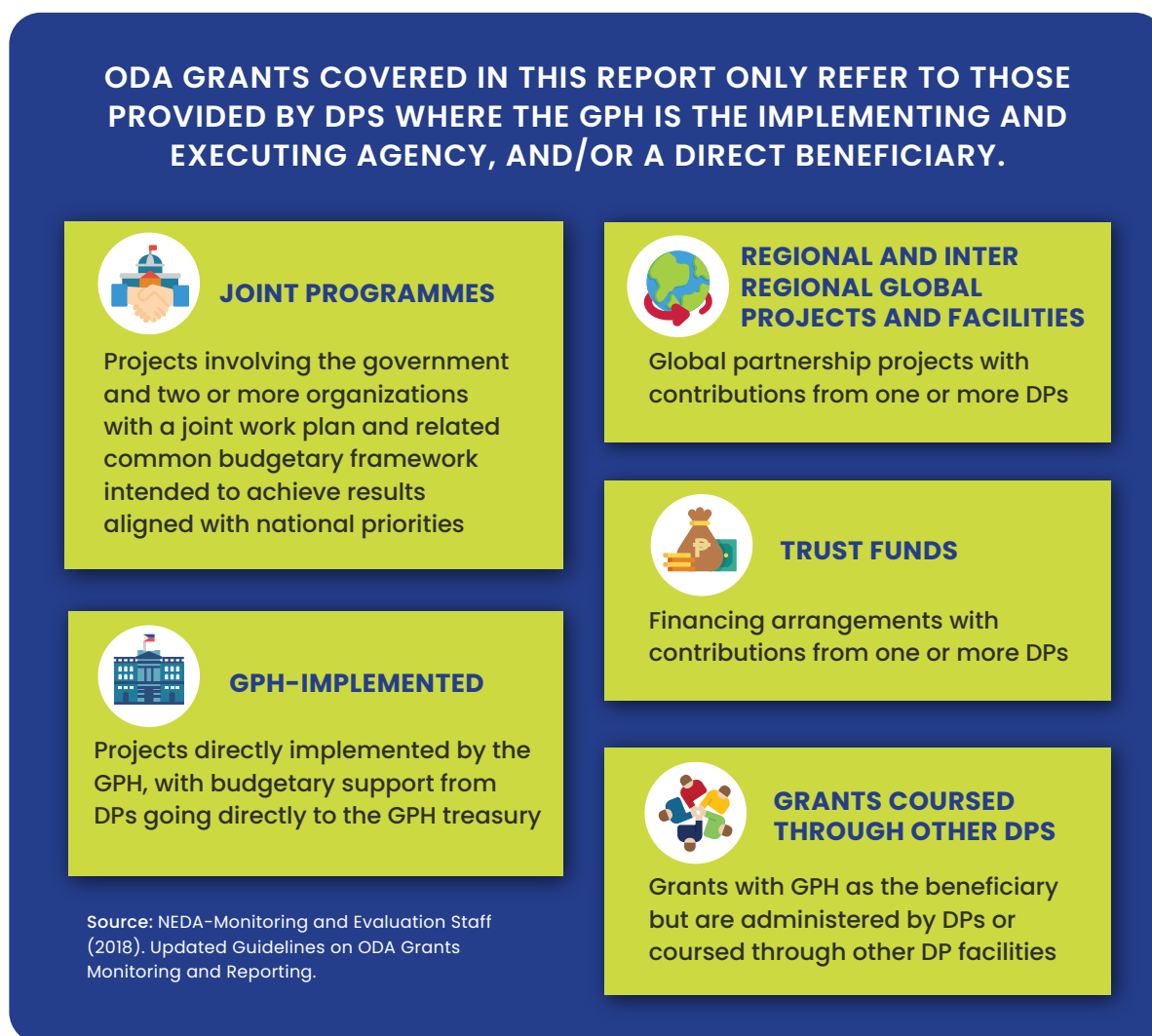
As shown in **Figure 2.8** (see **Table 2.2 of Annex 2-C**), 160 out of 325 active ODA grants in 2023 were implemented through or benefitted government instrumentalities (e.g., national government agencies [NGAs], GOCCs, LGUs) based on agreements between the partner government units and DPs. For these grants, partner agencies directly manage the budgetary support provided by DPs.

Figure 2.8. Distribution of ODA Grants by Classification



*Includes regional/interregional/global projects/facilities and other projects for the Philippines

Box 2.4. Classification of ODA Grant Assistance



DPS such as USAID and Korea International Cooperation Agency (KOICA) employ a variety of modalities to administer grant assistance in the Philippines. These modalities are selected based on the specific objectives of the Philippine government and partner agencies, the project's nature, and the strategies of each DP. This versatile approach ensures the efficient delivery of grant assistance, tailored to meet the diverse needs of the communities they aim to support.

USAID, a significant contributor with a total grants portfolio of USD623.75 million, utilizes three distinct modalities to administer assistance in the Philippines. One prominent initiative under their portfolio is the *Family Planning/Maternal and Neonatal Health Innovations and Capacity Building Platforms (ReachHealth)* project. This initiative aims to improve access to vital health services for Filipino families, helping local communities reduce unmet needs for family planning and decrease teen pregnancy and newborn morbidity and mortality. The *ReachHealth* project collaborates with DOH, Commission on Population and Development (CPD), Philippine Health Insurance Corporation (PhilHealth), civil society, and the private sector to identify and address the root causes of poor family planning and neonatal health outcomes.

KOICA also uses various modalities for their projects. One notable grant in its portfolio is the GPH-implemented *Capacity Building for Higher Education and the Establishment of the Agricultural Genomics Research Center (AGRC) at the University of the Philippines Los Baños (UPLB)*. This grant seeks to enhance agricultural competitiveness by promoting science and technology adaptation in the agricultural sector, specifically through the establishment of the AGRC and the enhancement of genome-based research and development at UPLB.

ODA grants provided in the country predominantly target initiatives within the AARNR and SRCD sectors. These two sectors have the largest number of active grants in 2023, with 110 grants for the AARNR sector and 81 grants for the SRCD sector. In terms of financial commitment, the SRCD sector received the largest share (29.53%) of grants amounting to USD656.32 million. One significant grant-funded project under the SRCD sector is the ICC-approved project *Education Pathways to Peace in Mindanao (Pathways)*, worth USD58.59 million and financed by the Australia – Department of Foreign Affairs and Trade (AU-DFAT). This project aims to improve the quality and capability of basic education institutions in BARMM.

Box 2.5. Types of ODA Grant Assistance

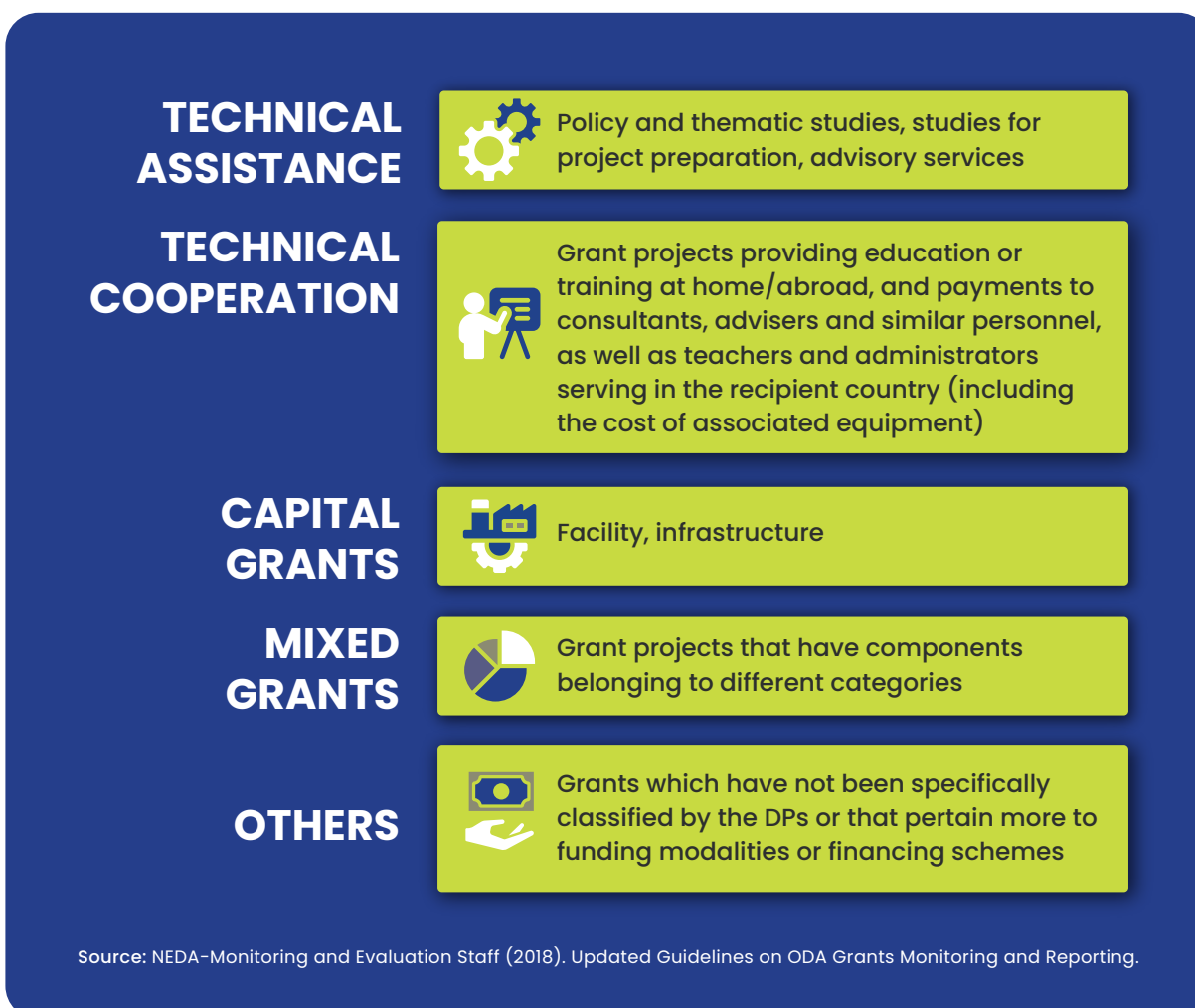
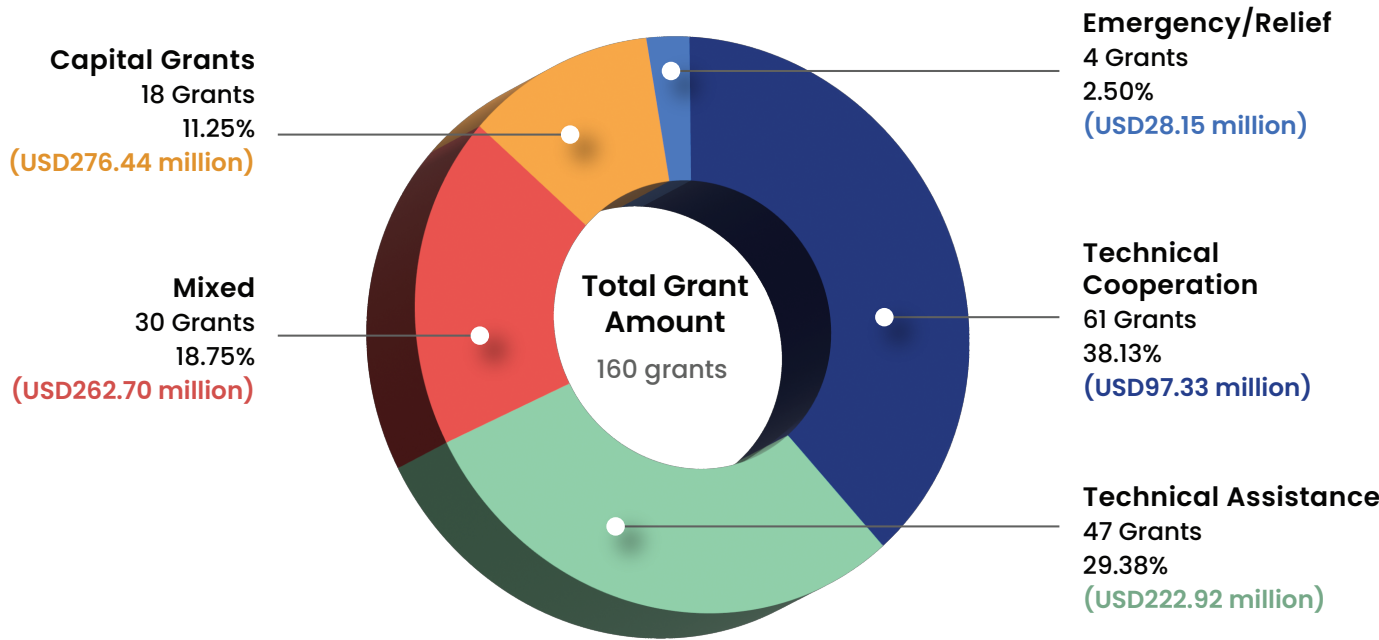


Figure 2.9 provides an overview of the distribution of GPH-implemented grants according to type. The majority (61 grants or 38.13%) of the 160 grants are classified as technical cooperation. Despite their prevalence, these technical cooperation grants ranked third in terms of financial magnitude, amounting to USD97.33 million. In contrast, capital grants, comprising of only 18 grants, received the largest financial allocation amounting to USD276.44 million (see **Table 2.3 of Annex 2-C** for details).

Figure 2.9. GPH-Implemented Grants by Type



In addition to the grants previously discussed, the Philippines is also one of the recipients of 125 regional, inter-regional, and global projects where specific grant amounts earmarked for the country have not been disclosed (see **Annex 2-F** for details). Furthermore, DPs have reported supporting 202 programs and projects coursed through non-government channels, such as civil society organizations and private sector groups (see **Annex 2-G** for more information).

2.4. ODA support for Project Identification, Feasibility Studies, Masterplans, and Monitoring and Evaluation

There is a dearth of data concerning allocated ODA support for project identification, feasibility studies (FS), masterplans, and monitoring and evaluation (M&E). Due to the limited information provided by ODA-recipient agencies, accurate estimates for the actual costs associated with M&E and project development remains challenging. However, the following discussions are based on the available data in 2023 regarding ODA support for M&E activities, feasibility studies, and project development.

Information on the M&E allocations have been provided for 12 projects of ten IAs (outlined in **Table 2.4 of Annex 2-C**). In 2023, these projects collectively allocated PHP128.76 million (approximately USD2.30 million) for M&E activities. Of this amount, PHP38.60 million originated from ODA sources, while PHP90.16 million came from non-ODA sources. These allocations supported various M&E activities, including regular data collection and analysis, preparation of monitoring reports, site inspections, and implementation review missions.

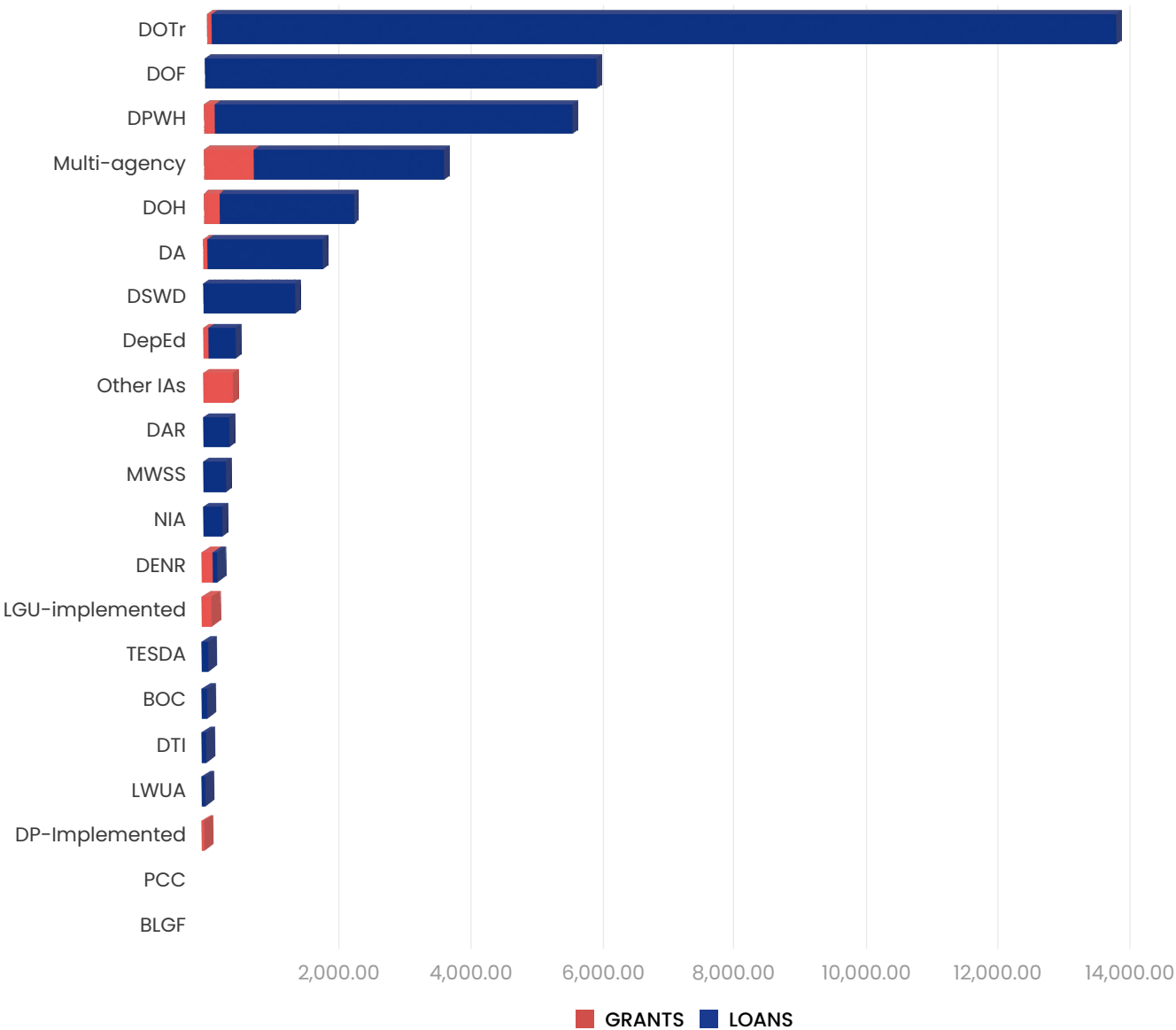
Leveraging technical expertise and global innovations facilitated by access to ODA, a total of PHP28.35 billion from the active ODA portfolio in 2023 was allocated for project development, FS/pre-FS preparation, and masterplan preparation. There are existing loan facilities supporting project development and preparatory activities of key infrastructure projects of DPWH, DOTr, and National Irrigation Administration (NIA). With a combined amount of PHP27.24 billion, these facilities are the *Infrastructure Preparation and Innovation Facility (IPIF)*, which is supported by three loans from ADB, and the *Philippines-Korea Project Preparation Facility*. In addition, three projects amounting to PHP1.12 billion of DPWH have components specifically intended for project development, while the Department of Social Welfare and Development (DSWD) has allocated PHP0.38 million under its *Beneficiary FIRST Social Protection Project (Component 2)* for project identification, focusing on developing proposals and terms of references (TORs) for social protection projects. **Table 2.5 of Annex 2-C** provides more details on the project components supporting project development and pre-implementation.

2.5. ODA Distribution

2.5.1. By Implementing Agency

In 2023, DOTr held the largest share of the active ODA portfolio in terms of amount, accounting for 37 percent of the total portfolio, which is equivalent to USD13.87 billion (see **Figure 2.10**). This substantial allocation includes the funding for two of the largest ongoing ODA-funded projects: (a) the *North-South Commuter Railway System*; and (b) the *Metro Manila Subway Project Phase I*. These projects collectively received a combined loan financing from JICA amounting to USD10.79 billion.

Figure 2.10. ODA Distribution by Implementing Agency (in USD million)




The DOF held the second-largest ODA portfolio in terms of amount, with 22 programs and projects worth USD5.97 billion. Serving as the implementing agency for several program loans, DOF plays a pivotal role in overseeing the overall implementation and administration of these loans. This responsibility is particularly critical for program loans that provide budgetary support or are policy-based, such as the *Support to Capital Market Generated Infrastructure Financing – Subprogram 2*.

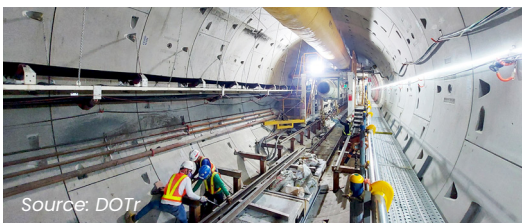
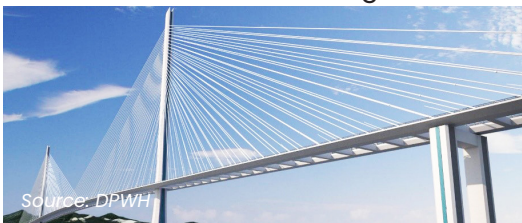


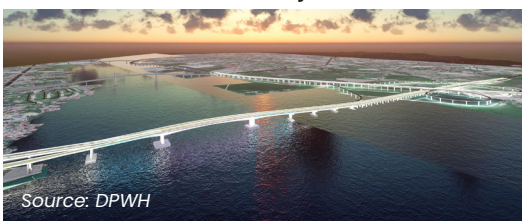

DPWH emerged with the highest number of combined loans and grants in 2023, supporting 37 projects. It ranked third in terms of total ODA amount, securing USD5.60 billion, which constitutes to about 15 percent of the USD37.29 billion ODA portfolio. Among its major endeavors, the department is presently advancing the *Bataan-Cavite Interlink Bridge Project*, for which it secured an initial loan tranche of USD650 million from ADB, signed in December 2023. Collectively, the ODA received by the top three recipient agencies (DOTr, DOF, and DPWH) constitutes approximately 68 percent (USD25.45 billion) of the total active ODA loans and grants.

The table below provides a summary of the top ten ODA-funded major capital projects in the country approved by the ICC/NEDA Board with the largest total project costs.⁶ Total investments required for these projects amount to PHP2.16 trillion. The largest ODA-funded projects currently under construction are being implemented by the DOTr (7 projects worth PHP1.68 trillion) and DPWH (3 projects worth PHP483.25 billion).

Table 2.6. Ten Largest ODA-funded Projects

Count	Project Name	IA	DP	Total Project Cost (in PHP billion)	Loan Amount (in USD million)
1	 <p>Source: DO</p>	DOTr	JICA, ADB	873.62	JICA: 5,321.81 ADB: 3,050.00
2	NSCR Extension Project (Clark Extension)*				
3	NSCR-Philippine National Railways (PNR) South Commuter Railway Project (Tutuban-Calamba)*				

⁶ Composed of loan and/or grant proceeds, counterpart funds from the national government as mandated by the ODA Act of 1996, and other sources of financing such as private sector equity, and counterpart from LGUs and project beneficiaries, among others.


4	Metro Manila Subway Project Phase I  <p>Source: DOTr</p>	DOTr	JICA	488.48	2,422.19 ⁷
5	Bataan Cavite Interlink Bridge  <p>Source: DPWH</p>	DPWH	ADB	219.31	650.00 ⁸
6	Panay-Guimaras-Negros Island Bridges Project  <p>Source: DPWH</p>	DPWH	KEXIM-EDCF	187.53	56.61 ⁹
7	PNR South Long-Haul Project  <p>Source: DOTr</p>	DOTr	China	175.32	219.78 ¹⁰
8	Cebu-Mactan Bridge and Coastal Road Construction Project  <p>Source: DPWH</p>	DPWH	JICA	76.41	807.03
9	Davao Public Transport Modernization Project  <p>Source: DOTr</p>	DOTr	ADB	73.38	1,074.69

7 Tranche 1 and 2 loans

8 Tranche 1 loan

9 For Engineering Services only

10 For Project Management Consultancy only

10	LRT Line 1 South Extension Project				
	 <small>Source: DOTr</small>	DOTr	JICA	64.92	292.77
			TOTAL	2,158.97	13,894.88

* Projects 1 to 3 comprise of the three alignments under the NSCR System Project

2.5.2. By Sector

Box 2.6. Sector Description



AGRICULTURE, AGRARIAN REFORM, AND NATURAL RESOURCES (AARNR) SECTOR

Includes farm-to-market roads and bridges, irrigation systems and 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)



GOVERNANCE AND INSTITUTIONS DEVELOPMENT (GID) SECTOR

Includes tax reforms, human resource development and management, judicial reforms, and local governance



INDUSTRY, TRADE, AND TOURISM (IT&T) SECTOR

Includes trade and investment, environmental technologies in industries, and microfinance and microenterprise development



INFRASTRUCTURE (INFRA) SECTOR

Includes power, energy, electrification, information communications technology (ICT), 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)

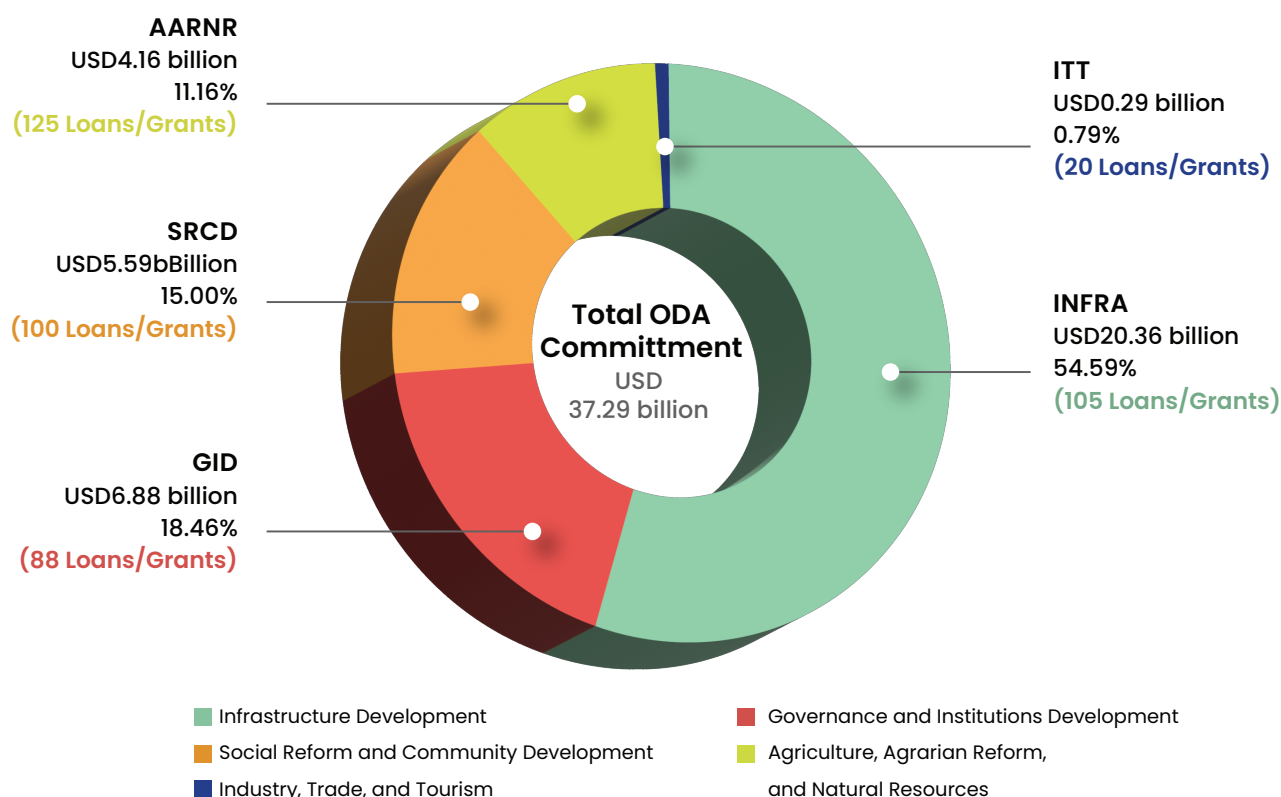


SOCIAL REFORM AND COMMUNITY DEVELOPMENT (SRCD) SECTOR

Includes 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

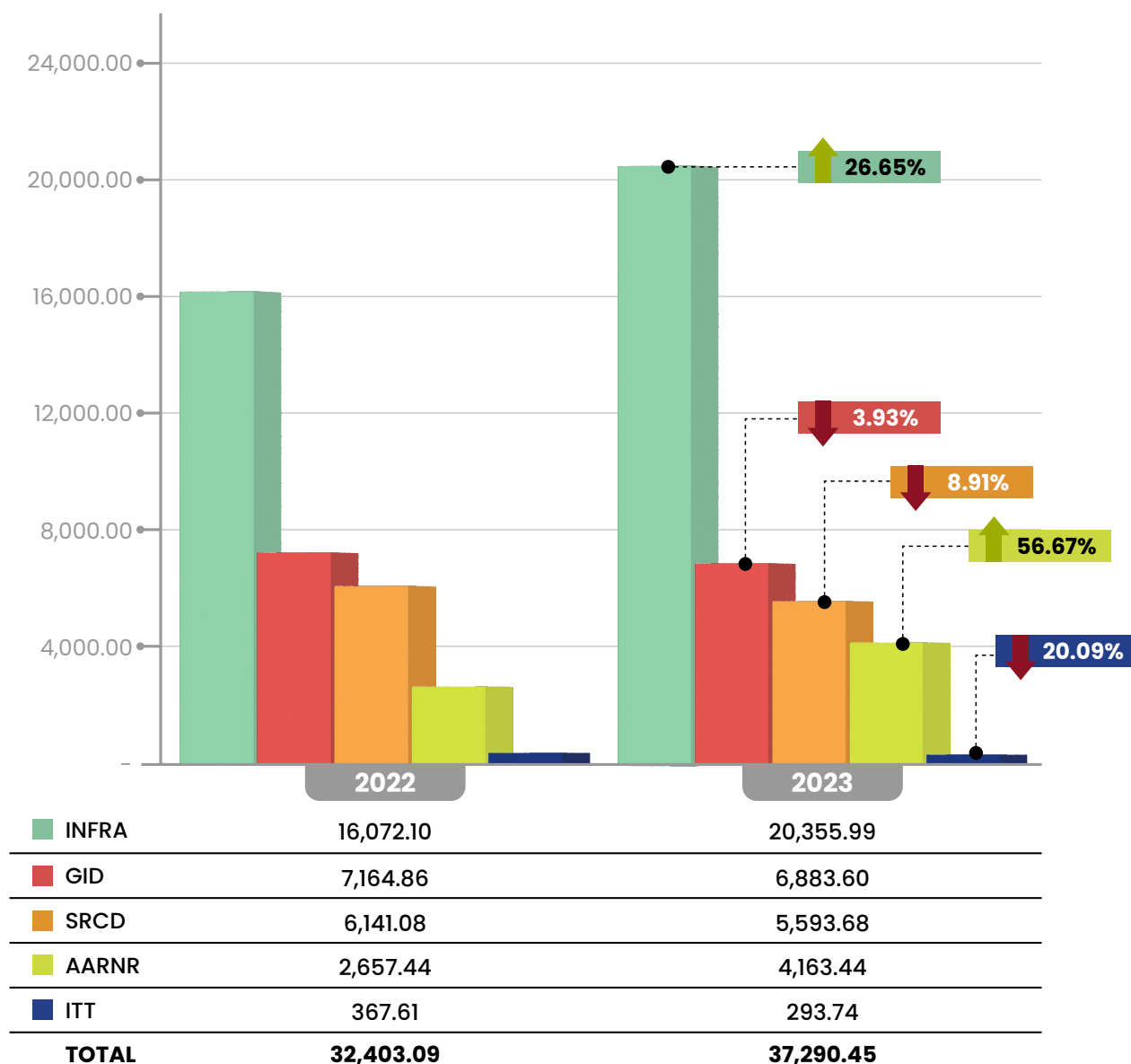
The infrastructure sector maintained its status as the largest recipient of ODA financing, amounting to USD20.36 billion (see **Figure 2.11**). Under the Marcos Administration, the government has committed to advancing beyond the *Build Build Build* Program through the *Build Better More* Program, which includes a fresh lineup of Infrastructure Flagship Projects (IFPs). These projects encompass diverse investments across sectors such as physical connectivity, water resources, agriculture, health, digital connectivity, power and energy, education, and other key infrastructure areas (see **Section 2.7** for more information). Among the ongoing IFPs, several projects are financed through ODA, including the largest active projects highlighted in the previous table. Additionally, four loans from China have been secured to support the *Priority Bridges Crossing Pasig-Marikina River & Manggahan Floodway Project*. This IFP aims to mitigate flooding from the Pasig-Marikina River and alleviate traffic congestion in Metro Manila.

Figure 2.11. Distribution of ODA by Sector in 2023



In 2023, the allocation of ODA across the five major sectors remained consistent with the previous year: INFRA, Governance and Institution Development (GID), SRCD, AARNR, and Industry, Trade, and Tourism (IT&T). However, there were notable changes in funding distribution. The GID sector, despite ranking second, saw a decrease in ODA allocation by USD281.26 million from USD7.16 billion in 2022 to USD6.88 billion in 2023 (see **Table 2.7 of Annex 2-C**). Similarly, the SRCD sector experienced a reduction of USD547.40 million during the same period. The declines can be attributed largely to the closing of 11 program loans aimed at COVID-19 response initiatives in 2022.

Figure 2.12. ODA Distribution by Sector (2022 vs 2023)

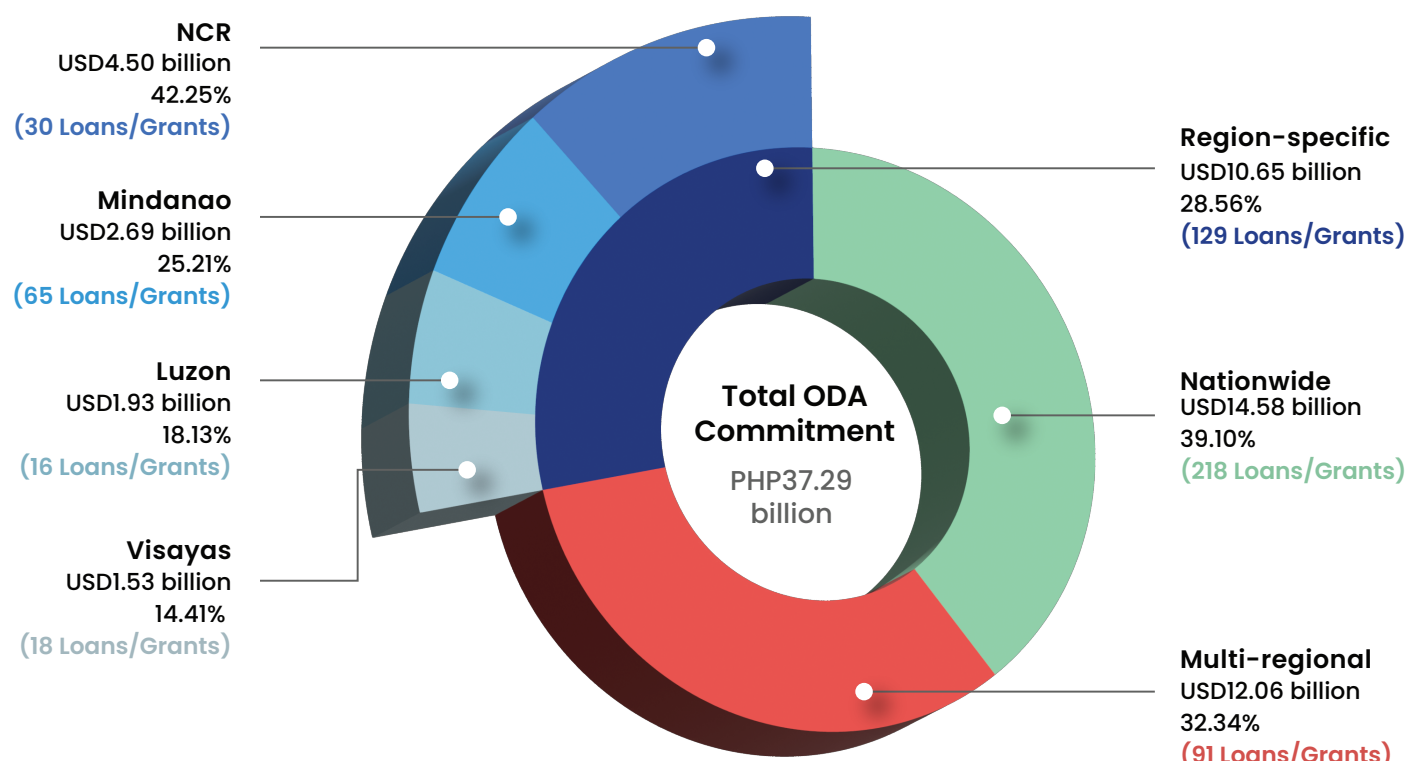


2.5.3. By Spatial Coverage

In 2023, nearly two-fifths (39.10%) of the total ODA loans and grants portfolio, totaling USD14.58 billion, funded initiatives implemented nationwide (see **Figure 2.13** and **Table 2.8 of Annex 2-C** for more details). All projects supported by active program loans in 2023 were implemented at the national level, and a significant portion of ODA grants (e.g., technical assistance and technical cooperation projects) also had a nationwide scope.

Projects spanning multiple regions accounted for 32 percent (USD 12.06 billion) of the portfolio, while region-specific ODA-funded initiatives made up 29 percent (USD 10.65 billion).

Figure 2.13. ODA Commitment by Area Coverage



Given the absence of detailed/granular data for nationwide and multi-regional ODA-funded programs and projects, the following discussions on the regional distribution of ODA are based solely on the total ODA allocations for region-specific initiatives.

The National Capital Region (NCR) stands out as the largest recipient of ODA, accounting for 42 percent or USD4.50 billion out of the USD10.65 billion total ODA allocations for region-specific programs and projects. This investment prioritizes the enhancement of transportation networks within the capital and its adjacent areas. The significant number of key infrastructure projects concentrated in the NCR, which necessitate considerable external financial support to complement scarce local resources, is a testament to this strategic focus.

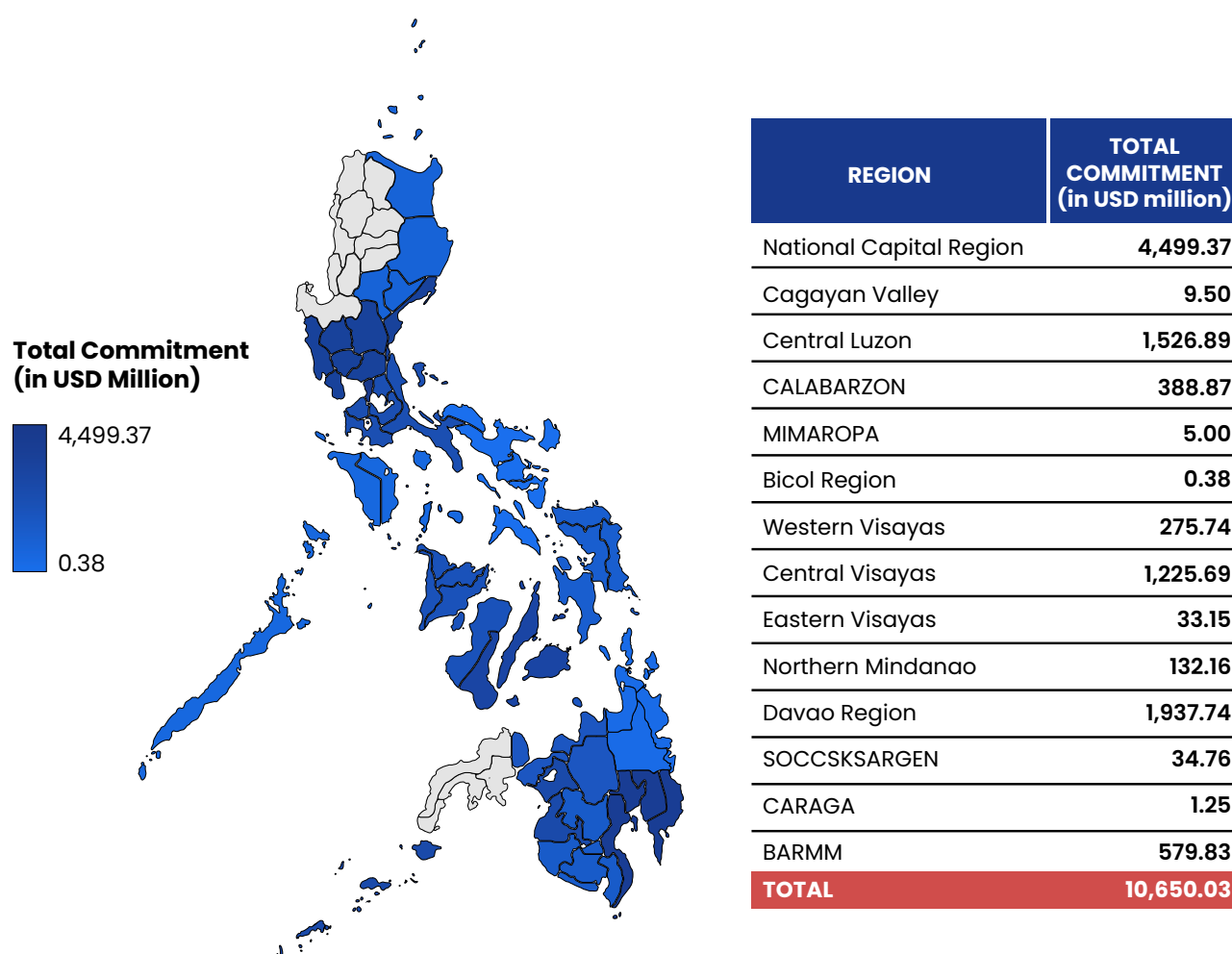
Additionally, substantial ODA amounting to 18 percent, equivalent to USD1.93 billion, has been allocated to various parts of Luzon outside NCR. These significant investments in infrastructure across both NCR and Luzon have played pivotal roles in the considerable ODA received by these regions in recent years.

In terms of specific interventions, Mindanao has received the highest number of region-specific ODA interventions, totaling 65 loans and grants, predominantly in the form of grant assistance amounting to USD2.69 billion as of December 2023. This ranks second highest among the major regional groups. Of these interventions, 44 loans and grants were allocated to the BARMM to bolster economic development through initiatives focused on peacebuilding and livelihood support. Notably, these

efforts include the EU-funded *Support to Bangsamoro Transition* grant, which aims to enhance the capacity and institutional framework of the Bangsamoro Transition Authority for effective implementation of the Bangsamoro Organic Law.

At the regional level, Davao Region, Central Luzon, and Central Visayas have emerged as the primary beneficiaries of region-specific ODA outside NCR. These regions, recognized as economic centers within their respective island groups, play crucial roles in driving economic activities across the country. ODA investments in infrastructure within these regions have particularly supported business operations, trade, and regional connectivity, while also fostering economic benefits that extend to neighboring areas.

Figure 2.14. Level of ODA Commitment by Region

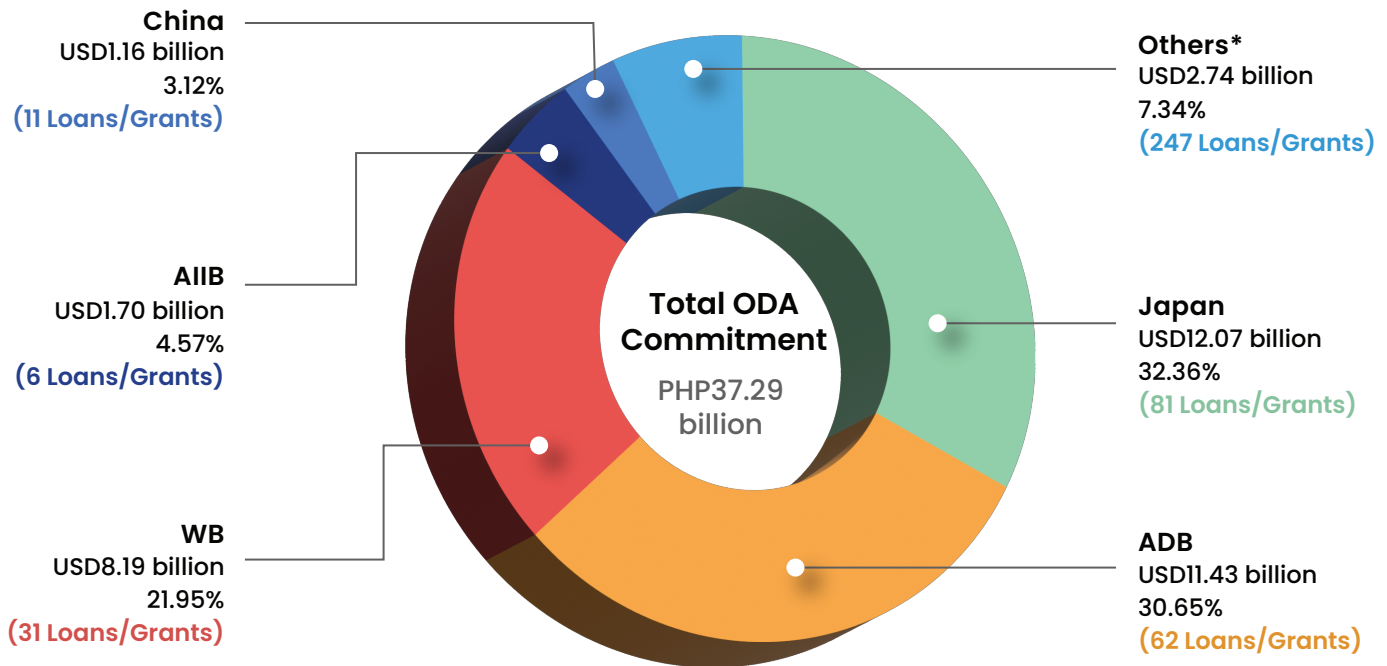


2.5.4. By Fund Source

Japan reclaimed the largest share of ODA in the country, accounting for 32 percent (USD12.07 billion for 81 loans/grants) of the active ODA portfolio. Following closely, ADB held a 31 percent share (USD11.43 billion across 62 loans and grants), having been the largest provider in 2022. The WB accounted for 22 percent (USD8.19 billion across

31 loans and grants), while the AIIB contributed five percent (USD1.70 billion across 6 loans). China rounded out the top five DPs with a three percent share (USD1.16 billion across 11 loans and grants). Together, these top five DPs constituted 93 percent of the total ODA loans and grants as of December 2023, as shown in **Figure 2.15**. Furthermore, these financed all newly signed loans in 2023 (see **Table 2.9 of Annex 2-C** for more details on the DP distribution).

Figure 2.15. Level of ODA Commitment by Development Partner in 2023



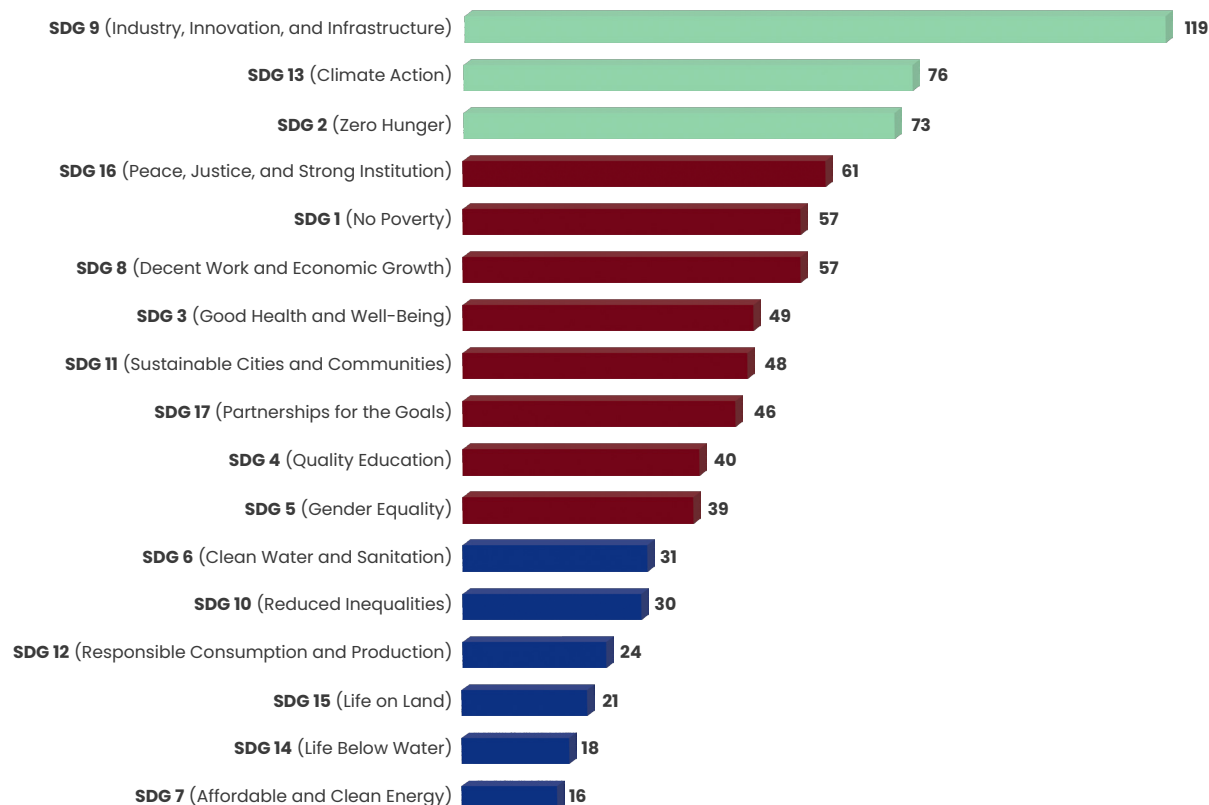
*Other DPs include Korea, USA, UN System, EU, France, Australia, Germany, Netherlands, United Kingdom, Spain, New Zealand, Canada, India, Global Climate Fund (GCF), and Alliance for Financial Inclusion (AFI).

2.6. Responsiveness to the Sustainable Development Goals and Key Development Themes

2.6.1. ODA Supporting the Sustainable Development Goals

ODA plays a critical role in advancing the Sustainable Development Goals (SDGs), particularly for SDG 17, which emphasizes global partnerships and resource mobilization for sustainable development. In 2023, active ODA loans and grants predominantly support progress towards three key SDGs: SDG 9 (Industry, Innovation, and Infrastructure), SDG 13 (Climate Action), and SDG 2 (Zero Hunger), with 119, 76, and 73 programs and projects funded, respectively (see **Figure 2.16**). The comprehensive list of ODA loans and grants supporting the SDGs is provided in **Annex 2-H**.

Figure 2.16. ODA Loans and Grants Supporting the Sustainable Development Goals



Box 2.7. Sustainable Development Goals

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

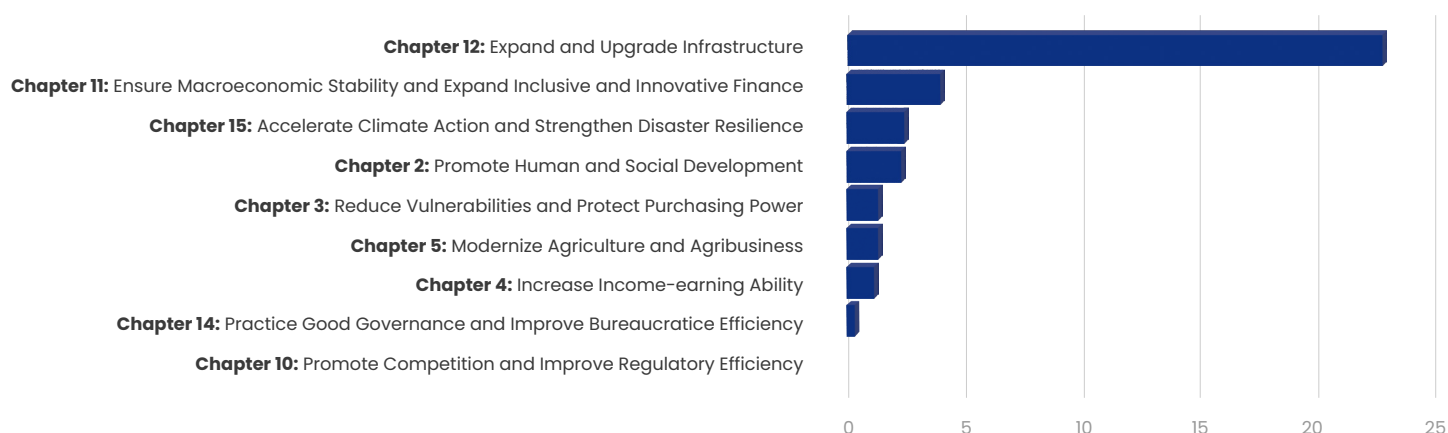


Source: United Nations (2016). Overview of the SDGs.

2.6.2. ODA Alignment with the PDP 2023–2028

The Philippine Development Plan (PDP) 2023–2028 provides the overarching framework for the country’s development for the medium-term. It integrates the government’s policies, strategies, programs, and legislative priorities aligned with President’s 8-point Socioeconomic Agenda: (a) food security; (b) improved transportation; (c) affordable and clean energy; (d) health care; (e) social services; (f) education; (g) bureaucratic efficiency; and (h) sound fiscal management. The PDP is geared toward the attainment of the country’s long-term vision, the *AmBisyon Natin 2040*, where all Filipinos are envisioned to enjoy strongly rooted, comfortable, and secure lives by 2040. **Figure 2.17** below illustrates the alignment of ODA loans with the Chapters of the PDP based on the sector objectives and intended results of these assistance.

Figure 2.17. Net Commitment of Active ODA Loans Supporting the PDP 2023–2028
(in USD billion)



Recognizing the crucial role of infrastructure in driving socioeconomic development, the Marcos Administration continues to prioritize investments in this sector. A significant portion of this focus is reflected in the allocation of 69 loans totaling USD22.49 billion, which represents approximately 64.13 percent of the total loan commitments. These funds are aimed at advancing the objectives outlined in Chapter 12 of the *PDP 2023–2028: Expand and Upgrade Infrastructure*. Central to this commitment is the *Build Better More* initiative, which serves as the cornerstone of the administration’s infrastructure agenda. This initiative seeks to bolster public infrastructure spending by prioritizing high-impact projects. Together, these efforts aim to stimulate economic growth, foster sustainable development, and improve the quality of life in both urban and rural communities across the country (see **Section 2.7** for more detailed information).



2.6.3. ODA on Climate Change Adaptation and Mitigation and Disaster Risk Reduction

In 2023, the Philippines remained as the world's most at-risk country in terms of exposure to natural disasters, according to the 2023 World Risk Index.¹¹ The Philippines recorded the highest risk among 193 countries with a score of 46.86 on a scale from zero (very low risk) to 100 (very high risk).

In 2023, a total of 73 programs and projects (supported by 35 loans and 38 grants) with total cost of PHP232.95 billion were identified with components dedicated to climate change (CC) adaptation and mitigation and disaster risk reduction (DRR) (see **Table 2.10 of Annex 2-C**). A comprehensive list of loan and grant-assisted programs and projects supporting CC mitigation/adaptation and DRR is provided in **Annex 2-I**.

Box 2.8. 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:

<p>ADAPTATION</p> 	<p>Adjustments in natural or human systems in response to actual or expected climatic stimuli or impacts, which moderate harm or exploit beneficial opportunities. Some adaptation measures include:</p> <ul style="list-style-type: none"> (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.
<p>MITIGATION</p> 	<p>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:</p> <ul style="list-style-type: none"> (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 expansion of mass transport systems; (e) reduction of emissions from deforestation and forest degradation; and (f) waste management.

Meanwhile, **DRR** (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 reduced exposures to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.

¹¹ The World Risk Index 2023 assesses the disaster risk for 193 countries. It covers all UN-recognized countries and more than 99 percent of the world's population.

2.6.4. Promoting Gender-Responsiveness of Projects

In adherence to RA 7192 (Women in Development and Nation-Building Act) and RA 9710 (Magna Carta of Women), NEDA monitors the allocation of ODA towards gender-responsive programs and projects. Section 36(a) of RA 9710 mandates that national government agencies (NGAs), LGUs, and other government instrumentalities allocate between five to 30 percent of funds received from foreign governments and multilateral agencies to support gender-responsive interventions.

Box 2.9. The Harmonized Gender and Development Guidelines



The **HGDG** is a tool in assessing the gender-responsiveness of programs and projects in terms of their design, implementation, management, monitoring, and evaluation by attributing the whole or a portion of a program/project's budget to Gender and Development (GAD) using the HGDG checklists. The Project Implementation, Management, Monitoring and Evaluation (PIMME) HGDG checklist (Box 16 and 17) is used to assess the gender-responsiveness of ongoing ODA projects. Below is the interpretation of GAD scores obtained from accomplishing the PIMME checklist:

0 – 3.9
4.0 – 7.9
8.0 – 14.9
15.0 – 20.0

GAD is invisible in the project
Proposed project has promising GAD prospects
Proposed project is Gender-sensitive
Proposed project is Gender-responsive

Source: NEDA, Philippine Commission on Women (PCW), ODA-GAD Network (2016). Harmonized Gender and Development Guidelines for Project Development, Implementation, Monitoring and Evaluation.

In 2023, out of the 76 ODA-funded projects assessed under the HGDG, 57 were identified as gender-responsive and gender-sensitive. These projects have a combined project cost attributed to Gender and Development (GAD) amounting to PHP65.51 billion (see **Table 2.11**). Additionally, 12 projects showed promising prospects for GAD integration (worth PHP3.52 billion), while seven projects lacked visible GAD components (worth PHP0.51 billion). The comprehensive list is provided in **Annex 2-J**.

Table 2.11. Classification of ODA-funded Projects by Gender Responsiveness

Classification	Projects			
	Count	% Share	Cost Attributed to GAD (in PHP million)	% Share
A. Gender-Responsive	29	38.16	18,093.88	26.02
Loans	19		16,783.92	
Grants	10		1,309.96	
B. Gender-Sensitive	28	36.84	47,414.18	68.18
Loans	14		47,258.31	
Grants	14		155.87	
Subtotal	57	75.00	65,508.06	94.00
C. With Promising GAD Prospects	12	15.79	3,522.48	5.07
Loans	6		3,500.79	
Grants	6		21.69	
D. GAD is invisible in the Project	7	9.21	511.71	0.74
Loans	5		503.51	
Grants	2		8.20	
TOTAL	76	100.00	69,542.25	100

At the Project Implementation, Management, and Monitoring Evaluation (PIMME) stage, the gender-responsiveness of programs and projects is assessed based on several key factors. This includes ensuring that project management actively supports achieving gender equality goals, that staff or consultants possess the necessary competence to implement gender equality strategies, readiness to engage external GAD experts and build internal GAD capacity, implementation of procedures and processes that enhance women's participation in project activities and benefits, active involvement of agency personnel in gender equality initiatives, and the institutionalization of the project's GAD strategies.¹²

Four key strategies were identified from the assessment of gender-responsive and gender-sensitive ODA-funded projects, as follows: (a) seven projects employ strategies to encourage equal participation and benefit of men and women in project activities; (b) five projects integrated gender equality indicators to monitor project activities, outputs, and results; (c) five projects have conducted training on gender sensitivity and GAD mainstreaming in 2023; and (d) two projects have incorporated gender-sensitive aspects in the project's facilities.

¹² NEDA-PCW-ODA GAD Network. (2016). GAD Checklists for PIMME. HGDC for Project Development, Implementation, Management, Monitoring and Evaluation.

It is notable that the number of projects with submitted gender-responsiveness assessments increased from 71 in 2022 to 76 in 2023. However, the overall submission rate remains low compared to the total number of projects covered in the 2023 ODA Portfolio Review.

Meanwhile, the four most commonly cited gender-related challenges in project implementation include: (a) low capacity of project staff in mainstreaming GAD in development activities, as identified in five projects; (b) four projects reported that the limited access of women to productive skills training and/or technologies pose challenges in their quality of work and better access to livelihood opportunities; (c) three projects reported instances of gender-based discrimination which resulted in unequal access to healthcare services, and/or environmental resources among men and women; and (d) low participation of women and girls in decision-making processes, particularly with respect to membership in local governance bodies in rural communities for three projects.

Regularly conducting gender analysis during project implementation is crucial to enhancing the gender-responsiveness of ODA-funded programs and projects. Gender analysis tools play a vital role in identifying and addressing gender-related issues, thereby ensuring equitable access to and control over resources within ODA-funded initiatives. IAs and Project Management Offices (PMOs) should develop or adopt gender action plans and specific measures to effectively address gender concerns identified by stakeholders. Continuous capacity building for project staff on GAD mainstreaming is also essential. This ensures the development and utilization of policies, mechanisms, resources, and data that promote gender equality throughout project cycles.

2.7. ODA Supporting the Infrastructure Flagship Projects

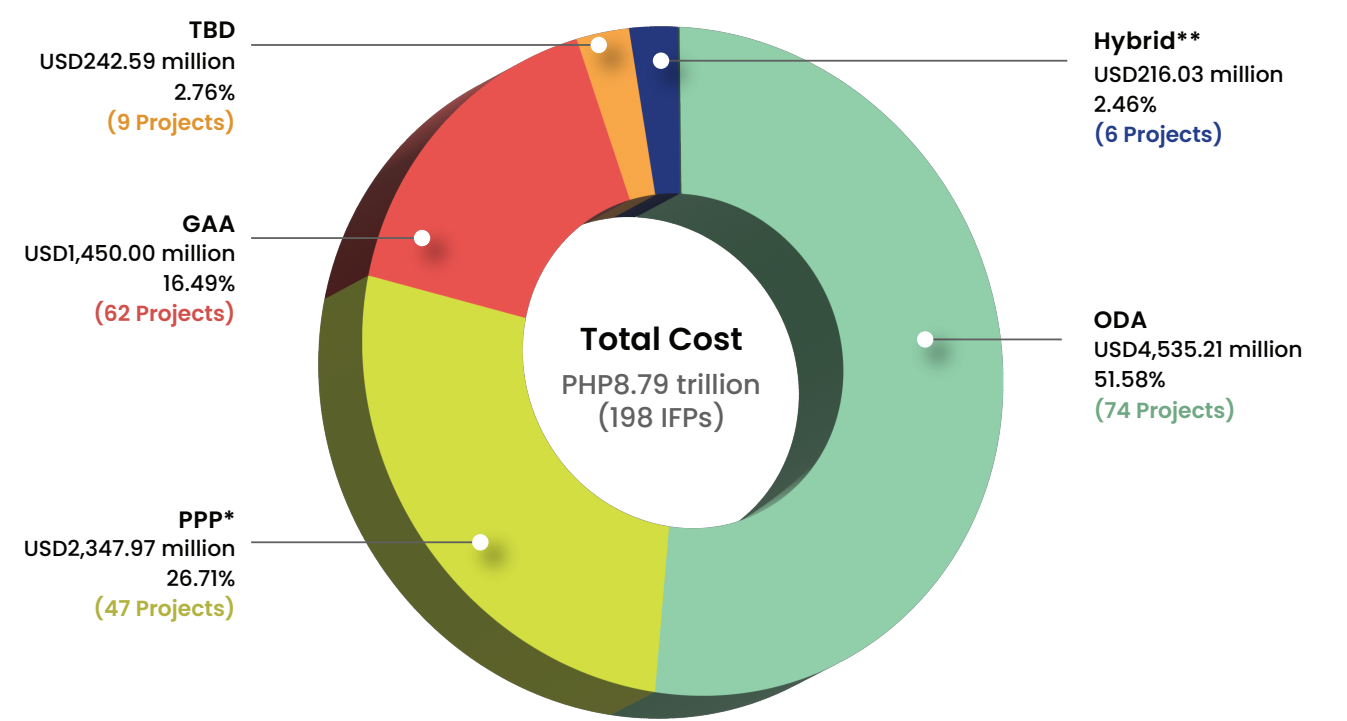
Continuing the momentum of the previous administration's *Build Build Build* program, the current administration's *Build Better More* initiative embodies the government's commitment to an expansive infrastructure agenda. This program focuses on delivering crucial projects such as expressways, bridges, airports, railways, ports, telecommunications, and other essential social infrastructure. Its primary goals include significantly reducing the cost of doing business, expanding market opportunities, particularly for micro, small, and medium enterprises (MSMEs), and fostering high-quality job creation and innovation to facilitate a complete post-pandemic recovery. The emphasis on infrastructure aligns closely with the strategies outlined in the PDP 2023–2028. These strategies are designed to revitalize the country's production and social sectors through comprehensive expansion and modernization of infrastructure networks.

Central to this crucial initiative are the IFPs, recognized as game-changing, transformative, and urgently needed infrastructure projects of national significance underpinning the *Build Better More* Program. On March 9, 2023, the NEDA Board, chaired by the President, approved the initial list of IFPs, comprising 194 projects valued at PHP8.30 trillion. Following the provisions of the *Revised Guidelines for the Formulation, Prioritization and Monitoring*

of the Government's IFPs,¹³ projects approved by the ICC and confirmed by the NEDA Board that meet the criteria indicated in the Guidelines shall be included in the IFP list, subject to the endorsement/concurrence from concerned implementing agencies. Subsequently, the list of IFPs was updated in August and November 2023. By December 2023, the IFP list was comprised of 198 projects, with a total indicative cost of PHP 8.79 trillion.¹⁴

Sources of Financing for the IFPs. **Figure 2.18** provides a breakdown of IFPs by financing source. The largest share of IFPs is funded through ODA, amounting to PHP4.54 trillion (or 51.58 % of all IFPs). Following this, IFPs funded under PPP arrangements total of PHP2.35 trillion, representing 26.71 percent of the total cost of all IFPs.

Figure 2.18. Breakdown of the 198 IFPs by Funding Source

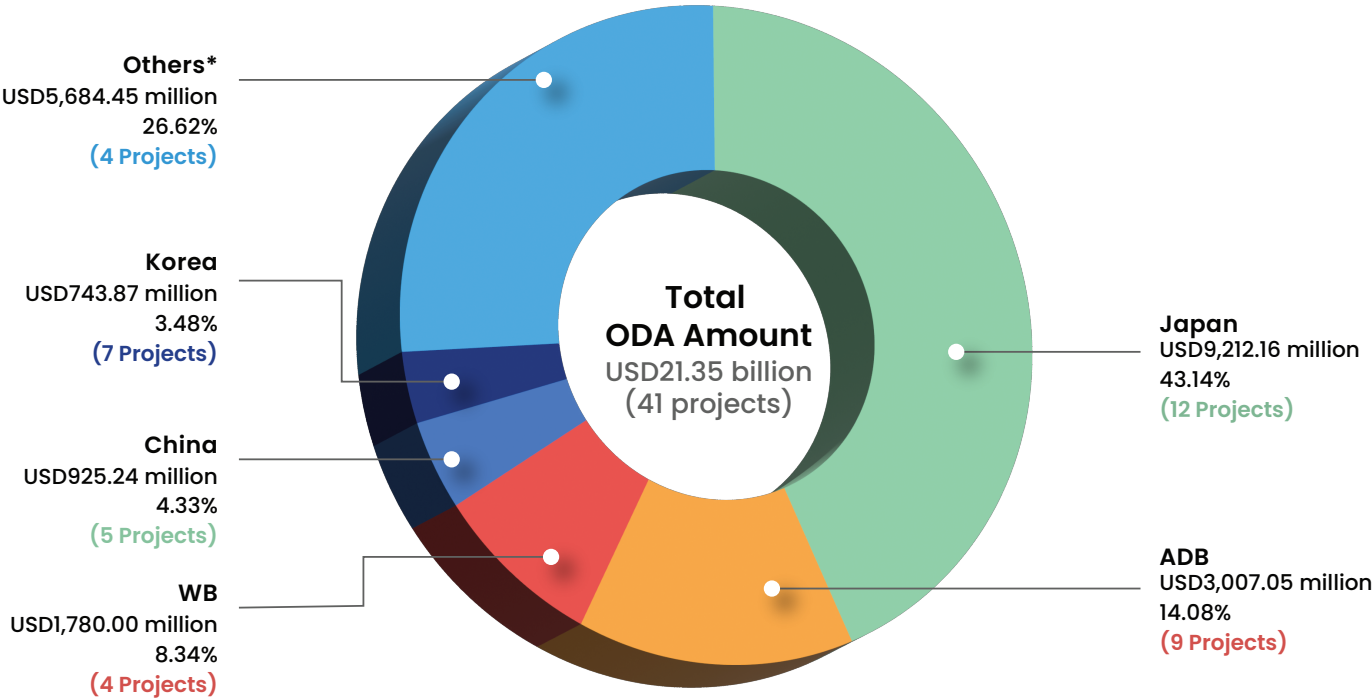


*PPP includes projects with PPP/ Supplemental Toll Operation Agreement (5 projects) and PPP/Port Terminal Management Regulatory Framework (2 projects) financing.
 **GAA/PPP, ODA/GAA, and ODA/PPP financing mix with two projects each.

13 As approved by the NEDA Board on August 23, 2023.
 14 Total cost of IFPs is based on the Fourth Quarter of 2023 Progress Report on the IFPs, presented to the NEDA Board on February 27, 2024.

ODA Support for IFPs. As of December 2023, there were 41 IFPs supported by active ODA loan and grant financing, totaling USD21.35 billion. **Figure 2.19** shows the distribution of ODA funding sources for these IFPs. Japan emerged as the largest contributor among all DPs, providing USD9.21 billion (43.14%) for 12 projects. This was followed by ADB with USD3.01 billion (14.08%) allocated to nine projects, and the WB with USD1.78 billion (8.34%) for four projects.

Figure 2.19. Distribution of IFPs with Active ODA Financing by Development Partner



*Other DPs include AIIB, WB, and France.

Status of IFPs with Active ODA Support. Out of the 41 IFPs financed by ODA, one has been completed: the *Samar Pacific Coastal Road Project* of DPWH funded by the Korean Export-Import Bank - Economic Development Cooperation Fund (KEXIM-EDCF). This PHP1.21 billion project enhanced an 11.30-km section of the existing Samar Pacific Coastal Road in Northern Samar. Meanwhile, 26 projects (69.01%) were under construction or implementation, while the remaining 14 projects (30.94%) have been approved for implementation.¹⁵

¹⁵ Projects that have already secured government approval, and are already carrying out procurement, detailed engineering design, financing, ROW acquisition, among others,

Figure 2.20. Distribution of ODA-funded IFPs by Status

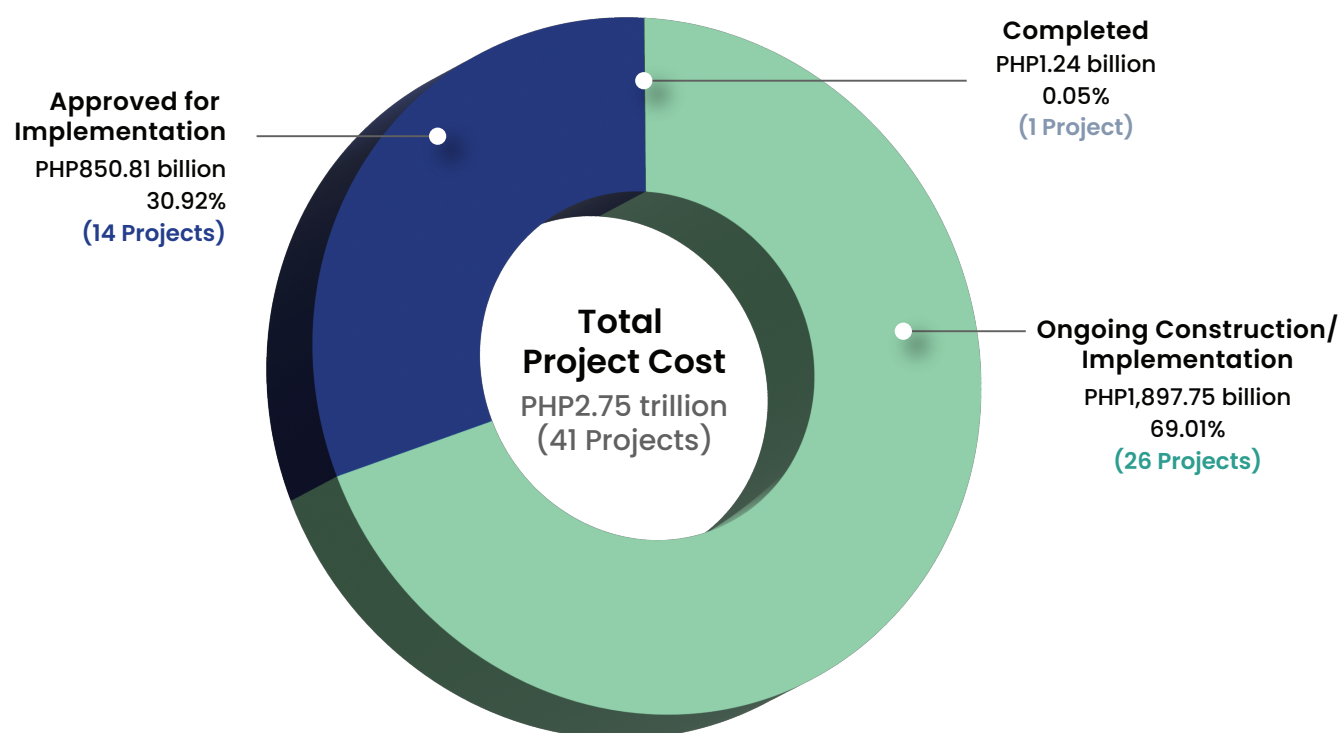


Table 2.12 of Annex 2-C shows the number of IFPs per development partner while **Annex 2-K** provides the list of ODA-funded IFPs and its status.



3

Performance

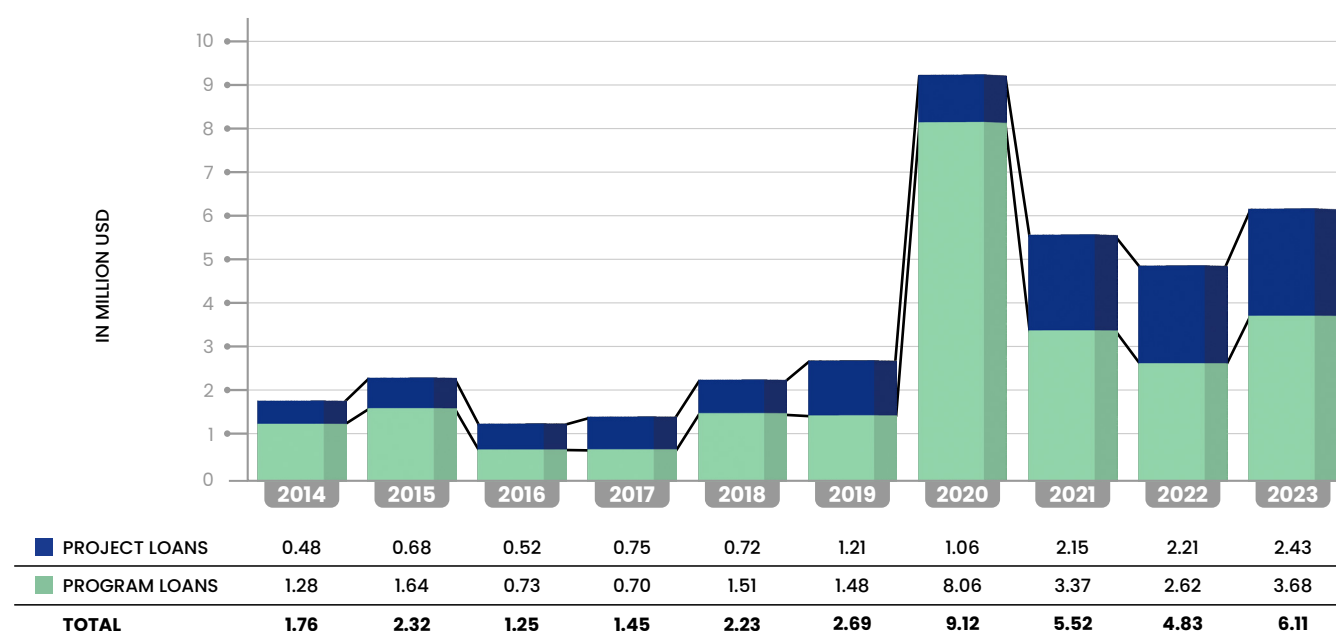
3.1. ODA Financial Performance

3.1.1. Loans Financial Performance

As of the end of 2023, cumulative disbursements from the 113 active loans amounted to USD15.80 billion, which represents approximately 45 percent of the total net commitment of USD35.07 billion. In 2023 alone, the total actual disbursements from the active loans portfolio reached USD6.11 billion.

Notably, there was a significant 27-percent increase in combined program and project loan disbursements from 2022 (USD4.83 billion) to 2023 (USD6.11 billion). This growth continues a trend of rising loan disbursements that began in 2020 during the peak of the COVID-19 pandemic (see **Figure 3.1**). Initially driven by quick-disbursing program loans supporting the government's pandemic response, the subsequent increase in disbursements reflects the government's shift towards focusing on post-pandemic recovery efforts.

Figure 3.1. Annual Disbursement of ODA Loans from 2014 to 2023 (Program vs Project Loan)



Program Loans. Program loans are disbursed based on specific financing requirements aimed at bridging the fiscal deficit while maintaining a sustainable debt-to-Gross Domestic Product (GDP) ratio.¹⁶ As of the end of 2023, cumulative disbursements for 23 program loans totaled USD6.9 billion, representing a utilization rate¹⁷ of 68 percent. This marks a decrease of 23 percentage points from the 2022 rate of 91 percent. The

¹⁶ In 2023, the fiscal deficit reached PHP1.51 trillion, which was 6.32 percent lower than the recorded deficit of PHP1.61 trillion in 2022. This deficit was 6.2 percent of the GDP, slightly above the target of 6.1 percent but significantly lower than the 7.3 percent record in 2022. Meanwhile, the reported debt-to-GDP ratio of 60.2 percent in 2023 is an improvement of 60.9 percent in 2022. (Sources: BTr Press Release <https://www.trea.sury.gov.ph/wp-content/uploads/2024/03/COR-Press-Release-FY-2023.pdf> and DOF News Article <https://www.dof.gov.ph/phs-full-year-2023-gdp-growth-strongest-among-major-asian-economies> both retrieved on May 22, 2024)

¹⁷ Utilization rate is defined as the cumulative actual disbursements (reckoned from the start of implementation up to the end of the reporting period) as a percentage of loan net commitment.

decline primarily stems from six newly signed program loans in 2023 that had not yet become effective by year-end, resulting in no recorded disbursements. In 2023 alone, disbursements for active program loans amounted to USD3.68 billion (see **Annex 3-A** for the financial performance of active program loans).

Two notable program loans utilizing a results-based financing modality include the *SESP* by ADB and Component 1 of the *Beneficiary FIRST Social Protection Project* by WB. Under this approach, funds from DPs are disbursed only upon achieving specific Disbursement-Linked Indicators (DLIs) or Performance-Based Conditions (PBCs). For instance, the *SESP* includes seven PBCs with annual target outputs throughout the program's duration, ensuring that ADB funds are released only upon successful attainment of these benchmarks.

Project Loans Disbursement. Total disbursements of active project loans in 2023 reached by USD2.43 billion, marking a net increase of USD221.81 million from the USD2.21 billion disbursed in 2022 (see **Annex 3-B** for the financial performance of project loans). The improvement in disbursement levels in 2023 can be attributed to two main factors: (a) ten project loans that became effective in 2023, collectively disbursing USD133.58 million within the year, which accounts for approximately five percent of the total project loan disbursements; and (b) 11 project loans continuing from 2022 that began disbursing funds in 2023, amounting to USD101.87 million. A summary of the financial performance of project loans portfolio is provided in **Table 3.1 of Annex 3-C**, while the summary per IA is provided in **Table 3.2 in Annex 3-C**.

Project Loans Availment. Total actual loan availment, which is the cumulative actual disbursements, reached USD8.87 billion in December 2023. This translates to a utilization rate of around 36 percent against the aggregate net commitment of the active project loans portfolio of USD24.93 billion.

Box 3.1. Commitment Fees



When a lender agrees to provide a loan to a borrower, it sets aside a certain amount of funds for that purpose. However, the lender cannot start charging interest on the loan immediately because the borrower has not received the funds yet. To compensate for reserving these funds and not being able to earn interest on them, the lender will charge a commitment fee.



A **commitment fee** is a levy or charge imposed by lenders to the borrowers on the undrawn scheduled availment of the loan. By paying this fee, the borrower demonstrates their commitment to taking the loan and compensates the lender for the cost of setting aside the funds.

Source: Glossary of Terms released by DBM, <https://www.dbm.gov.ph/wp-content/uploads/BESF/BESF2015/GLOSSARY.pdf>

Commitment Fees. The National Government paid a total of USD13.87 million¹⁸ in CFs in 2023 marking a 30 percent increase compared to the previous year (see **Table 3.3**). Additionally, the proportion of CFs to net commitments slightly rose to 0.040 percent from 2022 to 2023. **Annex 3-D** provides information on the cumulative CFs incurred by ODA loans in 2023.


Table 3.3. Commitment Fees Paid in CY 2022 and CY 2023

Particulars	CY 2022	CY 2023
Commitment Fees Paid (in USD million)	10.70	13.87
Net Commitment (in USD million)	30,202.54	35,107.00
Ratio (in %)	0.035	0.040

Among the projects funded by active ODA loans in 2023, the ADB-funded *South Commuter Railway Project*, part of the *NSCR System* that is being implemented by DOTr, incurred the highest CF in 2023 at USD2.41 million. This reflects a significant increase from the USD0.79 million incurred when the loan was newly-signed in 2022. Similarly, the *Malolos-Clark Railway Project (MCRP)*, which is also part of the *NSCR System*, contributed notably to CFs incurred during the year. Together, these two projects accounted for nearly a quarter of the total CFs paid in 2023.

Two loans supporting the *Second Health Enhancement to Address and Limit COVID-19 (HEAL 2)* from ADB and AIIB incurred substantial CFs amounting to USD1.01 million, despite not disbursing any funds since its effectivity in January 2022. These loans were eventually cancelled in 2023 to prevent additional costs to the government. **Table 3.4** shows the five project loans that incurred the largest CFs in 2023.

Table 3.4. Top Five Projects which Incurred Highest Commitment Fees in 2023

Project Title/IA/Fund Source	Reasons for the Delay/s	Total CFs Paid in 2023 (in USD million)
South Commuter Railway Project [DOTr/ADB]  <small>Source: DOTr</small>	The project experienced delays in land acquisition due to deviations in parcellary plans and delays in procurement due to lender concurrence, as well as changes in administration and signatories.	2.41

¹⁸ Accounts for 51 active ODA loans as of December 2023 supporting 42 projects, and one loan that was no longer active but incurred CFs in 2023, i.e., the Community Based Forest and Mangrove Management Project of DENR funded by Germany.

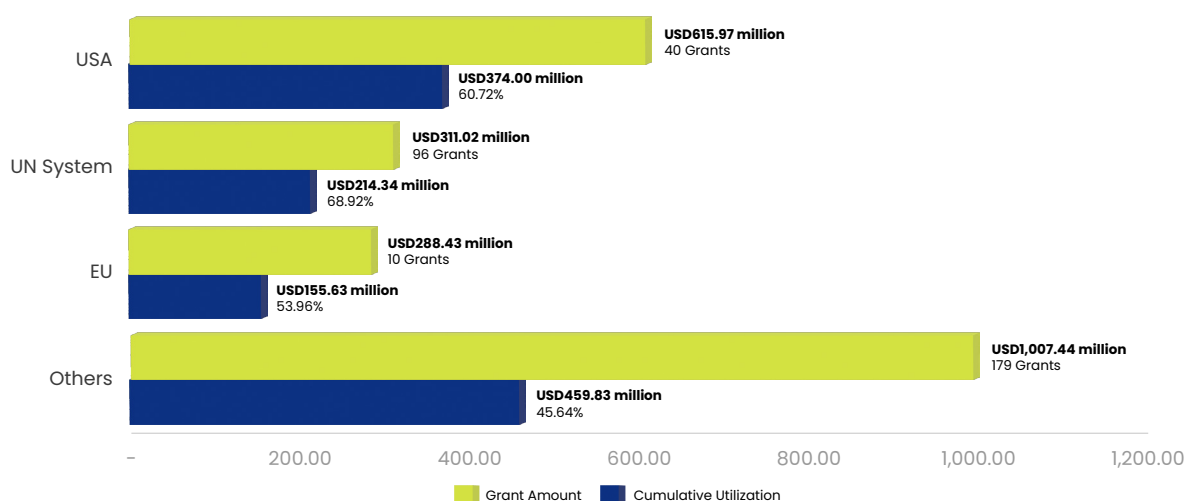
<p>Second Health System Enhancement to Address and Limit COVID-19 under the Asia Pacific Vaccine Access Facility Project – Additional Financing (HEAL 2-AF) [DOH/ADB, AIIB]</p>  <p>Source: ADB</p>	<p>There were no requests for loan drawdown due to the sufficient supply of vaccines and the expiration of RA 11525 as the state of calamity was not extended further. Consequently, the loans from ADB and AIIB supporting the project were cancelled.</p>	1.01
<p>Malolos-Clark Railway Project [DOTr/ADB]</p>  <p>Source: DOTr</p>	<p>The delays were due to the needed amendments to Contract Packages (CPs) N01 to N05 to cover additional costs for re-measured work sections, future and planned variations, adjustments for changes in costs, and COVID-19 compliance expenditures.</p>	1.00
<p>Metro Manila Flood Management Project [DPWH/WB, AIIB]</p>  <p>Source: DPWH</p>	<p>The delays were caused by the slow preparation of bidding documents due to limited resources and procurement delays for the Engineering and Management Consultant. Additionally, the shift from competitive bidding to the WB's Design Supply and Installation Standard Bidding Documents for succeeding pumping stations and changes in the administration of the IAs have contributed to the delays.</p>	0.91
<p>Samal Island-Davao City Connector Project [DPWH/China EXIM]</p>  <p>Source: DPWH</p>	<p>The project experienced delays in geotechnical investigation activities required for the Detailed Engineering Design (DED). These delays were primarily caused by ongoing issues related to ROW acquisition.</p>	0.74

3.1.2. Grants Financial Performance

The assessment of the financial performance of ODA grants was based on utilization levels, calculated by the total disbursements of active grants from the effective date until the end of the reporting year. As of December 2023, grant utilization reached USD1.20 billion, reflecting a utilization rate of 54 percent against the total grant amount of USD2.22 billion. This marks an increase of three percentage points from the 2022 utilization rate of 51 percent.

The grants portfolios of the USA, UN System, and EU showed the highest utilization levels as of December 2023, each achieving a utilization rate of at least 50 percent (see **Figure 3.2**). Together, these three entities contributed to 62 percent of the total utilization level of the grants portfolio in 2023. Compared to their performance in 2022, all three entities saw increases in their utilization rates: USA by nine percentage points (from 52% to 61%); UN System by six percentage points (from 63% to 69%); and EU by one percentage point (from 53% to 54%) (see **Table 3.5 of Annex 3-C** for more details).

Figure 3.2. Amount and Cumulative Utilization of Grants by Fund Source in 2023



In 2023, among the grants that were closed and fully utilized, the grant for the USAID-funded *Marawi Response Project* of the Mindanao Development Authority (MinDA) stood out with the highest amount of USD24.29 million.

3.2. Budgetary Performance

In 2023, only PHP61.33 billion allotment was made available for ODA loan-funded projects based on the approved appropriations in the Financial Year (FY) 2023 General Appropriations Act (GAA). To address the significant shortfall and ensure the continued implementation of these projects, implementing agencies sought a total of PHP222.94 billion additional budget from the FY 2023 UA-SFAPs for 46 ongoing ODA-funded projects. Of the requested additional budget, PHP197.44 billion or about 86 percent of the requested amount, was approved for the implementation of 42 ongoing projects during the year.

Furthermore, the overall obligation rate¹⁹ of implementing agencies of ODA loan-funded projects reached 84.34 percent. On the other hand, the overall disbursement rate²⁰ reached 85.12 percent, which stood on par with the overall obligation rate. The financial performance of these implementing agencies is provided in **Table 3.6**.

¹⁹ Ratio of cumulative obligations and cumulative allotment releases, as of December 2023.

²⁰ Ratio of cumulative disbursements and cumulative obligations, as of December 2023.

Table 3.6. Allotment Releases, Obligations, and Disbursements by Implementing Agency as of end 2023 (in PHP million)

Implementing Agency (a)	Allotment Releases (b)	Obligations (c)	Disbursements (d)	Obligation Rate (%) (e) = (c)/(b) x 100	Disbursement Rate (%) (f) = (d)/(c) x 100
BLGF	314.85	185.52	80.68	58.92	43.49
BOC	1,930.37	80.46	0.46	4.17	0.46
DA	45,813.89	45,343.28	39,737.77	98.97	87.64
DAR	11,502.19	7,419.58	5,340.59	64.51	71.98
DENR	6,193.01	5,797.62	5,021.58	93.62	86.61
DepEd	0.46	0.46	0.46	100.00	100.00
DOH	72,689.02	70,884.16	66,996.96	97.52	94.52
DOTr	519,529.29	404,647.49	334,106.79	77.89	82.57
DPWH	124,891.59	115,053.74	94,275.49	92.12	81.94
DTI	2,228.61	1,310.64	1,055.24	58.81	80.51
DSWD	69,152.34	67,830.34	65,298.34	98.09	96.27
NIA	15,934.20	15,785.78	13,125.77	99.07	83.15
PCC	789.61	285.79	239.36	36.19	83.75
TESDA	44.82	3.29	1.94	7.35	58.97
TOTAL	871,014.24	734,628.16	625,281.43	84.34	85.12

Department of Education (DepEd) achieved a 100-percent obligation and disbursement rates for its sole project, the WB-funded *TEACEP*, which became effective in August 2023. Similarly, DSWD demonstrated high average obligation and disbursement rates across three²¹ of its four ongoing ODA-funded projects. Detailed information on allotment releases, obligations, and disbursements per project is provided in **Annex 3-E**.

Conversely, Technical Education and Skills Development Authority (TESDA) and Bureau of Customs (BOC) exhibited some of the lowest financial performances as of December 2023, managing only one loan-funded project. TESDA's *Supporting Innovation in the Philippine Technical and Vocational Education and Training System Project* recorded an obligation rate of 7.35 percent. TESDA attributed this underperformance to the PMO's unfamiliarity with ADB's procurement regulations, which delayed the procurement of essential services, including project management consultants. Meanwhile, despite being ongoing since 2021, BOC's *Philippines Customs Modernization Project (PCMP)* reported a significantly low obligation rate of 4.17 percent as of December 2023. Prolonged procurement processes for the project supervision and quality assurance component, compounded by enduring legal issues, have hindered BOC's ability to advance project implementation. As of June 2024, the project is slated for termination due to the substantial legal risks it poses to BOC and the government at large.

21 DSWD projects: (a) Additional Financing for the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services National Community-Driven Development Project; (b) Philippine Multisectoral Nutrition Project; and (c) 4Ps (Beneficiary Fast, Innovative, and Responsive Service Transformation [BFIRST] Social Protection Project - Component 1 and Expanded Social Assistance Project.

3.2.1. Multi-Year Budget Requirements for FY 2024 and Beyond of Active ODA Loan-Funded Projects

According to agency forecasts as of the end of 2023, a total of PHP2.03 trillion is projected to be required for the completion of 69 projects extending into 2024 and beyond. Among these, DOTr has the highest budgetary requirement, needing approximately PHP1.19 trillion for its ongoing portfolio. Table 3.7 summarizes each agency's multi-year budget requirements, while Annex 3-F gives details on the multi-year budget requirement per project.

Table 3.7. Multi-year Budget Requirement by Implementing Agency (in PHP Million)

IA	FY 2024 GAA	Unprogrammed Appropriations (actual requested/ to be requested)	2025	2026	2027 Onwards	Total
(a)	(b)	(c)	(d)	(e)	(f)	(g) = sum (b:f)
BLGF	-	833.67	489.45	233.44	-	1,556.56
DA	-	10,176.41	15,339.00	13,865.45	19,294.01	58,674.87
DAR	-	6,415.00	5,494.00	2,378.00	188.00	14,475.00
DepEd	81.43	541.66	788.96	589.76	4,013.28	6,015.09
DOH	336.29	2,218.36	246.45	19.48	-	2,820.58
DOTr	3,501.30	198,202.16	317,562.56	315,803.26	351,598.18	1,186,667.46
DPWH	-	66,242.60	134,865.26	154,605.04	369,586.36	725,299.26
DSWD	4,869.00	4,956.00	4,830.00	-	-	14,655.00
DTI	-	744.30	526.00	526.00	263.00	2,059.30
NIA	417.42	7,844.28	-	-	-	8,261.70
PCC	0.08	-	331.95	-	-	332.03
TESDA	-	1,833.63	3,088.43	447.83	272.86	5,642.75
TOTAL*	9,205.51	300,008.07	483,562.06	488,468.26	745,215.69	2,026,459.59

* Total excludes multi-year budget requirement for LWUA and MWSS as these are financed under their respective Corporate Operating Budget. Meanwhile, agencies excluded in the list are with: (a) projects that do not require budget in 2024 and beyond (e.g., Access to Sustainable Energy Programme of DOE and FMP of DENR); and (b) an ongoing project intended to be cancelled/terminated in 2024 (e.g., PCMP of BOC).

For FY 2024, 12 implementing agencies have initially identified an aggregate amount of PHP300.01 billion for budgetary augmentation from the UA-SFAPs for 49 projects. Specifically, approximately PHP213.03 billion will be requested to provide budgetary cover for loan proceeds, while about PHP86.98 billion will be requested for government counterpart funding.

However, the UA allocated in the FY 2024 GAA amounts to PHP731.45 billion, with only PHP 233.49 billion allocated for foreign-assisted programs and projects.²² When combined with an additional PHP3 billion allocated under UA for ROW payments, the total available amount for FY 2024 UA stands at PHP236.49 billion. This falls short of the PHP300.01 billion

22 PHP181.83 billion for loan proceeds and PHP51.66 billion for GPH counterpart, inclusive of a separate line item (purpose) for the Panay-Guimaras-Negros Island Bridges Project under the Unprogrammed Appropriations.

required for the 49 projects' budget augmentation, which is crucial for ensuring uninterrupted implementation throughout 2024.

To address this shortfall, alternative funding sources must be identified to fully support the PHP300.01 billion budgetary requirement for the ongoing ODA-funded projects in 2024. While there are available loan balances from DPs, disbursement of these loan proceeds cannot proceed without corresponding appropriation in the GAA. Hence, each loan-supported project must secure adequate budgetary cover within the fiscal year to enable withdrawal of loan proceeds. **Box 3.2** provides the rationale and basis of UA.

Box 3.2. Unprogrammed Appropriations



The ODA Act of 1996 (RA 8182)

The ODA Act of 1996, as amended by RA 8555, stipulates that in order for ODA projects to be implemented, counterpart funds must be available in the national spending program (Section 5. Counterpart Funds).

Further, Rule 5 (Counterpart and Proceeds of Loans and Loans and Grants) of the Implementing Rules and Regulations (IRR) of the ODA Act states that:

- (a) counterpart and proceeds of loans and loans and grants funds must be included in the annual national expenditure program to be submitted to Congress for approval (Section 5.1. General Principles on Budget); and
- (b) budgetary requirements for the two succeeding years shall be determined during the annual ODA Portfolio Review conduct by NEDA and that NEDA and the DBM shall work closely to ensure that the projected budgets are consistent with the Work and Financial Plans and Programs of Work for the projects (Section 5.2. Budget Requirement).

Despite the state policy emphasizing the importance of having counterpart funds for implementing ODA-funded projects, among the recurring issues reported is the unavailability, insufficiency, or delayed release of project budget, which causes delays in project implementation. To address this budgetary issue, implementing agencies are strongly encouraged to submit their firmed up budgetary requirements for the remaining years of project implementation to the DBM in a timely manner. In cases where an ODA-funded project lacks sufficient approved budget in the GAA, the implementing agency may request for special budget allocation under the UA-SFAPs. This mechanism provides a means to secure the necessary funds for project implementation.



Sources:

- (a) RA 8182, as amended by RA 8555 (An Act Excluding ODA From the Foreign Debt Limit in Order to Facilitate the Absorption and Optimize the Utilization of ODA Resources, Amending for the Purpose Paragraph 1, Section 2 of Republic Act No. 4860, as Amended)
- (b) IRR for RA 8182
- (c) G44-UA-SFAPS
- (d) NBC No. 581 (Clarificatory Guidelines and Procedures Applicable to Foreign Assisted Projects following the Cash Budgeting System and Treasury Single Account Framework) dated December 27, 2020


3.3. Physical Performance

The government's major capital projects undergo a comprehensive review and approval process by the ICC/NEDA Board. This rigorous process ensures alignment with the country's development objectives and strategies, as well as economic and financial viability within the constraints of public sector resources.

In accordance with its mandate, NEDA monitors these interventions by assessing their physical progress against the terms and conditions of project approval set by the ICC/NEDA Board. The assessment takes into account the accomplishment of a project in its entirety, irrespective of whether it is financed by multiple sources, such as a combination of multiple loans, grants, and government counterpart funds. Consequently, the number of projects discussed in terms of financial and physical performance varies, reflecting that some ICC-approved projects are funded by multiple loans, while a single active loan in 2023 supports the implementation of at least two projects. The ODA-funded projects approved by the ICC covered in this discussion include: (a) 72²³ ODA loan-funded projects; and (b) five²⁴ ODA grant-funded projects, with an aggregate cost of PHP 3.06 trillion.²⁵

As of the fourth quarter of 2023, out of the 77 ongoing ODA-funded projects approved by the ICC, nine projects amounting to PHP102.07 billion have been physically completed (see **Table 3.8**). The distribution of the 77 projects by physical status in terms of count is provided in **Figure 3.3**.

Table 3.8. Completed ICC-Approved Projects funded by ODA in 2023

Count	Project	IA	DP
1	 <p>Source: DOH</p>	DOH	ADB, AIIB
2	 <p>Source: DOH</p>	DOH	WB

²³ Includes two newly signed loan projects with pending submission of pertinent project data to assess the Alert Status as of the Fourth Quarter of CY 2023: (a) Bataan-Cavite Interlink Bridge of the DPWH; and (b) Infrastructure Preparation and Innovation Facility- Second Additional Financing (IPF-AF2) of the DOF. It also includes the ongoing ADB-funded Infrastructure Preparation and Innovation Facility- Original Loan of the DOF.

²⁴ Includes one new grant-funded project with pending submission of pertinent project data to assess the alert status as of the Fourth Quarter of CY 2023: Green Economy Programme in the Philippines/EU.

²⁵ NEDA-MES' assessment of physical performance considers all cost components of the project, including the ODA loans and grants proceeds, counterpart funds from the national and local government, and other sources that make up the total project cost.








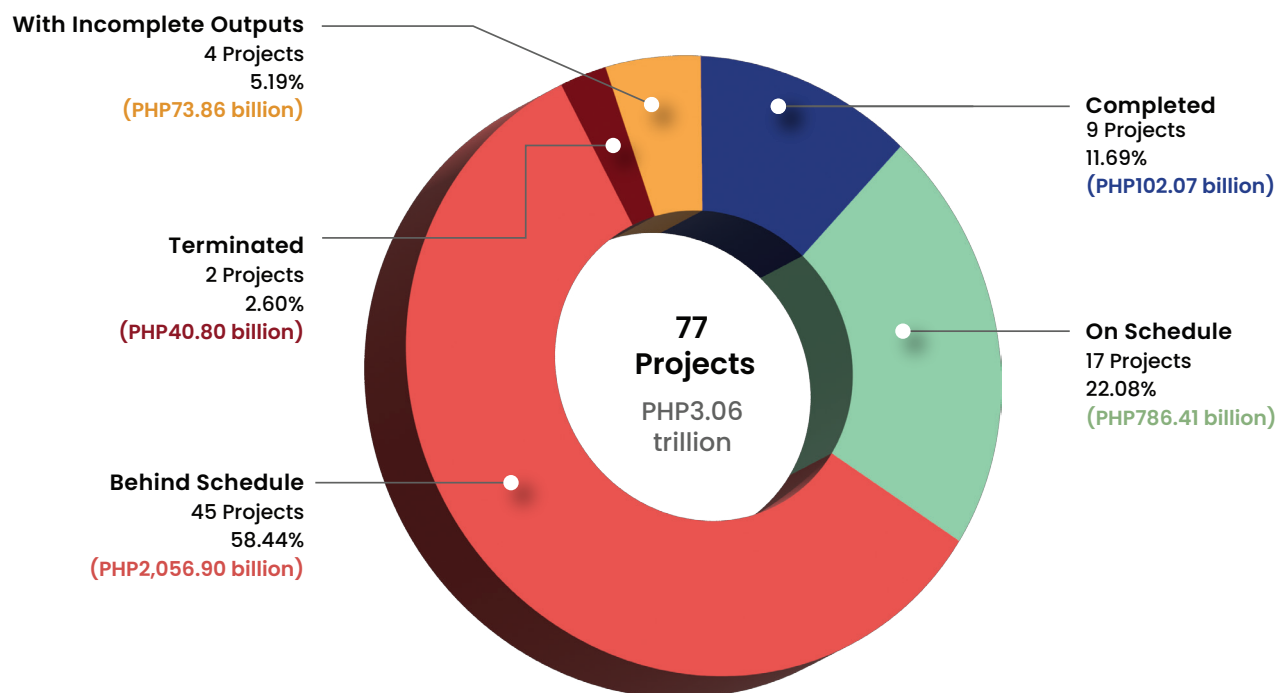
3	 Source: PLA	New Communications, Navigation and Surveillance/Air Traffic Management Systems	DOTr	JICA
4	 Source: DOTr	Capacity Enhancement of Mass Transit Systems in Metro Manila – LRT Line 2 East Extension	DOTr	JICA
5	 Source: Philippine Government Coast Guard	Maritime Safety Capability Improvement Project for the PCG Phase II	DOTr	JICA
6	 Source: DOTr	New Bohol Airport Construction and Sustainable Environmental Protection Project II	DOTr	JICA
7	 Source: DPWH	Samar Pacific Coastal Road Project	DPWH	KEX-IM-EDCF
8	 Source: DILG	Provision of Six Units of Fire Trucks for Marawi City	DILG- Bureau of Fire Protection	China
9	 Source: NIA	Chico River Pump Irrigation Project	NIA	China

Figure 3.3. Physical Status of the 77 ICC-Approved Projects by Count



Meanwhile, four projects were substantially completed by the end of 2023 but had outputs/works that were not delivered.²⁶ Among these projects was the *PRDP-Original Loan* of DA. Within its infrastructure development (I-BUILD) component, two farm-to-market road (FMR) subprojects in Quezon province remained incomplete. Additionally, the rural enterprises and agriculture and fisheries productivity (I-REAP) component included nine enterprise subprojects across Regions IV-A, VI, VIII, and XII that also remained unfinished. Another project affected was the *ConVERGE Project* of Department of Agrarian Reform (DAR), which had an unfinished segment of FMR. The remaining work for these projects will be executed using different implementation arrangements (through regional line agencies under the IA's regular program) or alternative financing sources (including shifting from ODA to local funding). **Table 3.9 of Annex 3-C** provides more details on the two aforementioned projects, including the actions taken/to be taken by the IAs to ensure delivery of remaining works.

As discussed in Section 2.2 of the report, two COVID-19 projects implemented by DOH: (a) the *HEAL 2-AF* funded by two loans from ADB and AIIB; and (b) *Philippines COVID-19 Emergency Response Project-Additional Financing 2* from WB, were terminated due to the suspension of procurement for additional vaccines in the country.²⁷

Furthermore, 45 out of 77 projects (58.44%) are behind schedule. This delay is assessed based on several factors: (a) slippage between actual and target overall weighted physical accomplishment (in %); (b) delays of more than six months in major ongoing

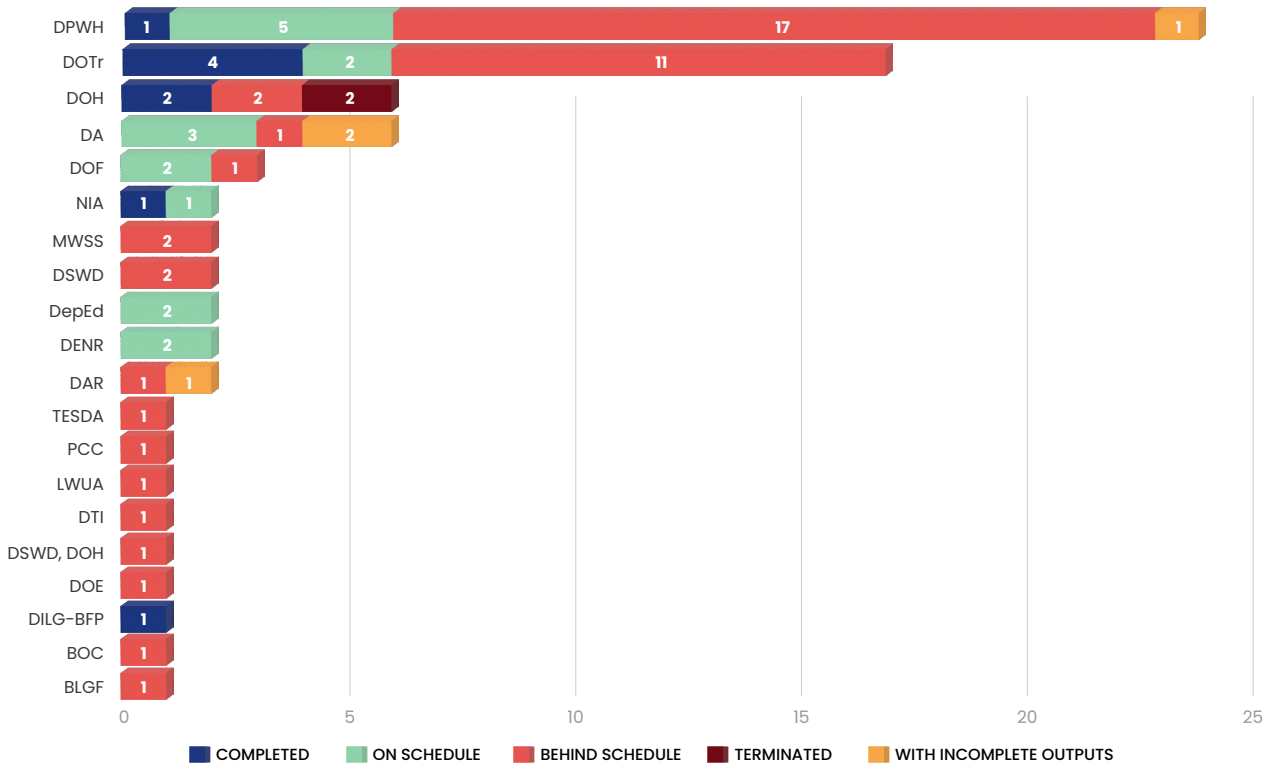
²⁶ Despite the loan financing already closed, NEDA continuously tracks the progress of the following projects towards their full completion: (a) PRDP-Original Loan and (b) PRDP - Additional Financing of DA; (c) Convergence on Value Chain Enhancement for Rural Growth and Empowerment of DAR; and (d) Road Upgrading and Preservation Project (RUPP) of DPWH

²⁷ Due to: (a) adequate supply of vaccines; (b) the supply for bivalent vaccines will continue to be supported by the COVAX facility under the COVAX COVID-19 Program 2024-2025; and (c) expiration of COVID-19 Vaccination Program Act following the non-extension of the period of state of calamity (related to COVID-19) in the country.

project activities/components in the critical path (e.g., procurement, ROW acquisition); (c) exceeding the latest ICC-approved physical completion date; or (d) assessments resulting from regular coordination with IAs.

DPWH and DOTr, with the largest portfolios, have the highest number of projects that are behind schedule. Specifically, 17 out of 24 projects for DPWH (70.83%) and 11 out of 17 projects for DOTr (64.71%) are delayed. **Figure 3.4** illustrates the physical status of ongoing projects by implementing agency.

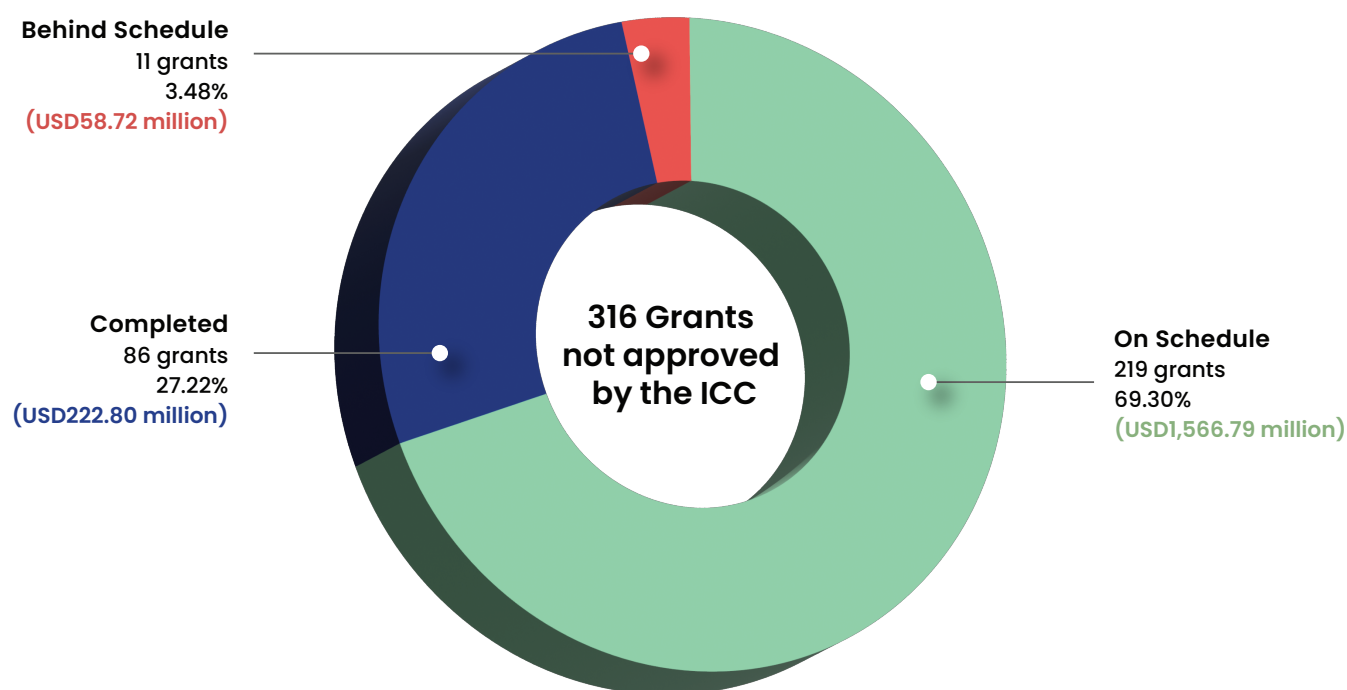
Figure 3.4. Physical Status of the 77 ICC-approved ODA-funded Projects by Implementing Agency



On the other hand, 17 projects are on schedule. Among these, the *MRT Line 3 Rehabilitation Project* of DOTr has achieved an overall physical accomplishment of 78 percent, slightly below its 80 percent target as of December 2023. Another project, the *Forestland Management Project (FMP)* of DENR and the *Integrated Disaster Risk Reduction and Climate Change Adaptation (IDR-CCA) Measures in Low-Lying Areas of Pampanga Bay* of the DPWH is also on track and scheduled to conclude in July 2024.

In addition to the major capital projects mentioned above that were approved by the ICC, there are 316 projects supported by ODA grants. Figure 3.5 shows the physical status of these grant-funded projects. Notably, 219 of these grants (69.30%) were reported to be progressing on schedule. Additionally, 86 grants were reported as completed, while only 12 projects were behind schedule (see **Annex 3-G** for the list of grants and corresponding status).

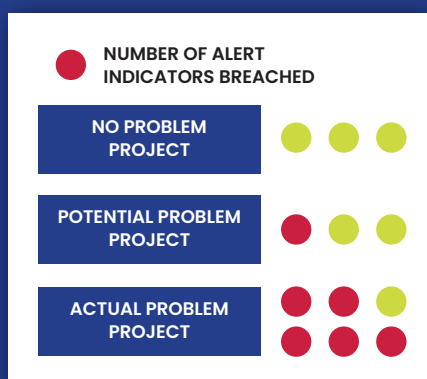
Figure 3.5. Physical Status of non-ICC Grants



3.4. Problematic Projects

The NEDA-Monitoring and Evaluation Staff (MES) established an Alert Mechanism (AM) to identify and flag projects at risk of time and cost overruns during implementation, ensuring these receive priority monitoring and facilitation. The AM covers all ODA-funded projects including projects previously approved by the ICC/NEDA Board. The AM, which was fully institutionalized in 2009, classifies problem projects into potential and actual problem projects by adopting a set of leading indicators and providing the procedure for flagging problem projects. The AM was enhanced in 2019 with the introduction of new leading indicators to assess problem projects, which also applies to locally funded projects (LFPs) (see **Box 3.3** for more details).

Box 3.3. The Enhanced Alert Mechanism



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

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 or deliverable; or (b) with some activities due for completion after the ICC-approval of the extension of implementation period or loan or grant validity



INDICATOR 3: COST OVERRUN

- 3a Potential cost overruns of at least ten percent of ICC-approved cost
- 3b Actual cost overruns of at least ten 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)

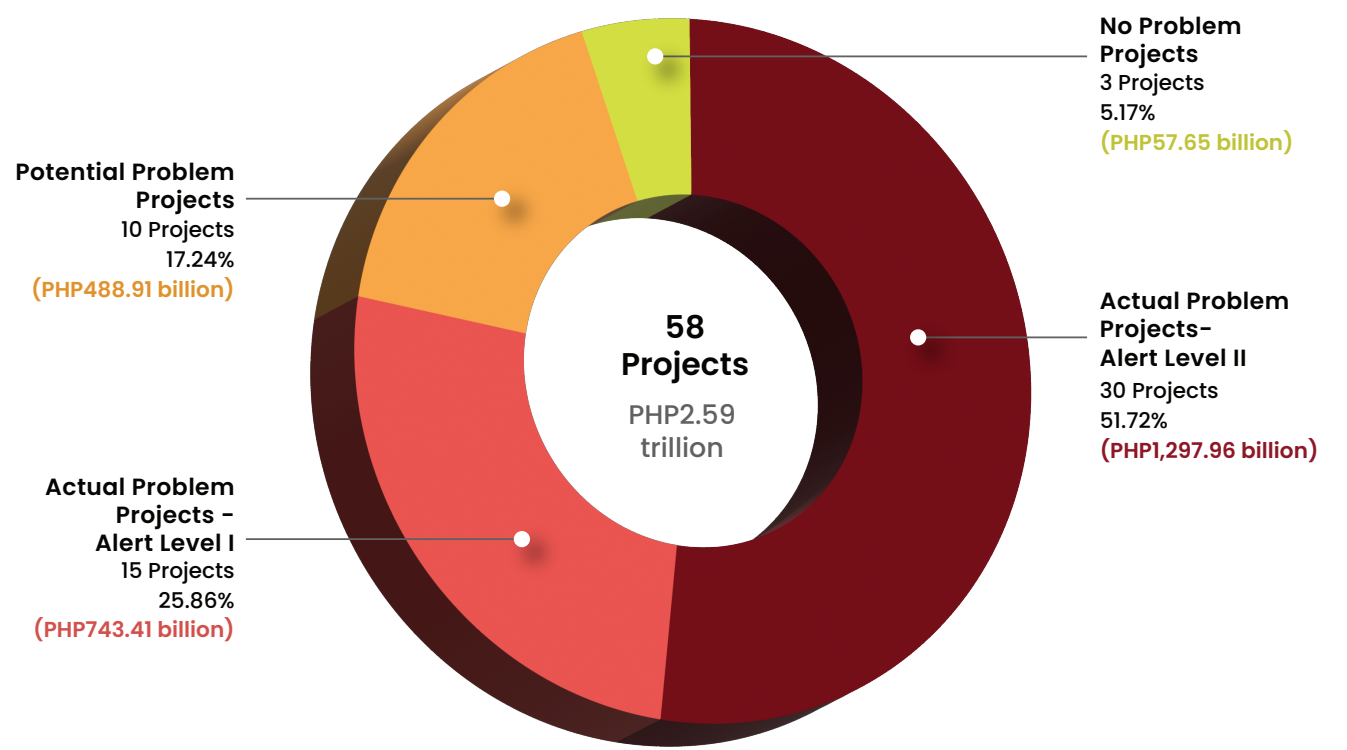
Source: NEDA (2019). Enhanced Alert Mechanism Guidelines.

Based on the AM of NEDA, 58²⁸ (75.32%) of the 77 ongoing ICC-approved ODA-funded projects were assessed with corresponding alert status as of the fourth quarter of 2023 based on submitted progress reports/latest updates on project status provided by IAs (see **Annex 3-H** for the list of projects by alert status). The alert status of these projects was determined based on accomplished data capture forms submitted by the respective IA, along with NEDA’s regular monitoring and post-programming activities.

Of the 58 projects, 45 projects were assessed/flagged as Actual Problem Projects (APP), either at Level I – *Early Warning Stage*²⁹ or Level II – *Critical Stage*,³⁰ due to persistent unresolved issues (see **Figure 3.6**). This represents an overwhelming majority of the ongoing ODA-funded projects in the 2023 portfolio. Additionally, 10 projects (17.24%) are at risk of becoming problematic by breaching one of the four AM indicator categories. On the other hand, three projects were categorized as No Problem Projects (NPP).

Sixteen projects were elevated to a higher alert status (e.g., from APP Level I to APP Level II) between the third and fourth quarters of 2023, while three projects improved its alert status (e.g., from APP Level I to NPP). On the other hand, 39 projects retained its alert status, with 27 still assessed to be in the critical stage (APP Level II).

Figure 3.6. Alert Status of Projects in CY 2023 by Count



28 This excludes two terminated projects, nine physically completed projects, and four projects with incomplete outputs as of the end of 2023 (see Figure 3.6, as well as four projects for which pertinent data was not submitted to assess Alert Status).

29 If the project is flagged as an APP for the first time.

30 If the project is flagged as an APP for the last six months or two consecutive reporting quarters.

Out of the 45 projects identified as problematic in 2023, 22 had been classified as such since 2021 (see **Table 3.10**). These projects have faced significant delays due to common implementation bottlenecks, such as ROW acquisition, procurement issues, and compliance with regulatory requirements. These challenges were exacerbated by health and logistical restrictions during the COVID-19 pandemic. The situation for these ODA-funded projects was further complicated by the government's limited fiscal space, as resources were reprioritized to address the pandemic. Additional delays were experienced due to inadequate appropriations for loan proceeds, or in some cases, the non-approval of proposed budgets in the National Budget starting in 2022 for these ODA-funded projects.

Table 3.10. Actual Problem Projects since 2021

Agency	Projects
DA (1)	PRDP-Original Loan
DENR (1)	Forestland Management Project
DOE (1)	Access to Sustainable Energy Programme
DOTr (5)	<ul style="list-style-type: none"> a. Cebu Bus Rapid Transit Project b. EDSA Greenways c. New Cebu International Container Port Project d. NSCR Project (Malolos-Tutuban or NI) e. NSCR Extension Project (Clark Extension)
DPWH (9)	<ul style="list-style-type: none"> a. Arterial Road Bypass Project III b. Davao City Bypass Construction Project c. Improving Growth Corridors in Mindanao Road Sector Project d. Metro Manila Interchange Construction Project, Phase VI e. Metro Manila Priority Bridges Seismic Improvement Project f. Reconstruction and Development Plan for Greater Marawi-Stage 2 g. Road Upgrading and Preservation Project h. Integrated Disaster Risk Reduction and Climate Change Adaptation Measures in Low-Lying Areas of Pampanga Bay i. Central Luzon Link Expressway, Phase I
DSWD (2)	<ul style="list-style-type: none"> a. Additional Financing for the <i>Kapit-Bisig Laban sa Kahirapan</i>-Comprehensive and Integrated Delivery of Social Services National Community-Driven Development Project b. Beneficiary Fast, Innovative, and Responsive Service Transformation (BFIRST)
DTI (1)	Rural Agro-Enterprise Partnership for Inclusive Development and Growth (RAPID Growth) Project
NIA (1)	Jalaur River Multipurpose Project, Phase II
PCC (1)	Capacity Building to Foster Competition Project

The NEDA-MES has established several coordination and feedback mechanisms to facilitate and improve project implementation, especially for those experiencing long-standing bottlenecks. These mechanisms include conducting project implementation review (PIR) meetings and organizing one-on-one agency problem-solving sessions. These efforts not only help identify possible corrective actions but also secure stakeholder commitment to addressing implementation challenges. Additionally, activities such as project field visits and donor-led supervision missions play a vital role in identifying implementation issues. Furthermore, NEDA-MES maintains open communication with implementing agencies to: (a) flag projects identified as potential or actual problem projects based on the AM; (b) request agencies to provide action and risk management plans to address implementation problems and bottlenecks; and (c) confirm timelines for agencies in complying with ICC requirements for projects under re-evaluation or in submitting project restructuring proposals. In 2023, NEDA-MES conducted 42 PIR and technical meetings with 13 implementing agencies for 55 ICC-approved ODA-funded projects.

3.5. Restructuring of ODA-Funded Projects

In line with ICC guidelines and procedures, any changes to the parameters of ongoing projects previously approved by the ICC/NEDA Board must undergo re-evaluation and receive approval from the ICC/NEDA Board. Requests for project restructuring often involve adjustments in cost and scope, extensions of loan/grant validity and implementation duration, and occasionally, partial or full cancellation of ODA financing. These requests are submitted by the IAs to NEDA, serving as the ICC secretariat, for review and subsequent ICC deliberation. Meanwhile, extensions of loan/grant validity and implementation periods of up to 12 months, cancellations due to savings, reallocations across fund categories, and changes in the financing mix only require review by the ICC Secretariat and endorsement to the DOF for approval.

Projects with approved and ongoing restructuring requests. In 2023, a total of 39 restructuring requests involving 35 ICC-approved projects were received and processed by NEDA. Out of the 39 requests, 27 were approved by the end of 2023. **Table 3.11 in Annex 3-C** provides the breakdown of these projects by agency and by nature of request, while **Annex 3-I** provides more details on these restructuring requests.

By end of 2023, twelve project restructuring requests were still undergoing restructuring/re-evaluation, pending ICC review/deliberation in 2024. **Table 3.12 of Annex 3-C** provides a summary of these projects by agency and by nature of request, and **Annex 3-J** for detailed information on these restructuring requests.

Box 3.4. Projects with Approved Restructuring Requests in 2023



METRO RAIL TRANSIT LINE 3 REHABILITATION PROJECT

DOTr requested ICC approval of a change in scope and cost, additional loan, implementation period extension, and loan reallocation to include the following: (a) integration of MRT 3 to other MRT 3-related projects (i.e., Common Station, MRT 3 Capacity Expansion Project, and Procurement of Dalian trains); (b) rehabilitation works not identified in the JICA grant-assisted rapid inspection and project scoping; (c) long-term operations and maintenance (O&M) concession dovetailing with the expiry of the Build-Lease-Transfer (BLT) Agreement in 2025; (d) addition and extension of maintenance work to account for the six-month period of community quarantine due to the COVID-19 pandemic.



JALAU RIVER MULTIPURPOSE PROJECT STAGE II

NIA requested for change in cost and scope, implementation period and loan validity extension, and reallocation due to altering of the design of the highline canal, shifting from double barrel cut and cover structure to tunnel structure with total length of 1,532 meters. The restructuring was also due to the increase in cost of land valuation; cost incurred due to NIA's compliance to the post-conditions of the Environmental Compliance Certificate (ECC) and conduct of community consultations and information drive; and additional works and actual site condition. Lastly, NIA requested for extensions due to unfavorable weather conditions; (b) variation order late issuance of Gratuitous Special Use Permit (GSUP); and (d) continuing effects of the COVID-19 pandemic.

Projects that are likely to be restructured. Moreover, 26 projects were identified as likely to be restructured in 2024 which may require ICC action. **Table 3.13** of **Annex 3-C** provides the breakdown of these 26 projects by agency and by nature of request and **Annex 3-K** for detailed information of these requests.

Reasons for project restructuring. With project implementation continuously being hampered by various bottlenecks, implementing agencies cited the need to adjust project parameters due to the following reasons, among others:

- a. **Time extensions.** Implementing agencies requested time extensions due to delays in procuring consultants and civil works contractors (prolonged preparation of bid documents, delayed contract finalization, lack of bidders, and delays in securing concurrence from DPs), and ROW acquisition issues. Some necessary adjustments to project timelines can be traced back to delays caused by COVID-19 pandemic restrictions (e.g., work suspensions, limited mobility, and lockdowns). Additionally, implementing agencies requested time extensions necessary for continued budget appropriation for the project, facilitating the completion of remaining works and accommodating the implementation of approved changes in project scope.
- b. **Change in scope.** Agencies requesting for a change in scope cited the need for additional work items or reductions in the original scope due to revisions in project design. These revisions aim to suit actual site conditions, respond to changing stakeholder requirements, and align with the evolving legal environment and industry standards. These changes are often accompanied by corresponding adjustments in project costs and extensions in project timelines.
- c. **Change in cost.** As of the end of 2023, NEDA received six requests for a cost increase with an aggregate amount of PHP57.12 billion due to cost overruns incurred during project implementation. All requests were already approved by the ICC and confirmed by the NEDA Board. Meanwhile, nine requests³¹ are still under review by the ICC Secretariat as of December 2023.

Some of the reasons cited for the need to change the original project cost include modifications in design and additional works based on the detailed engineering design and actual site conditions, price escalation/adjustment on materials and labor, higher actual cost of the awarded contracts, ROW payments, and extension of implementation period. **Table 3.14 of Annex 3-C** provides the summary of requests for change in cost by implementing agency.

³¹ Consisting of seven requests for an increase in cost and two requests for a decrease in cost.

4

Results

4.1. Emerging Results of ODA-Funded Programs and Projects

The reported emerging results of active ODA-funded programs and projects in CY 2023 contributed to the achievement of sector/subsector objectives identified in eight chapters of the PDP 2023–2028. These were measured through 39 indicators contained in the PDP 2023–2028 Results Matrices (RM) (Table 4.1). Meanwhile, **Annex 4-A** provides the list of results of ODA-funded projects and programs, and its alignment with the PDP-RM sector objectives.

Table 4.1. ODA Loan/Grant-funded Programs and Projects with Reported Outputs and Outcomes Contributing to the PDP RM 2023–2028

PDP 2023–2028 Results Matrices	No. of ODA-funded projects/programs*	No. of PDP-RM indicators
<i>Develop and Protect Capabilities of Individuals and Families</i>		
Chapter 2: Promote Human and Social Development	11	9
Chapter 3: Reduce Vulnerability and Protect Purchasing Power	4	1
Chapter 4: Increase Income-earning Ability	1	3
<i>Transform Production Sectors to Generate More Quality Jobs and Competitive Products</i>		
Chapter 5: Modernize Agriculture and Agribusiness	4	7
Chapter 6: Revitalize Industry	2	3
Chapter 10: Promote Competition and Improve Regulatory Efficiency	2	1
<i>Enabling Environment</i>		
Chapter 12: Expand and Upgrade Infrastructure	15	9
Chapter 15: Accelerate Climate Action and Disaster Risk Resilience	8	6
TOTAL	47	39

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

ODA supporting strategies for empowering Filipinos through sustained human and social investments and providing social safety nets.

Chapter 2: Promote Human and Social Development



Health boosted

The Development Objective Agreement: Improved Health for Underserved Filipinos (DOAg-IHUF) of USAID made significant contributions to addressing TB, maternal and child health, family planning, reproductive health, and other public health risks, including assistance with COVID-19

response and vaccination efforts. Specifically, *DOAg-IHUF* reduced the TB incidence rate among beneficiaries by facilitating 12,468 drug-resistant TB notifications and achieved an 87.40 percent treatment success rate for drug-resistant TB. Additionally, *DOAg-IHUF* ensured the nationwide availability of family planning commodities by maintaining a 6.88 percent stock-out rate at service delivery points and a 47 percent overall service utilization rate among USAID-supported facilities implementing quality improvement.

The *Philippines COVID-19 Emergency Response Project* and *HEAL Project* of DOH also played important roles in ensuring healthcare accessibility, quality, and efficiency nationwide amidst the persistent threat of the COVID-19 pandemic. These projects delivered the following targets to recipient facilities: medical ventilators (590 units), portable x-ray machines (204 units), polymerase chain reaction machines (50 units), infusion pumps (70 units), sea ambulance (1 unit), and PHP38.47 million worth of Personal Protective Equipment (PPE). This is in addition to the 44 (out of 45) CT scanners and 153 (out of 181) patient transport vehicles/ambulances. They also oversaw the construction or retrofitting of 83 (out of 117) isolation facilities as well as two (out of 10) medical laboratories.



Education and lifelong learning improved

To achieve quality, inclusive, adaptive, resilient, and future-ready basic education for all, several projects have contributed to increasing the net enrollment rate: (a) under *SESP* the senior high school gross enrollment rate increase by 11.4 percentage point from 79.2 percent of School Year (SY) 2020–2021 to 90.6 percent SY 2021–2022; (b) through *GABAY*; the enrollment rate of deaf and blind students tripled in the project areas; (c) 5,606 disadvantaged learners received education under the *Pathways*; (d) the *Opportunity 2.0: Second-chance Opportunities for Out-of-School Youth* supported over 49,000 youth through the ALS program, and almost 15,000 youth through Technical and Vocational Education and Training (TVET) since the start of the project; and lastly, (e) the *Advancing Basic Education in the Philippines (ABC+) Project* produced 29 television-based instruction and 39 radio-based instruction learning materials as of the end of CY 2023, which was aired by partner radio and television stations in targeted and non-targeted areas in the country.

Chapter 3: Reduce Vulnerability and Protect Purchasing Power



Social protection strengthened

The implementation of the *Pantawid Pamilyang Pilipino Program (4Ps)* by DSWD, funded through loans from the *Beneficiary FIRST Social Protection Project (BFIRST) – Component 1*, the *Expanded Social Assistance Project (ESAP)*, and the *Strengthening Social Protection Reforms (SSPR)*, provided financial assistance to 5,778,114 beneficiary households. This corresponds to an achievement rate of 57.72 percent against the 2023 target of 67.5 percent.

Additionally, DSWD's *Additional Financing for the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services National Community-Driven Development Project* has successfully trained 12,557 Barangay Health Emergency Response

Teams (BHERT), exceeding its end-of-project target of 11,270 BHERTs. These teams have been equipped for community-based disaster-response management.

ODA supporting strategies for transforming agriculture, industry, and services through market expansion, value addition, and inter-sectoral linkages

Chapter 4: Increase Income-earning Ability



Employability increased

Through the ADB-funded *Supporting Innovations in the Philippines TVET Systems Project* by TESDA, new competency standards, assessment instruments, and courseware are being developed. TESDA is also enhancing its training courses, conducting consultation workshops, and building capacity to improve enterprise-based training. Additionally, the construction of *Regional TVET Innovation Centers* in all regions, including the provision of training equipment, are underway.

Chapter 5: Modernize Agriculture and Business



Efficiency of agriculture, forestry, and fisheries production enhanced

In terms of land titling, the *SPLIT Project* by DAR facilitated the validation of 73,254 collective certificates of land ownership award (CLOA) involving 548,025 agrarian reform beneficiaries (ARBs) and covering 818,912 hectares (60% of the global target of 1,368,883 hectares). Furthermore, 105,691 hectares were registered as e-titles, while e-titles for 38,820 hectares were generated and are currently awaiting registration. By the end of 2023, 54,698 e-titles covering 72,966 hectares were distributed to 59,375 ARBs.

Meanwhile, the *ConVERGE Project* of DAR has distributed CLOAs to 7,327 ARBs nearing its project target of 7,400 across 11 agrarian reform community (ARC) clusters, covering 11,712 hectares. Additionally, 1,678 farmers (1,053 males and 625 females) received agricultural production credit amounting to PHP70.02 million through 21 agrarian reform beneficiary organizations from 2018 to 2021, to support production and working capital needs.

For agricultural enterprises, four enterprises out of the 40 end-of-project target, availed financing services to use as start-up under the *RAPID Growth Project* of the DTI. This initiative supports increased investments in agribusiness.

Chapter 6: Revitalize Industry



Moving up the value chain achieved

A total of 68,803 farming households, constituting 88 percent of the project's end target of 78,000, participated in the Detailed Investment Plan activities supported by DTI's *RAPID Growth Project*. This aims to increase the number of MSMEs in the country. Additionally, 21 Negosyo Centers (NCs) were established to serve MSMEs in the 21 provinces covered by the project. These NCs act as one-stop shops, facilitating access for farmers, cooperatives, and MSMEs to a variety of business and financial services. These centers have assisted a total of 7,945 beneficiaries with 47 percent of which are women.

The share of medium enterprises relative to the total number of MSMEs has also increased nationwide, with 142,683 proponent group members operating viable enterprises through the *PRDP* of DA, surpassing the project target of 45,000.

Chapter 10: Promote Competition and Improve Regulatory Efficiency



Anti-competitive practices diminished

The *Capacity Building to Foster Competition Project*, being implemented by the Philippine Competition Commission (PCC), has been actively conducting various capacity-building activities and mobilizing scholars to strengthen the government's ability to effectively enforce competition policy. Already exceeding the end-of-project target of three, eight competition practices were monitored and analyzed as of December 2023, including practices in the Philippines' e-commerce, livestock and poultry, and telecommunications sectors. Additionally, three (out of 12) new competition cases were opened, three (out of 5) MOAs with sector regulators or government agencies were signed, and four (out of 6) competition-related training programs were established. Additionally, 39 (out of the minimum of 40) PhD and MA-level fellows were enrolled, and 174 (out of 200) short-term secondments and non-degree training activities were undertaken through the project, among other initiatives.

ODA supporting strategies for creating an enabling environment through good governance, bureaucratic efficiency, sound macroeconomic fundamentals, infrastructure development, peace, security, justice and climate action

Chapter 12: Expand and Upgrade Infrastructure



Sustainable, resilient, and modernized infrastructure facilities and services delivered

Several ODA-funded projects have significantly improved mobility and access to economic opportunities through the construction of transport and social infrastructure projects.

Road transport. DPWH has made substantial progress in road transport infrastructure. A combined total of 40.84 (out of the target 210.36) kilometers of road network was built or rehabilitated through the *Samar Pacific Coastal Road Project*, *Road Network Development Project in Conflict-Affected Areas in Mindanao (RNDP-CAAM)*, and *Arterial Road Bypass Project Phase III (ARBP III)*. Additionally, a total of 2,028.93 (out of 2,637.60) kilometers of FMRs were completed across the country through the *PRDP* of DA and the *ConVERGE Project* of DAR. Meanwhile, 9.84 kilometers (out of the 48 km end-of-project target) of road were rehabilitated through the *RAPID Growth Project* of DTI, and 3,298.90 (out of the target 3,617.40) linear meters of bridges were constructed and rehabilitated through the *PRDP* of DA and the *Binondo-Intramuros and Estrella-Pantaleon Bridges Project* of DPWH.

Rail transport. The extension of LRT Line 2 to Antipolo City and the rehabilitation of MRT Line 3 have improved commuter capacity on existing rail lines. In 2023, the combined total ridership for the two new LRT Line 2 stations in Marikina-Pasig and Antipolo increased from 7,410,198 passengers in 2022 to 12,411,073 passengers. Additionally, the rehabilitated MRT Line 3 saw a year-on-year increase in ridership from 300,085 passengers in December 2022 to 360,947 passengers in December 2023.

Air transport. The completion and operation of the *New Bohol Airport Construction and Sustainable Environment Protection Project* of DOTr have significantly improved the operational safety and efficiency of air transport to and from Panglao Island, ensuring compliance with both domestic and international standards.

Irrigation. The *PRDP* of DA, along with the *Jalaur River Multipurpose Project Stage II* and *Chico River Pump Station Project* of NIA collectively covered a total of 19,883.55 (out of the aggregate target of 43,347.26) hectares of irrigation areas in 2023.

Chapter 15: Accelerate Climate Action and Disaster Risk Resilience



Ecosystem resilience enhanced and Low carbon economy transition enabled

In 2023, DENR completed the establishment and maintenance of its target 71,300 hectares of tree and agroforestry plantations through its JICA-assisted *FMP*. To support the increase in the number of people's organizations for biodiversity-friendly enterprises, 149 (out of 149) community-based enterprises were established and operationalized through the *FMP*.

Several DENR-implemented ODA grant-funded initiatives also reported accomplishments in sustaining biodiversity and ecosystem services. Among these, the *Sustainable Interventions for Biodiversity, Oceans, and Landscapes (SIBOL) Project* supported 125 micro-enterprises and managed 329,912 hectares of biologically significant areas under improved natural resource management within the National Integrated Protected Area System. Additionally, 123,934 metric tons of CO₂ equivalent were reduced, sequestered, or avoided through the sustainable landscape activities of the *SIBOL Project*.

To increase the percentage of metallic mines compliant with safety and health, environmental and social development, and management programs for mineral resources development, the consultative seminar for Small Scale Mining Law (RA 7076) amendment was

conducted on May 23–26, 2023, under the Global Environment Facility’s Global Opportunities for Long-term Development of Artisanal and Small-Scale Gold Mining (ASGM) Sector: Contribution Toward the Elimination of Mercury in the ASGM Sector: From Miners to Refiners.

The USAID-assisted *Philippines Safe Water Activity Project* contributed to mitigating greenhouse gas emissions by preventing approximately 768,648 metric tons of greenhouse gas emissions across 15 critical watersheds at various project sites.

4.2. Completed Studies on ODA Programs/Projects

IAs and DPs, either independently or collaboratively, conducted evaluations to assess the outcomes and impacts of ongoing and completed ODA-funded programs and projects. These evaluations provided valuable lessons that guide future policy actions for better project design, management, and implementation. Insights from completed evaluations across various sectors help strengthen and sustain efforts to continuously improve ODA-funded programs and projects, ensuring they achieve their intended outcomes. Furthermore, these evaluation findings enhance transparency in the use and management of funds and promote accountability by ensuring the expected benefits reach the intended beneficiaries.

In 2023, three evaluations were completed for the *ConVERGE Project*, *PRDP*, and *FMP*. Detailed findings from these reviews and studies are presented in **Annex 4–B**.

4.3. Initial Findings of the GPEDC Fourth Monitoring Exercise

Ensuring that the results derived from ODA interventions are sustained and fully contribute to the national and global goals require effective cooperation of development stakeholders on all fronts. Established during the 2011 Busan High-Level Forum, the GPEDC is a global, multi-stakeholder platform aimed to advance the effectiveness of development efforts towards achieving the SDGs. It brings together governments, bilateral and multilateral organizations, civil society, and the private sector, by creating a forum to support country-level implementation of effective development cooperation principles: (a) country ownership; (b) focus on results; (c) inclusive partnerships; and (d) enhancing transparency and mutual accountability.

One of the key activities of the GPEDC is the conduct of the Global Partnership Monitoring Round, which entails a country-led monitoring exercise aimed to track progress in implementing the development cooperation principles. Having participated in the last three rounds, the Philippine Government has committed to participate in the Fourth Monitoring Round in 2024, along with 55 other countries, with NEDA taking the lead. This involves collection of diverse stakeholder perspectives on key topics surrounding development cooperation. The initiative has brought together 68³² key stakeholders from NGAs, DPs, civil society organizations, trade unions, and private sector groups jointly signifying their participation

32 Key stakeholders include: (a) 40 NGAs; (b) 24 DPs; (c) Civil Society Organizations (Council for People’s Development and Governance as focal point); (d) Trade Unions (Federation of Free Workers [FFW] as focal point); and (e) Private Sectors (Makati Business Club [MBC] and Philippine Chamber of Commerce and Industry as focal points).

in the exercise and commitment to strengthen partnerships to improve the development cooperation landscape in the country.

Initial findings on partner country government assessment (i.e., perspective of the Philippine Government) based on the submission of 23 NGAs as of June 10, 2024, are summarized in **Box 4.1**. The country-level findings based on the submissions of all stakeholders are expected to be available within the third quarter of 2024. Subsequently, the final country report for the Philippines will be published by the Global Secretariat by the end of 2024. The results of the monitoring exercise are expected to inform policy dialogues and action planning activities centered around development cooperation in the Philippines.

Box 4.1. GPEDC Fourth Monitoring Round



Topical Area 1: National Development Strategies and Results Framework – assessment of national development strategy or national development plan in the country.

The country's national development strategy, outlined in the PDP 2023–2028, was formulated through a consultative and participatory process involving various stakeholders, aligned closely with the SDGs. The plan outlines the strategies for the poorest of the poor, vulnerable groups, indigenous peoples, among other priority sectors, and serves as the basis for subnational and sectoral strategies. The PDP is also accompanied by a Results Matrix which translates the key strategies of the Plan into result statements with corresponding indicators, baseline information, and targets.



Topical Area 2: Accountability Mechanism – assessment of development cooperation policy framework and established country systems for mutual assessment reviews.

There are several policies/legislations³³ that serve as the country's framework for development cooperation and partnerships. Each DP operating in the Philippines also has individual country strategy or partnership frameworks that are aligned with the PDP. Mutual assessments, including the annual ODA Portfolio Review and bilateral missions with development partners, play a crucial role in enhancing transparency and effectiveness in development cooperation efforts.



Topical Area 3: Forward looking Spending Plans and National Budget – assessment of annual and medium-term predictability of funding from DPs.

While there is annual data available on development cooperation flows, information on resource allocation strategies and forward-spending plans of DPs in the medium term are usually limited. The DBM reported that the estimated development cooperation funding reflected in the FY 2023 GAA amounted to PHP58.57 billion.³⁴

³³ Some of the policies are: (a) RA 4860 or the Foreign Borrowing Act; (b) RA 8182 or the ODA Act of 1996; and (c) RA 11966 or the PPP Code.

³⁴ Equivalent to USD1.05 billion using the GPEDC conversion tool.



Topical Area 4: Gender Budget – assessment of country systems to track and make public allocations for gender equality and women’s empowerment.

The Magna Carta for Women serves as the foundation for promoting gender equality and women’s empowerment in the country, mandating government agencies to develop their respective Gender and Development plans and allocate at least five percent of their annual budgets to gender-responsive initiatives. Additionally, the HGDG ensure the integration of gender issues into planning, budgeting, implementation, monitoring, and evaluation processes.



Topical Area 5: Aid Information System – assessment on the state of the of country-level information management system for development cooperation.

The Aid Information Management System (AIMS) in the country is contained in multiple platforms,³⁵ providing valuable data on development cooperation flows but face integration and operational issues. These systems are managed by the government using solicited information from DPs, IAs, and oversight agencies.



CSO Enabling Environment

While there have been improvements in the participation of CSOs in the government planning process, limitations remain in terms of their involvement in the implementation and monitoring of the PDP and SDGs. Partnerships with CSOs are often short-term and depend on the specific interests of funding partners. Further, there is also no established framework and consolidated platform managed by the government allowing CSOs to report on their development cooperation activities.



Kampala Principles Assessment for private sector engagement in development cooperation

Similar with the case for CSOs, there is no single, comprehensive policy framework guiding and outlining a long-term collaboration plan for private sector engagement. Dialogues with the private sector are limited, with opportunities only occurring for a few national agencies, such as the PPP Center, DTI, and PCC.

³⁵ Examples of these are the web-based Public Investment Program Online (PIPOL) System and the spreadsheet-based ODA Loans and Grants database, both maintained by NEDA.

5

Implementation Issues and Recommendations

5.1. Implementation Issues

In 2023, the implementation of ODA-funded projects continued to face challenges that negatively impacted project timelines and the delivery of project outputs. The recurring issues reported included: (a) approval of government/funding institutions; (b) site condition/availability; (c) budget and funds flow; (d) procurement; (e) design, scope, and technical requirements; (f) inputs and cost; (g) performance of contractor/consultant; (h) project management; (i) institutional support; (j) legal and policy issues; (k) sustainability and operation and maintenance (O&M); and (l) force majeure. Among the projects covered in the 2023 ODA portfolio review, 88 were reported to have encountered critical issues requiring immediate resolution and facilitation to mitigate negative impacts on project timelines and objectives. In some cases, these issues necessitated appropriate action and project re-approval by the ICC/NEDA Board. **Table 5.1 in Annex 5-A** shows a summary count of issues encountered in project implementation by typology.



Budget and funds flow continued to be a major implementation issue in 2023 for 23 ongoing ODA-funded projects being implemented by BLGF, BOC, DAR, DENR, DepEd, DOTr, DPWH, DTI, and LWUA. Some ODA-funded projects faced significant reductions in their budgets or received no allocation for loan/grant proceeds in the FY 2023 GAA. Agencies requested allocations from the Department of Budget and Management (DBM) under

the FY 2023 UA-SFAPs to continue implementing their respective projects, such as the *Panguil Bay Bridge Project* of DPWH and the *Maritime Safety Enhancement Project* of DOTr. In some cases, the non-availability or insufficiency of funds resulted in delays in project activities and adjustments to project timelines, necessitating ICC/NEDA Board approval for extensions of implementation periods and loan validity.

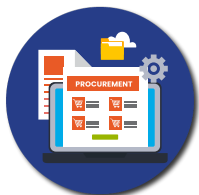


Site condition/availability was the most frequently cited implementation issue for ongoing ODA-funded projects in 2023. A total of 27 projects encountered delays due to difficulties in securing necessary government permits (e.g., building permits from LGUs, environmental compliance certificate) and prolonged processes of ROW and land acquisition, relocation of informal settler families, and resolution of problems in project

alignment. Agencies implementing major infrastructure projects, such as DOTr, DPWH, MWSS, DENR, NIA, DOE, and the DOH regularly experience these issues.

Delays in acquiring **government and funding institution approval** continued to pose implementation bottlenecks for ongoing ODA-funded projects in 2023. A total of 25 projects experienced setbacks due to delays in obtaining necessary government issuances, such as Certification Precondition from the National Commission on Indigenous Peoples (NCIP) in compliance with its FPIC process, and SAPA from DENR. Additionally, delays in the signing of MOAs and Joint Administrative Orders (JAOs) between different agencies, as well as obtaining concurrence and approval from oversight agencies and DPs, further hampered project implementation. The affected projects are being implemented by DAR, DENR, DepEd, DOE, DOH, DOTr, DPWH, MWSS, NIA, and the PCC.

Additionally, about 11 projects implemented by DOTr, DPWH, DTI, DepEd, DAR, and BLGF received no budget appropriation under the FY 2024 GAA, and thus resorted to requesting funds under the FY 2024 UA-SFAPs.



Issues on **procurement** also continued to hamper project implementation in 2023, causing cascading delays in other activities in the project's critical path. Twenty projects implemented by BLGF, BOC, DAR, DENR, DOE, DOH, DOTr, DPWH, DSWD, and TESDA faced challenges in procuring project consultants, contractors for civil works and services, and suppliers of goods. Most of these issues arose due to a low turnout of applicants, lack of qualified bidders, and failed bidding processes. Additional procurement delays were caused by issues with contractors or suppliers during procurement and delays in obtaining concurrence from DPs on bidding documents, such as requests for proposals, technical bid evaluations, and TOR.

Seventeen projects encountered issues related to **design, scope, and technical specifications** including variances and defects in the final design. This required agencies such as the DOTr and DPWH to seek ICC approval to expand or revise project scopes and update original project parameters. Additional issues arose from the need to adjust structural designs to address actual site conditions, the demand-driven and compliance-based nature of the projects, duplication of projects with existing interventions, and the inadequate capacity of beneficiaries (e.g., farmer organizations, smallholder farmers) to provide counterpart funding for subprojects due to difficulty accessing credit.

Numerous challenges have significantly affected the **performance of consultants and contractors**, leading to project delays across various initiatives. Issues include difficulties in securing essential equipment and materials due to limited availability at project sites, impacting the delivery of civil works. Non-compliance with structural and occupational safety standards by contractors resulted in lower productivity rates for projects. Furthermore, repeated failures to meet billing submission requirements have slowed down both financial disbursements and construction progress. Delays caused by customs procedures and underperformance by contractors have led to contract terminations and further project setbacks. Poor management, planning deficiencies, and inadequate familiarity with local regulations among contractors have also contributed to these delays. Additionally, the consultants' delayed submissions have prolonged review processes and approval timelines, while some DPs have not fulfilled their commitments to project milestones and necessary support.



PMO manpower and capacity challenges are impacting the delivery of several ODA-funded projects, thereby, affecting project timelines and effectiveness. Issues include delays in compliance with loan covenants and procurement processes due to shortage of qualified personnel in key positions. Regional Project Management Units (PMUs), particularly in geographically isolated areas, struggle with assessing technical designs and feasibility for construction projects, potentially leading to substandard infrastructure outcomes. Insufficient manpower for field inspections and validation teams further delays critical validation processes and billing document preparation. Challenges also arise from

the lack of consultant support for project management and monitoring, exacerbated by difficulties in hiring competent staff for essential roles like project officers and field monitors. Harmonization issues between data management systems and technical difficulties with digital field validation tools add further complications.

Several ODA-funded projects are grappling with **institutional support** challenges, impacting their operational efficiency and timelines. These issues include: (a) difficulties arising from changes in leadership at provincial and organizational levels; (b) necessitating realignment of project budgets; and (c) causing delays in critical decisions and approvals. For instance, shifts in leadership have disrupted financial planning, potentially affecting the full delivery of intended finance solutions. Similarly, resignations of barangay officials ahead of elections have delayed coordination and approval processes for community subprojects across multiple regions. Furthermore, major organizational restructuring and leadership changes have altered project priorities and implementation strategies, complicating the development and execution of project goals. Operational delays have also been attributed to bureaucratic hurdles and policy changes at the national and local levels, thus affecting the approval and funding disbursement processes for numerous subprojects. Additionally, challenges such as delays in asset transfers and the appointment of key project personnel have further impeded project progress and stability. Moreover, complex processes like strategy formulation and digital transformation initiatives under loan agreements have required extensive coordination among various government bodies, leading to extended timelines for implementation.



Legal and policy issuances present significant challenges for several ODA-funded projects, affecting their operational timelines and compliance efforts. These challenges include mandatory directives, like the National Privacy Commission's requirement to conduct a Data Privacy Impact Assessment (DPIA) before commencing the collection of personal data. Additionally, delays in engaging with mining companies stem from adherence to United Nations Development Programme's (UNDP) internal

procedures for private sector due diligence, impacting project planning and implementation schedules. These issues underscore the critical need to navigate regulatory frameworks and internal compliance processes effectively, ensuring smooth project execution and adherence to legal standards.

The list of projects with issues and the corresponding actions taken or measures to be taken by the agencies is provided in **Annex 5-B**.



Projects with damaged outputs. Based on submissions from multiple agencies, two projects (both closed as of the end of 2023) reported having damaged outputs. Some outputs of these projects, though delivered within the project timeframe, were damaged due to man-made or natural disasters. The JICA-funded *FMP* of DENR experienced significant damage caused by a fire incident, affecting 3,360 hectares of site development

plantations. In response, DENR implemented various remedial measures, including replanting, fire suppression activities, and enhanced field assessments. Another project, the WB-funded *Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services National Community-Driven Development Program-Additional Financing* of DSWD, had

subprojects damaged by an earthquake and a typhoon (see **Table 5.2 of Annex 5-A**). Both cases underscore the importance of employing adaptive and resilient strategies to reduce the vulnerabilities of soft and hard project outputs, particularly those susceptible to natural and man-made disasters.

5.2. Recommendations

Expedite the preparation and submission of complete budget proposals and requests to DBM to secure budget allocations for ODA-funded projects. For projects that received lower appropriations than proposed in the FY 2024 GAA or those with proposed budgets under UAs, IAs must ensure that proposals for special budget allocations under the FY 2024 UA are thorough and submitted to DBM on time. IAs should also prioritize budget proposals for projects or contracts that are ready for implementation and meet DBM requirements. It is crucial to utilize the disbursed budget within 2024 or before the allotted release validity expires to avoid further delays.

Meanwhile, DBM should provide guidance and support to IAs in meeting the requirements for the timely release of budget items under the UAs. This will help ensure the smooth implementation of ongoing ODA loan-funded projects. Additionally, establishing systematic feedback and follow-up meetings between DBM and concerned IAs to discuss the status of budget requests is essential. This ongoing communication will help identify and resolve issues promptly.

Finally, agencies must effectively use allocated funds to demonstrate high absorptive capacities. Successfully managing and utilizing the funds will increase the confidence and backing of DBM and Congress in appropriating the necessary funds for ODA interventions in the future.

Accelerate the passage of priority legislative measures to modernize the budget management process towards ensuring timely, predictable, and cost-effective delivery of results. The Budget Modernization Bill, a priority under the Marcos Administration, aims to institutionalize a cash-based budgeting system to enhance accountability among government agencies.³⁶ This bill addresses issues faced by ODA-funded projects and enhances financial performance in three key ways. First, to enhance the absorptive capacities of ODA-funded projects, the bill stipulates that appropriations authorized in the GAA shall be available for obligation only until the end of each fiscal year. Additionally, it requires budget requests to include information on planned and actual agency performance, along with explanations for any deviations or poor absorptive capacities. Second, the proposed policy mandates that line agencies undergo extensive preparation and rigorous planning when submitting budget proposals within a limited timeframe. This compels prompt and comprehensive review by the DBM, ensuring that budget proposals are well-prepared and align with government priorities. Third, the bill requires the creation of an IFMIS. This system will serve as a single portal for all financial transactions and reports used by NGAs and LGUs,

³⁶ The Budget Modernization Bill or An Act to Reform the Budget Process by Enforcing Greater Accountability in Public Financial Management (PFM), Promoting Fiscal Sustainability, Strengthening Congress' Power of The Purse, Instituting an Integrated PFM System, Increasing Budget Transparency and Participation, and for Other Purposes.

integrating budgeting, cash management, and accounting processes. IAs and the DBM can utilize the proposed IFMIS to provide real-time status updates on budget requests, enable online document submissions, and expedite feedback and review processes, in ensuring timely fund releases for ODA-funded projects.

Secure the availability of project sites. IAs should prioritize resolving site readiness and ROW issues before commencing project implementation. This involves conducting thorough readiness assessments of project sites, ensuring strict compliance with DPs and government safeguard requirements, and verifying proof of ownership and other documentation prior to the procurement of civil works and construction activities. These steps can mitigate potential implementation delays and ensure smooth project execution. Agencies should also establish close coordination with project-affected stakeholders, assisting landowners in obtaining required documentation related to property ownership. Formalizing roles and responsibilities in ROW, site acquisition, resettlement, and utility relocation through MOAs with relevant agencies is essential. With the passage of the RPVAR Act into law, IAs should leverage the new legal framework to resolve valuation disputes and streamline processes in site and ROW acquisition. The RPVAR Act enforces internationally recognized and updated valuation standards, mitigating issues such as ROW compensation disputes arising from conflicting land values and lengthy litigation and settlement processes. The Act also ensures that real property valuations reflect current market values, accurately representing the true economic worth of properties.

Intensify coordination efforts among concerned IAs, DPs, LGUs, and project stakeholders to facilitate the timely issuance of necessary approvals. This should include securing permits such as the Certification Precondition for the FPIC process, SAPA, ECC, and relocation of affected utilities, as applicable. Furthermore, ensuring commitment and compliance with the conditions set by DPs, agencies, LGUs, and local communities (e.g., indigenous peoples) should be prioritized to prevent delays in obtaining concurrence and approval for MOAs and JAOs essential for project implementation. Immediate and proactive engagement with all relevant parties will help mitigate approval bottlenecks and ensure smoother project execution.

Facilitate timely implementation of procurement activities. Agencies need to assess recurring procurement challenges and identify actions to expedite the resolution of delays. PMOs and IAs should integrate lessons learned, adjustments made, and strategies developed from problematic or previously terminated contracts into their revised procurement plans. Regular training sessions for IAs, PMOs, and DPs on procurement processes and guidelines applicable to the project can mitigate implementation bottlenecks. Strengthening PMO capacity in procurement ensures that processes are conducted efficiently and in compliance with relevant legal frameworks and policies. To address issues related to the limited or lack of qualified bidders, IAs and PMOs should regularly conduct procurement fora to reach a wider network of prospective bidders. Additionally, IAs and DPs should explore alternative procurement arrangements. These alternatives should be assessed based on the project's procurement capabilities, alignment with national procurement policies, DP guidelines, and the appropriate procurement method (e.g., limited international bidding, direct contracting, and shopping) that can help fast-track procurement activities.

Enact legislative measures to amend RA 9184 or the Government Procurement Reform Act (GPRA).³⁷ A key enhancement to GPRA is the adoption of the best value procurement mechanism. This method considers factors beyond price, such as quality and efficiency, to maximize the value for money obtained by the procuring entity. By prioritizing quality, it provides added assurance regarding the goods and services procured, to help prevent quality-related issues in outputs, wasted resources, and unnecessary modifications to contract timelines and specifications due to inadequate planning and other factors prolonging procurement processes. Furthermore, the proposed policy recommends granting statutory authority to the Government Procurement Policy Board to enhance the capacity and professionalism of procurement practitioners. This will help address challenges in estimating contract costs, assessing the quality of contract deliverables, and overcoming the limited technical expertise of IAs regarding government procurement rules and regulations.

Ensure the robustness of the design, scope, and technical specifications of ODA-funded projects. Establishing clear and well-defined project targets is crucial for successful project implementation. By setting precise goals and objectives, agencies can provide clear directions and prevent misunderstandings during the project execution. Additionally, enhancing the quality of pre-project assessments and feasibility studies is essential. Thorough planning and analysis help identify potential risks and challenges early on, to ensure project viability and alignment with overall development goals. Incorporating social and environmental safeguards into project designs is another vital strategy. By integrating these aspects, agencies can mitigate risks related to social impacts, climate change, and disasters, proactively addressing potential opposition and compliance issues. Furthermore, engaging with project stakeholders, including local executives, early in the planning process is beneficial. This engagement helps gain their support, identify potential challenges, and ensure that the project aligns with local needs and expectations. Developing realistic timelines and duration estimates for projects is also important. Accounting for potential delays and contingencies can avoid the need for frequent revisions and extensions. Strengthening project performance monitoring systems is equally necessary. Robust monitoring systems allow for the timely identification and resolution of issues, ensuring that projects stay on track. By implementing these strategies, agencies such as DOTr and DPWH can prevent and resolve issues related to unforeseen changes in design, scope, and technical specifications. This approach will lead to more effective and efficient implementation of ODA-funded projects, minimizing the need for scope expansions or revisions and ensuring successful project outcomes.

Enhance the assessment and monitoring of the performance of consultants/contractors. IAs or PMOs should enhance contracts and TOR of consultants and contractors by employing strategies, such as allocating greater weight to the quality of proposals in the selection criteria for contractors and developing a supervision monitoring system, with a clear outline of contract deliverables and timelines. Regular training of IAs and PMOs on contract risk mitigation measures and other safeguards at the planning stage also prevents future delays in delivering quality outputs.

³⁷ A total of 27 bills (18 in the House of Representatives and 9 in the Senate) seeking to amend the GPRA filed before the Congress and Senate as of September 2023. The latest and most comprehensive version pending at the Senate Committee of Finance is SB 2466 or the Revised GPRA.

IAs/PMOs are also recommended to conduct regular performance reviews and assessments of managing contractors or implementing partners to guarantee that the target outputs/deliverables of projects/programs are delivered promptly and according to prescribed quality and standards. Unnecessary variations, disputes and suspensions of contracts may be prevented through regular performance assessments.

Strengthen capacity-building activities and sustain capacities of PMOs in all aspects of project management. IAs should continuously conduct capacity-building activities, particularly on contract management, procurement, and technical aspects of project development and management, such as project viability assessment, preparation and assessment of subproject proposals, enhancement and management of project information systems, financial management, and M&E, among other areas.

Given the geographic diversity and specific challenges of regional PMUs, particularly in remote areas, targeted training programs should focus on enhancing their ability to assess technical designs and feasibility for construction projects. This proactive approach aims to mitigate risks associated with substandard infrastructure outcomes due to insufficient technical expertise at the local level. Additionally, bolstering manpower for field inspections and validation teams is critical to expedite validation processes and streamline billing document preparation, thereby ensuring timely project progress.

Furthermore, addressing the shortage of competent staff for project management and monitoring roles is pivotal. IAs must prioritize efforts to recruit and retain qualified personnel, including project officers and field monitors, to mitigate delays caused by understaffing. Regular assessments of project staff's technical capacities are essential to identify skill gaps promptly and design tailored training programs to address these deficiencies effectively. Sustaining and continually upgrading these skills is essential for the seamless implementation of ODA-funded projects to ensure adherence to project timelines and quality standards.

Moreover, overcoming challenges related to data management system harmonization and technical issues with digital field validation tools requires proactive measures. IAs should invest in resolving these technical complexities to enhance operational efficiency and facilitate smoother project management processes.

Expand institutional support by enhancing project coordination mechanisms at the local level. For demand-driven types of projects requiring LGU/local implementation partners' support, IAs should effectively communicate project benefits and include alternative arrangements to meet local counterpart requirements (e.g., in-kind contributions or non-monetary contributions). By fostering a sense of ownership and active participation among stakeholders, these efforts can sustain momentum and ensure the successful implementation of projects beyond their initial phases.

Moreover, IAs and PMOs must adopt proactive strategies given the susceptibility of subprojects to disruptions caused by changes in LGU leadership and electoral cycles. They should identify which LGUs are most affected by leadership transitions and conduct thorough assessments to gauge institutional risks. Timely issuance of streamlined guidelines, aligned with the protocols of the Commission on Elections, is crucial to streamline approval processes and minimize delays. Additionally, ongoing provision of support and guidance to communities navigating these transitions is vital for maintaining project continuity and stakeholder engagement.

In light of broader challenges stemming from organizational restructuring and policy shifts at provincial and national levels, IAs must navigate bureaucratic complexities adeptly. This includes adapting swiftly to new policies that impact funding disbursement and approval procedures for subprojects. Addressing issues like delays in asset transfers and ensuring timely appointments of key project personnel are equally critical to enhancing project stability and progress. Furthermore, effectively managing intricate processes such as strategy formulation and digital transformation initiatives under loan agreements demands robust coordination among diverse governmental entities.

By expanding institutional support mechanisms, enhancing local-level coordination, and proactively addressing leadership changes and policy dynamics, IAs can mitigate operational challenges and improve the efficiency and timelines of ODA-funded projects. These initiatives not only safeguard project continuity but also foster sustainable development outcomes aligned with project objectives and community needs.

Strengthen awareness of legal and policy issuances and their implications to project implementation. The active involvement of technical working groups comprising diverse institutions across relevant sectors is crucial. These groups play a vital role in foreseeing and addressing potential legal and policy-related challenges that may arise during project conceptualization and execution. It is imperative for IAs and PMOs to maintain vigilance in monitoring updates to national and local legal frameworks that could affect project operations.

For example, compliance with directives such as the National Privacy Commission's requirement for a DPIA before collecting personal data requires meticulous adherence to ensure regulatory compliance and mitigate associated risks. Similarly, navigating delays in engaging with mining companies due to stringent internal due diligence procedures by entities like UNDP necessitates strategic planning to align project timelines with regulatory requirements.

When such legal and policy challenges are identified, IAs and PMOs should promptly adjust project operations manuals and implementation guidelines. This proactive approach ensures ongoing alignment with project parameters approved by oversight bodies such as the ICC/NEDA Board, thereby safeguarding project continuity and effectiveness. By effectively managing these complexities, ODA-funded projects can navigate regulatory landscapes more adeptly, facilitating smooth implementation and sustainable outcomes that uphold project goals and comply with legal mandates.

Ensure the timely conduct of M&E activities and strict compliance with reporting requirements and timelines. IAs must ensure that all projects integrate comprehensive monitoring and evaluation frameworks covering inputs, activities, outputs, and outcomes, and that these are supported by detailed M&E plans.

Whenever necessary, IAs or executing agencies may enhance their existing monitoring systems to expand the level of specificity and quality of monitoring data. For newly implemented projects, agencies should leverage available funds from project operations to establish M&E systems and mechanisms in partnership with other IAs and DPs for institutional support.

IAs and oversight agencies must actively participate in project implementation review meetings and review missions organized by NEDA-MES and DPs as venues to discuss implementation progress, actions to be taken to swiftly resolve implementation issues, and ways forward to improve project performance.

For projects nearing completion, IAs should commence the preparation of Project Completion Reports, approximately six months before the actual loan and grant closing date and project completion date. Furthermore, IAs should maintain continuous monitoring and reporting on projects that are still unfinished at the time of loan or grant closing. They may also consider subjecting completed projects for further evaluation or impact studies per the Joint Memorandum Circular 2015-01 (National Evaluation Policy Framework) issued by NEDA and DBM on July 15, 2015. The conduct of evaluation studies helps 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 M&E systems and templates to avoid duplication of reporting of project performance. This collaborative approach ensures efficient monitoring, evaluation, and reporting processes across all stages of project implementation.

Submit complete and good quality restructuring proposals promptly for review and processing by the ICC. IAs should ensure that requests for project restructuring are accompanied by complete and compliant ICC requisite documents, submitted to NEDA with a minimum lead time of six months. This timeline takes into account the processing schedules of the ICC Secretariat, Department of Finance (DOF), ICC, and NEDA Board. For projects anticipating requests for extension of implementation periods or loan/grant validity, agencies should submit these requests to NEDA at least six months before the latest ICC-approved completion date or loan/grant closing date.

Implementing agencies may seek guidance and assistance from NEDA and other oversight agencies, as may be necessary, in complying with the ICC requirements to ensure the timely processing of project restructuring requests.

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6

Lessons Learned

This section provides key insights and lessons derived from challenges encountered and effective practices used in project implementation, aiming to improve the design, planning, execution, monitoring, and evaluation of ongoing and future ODA interventions.

In the course of project implementation, several implementation bottlenecks have emerged, many of which are recurrent. These include issues related to site conditions and availability, government and funding institution approvals, budget and funds flow, procurement processes, design, scope, and technical specifications, institutional support, contractor and consultant performance, legal policies and issuances, PMO manpower and capacity, force majeure, inputs and costs, and sustainability considerations.

Site Condition/Availability. Issues concerning site condition/availability have led to delays in 27 projects. Agencies have acknowledged the critical importance of readily available property ownership documents to expedite site acquisition processes and to secure ROW and necessary permits, either during or prior to project implementation. IAs have emphasized the crucial role of LGUs in assisting landowners to obtain required property documents for project-affected properties, ensuring timely ROW and site acquisition before civil works commence.

It is imperative to identify alternate project sites during the preparatory and feasibility study stages, particularly for projects anticipated to encounter site acquisition challenges. Projects that involve equipment and machinery provisions should assess the readiness and capacity of project sites or facilities to accommodate, operate, and maintain the equipment prior to delivery and installation.

Government/Funding Institution Approvals. A total of 25 projects encountered significant delays due to lengthy and cumbersome approvals from relevant agencies and institutions. Recognizing the challenges, agencies have emphasized the importance of early coordination with stakeholders during the planning phase to secure necessary clearances and certifications promptly. These include documents such as SAPA and ECC, which are crucial for facilitating smooth project execution. Understanding the intricacies and timelines of government and regulatory processes is essential for accurately forecasting project timelines. Proactive engagement with stakeholders is vital to establish strong relationships, clarify agreed conditions, and establish effective communication channels, thereby mitigating potential delays.

To address prolonged approval processes for MOUs, JAOs, Administrative Orders, and other agreements pending with relevant agencies or project partners, IAs must secure commitment from partner agencies early in the project's lifecycle. Clear roles and responsibilities should be established from the outset, and IAs should actively seek and incorporate inputs and recommendations from partners during the finalization of these agreements.

Budget and Funds Flow. Agencies encountered issues related to budget and funds flow for 23 projects. Close collaboration with the DBM proves to be crucial in this case. Submission of complete and comprehensive documentary requirements to DBM promptly is also essential in securing annual budget availability. Agencies should include the budgetary requirements of new projects in the budget proposal to DBM to ensure that adequate funds are allocated and readily available once projects are approved for implementation.

Procurement. A total of 20 projects cited procurement issues that affected the commencement of project activities. Ensuring the timely preparation of bidding and other procurement documents with accurate, clear, and consistent information is necessary for the smooth conduct of the procurement activities. It must also be noted that a market-responsive cost estimate should be established to avoid failure of biddings through the development and maintenance of a database as reference in determining updated unit costs of items. Imposing stricter eligibility requirements and criteria in the selection of consultants/contractors for future and similar projects can lessen implementation delays driven by poor contractor performance. Moreover, institutionalized knowledge and skills among concerned personnel in the preparation of bid documents and conduct of bid evaluation is important. This may be improved through activities such as knowledge sharing sessions and maintaining relevant knowledge management products on issues and lessons on procurement.

Design/scope/technical specifications. There were 17 projects that encountered challenges in implementation due to this issue. Consultations with local-level stakeholders and project beneficiaries during project identification, planning and design stages are important to ensure sustained support for a project. It is crucial for donor-driven grants to involve the provision of new equipment/technology to develop guidelines and operations manuals, while also ensuring the capacity of local experts in troubleshooting possible system errors and maintenance support.

For demand-driven projects, it is important to ensure the qualifications and eligibility of potential beneficiaries, such as water districts, LGUs, and cooperatives. This can be accomplished by conducting thorough stakeholder analysis and needs assessment prior to implementation, which helps prevent low uptake during the execution phase.

Institutional support. There are 11 projects that experienced issues related to institutional support. Close collaboration with LGUs and implementing partners through stakeholder engagement during project identification, planning and design stages, as well as securing local commitment early on will also help strengthen ownership to implement projects.

Knowledge sharing sessions (e.g., the *Convergence for Agribusiness and Farmers Enterprise* workshops) being conducted under the *PRDP* provide a venue for stakeholders to exchange ideas on innovative practices, share solutions to implementation concerns, and establish linkages among project proponents, beneficiaries, and private sector towards improved project implementation and decision-making. Moreover, formulation of a catch-up plan to address delays that was agreed upon among responsible parties forges joint accountability to ensure that a project meets its timelines and target results.

Performance of contractor/consultant. Poor performance of contractor/consultant was encountered by eight projects hampering execution of programmed activities. The delivery of quality outputs is heavily affected by the performance of engaged contractors. Hence, the selection of competent and experienced contractors is critical, ensuring that contractors have the necessary technical knowledge, organizational skills, and management capacity that are essential to execute the project effectively and efficiently. Developing a comprehensive checklist on safeguards may be vital in the quality assurance of projects prior to acceptance. For project engaging foreign consultants/contractors, inclusion of oral and

written communication proficiency in English or local languages is one of the requirements in the eligibility criteria of TORs. This will be beneficial in avoiding communication challenges within the project management.

Legal and policy issuances. There are seven projects which cited issues related to legal and policy issuances. Projects supporting proposed priority legislative measures (e.g., RPVAR Act) may allow certain flexibility in project design to appropriately respond/align to the evolving provisions of the enacted law. Furthermore, ensuring the timing of project activities with the passing of the Act will enable consistency on project delivery and responsiveness to the changing legal framework. Nevertheless, projects with critical delays due to pending enactment of the legal policy prolonging project implementation may be considered for termination to save the government from further transactional losses due to the accrual of commitment fees. Terminating the project allows for reassessment of priorities and reallocation of resources to more viable initiatives, ensuring optimal utilization of public funds and safeguarding against future losses.

PMO manpower/capacity. Six projects were affected by challenges concerning PMO manpower/capacity. Continuous conduct of capacity building interventions on environment and social safeguards, procurement process, financial and technical operations were instrumental in capacitating project technical staff to comply with necessary organizational and project level standards, requirements, guidelines, and processes. This also addresses potential employee turnover within the agencies/project teams. Collaboration with other offices/units within the agency and setting up support/learning teams is also vital in upskilling PMO members.

Force majeure. There are four projects that experienced fortuitous events that delayed project activities as intended. In cases where unforeseeable events impose challenges in project implementation, the existence of contingency plans paved the way for PMOs to readily mitigate disruptions. Programs with contingency emergency response component is also a key design feature that can be effectively utilized, even during the design/conceptualization phase, to provide contingency measures and address risks in the context of the COVID-19 pandemic and other similar natural/human-induced disasters.

Inputs and Cost. There were two projects that faced issues on inputs and cost due to price escalation. Price escalation on necessary project inputs such as materials, equipment, and labor can cause implications in the approved total project cost, affecting the accrual of cost to the government and necessitating another layer of government approval. Agencies recognized the need to include fund contingency specific to address price escalation and other costs (e.g., payment for taxes, duties and levies) in the overall project cost.

Sustainability and Operation and Maintainance. One project cited sustainability concerns due to the absence of budgetary support to operate the completed civil work (i.e., Girls Education Center). This highlights the need for projects to develop a comprehensive sustainability plan providing details on the operation and maintenance of projects including annual budgetary requirements and its source and manpower/staffing requirements.

In general, projects should also have mechanisms in place to ensure that certain initiatives and interventions are sustained in anticipation of regular changes in leadership or administration.