

PART 1. CONTEXT

A. Poverty Situation

The Philippines is on track in meeting its national economic growth targets. However, the challenge remains on achieving poverty reduction in wider scale, increased speed and better inclusiveness. The average national incidence of poverty between 2006 and 2012 changed only very slightly, according to ^{the} ~~the~~ ^{last} ~~last~~ statistics from the Philippine National Statistical Coordination Board (NSCB Report in April 2013), reporting that poverty incidence among the population dropped to only 27.9% in 2012 from the 28.8% national average in 2006.

Poverty and access to as well as utilization of essential local services are inter-related, as studies show. Low access to local essential services can be attributed to (i) lack of local resources for public goods and support services provision, (ii) gaps in local governance, and (iii) constraints limiting the reach, speed, flexibility and effectiveness of sector national programs.

In many areas, poverty problems worsen as groups of the poor drop further down from the poverty line, due to the negative impact of (i) climate change and (ii) local conflict.

B. Continuing Fight against Poverty

Government policies and programs for achieving poverty reduction continue. The Philippine Development Plan for inclusive growth (2011-2016) is stressing the need for increased investments in human and physical development.

C. Integrating post-Disaster Recovery and Rehabilitation

A large proportion of the Philippine population is vulnerable to a range of hazards. According to a World Bank Study in 2005, over 70% of the population are exposed to two or more hazards. The Philippines ranks third on the global disaster risk index, behind Vanuatu and Tonga (Alliance Development Works, World Risk Report 2012). Nearly 60% of the total land area is exposed to multiple hazards such as floods, earthquakes, landslides, and volcanic eruptions. The country experiences about 20 typhoons every year. Tropical cyclones and associated flooding account for about 75% of recorded deaths and 63% of damage. Disasters overstretch the capacity and resources of national and local governments to respond effectively.

On 08 November 2013, Typhoon Yolanda hit the central Philippines, leaving behind an unprecedented path of destruction. As of 01 December 2013, death toll stands at 5,632, with another 1,759 still missing, 26,136 injured, and about 0.89 million families or 4.11 million people displaced. It is estimated that additional 1.5 million persons may have fallen into poverty immediately after typhoon Yolanda, or 24% rise in the number of poor in Central Philippines and 7.1% nationwide. (ADB PAM, December 2013).

The KC-NCDDP program assistance in capacity strengthening in different communities and investments support for community projects shall integrate addressing local disaster risk reduction and management concerns.

PART 2. PROGRAM BACKGROUND

A. The Social Welfare and Development Reform Agenda of DSWD

With the passage of the Local Government Code in 1991, the control of DSWD over the government social welfare and development program has been re-focused from direct service delivery to providing leadership in policy formulation, standards setting, program development, technical assistance, and resource augmentation.

DSWD is guided in the re-focusing by a Social Welfare and Development Reform Agenda, covering the following four priorities: (i) leading in social protection, (ii) providing faster and better service delivery of social protection programs, (iii) financial reform to sustain the reform process, and (iv) improving systems for service delivery.

B. The CDD Approach and KC-NCDDP

In search of better approaches in implementation, DSWD started trying out Community-Driven Development (CDD) in 2002, building on its experience in community-based participatory development from a previous DSWD local program, the Comprehensive and Integrated Delivery of Social Services (CIDSS). DSWD launched the KALAH-CIDSS project in 2002, introducing CDD for improved outcomes in service delivery, local governance and community empowerment.

The KALAH-CIDSS National CDD Program (KC-NCDDP) shall build on CDD elements from the original KALAH-CIDSS project, as well as incorporate enhancements to support a national scaling-up.

C. Linkages between KC-NCDDP and Other Initiatives

A major DSWD goal is for outcomes from the KC-NCDDP to help meet the Human Development and Poverty Reduction Cluster (HDPRC) target of halving the average national poverty incidence from 26.5% in 2009 to 16.6% by 2015, as articulated in the series of HDPRC Joint Memorandum Circulars of the Department of Budget and Management (DBM), Department of the Interior and Local Government (DILG), Department of Social Welfare and Development (DSWD) and the National Anti-Poverty Commission (NAPC).

Within its target areas, the KC-NCDDP will be well positioned to help drive faster implementation pace, inclusiveness of program reach, and greater complementarity among sector programs, because the KC-NCDDP can (i) support communities in local decision-making, prioritizing and implementing local and community development activities; (ii) assist in promoting inclusiveness, transparency and accountability in planning, implementing and monitoring local and community development activities; and (iii) assist in local capacity development and supporting coordination work with sector national programs, local government units and civil society organizations.

In the Autonomous Region for Muslim Mindanao (ARMM) or Bangsamoro Region, in which local poverty incidence is among the highest in the country, the KC-NCDDP team of DSWD can extend technical support and advice on CDD program development and implementation by the ARMM or Bangsamoro Regional Government.

Convergence of DSWD Major Programs. DSWD introduced “Tatsulo”, the name of its Convergence strategy which aims to harmonize three of its social protection

programs: Conditional Cash Transfer (CCT), Community-Driven Development (CDD), and Sustainable Livelihood Program (SLP). The name is short for “Tatlong Sulo”, and it is illustrated by three flames that make up a single torch, symbolizing the three core programs. “Tatsulo” is currently being expanded to include other social protection core programs in the convergence approach.

The Convergence strategy aims to generate greater impact on poverty reduction, through (i) optimizing resource use, (ii) reducing duplication of efforts and enhancing operational efficiency, and (iii) building up capacity, knowledge and local collaboration.

DSWD is promoting integration among the programs through (i) adopting a common criteria for targeting of areas based on local poverty incidence, (ii) creating local convergence teams and framework for common local operations, monitoring and evaluation, (iii) promoting increased information sharing among the programs, and (iv) increased policy coordination and management.

Linkage with the Grassroots Participatory Budgeting Process/GPBP (formerly Bottom Up Budgeting or BUB). KC-NCDDP municipalities will be covered as well by the GPBP, hence, CDD and GPBP will operate in common geographical areas. Complementarity of resources can be established between CDD and GPBP, through the CDD approach extending assistance for social preparation, planning of actions and coordination at community level across different barangays in a municipality, and the GPBP complementing the CDD funding available for projects.

Specifically, CDD and GPBP can complement in the following ways: (i) communities and LGUs will be assisted to prepare their local poverty reduction action plans (LPRAPs), using only one participatory process accommodating elements of both the CDD and GPBP; (ii) the LPRAP preparation process will be carried out as to intersect and eventually fully synchronize with the institutional local and national planning and budgeting; (iii) for greater efficiency and effectiveness, the KC-NCDDP will build agreement for GPBP and national programs to direct their poverty reduction assistance towards priorities in the LPRAP; and (iv) the KC-NCDDP capacity building, transparency and accountability mechanisms can promote broad-based community residents’ and civil society participation.

Linkage with program for Typhoon Yolanda (Haiyan)-hit areas. The CDD approach is well-positioned as a channel for delivering support for a) re-establishing and strengthening capacities in the communities affected by disaster, b) accelerating the re-establishment of small-scale public services, and c) facilitating coordination. With almost two-thirds of the KC-NCDDP target municipalities reported to be Typhoon Yolanda-hit, CDD in KC-NCDDP shall operate in coordination and consistency with institutional arrangements and the core principles in the Reconstruction Assistance on Yolanda (RAY) plan of the government, promoting capacity development in local governments, community participation, transparency, accountability, monitoring, evaluation and audits.

PART 3. SUMMARY PROGRAM DESCRIPTION AND IMPLEMENTATION STRATEGY

Activities to be supported in KC-NCDDP can help advance the goal of promoting wide-scale reduction of poverty and vulnerabilities in the target municipalities, by (i) facilitating increased inflows of assistance and opportunities to the local level, through delivering assistance and building convergence with sector programs and other partners; (ii) assisting different communities to access the opportunities available; and (iii) supporting coordination and strengthening among national, sub-national and local institutions for greater alignment between community and institutional priorities.

A. Program Development Objective and Results Indicators

Specifically, the KC-NCDDP in partnership with LGUs shall implement CDD to draw in and enable broader-based citizens' participation in different communities, in taking local actions for reduction of poverty. The participation of citizens will be promoted through (a) enabling citizens in communities to take part in choosing their priorities for development, and implementing these with the assistance of CDD facilitators; and (b) the government and partners extending technical services support and access to funding for projects and activities.

The program development objective of KC-NCDDP is to have "Communities in the target municipalities empowered to achieve improved access to basic services and to participate in more inclusive local planning, budgeting, implementation and disaster risk reduction and management".

The following indicators of the outcomes of interest in KC-NCDDP will be used as minimum measures for success in the program by 2019 (to be achieved at the KC-NCDDP national scale):

- Coverage: 26.9 million individuals or 5.3 million households
- At least 10% increase in access to and utilization of major CDD-funded investment projects (e.g., road, education, health and water services) in KC-NCDDP municipalities
- 40% of Hhs in KC-NCDDP municipalities report better access to services
- 35% of Hhs in KC-NCDDP municipalities report increase in confidence to participate in community development activities
- 45% of members from marginalized groups (including IPs and women) attend regular Barangay Assemblies

The program outcomes are to be realized using the CEAC CDD process for KC-NCDDP as the platform. By operationalizing the CEAC, the following can be accomplished: a) generating in different communities of participatory situation analyses, identifying community priorities, and community making of action plans, proposals and detailed plans for implementation, which are to form part of the Local Development Council-approved municipal local poverty reduction action plan (LPRAP); b) access to information, interactions with LGU officials and program providers, and capacity building training and learning provided for the different communities; and c) activities in different communities are coordinated transparently.

Annex 1 shows the KC-NCDDP Results Framework.

B. Program Components of KC-NCDDP

The various CDD activities and assistance to be implemented shall be provided support from the following 3 program components of KC-NCDDP:

Component 1: Barangay (community) sub-grants for planning and implementation.

This Component will support 2 types of assistance to communities participating in the KALAHI-CIDSS NCDDP: (i) Planning Grant and (ii) Investment Grant.

The *first type* is the **Planning Grant**. Planning Grant is composed of the following: a) funding support for a wide range of standard, general “planning” activities that are conducted in the different communities of the target KC-NCDDP municipalities, and b) funding support for the contracting of sub-project-specific technical assistance service providers. The latter is also known as the technical assistance fund or TAF.

The different general “planning” activities, which are provided funding support through the Planning Grant, are composed of the following: a) social investigation; b) local social preparation and consultative community assembly meetings; c) orientation meetings and interfacing with local officials, local service providers, sector agency representatives in the locality and other program providers; d) participatory situation analysis training and action planning workshops; e) community project development training and workshops; f) inter-community coordination and decision-making meetings; g) community implementation meetings; h) participatory community assessments and monitoring; and i) other activities relevant to community planning. The scope and sequencing of the said activities in the different communities are initially standardized in the CEAC, to be adjusted and reflected in the work plans of KC-NCDDP community workers based on realities in the field, and to be finalized with the communities.

The Technical Assistance Fund (TAF) on the other hand can fund the contracting of private professionals or technical service providers, to be procured through either the communities or the Regional Program Management Office (RPMO), to support technical planning and implementation of certain specific sub-projects. The said contracting of service providers shall engage specialized or augmentation, short-term technical experts for the following sub-project-specific technical tasks: preliminary technical design of selected community-proposed projects, drafting of technical plans and cost estimates, technical supervision during community project establishment or implementation, and other activities relevant to technical planning and implementation. Communities that will access the TAF shall be assisted in contract preparation, documentation and implementation by technical facilitators from the KC-NCDDP and local government units, who will support the communities in the performance of prior and post technical reviews, as well as review and approval of the technical terms of reference and contract deliverables.

The *second type* is the **INVESTMENT GRANT**. This Grant is implemented in the form of block grants to target municipalities. The block grants, following local decision-making in the Municipal Forum, are sub-allotted into funding support for individual community sub-projects located in the different communities within a municipality. The communities may implement their sub-projects using community-managed force account or community-managed contracting, for a range of activities involved in building or constructing small-scale community projects. These projects can include a) small access infrastructure, b) communal water supply and sanitation facilities, c) common service production and post-harvest facilities, and d) other basic services prioritized by the communities. Communities carry out project identification

and prioritizing, designing and proposal making, detailed planning, implementation, monitoring and turn-over with the advice and assistance of technical facilitators from the KC-NCDDP and local government units.

The KC-NCDDP target municipalities with larger population, higher poverty incidence, low revenue generation capacity, and hit by Super typhoon Yolanda are allocated larger blocks of grants and more cycles of KC-NCDDP funding. The specific criteria and parameters for calculating the municipal block grants are discussed in Part 5 of the Operations Manual.

Component 2: Capability Building and Implementation Support (CBIS)

Under this Component of KC-NCDDP, different communities in the target municipalities shall have access to the services of a limited number of community process facilitators, as well as technical facilitators who shall provide advice and technical assistance focused on basic financial management and civil works technology (other technical specialization needed in the communities may be supported using the KC-NCDDP technical assistance fund). DSWD shall deploy said facilitators to different KC-NCDDP municipalities.

Facilitators shall provide their advice during any of the following KC-NCDDP-assisted activities to be conducted in communities: community assembly meetings, coordination and interfacing meetings with local government staff and officials, orientation and training of community volunteers, local government staff and external service providers assisting the communities. The facilitators will also work closely with counterpart staff from the municipal local government units, as well as take part in local coordination activities of the sector and other programs present in the municipality.

Component 3: Project Administration, Monitoring and Evaluation

In response to the demands of a scaled-up national CDD operation in KC-NCDDP, and to continue building up learning and improvement in the planning, conduct, coordination and monitoring of local CDD activities, the KC-NCDDP shall implement various support activities at the PMO national and regional levels. These include a) engaging specialized technical and process specialists and support staff at the PMO levels to support community, LGU and program implementors in the field; b) purposive and continuing capacity building and training for facilitators, trainers, program staff and local governments; c) information capture and wide data sharing to support decision-making, learning and strategic communications at various levels and for reporting purposes, as elaborated below under monitoring and evaluation; d) closer and more strategic coordination and convergence internally within the DSWD and with sector government agencies, CSOs and other partners; e) continuing improvement of internal management systems for on time and quality delivery of logistics support for staff and program activities in the field; and f) other relevant activities supporting local capability building, planning, implementation, coordination, learning, and monitoring and evaluation.

Under Monitoring and Evaluation in KC-NCDDP, there will be 4 sets of activities to be supported, namely:

a) Internal progress monitoring of program performance using key performance indicators (KPIs) in the KC-NCDDP Results Framework. This will also cover gender action plan and environmental and social safeguards monitoring;

b) External evaluation involving process and outcomes evaluation. Process monitoring and evaluation shall aim to extract lessons around i) quality of local facilitation of the CDD, ii) local groups encountering barriers to participation in CDD, iii) how aspects of the CDD are applied in non-NCDDP local situations and contexts, and iv) other topics of interest. Evaluation of outcomes will involve among others household surveys on target outcomes in the KC-NCDDP Results Framework and other relevant development outcomes. The other evaluation studies will cover updating of the existing cost and benefit analysis of CDD sub-projects, based on sub-projects that will be funded under KC-NCDDP, review of the sustainability of completed sub-projects, and other studies to be determined. For development and conduct of the said evaluation studies, the KC-NCDDP shall mobilize internal program funds that are available as well as grant assistance from funding sources like the Australian DFAT Technical Assistance in DSWD, the Technical Assistance Support Facility for KC-NCDDP, and others;

c) Reporting and social accountability activities, such as, grievance redress system and third-party monitoring. The latter can cover themes around extent and quality of participation in CDD and local planning and decision-making (especially of women, poor households, groups considered marginalized, etc), status of the institutional strengthening of local councils and community organizations, implementation status of local transparency and information-sharing measures, recommendations for program improvement (community and CSO recommendations for program improvement), reports on effectiveness of the program-funded local project interventions, and others to be agreed upon; and

d) Program and LGU staff capacity building on M&E and data management, including developing staff and technological capabilities for collecting geographical information (geo-tagging), data and report transmission using portable devices connected via the web, and support for training and conduct of annual internal data quality assessments. All of these are covered in the existing KALAHI-CIDSS M&E Manual, however the said manual will be streamlined and enhanced for KC-NCDDP.

A more detailed discussion of the Program Components of KC-NCDDP is provided in Annex 2.

C. Implementation of the KC-NCDDP applying the CEAC

The Community Empowerment Activity Cycle (CEAC) for KC-NCDDP will be used to implement KC-NCDDP. In those municipalities affected by disaster, adjusted and fast-tracked procedures for the CEAC will be applied in cases when a formal declaration of state of calamity has been made at national or local level.

The KC-NCDDP CDD activities to be implemented using the CEAC shall include the following: a) conduct of local social preparation involving local officials and representations from different communities, b) intra-community consultation, selection and training of different volunteer teams, and generation of community priorities, c) prioritizing of sub-project proposals from different communities within the resources available, d) community interfacing with planning and budgeting of local governments and national-level budgeting and programming, e) drawing up community action plans and carrying out implementation, and f) supporting community follow-through actions.

Implementation of CDD activities using the CEAC shall reinforce existing, mandated good governance values in the current Philippine Local Government Code, by facilitating more inclusiveness, broader community participation, transparency and accountability, as these values are also embedded in the KC-NCDDP-assisted processes of local social preparation, capacity building, decision-making and coordination. The said CDD processes and activities can also propel generation of the following results: increased local dissemination and sharing of information; increased and more systematized local fora for expressions of choice and voice by citizens in the communities; increased community-government interactions in the different barangays; and increased availability of resources and technical assistance that can respond to community-identified priorities. Capitalizing on the said results, more partnerships building in different communities, among citizens, local governments and sector national agencies can happen, for better outcomes in access to basic services and improved well-being of households.

A separate CEAC sub-manual for KC-NCDDP provides more detailed discussion of paradigm, principles, cycles, stages, processes, activities and tools. In the case of a formal declaration of state of calamity, the Disaster Response Operations Sub-Manual (DROM), which among other things simplifies the CEAC process, would be applied.

PART 4. MUNICIPAL TARGETING, BLOCK GRANT ALLOCATIONS AND ENROLLMENT PROCESS

A. Criteria for Targeting of Municipalities

The municipal eligibility criteria for the KC-NCDDP are as follows:

- i. All previous KALAH-CIDSS municipalities participating in or committed under KALAH-CIDSS-1, KALAH-CIDSS Additional Financing, or KALAH-CIDSS MCC, which have not yet received four cycles of Barangay Grants financing;
- ii. All 4th, 5th and 6th income class municipalities with a poverty incidence equal to or above the national average of 26.5%, and not included in group (i)¹;
- iii. All other 1st, 2nd and 3rd income class municipalities with a poverty incidence equal to or above 40%, and not included in group (i); and
- iv. All municipalities affected by Typhoon Yolanda identified by the National Disaster Risk Reduction and Management Council Situation Report No. 26 of November 18, 2013²; and
- v. Municipalities in the ARMM Region are not included under KC-NCDDP. They are covered by a separate CDD program proposed for the ARMM.

Based on the above criteria, a total of 847 municipalities are qualified as target areas for the KALAH-CIDSS NCDDP. These municipalities comprise more than 19,600 barangays, located in 58 provinces of 14 regions, and with over 5 million households.

Table 1 below gives a summary of the total number of target municipalities for KC-NCDDP by Province and Region.

Table 1. Indicative Target KALAH-CIDSS NCDDP Area Coverage

Region/Province	Total Number of Municipalities	Total Number of Barangays
CAR	50	624
Abra	25	261
Apayao	3	64
Benguet	7	72
Ifugao	5	73
Kalinga	3	50
Mountain Province	7	104
I	11	133
Ilocos Sur	6	69
La Union	4	50

¹ Income classification is per Department of Finance, poverty incidence is per the 2009 National Statistical Coordination Board Small Area Estimates (NSCB SAE)

² With the exception of municipalities located in those provinces where DSWD does not have an existing structure to respond

Pangasinan	1	14
III	3	64
Nueva Ecija	3	64
IV-A	28	853
Quezon	28	853
IV-B	67	1,278
Marinduque	6	218
Occidental Mindoro	11	162
Oriental Mindoro	14	364
Palawan	19	315
Romblon	17	219
V	101	2,902
Albay	10	349
Camarines Norte	12	282
Camarines Sur	35	1,000
Catanduanes	11	315
Masbate	19	479
Sorsogon	14	477
VI	117	3,451
Aklan	17	327
Antique	18	590
Capiz	16	426
Guimaras	5	98
Iloilo	42	1,670
Negros Occidental	19	340
VII	108	2,339
Bohol	43	1,017
Cebu	42	838
Negros Oriental	18	373
Siquijor	5	111
VIII	136	3,705
Biliran	8	132
Eastern Samar	22	536
Leyte	40	1,301
Northern Samar	24	569
Western Samar	24	737
Southern Leyte	18	430
IX	52	1,205
Zamboanga Del Norte	22	535
Zamboanga Del Sur	18	389
Zamboanga Sibugay	12	281
X	73	1,390
Bukidnon	15	303
Camiguin	5	58
Lanao Del Norte	22	462
Misamis Occidental	12	280

Misamis Oriental	19	287
XI	27	496
Compostela Valley	7	151
Davao Del Norte	4	52
Davao Del Sur	7	150
Davao Oriental	9	143
XII	17	386
North Cotabato	5	126
Sarangani	4	85
Sultan Kudarat	8	175
Caraga	57	821
Agusan Del Norte	9	117
Agusan Del Sur	8	143
Dinagat Islands	7	100
Surigao Del Norte	20	281
Surigao Del Sur	13	180
Grand Total	847	19,647

B. Block Grant Allocations to Municipalities

Under the KC-NCDDP, block grants to municipalities for barangay investment grants are calculated based on the following guidelines and parameters:

- Calculation of block grant financing for all eligible municipalities is based on the population (2010 Census) and the poverty incidence (2009 NSCB SAE) of each municipality;
- Per capita (i.e., per person) rates vary depending on a) municipal income classification, b) poverty incidence, c) if the municipality was affected by Yolanda, and d) if the Yolanda-affected municipality is within the OPARR 100-km Typhoon Yolanda track;
- A minimum of PhP 2 Million, and a maximum ceiling of PhP20 Million is placed on the annual municipal block grant amount (except in the first year for Yolanda-affected municipalities);
- All eligible municipalities will receive at least 4 annual block grant allocations (including what the municipalities already received under KC-1, KC-AF and KC-MCC);
- All income class 4th-6th municipalities with a poverty incidence equal to or above 26.5% will receive an annual grant equal to between PhP400 and PhP500 per person, depending on the actual poverty rate of the municipality (see Table below);
- All income class 1st-3rd municipalities that are also qualified per income classification and poverty incidence described above³ with a poverty incidence equal to or above 40% will receive an annual grant equal to between PhP300 and PhP500 per person, depending on the actual poverty rate of the municipality;

- All Yolanda-affected municipalities⁴ that are also qualified per income classification and poverty incidence described above⁵ will receive 4 rounds of block grant allocations regardless of how many block grants they received under KC-1, KC-AF and KC-MCC. These municipalities will be eligible to access their first two years of block grant allocation in Year 1 implementation;
- All other Yolanda-affected municipalities would be eligible to receive a one-off block grant calculated based on the above criteria with a 60% increase for those in the 100-km Typhoon Yolanda path, and a 30% increase for those outside of this area.

Per Capita Grant Allocation per Income Classification and Poverty Incidence

Municipal Category	Poverty Incidence	Per Capita Allocation (PhP)
Income Class 1 st -3 rd	>50%	400/person
	>40%-50%	350/person
	26.5%-40%	300/person
Income Class 4 th -6 th	>50%	500/person
	>40%-50%	450/person
	26.5%-40%	400/person
Non-“poor” Yolanda	Location	
	Within 100-km path	400/person x 1.6
	Outside 100-km path	400/person x 1.3

The NPMO will inform all RPMOs and their SRPMTs of the specific block grant allocation to each municipality in their jurisdiction prior to the start of Municipal Orientation. The RPMOs/SRPMTs in turn will share with provincial and municipal chief executives, ACTs/MCTs (where in place) or the Social Welfare Officers of the relevant LGUs.

D. Municipal Enrollment Process

To participate in KC-NCDDP, municipal LGUs must undergo the KC-NCDDP enrollment process that aims to brief the LGUs about responsibilities in KC-NCDDP and provide them with opportunity for comments and inputs. As such, the enrollment process will include mapping out of the various roles, responsibilities and contributions that DSWD will expect from the LGUs. Through the enrollment process, LGU commitments for KC-NCDDP are better clarified at the early stage, and risks of LGU failure to deliver said commitments can be anticipated and managed by DSWD.

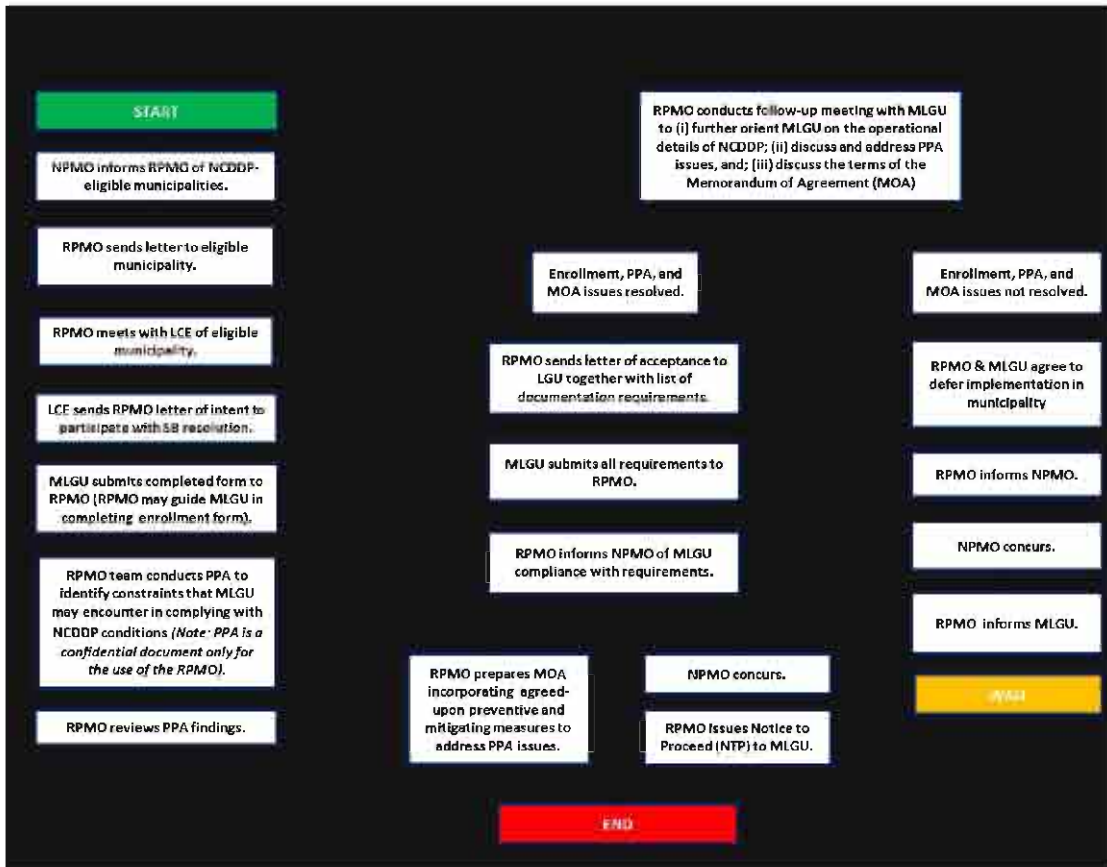
Using the MLGU Enrollment Form, LGUs are asked to declare if they agree, disagree or want to propose alternatives to required commitments in KC-NCDDP, which the LGUs have to comply in the following manner: a) coming up with local executive policy issuance or local legislative support for KC-NCDDP in their municipality, b) promotion of disclosure of information, c) provision of local counterpart contributions, d) involvement in capacity building and implementation support for KC-NCDDP, e) observance of participatory and inclusive governance, f) transparency in procurement and financial transactions, and g) making adjustments for special needs along the thematic subjects of IPs, conflict-affected areas, gender, convergence, accreditation

⁴ The list of Yolanda-affected is based on the National Disaster Risk Reduction and Management Council Situation Report No. 26 of November 18, 2013

⁵ Class 1st-3rd municipalities with a poverty incidence of 40% and above, and class 4th-6th municipalities with a poverty incidence of 26.5 and above

of NGOs, people's organizations and community groups, and mechanism for LGU-CSO consultations and dialogues.

The enrollment process is outlined in the diagram below.



PART 5. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY SAFEGUARDS

This section presents the environmental and social management framework (ESMF) for the KC-NCDDP, for guidance in ensuring that all subprojects undertaken by the community are environmentally and socially sound and sustainable, consistent with objectives and policies of the GOP, WB and ADB on environmental and social assessment (ESA).

Due to its wide coverage, the KC-NCDDP will be working in almost all ecological and social contexts known to the Philippines. In addition, the use of a demand-driven approach for small-scale, local-level public infrastructure means that the subprojects as well as their specific contexts and design elements, and the types of environmental and social safeguards issues that result from processes that define these elements, are not known prior to implementation.

The ESMF lays down the general parameters and guidelines for the KC-NCDDP safeguards, and introduces the social and environmental safeguards screening procedures, management principles and monitoring that must be considered for every CDD sub-project proposed and implemented by the community. Its purpose is to guide subproject implementers, community-proponents, and the LGUs in achieving consistency with the Program's environmental and social safeguards requirements for all sub-projects to be financed under the KC-NCDDP.

The KC-NCDDP builds on DSWD's ten years of experience in implementing CDD under the Kapit-bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) Project. Previous KALAHI-CIDSS (KC) experience shows that a majority of the community subprojects are limited in size and scale and are considered category C⁶ subprojects that do not pose negative environmental or social impacts, and hence do not require an environmental assessment but only a review of environmental implications. As of March 30, 2013, of the 9,679 subprojects⁷ supported by the KALAHI-CIDSS, no more than 10 subprojects were considered as environment category B subprojects based on the WB and ADB categorization, for which minor impacts are expected and which can be mitigated, and hence required a GOP Initial Environmental Examination (IEE). Of the sub-projects implemented under the original KC Project, about eighteen percent (18%) were in IP areas.⁸

With the Project's community-driven nature, subprojects in IP communities were directly solicited by IPs themselves, through the conduct of facilitated activities for decision-making on subproject choices. The IP Thematic Review conducted by the Project together with the World Bank showed high participation of IP households in decision-making assemblies, resulting in subprojects that were responsive to IP needs. In addition, significant improvements are being incorporated into the social mobilization process of the KC Project (and will be used for KC-NCDDP) based on a review of IP participation and decision making undertaken as part of the KC-NCDDP

⁶ WB and ADB follow the same screening and categorization of subprojects, i.e., Categories A, B, and C, which are dependent on the assessment of significance of environmental or social impacts.

⁷ Based on monitoring data from the Kalahi-CIDSS Engineering Unit as of end of March 2013.

⁸ IP Thematic Review Report

preparation process.⁹ The KC-NCDDP is expected to follow this trend and will likely not see a major deviation from the types and scale of sub-projects supported under the original KALAHI-CIDSS. However, the National Project Management Office (NPMO) recognizes the potential for bigger sub-projects in view of additional GOP investments under the Grassroots Participatory Budgeting Process (GPBP)/Bottom-up Budgeting (BUB) Program. In addition, it was noted that there were fifty (50) small irrigation subprojects financed under KALAHI-CIDSS. In view of this, the NPMO likewise recognizes the need to promote Integrated Pest Management (IPM) training as part of future irrigation subprojects, through partnership with the Department of Agriculture (DA).

Noting the minimal environmental and social impacts of subprojects done through the KC CDD process, the environmental and social safeguards procedures and guidelines have been simplified. There were originally three safeguards documents which served as guidance documents in KALAHI-CIDSS. These have been simplified from three (3) documents - Environmental Impact Assessment (EIA) Guidelines, Environmental and Social Management Framework (ESMF) and the Safeguards Manual – into a streamlined Environmental and Social Management Framework (ESMF) Manual.

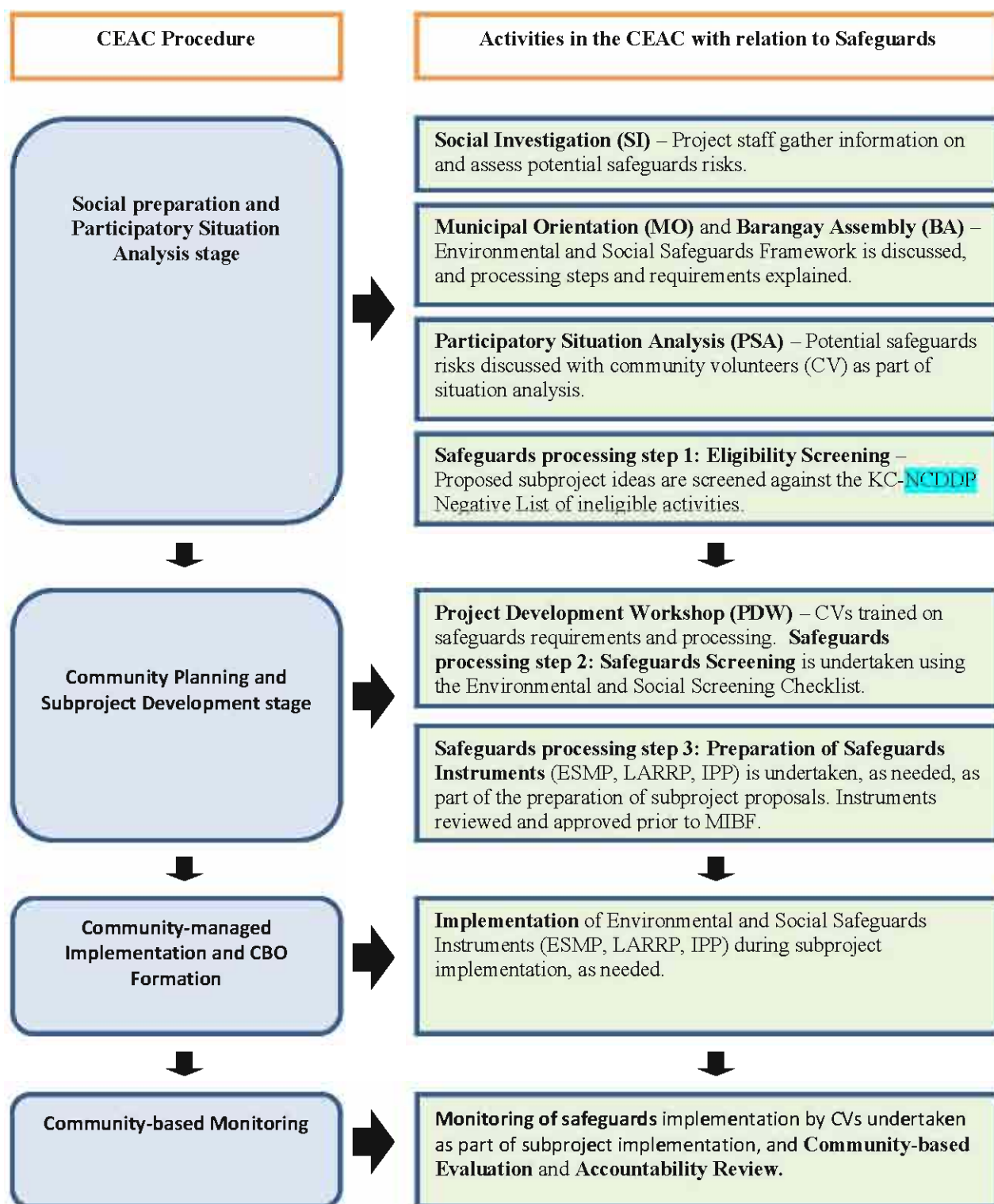
A. CEAC Activities related to Safeguards

The KC-NCDDP is implemented in different communities of the target municipalities through the Community Empowerment Activity cycle (CEAC), which are a series of activities where local communities collectively work to analyze local conditions and identify community problems related to poverty, identify, prioritize, and develop solutions, and design and implement subprojects, and manage resources.

In KC-NCDDP, processes and steps on safeguards are built directly into the CEAC activities, as shown in Figure 1 below. A more detailed table presentation of the safeguards processing activities along the CEAC is included in the ESMF Manual.

⁹ Developing an IP Lens in Development Projects: A Study of Kalahi-CIDSS Projects with Indigenous Peoples in preparation for the NCDDP by Jane Austria, 2012

Diagram 2. CEAC Procedure and Safeguards Activities



B. Safeguards Processing

Consistent with streamlining the screening and processing of environmental and social safeguards, the KC-NCDDP shall adopt a simplified three step process, as follows:

First step – Eligibility screening of all proposed subproject concepts against the negative list (Annex C of the ESMF Manual), to determine eligibility of subprojects for support under NCDDP. In case of a Disaster Response Operations, the EIS System threshold and DENR requirement provided in Annex E of ESMF shall apply in the subproject selection process.

Second step – Safeguards Screening. If the subproject is deemed eligible, the subproject is screened using the Environmental and Social Safeguards Checklist or ESSC, to determine potential safeguards risks, and categorization. The ESSC provides a series of questions relating to the environmental and social safeguards policies triggered under the NCDDP (namely, in the case of the World Bank, 4.01 on Environmental Assessment, 4.09 on Pest Management, 4.10 on Indigenous Peoples, and 4.12 on Involuntary Resettlement). Through this review and screening, the appropriate safeguards instruments, if any, are identified for preparation under the project. The subproject is also assessed whether it is covered under the Philippine EIS system, using the DENR threshold of subprojects provided in Annex E of ESMF. Subprojects not covered under the Philippine EIS do not need to secure a Certificate of Non-Coverage (CNC) since a CNC is optional under the law. Instead, subproject proponent/community shall be provided with additional resources, such as the Thematic Environmental Management System (TEMS) Manual developed with assistance from the Millennium Challenge Corporation (MCC), and/or the Illustrated Environmental Technical Planning Guidelines developed by WB, to assist them in developing their subproject proposals and incorporating any environmental management and community safety measures during project implementation.

Third Step – Preparation of Safeguards Instrument. All subprojects involving civil works will prepare an Environmental and Social Management Plan (ESMP). If the subproject needs additional safeguard instruments such as LARRP and IPP (addressing land and IP issues), these are drafted and approved before the start of any civil works. Also, if the subproject is covered under the Philippine EIA system, determine whether (i) an IEE report or an IEE checklist needs to be completed to secure the ECC, or; (ii) only a Subproject Description is needed, particularly for non-covered subprojects. As discussed in the introduction, NCDDP will likely not involve any Category A subproject based on the previous KALAH-CIDSS experience, and also based on the types and scale of subprojects chosen and implemented by the communities.

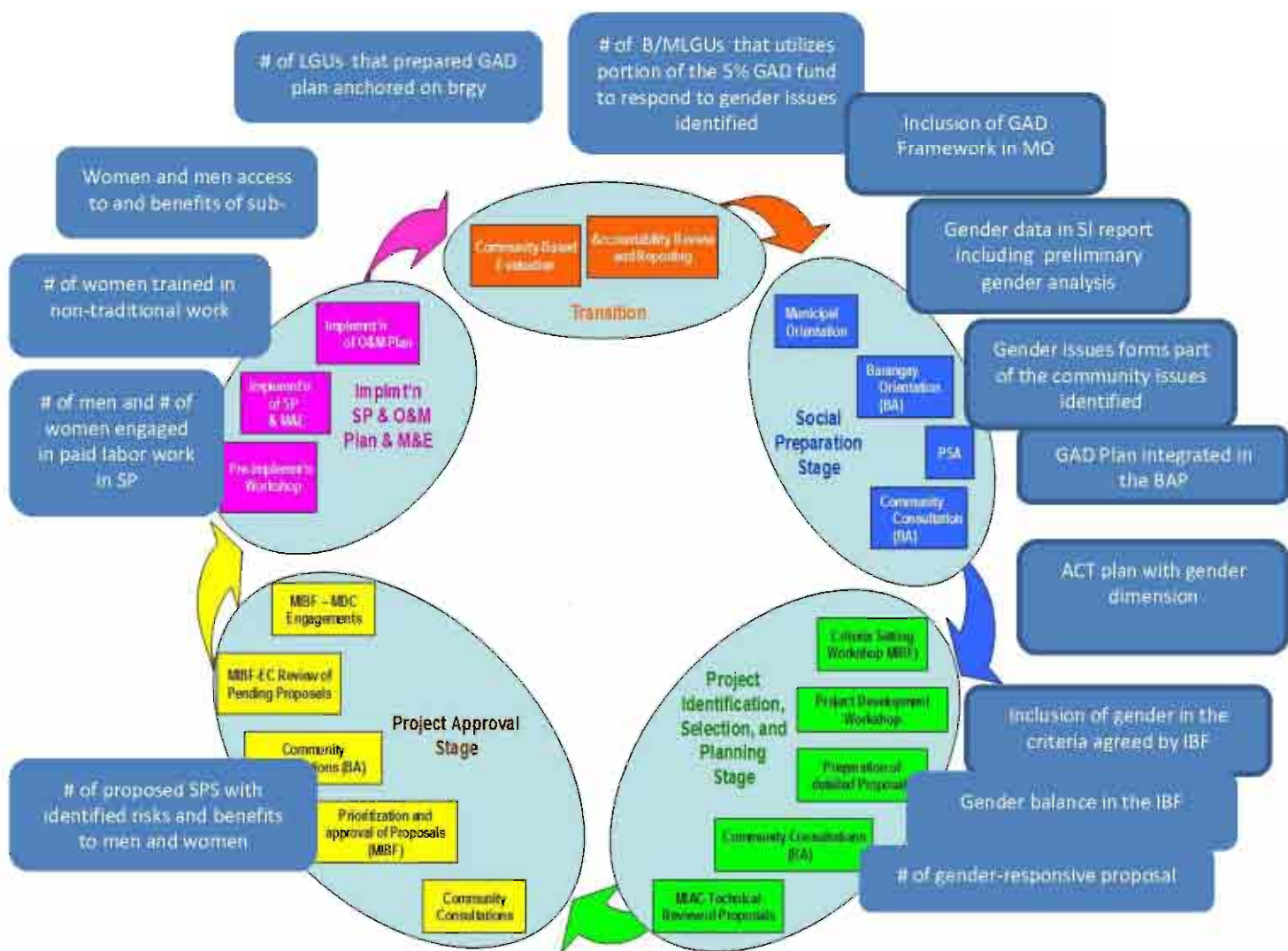
The environmental and social assessment and review procedures shall apply to proposed subprojects that pass eligibility screening under the first step above. These procedures are outlined in detail in the ESMF sub-manual.

PART 6. KC-NCDDP GENDER MAINSTREAMING FRAMEWORK

KALAHI-CIDSS NCDDP promotes and advocates gender equality and women's empowerment. The Program will ensure consistency and adherence to international and local commitments and legislations, and at the Department level, the Program shall work towards operationalizing the relevant gender mainstreaming policies and guidelines as Department Memorandum Circular No. 7 Series of 2011 and Memorandum Circular No 5 Series of 2012 Policy on Gender Mainstreaming, among others. Mainstreaming gender in the Program shall specifically take into account equal gender representation in barangay assemblies, training, and leadership position in community volunteer committees; increased access of women to paid labor jobs in various subprojects; and gender responsiveness of subprojects.

Consistent with the CDD process, entry points for gender mainstreaming in the CEAC process are as shown in Diagram 3 below:

Diagram 3: Entry Points for Gender Mainstreaming in the Community Empowerment Activity Cycle



Strategies

The strategies for mainstreaming gender in KALAHI CIDSS NCDDP will be implemented along the program process across four cycles of CEAC as indicated in Diagram 3 above. The KC-NCDDP has developed various tools and interventions for integrating gender in the stages and activities of CEAC. These are enhanced under KC-NCDDP along the following lines:

1. Simplified and harmonized technical guidance notes on mainstreaming gender in the NCDDP processes (to include development of parameters to measure gender mainstreaming, track its progress and its eventual institutionalization);
2. Inclusion of gender indicators in the results framework to indicate outputs and outcomes to promote gender equality, empowerment, equal access, and benefits among men and women;
3. Sustaining the collection of sex-disaggregated data to continually track progress in achieving gender mainstreaming objectives;
4. Promoting the participation of women in all stages of implementation; in the community assembly and consultations, and in leadership and membership in committees to ensure that the CEAC creates events where gender issues and its many dimensions are substantially articulated;
5. Incorporating gender mainstreaming responsibilities in the Terms of Reference of key program staff and Performance Targets of Program Management Officers at all levels;
6. Providing opportunities to engage women in paid work, achieving 30% participation in the jobs created by end of the Program both in project implementation and Operation and Maintenance;

In addition, when developing sub-projects to be supported by KC-NCDDP, communities shall be assisted to in looking at its gender perspective as follows:

- Subprojects are “women friendly” and shall not create a negative impact on women’s status and welfare;
- Capability building and skills enhancement for women to participate in paid labor and the recognition of the value of their volunteer work in subproject activities

The Program will also work closely with the GAD Focal Point System (GFPS) of the DSWD at the national and regional levels to harmonize Program strategies with Agency Plans and priorities.

KC-NCDDP program monitoring and evaluation will track progress and performance of the Program along the targets set in the Gender Action Plan and the results framework.

Resources shall be allocated to support the implementation of the GAD Action Plan¹⁰. Community mobilization activities shall include mobilizing communities to access the 5% GAD Budget in local government units (LGUs) to finance GAD-related proposals from the communities.

¹⁰As outlined in the **KC**-NCDDP PAM and the annual GAP prepared by the NPMO to continuously strengthen its gender mainstreaming initiatives. The Action Plan outlines the activities, targets, and resources required to achieve the project's gender mainstreaming objectives and builds upon the result of the assessment along the core requirements of gender mainstreaming in the Harmonized GAD Guidelines.

PART 7. PROCUREMENT

Procurement for the National Community Driven Development Program (NCDDP) will be carried out in accordance with the set of guidelines indicated in the Loan Agreements (LAs) and in the KC-NCDDP Procurement Sub-manuals; a) Community Based Procurement Manual (as updated for NCDDP), Community Subprojects; b) Program Procurement Guidelines for NPMO and RPMO.

Component 2&3 procurement of Goods & Non-Consulting Services, and Consulting Services is managed by the National Program Management Office (NPMO) and the Regional Program Management Office (RPMO). Standard processes and detailed procedures and procurement arrangements for NCDDP in conjunction with WB and ADB policies will be stipulated in the procurement sub-manuals.

I. Procurement planning

The Procurement Plan serves as a guide document in the procurement and contract implementation, as well as a vital reference in procurement monitoring. It also serves as an important tool in resource and financial management, enabling the Program to optimize the utilization of scarce resources. Well-planned procurement will minimize the practice of taking shortcuts and ensure that the program is able to procure its requirements correctly and effectively. The Procurement Plan, including their updates, shall set forth at a minimum (i) a brief description of goods and/or consulting services required for the Program implementation for which procurement action is to take place during the period; (ii) the proposed methods of procurement as permitted under the Loan Agreement; (iii) the Banks review requirement and thresholds; and (iv) the time schedule for key procurement activities.

Procurement planning shall be carried out within a budgetary context, reflecting the project priorities and objectives for the budget period. This is in consideration of the scope of procurement per Procuring Entity.

II. Procurement Organizations

A. Procurement for component 2&3

1. It is expected that volumes of procurement activities will be conducted for KC-NCDDP. To expedite and ensure that procurement activities are conducted in accordance with the set policies and guidelines for KC-NCDDP, Procurement Units, Evaluation Committees and Technical Working Groups shall be designated or created by DSWD at the National Program Management Office (NPMO) and Regional Program Management Office (RPMO). For Component 2&3, DSWD shall create or designate procurement units at the national and field offices.
2. For the NPMO, evaluation and awards committee will be performed by the existing Bids and Awards Committee II (BAC II) created for DSWD foreign assisted projects. The Procurement Evaluation and Awards Committee (PEAC) for the RPMOs.
3. A Technical Working Group (TWG) shall be created to provide technical, financial or legal support in the procurement process. The TWG shall be

created based on the required expertise and nature of the procurement. The TWG shall assist the evaluation committee in the procurement evaluation.

4. The Program will hire a Procurement Specialist and other procurement staff. They will be responsible in ensuring that appropriate technical assistance is provided in all procurement for KALAH-CIDSS NCDDP.

B. Community Procurement

1. All procurement for community subproject activities under Component 1, *Investment grant (subprojects) and planning grant*, will be procured in accordance with the KC Community Based Procurement Manual (CBPM) (as updated for KC-NCDDP).
2. Procurement for the community subprojects shall be the responsibility of the community through the Barangay Sub-Project Management Committee (BSPMC).
3. A Procurement Team composed of at least three community volunteers elected by the barangay assembly shall assist the BSPMC. Each BSPMC shall establish a single Bids and Awards Committee (BAC) for its procurement. Community subprojects may be implemented by contract or through community participation in procurement. The procurement methods and procedures to be utilized are described and the CBPM.

III. Procurement Methods and Thresholds

A. Component 2&3: Procurement Guidelines

1. Asian Development Bank (ADB)

Procurement Method	Threshold (Value \$)	Prior or Post Review
Procurement of Goods		
NCB	Below 1,000,000	Prior*/Post
Shopping	Below 100,000	Post
Direct Contracting	Below 10,000	Post
Recruitment of Consulting Firms		
Consultant's Qualification Selection	Above 100,000	Prior
Recruitment of Individual Consultants		
Individual Consultant Selection	Above 20,000	Prior

*First NCB contract

2. World Bank (WB)

Procurement Method	Threshold (Value \$)	Prior or Post Review
Procurement of Goods		
International Competitive Bidding	above 3M	Prior
National Competitive Bidding	>200,000 to 3M	First contract subject to prior review
Shopping	200,000 and Below	Post

Procurement Method	Threshold (Value \$)	Prior or Post Review
Direct Contracting		Prior
Recruitment of Consulting Firms		
Quality- and Cost- Based Selection		Prior review each contract est. to cost \$100,000 or more
Quality Based Selection		
Fixed Budget Selection		
Least Cost Selection		
Consultant's Qualification Selection (CQS)	200,000 and below	
Single Source Selection (SSS)		Prior
Recruitment of Individual Consultants		
Individual Consultant Selection (ICS)		Post
Single Source Selection (SSS)		Prior

B. Component 1: Community Based Procurement Manual (CBPM)

Procurement Method	Threshold Amount (P)	Prior/Post Review Requirement Threshold (P)	
		RPMO	NPMO
Community Bidding			
- Works	2.0 M & above	> 500 K but <2.0 M	2.0 M and above
- Goods	1.0 M & above	> 500 K but <2.0 M	2.0 M & above
Community Shopping			
- Works	Below 2.0 M	≥ 500 K but < 2.0 M	
- Goods	Below 1.0 M	≥ 500 K but <2.0 M	
Community Direct Contracting			
Direct Contracting			
- Works	None	all	Post
- Goods	None	all	Post
Direct Contracting due to Two Failed Biddings			
- Works	None	all	Post
- Goods	None	all	
Direct Contracting due to Emergency			
- Works	None	2.0M	Post
- Goods	None	2.0M	Post
BSPMC-to-Agency Arrangements			
- Works	None	1.0M	Post
- Goods	None	1.0M	Post
Direct Contracting due to Contract Termination			
- Works	None	all	Post
- Goods	None	all	Post
Direct Contracting for Adjacent and Contiguous Projects			
- Works	None	all	
Repeat Order			
- Goods	50% of previous contract	all	Post
Small Value Procurement			
1. Off-the-Shelf (Goods)	10,000.00		
2. Short Term services	10,000.00		

3.Small Works	10,000.00		
Qualification/Single Source /Individual Consultant Selection for Consulting Services			
Single Source/Individual Consultant Selection	None	Below 1.0 M	Above 1.0 M
Pakyaw Contract			
- Works (labor only)	100,000.00		
- Works (labor with local ¹¹ materials)	300,000.00		
Variation Order for Works	Up to 20% of original contract	All	
Aggregated contracts		2M to 3.0 M	above 3.0M

In addition to the contracts above the specified thresholds, ADB/WB prior review requirement shall cover the first three contracts for the first year sub-projects in each of the two new Regions (I and III). This shall be adjusted in the succeeding years based on the findings of the post review and the assessment of performance and risk analysis for the whole of Component 1.

Aggregated contracts¹² refer to one or more on-going KC-NCDDP contracts with a single contractor/supplier regardless of KALAHI-CIDSS area. Prior-review threshold for aggregated contracts consider all contracts with below 50% physical accomplishment or delivery. Completed contracts will not be included in the threshold of aggregated contracts. Contractors/suppliers with aggregated contracts should have completed at least fifty (50%) percent of all on-going contracts and should have performed well in these contracts with no slippages due to poor performance or reasons by contractor/supplier negligence before any new contracts are awarded to them. In cases where there are more than one new contracts in addition to the ongoing contracts that reached the aggregated threshold, the higher/est contract cost shall be subject to prior review as specified in Table 1 to ensure that they continue to have the capacity to deliver or perform the procurement at hand. A list/table of all ongoing contracts indicating the contract costs and percentage of physical accomplishment will be submitted as part of the documents for review by the ACT

IV. Additional provisions for National Competitive Bidding (NCB)

A. ADB

1. Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line or cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.
2. National sanction lists (blacklist) may be applied only with prior approval of ADB.
3. The price of bidding documents should be nominal, covering only reproduction and mailing/courier costs.

¹¹ e.g. boulders, sand , gravel, lumber scaffoldings and others which are indigenous in the area and can be provided by the community pakyaw group

¹² Prior review for aggregated contracts aims to determine the capacity of contractor/supplier to perform the works or deliver the goods/services required.

4. The approved budget for the contract (ABC) may be published, but it shall not be stated or implied that bid prices may not exceed the ABC, or that bid evaluation will in any way take into account the ABC. The ABC, budgetary allocation, ceiling price, or similar estimates of contract value may not be used to reject bids without prior concurrence of ADB.
5. No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
6. Suppliers and contractors shall not be required to purchase local goods or supplies or materials.
7. Foreign suppliers and contractors from ADB member countries shall be allowed to bid, without registration, licensing, and other government authorizations, leaving compliance with these requirements for after award and before signing of contract.
8. Anticorruption provisions in the Instructions to Bidders section of ADB standard bidding documents (SBDs) shall be incorporated into NCB bidding documents including those under "Corrupt Practices" and "Eligible Bidders" clauses of the SBDs.
9. Bidders shall be given a minimum period of 4 weeks to prepare and submit bids, counted from the date of invitation to bid or the date of availability of bidding documents, whichever is later.
10. When a lone bidder obtains a bidding document and submits a bid at the deadline for bid submission under a post qualification bidding, bid opening and evaluation shall not proceed, but it shall be considered a failure of bidding. Before taking any alternative procurement action, a proper assessment of the cause of lack of participation shall be made and ADB prior approval shall be sought for any proposed subsequent action.
11. In case of contracts for prior review, modifications exceeding 15% of contract amount and material changes in the conditions during implementation require prior ADB concurrence.

B. World Bank

- a) Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line or cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.
- b) A ceiling may be applied to bid prices provided the following conditions are met: (a) Bidding documents are obtainable free of charge on a freely accessible website. (b) The agency has procedures in place to ensure that the ABC is based on Engineer's Estimate; (c) The agency has trained cost estimators on estimating prices and analyzing bid variance; (d) the agency has established a system to monitor and report bid prices relative to ABC

and Engineer's estimate. Application of the ceiling on bid prices shall need a No Objection Letter from World Bank

- c) Domestic or regional preferences will not be applied in the evaluation of bids, and other preference in effect in The Philippines will not be used except with prior concurrence of the Bank.
- d) Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture, with local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract.
- e) Alternative procurement methods defined in the implementing rules and regulations such as Limited Source Bidding, Direct Contracting and Shopping as acceptable. The use of the other alternative methods will require prior Bank concurrence.
- f) The e-bulletin board, e-catalogue of prices, subscriber's registry and e-payments features of the recipient's government electronic procurement system (PhilGEPS) may be used with prior Bank concurrence as described in the Project Operations Manual.

V. Procedures and Forms

Detailed procedures and forms refer to the KC-NCDDP procurement sub-manuals.

PART 8. FINANCIAL MANAGEMENT

The 7 major topics covered in this Part are: a) levels of financial management in KC-NCDDP, b) the program financing plan of KC-NCDDP, c) program funds flow and sources, d) program funds utilization activities from financial planning and budgeting to accounting and reporting, e) financial management reports, f) program audits and g) community financial management.

A more detailed discussion on Financial Management in KC-NCDDP is provided in the Finance Sub-Manual and Community Finance Sub-Manual.

A. Levels of Financial Management in KC-NCDDP

The KALAHI-CIDSS NCDDP Financial Management System (KC-NCDDP FMS) shall be present at all levels of implementation, e.g. Central Office, Field Office, Municipality, and at the Community. Involvement in Financial Management shall extend not only to Financial Management officers but also Operations officials and staff.

The Undersecretary for General Administrative Support Services who is a member of the National Project Management Team, and designated as the Deputy National Program Director for Finance, shall have overall authority on the KC-NCDDP FMS. This is in line with the mainstreaming agenda of the Department.

Central Office Level. The KC-NCDDP FMS at the Central Office shall be the responsibility of the Director for Financial Management Service, who automatically becomes the Chief Finance Officer (CFO) of the Program. He/she shall be responsible to the Deputy National Program Director for Finance. However, in view of the large volume of expected project transactions, there shall be a Financial Management Unit dedicated for the KC-NCDDP (KC-NCDDP FMU), to be composed of Program-hired contractual staff who will assist the CFO in ensuring that program funds are safeguarded and utilized only for activities intended for the Program. Likewise, KC-NCDDP FMU shall ensure adequacy of the funds composed of the Loan Proceeds and GOP counterpart. The Unit shall be headed by a Financial Management Specialist who will work under the direction of the Program CFO.

Regional Office and Sub-Regional Project Management Team. At the Regional level, overall implementation of the Program FM shall be under a) responsibility of the Management Division Chief of the Region for financial procedures and processes and b) direction of the Regional Program Manager for financial planning and budgeting. Following the FM structure at CO, Regional Offices shall also engage contractual staff dedicated for implementation of the KC-NCDDP FM.

The KC-NCDDP shall provide support for creating a Sub-Regional Project Management Team (SRPMT) for every ten municipalities covered by the FO, composed of Community Development Officer, Engineer, Financial Analyst and Monitoring and Evaluation Officer based at the Provincial level. The SRPMT is an extension arm of the RPMO and shall perform delegated authority responsibilities emanating from the RPMO through the Regional Program Manager.

Municipality. At municipal level, the Area Coordinating Team (ACT) has the primary responsibility for protecting project funds and for providing technical assistance to the community volunteers on financial management. The ACT, which shall be composed

of the Area Coordinator, Engineer, Financial Analyst and Community Facilitators, are all contractual workers and are funded under and hired solely for the KC-NCDDP.

Communities. Implementation of the prescribed Project FMS at community level shall be the responsibility of community volunteers. During implementation of the approved community sub-projects, community volunteers shall exercise management and control of sub-project funds. FMS at community level will be guided by a KC-NCDDP Community Finance Sub-Manual.

B. The Program Financing Plan in KC-NCDDP

Around 76% of the total program costs are earmarked for community level activities. It is also known as Component 1 of the KC-NCDDP. Of the total amount under Component 1, 95% shall be released to and managed by the communities to finance various development community sub-projects. The remaining 5% shall fund the conduct of activities in the CEAC process.

On the other hand, 19% out of the balance of 24% are intended to finance Capability Building and Implementation Support (CBIS) or Component 2 of the KC-NCDDP. Five percent (5%) shall be allocated for Program Management and Monitoring and Evaluation (PMME) under Component 3.

Table 1 shows the breakdown of cost per Program Component by fund source (Loan Proceeds and GOP Counterpart).

Table 1. Program Components and Budget Requirement by Fund Source (in PhP'000,000)

PROJECT COMPONENT	377 MUNIS YOLANDA-AFFECTED				293 MUNIS NOT YOLANDA-AFFECTED				177 ADDITIONAL YOLANDA-AFFECTED				TOTAL COST (847 MUNIS)-PESO			
	WB	ADB	GOP	TOTAL	WB	ADB	GOP	TOTAL	W B	ADB	GOP	TOTAL	WB	ADB	GOP	TOTAL
COMPONENT1: COMMUNITY GRANTS	5,897	10,193	843	16,933	10,261	-	1,072	11,333	-	4,390	680	5,070	16,158	14,583	2,595	33,336
INVESTMENT GRANTS	5,328	8,585	644	14,556	9,695			9,695		4,004	550	4,554	15,022	12,589	1,194	28,805
PLANNING GRANTS	569	1,608	199	2,377	566	-	1,072	1,638		386	130	516	1,135	1,994	1,401	4,531
TECHNICAL ASSISTANCE FUND	116	270	-	385	298		-	298		84	-	84	413	353	-	767
SOCIAL PREPARATION	231	694	103	1,028	119		477	596		156	67	223	350	850	646	1,846
COMMUNITY TRAININGS	223	645	96	964	149		596	745		146	63	209	371	791	755	1,917
COMPONENT2: TECHNICAL ASSISTANCE	1,112	101	3,140	4,353	1,630	-	744	2,375	-	119	1,478	1,597	2,742	220	5,362	8,325
ACT COST	1,089	79	3,110	4,278	1,598		730	2,328	-	103	1,476	1,579	2,687	182	5,317	8,185
SALARIES	747	-	2,601	3,348	1,250		581	1,830		-	1,236	1,236	1,997	-	4,418	6,415
OTHER INCIDENTAL COST	173	-	404	578	251		108	359		-	208	208	425	-	721	1,145
TRAININGS	168	79	105	352	97		42	139		103	32	135	266	182	178	625
TRAININGS FOR LGU IMPLEMENTERS	23	23	30	75	32		14	46		16	2	18	55	39	46	139

COMPONENT3: PROJECT ADMIN/ ME	415	304	1,09 6	1,814	84	-	337	421	-	-	-	-	481	298	1,42 7	2,206
SALARIES	111	-	844	955	58		232	290	-	-			169	-	1,07 6	1,245
ADMINISTRATIVE COST	39	-	156	195	8		30	38	-	-			47	-	186	233
TRAININGS	26	21	5	53	1		5	6	-	-			28	21	10	58
ADVOCACY	18	6	6	30	-		-	-					18	6	6	30
GOODS	55	44	11	110	-		-	-					55	44	11	110
MONITORING AND EVALUATION	165	234	74	472	17		70	87	-	-			182	234	144	560
FRONT-END FEE													49	-	-	49
TOTAL	7,42 3	10,59 8	5,07 9	23,10 0	11,97 5	-	2,153	14,12 9	-	4,50 9	2,15 8	6,667	19,44 7	15,10 7	9,39 0	43,94 4

C. Flows of the Program Funds from Different Sources

Funds for KC-NCDDP shall come from the following five different sources: Loan Financing from World Bank and Asian Development Bank (Banks), Government of the Philippines (GOP) from DSWD, other National Government Agencies, and Local Government Units at various levels. In general, accessing all these funds shall follow existing cash inflow procedures of the national government.

Loan Proceeds

The flow of Loan Proceeds which accounts for 79% of total project financing shall follow the usual flow of inward remittances of the national government as well as the Banks.

Upon approval of the Loan, the DSWD shall request the Department of Finance to open two Special Accounts with the Bangko Sentral ng Pilipinas in the account of the Treasurer of the Philippines for the KC-NCDDP. There shall be separate special accounts for the World Bank and ADB Loan Proceeds. Parallel to this activity, the DSWD shall open two Dollar Savings bank accounts, e.g., World Bank Designated Account and ADB Imprest Account, and two Peso current bank accounts with the Land Bank of the Philippines. These accounts shall be the repository of the Loan proceeds.

To avail of the loan proceeds, the KC-NCDDP FM Unit shall submit to the Banks, together with the required supporting documents, Withdrawal Applications representing the cash requirement of the Program for six months.

Methods of Loan Disbursements

The Program shall strictly comply with the requirements of the Banks as regards disbursements of loan proceeds as provided for in the respective Disbursement Loan Disbursement Handbooks.

- a. **Advance Method (WB).** Under this method, the Program shall open a Designated Account in US Dollars with the Land Bank of the Philippines. This account shall be the repository of the loan proceeds specifically availed from World Bank. The World Bank shall provide advances/initial working fund to the Designated Account based on the two-quarter funding requirement forecast of the Program, hence no ceiling. The funds utilized from the Designated Account shall be reported to the Bank on a quarterly basis through the Interim Financial Report which shall be submitted to the Bank not later than 60 days after the end of the reporting quarter. The quarterly IFR shall then be the basis of the Bank to provide succeeding advances to the Designated Account.
- b. **Imprest Account Method (ADB).** This method of disbursements is applicable for the use of the ADB loan proceeds. The Program shall open an Imprest Account in US Dollars exclusively for the ADB's share of the KC-NCDDP expenditures. The ceiling of the imprest account is 10% of the loan amount. Request for initial advances shall be based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months, subject for replenishment upon submission of Withdrawal Applications supported with Statement of Expenditures, Bank Statements and Bank Account Reconciliation Statements.
- c. **Reimbursement Method (ADB and WB).** This method of disbursement of loan proceeds shall allow the Program to reimburse the GOP counterpart funds previously used to pay for expenses/claims that are eligible for loan financing. This shall happen when the loan proceeds in both the Designated and Imprest Accounts at one given time are not sufficient to finance program activities. The amount reimbursed by the Banks

shall be credited back to the Fund 102 MDS GOP Counterpart Fund account of the Program.

- d. **Direct Payment (WB).** The Program may likewise request the Bank to directly pay the suppliers/contractors of the former. Under this method, the records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices shall all be submitted to the Bank for review prior to payment.

GOP Counterpart Funds

A portion of the Program's total financing comes from the Government of the Philippines (GOP), as counterpart for the implementation of KC-NCDDP. While majority of the Loan Proceeds will finance the implementation of community development sub-projects, the GOP counterpart which represents 21% will be used for capability building activities, technical assistance, implementation of safeguards plans, program management and administration as well as monitoring and evaluation.

Following national government procedures, the DSWD shall request the DBM to open bank account under the GOP Modified Disbursement Scheme (GOP-MDS). The GOP-MDS account shall be repository of cash allocations coming from the GOP.

Other Fund Sources: LCC and GPBP

Apart from Loan Proceeds from the World Bank and Asian Development Bank and Funds from the National Government, the Program, in compliance with existing government rules and regulations on counterparting shall require Local Government Units that are covered by the Program to provide counterpart contribution.

Local Counterpart Contribution (LCC)

Local Counterpart Contributions refer to contributions in the form of cash or in-kind from the local government units and communities, as well as any cash or in-kind support they can mobilize from other partners.

The municipal LGU shall be required to put up counterpart funds in the forms of Cash or In-kind. This may be sourced from the Local Development Fund of the municipality, province and barangay. Members of communities and other private organizations/institutions may also contribute for project implementation. The municipal LGU's own-funded and implemented subprojects indicated in the Local Poverty Reduction Action Plan can also be counted and considered as LCC, provided they are not committed as LCC for any other Project funded by the National Government.

LCC is waived for all Yolanda-affected municipalities during the first cycle of implementation of KC-NCDDP, and will be harmonized with LCC requirements of GPBP/BUB in those 293 eligible municipalities not affected by Yolanda. The Table below shows current GPBP/BUB LCC requirements for 2015, based on the proportion of local development funds (LDF) of each municipality to its KC-NCDDP and GPBP/BUB financing.

	Required Cash Counterpart
Municipalities (based on proportion of Grassroots Budgeting and KALAHI-CIDSS funding to LDF)	
Up to 100% of the LDF	10% of the LDF
Over 100% up to 150% of the LDF	15% of the LDF
Over 150% of the LDF	20% of the LDF

- **LCC for subproject implementation.** The need to provide LCC for subproject implementation can be initially determined by the communities during the preparation of the technical plans and costing of their proposed subproject. This shall be confirmed during the MIBF.

In line with the KC-NCDDP one-fund concept policy at the community level, the local cash counterpart for subproject implementation, if any, shall be deposited into the same community project bank account opened by the community-recipients, which also holds sub-grant proceeds for community subproject implementation.

In-kind contributions shall be assigned their appropriate value in cash. The assignment of cash value shall follow the procedures set by the Program as indicated in the KC-NCDDP FM Sub-Manual.

- **LCC in the form of LGU projects indicated in the LPRAP.** The LGU shall have the option to offer as LCC one or more of its projects funded under the Local Development Fund, provided that said projects are indicated in the approved Local Poverty Reduction Action Plan. Provided further that the following conditions are satisfied:
 - The LGU project does not fall under the KC-NCDDP “negative list” of subprojects;
 - It has not been offered and committed as LCC for other National Government programs/projects;
 - It has no funding support or firmed-up funding commitment from other funding sources; and
 - LGU implementation of the said project coincides with the implementation period of KC-NCDDP in the municipality.

For the LGU Project to be identified as LCC, this has to be declared in the MIBF. One hundred percent (100%) of the total cost of an LGU Project may be committed as LCC to the KC-NCDDP. For an LGU Project with total cost that is more than enough to cover the required LCC for KC-NCDDP, the LGU can assign only part of the said total Project cost as LCC for the KC-NCDDP. The unassigned, remaining part may be assigned by the LGU to other National Government programs/projects. In such case, just the relevant portion committed to KC-NCDDP shall be reflected in the KC-NCDDP LCC report, and full LCC documentation will be undertaken for the said relevant portion only. This arrangement shall be agreed upon during decision-making of the MIBF and stated clearly in the MIBF Resolution, for proper notation in the financial and physical monitoring reports.

LCC recording for portion of the LGU Project cost that is committed as KC-NCDDP LCC will begin at the time when expenditures are incurred and physical works are accomplished, until the total LCC committed to the KC-NCDDP is complied in full. Complete LCC delivery therefore can be attained before completion of the LGU project. But, where feasible, the LGU shall be required to complete said project as a condition for eligibility in the succeeding KC-NCDDP sub-project funding cycle. Funds for the LGU Projects committed as LCC will not be required to be deposited in the bank accounts opened for KC-NCDDP sub-projects, but the LGU shall make their records available for review by DSWD and/or the WB or ADB.

- **LCC for capability building and implementation support.** These are contributions which do not become part of the value of the Sub-project but are intended to facilitate the conduct of activities of the Program, such as, conduct of social preparation activities, sub-project monitoring, meetings, salaries of LGU counterpart staff and logistics, among others.

The cash local contributions for CBIS are deposited in the Municipal Trust Account (MTA). The MTA shall be opened and maintained by the LGU in any authorized government depository bank, as stipulated in the Memorandum of Agreement between the DSWD and the concerned LGU. The LGU disburses funds from the MTA on the basis of the approved LCC Plan. The LGU may also opt to have its local counterpart funds for CBIS managed by the DSWD. In this case, the DSWD Regional Office and the concerned LGU shall enter into Memorandum of Agreement for the purpose which shall be the basis for opening and maintaining by the former of a Trust Account specifically for the purpose.

In cases where the LCC for CBIS are in-kind, as in the LCC for SPI, these shall be assigned value that shall follow the procedures set by the Program as indicated in the KC-NCDDP FM Sub-Manual.

- **LCC policy in Yolanda-affected areas.** Except for portion of the LCC to be provided in the form of counterpart time of selected LGU staff who will render local coordination and technical services for the Program, as well as arranging any other support possible for smooth program implementation, the LCC requirement specified above shall be waived during the 1st cycle of implementation of NCDDP in the Yolanda-hit 554 municipalities. Said municipalities, however, shall be required to provide administration, safety and logistical arrangements support, for DSWD-contracted staff that shall be assigned in their respective areas.

Further details of the procedures on receipt and utilization of Local Counterpart Contributions are found in Part 8 of the KALAHI-CIDSS NCDDP Financial Management Sub-Manual.

D. Program Funds Utilization Cycle

The utilization of NCDDP funds both loan proceeds and GOP counterpart shall strictly follow the policies of ADB and World Bank, as well as existing government laws, rules and regulations. The fund utilization cycle shall start with financial planning and end with financial accounting and reporting.

Financial Planning and Budgeting

The Program shall follow the budgeting system of the national government in the preparation of its annual budget, through submission of an annual budget proposal to the Department of Budget and Management, and preparation of the KC-NCDDP Annual Work and Financial Plan.

Fund Utilization at Central Office Level

The NCDDP NPMO through its Financial Management Unit shall see to it that funds appropriated by government to finance the implementation of the Program are utilized only for the purpose/s intended. More so, it shall follow existing government laws, rules and regulations as well as the World Bank and ADB. In cases, however, where there are conflicts between the policies of the government and the Banks, the policies of the latter shall be followed.

Release of Funds to and Utilization at Regional Offices

Program funds, both loan proceeds and GOP counterpart allocated for use by the Regional Offices, shall be released by the Central Office through the issuance of Sub-Allotment Advice (SAA) which shall serve as the authority of the Regional Offices to obligate contracts, purchase orders and other documents that prove the incurrence of an expense.

Request for Fund Release (RFR) Review, Approval and Funding Process

Bulk of the Program funds as illustrated in the Program Financing Plan are intended to finance community approved subprojects under Component 1. The release of these funds, termed as Community Grant Funds, shall flow from the NPMO to the communities through the RPMO using the electronic Request for Fund Release System (e-RFRS) approved by both World Bank and ADB. The whole review and funding process shall take a maximum of 15 days from the time the funds are requested by the communities up the time said funds are credited to their community bank accounts opened for the purpose.

Accounting and Reporting

The NCDD Program accounting shall follow existing government accounting rules and regulations. The DSWD Accounting Division Head shall be responsible to maintain three separate Books of Accounts for the Project, one for World Bank loan proceeds, another for ADB loan proceeds and the third set for GOP counterpart funds. The separate books of accounts, which will be maintained both at the central and field office levels, will include journals and ledgers in the Regular Agency Books, as well as in the National Government Books prescribed in the New Government Accounting System (NGAS).

There will be a separate subsidiary ledger for each project component and for each fund source. This will facilitate the reporting of total fund utilization by component and by source. At the end of each accounting period, the field office will submit the prescribed financial reports to the Central Office. They shall then be consolidated by the Financial Management Service for submission to the COA for audit.

E. Financial Monitoring Reports

The basic component of an effective financial management system is a precise but comprehensive financial monitoring and reporting system. This facilitates identification of problem areas that need to be addressed, as well as opportunities, which may be used to the Program's advantage.

The users of financial monitoring reports can be grouped as follows:

- ✓ The communities or barangay residents
- ✓ The local government units at the provincial, municipal and barangay levels
- ✓ Congress and Other National Government Agencies
- ✓ DSWD management and staff
- ✓ National Steering Committee and local NCDDP coordinating bodies
- ✓ Oversight and regulating agencies
- ✓ World Bank
- ✓ Asian Development Bank (ADB)
- ✓ General Public

The financial reports shall differ in the extent of details needed but basically it shall provide the necessary information to establish whether funds disbursed to projects are being used for the purposes intended, project implementation is on track, budgeted costs are not exceeded, and fund utilization and disbursements are in accordance with existing policies, rules, regulations.

World Bank and ADB Reports

There shall be a common financial monitoring and reporting system that shall be established for both World Bank and ADB. Hence, the financial monitoring reports to be submitted to both Banks shall also be one and the same, as follows:

Name of Report	Purpose	Deadline for
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		Submission
Statement of Sources and Uses of Funds (SSUF)	FM part of the Quarterly Progress Report both WB and ADB	Within 60 days after the end of the Quarter
Variance Analysis of Use of Funds Consolidated from All Sources	FM part of the Quarterly Progress Report both WB and ADB	Within 60 days after the end of the Quarter
Cash Forecast for 6 months	Attachment to WB Withdrawal Application (WA)	Upon submission of WA to WB
Designated Account Activity Statement	Attachment to WB Withdrawal Application (WA)	Upon submission of WA to WB
Designated Account Expenditures for Contracts Subject to Prior Review	Attachment to WB Withdrawal Application (WA)	Upon submission of WA to WB
Designated Account Expenditures for Contracts Not Subject to Prior Review	Attachment to WB Withdrawal Application (WA)	Upon submission of WA to WB
Statement of Expenditures	Attachment to ADB Withdrawal Application	Upon submission of WA to ADB
Imprest Account Reconciliation Statement	Attachment to ADB Withdrawal Application (WA)	Upon submission of WA to ADB
Interim Unaudited Financial Statements	WB and ADB Loan Covenant	On or before March 1 of the succeeding year
Audited Financial Statements	WB and ADB Loan Covenant	On or before June 30 of the succeeding year

NPMO Financial Monitoring Reports

The following reports shall be required to be submitted by the RPMO to the NPMO:

- ✓ Regional Consolidated Quarterly Financial Progress Report
- ✓ Regional Consolidated Status of Grant Fund Utilization
- ✓ Regional Consolidated Status of LCC for Community Grants
- ✓ Regional Consolidated Status of LCC for CBIS

At the ACT level, the following shall be prepared and submitted monthly to the Regional Office:

- ✓ Municipal Consolidated Status of Grant Fund Utilization
- ✓ Municipal Consolidated Status of LCC for Community Grants
- ✓ LCC In kind for CBIS
- ✓ Bank Reconciliation Statements

The deadline for submission of reports by the RPMO to the NPMO shall be every 15th of the following month for the monthly reports and every 25th of the following quarter for the quarterly reports.

F. Program Audits

Internal Controls/Internal Audit

To ensure transparency and accountability, and to safeguard resources, the Financial Management Service shall design, install, and implement an internal control system appropriate for the Project.

There shall be different levels of review for community transactions considering it involves 83% of the total project cost. The first level shall be at the community which shall be undertaken by community volunteers through the different committees created for the purpose. Another review support at the community shall be the barangay assembly where the BSPMC reports the financial status of the community to the assembly. The grievance redress system shall also be made available to give everyone the opportunity to report mishandling of funds, if any.

The role of the ACT, which shall carry out the second level of review, is crucial. On the release of funds to the communities, all Requests for Fund Release coming from the communities shall be verified at the ACT level. This shall be prior to submission to the SRPMT for further examination. Likewise, as regards disbursement of funds at the community level, the ACT shall be primary responsible in ensuring the validity and propriety of the transaction prior to payment.

The third level of review shall take on at the SRPMT level. The SRPMT as extension of the RPMO which shall be the direct monitoring arm of the Project shall ensure that the provisions of the NCDDP Community Finance sub-manual are strictly followed. As provided for in this Manual, the SRPMT shall oversee the ACT in the performance of their functions.

The final review of financial transactions shall be lodged with the RPMO, through the Regional Financial Analyst on the operations side and the Management Division Head on the mainstreamed financial processes. The RPMO shall be primarily responsible and accountable on the validity, legality and propriety of all RFRs submitted for funding.

Holding overall responsibility over the Program's financial management, the NCDDP FMS under the leadership of the Deputy National Program Director for Finance shall review and examine all requests prior to the release of funds to the field office for its operations as well as the communities. As part of its monitoring function, the CO FM Unit shall visit the field office including the SRPMT at least once a month to check on the performance of FM staff, and to validate the submitted financial reports. Whenever necessary, the CO FM staff may also conduct random review of FM implementation at the ACT and community levels.

In addition, the NCDDP will be covered by an internal audit review at least once a year by the Internal Audit Service (IAS) of the DSWD, with reports submitted to the Banks no later than 60 days after the end of each internal audit engagement.

External Audit Arrangements

The World Bank and Asian Development Bank require Consolidated Annual Audited Financial Statements in order to monitor the Program's overall financial performance and the effective utilization of the loan proceeds.

The audit that will be carried out by the Commission on Audit will include an assessment of the economy, efficiency, and effectiveness of the Project. Specifically, the audit will comprise the following:

- Audit on the utilization of total Project Funds such as loan proceeds, GOP counterpart, and local contributions
- On the audit of subprojects, COA shall determine the sample size and sampling procedures. Sample size should be at least ten percent of total sub-projects.
- The following financial statements and financial reports shall be audited annually:

- Balance sheet
- Statement of Income and Expense
- Statement of Cash Flow
- Special Account

Transportation and travel expenditures, including board and lodging expenses of COA auditors in relation to the conduct of the audit, shall be borne by the DSWD. These shall be charged to the Program Management and Monitoring and Evaluation component. The projected annual expense for travel of Auditors must also be included in the NCDDP annual budget.

The NCDDP FM Unit shall facilitate the submission to the Banks the COA annual audit reports not later than six months after the end of each calendar year.

G. Community Financial Management

Community Financial Management is one of the significant activities and the most critical in the implementation of the KALAHI-CIDSS NCDDP. It is where the communities are given the authority to plan, control, and make financial decisions in response to the empowerment objective of the Project. Here, the process of fund management, including required procedures for accounting, financial reporting, and budgeting are laid in detail. Its purpose shall be to ensure that funds are properly utilized, assets acquired are secured, and that management acts and decides in the best interests of its stakeholders particularly the beneficiary-communities.

The primary role of the community is to implement the approved sub-project, ensure that its objectives are attained and that there is proper accountability. The community shall organize itself for this purpose as indicated in the community organizational chart. The following teams and committees in different communities shall be responsible for individual functions pertinent to financial management in KC-NCDDP: a) sub-project management committee, b) audit and inventory committee, c) project implementation team, d) bids and awards committee, e) monitoring and inspection team, f) procurement team, g) treasurer, h) bookkeeper and i) other relevant committees that communities may decide to establish.

All relevant roles, responsibilities and tasks for financial management of the grants, including required procedures for budgeting, accounting, and financial reporting are described in detail in the Community Financial Management Sub-Manual.

PART 9. PROGRAM IMPLEMENTATION ARRANGEMENTS

The DSWD will continue to serve as the lead implementing agency for the Program with a National Program Director and two Deputy National Program Directors for Operations and Finance respectively. Together they will provide overall policy directions and ensure harmonization with Department-wide policies and directions.

To ensure that the Kalahi-CIDSS NCDDP (KC-NCDDP) contributes to the achievement of the national poverty reduction framework as provided for in the Philippine Development Plan 2011-2016 and the Social Contract with the Filipino People, the Program through the Secretary of the DSWD shall report to the Human Development and Poverty Reduction Cluster (HDPRC). The HDPRC shall be a venue and mechanism for coordination, harmonization, and synergy among the Departments and other government instrumentalities to ensure effective linkage of KC-NCDDP with other poverty reduction programs and broader national strategies and reforms of the Philippine government. HDPRC is chaired by the DSWD Secretary.

A more detailed discussion on Program Implementation Arrangements is provided in Annex 3. The overview given in this Part covers a) Program Management and Oversight and b) Institutional Partnership Arrangements.

A. Project Management and Oversight

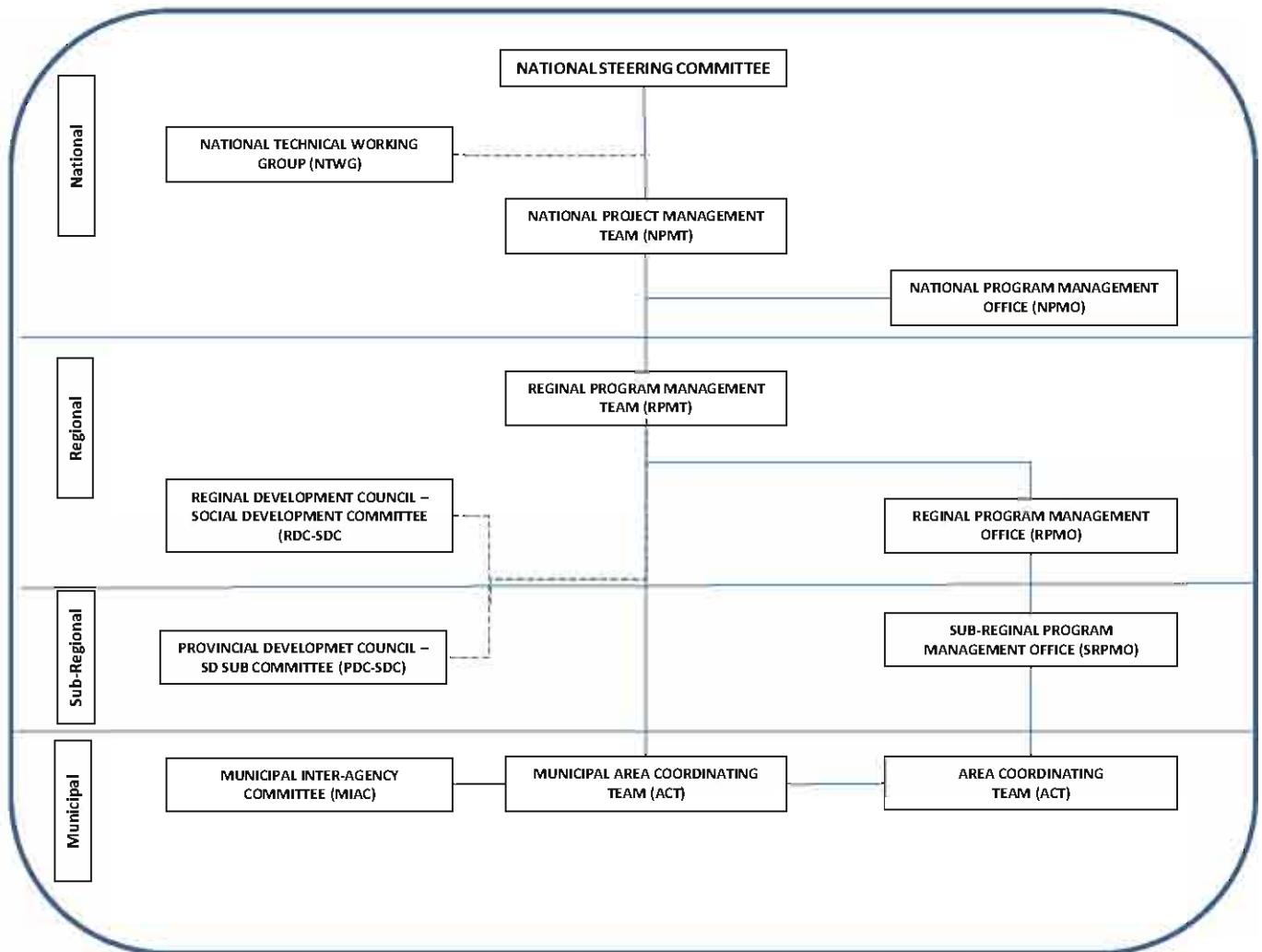
Program/National level. At the Program level, a National Steering Committee (NSC) shall provide operational policy direction to ensure that NCDDP achieves its development objective. The NSC shall likewise provide enabling policies for inter-agency and/or multi-stakeholder engagement as required for effective and efficient implementation of the Program. The NSC will be supported by a National Technical Working Group (NTWG). The NTWG shall be organized by sub-committees along thematic lines, which will be formed based on specific need.

The current KALAHICIDSS NSC and NTWG will be revitalized to confirm new representatives. Both bodies will enhance the selection processes and guidelines for broader representation of civil society and the private sector. The roles and responsibilities of the NSC and NTWG will likewise be reviewed and confirmed by its members. The review aims to:

- (i) enhance coordination with other programs and ensure synergy with national policies on poverty reduction;
- (ii) strengthen monitoring responsibilities for effective risk and problem management; and
- (iii) enhance resource mobilization and advocacy for CDD approaches.

Sub-National level. At the sub-national level, DSWD will initiate the organization of Program oversight committees. The Department will link with existing bodies, such as the Regional Development Councils through the Regional Social Development Committee, the Regional Poverty Reduction Action Team, the Provincial Development Council through the Social Development Committee and the Municipal Inter-agency Coordinating Committee/Local Poverty Reduction Action Team.

KALAHI CIDSS-NCDDP Oversight and Program Management Structure



B. Program Management Structure

The Unified National Program Management Team (NPMT). There will be a Unified National Project Management Team for KC-NCDDP, Pantawid Pamilyang Pilipino Program, and Sustainable Livelihood Program. The NPMT shall be retained to provide direction and guidance to the NPMO and to assist in resolving issues elevated by the NPMO for deliberation and action.

Composition. The Unified NPMT is headed by the DSWD Secretary and will have for its members the following:

- KC-NCDDP Deputy National Program Director for Operations
- KC-NCDDP Deputy Program Director for Finance
- Undersecretary of the Office of Policy and Program Group
- Undersecretary of the Institutional Development Group
- KC-NCDDP National Program Manager and Deputy National Program Managers
- The Director of the Poverty Reduction Programs Bureau
- The National Program Manager of Pantawid Pamilyang Pilipino Program (Pantawid)
- The Program Manager of the National Household Targeting System for Poverty Reduction (NHTS-PR)

- The Director of the Sustainable Livelihood Program
- Heads of Offices and Bureaus (OBSUs)

National Program Management Office (NPMO). The NPMO shall assume responsibility for the overall management of the KALAH-CIDSS NCDDP. The NPMO will be staffed by DSWD organic staff (who shall be seconded from other department units), contracted consultants, and staff. The NPMO shall be headed by a National Program Manager (NPM), whose office will be composed of three cross-cutting units which shall provide support to the rest of the units: (i) the Communications Unit; (ii) M& E Unit (iii) the Administrative and HR Unit.

The major functions of the National PMO shall be as follows:

1. Oversees the preparation of annual strategic thrusts and directions for implementation;
2. Prepare the operations manual and sub-manuals/field guides that define the implementation procedures and standards;
3. Oversees the preparation of annual work and financial plan at the national and regional levels;
4. Provides technical assistance to the Regional Program Management Office to ensure that sub-national implementation are consistent with national policies;
5. Analyses policy and operational issues as well as provide options for resolutions that require national-level decisions
6. Monitors the implementation of the Program in accordance with approved annual work and financial plan/s and in compliance with the Operations Manual and sub-manuals;
7. Prepares national progress reports and other monitoring reports for submission to the National Program Director, Human Development and Poverty Reduction Cluster, National Steering Committee, national oversight agencies, and donor agencies of the Program as defined in the M&E sub-manual;
8. Oversees the preparation and implementation of national-level social marketing, knowledge management and training plans;
9. Provides technical and administrative secretariat support to the NSC and TWG;
10. Undertakes and coordinate analytical work; and
11. Coordinates with external stakeholders including development partners.

Financial Management Services

The Financial Management Service for KC-NCDDP is mainstreamed under the Deputy National Program Director for Finance. It shall maintain a coordinative function with the Office of the NPM and provide support to the NPMO on financial planning, budget management, and compliance with the policies and standards to manage the resources of the NCDDP. It will also be responsible for regular reporting on the status of funds to the internal management of the DSWD, oversight agencies and development partners.

Operations and Technical Support Services

The NPM shall be supported by two Deputy National Program Managers (DNPMs), each of whom shall head the two major divisions within the NPMO: the Operations Division (OpD) and Technical Support Services Division (SSD).

The OpD shall be composed of Island Cluster Teams for Luzon, Visayas, and Mindanao, each of which shall responsible for establishing the link with the sub-national operations in their respective geographic area of coverage. The various complementary Programs under the umbrella of the KALAH-CIDSS NCDDP will also be part of the Operations Division.

The TSSD shall be divided into five thematic units: (i) Standards (ii) Capacity Development and Knowledge Management (iii) Safeguards and DRRM-CA (iv) Policy and (v) Institutional Partnerships.

Unified Regional Program Management Team or RPMT. There will be a Unified Regional Program Management Team (RPMT) for the three core poverty reduction programs of the DSWD: KC-NCDDP, Pantawid Pamilyang Pilipino Program and Sustainable Livelihood Program. The Unified Regional Program Management Team or RPMT¹³ coordinates Program implementation in the municipalities.

The RPMT is chaired by the Regional Director with the Assistant Regional Director for Operations/Regional Program Manager as alternate. It is composed of the following:

- All Division Chiefs of the Field Office
- The Regional Focal Persons/Regional Project Coordinators in charge of KC-NCDDP, SLP and Pantawid Pamilya
- Organic DSWD Staff engaged in KC-NCDDP or whose line of work are directly relevant to KC-NCDDP
- Regional GAD Focal Person
- Regional Program Staff
- Area Coordinators
- Municipal Mayors (or designated representatives)
- Municipal Social Welfare and Development Officers in KC-NCDDP municipalities
- Provincial Social Welfare and Development Officers in KC-NCDDP provinces

Regional Program Management Office (RPMO). At the regional level, implementation and management of the Program shall be the responsibility of the NCDDP Regional Program Management Office (RPMO). The RPMO, which will be headed by the Regional Director as the Regional Program Director and the Assistant Regional Director for Operations as the Regional Program Manager, will consist of the following (refer to terms of reference of NCDDP Staff for detailed functions and job descriptions):

Regional Program Management Office Staffing

Regional Program Director	DSWD FO Director
Regional Program Manager	DSWD FO Assistant Regional Director for Operations
Regional Project Coordinator	DSWD SWO or Regular Staff
Deputy Regional Program Manager	1 if more than 10 muns.
Regional Community Development Specialist	1 per FO
Regional Financial Analyst	1 per FO
Regional Capability Building Specialist	1 per FO
Regional Community Infrastructure Specialist	1 per FO
Research and Monitoring Specialist	1 per FO
Monitoring and Evaluation Officer III (Grievance Officer)	1 per FO
Monitoring and Evaluation Officer II (Data base management)	1 per FO
Social Marketing Officer	1 per FO

¹³. Memorandum from the National Project Director to all DSWD Field Offices dated June 30, 2006 on the Composition and Functions of the RPMT and RPMO.

Administrative Assistant	1 per FO
Driver	1 per FO
Financial Analyst III (Project Accountant)	1 per FO
Procurement Assistant	1 per FO
HR Assistant	1 per FO
Financial Analyst I	1 per FO
Regional Bokkeeper	1 per FO
Budget Assistant	1 per FO
Cash Clerk	1 per FO

The major functions of the Regional PMO are:

1. Implement national policies and regional directives and strategies
2. Supervise the work and performance of the SRPMT and ACTs.
3. Ensure optimum utilization of Program funds and resources
4. Ensure that social processes and sub-project implementation are on track and within desired quality levels
5. Provide technical assistance to the Sub-Regional Program Management and Area Coordinating Teams in planning and implementation
6. Manage the engagement process with the government agencies based at the region, LGUs, CSOs, and other stakeholders
7. Receive and process reports from the ACTs; prepare and submit the required reports to the NPMO
8. Facilitate the generation and dissemination of knowledge and learning.
9. Act as the secretariat to the RPMT and inter-agency bodies (RDC, RPRAT)
10. Facilitate the resolution of administrative and management issues in the region.

The overall supervision of the RPMO with respect to the delivery of targets and results is the responsibility of the NPMO which will form island cluster teams that will provide technical assistance and implementation support in setting up the systems necessary for effective and efficient operations. Needs for technical guidance and support are responded to by the Technical Support Services Division which has a pool of specialists on various fields and thematic areas. To organize the provision of such support, the MATA Island Cluster structure will be utilized as the venue to receive, rationalize and facilitate TA delivery to the RPMOs.

Sub-Regional Program Management Team (SRPMT). A Sub-Regional Program Management Team will be created for every province to manage the large geographic coverage of the NCDDP and facilitate timely provision of technical assistance to the frontline teams, the Area Coordinating Teams (assigned in each municipality), and ensure quality management of processes and outputs. The SRPMT will also be responsible for managing the provincial convergence around the strategic goals of DSWD to improve the well being of the targeted beneficiaries of the three programs (KC-NCDDP, Pantawid Pamilya and SLP) and in providing strategic support to the Municipal Action Teams, the convergence teams at the municipal level.

The SRPMT is an extension arm of the RPMO and shall perform delegated authority and responsibilities emanating from the RPMO through the Regional Program Manager. As such, the major functions of the SRPMT are similar to those of the RPMO.

Municipal Level

Area Coordinating Team (ACT)

The Area Coordinating Team (ACT) is a composite team hired by DSWD and deployed in every NCDDP municipality to implement the Program. The ACT is headed by an Area Coordinator that manages the implementation of CDD in the municipality and in areas with KC-NCDDP.

The ACT is composed of a multi-disciplinary team of hired staff as follows:

Area Coordinating Team	
Area Coordinator	1/muni
Deputy Area Coordinator	per cycle*
Municipal Financial Analyst	per cycle*
Community Facilitators	per cycle*

Cycles 1 & 2 (1:1 for AC, 1:25 brgys. for DAC & 1:4brgys for CF. The ratio can be adjusted in case assessment of staffing requirement indicates the need for such, e.g. in disaster/conflict/IP or geographically-isolated areas)

Cycle 3 (1:25 brgys for AC, DAC & MFA; 1:6 brgys for CF)

Cycle 4 (1:1 municipality for AC, DAC and MFA)

The Area Coordinating Team shall have the following functions:

1. Facilitate the effective implementation of KC-NCDDP development processes along the CEAC including convergence interventions
2. Build and strengthen the capabilities of (a) community members and volunteers, and (b) LGU stakeholders, to identify, design, select, and implement community subprojects using the CDD strategy
3. Ensure the transfer of the CDD facilitation technology to the municipal and barangay local government unit
4. Facilitate the formation and strengthening of community-based structures and grassroots organizations to engage in participatory, transparent, and accountable governance
5. Facilitate the formation of municipal learning networks for the generation and sharing of lessons on CDD.
6. Ensure that the M&E data generated by the subprojects are correct, complete, and consistent with Program standards, and are shared with the LGU.

Municipal Coordinating Team (MCT)

The Municipal Coordinating Team (MCT) is a composite team formed by the Municipal Local Government Unit (MLGU) in every NCDDP Municipality to support implementation of the Program. It will gradually take over the facilitation of the KC-NCDDP process by the third cycle.

C. Institutional Partnership Arrangements

Institutional Linkages and the Convergence of Major DSWD Social Protection Programs

For institutional linkages, the KALAHI-CIDSS NCDDP will expand on the institutional arrangements already established in KALAHI-CIDSS. The KALAHI-CIDSS NCDDP will link up externally with other national agencies and internally with other social protection programs within the DSWD.

The KALAHI-CIDSS NCDDP shall utilize existing arrangements and local structures for inter-agency and internal linkages identified in the table below. Descriptions of the functions of said

arrangements and local structures are discussed in the paragraphs above and continued in the remaining parts of this section.

Inter-Agency and Internal Linkages Arrangements

	External coordination with national agencies	Internal coordination within DSWD
National	Human Development and Poverty Reduction Cluster (HDPRC)	National Program Management Team
	NCDDP National Steering Committee	
	NCDDP National Technical Working Group	
Regional	Social Development Committee of the Regional Development Council	Regional Program Management Team
	Regional Poverty Reduction Action Team	
Provincial	Sub-Committee, Provincial Development Council	
Municipal	Local Development Council	Municipal Convergence Team (CDD, SLP and CCT)
	Municipal Inter-Agency Committee (MIAC)	
	Municipal Coordination Team (MCT)	
	Municipal Inter-Barangay Forum	
	Local Poverty Reduction Action Team (LPRAT)/expanded MDC	
Barangay	Barangay Development Council	
	Barangay Assembly	
	Community Volunteers	