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### Value engineering, risk analysis in infra projects strengthened

By Rommer M. Balaba  
Reporter

THE Investment Coordination Committee (Icc) is strengthening its value engineering and risk analysis interventions to enhance the designs and eventually the approvability of projects lodged before the investment body.

Ruben S. Reinoso, Infrastructure Staff director of the National Economic and Development Authority (Neda), said these measures have already been institutionalized even before donor agencies aired their concerns on the slow processing and approval of development assistance- funded projects at last week's donors' summit in Cebu City.

"We are now trying to introduce into the ICC system value engineering and risk analysis; it has been done before but this is the only time we are institutionalizing it, although it is difficult to do it," Reinoso explained.

The Neda official said agencies with official development assistance (ODA)-funded portfolios, particularly the Department of Public Works and Highways, are now obliged to undertake value engineering, where an independent party will evaluate the design of projects being proposed at the ICC.

Risk analysis should also help implementing agencies identify potential constraints that may not be seen during ICC evaluation, Reinoso said.

"We want to learn lessons on why implementation is slow. We have not understood and not analyzed the risks associated with implementing the project. There are many: political risk, right-of-way risk, social risk, technical risk and legal risk. We flag early on the risks [associated with the projects]; they are being discussed or being raised but we do not have fallbacks when these actually happen," he said.

Concerns on the design and implementation of projects, which eventually reflect on the ICC's supposed slowness in approving ODA-supported undertakings, is also aggravated by the supposed lack of competence and capability of implementing agencies to prepare ICC-acceptable projects.

"That—the competence and capability of agencies to prepare projects— was raised again [by the donor community]. We are trying to address that by

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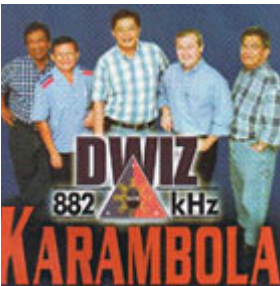
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helping agencies improve their capacity [through additional budgets] but there should be some discipline to make sure these funds really go there,” Reinoso said.

“We are trying now to jumpstart these infrastructure investments [but] let us just hope agencies are prepared to absorb these additional investments. Imagine the administrative preparation these agencies have to undergo. Some agencies have not had a budget for the past years [for them to adequately prepare projects], so even if the budget is already there we still cannot move them because projects are still not prepared, either with the ICC approval or [because] the detailed engineering and design is still not prepared,” he added.

The Philippine government’s 10 priority infrastructure projects worth P80.681 billion are: P1.115- billion Bicol Emergency Power Restoration Project; the P3.575-billion Angat Water Utilization Improvement Project, Phase 2; the P1.621-billion Quirino Highway Project; the P3.130-billion Palawan South Road Project; the P19.350-billion North Luzon Expressway Extension Project; the P35.474-billion LRT Line 6 Project, which proposes a southward extension of the LRT Line 1 to Cavite; the P4.520-billion Northrail-Southern Linkage Project; the P2.670-billion Panguil Bay Bridge Project; the P6.206-billion LRT Line 1 North Extension Project, which closes the MRT-LRT loop and the P3.013-billion North Luzon East Expressway Project.

These projects more or less are now in their advanced stages, meaning with ICC approval or ready feasibility studies but still without funding stream.

“We just hope we will make something positive out of those concerns [raised during the forum] in trying to move all of these investments. The delays are really caused by the quality at entry of projects and not during ICC discussions. The important parameters for the ICC to make the decision are not present so we have to toss them back to the agencies,” Reinoso said.