

# Project Administration Manual

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Proposed Loan  
Republic of the Philippines: KALAHI–CIDSS  
National Community-Driven Development Project

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government of the Philippines (GOP) and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Department of Social Welfare and Development (DSWD) is wholly responsible for the implementation of this ADB financed project, as agreed jointly between the borrower and ADB, and in accordance with the government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by DSWD of its obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan Negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the Loan Agreement. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

### Abbreviations

ACT	–	area coordinating team
ADB	–	Asian Development Bank
AIP	–	annual investment plans
BSPMC	–	barangay subproject management committee
CDD	–	community-driven development
CEAC	–	community empowerment activity cycle
CSO	–	civil society organization
DILG	–	Department of the Interior and Local Government
DSWD	–	Department of Social Welfare and Development
EMP	–	environmental management plan
GAP	–	gender action plan
GOP	–	Government of the Philippines
GPBP	–	grassroots participatory budgeting process
IEE	–	initial environmental examination
IPP	–	indigenous peoples plan
IPPF	–	indigenous peoples planning framework
KALAHI–	–	<i>Kapit-Bisig Laban sa Kahirapan</i> (Linking Arms against Poverty)–
CIDSS		Comprehensive and Integrated Delivery of Social Services
KC-NCDDP	–	KALAHI-CIDSS National Community-Driven Development Project
LGU	–	local government unit
LPRAP	–	local poverty reduction action plan
MCT	–	municipal coordinating team
MIBF	–	Municipal inter-barangay forum
NCB	–	national competitive bidding
NCIP	–	National Commission on Indigenous Peoples
NGA	–	national government agency
NPMO	–	national program management office
PAM	–	project administration manual
PCF	–	Performance Challenge Fund
PDPFP	–	provincial development and physical framework plan
RPMO	–	regional program management office
SGH	–	seal of good housekeeping
SOE	–	statement of expenditure
SPS	–	Safeguard Policy Statement
TOR	–	terms of reference
WB	–	World Bank

## I. PROJECT DESCRIPTION

1. The KALAHI–CIDSS National Community-Driven Development Project (KC-NCDDP) will support the Government of the Philippines to restore basic social services and rebuild communities affected by Typhoon Yolanda (international name: Haiyan).<sup>1</sup>

2. **Overall development context.** The Philippines is a lower middle-income country with a human development index of 0.654, placing it 114th out of 187 countries.<sup>2</sup> From 2003 to 2012, the country's gross domestic product (GDP) grew at an average annual rate of 5.2, but poverty incidence increased from 24.9% to 27.9%.<sup>3</sup> Incomes and poverty incidence differ significantly across provinces. Many geographically isolated, hazard-prone, or conflict-affected areas and indigenous peoples' ancestral domains have very limited health services, low female participation in the workforce and local politics, and wide gender wage gaps. Progress lags in meeting Millennium Development Goals on poverty, universal primary education, and maternal health. Limited access to basic services is a key cause of poverty and inequality in the country.<sup>4</sup> Government estimates indicate that about 45% of the population is vulnerable to falling into poverty if confronted by external shocks such as health problems, family deaths, loss of employment, and disasters.<sup>5</sup>

3. **Vulnerability to natural hazards.** The Philippines is one of the world's most natural hazard-prone countries. It ranks third on the global disaster risk index, behind Vanuatu and Tonga.<sup>6</sup> Nearly 60% of the total land area is exposed to multiple hazards such as floods, earthquakes, landslides, and volcanic eruptions, and about 74% of the population is vulnerable to disasters. The country experiences about 20 typhoons every year. About 1,000 lives, on average, are lost annually due to disasters. Tropical cyclones and associated flooding account for about 75% of recorded deaths and 63% of damage. The annual cost of disasters to the economy is estimated at 0.7%–1% of gross domestic product.<sup>7</sup> The frequency and ferocity of the disasters overstretch the capacity and resources of national and local governments to respond effectively.

4. **Typhoon Yolanda.** On 8 November 2013, Typhoon Yolanda hit the central Philippines, leaving behind an unprecedented path of destruction.<sup>8</sup> An initial disaster needs assessment has been carried out.<sup>9</sup> As of 1 December 2013, death toll stands at 5,632, with another 1,759 still

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<sup>1</sup> The National Economic and Development Authority Board approved the KC-NCDDP on 18 January 2013. The design of KC-NCDDP has been adjusted to support the post-disaster efforts of the government. More broadly, the KC-NCDDP will help implement the Philippine Development Plan, 2011–2016 and the National Anti-Poverty Framework to bring about more equitable access to basic services, and reduce poverty.

<sup>2</sup> United Nations Development Programme. 2013. *Human Development Report*. New York.

<sup>3</sup> National Statistical Coordination Board. The poverty incidence estimate for 2012 is for the first semester only.

<sup>4</sup> ADB. 2009. *Diagnosing the Philippine Economy: Toward Inclusive Growth*. Manila; ADB. 2007. *Philippines: Critical Development Constraints*. Manila; A. Balisacan. 2007. Local Growth and Poverty Reduction. In A. Balisacan and H. Hill, eds. *The Dynamics of Regional Development: The Philippines in East Asia*. Cheltenham: Edward Elgar.

<sup>5</sup> Government of the Philippines, National Anti-Poverty Commission and National Statistical Coordination Board. 2005. *Assessment of Vulnerability to Poverty in the Philippines*. Manila.

<sup>6</sup> Alliance Development Works. *World Risk Report 2012*. <http://www.ehs.unu.edu/file/get/10487.pdf>.

<sup>7</sup> ADB, National Disaster Coordination Council, and United Nations. 2008. *National Assessment on the State of Disaster Risk Management in the Philippines. Final Report*. Manila.

<sup>8</sup> Summary Initial Disaster Needs Assessment (supplementary appendix accessible from the list of linked documents in Appendix 2).

<sup>9</sup> Summary Initial Disaster Needs Assessment (supplementary appendix accessible from the list of linked documents in Appendix 2).

missing, 26,136 injured, and about 0.89 million families or 4.11 million people displaced.<sup>10</sup> 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.<sup>11</sup> Preliminary government estimates indicate that Typhoon Yolanda and other recent disasters may have cut the national economic growth rate by 0.3–0.8 percentage points in the fourth quarter of 2013 alone, which is equivalent to \$900 million–\$2.5 billion of lost GDP in 2013. ADB’s preliminary forecast for 2014 is that the drop in the GDP growth rate could be as high as 1 percentage point. The combined regional economies of Central Visayas, Eastern Visayas, and Western Visayas – which account for 12.5% of the country’s GDP – could shrink by 4.0%–8.0% in 2014. Eastern Visayas’ economy could contract by 30.0% or more in 2014.

5. **Improving service delivery and responding to post-disaster needs.** Community-driven development (CDD) approaches have been used to address bottlenecks in the local delivery of basic services.<sup>12</sup> The CDD principles of participatory planning and community control of investment resources are being applied in the Philippines by the government’s Kapit-Bisig Laban sa Kahirapan (Linking Arms Against Poverty)–Comprehensive and Integrated Delivery of Social Services (KALAHI–CIDSS) project, managed by the Department of Social Welfare and Development (DSWD).<sup>13</sup> KALAHI–CIDSS<sup>14</sup> has improved basic service delivery, effectively targeted poor communities, and responded to the needs of poor households, lessening the influence of patronage in resource allocation, and job creation.<sup>15</sup> The government identifies CDD as a key pillar of the country’s development and poverty reduction strategy and is expanding KALAHI–CIDSS operations into the KC-NCDDP.

6. In the aftermath of Typhoon Yolanda, the KC-NCDDP will use CDD to support recovery and rehabilitation efforts in affected communities. International experience demonstrates the effectiveness of CDD in responding to disaster situations and reducing disaster risks. CDD is useful in emergency and post-calamity situations for the following reasons: (i) a community is the first to experience a disaster and the first to respond; (ii) communities have indigenous knowledge of hazards and mitigation; (iii) involving affected communities in determining needs and priorities helps ensure the appropriateness and sustainability of disaster responses; and (iv) organized communities are better able to demand downward accountability.<sup>16</sup>

7. The presence of CDD projects, especially in poor, remote, and disaster prone-areas, also makes them well-positioned to urgently respond to post-disaster needs and facilitate the coordination and cohesiveness of assistance. CDD projects that have established efficient management systems, including flexible procurement and disbursement procedures, can be

<sup>10</sup> National Disaster Risk Reduction Management Council, Situation Report No. 49. 1 December 2013.

<sup>11</sup> ADB estimates.

<sup>12</sup> Subsector Assessment (Summary): Community-Driven Development (accessible from the list of linked documents in Appendix 2).

<sup>13</sup> KALAHI–CIDSS was launched in 2002, with cofinancing from the World Bank. In 2004, the Spanish Agency for International Development Cooperation provided financing to it under the Empowerment and Development of Communities Project. In 2010, the World Bank provided additional financing to KALAHI–CIDSS until May 2014; the Millennium Challenge Corporation provided parallel financing. By December 2012, KALAHI–CIDSS had covered 8,435 barangays (villages) in 364 poor municipalities and supported 8,776 subprojects, reaching 1.95 million households. Some of the subprojects have helped address community needs in response to disasters.

<sup>14</sup> Overview of Community-Driven Development and the Kapit-Bisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services Project (supplementary appendix accessible from the list of linked documents in Appendix 2).

<sup>15</sup> The benefits derived from KALAHI–CIDSS are summarized in Overview of Community-Driven Development and the KALAHI–CIDSS Project (supplementary appendix accessible from the list of linked documents in Appendix 2).

<sup>16</sup> World Bank. 2009. *Building Resilient Communities: Risk Management and Response to Natural Disasters through Social Funds and Community-Driven Development Operations*. Washington DC: World Bank

tapped to quickly mobilize resources after a disaster. Indonesia expanded CDD programs to respond to urgent recovery needs after five major disasters from 2004 to 2010.<sup>17</sup> The post-disaster experience of Aceh and Nias highlighted the following outcomes of CDD programs (i) funds were fully disbursed ahead of schedule; (ii) more outputs were delivered than other programs; and (iii) there was greater transparency and accountability than most other government projects.<sup>18</sup>

8. With the presence of KALAHİ–CIDSS in about 90% of the Yolanda-affected areas and building on the long running KALAHİ–CIDSS management systems, the KC-NCDDP will be well positioned to address the post-disaster needs of communities through the KC-NCDDP. The KC-NCDDP will provide support to recovery and rehabilitation activities in over 14,000 barangays (villages) of over 500 municipalities across 39 provinces affected by Typhoon Yolanda, covering an estimated 3.3 million households. It will provide (i) grants for planning and implementing CDD subprojects, (ii) capacity building and implementation support, and (iii) program management M&E.

9. The project is aligned with ADB's Disaster and Emergency Assistance Policy by assisting the government restore and rebuild economic, social and governance activities in typhoon-affected communities.<sup>19</sup> It is also aligned with ADB's sector and thematic assessments, which stress strengthening capacity for disaster risk management, and promoting gender equality and women's empowerment. ADB has closely coordinated with the government and other development partners in the design of the KC-NCDDP as well as in rehabilitation and recovery efforts.<sup>20</sup> The project is consistent with the government's Yolanda Recovery and Rehabilitation Plan.

10. ADB's response includes the immediate deployment of the Typhoon Yolanda Response Team and the following development assistance: (i) a \$3 million grant from the Asia Pacific Disaster Response Fund to help meet immediate expenses to restore life-saving services; (iii) a \$20 million grant from the Japan Fund for Poverty Reduction to help rebuild livelihoods of affected people in Eastern Visayas; and (iv) a \$500 million EAL to support the post-disaster efforts of the government. ADB's support to the government's conditional cash transfer program partially funds 200,000 families in the affected areas, with at least 69,000 households in the severely affected areas.<sup>21</sup> In collaboration with other development partners, ADB assisted the government in the preparation of the Yolanda Recovery and Rehabilitation Plan. ADB has ongoing and planned operations in the affected areas.

11. **Impact and outcome.** The impact will be improved resiliency of poor communities to natural hazards. The outcome will be improved access to services and infrastructure for

<sup>17</sup> These are (i) Aceh tsunami in December 2004, (ii) North Sumatra and Aceh earthquake in March 2005, (iii) Java earthquake in May 2006, (iv) West Java tsunami in July 2006, and (v) Mt. Merapi volcanic eruption in October 2010.

<sup>18</sup> The Indonesian Program Nasional Pemberdayaan Masyarakat Mandiri: Lessons for Philippine Disaster Risk Management (accessible from the list of linked documents in Appendix 2). See also L. Campeau. 2007. *Aceh and Nias, Indonesia: Results Achieved using Community Reconstruction following the Tsunami-Disaster in December 2004*. Sourcebook on Emerging Good Practice on Managing for Development Results, 2nd Edition. Washington DC: World Bank; World Bank. 2012. MDF–JRF Knowledge Notes: *Lessons Learned from Post-Disaster Reconstruction in Indonesia*. Jakarta: World Bank.

<sup>19</sup> ADB. 2004. Disaster and Emergency Assistance Policy. Manila

<sup>20</sup> Development Coordination (accessible from the list of linked documents in Appendix 2).

<sup>21</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Technical Assistance Grant, and Administration of Technical Assistance Grant to the Republic of the Philippines for the Social Protection Support Project*. Manila.

communities in affected provinces and their participation in more inclusive local disaster risk reduction and management planning, budgeting, and implementation.

12. **Outputs.** The project has the following outputs (i) Community-driven development subprojects selected, implemented, and completed, (ii) institutional and organizational capacity strengthened, and (iii) program management and M&E systems enhanced.

13. **Output 1: Community-driven development subprojects selected, implemented, and completed.** Planning and investment grants will be provided to more than 6,000 barangays, benefiting an estimated 900,000 households. Planning grants will support participatory and gender-inclusive planning by barangay residents as well as technical assistance to ensure effective subproject selection and implementation. Investment grants will support subprojects and activities that respond to community priorities.<sup>22</sup> Rehabilitation and recovery efforts will emphasize building back better and disaster-resilient community infrastructure. Subproject eligibility will be based on an open menu and subject to an exclusion list.<sup>23</sup> The open menu will include community proposals on disaster response and risk reduction.

14. Community planning will be facilitated in barangays. KC-NCDDP staff will undertake community organization and facilitation in cooperation with community volunteers trained in participatory planning and subproject preparation and implementation. Community subprojects will be identified and selected for submission to a municipal forum. Community leaders and volunteers selected by barangay residents will represent their barangay in the forum where subprojects will be prioritized based on size of the investment grant allocated to the municipality and locally agreed selection criteria.<sup>24</sup> Program staff will undertake due diligence on subprojects before funding is committed.<sup>25</sup> Barangays with prioritized subprojects will organize implementation teams to supervise and administer the subprojects.

15. **Output 2: Institutional and organizational capacity strengthened.** The project will support capacity development of municipal DSWD program staff who will provide facilitation support, technical assistance, subproject oversight, and local coordination.<sup>26</sup> About 4,000 program staff and their LGU counterparts will be trained in CDD, development planning and management, conflict resolution, mediation within and between barangays, quality review, local poverty assessment, and M&E. Program staff and stakeholders will be trained to (i) develop competencies in disaster-risk management; (ii) apply environmental and social safeguard policies;

<sup>22</sup> Investment grant amounts are based on a formula using population size and poverty incidence.

<sup>23</sup> The open menu of subprojects includes community water systems, schools, day-care centers, health stations, electrification, tribal housing, access roads, small bridges or footbridges, pre- and post-harvest facilities, equipment and materials support, irrigation, drainage, sanitation, flood control, seawalls, soil protection, and artificial coral reef sanctuaries. In the aftermath of disasters, the menu may be adjusted to allow investments needed or justified in a post-disaster or emergency context (e.g., repair of public buildings, debris removal, shelter construction and repairs, use of chainsaws for cutting fallen trees), including investments for cash for work or food for work, as mutually agreed by DSWD and ADB. The exclusion list includes activities that may be harmful to the environment or indigenous peoples such as weapons, chainsaws, explosives, pesticides, insecticides, herbicides, asbestos, and other potentially dangerous materials and equipment; fishing boats and nets exceeding the government-prescribed size and weight; road construction into protected areas; political and religious activities, rallies, and materials; and activities employing children under 16 or unfairly exploiting women or men of any age.

<sup>24</sup> Paras. 29 to 30 of the project administration manual discuss subproject selection criteria and process.

<sup>25</sup> This will comprise technical, economic, social, and financial viability assessments, including safeguard compliance.

<sup>26</sup> In response to a government request, a capacity development technical assistance for \$1.5 million will be prepared and financed separately. It will complement capacity development under the KC-NCDDP with the (i) formulation of a learning and development framework; (ii) completion of curriculum design and learning modules; and (iii) establishment of institutional support systems.



(iii) respond to special circumstances such as vulnerability to natural hazards and climate change, presence of indigenous communities, and areas affected by conflict; (iv) facilitate community organization to ensure the inclusion and participation of marginalized groups in subprojects; and (iv) embed participatory approaches in government systems and processes. The project will strengthen KC-NCDDP's financial management system, grievance redress and social accountability mechanisms, and knowledge development and exchange.

**16. Output 3: Program management and monitoring and evaluation systems enhanced.**

The project will strengthen program management and M&E systems by supporting the development and maintenance of a management information system in DSWD for tracking, measuring, and reporting progress using key performance indicators. The system will include national and regional electronic file management of community requests for fund release and supporting documents. The project will also support third party M&E, at least one special study, and capital expenditure requirements for program management. The KC-NCDDP operations manuals have been updated and harmonized with ADB policies and procedures.

## **II. IMPLEMENTATION PLANS**

### **A. Project Readiness Activities**

Indicative Activities	Month						Responsibility
	1	2	3	4	5	6	
Advance contracting actions				√			DSWD/ADB
Retroactive financing actions				√			DSWD/ADB
Establish project implementation arrangements		√					DSWD
ADB Board approval	√						ADB
Loan signing		√					ADB/DOF
Government legal opinion provided			√				GOP
Government budget inclusion				√			DSWD/DOF/LGU
Loan effectiveness				√			ADB/GOP

ADB = Asian Development Bank, DOF = Department of Finance, DSWD = Department of Social Welfare and Development, GOP = Government of the Philippines, LGU = local government unit.

## B. Overall Project Implementation Plan

Indicative Activities		2014				2015				2016				2017			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Outputs																	
<b>I</b>	<b>CDD subprojects selected, implemented, and completed</b>																
1.1	Community social preparation and mobilization																
1.2	Selection of subprojects																
1.3	Transfer of investment grants for implementation																
<b>II</b>	<b>Institutional and organizational capacity strengthened</b>																
2.1	KC-NCDDP capacity building plan finalized																
2.2	Capacity building program for the KC-NCDDP and LGU staff																
2.3	Performance management system for LGUs developed																
2.4	Grievance redress and social accountability mechanisms enhanced and installed																
<b>III</b>	<b>Program management and M&amp;E systems enhanced</b>																
3.1	National, regional, and municipal technical specialists and consultants and support staff hired																
	NPMO																
	RPMO																
	Specialists/consultants																
3.2	Management information and M&E systems developed and operationalized																
3.3	Evaluation and special studies designed and procured																
	<b>Management Activities</b>																
	Procurement plan key activities to procure contract packages																
	Consultant selection procedures																
	Environment management plan key activities																
	Gender action plan key activities																
	Communication strategy key activities																
	Annual/mid-term review																
	Project completion report																

CDD = community-driven development, LGU = local government unit, M&E = monitoring and evaluation, KC-NCDDP = KALAHI-CIDSS National Community-Driven Development Program, NPMO = national program management office, RPMO = regional program management office.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations–Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Executing Agency	<p>Department of Social Welfare and Development (DSWD)</p> <p>As lead agency, DSWD will:</p> <ul style="list-style-type: none"> <li>(i) Directly manage and supervise the implementation of the program</li> <li>(ii) Oversee and coordinate the implementation, monitoring and evaluation of the program</li> <li>(iii) Coordinate with national government agencies (NGAs) involved in the program with regard to policy development, delivery of services and counterpart funding for subprojects, and technical assistance</li> <li>(iv) Work with local government units (LGUs) in providing technical assistance, counterpart funding for subprojects, and development of local development and poverty reduction plans consistent with community aspirations</li> <li>(v) Build capacities of partner NGAs and LGUs in undertaking community-driven development programs during program implementation</li> <li>(vi) Serve as repository of information and data about the program and share relevant information to the public to promote community-driven development</li> <li>(vii) Mobilize, manage, and account for all program funds and resources</li> <li>(viii) Coordinate and collaborate with different development partners providing funding to the program</li> <li>(ix) Provide support and supervise implementation, and ensure compliance with the loan agreement</li> <li>(x) Ensure that the project achieves expected outputs and outcomes</li> <li>(xi) Ensure compliance with good governance, social safeguards, and anti-corruption measures</li> <li>(xii) Technical assistance</li> </ul>
National Project Management Office (NPMO)	<ul style="list-style-type: none"> <li>(i) Provide overall management of the project for the DSWD</li> <li>(ii) Plan, direct, and coordinate project implementation across all regions and agencies, including LGUs</li> <li>(iii) Formulate the framework of strategies and procedures for service delivery, training and social marketing/communications systems within which the units responsible for managing different project sub components will operate</li> <li>(iv) Prepare progress reports to the DSWD, national oversight agencies, and donor agencies</li> <li>(v) Coordinate the efforts of LGUs, NGOs, media and other partner agencies to monitor <i>barangay</i> subprojects, in accordance with instituted procedures</li> <li>(vi) Administer the project Imprest Account</li> </ul>
Regional Project Management Office (RPMO)	<ul style="list-style-type: none"> <li>(i) Provide management and supervision of the project at the regional level</li> <li>(ii) Supervise the work and performance of the ACTs</li> <li>(iii) Ensure the optimum utilization of project funds and resources</li> <li>(iv) Administer the subproject accounts</li> <li>(v) Provide technical assistance to ACTs in planning and implementation</li> <li>(vi) Manage the engagement process with government agencies, LGU's, NGOs and other stakeholders</li> <li>(vii) Receive and process reports from ACTs and prepare and submit the required reports to the NPMO</li> <li>(viii) Facilitate the generation and dissemination of knowledge and learning within the region</li> <li>(ix) Provide secretariat services to project related regional organizations</li> </ul>

Project Implementation Organizations	Management Roles and Responsibilities
Area Coordinating Teams (ACT)	<ul style="list-style-type: none"> <li>(i) Facilitate effective implementation of project development processes along the CEAC</li> <li>(ii) 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</li> <li>(iii) Ensure the transfer of the CDD facilitation technology to the municipal and <i>barangay</i> local government unit</li> <li>(iv) Facilitate the formation and strengthening of community-based structures and grassroots organizations to engage in participatory, transparent, and accountable governance</li> <li>(v) Facilitate the formation of municipal learning networks for the generation and sharing of lessons on CDD.</li> <li>(vi) Ensure that the M&amp;E data generated by the subprojects are correct, complete, and consistent with project standards, and are shared with the LGU</li> </ul>
Local Government Units (LGUs) (municipalities and <i>barangays</i> )	<p>LGUs play an important role in the project. Their responsibilities are often defined and agreed upon prior to the start of implementation and include among others:</p> <ul style="list-style-type: none"> <li>(i) Provide overall guidance in local development planning</li> <li>(ii) Provide counterpart contributions in support of <i>barangay</i> subprojects</li> <li>(iii) Provide assistance in due diligence and technical plans preparation of subprojects</li> <li>(iv) Receive capacity building interventions to facilitate project strategies and approaches into LGU planning and implementation processes</li> <li>(v) Spearhead the legislation of ordinances/orders to provide mechanisms institutionalizing the principles of participation, transparency, and accountability</li> <li>(vi) Organize and convene <i>barangay</i> development council and committees, inter-<i>barangay</i> forums and monitor activities</li> <li>(vii) Access/ mobilize funds for prioritized and non-prioritized subprojects of the communities and <i>barangays</i></li> <li>(viii) Monitor and evaluate the overall implementation of the project at the municipal level</li> <li>(ix) Provide assistance in due diligence and technical plans, and preparation of subprojects.</li> </ul>

## B. Key Persons Involved in Implementation

### Executing Agency

Department of Social Welfare and Development

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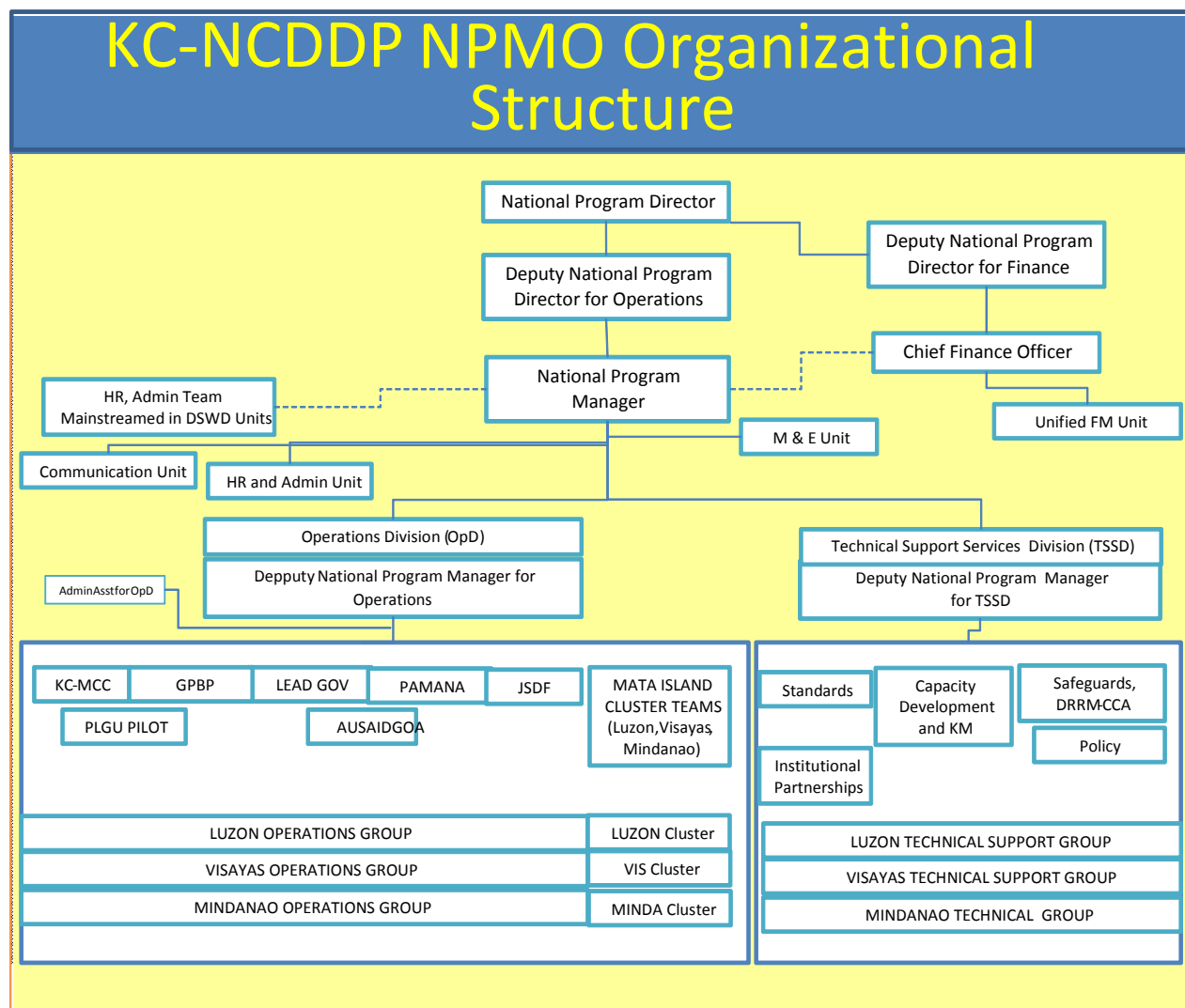
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### **C. Program Organization Structure**

17. The program management structure is generally divided between the National Program Management Office (NPMO) (responsible for national policy and technical assistance) and the Regional Program Management Office (RPMO) (responsible for field operations). The Secretary of the DSWD acts as the National Program Director and heads the National Program Management Team (NPMT) which is made up of the Deputy National Program Director for Operations and Deputy National Program Director for Finance, the National Program Manager, the two Deputy National Program Managers and the heads of other DSWD units that will be providing technical support to the program. The Human Resources and Administration (which is mainstreamed in the corresponding offices of DSWD), Communications and M&E Units are placed under the supervision of the National Program Manager. The main responsibilities in program implementation will be distributed between the Operations Division (headed by the Deputy National Program Manager for Operations) and the Technical Support Services Division (headed by the Deputy National Program Manager for Technical Support Services).

**Figure 1: National Community-Driven Development Program Organizational Structure  
National Program Management Organization**



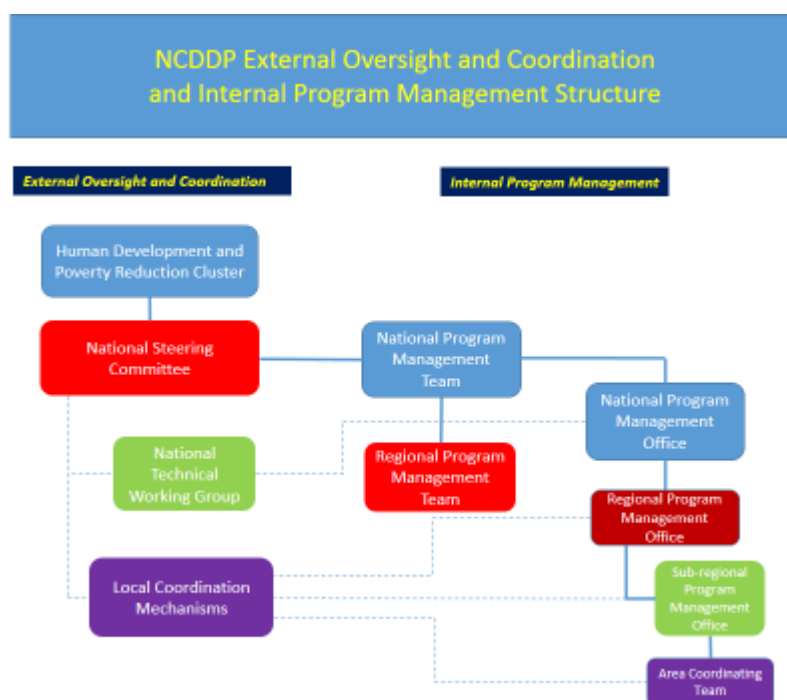
DRRM-CCA = disaster risk reduction and management-climate change adaptation, DSWD = Department of Social Welfare and Development, GOA = Government of Australia, GPBP = Grassroots Participatory Budgeting Process (formerly known as bottom-up budgeting or BUB), HR = human resources, JSDF = Japan Special Development Fund, KC-MCC = KALAHÍ-CIDSS-Millennium Challenge Corporation, KM = knowledge management, M&E = monitoring and evaluation, KC-NCDDP = KALAHÍ-CIDSS National Community-Driven Development Program, NPMO = national program management office, PAMANA = Payapa at Masaganang Pamayanan (peaceful and resilient communities), PLGU = provincial local government unit.

18. Program oversight is performed by the Human Development and Poverty Reduction Cluster (HDPRC)<sup>27</sup> through reports of the DSWD Secretary. A national steering committee (made up of undersecretaries of the national government agencies (NGAs) involved in the program as well as civil society organizations (CSO) representatives) acts as the main coordinating and technical oversight unit. Thematic technical working groups shall be created

<sup>27</sup> The Cluster is chaired by DSWD and includes the Departments of Agriculture, Education, Agrarian Reform, Health, Labor and Employment, and Interior and Local Government, as well as the Housing and Urban Development Coordinating Council and the National Anti-Poverty Commission.

under this unit to address specific technical issues. The Local Coordination Mechanisms are made up of the regional and provincial development councils (which serve both as a policy oversight and coordination structure in which the regional and sub-regional offices of the DSWD shall be a member) and the Municipal Inter-agency Committees (MIACs) (which provide technical assistance to the Area Coordinating Teams [ACTs] and community volunteers [CVs] in developing and constructing the subprojects). They also serve as local policy coordination bodies for the program. These structures also serve as platforms for DSWD to promote mainstreaming and capacity building for CDD towards other government agencies.

**Figure 2: KC-National Community Driven Development Program Program Oversight Structure**



KC-NCDDP = KALAHI–CIDSS National Community-Driven Development Program.

#### **D. Program Linkages**

19. KC-NCDDP implementation interfaces with other key government reform programs providing opportunities for stronger development effectiveness, which include (i) the Grassroots Participatory Budgeting Process (GPBP)<sup>28</sup> initiatives of the Department of Budget and Management (DBM), that provides pure grants to municipalities for sector projects through nine NGAs; and, (ii) the Performance Challenge Fund (PCF) of the Department of the Interior and Local Government (DILG), which provides matching grants to all levels of local governments except *barangays*. Although they share common principles in as far as participatory planning and budgeting are concerned, the scope, activities, approach and delivery systems of these programs are different. KC-NCDDP can capitalize on enriching linkages, partnerships, and cooperation with DBM and DILG, thereby expanding the benefits of CDD as well as enhance KC-NCDDP sustainability.

<sup>28</sup> Formerly known as Bottom-up Budgeting (BUB).

20. GPBP grants are appropriated as line budget items of the 17 NGAs and allocated through the municipal governments for rural infrastructure investments in key sectors such as agriculture, health and education. The preparation of the Local Poverty Reduction Action Plan (LPRAP) will serve as the basis for the annual appropriation and the subsequent allocation of grants to municipalities. The LPRAP undergoes participatory planning and budgeting processes at the *barangay* and municipal levels in consultation with CSO and people's organizations (POs). Each municipal local government will implement project(s) with the Seal of Good Housekeeping (SGH) – a minimum good governance measure developed by the DILG; otherwise, the concerned NGA will implement the project(s) directly. In 2013, the GPBP covers the 609 poorest municipalities, and this will double to more than 1,236 municipalities by 2014.

21. The PCF is a cost-sharing program open to provinces, cities, and municipalities. It matches the investment of LGUs in capital projects on a 50–50 cost sharing basis up to predetermined funding limits, i.e., P1 million for municipalities, P3 million for cities, and P7 million for provinces. The LGUs need to obtain a SGH in order to be eligible for the PCF grant. Proposed projects must be supportive of national government strategies and objectives, e.g., the Millennium Development Goals and be included in the LGU's development plans – Comprehensive Development Plan (CDP) for municipalities and cities, and the Provincial Development and Physical Framework Plan (PDPFP) for provinces – and their respective Annual Investment Programs (AIPs). The grantee LGUs and/or its component LGUs implement the approved project. The PCF allocation amounted to Php30 million in 2010, and increased to Php500 million in 2012, Php750 million in 2012 with an additional of Php250 million as disbursement acceleration fund, and Php1 billion in 2013.

22. KC-NCDDP, GPBP, and PCF aim to improve local delivery of critical goods and services as well as encourage good local governance through participatory and consultative processes. However, there are key distinctions in the processes and implementation of these programs. In the formulation of the LPRAPs, CSOs in the area are required to participate but their membership may not necessarily represent majority of the communities, especially the poor ones. Similarly, the CDP and AIPs are also formulated as a result of consultative processes at the *barangay* level, but the mechanism for the conduct of the process is an open menu with the output considered as compliant as long as the requirement of the Local Government Code of 1991 on the number of representatives from CSOs, are met at the minimum.

23. The KC-NCDDP, similar to its predecessor program KALAHI–CIDSS, engages, organizes, and builds the capacities of communities to actively and significantly participate at all levels of planning and budgeting from the *barangay* to the municipality. Under the KC-NCDDP, as in the KALAHI–CIDSS, funds will be transferred to the local communities for subproject implementation. The *barangay* and municipal local governments provide technical support and local counterpart contribution (LCC) in cash and/or kind.

24. KC-NCDDP focuses on the service delivery gaps at the community level identified by the community members thus empowering them to implement the appropriate projects needed to address these gaps. On the other hand, the GPBP and the PCF focus on key sectors (e.g., agriculture, health, water, etc.) and address service delivery gaps through the implementation of projects by local governments or by the concerned sector agency. These programs are seen to be supplementary and complementary with each other.

25. The government has adopted CDD as a national program, with DSWD as the lead responsible agency supported by other NGAs to ensure complementation and avoid competition and disparate investment planning and program implementation. Technical assistance under



the KC-NCDDP will explore mechanisms by which the Community Empowerment Activity Cycle (CEAC), particularly the Participatory Situation Analysis (PSA), of the KALAHI–CIDSS process can be integrated into the formulation of the LPRAP, CDP, and PDPFPs through a common set of indicators and data sets. Consequently, this will have a significant impact on how NGAs and LGUs implement the GPBP as well as how LGUs formulate their CDPs, PDPFPs and AIPs. The CEAC can also evolve to better suit the needs of the GPBP, CDP, and PDPFP. Harmonizing the CEAC process with the GPBP schedules and with the extensive participatory process required under the GPBP with the CEAC process may likewise be explored. In effect, these programs can become mutually reinforcing. DSWD envisages strengthening its linkages with the concerned agencies, particularly the DILG and the sector agencies under the HDPRC which includes the departments of agriculture, education, and health, among others.<sup>29</sup>

26. DSWD will harness its partnership with and support from DILG for the expansion of the KALAHI–CIDSS program under KC-NCDDP, building on the lessons from the KALAHI–CIDSS. In doing so, DSWD can enrich DILGs existing programs such as the PCF through the eventual inclusion of CDD indicators in the SGH. CDD indicators can also be included in the DILG's Local Governance Performance Management System (LGPMS), which is a self-assessment tool that the DILG has developed for LGUs. Finally, the DSWD and the DILG can jointly explore capacity building activities in mainstreaming CDD into the processes and structures of the LGUs. For example, they can look into how LGUs can be encouraged to use their own funds or cost-share training for CDD programs in areas such as disaster response management (DRM). The DILG can issue a department circular instructing LGUs to utilize their Calamity Funds for training in DRM with some cost-sharing provided by the DILG, DSWD or development partner based on the income class of the LGU or poverty incidence.

## **E. Implementation Cycle for Subprojects**

27. A list of disaster affected communities will be published by the government. Disbursements to these communities, at least for the 2014 cycle of grant funds, will follow the following Disaster Disbursement Procedures. All affected barangays will participate in one or more accelerated CEAC cycles for post disaster recovery grants. The shortened CEAC consists of subproject identification, approval and implementation.

28. **Social preparation.** Municipal level Area Coordination Teams (ACTS), recruited and specially trained by DSWD to react in a post disaster context, will identify up to 5 barangay community volunteers, to act as the Barangay Sub Project Management Team (BSPMT), including at least two women, to implement the sub project. A BSPMT Leader and a Treasurer will be appointed by the BSPMT.

29. **Sub project identification and development.** In order to assist the BSPMT to identify appropriate subprojects in a post-disaster context, ACTs will distribute a short 'positive list' of high impact community projects that are relatively fast to implement by the community, including, but in no way limited to: shelters, clean water supply, toilets and sewerage management (septic tanks), road construction, health clinic, school rooms, community accommodation or community centers. This short positive list is used as a guide; however BSPMTs are able to propose other activities to meet community priorities. The barangay representatives will participate in a workshop to identify the criteria for ranking subproject proposals. Such criteria may include, for example, beneficiary reach, cultural acceptability, and

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<sup>29</sup> The DSWD is one of the key government agencies responsible for relief and recovery operations during emergency and post-disaster situations.

quality of benefits. The BSPMTs will consult with at least ten other villagers to identify a community sub-project vital for their community recovery (with exceptions of a negative list). The Community volunteers then proceed to design the project they have selected, guided by standards and safeguards that have been provided by ACT. A short-form project proposal is prepared by the BSPMT using a prescribed format. This proposal will already include a Request for Funds Release.

30. Ten other villagers (of whom at least 5 must be women), will sign the sub project proposal document. Where a Barangay Captain in existence he/she will endorse the sub project proposal as i) being vital to community recovery, ii) not known to be duplicated or planned to be duplicated by another agency, iii) signed by at least ten other villagers in support. Where no Barangay Captain is physically able to endorse a sub project proposal, then the ACT Coordinator will be available to endorse.

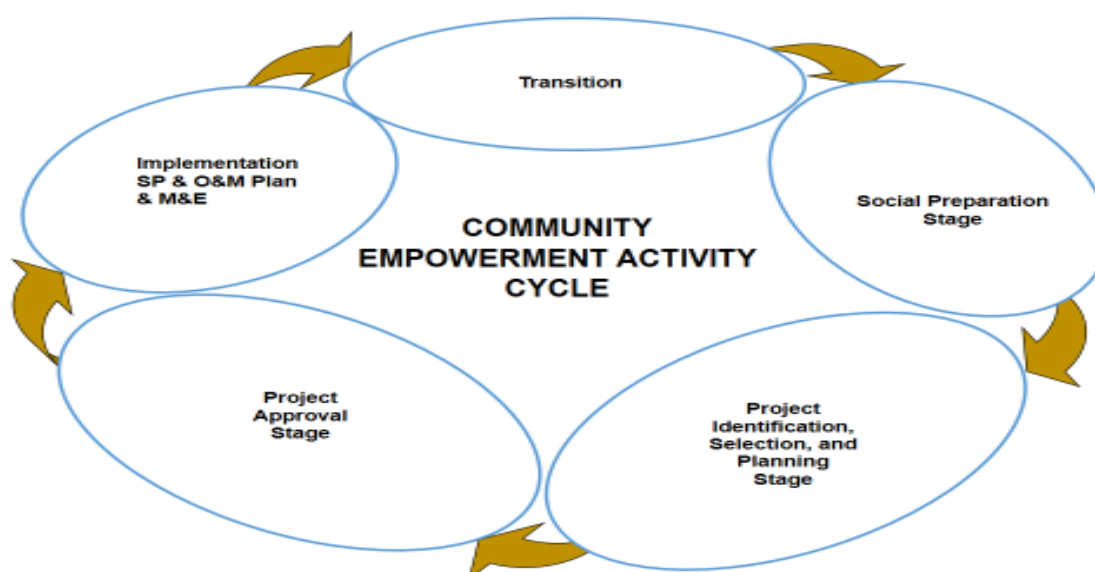
31. The proposals are compiled and reviewed by the ACT Coordinator and within 5 working days of receipt are physically delivered to the KC-NCDDP Sub-Regional office by the ACT Coordinator for review, approval and disbursement of funds by the Regional Coordination Team to the barangay sub-project bank account.

32. **Subproject implementation.** ACT members will provide on the job training in community level procurement and management of grant funds, using simple, pre-designed forms. The BSPMT will open a community bank account and appoint signatories, which would include Treasurer of the SPMT and a local official if in existence (i.e., the Barangay Treasurer or other Barangay level official). From the sub grant allocation, 100% of the funds required to implement the sub project will be deposited in the bank account by DSWD. In cases where no bank is readily available, the ACT will coordinate that the BSPMT will come to the municipal, sub-regional or regional level field office to receive funds directly. At this time the ACT will oversee that the BSPMC immediately procures goods and accounts for funds received and disbursed. A memorandum of agreement will be executed between DSWD and the municipality in which the barangay is located under which the municipality agrees to comply with the Project Manuals. Furthermore, prior to the disbursement of funds to a barangay sub-project bank account, the barangay will execute and deliver a barangay sub-project implementation agreement under which (amongst others) it agrees to carry out the sub-project with due diligence and efficiency, maintain the BSPMT during sub-project implementation, use the funds exclusively to carry out the sub-project, establish and maintain a financial management system, including records and accounts, prepare financial reports and other matters specified by DSWD.

33. ACT financial management consultants, will work with community volunteers to conduct an accountability review and report to the community at a meeting of at least ten villagers and the Barangay Captain. Both COA and DSWD internal auditors and will also conduct an ex-poste review of a sample of projects.

34. Community volunteers, the barangay officials review their need for another cycle of post disaster grant funds under the project.

**Figure 3: Community Empowerment Activity Cycle**



M&E = monitoring and evaluation, O&M = operation and maintenance, SP = subproject.

## **F. Technical Assistance**

35. Technical assistance needs for the KC-NCDDP are evolving. These include capacity development needs assessment related to CDD for LGUs and a design for a capacity development program to address the needs identified under the assessment. A study on CDD indicators for LGU performance management systems such as the SGH and the LGPMS may be pursued. Although these needs may not be addressed directly by the KC-NCDDP, technical assistance resources are still available under the ADB and the WB as well as other development partners such as the Government of Australia, which has been supportive of the KALAH-CIDSS and MT programs. Some of these activities may be covered by other concurrent development partner projects such as the European Union's Local Government Unit Public Financial Management (LGU-PFM) project.

36. Given the concerted efforts of the development partners to support KC-NCDDP, it is important to first conduct an in-depth review of the current and prospective technical assistance needs of the KC-NCDDP that have evolved in the course of project preparation and as currently designed. ADB—in coordination with WB, the Government of Australia, and other development partners—will take the lead in capacity development assessment for KC-NCDDP.

37. Manuals describing appropriate procedures, management controls and training program will be prepared in advance so that the program can quickly respond to community needs.

## **G. Disaster Response Management**

38. In times of natural disaster, the CDD mechanism adopted under KC-NCDDP has been used internationally to support governments in providing an informed, coordinated, accelerated response at scale, to meet community needs. Drawing lessons from CDD in post-Tsunami experience in Aceh, Indonesia, 2005 to 2008 and post-conflict in Timor-Leste 2002–2004, KC-

NCDDP can provide the platform and infrastructure for the following disaster response mechanisms (i) delivery of direct cash transfers, (ii) *barangay*/community level infrastructure recovery, (iii) disaster response coordination, (iv) scale-up of block grants from the national government, (v) adjustment of CDD design to speed up response, (vi) facilitate donor coordination, and (vii) accelerate local economic recovery. By leveraging the project's network of facilitators and community volunteers, infrastructure and equipment can be simultaneously rehabilitated or replaced in a cost-efficient manner across a number of communities.

39. Immediate needs are mapped and prioritized by the communities themselves and disseminated to all levels of government and donors through the project information systems. Disbursements can be accelerated without compromising the project's robust fiduciary controls and principles of participation and good governance. In addition, government agencies and donors are able to course additional funds through the KC-NCDDP mechanism to meet increased community needs more quickly.

#### IV. COSTS AND FINANCING

40. The KC-NCDDP has an estimated cost of \$1,132.0 million (excluding finance charges), of which the government will finance 24% and the proposed ADB loan 33%. The government has requested the World Bank to finance 42%, and the Government of Australia will provide a grant equal to 1%. The project is estimated to cost \$663.838 million. The government requested an EAL<sup>30</sup> of \$372,103,895 from ADB's ordinary capital resources with a 4-year implementation period, to cofinance the KC-NCDDP, including taxes and duties.<sup>31</sup> The loan will have a 32-year term, including a grace period of 8 years, custom tailored repayment method, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, and such other terms and conditions set forth in the loan agreement. Based on this, the average loan maturity is 18.97 years and the maturity premium payable to ADB is 0.20% per annum. The government will provide \$291.7 million in counterpart financing (including taxes duties and financing charges), which will be used principally to cover a share of the community grants, capacity building, and administrative costs.<sup>32</sup> The project investment plan is in Table 1. The financing plan is in Table 2.

<sup>30</sup> Operations Manual D7 (Disaster and Emergency Assistance) states that a proposed EAL must have an implementation period set normally up to two years for natural disasters and may be exceptionally extended for, at most, two additional years when the level of destruction and dislocation are deemed extreme. In the aftermath of Typhoon Yolanda, the proposed four-year project implementation period is reasonable.

<sup>31</sup> Including taxes and duties in ADB-financed project expenditures is consistent with the country partnership strategy. Taxes and duties are not an excessive share of the project cost and are material to the success of the project.

<sup>32</sup> This includes all government financing of the program, not just counterpart financing for the ADB loan.

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Priority community subprojects completed and community capacity enhanced	403.8
2. Institutional and organizational capacity strengthened	183.0
3. Program management and monitoring and evaluation enhanced	51.5
<b>Subtotal (A)</b>	<b>638.3</b>
<b>B. Contingencies<sup>c</sup></b>	<b>1.2</b>
<b>C. Financing Charges during Implementation<sup>d</sup></b>	<b>24.3</b>
<b>Total (A+B+C)</b>	<b>663.8</b>

<sup>a</sup> Includes taxes and duties of \$26 million included in the base cost and financed from the government and the Asian Development Bank (ADB) loan resources. Of this amount, ADB will finance an estimated \$21 million.

<sup>b</sup> In mid-2013 prices.

<sup>c</sup> Price and physical contingencies are computed at 5% for training. These do not include Output 1 contingencies.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for the ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.40%. Commitment charges for the ADB loan are 0.15% per year, charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

**Table 2: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	372.1	56.1
Government	291.7	43.9
<b>Total</b>	<b>663.8</b>	<b>100.0</b>

Source: Asian Development Bank estimates.

**A. Detailed Cost Estimates by Expenditure Category and Output**

Item	Total <sup>a</sup> Cost (\$ 000)	% of Total Base Cost <sup>b</sup>
<b>1. Investment Costs<sup>c</sup></b>	<b>403,774</b>	<b>63.27</b>
A. Investment Grants	310,076	48.58
B. Planning Grants	93,698	14.68
<b>2. Equipment, Vehicle and Furniture</b>	<b>1,344</b>	<b>0.21</b>
<b>3. Advocacy and IEC Materials</b>	<b>739</b>	<b>0.12</b>
<b>4. Training, Workshops and Meetings</b>	<b>23,808</b>	<b>3.73</b>
A. ACT	10,755	1.69
B. LGU/ NGA implementers	12,039	1.89
C. NPMO/RPMO	1,014	0.16
<b>5. Consulting Services</b>	<b>1,200</b>	<b>0.19</b>
A. Capacity Development	1,000	0.16
B. Social Marketing (Advocacy)	100	0.02
C. Studies	100	0.02
<b>6. Monitoring and Evaluation</b>	<b>11,504</b>	<b>1.80</b>
<b>7. Recurrent Costs</b>	<b>195,852</b>	<b>30.69</b>
<b>Total Base Cost</b>	<b>638,221</b>	<b>100.00</b>
<b>8. Unallocated – Contingencies<sup>d</sup></b>	<b>1,240</b>	
<b>9. Finance Charges During Project Implementation<sup>e</sup></b>	<b>24,376</b>	
A. Interest During Implementation	23,818	
B. Commitment Charges	558	
<b>Total Project Cost</b>	<b>663,838</b>	

<sup>a</sup> Includes taxes and duties of \$26 million, which are included in the base cost and to be financed from both government and ADB loan resources.

<sup>b</sup> In mid-2013 prices.

<sup>c</sup> Includes contingencies.

<sup>d</sup> Physical contingencies computed at 5% for training.

<sup>e</sup> Includes interest and commitment charges. Interest during construction for ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.40%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank.

## B. Detailed Allocation and Withdrawal of Loan Proceeds

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS				
Number	Item	Total Amount Allocated for ADB Financing		Basis for Withdrawal from the Loan Account
		Category	Subcategory	
1	Grants	358,581,000		
1A	Investment		310,076,000	100% of total expenditure claimed
1B	Planning		48,505,000	100% of total expenditure claimed
2	Equipment, Vehicle and Furniture	1,073,000		100% of total expenditure claimed
3	Advocacy and IEC Materials	156,000		100% of total expenditure claimed
4	Training, Workshops and Meetings	9,413,000		
4A	ACT		3,829,000	100% of total expenditure claimed
4B	LGU/BUB Implementers		5,274,000	100% of total expenditure claimed
4C	NPMO/RPMO		310,000	100 % of total expenditure claimed
5	Consulting Services	1,200,000		
5A	Capacity Development		1,000,000	100% of total expenditure claimed
5B	Advocacy		100,000	100% of total expenditure claimed
5C	Studies		100,000	100% of total expenditure claimed
6	Monitoring and Evaluation	1,160,000		100% of total expenditure claimed
7	Unallocated	520,895		
	Total	372,103,895		

## C. Detailed Cost Estimates by Financier

CATEGORY		Financier	Total Amount <sup>33</sup>	ADB Amount	% of Cost Category	Government Amount	% of Cost Category
1	Grants	Total	403,774	...	...	...	...
1A	Investment	Subtotal	310,076	...	...	...	...
		ADB	310,076	310,076	100%	...	...
		Government	0	...	...	...	...
1B	Planning	Subtotal	93,698	...	...	...	...
		ADB	48,505	48,505	100%	...	...
		Government	45,193	...	...	45,192	100%
2	Equipment, Vehicle and Furniture	Total	1,344	...	...	...	...
		ADB	1,073	1,073	100%	...	...
		Government	271	...	...	271	100%
3	Advocacy and IEC Materials	Total	739	...	...	...	...

<sup>33</sup> Includes taxes and duties of \$26 million, which are part of the base cost and to be financed from both government and ADB loan resources.

CATEGORY		Financier	Total Amount <sup>33</sup>	ADB Amount	% of Cost Category	Government Amount	% of Cost Category
		ADB	156	156	100%	...	...
		Government	583	...	...	582	100%
<b>4</b>	<b>Training, Workshops and Meetings</b>	<b>Total</b>	<b>23,808</b>	...	...	...	...
4A	ACT	<b>Subtotal</b>	<b>10,755</b>	...	...	...	...
		ADB	3,829	3,829	100%	...	...
		Government	6,926	...	...	6,926	100%
4B	LGU/NGA Implementers	<b>Subtotal</b>	<b>12,039</b>	...	...	...	...
		ADB	5,274	5,274	100%	...	...
		Government	6,765	...	...	6,765	100%
4C	NPMO/RPMO	<b>Subtotal</b>	<b>1,014</b>	...	...	...	...
		ADB	310	310	100%	...	...
		Government	704	...	...	704	100%
<b>5</b>	<b>Consulting Services</b>	<b>Total</b>	<b>1,200</b>	...	...	...	...
5A	Capacity Development	ADB	1,000	1,000	100%	...	...
5B	Social Marketing (Advocacy)	ADB	100	100	100%	...	...
5C	Studies	ADB	100	100	100%	...	...
<b>6</b>	<b>Monitoring and Evaluation</b>	<b>Total</b>	<b>11,504</b>	...	...	...	...
		ADB	1,160	1,160	100%	...	...
		Government	10,344	...	...	10,344	100%
<b>7</b>	<b>Recurrent Costs</b>	<b>Total</b>	<b>195,852</b>	...	...	...	...
		ADB	0	...	...	...	...
		Government	195,852	...	...	195,852	100%
	<b>Total Base Cost</b>		<b>638,221</b>	<b>371,583</b>		<b>266,638</b>	
<b>8</b>	<b>Unallocated - Contingencies</b>	<b>Total</b>	<b>1,240</b>	...	...	...	...
		ADB	521	521	100%	...	...
		Government	719	...	...	720	100%
<b>9</b>	<b>Finance Charges During Project Implementation</b>		<b>24,376</b>	...	...	...	...
9A	Interest During Implementation	Government	23,818	...	...	23,818	100%
9B	Commitment Charges	Government	558	...	...	558	100%
	<b>Total Project Cost</b>		<b>663,838</b>	<b>372,104</b>	<b>56.1%</b>	<b>291,734</b>	<b>43.9%</b>

<sup>a</sup> Numbers may not sum precisely because of rounding.

#### D. Detailed Cost Estimates by Outputs/Components (\$'000)

CATEGORY		Total Amount <sup>a</sup>	Component 1 Amount	% of Cost Category	Component 2 Amount	% of Cost Category	Component 3 Amount	% of Cost Category
<b>1</b>	<b>Grants</b>	<b>403,774</b>	<b>403,774</b>	<b>100%</b>				
1A	Investment	310,076	310,076	100%				
1B	Planning	93,698	93,698	100%				
<b>2</b>	<b>Equipment, Vehicle and Furniture</b>	<b>1,344</b>					<b>1,344</b>	<b>100%</b>
<b>3</b>	<b>Advocacy and IEC Materials</b>	<b>739</b>					<b>739</b>	<b>100%</b>
<b>4</b>	<b>Training, Workshops and Meetings</b>	<b>23,808</b>			<b>22,794</b>	<b>96%</b>	<b>1,014</b>	<b>4%</b>
4A	ACT	10,755			10,755	100%		
4B	LGU/NGA Implementers	12,039			12,039	100%		
4C	NPMO/RPMO	1,014					1,014	100%
<b>5</b>	<b>Consulting Services</b>	<b>1,200</b>			<b>1,000</b>	<b>83%</b>	<b>200</b>	<b>17%</b>

	CATEGORY	Total Amount <sup>a</sup>	Component 1 Amount	% of Cost Category	Component 2 Amount	% of Cost Category	Component 3 Amount	% of Cost Category
5A	Capacity Development	1,000			1,000	100%		
	Social Marketing							
5B	(Advocacy)	100					100	100%
5C	Studies	100					100	100%
6	<b>Monitoring and Evaluation</b>	<b>11,504</b>					11,504	<b>100%</b>
7	<b>Recurrent Costs</b>	<b>195,852</b>			159,183	81%	36,669	19%
	<b>Total Base Cost</b>	<b>638,221</b>	<b>403,774</b>	<b>63%</b>	<b>182,977</b>	<b>29%</b>	<b>51,470</b>	<b>8%</b>
	<b>Unallocated –</b>							
8	<b>Contingencies</b>	<b>1,240</b>			1,190	96%	50	4%
	<b>Finance Charges During</b>							
9	<b>Project Implementation</b>	<b>24,376</b>	<b>15,309</b>	<b>63%</b>	<b>6,938</b>	<b>29%</b>	<b>1,952</b>	<b>8%</b>
	<b>Total Project Cost</b>	<b>663,838</b>	<b>419,083</b>	<b>63%</b>	<b>191,105</b>	<b>29%</b>	<b>53,472</b>	<b>8%</b>

<sup>a</sup> Numbers may not sum precisely because of rounding.

#### E. Detailed Cost Estimates by Year (\$'000)

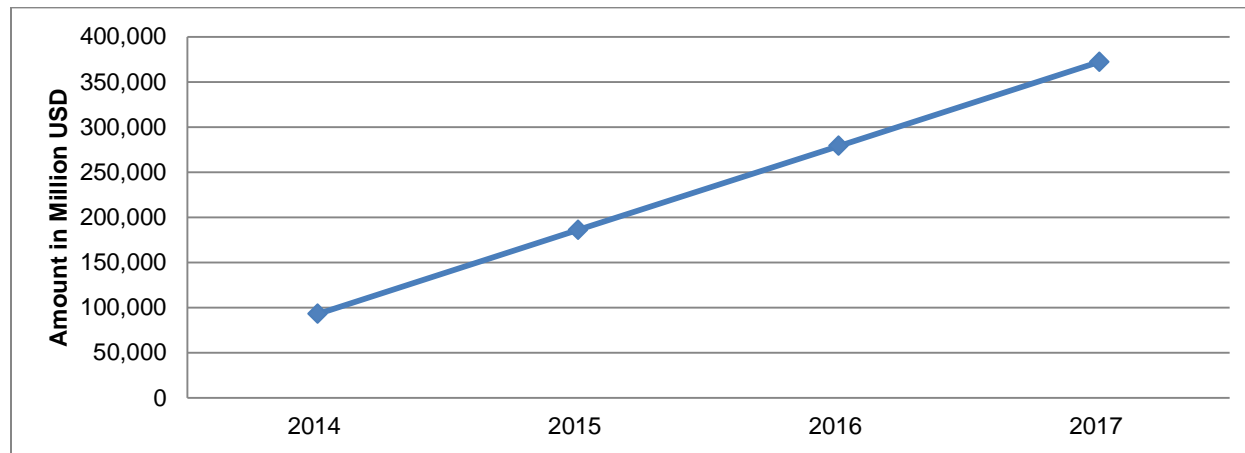
	CATEGORY	Total Amount <sup>a</sup>	2014	2015	2016	2017
1	<b>Grants</b>	<b>403,774</b>	<b>100,943</b>	<b>100,943</b>	<b>100,943</b>	<b>100,943</b>
1A	Investment	310,076	77,519	77,519	77,519	77,519
1B	Planning	93,698	23,424	23,424	23,424	23,424
2	<b>Equipment, Vehicle and Furniture</b>	<b>1,344</b>	1,062	273	7	2
3	<b>Advocacy and IEC Materials</b>	<b>739</b>	185	185	185	184
4	<b>Training, Workshops and Meetings</b>	<b>23,808</b>	<b>5,920</b>	<b>5,963</b>	<b>5,963</b>	<b>5,962</b>
4A	ACT	10,755	3,069	2,562	2,562	2,562
4B	LGU/ NGA Implementers	12,039	2,568	3,157	3,157	3,157
4C	NPMO/RPMO	1,014	283	244	244	243
5	<b>Consulting Services</b>	<b>1,200</b>	<b>316</b>	<b>296</b>	<b>295</b>	<b>293</b>
5A	Capacity Development	1,000	270	244	243	243
5B	Social Marketing (Advocacy)	100	26	25	25	24
5C	Studies	100	20	27	27	26
6	<b>Monitoring and Evaluation</b>	<b>11,504</b>	<b>2,067</b>	<b>3,146</b>	<b>3,146</b>	<b>3,145</b>
7	<b>Recurrent Costs</b>	<b>195,852</b>	<b>48,963</b>	<b>48,963</b>	<b>48,963</b>	<b>48,963</b>
	<b>Total Base Cost</b>	<b>638,221</b>	<b>159,456</b>	<b>159,769</b>	<b>159,502</b>	<b>159,493</b>
8	<b>Unallocated - Contingencies</b>	<b>1,240</b>	310	310	310	310
	<b>Finance Charges During Project</b>					
9	<b>Implementation</b>	<b>24,376</b>	<b>6,094</b>	<b>6,094</b>	<b>6,094</b>	<b>6,094</b>
	<b>Total Project Cost</b>	<b>663,838</b>	<b>165,860</b>	<b>166,173</b>	<b>165,906</b>	<b>165,899</b>

<sup>a</sup> Numbers may not sum precisely because of rounding.



**F. Contract and Disbursement S-curve (\$'000)**

Contract Awards						Disbursements					
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Cumulative
2014	-		30,000	40,000	70,000	-	20,000	30,000	40,000	90,000	90,000
2015	20,000	20,000	30,000	40,000	110,000	20,000	20,000	30,000	40,000	110,000	200,000
2016	20,000	20,000	30,000	30,000	100,000	20,000	20,000	30,000	30,000	100,000	300,000
2017	15,000	15,000	15,000	30,000	75,000	15,000	15,000	15,000	27,104	72,104	372,104
2018	10,000	7,104			17,104						
<b>Total</b>	<b>65,000</b>	<b>62,104</b>	<b>105,000</b>	<b>140,000</b>	<b>372,104</b>	<b>55,000</b>	<b>75,000</b>	<b>105,000</b>	<b>137,104</b>	<b>372,104</b>	



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

41. Overall, DSWD's financial management arrangements meet ADB requirements described under OM Section G2/BP, whereby the executing agency is required to adopt sound accounting policies, adequate accounting records, proper internal control systems, timely reporting to management, and sound and timely auditing practices.

42. A Risk Assessment and Risk Management Plan undertaken by the ADB in 2009 reported that DSWD, the executing agency for KC-NCDDP, has a well-functioning financial management regime, with strong leadership and sufficient systems and controls in place to minimize corruption risks.<sup>34</sup> Within DSWD, the division of duties among the Financial Management Services, the Finance Units, and the Accounting units at national and regional levels, ensures that all payments are authorized according to funds available under specific budgets. DSWD's budget, disbursement, monitoring, and reporting systems are well developed and fully functioning.

43. In a post-disaster context, while residents are struggling to rebuild their lives, the time taken to implement the cycle can be shortened, however the level of fiduciary controls can be maintained.

44. Disbursements from the Regional Sub-Accounts will be executed by regional finance management, monitored by national finance management. Using comprehensive checklists, the regional finance staff will ensure that management controls governing block grant releases are fully adhered to.

45. Under KALAHI-CIDSS, robust fiduciary control at the community level is the result of clear standard operating procedures, regular oversight and the project's grievance reporting system. The KALAHI-CIDSS project manuals, tried and tested over the past 10 years, are being updated to reflect improvements in the project design under KC-NCDDP. Block grants will be managed by communities following the post-disaster community finance and procurement manuals. Oversight is provided by project facilitators working with the community volunteers. Accountability and transparency are ensured through public accountability meetings at *barangay* level, with financial records published on community information boards. The project's Grievance Redress System is being improved to better capture, filter, monitor and report grievance resolution.

46. The Commission on Audit (COA) performs regular random audits on DSWD. COA audit reports since 2003 have been used to improve a few DSWD field offices to meet required standards of financial management.

47. DSWD has gained extensive experience in, and an excellent reputation for, managing large-scale foreign-assisted programs such as the *Pantawid Pamilyang Pilipino* Program (supported by ADB and WB) and KALAHI-CIDSS (WB supported). The Millennium Challenge Corporation (MCC) is also financing KALAHI-CIDSS. DSWD also manages the Technical

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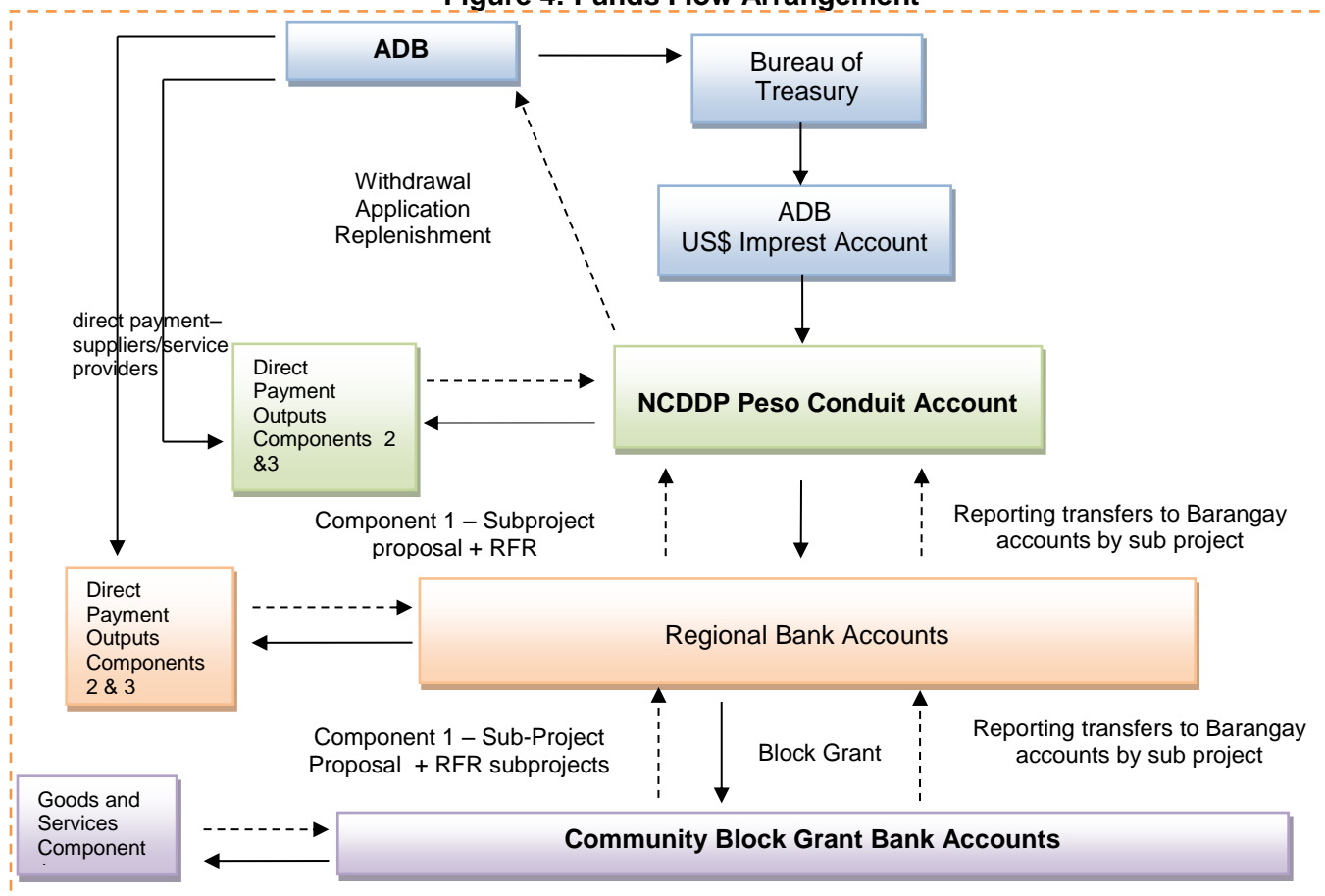
<sup>34</sup> ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Technical Assistance Grant, and Administration of Technical Assistance Grant to the Republic of the Philippines for the Social Protection Support Project*. Manila. Linked document: Risk Assessment and Risk Management Plan. Accessible at <http://www.adb.org/sites/default/files/linked-docs/43407-01-phi-ra.pdf>

Assistance Facility funded by the Government of Australia and WB. The WB has found DSWD's systems for procurement of goods and services, including community-level procurement, to be in line with its procurement policies and procedures. The DBM cited the DSWD as the most improved department among the Account Management Team (AMT) – guided departments in terms of disbursement performance in 2012.<sup>35</sup>

48. Given the proposed scale up and the simultaneous release of funds to 15 regional offices, DSWD has committed to ensuring that staffing numbers and skills, management systems, and oversight from the national level are aligned to the level of transactions while maintaining robust fiduciary control. To achieve this, DSWD has prepared a detailed regional level recruitment and training plan. Project manuals and training materials are being updated to ensure management controls reflect decentralization of funds release. A system for national and regional electronic management of community requests for fund release is being developed to handle the numerous and simultaneous financial transactions under the program.

49. In summary, the financial management system of DSWD meets the financial management requirements of the project.

### Figure 4: Funds Flow Arrangement



Legend:

RFR = request for fund release.

→ = funds flow      --▶ = documents flow

35

<http://www.dswd.gov.ph/2013/02/dbm-cites-dswd-as-the-most-improved-department/>

## B. Disbursements in a Disaster Response Context

50. The loan proceeds (LC) will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),<sup>36</sup> and detailed arrangements agreed upon between the Government and ADB. Figure 4 shows the overall funds flow arrangement of ADB's loan proceeds. Detailed discussions on the disbursement of loan funds are found in the Project Finance Management and Community Financial Management manuals.

51. Pursuant to ADB's *Safeguard Policy Statement* (SPS 2009),<sup>37</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the SPS.

52. **Imprest Account.** At the national level, DSWD, in coordination with the Bureau of Treasury (BTr), will open an imprest account (in US dollars) designated for the exclusive use of the project and only for ADB's share of expenditures. Before the submission of the first withdrawal application, the DSWD should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. DSWD who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account including advances to the sub-accounts.

53. The ceiling of the imprest account is 10% of the loan amount. DSWD may request for initial and additional advances to the imprest account based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming six (6) months. Supporting documents should be submitted to ADB or retained in accordance with ADB's *Loan Disbursement Handbook* when liquidating or replenishing the imprest account.

54. The DSWD will be responsible for (i) preparing disbursement projections, (ii) ensuring supporting documentation is held on file for audit and review purposes, and (iii) preparing documentation for replenishment of the Imprest Account including Withdrawal Applications, Bank Statements and Bank Account Reconciliation Statements.

55. **Initial Loan Withdrawal Application.** For the initial advance, a Withdrawal Application, supported by a projection of ADB's share of eligible project expenditure for the forthcoming six months will be submitted by the DSWD-KC-NCDDP NPMO. ADB will advance funds to the account of BTr with the Bangko Sentral ng Pilipinas (BSP) for transfer to the ADB US dollar Imprest Account maintained at the Land Bank of the Philippines, upon DBM's issuance of the Notice of Cash Allocation (NCA).

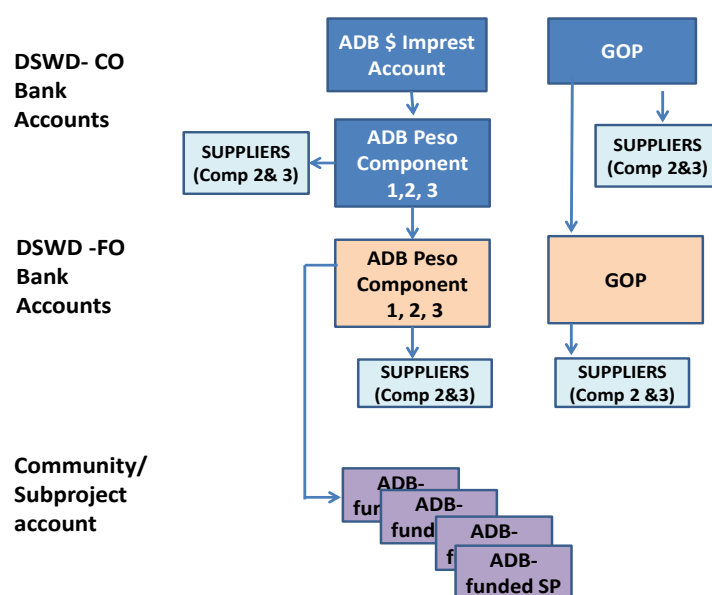
56. **Conduit Bank Account.** To facilitate payment for components 1, 2 and 3 of the project, DSWD will open and manage a peso current account at the national level as conduit for funds to be disbursed from the US dollar imprest account to the regional sub-accounts. The peso conduit bank account will be designated for the exclusive use of the project and only for ADB's share of expenditures. The effect of any foreign exchange gains or losses in the operation of the peso conduit account will be borne by the government. Figure 5 shows the overall project funds flow for both ADB and GOP resources.

<sup>36</sup> Available at: <http://www.adb.org/sites/default/files/loan-disbursement-handbook.pdf>.

<sup>37</sup> Available at: <http://www.adb.org/sites/default/files/pub/2009/Safeguard-Policy-Statement-June2009.pdf>.

57. **Regional Sub-Accounts.** Peso bank accounts will be opened by each RPMO, to be operated according to the Project Finance Management Manual and the ADB Loan Disbursement Handbook. The regional sub-accounts will be designated for the exclusive use of the project and only for ADB's share of expenditures. The bank account will receive and disburse community planning and subproject grants to community bank accounts at Land Bank of the Philippines<sup>38</sup> under component 1; funds under components 2 (CBIS) and funds under component 3 (Project Management and M&E). In accordance with the Project Finance Management Manual, funds under component 1 for subproject grants will be transferred to community bank accounts in one tranche representing 100% of the grant allocation, while funds under components 2 and 3 will be withdrawn and expended according to the approved regional budget.

**Figure 5: Overall Project Funds Flow**



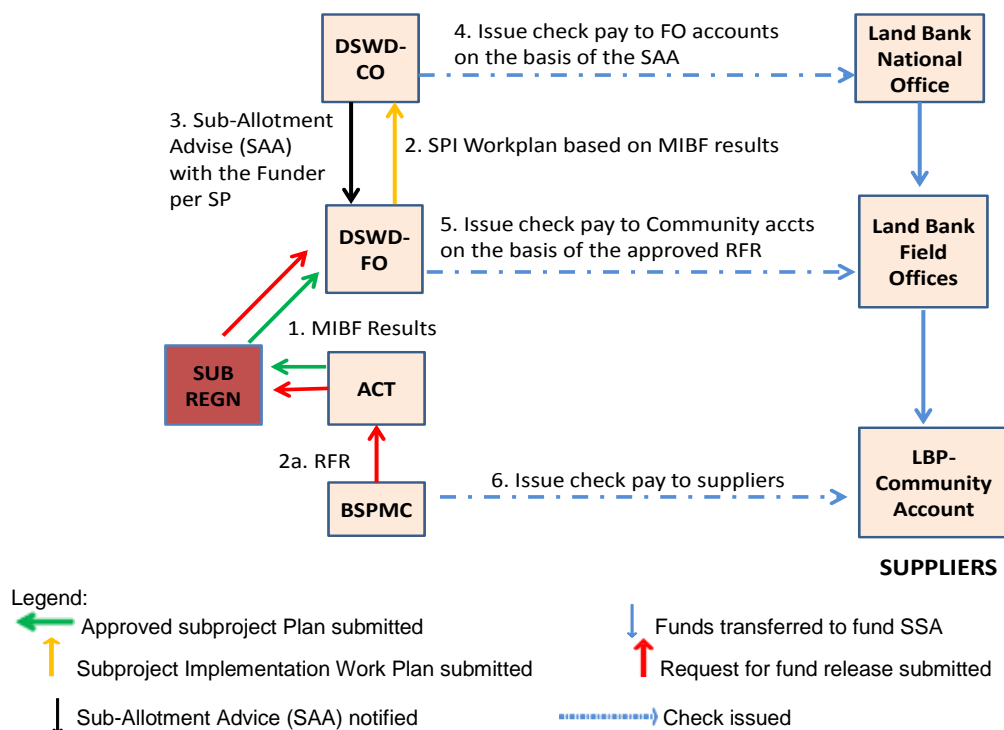
ADB = Asian Development Bank, CO = central office, FO = field office or regional office, DSWD = Department of Social Welfare and Development, GOP = Government of the Philippines, SP = subproject.

58. Figures 6 and 7 illustrate the community grants funding arrangements and the transfer of funds to the field offices. Investment grants under Component 1 will only be disbursed according to a list of pre-identified villages impacted by the disaster for which reconstruction subprojects are to be financed 100% by loan proceeds from ADB. In readiness for prompt disbursement upon receipt of proposals using the latest government sanctioned 'affected barangay' grant fund allocation listing, the NPMO will advance funds for sub-grants and other costs to the RPMO bank accounts at the outset of the CEAC. At the national level, all affected barangays will be allocated a specific identifier number. The identifier number will be used as the transaction reference throughout the disbursement and reporting process. Based on the cash flow indicated under the listing of affected barangays, the NPMO issues a sub-allotment advice (SAA) and prepares Disbursements Vouchers (DV) to disburse the amount requested from the US dollar

<sup>38</sup> Land Bank of the Philippines, the official depository bank of the government, has been the conduit of funds to communities under the KALAHÍ-CIDSS project.

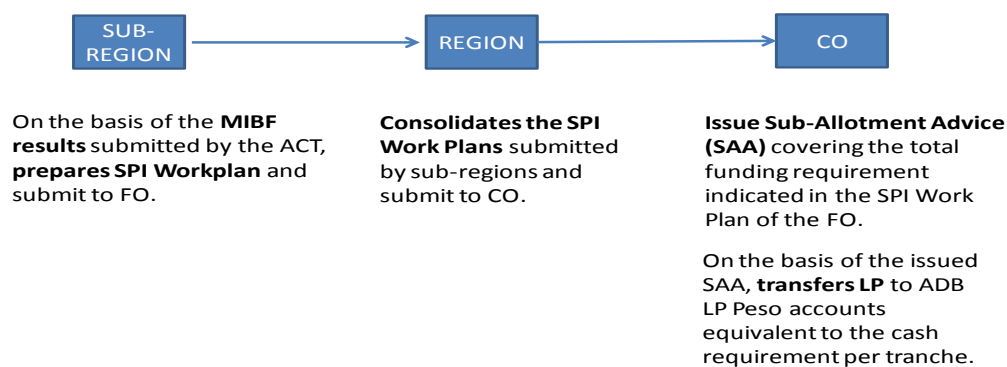
Imprest Account, through the DSWD pesos conduit account, to the regional project bank account.

**Figure 6: Community Block Grant Funding Arrangements**



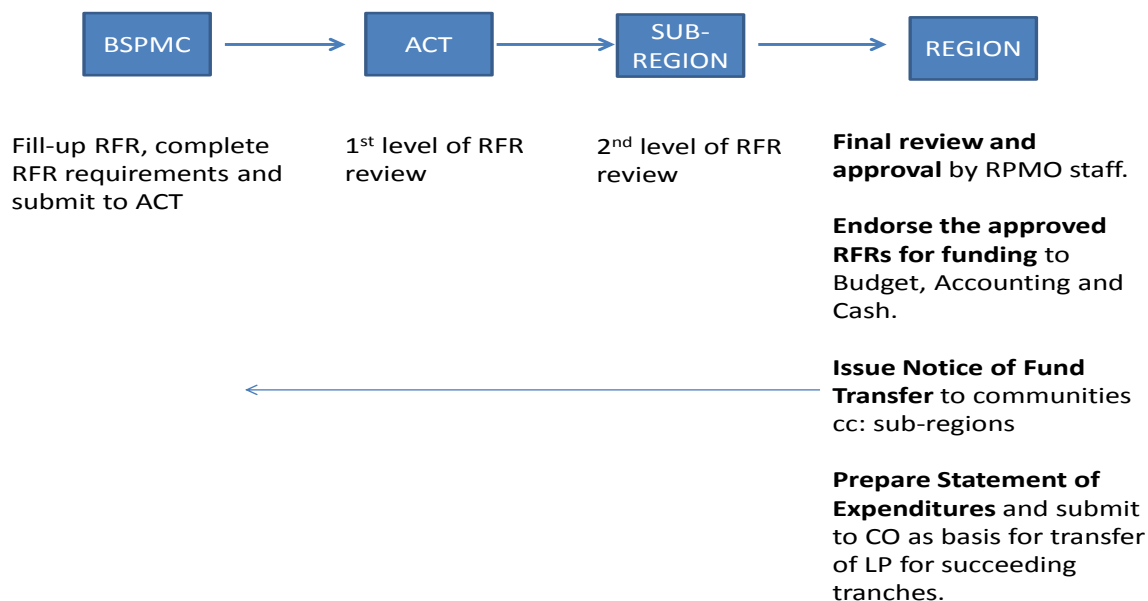
ACT = area coordinating team, BSPMC = *barangay* subproject management committee, CO = central office, DSWD = Department of Social Welfare and Development, FO = field office, LBP = Land Bank of the Philippines, MIBF = municipal inter-*barangay* forum, RFR = request for funds release, SP = subproject, SSA = sub-allotment advice.

**Figure 7: Transfer of Block Grants from Field Office (RPMO) to Communities**



ACT = area coordinating team, CO = central office, FO = field office or regional office, LP = loan proceeds, MIBF = municipal inter-*barangay* forum, SOE = statement of expenditure, SSA = sub-allotment advice, SPI = subproject implementation.

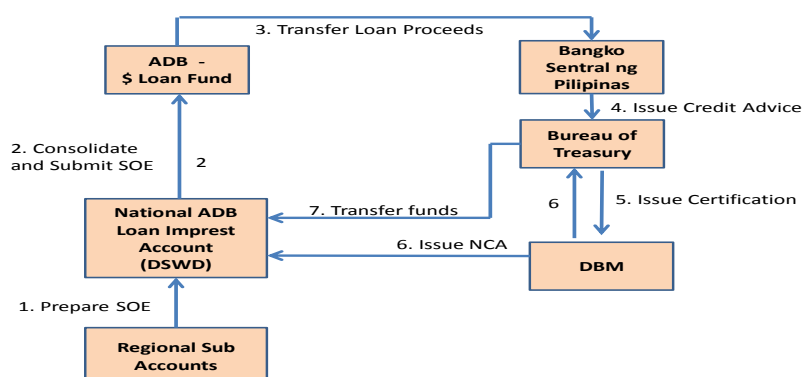
**Figure 8: Transfer of Block Grants from Field Office (RPMO) to Communities**



ACT = area coordinating team, CO = central office, LP = loan proceeds, RPMO = regional program management office, RFR = request for funds release.

59. If the requested level of advance is larger than the appropriate level of advance (items 7 and 8 of Appendix 10C) or additional advances are required for project activities, DSWD should submit the estimate of expenditures (Section 10.14 and Appendix 10B) for endorsement by the Human and Social Development Division, Southeast Asia Department, that will review and endorse the documentation before it is submitted to the Controller's Department. If justified, replenishment and/or additional advance may be provided. Figure 9 shows the Imprest Account Replenishment Process. Under KALAHÍ-CIDSS, the replenishment process has taken an average of 6 weeks to complete.

**Figure 9: USD Imprest Account Replenishment Process**



ADB = Asian Development Bank, DBM = Department of Budget and Management, DSWD = Department of Social Welfare and Development, NCA = Notice of Cash Allocation, SOE = statement of expenditure.

60. **Withdrawal Applications.** The minimum value per withdrawal application is \$100,000 equivalent, unless otherwise approved by ADB. Individual payments below this amount should generally be paid from the imprest/sub-account, or by the EA/IA and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept below the minimum amount.

61. The statement of expenditure (SOE) procedure will be used for reimbursement and liquidation and replenishment of Imprest Account. The maximum ceiling of \$100,000 per payment will apply. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

62. At the regional level, the RPMO will consolidate disbursements and submit SOEs to the NPMO based on funds disbursed from the regional sub accounts at least on a monthly basis. The NPMO will consolidate the SOEs for submission to ADB for replenishment to the Imprest Account. As the block grants are being utilized, the SOE will list only the total amount of each block grant disbursement to the community bank accounts and will not provide detail of how funds are used by beneficiary communities.

63. Government funds shall be disbursed in accordance with the Philippine budgetary system and the New Government Accounting System (NGAS). All GOP disbursements shall be covered by allotments and NCA issued by DBM, and shall be always subject to existing budgetary, accounting and auditing rules and regulations.

### **C. Accounting**

64. DSWD, at all levels, including each of the RPMOs will maintain separate project accounts and records for all project expenditures financed by the ADB. Project accounts will follow international accounting principles and practices and existing accounting and auditing rules and regulations as prescribed by the Government of the Philippines.

### **D. Auditing**

65. DSWD will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and/or in accordance with the government's audit regulations by an auditor acceptable to ADB. The audit will be funded through Government of the Philippines budget allocations for the Commission on Audit (COA). The audited project financial statements will be submitted in the English language to ADB within 6 months at the end of the fiscal year by the DSWD. The annual audit report and management letter, will include a separate audit opinion on the use of the ADB Loan Proceeds, including operation of Imprest Fund, SOE procedures, Financial Statements (and associated notes) and compliance with Financial Covenants under the ADB Loan. The government and DSWD have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited accounts. ADB reserves the right to verify the project's financial statements to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. ADB's disclosure requirements under Public Communications Policy 2011 (PCP) require that Audited Financial Statements are submitted to ADB by the borrower as sovereign projects will now be posted on the ADB website. However, the management letter and audit opinion on the use of the ADB Loan Proceeds, including operation



of Imprest Fund, SOE procedures, Financial Statements (and associated notes) and compliance with Financial Covenants under the ADB Loan, will not be posted on the ADB website.

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

66. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (2013, as amended from time to time) (ADB's *Procurement Guidelines*)<sup>39</sup> and ADB's *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* (2013, as amended from time to time) (ADB's *Consulting Guidelines*).<sup>40</sup> The issuance of invitations to bid and Requests for Expression of Interest (REOI) under advance contracting and retroactive financing will be subject to ADB approval. Both the borrower and DSWD have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project.

67. **Retroactive Financing.** The government requested retroactive financing for incremental costs, goods, consulting services, planning grants, and community subprojects. The government was informed that retroactive financing is permitted only if (i) it is specifically agreed by ADB's Board of Directors and consequently included in the loan agreement; (ii) the goods, works, services, and consultants for which it is requested are procured in accordance with ADB's *Procurement Guidelines* or *Consulting Guidelines* under arrangements acceptable to ADB; (iii) for immediate emergency responses, no more than 30% of loan proceeds should be used for retroactive financing of expenditures; and (iv) these must have been incurred and paid for after the emergency occurred.

68. **Advance Contracting.** The government requested advance action for the procurement of service vehicles, motorcycles, office equipment, community subprojects, and consulting services. ADB worked with the government to identify the packages and amounts that will be contracted using advance action, and this is included in the procurement plan. The government and DSWD have been advised that approval of the advance action does not commit ADB to finance the project, and that the action will be undertaken in conformity with ADB's *Procurement Guidelines* or *Consulting Guidelines*.

### B. Procurement of Goods, Works and Consulting Services

69. All procurement of goods and works under this project will be undertaken in accordance with ADB's *Procurement Guidelines*.

70. All procurement for community subprojects and planning grants under Output 1 will be procured in accordance with ADB's *Procurement Guidelines* and the KC-NCDDP Community Based Procurement Manual (CBPM). Community subprojects may include but not be limited to the following: (a) Goods- supplies, materials, equipment (for production, harvest, drying, processing, storage), lease of equipment, trucking, and hauling, among others; and (b) Works – road clearing operations, repair/reconstruction of rural and local roads, small bridges, communal irrigation and water supply systems, public buildings, school buildings used as evacuation centers, backfill, reshaping and landscaping of areas affected by erosion, repair of riverbank protection systems, construction of temporary by-pass roads, collection and removal of debris,

<sup>39</sup> Available at: <http://www.adb.org/sites/default/files/Guidelines-Procurement.pdf>

<sup>40</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

earth, mud from public infrastructure, construction of bunk houses, evacuation centers, public toilets, temporary setting up of school, health and water facilities, among others.<sup>41</sup> Planning grants may include small value goods and services for training and workshops. Based on the experience of the existing KALAHI-CIDSS project, around 66% of subprojects cost less than Php1 million (\$25,000), 31% between Php1 million to Php2.5 million (\$62,000) and only 3% above Php2.5 million (\$62,000). Disaster based procurement for goods and works shall be covered by the appropriate procedures discussed in the CBPM.

71. Procurement for the community subprojects and planning grants shall be the responsibility of the community through the Barangay Sub-Project Management Committee (BSPMC). 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 and planning grants may be implemented by contract or through community force account where it is appropriate. The procurement methods to be utilized are: community bidding, community shopping, community direct contracting, small value procurement, and community force account following procedures discussed in the CBPM. These methods are acceptable under the Community Participation in Procurement (CPP) procedures of the *ADB's Procurement Guidelines*. The following thresholds for procurement are specified in the CBPM (a) Goods - small value procurement (below \$233 or Php 10,000), community shopping (below \$23,255 or Php 1,000,000), and community bidding (above \$23,255 or Php 1,000,000); and (b) Works – small value procurement (below \$233 or Php 10,000), community shopping (below \$46,500 or Php 2,000,000), and community bidding (above \$46,500 or Php 2,000,000). These thresholds may be subject to review and revision as needed.

72. Procurement of goods under Outputs 2 and 3 shall be subject to the provisions of the *ADB's Procurement Guidelines*, the Procurement Plan, and the KC-NCDDP Operations Manual. No international competitive bidding is envisaged for the Project. National competitive bidding (NCB) and shopping will be used for contracts for procurement of goods under Outputs 2 and 3.

73. Before the start of any procurement under the project, ADB and the government will review the Philippine public procurement laws and the KC-NCDDP Community-Based Procurement Manual (CBPM) to ensure consistency with *ADB's Procurement Guidelines*. The CBPM will be revised, updated, and harmonized to address changes and lessons learned from previous project implementation. The eligibility criteria for the selection and approval of subprojects are identified and determined by the MIBF as this varies based on the locality. Procurement packages for community subprojects are prepared by the project team and approved by the BSPMC.

74. All consulting services shall be selected and engaged using the *ADB's Consulting Guidelines*, following the selection methods and review procedures specified in the Procurement Plan. These include consulting services for management of training activities for NPMO, RPMO and ACT staff, and for LGU and NGA implementers; social marketing; and evaluation studies. These services may involve the engagement of consulting firms or individual consultants as specified in the terms of reference (TOR) in Section D.

75. For Outputs 2 and 3, training and workshops for NPMO, RPMO, ACT staff and LGU and NGA implementers shall be done in-house by DSWD staff and shall involve the procurement of

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<sup>41</sup> Refer to the KC-NCDDP Disaster Response Operations Manual for the complete list of projects that may be financed.

goods and services through shopping and small value procurement using procedures set in the KC-NCDDP Operations Manual. These training and workshops may involve the following (a) hiring of venue and training facilities and equipment; (b) meals; (c) transportation services; (d) printing and reproduction of training materials; (e) participants' allowances; and (f) honoraria or professional fees of resource persons, training facilitators and coordinators at minimal costs, among others. Expenditures under internal and external project monitoring activities may include but not be limited to: travel expenses, training of municipal staff, and production of information materials, among others. Social marketing services may involve preparation, printing and reproduction of promotional, information and knowledge based materials, preparation of multi-media presentations and advertisements. These shall all be procured through shopping or small value procurement using procedures set in the KC-NCDDP Operations Manual.

76. For Outputs 2 and 3, the corresponding Bids and Awards Committee (BAC) at the RPMO and NPMO shall be responsible for procurement at their respective levels in accordance with government procurement procedures and applicable DSWD issuances governing foreign-assisted projects.

77. A procurement capacity assessment for the national, regional, and municipal units responsible for procurement was conducted with the following results: the assessment for the general procurement environment yielded an overall risk rating of medium as the key indicators on legal, regulatory and institutional framework, procurement market and operations and integrity of the procurement system all had low-medium risk ratings. The level of risk for the DSWD national, central and area level procurement processes is moderate as it was found generally compliant with the government procurement procedures based on the previous KALAHI-CIDSS experience. The following key procurement related risks were identified along with the recommended action to address such risks:

<b>Risks</b>	<b>Recommended Action</b>	<b>Responsibility and comment</b>
Inadequate staff at the sub-regional and area levels to supervise and capacitate community based volunteers on procurement and contract management procedures particularly for newly opened communities under the project	DSWD should ensure that there will be sufficiently trained personnel and community volunteers particularly for newly opened communities	DSWD should ensure capacity building of staff for procurement at the planning stage of subprojects
Lack of office space, equipment and other facilities for procurement processes and records management	DSWD to provide the necessary office space and facilities for procurement records management	DSWD should provide this within the next 18 months
Limited experience and knowledge of EA staff on ADB Procurement Procedures	ADB to provide training to national level trainers on its procurement procedures	ADB should provide this within the next 18 months.

78. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

## C. Procurement Plan

### 1. Basic Data

Project Name : KALAHÍ–CIDSS National Community-Driven Development Project	
County: Philippines	Executing Agency: Department of Social Welfare and Development
Loan Amount in US\$: 372,103,895	Loan Number: tbd
Date of First Procurement Plan: 2013	Period Covered by this Plan:

### 2. Process Thresholds, Review and 18-Month Procurement Plan

#### i. Project Procurement Thresholds

79. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
NCB for Works	Below \$5 million
NCB for Goods	Below \$1 million
Shopping for Works	Below \$100,000
Shopping for Goods	Below \$100,000
Community Participation in Procurement	See para 71

#### ii. ADB Prior or Post Review

80. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project. For contracts requiring post review, procurement consultants will be hired to conduct a Procurement Review of Effective Implementation (PREI) and/or post-review on a sample basis, such review being conducted in the fourth quarter of 2014 and repeated every one or two years, depending on the findings. The PREI and/or post-review shall assess risk through review of the procurement process and systems; and will be funded by the ADB.

Procurement Method	Prior or Post	Comments
<b>Procurement of Goods and Works</b>		
NCB Works	Prior/Post	Prior review for first contract
NCB Goods	Prior/Post	Prior review for first contract
Shopping for Goods	Post	
Community Participation in Procurement	Prior/Post	Refer to Community Based Procurement Manual
<b>Recruitment of Consulting Firms</b>		
Consultant's Qualification Selection	Prior	
<b>Recruitment of Individual Consultants</b>		
Individual Consultant Selection	Prior/Post	Prior review of contracts above \$20,000

NCB = national competitive bidding.

#### iii. Goods and Works Contracts Estimated to Cost More Than \$1 Million

81. Not applicable.

#### iv. Consulting Services Contracts Estimated to Cost More Than \$100,000

82. Not applicable.

**v. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000**

83. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative) (USD '000)	Number of Contracts	Procurement / Recruitment Method	Comments
<b>Output 1: CDD Subprojects Identified and Completed</b>				
1. Community Subprojects (Works and Goods)	116,278	TBD	CPP	Community Based Procurement Guidelines and Thresholds
2. Planning Grants (Training, Goods, Services)	18,190	TBD	CPP	Community Based Procurement Guidelines and Thresholds
<b>Output 2: Institutional and Organizational Capacity Strengthened</b>				
1. Training and Workshops for ACT Staff (Goods and Services)	1,435		SOE	Reimbursable costs using Operations Manual
2. Training and Workshops for LGU/NGA Implementers (Goods and Services)	1,978		SOE	Reimbursable costs using Operations Manual
3. Training Management for ACT Staff	300	20	CQS/ICS	May involve engagement of consulting firms or individual consultants
4. Training Management for LGUs/ NGA Implementers	300	20	CQS/ICS	May involve engagement of consulting firms or individual consultants
<b>Output 3: Program Management and M&amp;E Systems Enhanced<sup>a</sup></b>				
1. Service Vehicles (Goods)	670	16	SHP/NCB	
2. Motorcycles (Goods)	167	16	SHP/NCB	
3. Office Equipment (Goods)	225	16	SHP/NCB	
4. Training and Workshops for NPMO/RPMO staff (Goods and Services)	116		SOE	Reimbursable costs using Operations Manual
5. Internal Project Monitoring(Goods and Services)	334		SOE	Reimbursable costs using Operations Manual
6. External Project Monitoring(Goods and Services)	24		SOE	Reimbursable costs using Operations Manual
7. Social Marketing Services (Printing, promotional materials, advertisements, etc)	38	3	SOE	Reimbursable costs using Operations Manual
8. Social Marketing(Advocacy Programs)	38	TBD	CQS/ICS	May involve engagement of consulting firms or individual consultants
9. Evaluation Studies	18	TBD	CQS/ICS	May involve engagement of consulting firms or individual

General Description	Value of Contracts (cumulative) (USD '000)	Number of Contracts	Procurement / Recruitment Method	Comments
10. Safeguard Specialists (Indigenous Peoples)	28	2	ICS	consultants
11. Procurement Specialist	18	1	ICS	

NCB = national competitive bidding, SHP = shopping, SOE = statement of expenditures (small procurement), CPP = community participation in procurement, CQS = consultants' qualification selection, ICS = individual consultant selection, TBD = to be determined, N/A = not applicable.

<sup>a</sup> The project will procure 16 contract packages for vehicles, motorcycles and office equipment (items 1,2,3). Procurement will be done in 16 regions covered by KC-NCDDP to save on delivery costs and provide easier access to support for (i) servicing goods under warranties, (ii) repairs, and (iii) maintenance.

### 3. Indicative List of Packages Required Under the Project

84. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project.

General Description	Estimated Value (cumulative) (US\$'000)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
1. Community Subprojects (Goods and Works)	310,076	TBD	CPP	N/A	Community Based Procurement Guidelines and Thresholds
2. Planning Grants (Training, Goods, Services)	48,505	TBD	CPP	N/A	Community Based Procurement Guidelines and Thresholds
3. Service Vehicles (Goods)	670	16	SHP/NCB	N/A	
4. Motorcycles (Goods)	167	16	SHP/NCB	N/A	
5. Office Equipment (Goods)	236	19	SHP/NCB	N/A	
6. Training and Workshops for ACT Staff (Goods and Services)	3,829		SOE	N/A	Reimbursable costs using Operations Manual
7. Training and Workshops for LGU/NGA Implementers (Goods and Services)	5,274		SOE	N/A	Reimbursable costs using Operations Manual
8. Training and Workshops for NPMO staff (Goods and Services)	133		SOE	N/A	Reimbursable costs using Operations Manual
9. Training and Workshops for RPMO staff (Goods and Services)	177		SOE	N/A	Reimbursable costs using Operations Manual
10. Internal Project Monitoring (Goods and Services)	1,009		SOE	N/A	Reimbursable costs using Operations Manual
11. External Project	151		SOE	N/A	Reimbursable costs

General Description	Estimated Value (cumulative) (US\$'000)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Monitoring(Goods and Services)					using Operations Manual
12. Social Marketing Services (Printing, promotional materials, advertisements, etc.)	156		SOE	N/A	Reimbursable costs using Operations Manual
13. Training Management for ACT Staff Training	320	34	CQS/ICS	N/A	May involve engagement of consulting firms or individual consultants
14. Training Management for LGU/NGA Implementers	320	34	CQS/ICS	N/A	May involve engagement of consulting firms or individual consultants
15. Social Marketing (Advocacy Programs)	100	3	CQS/ICS	N/A	May involve engagement of consulting firms or individual consultants
16. Evaluation Studies	100	2	CQS/ICS	N/A	May involve engagement of consulting firms or individual consultants
17. Safeguards Specialists (Indigenous Peoples)	140	2	ICS	N/A	
18. Safeguards Specialist (Environment)	40	1	ICS	N/A	
19. Gender Specialist	40	1	ICS	N/A	
20. Procurement Specialist	70	1	ICS	N/A	
21. Financial Management Specialist	70	1	ICS	N/A	

NCB = national competitive bidding, SHP = shopping, SOE = statement of expenditures (small procurement), CPP = community participation in procurement, CQS = consultants' qualification selection, ICS = individual consultant selection, TBD = to be determined, N/A = not applicable.

#### 4. National Competitive Bidding

##### a. General

85. The procedures to be followed for national competitive bidding shall be those provisions referring to open competitive bidding procedures set forth in Republic Act 9184, otherwise known as the Government Procurement Reform Act (GPRA), of the Republic of the Philippines, effective 26 January 2003, and its Revised Implementing Rules and Regulations, effective 2 September 2009, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines, Section I and paras. 3.3 and 3.4 of Section III.

## **ii. Eligibility**

- (i) 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.
- (ii) National sanction lists may be applied only with prior approval of ADB.

## **iii. Advertising**

86. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised concurrently with the general procurement notices on ADB's website.

## **iv. Price of Bidding Document**

87. The price of bidding documents should be nominal, covering only reproduction and mailing/courier costs.

## **v. Price Ceiling**

88. 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.

## **vi. Preferences**

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Suppliers and contractors shall not be required to purchase local goods or supplies or materials.
- (iii) Foreign suppliers and contractors from ADB member countries shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms.
- (iv) 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.

## **vii. Experience Qualification**

89. For works contract, the experience qualification requirement shall be (i) at least one previous contract at 80% of the estimated cost of the contract being procured; and (ii) an annual turnover from all works averaged over the last three years equal to 100% of the estimated cost of the contract being procured.

## **viii. Anticorruption Provisions in Bidding Documents**



90. 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.

**ix. Bidding Period**

91. 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.

**x. Single Bid Submission**

92. 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.

**xi. Shopping Method**

93. If included as a procurement method in the Procurement Plan, “Shopping” shall be undertaken in accordance with the ADB Procurement Guidelines.

**xii. Contract Amendment**

94. 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.

**xiii. Member Country Restrictions**

95. Bidders must be nationals of member countries of ADB, and offered goods must be produced in member countries of ADB.

**D. Consultants’ Terms of Reference**

<b>Expertise</b>	<b>Terms of Reference</b>	<b>International/ National Assignment</b>	<b>Duration of Services (person- month)</b>
<b>Training Manager for Area Coordinating Teams Staff Training (3)</b>	Bachelor's degree in education, social work or allied social science, preferably with 10 years of relevant experience in training management. Specific tasks include: (i) Prepares an overall strategy, road map and plan for implementing ACT training in the assigned area; (ii) Coordinates, supervises and oversees the implementation of the training and capacity building requirements for personnel of the ACTs in close coordination with DSWD national, regional and subregional personnel (iii) Prepares relevant training manuals, reports and other required documentation, coordination and assistance in staff training matters	National	

Expertise	Terms of Reference	International/ National Assignment	Duration of Services (person- month)
	<p>(iv) Ensures that training objectives and targets are achieved, all policies are complied with, and appropriate standards and guidelines for managing and coordinating the training programs are in place.</p> <p>(v) Assists the RPMO in the conduct of the ACT staff training by preparing, reproducing and disseminating the training materials, coordinating logistics requirements and ensuring that staff attend the training, coordinate with resource speakers and lecturers, ensure availability of training equipment and other required facilities, provide necessary documentations;</p> <p>(vi) Prepares, submit and consolidate end of training reports for all ACT training conducted and recommend measures to further improve subsequent ACT training</p>		
<b>Training Manager for LGU/NGA Implementers (3)</b>	<p>Bachelor's degree in public administration, education, social work or allied social science, preferably with 10 years of relevant experience in training management. Specific tasks include:</p> <p>(i) Prepares an overall strategy, road map and plan for implementing training for NGU/NGA implementers in the assigned area;</p> <p>(ii) Coordinates, supervises and oversees the implementation of the training and capacity building requirements for personnel of the local government units in local financial governance in close coordination with DSWD National, Regional and Subregional personnel</p> <p>(iii) Prepares relevant training manuals, reports and other required documentation, coordination and assistance in staff training matters</p> <p>(iv) Ensures that training objectives and targets are achieved, all policies are complied with, and appropriate standards and guidelines for managing and coordinating the training programs are in place.</p>		
	<p>(i) Assists the RPMO in the conduct of the LGU/NGA staff training by preparing, reproducing and disseminating the training materials, coordinating logistics requirements and ensuring that staff attend the training, coordinate with resource speakers and lecturers, ensure availability of training equipment and other required facilities, provide necessary documentations;</p> <p>(ii) Prepares, submit and consolidate end of training reports for all LGU/NGA training conducted and recommend measures to further improve subsequent LGU/NGA training</p>	National	
<b>Social Marketing (Advocacy Programs)</b>	Bachelor's Degree in Development Communication/ Information Management/Mass Communication, with at least 10 years of relevant professional experience in the field of capacity development and social marketing	National	

Expertise	Terms of Reference	International/ National Assignment	Duration of Services (person- month)
	<p>for government programs. Experience with a CDD project would be an advantage. Strong networking skills is required. Specific tasks include:</p> <ul style="list-style-type: none"> <li>(i) Reviews the existing design of the social marketing strategies for the program at the national and regional level.</li> <li>(ii) Assesses the quality of databank of stories and the popularity of website and other information outlets.</li> <li>(iii) Proposes effective social marketing strategies and plans to address gaps in information, appreciation and support for the program among key stakeholders.</li> <li>(iv) Develops a national social marketing framework and strategy for KC-NCDDP. And prepare a multi-year and detailed social marketing plan, activities and monitoring indicators.</li> <li>(v) Conceptualizes appropriate IEC materials e.g., brochures, flyers, leaflets, flip charts, annual reports, presentations, etc.</li> <li>(vi) Undertakes training module development on effective social marketing of KC-NCDDP for national and regional staff.</li> <li>(vii) Conducts and/or coordinates capacity building and training activities (coaching and mentoring) for selected KC-NCDDP national and regional staff.</li> <li>(viii) Conducts and/or coordinates knowledge-management activities including knowledge-sharing events (regional/ field visits) for disseminating the KC-NCDDP objectives, strategies and results, including the findings of special and evaluation studies.</li> <li>(ix) Draft press-releases and news articles on KC-NCDDP in coordination with the DSWD national and regional offices.</li> </ul>		
<b>Evaluation Studies</b>	<p>Bachelor's degree in social science, political science, public administration, or other relevant social development field, preferably with at least 10 years of relevant experience in poverty reduction and participatory development. Good conceptual understanding of community development and local development is a must, preferably with experience in working with municipal local government units (MLGUs) and/or the Department of the Interior and Local Government (DILG). Specific tasks include:</p> <ul style="list-style-type: none"> <li>(i) Undertakes a gap analysis to determine the variance between the planned M&amp;E activities and Grievance Resolution arrangements during initial stage of program implementation.</li> <li>(ii) Conducts a forward-looking analysis of the key aspects of the M&amp;E and Grievance Resolution arrangements to determine risks for future program implementation.</li> <li>(iii) Assesses the efficiency and effectiveness of the</li> </ul>	National	

Expertise	Terms of Reference	International/ National Assignment	Duration of Services (person- month)
	<p>conduct of the M&amp;E activities and Grievance Redress arrangements.</p> <p>(iv) Proposes specific measures to address shortcomings with options for special evaluation studies that can improve the M&amp;E activities and Grievance Redress arrangements.</p> <p>(v) Reviews the pilot implementation of the Participatory Municipality Assessment "Municipal Talakayan".</p> <p>(vi) Analyzes the potential role of "Municipal Talakayan" to promote the use of local M&amp;E information to sustain participatory planning and decision making process at the local level.</p> <p>(vii) Prepares templates and guides for the enhanced "Municipal Talakayan", including: (i) simplified briefing notes for local government units, communities and other local actors; (ii) guide for the Talakayan process facilitators; (iii) more streamlined guides, templates and formats for report presentation and sharing, documentation, analysis, consolidation and post-Talakayan reports preparation; and (iv) other relevant content and attachments.</p>		
<b>Social Safeguards Specialists</b>	<p>Postgraduate degree in community development, anthropology, sociology or a related field with at least 10 years of relevant professional experience in social safeguards, community organizing in IP communities, and IP and resettlement plan formulation, implementation, and monitoring. Knowledge of ADB Safeguard Policy Statement 2009 and experience working on social safeguards is a must. Experience with a community-driven development project would be an advantage. Specific tasks include:</p> <p>(i) Lead the preparation of the IP plan and resettlement plan and related documents in coordination with the NCIP and DSWD;</p> <p>(ii) Review the IP and resettlement plans and related documents to ensure compliance with the frameworks and ADB SPS 2009;</p> <p>(iii) Review progress reports and monitor social safeguards compliance of subprojects in coordination with DSWD;</p> <p>(iv) Support the project review mission by conducting a prior spot check of subprojects, documenting findings, preparing a report to the mission, and participating in review missions.</p> <p>(v) Prepare a report on safeguard compliance of subprojects by the end of the project.</p>	National	24
<b>Safeguards Specialist (Environment)</b>	<p>Postgraduate degree in environmental science, environmental management, environmental engineering, or a related field with at least 10 years of relevant professional experience in environmental impact assessments and implementation of environmental plans. Knowledge of ADB Safeguard Policy Statement 2009 is a must. Experience with a</p>	National	8

Expertise	Terms of Reference	International/ National Assignment	Duration of Services (person- month)
	<p>community-driven development project would be an advantage. Specific tasks include:</p> <ul style="list-style-type: none"> <li>(i) Periodically reviews and monitors compliance of subprojects with ADB's environmental safeguard requirements in coordination with the DSWD;</li> <li>(ii) Supports the project review mission by conducting a prior spot check of subprojects particularly those with environmental impacts, documenting findings, preparing a report to the mission, and participating in review missions.</li> <li>(iii) Provides technical support on any matters related to the project's environmental safeguards.</li> </ul>		
<b>Gender Specialist</b>	<p>Advanced university degree in Gender and Development (GAD), social sciences, or in any other closely related field. A minimum of 10 years of experience in social development, particularly gender issues and community-driven development. Proven track record of providing technical guidance and support to government and international agencies on gender and development strategies and plans. Knowledge and skills in gender/social analysis. Should have excellent ability to analyze and synthesize vast amounts of information; experience and capacity to transfer knowledge and undertake and facilitate training events; interpersonal, negotiations and advocacy skills; and, ability to work in different cultural contexts and politically sensitive situations.</p> <ul style="list-style-type: none"> <li>(i) Support the implementation of the project's Gender Action Plan (GAP) in consultation with the DSWD National Program Manager and KC-NCDDP Gender Specialist;</li> <li>(ii) Support the preparation of a GAP implementation plan to be determined in coordination with DSWD, which details the GAP activities, targets, implementation arrangements, and timeline, to ensure coordinated and timely implementation of the GAP;</li> <li>(iii) Monitors GAP implementation particularly the progress in achieving the gender-based targets as indicated in the GAP and design and monitoring framework, in coordination with the DSWD;</li> <li>(iv) Supports the project review mission by conducting a prior spot check of subprojects, documenting findings, preparing a report to the mission, and participating in review missions.</li> <li>(v) Provides needed technical support and recommendations related to gender and development during project implementation;</li> <li>(vi) Prepares and submits to ADB a report on gender-inclusive results in consultation with DSWD by the end of the project.</li> </ul>	National	8

Expertise	Terms of Reference	International/ National Assignment	Duration of Services (person- month)
<b>Procurement Specialist</b>	<p>Postgraduate degree in procurement, finance, law, civil engineering or a related field with at least 10 years of relevant professional experience in procurement, project implementation, and monitoring. Knowledge of government's procurement rules and regulations and ADB Procurement Guidelines and Consulting Guidelines is a must. Experience with a community-driven development project would be an advantage. Specific tasks include:</p> <ul style="list-style-type: none"> <li>(i) Review procurement contracts requiring ADB post review to determine compliance with government and ADB requirements and the approved procurement plans and procedures.</li> <li>(ii) Conduct a Procurement Review for Effective Implementation (PREI) assessment of the project to assess risks in the DSWD procurement processes and systems once every two years depending on the findings</li> <li>(iii) Review adherence of community based organizations to the Community Based Procurement Manuals and based on findings, provide recommendations to improve this manual for better sub-project implementation</li> <li>(iv) Support the project review mission by participating in fiduciary missions and conducting prior spot check of subprojects, documenting findings, and preparing a report to the mission.</li> <li>(v) Provide technical support on any matters related to the project's procurement activities.</li> </ul>	National	12
<b>Financial Management Specialist</b>	<p>Postgraduate degree in finance, accounting, economics or a related field with at least 10 years of relevant professional experience in financial management, monitoring and evaluation. Knowledge of government's financial rules and regulations and ADB Loan Utilization and Disbursement Guidelines is a must. At least 5-year experience in community-driven development projects is required. Specific tasks include:</p> <ul style="list-style-type: none"> <li>(i) Review financial management controls to ensure that generally accepted financial procedures are adhered and that all project funds are utilized for the purposes that they are intended</li> <li>(ii) Assess the implementation of documented management controls for authorization for payments of project expenditures against approved plans, including assessing the implementation of the automated Request for Funds Release IT system</li> <li>(iii) Review adherence of community based organizations to the Community Based Financial Manual and based on findings, provide recommendations to improve this manual for better sub-project implementation</li> </ul>	National	12

Expertise	Terms of Reference	International/ National Assignment	Duration of Services (person- month)
	(iv) Support the project review mission by participating in fiduciary missions and conducting prior spot check of subprojects, documenting findings, and preparing a report to the mission.  (v) Provide technical support on any matters related to the project's financial management activities.		

ACT = area coordinating team, DSWD = Department of Social Welfare and Development, LGU = local government unit, NGA = national government agency, RPMO = regional program management office, TBD = to be determined.

## VII. SAFEGUARDS

96. **Environment (category B).** The subprojects are not expected to have significant adverse impacts on the environment and any potential environmental impacts can be mitigated through the implementation of the environmental management plan (EMP) of each subproject. An Environmental Assessment and Review Framework (EARF) has been prepared with an exclusion list of subprojects (footnote 23) that cannot be funded and, together with ADB's prohibited investment activities, provides a built-in environmental screening mechanism. In addition, the community-based participatory approach ensures that environmental concerns and mitigation measures are discussed in various phases of subproject screening, identification, planning and implementation. Following the EARF procedure, the DSWD will ensure that (i) an initial environmental examination (IEE) will be prepared if the identified subproject is Category B and a project description with EMP for Category C; (ii) site-specific due diligence on compliance with the EMP will be undertaken during project implementation; and (iii) additional environmental safeguards officers will be trained and assigned at the DSWD regional offices.

97. The DSWD through the regional environment safeguards officer will be responsible for the following activities related to environmental safeguards (i) confirm that the project's environmental impacts are addressed in IEE and submitted to ADB for review and approval prior to contract award for Category B subprojects; (ii) confirm that the EMP is included in the civil works contracts; (iii) establish a system to monitoring environmental safeguards of the project including monitoring the indicators set out in the monitoring plan; (iv) facilitate and confirm overall compliance with Department of Environment and Natural Resources (DENR) rules and regulations and obtain all required environmental clearances and any other environmental permits prior to contract award; (v) supervise and provide guidance to the community to properly carry out environmental monitoring and reporting; (vi) review monitor and evaluate the effectiveness with which the mitigating measures are implemented, and recommend corrective actions to be taken as necessary; (vii) consolidate the monthly monitoring reports from the *barangay*/community, particularly on implementation of the mitigating measures; (viii) submit semi-annual environmental monitoring report to ADB for Category B subprojects; (ix) ensure timely disclosure of the final IEE of Category B subprojects in locations and forms accessible to the public; and (x) address, record and report on any grievances brought about through the Grievance Redress Mechanism (GRM) in a timely manner as per the EARF.

98. The government, through DSWD, will ensure that the preparation, design, construction, implementation, operation, maintenance, monitoring and decommissioning of all project facilities financed by the project comply with (i) all applicable laws and regulations of the Republic of the

Philippines relating to environment, land use and zoning, health, labor and occupational safety; (ii) the environmental safeguards stipulated in ADB's SPS 2009; and (iii) all measures and requirements set forth in the EARF, IEE/ Project Description, the EMP, and any corrective or preventive actions set forth in a safeguards monitoring report.

99. **Involuntary Resettlement (category B).** The project has been categorized as Category B for involuntary resettlement by the ADB based on SPS 2009. The magnitude of adverse project impacts is expected to be minimal and will only be known once the specific access roads, bridges, irrigation canals, and domestic water supply systems and other community infrastructure subprojects are selected and designed. Resettlement issues are expected to be minimal. A resettlement framework has been prepared for the project to ensure that all involuntary resettlement impacts are fully identified and mitigated in accordance with the principles of the ADB SPS 2009.

100. Subproject eligibility will be based on an open menu and subject to an exclusion list. The open menu will include community proposals on local disaster recovery and rehabilitation (footnote 23). Individual subproject resettlement plans will be prepared in accordance with the resettlement framework where there are involuntary resettlement impacts.

101. The government, through DSWD, will ensure that (i) counterpart funds are provided on a timely basis for land acquisition and resettlement activities, and any obligations in excess of resettlement plan budget estimates are met; (ii) adequate staff and resources are committed to resettlement monitoring and supervision; (iii) resettlement implementation is reported to the NPMO and ADB through quarterly progress reports, and a subproject completion reports. Periodic reports will be forwarded to ADB.

102. The government, through DSWD, will ensure that the preparation, design, construction, implementation and operation of each subproject complies with (i) all applicable laws and regulations of the Republic of the Philippines relating to involuntary resettlement; (ii) the ADB SPS 2009 on Involuntary Resettlement; and (iii) all measures and requirements set forth in the respective resettlement framework and plan, and any corrective or preventive actions set forth in the safeguards monitoring report.

103. **Monitoring and Evaluation.** The Project will be subject to both internal and external monitoring mechanisms. Internal monitoring will be undertaken by the respective RPMO in coordination with the respective MCTs/ municipal planning and development officer, and *barangay*-based committees. Quarterly internal monitoring reports will be prepared and submitted to NPMO. The findings of these reports including recommendations will be included in semiannual progress reports to be submitted to ADB.

104. **External Monitoring.** External monitoring will be undertaken by an independent agency engaged by NPMO and acceptable to ADB. The external monitor will regularly monitor project implementation and will prepare semi-annual monitoring reports to be submitted simultaneously to both NPMO and ADB.

105. Monitoring indicators and reporting templates are set out in the Resettlement Framework. All resettlement planning documents, monitoring and evaluation reports will be publicly disclosed.

106. **Indigenous People (category A).** Eight out of the nine regions to be covered by this project have *barangays* with IP populations. IP communities are expected to benefit from the



project as shown by the experience of the DSWD in the implementation of the KALAH-I-CIDSS project. They are expected to have improved access to basic services under the project. Negative impacts may result from displacements due to civil works requirements but since subprojects are small-scale, negative impacts may be minimal. Meaningful and culturally sensitive consultation and participation will be undertaken as a part of subproject preparation and implementation. IP members, including IP leaders selected by them will be directly involved in all stages of the planning process and consent of IP communities obtained as needed. Requirements for participation and consultation including FPIC are further described in the Indigenous Peoples Planning Framework (IPPF). An IPPF has been prepared to guide the preparation and implementation of indigenous peoples plans (IPPs) to ensure the participation of IPs in the local development process. IPPs will be prepared by the DSWD in cooperation with the National Commission on Indigenous Peoples (NCIP) as specified in the IPPF.<sup>42</sup>

107. The government, through DSWD, will ensure that (i) counterpart funds are provided on a timely basis for IPP activities, and any obligations in excess of IPP budget estimates are met; (ii) adequate staff and resources are committed to IPP monitoring and supervision; (iii) IPP implementation is reported to the NPMO and ADB through quarterly progress reports, and a subproject completion reports. Periodic reports will be forwarded to ADB.

108. The project staff will be guided by the DSWD Manual for IP engagement<sup>43</sup> and ensure (i) informed participation of IPs in the CEAC so that they will be in a position to receive culturally compatible social and economic benefits, and (ii) that IPs will not be adversely affected by subproject implementation. It will undertake activities to (i) ensure that IPs in target municipalities will be able to provide input to local planning activities; (ii) facilitate the choice of community projects as coming from the IPs themselves through informed decision-making to address local development challenges; (iii) actively participate and lead in the design, development, and implementation of community subprojects; and (iv) provide feedback on project implementation, and benefits and risks to IP groups.

109. The key element of the project's CDD strategy is facilitated participatory planning and community implementation and management of development activities at the community (*barangay*) level, through the CEAC. In ensuring meaningful participation of IPs, the ACTs shall (i) make use of IP-sensitive and appropriate mechanisms and structures, and; (ii) undertake specific activities, that will enable IPs to meaningfully engage in CEAC activities.

110. The government, through DSWD, will ensure that the preparation, design, construction, implementation and operation of each subproject complies with (i) all applicable laws and regulations of the Republic of the Philippines relating to IPs; (ii) the ADB SPS 2009 on Indigenous Peoples; and (iii) all measures and requirements set forth in the respective IPPF, IPP, and any corrective or preventive actions set forth in the safeguards monitoring report.

**111. Implementation Arrangements.** The KC-NCDDP adopts an institutionalization framework that integrates lessons in the implementation of CDD into the regular planning, budgeting, implementation, and monitoring systems, and structures of the barangay and

<sup>42</sup> In subprojects where there are only positive impacts, the subproject planning document will incorporate relevant information about the IP communities, consultation and participation in lieu of a stand-alone IPP.

<sup>43</sup> Austria-Young, J. and D. Nayahangan. (2013) IPs: Insights and Practical Tools for Strengthening Indigenous Peoples' Participation in the NCDDP. A Draft IP-Focused Facilitation Guide for the Implementation of the National Community Driven Development Program (NCDDP) in Indigenous Peoples' Areas. Philippines.

municipal LGUs. It also takes into account the specialized arrangements for post disaster. In project areas where IPs are found, program staff will ensure that participatory approaches for engaging IPs, as well as the development priorities of IPs, are integrated into the local development planning system. Coordination with NCIP field offices in the preparation of the MOA with IP communities. These include, among others (i) integrating the key features of this safeguards framework and strategy into the LGU governance systems, (ii) establishing and maintaining IP databases, (iii) integrating ADSDPP processes into the LGU local development planning instruments and manuals, and (iv) facilitating the review and development of ADSDPPs.

112. The DSWD is the Executing Agency tasked to directly manage and supervise the implementation of the program with the NPMO providing overall management of the project for the DSWD. The Regional Project Management Office (RPMO) extends management and supervision of the project at the regional level as well as provision of technical assistance. The NCIP sits as a member of the national steering committee and in RPMTs in regions where there are IP communities.

113. The Area Coordinating Teams (ACT) (i) facilitate effective implementation of project development processes along the CEAC; (ii) build and strengthen the capabilities of community members and volunteers, and with LGU stakeholders, to identify, design, select, and implement community subprojects using the CDD strategy; (iii) ensure the transfer of the CDD facilitation technology to the municipal and *barangay* local government unit; (iv) facilitate the formation and strengthening of community-based structures and grassroots organizations to engage in participatory, transparent, and accountable governance; (v) facilitate the formation of municipal learning networks for the generation and sharing of lessons on CDD; and (vi) ensures that the M&E data generated by the subprojects are correct, complete, and consistent with project standards, and are shared with the LGU.

114. The Local Government Units (LGUs) (municipalities and *barangays*) are tasked to: (i) provide overall guidance in local development planning; (ii) provide counterpart contributions in support of *barangay* subprojects; (iii) provide assistance in due diligence and technical plans preparation of subprojects; (iv) receive capacity building interventions to facilitate project strategies and approaches into LGU planning and implementation processes; (v) spearhead the legislation of ordinances/orders to provide mechanisms in institutionalizing the principles of participation, transparency, and accountability; (vi) Organize and convene *barangay* development council and committees, inter-*barangay* forums and monitor activities; (vii) Access/mobilize funds for prioritized and non-prioritized subprojects of the communities and *barangays*; (viii) Monitor and evaluate the overall implementation of the project at the municipal level; and (ix) Provide assistance in due diligence and technical plans, and preparation of subprojects.

115. **Project Implementation.** At pre-implementation stage, consultations and agreements with IPs will be recorded as part of the CEAC process due respect to IPRA and the FPIC process, in coordination with the project implementing unit and the NCIP.<sup>44</sup> Further details on implementation arrangements are specified in the IPPF.

116. **Monitoring and Evaluation.** The Project will be subject to both internal and external monitoring mechanisms. Internal monitoring will be undertaken by the respective RPMO in coordination with the respective MCTs/ municipal planning and development officer, and

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<sup>44</sup> Subproject IPPs take into account the uniqueness of the IP community affected by the specific subproject.

*barangay*-based committees. Quarterly internal monitoring reports will be prepared and submitted to NPMO. The findings of these reports including recommendations will be included in semiannual progress reports to be submitted to ADB.

117. **External Monitoring.** External monitoring will be undertaken by an independent agency engaged by NPMO and acceptable to ADB. The external monitor will regularly monitor project implementation and will prepare semi-annual monitoring reports to be submitted simultaneously to both NPMO and ADB.

118. Monitoring indicators and reporting templates are set out in the IPPF. All indigenous peoples planning documents, monitoring and evaluation reports will be publicly disclosed.

## VIII. GENDER AND SOCIAL DIMENSIONS

119. The project identifies and addresses the needs and priorities of women in the aftermath of the humanitarian crisis by ensuring mechanisms to support women's participation and voice in local decision making processes to select and design t priority infrastructure investments.<sup>45</sup> The government through the DSWD will ensure that the project's Gender Action Plan (GAP) is fully implemented and that all project activities are designed and implemented in accordance with ADB's *Policy on Gender and Development* (1998). The GAP ensures that (i) participatory selection of subprojects will include an analysis of the needs and benefits of men and women in the criteria for prioritizing community infrastructure to be rehabilitated/ developed; (ii) separate meetings are held with marginalized households—including those headed by women, where needed—to discuss subproject proposals prior to *barangay* assemblies, in locations and at times convenient for women; (iii) 20%-30% of the paid jobs created by the project are provided to women by 2017; (iv) the operation and maintenance plan provides to women 20%-30% of paid jobs; (v) linkages are made with support services or community crèches are established for child minding so that women can avail the employment and training opportunities (vi) 50% of the participants in all capacity development programs under the project are women; (vii) women's leadership of volunteers committee increases to 50% by 2017; (viii) gender mainstreaming responsibilities are included in the performance targets of project management officers; (ix) all program staff undergo gender training; and ) gender indicators are integrated in the KC-NCDDP M&E framework.

### GENDER ACTION PLAN

Project Outputs	Gender Actions
1. CDD subprojects selected, implemented, and completed  (Enhanced gender-responsiveness of activities in the CEAC processes)	<b>Social Preparation and Subproject Identification</b> <ol style="list-style-type: none"> <li>1. Participatory selection of subprojects in the barangay and inter-barangay level assemblies includes an analysis of the needs and benefits of men and women in the criteria for prioritizing community infrastructure to be rehabilitated or developed.</li> <li>2. At least 50% women's participation in all meetings on infrastructure prioritization, and design.</li> <li>3. In case of under-representation or where needed, organize separate meetings with marginalized households, including women to discuss subproject proposals prior to the barangay assembly (BA) 2.</li> <li>4. Ensure that location and timing of meetings are convenient for women.</li> </ol>

<sup>45</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

Project Outputs	Gender Actions
	<p><b>Enhanced Gender Integration in the KC-NCDDP Guidelines and Materials</b></p> <ol style="list-style-type: none"> <li>5. Ensure preparation of simplified and harmonized technical guidance notes on mainstreaming gender in the KC-National Community-Driven Development Program (KC-NCDDP) processes.</li> <li>6. In the above process, ensure the review of all existing gender mainstreaming tools and documents and identify potential gaps and areas for enhancements. Specific areas to be sustained and enhanced include, among others, the following:               <ol style="list-style-type: none"> <li>(a) Sustaining the collection of sex-disaggregated data to identify the needs and priorities of men and women related to local infrastructure and the use of this data by communities to identify subprojects.</li> <li>(b) Ensuring engagement with local women's groups in key project activities.</li> </ol> </li> </ol> <p><b>Subproject Implementation and Operation and Maintenance (O&amp;M)</b></p> <ol style="list-style-type: none"> <li>7. Disseminate information through site visits and BAs on the different types of jobs that would be available during construction and those which may be performed by women.</li> <li>8. Ensure linkage with existing/ functioning child friendly spaces (CFSs)/ or other protective spaces or establish community crèches for child care so that women can take advantage of employment and training opportunities.</li> <li>9. Ensure 20% to 30% of the paid jobs created by the project go to women (by the end of the project).</li> <li>10. Ensure equal pay for work of equal value accomplished for both male and female workers.</li> <li>11. Ensure that the O&amp;M plan provides 20% to 30% of paid jobs to women.</li> </ol> <p><b>Capacity Development</b></p> <ol style="list-style-type: none"> <li>12. Establish balanced (50%) women's participation in all community capacity development activities generated through the project.</li> </ol> <p><b>Grievance Redress System (GRS)</b></p> <ol style="list-style-type: none"> <li>13. Disseminate information on the GRS, its reporting channels and sanction measures to community members.</li> </ol>
<p>2. Institutional and organizational capacity strengthened</p> <p><i>(Strengthened recruitment, staffing, tasking, and training)</i></p>	<p><b>Staffing and tasks of Area Coordination Teams (ACTs) &amp; Community Facilitators (CFs) and training</b></p> <ol style="list-style-type: none"> <li>14. Continue to ensure balanced recruitment of male and female ACs and CFs in the expanded sites.</li> <li>15. Enhance the terms of reference (TOR) for the ACTs to include their gender mainstreaming responsibilities.</li> <li>16. Review capacity building programs for ACTs and CFs and ensure provision of appropriate gender training and refreshers – including an understanding of gender differentiated issues and vulnerabilities to natural hazards, disaster impacts, and post-disaster emergency and recovery needs – to improve understanding of gender perspectives and capacity to support and ensure tangible benefits for women in the CEAC process.</li> <li>17. Ensure balanced representation of women and men in the selection of community volunteers (encourage increased male involvement in community responsibilities and volunteer roles).</li> <li>18. Ensure progress towards 50% women's representation in leadership positions in the various volunteer committees including the Barangay Representation Teams (by the end of the project).</li> <li>19. Explore how to reduce constraints to women and men volunteers' participation (e.g. meeting time, locations, and cost of transport).</li> </ol>

Project Outputs	Gender Actions
	<p><b>Enhanced competence of the Community Volunteers (CVs)</b></p> <p>20. Ensure that training for all CVs integrates gender module.</p> <p>21. Ensure that 50% of participants of leadership training programs under the project are women.</p> <p>22. Ensure that female CVs are provided opportunities to be included in the expanded barangay and municipal development councils (as a strategy to utilize and sustain CV skills and enthusiasm learnt through participation in KC-NCDDP) by the end of project.</p> <p><b>Capacity Development</b></p> <p>23. Ensure that all program staff members undergo Basic Gender Training/Orientation – this to include a section on gender and disasters.</p> <p>24. Ensure gender orientation and training (basic to advance) is incorporated in the overall KC-NCDDP capacity development programs for partner agencies e.g. Barangay and Municipal LGU officials, Municipal Inter-Agency Committee (MIAC), and Municipal GAD focals.</p> <p>25. Incorporate orientation on prevention of sexual exploitation, abuse and harassment and on reporting mechanisms within the basic orientation to program staff, ACTs and MIAC.</p>
<p>3. Program management and M&amp;E systems enhanced</p> <p><i>(Sustained gender-sensitive Project Management and M&amp;E)</i></p>	<p><b>Staffing</b></p> <p>26. Incorporate gender mainstreaming responsibilities in the TORs and Performance Targets of PMOs.</p> <p><b>Monitoring and Evaluation</b></p> <p>27. Review the existing KALAHI–CIDSS results framework, identify gaps, and provide recommendations to ensure that gender indicators will form part of the overall KC-NCDDP M&amp;E framework;</p> <p>28. Review existing M&amp;E tools used in regular assessments and M&amp;E reporting system and provide recommendations to guide in enhancing the implementation of the KC-NCDDP Gender Action Plan (GAP).</p> <p>29. Ensure that periodic KC-NCDDP process evaluations incorporate a review of gender dimensions and recommendations.</p>

120. **Implementation Arrangements:** The implementation of the gender action plan (GAP) is the primary responsibility of the National Project Manager with the support of the management team, with technical guidance and oversight to be provided by KC-NCDDP gender specialist. At the regional, subregional and municipal levels, the responsibility for effective implementation of the GAP rests with the Assistant Regional Director/Regional Project Manager, the Head of the Sub-Regional Project Management Team, and the Area Coordinators, respectively. Regular KC-NCDDP reporting to ADB will include progress update on GAP implementation.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

### A. Project Design and Monitoring Framework

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b>	By end of 2020:		<b>Assumption</b>
Improved resiliency of poor communities to natural hazards	Poverty incidence in target areas recovers to levels before Typhoon Yolanda (baseline: average poverty	National Statistical Coordination Board small area estimates	Government and community support for the project is secured.

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	incidence of 37.3% in Yolanda-affected municipalities, using small area estimates for 2009)	KC-NCDDP evaluation studies on effectiveness and impact	<p><b>Risk</b></p> <p>More natural disasters and economic shocks limit progress in reducing poverty.</p>
<p><b>Outcome</b></p> <p>Improved access to services and infrastructure for communities in affected provinces and their participation in more inclusive local disaster risk reduction and management planning, budgeting, and implementation</p>	<p>35% of households in covered municipalities reporting increased in confidence to participate in community development by 2017</p> <p>Access to and utilization of basic services and infrastructure such as roads, education, health centers, and water in covered municipalities increased by 10% by 2017</p> <p>45% of members from marginalized groups (indigenous peoples and women) in covered municipalities attending regular barangay (village) assemblies by 2017</p> <p>900,000 households benefited by 2017</p>	<p>Midterm and end-line community and household surveys</p> <p>Midterm and end-line KC-NCDDP management information system data from barangay assembly meeting minutes and attendance complemented by specialized household surveys</p> <p>Midterm and end-line community and household surveys</p>	<p><b>Assumption</b></p> <p>Communities actively participate.</p> <p><b>Risk</b></p> <p>Institutional and personnel capacity is inadequate to manage, implement, and monitor the KC-NCDDP.</p>
<p><b>Outputs</b></p> <p>1. CDD subprojects selected, implemented, and completed</p>	<p>85% of completed subprojects meet basic financial standards based on finance and administration submanual by 2017 (baseline: 0% in 2013)</p> <p>85% of subprojects in covered municipalities completed in accordance with technical plans, schedule, and budget by 2017 (baseline: 0% in 2013)</p> <p>85% of completed subprojects in covered municipalities have satisfactory or better sustainability evaluation ratings by 2017 (baseline: 0% in 2013)</p>	<p>Quarterly KC-NCDDP progress report from KC-NCDDP community projects completion reports</p> <p>Quarterly KC-NCDDP progress report from KC-NCDDP community projects completion reports</p> <p>Annual KC-NCDDP report from subproject sustainability evaluation reports of barangays and municipalities</p>	<p><b>Assumption</b></p> <p>Government is committed to adequately fund and manage the program.</p> <p><b>Risks</b></p> <p>Political interference occurs.</p> <p>Cost escalation of materials for construction.</p> <p>Unclear information regarding ownership and/or prior occupation of land to be utilized for the subprojects.</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	20%–30% of the paid jobs created by the project are held by women by 2017 (baseline: 3% for skilled and 5% for unskilled in 2013)	Quarterly KC-NCDDP progress report from KC-NCDDP community projects completion reports	
2. Institutional and organizational capacity strengthened	85% of covered municipalities with increased membership of people’s and civil society organizations in local development councils and special bodies by 2017  At least 10 community volunteers per village trained in CDD by 2017, of which 50% are women  50% of the leadership positions in community volunteer committees held by women by 2017 (baseline: 35% in 2012)	Quarterly KC-NCDDP progress reports from municipal and barangay LGU reports	<b>Assumption</b>  Stakeholders have positive attitudes to the KC-NCDDP.  <b>Risk</b>  The participation of the poor, particularly women, is weak.
3. Program management and M&E systems enhanced	System for community requests for fund release fully operational by 2014  At least one study regarding effectiveness and impacts completed, including a review of gender equality dimensions, by 2017  100% of newly targeted 189 municipalities generate sex-disaggregated data by 2017 (baseline: 10% in 2009)  Gender action plan implemented by 2017	Quarterly KC-NCDDP progress reports	<b>Assumption</b>  The recruitment of staff and procurement of equipment is timely.  <b>Risk</b>  Errors occur in recording and reporting project transactions and program information.
Activities with Milestones		Inputs	
1.1. Community social preparation and mobilization initiated by Q1 2014 in covered municipalities 1.2. Selection of subprojects initiated by Q1 2014 in covered municipalities 1.3. Transfer of investment grants for implementation commenced by Q2 2014 in covered municipalities  2.1. KC-NCDDP capacity building plan finalized by Q1 2014 2.2. Capacity building program for the KC-NCDDP and LGU staff started beginning Q1 2014 2.3. Performance management system for LGUs developed by Q2 2014 2.4. Grievance redress and social accountability mechanisms enhanced and installed by Q1 2014		<b>ADB: \$372.1 million</b>	
		<b>Item</b> <b>Amount (\$ million)</b>	
		Output 1358.6	
		Output 210.1	
		Output 32.9	
		Contingencies0.5	
		<b>National Government: \$291.7 million</b>	
		<b>Item</b> <b>Amount (\$ million)</b>	
		Output 145.2	
		Output 213.7	
Output 311.9			

Activities with Milestones	Inputs
3.1. A total of 5,215 national, regional, subregional, and municipal technical specialists and consultants and support staff hired beginning Q1 2014 3.2. Management information and M&E systems developed and operationalized by Q1 2014 3.3. Evaluation and special studies designed and procured beginning Q3 2014.	Recurrent Costs
	195.9 <sup>a</sup>
	Contingencies
	0.7
	Financing charges
	24.3

ADB = Asian Development Bank, CDD = community-driven development, KC-NCDDP = KALAHÍ–CIDSS National Community-Driven Development Project, LGU = local government unit, M&E = monitoring and evaluation, TA = technical assistance.

<sup>a</sup> Of this amount, \$159.2 million is under output 2 and \$36.7 million is under output 3.

Source: Asian Development Bank.

## B. Monitoring

121. **Program performance monitoring.** KC-NCDDP will establish a program performance monitoring system similar to the existing system of the on-going KALAHÍ–CIDSS project. The M&E system of KC-NCDDP collects information through monitoring the program field operations, progress and results towards outcomes and thematic/project impact evaluation. Program performance monitoring will ensure that deviations between the program plan and achieved results (outputs, outcomes, and impacts) are recognized by program management in a timely manner, thereby allowing effective corrective actions and decisions. The M&E system of KC-NCDDP shall provide both quantitative and qualitative monitoring, utilizing internal, outsourced, independent and community-based monitoring and evaluation. Major elements of the KC-NCDDP M&E system include (i) participatory monitoring by communities and LGUs; (ii) internal monitoring of inputs, process, and outputs by the PMOs and LGUs; and (iii) third-party monitoring and evaluation. The current KALAHÍ–CIDSS database system gathers information from the community, which is consolidated at the national level through inputting, processing and consolidating data into the MS Access database system. The KC-NCDDP MS Access database system will further undergo development and adjustment to simplify and streamline the reporting process, while ensuring that core program management information is made widely available extending to external stakeholders through an upgraded program website. The M&E system for KC-NCDDP also provides support activities for database management and internal data quality assessments, building and strengthening KC-NCDDP staff and local counterparts' capacity on M&E (see Box10).

### Box10: KC-NCDDP M&E SYSTEM COMPONENTS AND ACTIVITIES

#### MONITORING

Monitoring field operations against schedules, cost and quality standards in KC-NCDDP technical and process manuals and activity work plans of field staff

KC-NCDDP regional and national technical assistance units incorporate in their functions monitoring and technical control of field operations

Monitoring of results

Monitoring overall KC-NCDDP milestones and intermediate outcomes at municipal, regional and national levels, by using results-based KC-NCDDP key performance indicators

Annual local participatory assessments with primary stakeholder representatives within KC-NCDDP municipalities, and selected on-site monitoring to be conducted

Grievance redress monitoring

#### EVALUATION

Third-party and civil society thematic and process evaluation

External technical, thematic and impact evaluation



**M&E SUPPORT ACTIVITIES**

Project database development and management, and conducting internal data quality assessments  
 Capacity building for M&E staff and local counterparts  
 M&E dissemination and communications

122. **Community participatory monitoring.** In KC-NCDDP, the community groups take active part in various processes of decision-making, implementation, book-keeping, procurement, and operations and maintenance. Community monitoring is an integral part of the KC-NCDDP design that promote participation, transparency and accountability. This is ensured through (i) access to information, such as the posting of project activities and financial records to community information boards; (ii) discussion at open public meetings; and (iii) setting up of grievance redress system to channel complaints or inquiries.

123. **Monitoring project field operations.** Field operations and delivery of assistance to communities are monitored based on inputs, process and output standards in the KC-NCDDP manuals and the work and financial plans. Field operation monitoring is an integral part of the technical supervision functions of national and regional specialists and their units (community process specialists, community infrastructure specialists and finance specialists) as they are mandated to supervise, review and assist municipal-level implementation. To ensure internal data quality assessment, regional M&E units check the completeness and correctness of the data transmitted prior to uploading the information to the national level.

124. **Independent third-party monitoring.** DSWD has strong mechanisms to engage third-party monitoring, including civil society organization and media. The civil society and NGO groups take part as guide, coach, channel and monitor of DSWD programs planning, implementation and monitoring through the existing “*Gabay, Kaagapay, Tulay at Bantay*” program. KC-NCDDP will further strengthen the partnership with civil society organizations in order that they take a more active role in the KC-NCDDP implementation, including assessing the extent to which the CDD approach has become an integral part of the local governance process and the extent to which KC-NCDDP information is used for municipal LGU planning.

125. **Monitoring of results.** There are close links between operations monitoring and the results-based monitoring in the KC-NCDDP M&E system, as shown in Table 3. The M&E system of KC-NCDDP not only collects output information but also focuses on results-based monitoring to track progress towards outcomes. Unlike field operations monitoring, results monitoring tracks the on-going attainment of the key indicators for desired quality and progress towards achieving the KC-NCDDP impact and outcome. Furthermore, KC-NCDDP helps build local capacities through the results-based participatory monitoring, which increases the ownership of the data collected at the local level for use in planning and implementation of community and municipal development initiatives.

**Table 3: KC-NCDDP KPIs Internal Reporting Requirements**

Who Are Involved/Contributing		Tasks	Reports Prepared	Due
Municipal KC-NCDDP Staff and Community Volunteers	KC-NCDDP community facilitators, and community volunteers of KC-NCDDP <i>barangays</i>	Documenting community activities in KC-NCDDP forms	Records of post-KC-NCDDP community activity	Within 5 days from end of activity
	KC-NCDDP technical and financial staff,	Review of community-prepared technical and	Technical and financial subproject progress	Monthly

Who Are Involved/Contributing		Tasks	Reports Prepared	Due
	and community volunteers of KC-NCDDP <i>barangays</i>	financial subproject records, required for KC-NCDDP processing of community funding requests	reports	
Municipal KC-NCDDP Database Operator		Copying data for M&E from paper-based local records of KC-NCDDP communities and municipal KC-NCDDP staff	Data typed into KC-NCDDP M&E database	Constant data entry/updating
KC-NCDDP Municipal AC or Municipal Monitor through the Municipal KC-NCDDP Database Operator		e-Transmission of municipal M&E data to sub-regional/regional KC-NCDDP M&E Unit	KC-NCDDP MS Access Database Tables	Every end of the month
Regional KC-NCDDP M&E Unit with inputs from regional KC-NCDDP technical, financial and process specialists		Desk review/quality checks of M&E data received from KC-NCDDP municipalities	Reviewed KC-NCDDP MS Access Database Tables	Within 15 days from receipt of municipal data
KC-NCDDP Regional M&E Unit, Regional Project Manager (RPM)		Giving feedbacks to municipalities	KC-NCDDP feedback report to municipalities	Within 15 days from receipt of municipal data
		Regional KC-NCDDP KPIs reports preparation	KC-NCDDP Intermediate Outcomes KPIs Monitoring Table	Every 30 days from end of the quarter
National KC-NCDDP M&E Unit with inputs from national KC-NCDDP technical, financial and process specialists		Desk review/quality checks of regional M&E reports	National KC-NCDDP Intermediate Outcomes KPIs Monitoring table	Within 7 days from receipt of regional reports
KC-NCDDP National M&E Unit, KC-NCDDP National Program Manager		Overall KC-NCDDP progress report preparation	Overall KC-NCDDP progress report	Every 45 days from end of the quarter

KPI = key performance indicator, M&E = monitoring and evaluation, KC-NCDDP = KALAHÍ-CODSS National Community-Driven Development Program, RPM = regional program manager.

126. The quarterly KC-NCDDP progress report is a write-up and summary table on targets and accomplishments of the key program indicators, disbursements, other updates and next steps. These quarterly reports will provide information necessary to update ADB's project performance reporting system. ADB will conduct regular review missions, to the extent possible, with the government and other development partners. These review missions will serve as a platform for discussion on implementation progress as well as identification of problems that may require early attention and corrective actions. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the DSWD's quarterly progress report and after each review mission. In the third year of project implementation, a comprehensive midterm review (MTR) will be conducted. The MTR will evaluate the (i) project design, (ii) stakeholder participation, (iii) quality of works, (iv) social and environmental impacts, (v) capacity building, (vi) compliance with loan covenants, (vii) improvement of local governance, (viii) effectiveness of implementation arrangements and program management structures, (ix) attainment of operations and maintenance budget for

sustainable maintenance, and (x) future implementation plans for the remaining works. The results of the MTR will guide modifications to the scope and design of the Project and, if needed, the reallocation of funds among the loan categories.

127. **Compliance monitoring.** The status of compliance, including actions taken to comply, with the loan covenants will be monitored and updated in the ADB's project performance reporting system. The monitoring mechanism will include (i) regular review and verification by the ADB project officer, (ii) field level monitoring and evaluation, (iii) monitoring and review of relevant key project indicators, (iv) review of annual audited financial statements; (v) program website access, (vi) project review missions and the mid-term review, and (vii) receipt and/or approval by ADB of required documents. The envisaged activity and target of the Gender Action Plan will be monitored by DSWD and added to quarterly and annual progress reports. Updated covenants should be appended to the quarterly and annual progress reports that will be submitted by the DSWD.

128. **Safeguards monitoring:** Monitoring and evaluation of safeguard is described in Section VII.

129. **Gender and social dimensions monitoring:** The gender action plan will be monitored as described in Section VIII.

## C. Evaluation

130. **Thematic and project impact evaluation.** Since the onset of the KALAHÍ-CIDSS, in order to optimize the project interventions, DSWD has been committed to evaluation studies in order to build an empirical basis to inform policy and operational decisions. Such evaluation demonstrated the use of innovative methods of delivering services to the poor and showcased alternative models of poverty reduction projects using the CDD approach. The evaluation in KC-NCDDP will build on past experience by focusing on (i) exploring better ways or introducing adjustments to achieve the desired level and quality of KC-NCDDP implementation, (ii) measuring achievement of the KC-NCDDP final program outcomes and impact, and (iii) assessing other measures of program success, best practices, challenges and lessons learned for CDD and future program design.

131. Several monitoring and evaluation studies will be financed, from the loan proceeds as well as from the Technical Assistance Support Facility, such as (i) process monitoring/evaluation, (ii) cost and benefit economic analysis, (iii) technical maintenance review of subprojects, (iv) household survey on KC-NCDDP outcomes, and (v) other studies identified by DSWD that will be of relevance to the project.

132. **Project Completion Report.** Within six months of physical completion of the Project, the DSWD will submit a project completion report to ADB.

## D. Reporting

133. The DSWD will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system within 60 days at end of each quarter ; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 6 months of physical completion of the Project. To ensure projects

continue to be both viable and sustainable, project accounts and the executing agency audited financial statements (AFSSs), together with the associated auditor's report, should be adequately reviewed.

## E. Stakeholder Communication Strategy

134. Being at the forefront of the government's anti-poverty agenda, KC-NCDDP will enhance the strategic communication that has been built under the KALAHI-CIDSS experience and capitalize on the good track record of DSWD in disclosing project documents through the agency and KALAHI-CIDSS websites.<sup>46</sup> The National Project Director's directive for 2012 summarizes the strategic communication policy aimed at increasing support of stakeholders by ensuring their full understanding of KC-NCDDP and generating consensus around a common design that builds upon the learning and experiences of KALAHI-CIDSS. The critical stakeholders for DSWD are the NGAs, LGUs, House of Representatives, Senate, CSOs and media. As KALAHI-CIDSS scales up to KC-NCDDP, the communication strategy will place more importance in reaching out to KC-NCDDP stakeholders to inform them of KC-NCDDP objectives, strategies and results. This is led by the NPMO Communication Unit, supported by Regional Social Marketing Officers.

135. The following is ADB's stakeholder communication strategy of the Project to the general public.

<b>Project Documents</b>	<b>Means of Communication</b>	<b>Responsible Party</b>	<b>Frequency</b>	<b>Audience(s)</b>
Project Information Document (PID)	ADB's website	ADB	initial PID no later than 30 calendar days of approval of the concept paper; quarterly afterwards	General Public
Design and Monitoring Framework (DMF)	ADB's website	ADB	draft DMF post fact-finding mission	Project-affected people
Environmental Impact Assessment	ADB's and DSWD's websites	ADB	at least 120 days before Board consideration	General Public, project-affected people in particular
Report and Recommendation of the President	ADB's and DSWD's websites	ADB	promptly following Board approval of the project	General Public
Loan Agreement	ADB's and DSWD's websites	ADB	promptly following Board approval of the project	General Public
Project Administration Manual	ADB's and DSWD's websites	ADB	promptly following Board approval of the project	General Public
Project Performance Management System	IPIG's website	ADB	routinely disclosed, no specific requirements	General Public, project-affected people in particular
Major Change in Scope	ADB's website	ADB	within 2 weeks of approval of the	General Public

<sup>46</sup> <http://www.dswd.gov.ph/>; <http://kalahi.dswd.gov.ph/>

Project Documents	Means of Communication	Responsible Party	Frequency change	Audience(s)
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## X. ANTICORRUPTION POLICY

136. The government shall comply with, and cause DSWD to comply with ADB's Anticorruption Policy (1998, as amended to date). ADB's Anticorruption Policy was explained to and discussed with the DSWD.

137. ADB reserves the right to investigate directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices related to the Project. The government shall cooperate with, and cause DSWD to cooperate fully with any such investigation and extend all necessary assistance including providing access to all relevant books and records, as may be necessary for satisfactory completion of such investigation and shall allow, and cause DSWD to allow, ADB to investigate any violation or potential violation of these undertakings.

138. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the loan agreement and the bidding documents for the Project. In particular, the government shall (i) ensure that DSWD conducts periodic inspections on the contractors' activities related to fund withdrawals and settlements; and (ii) ensure and cause DSWD to ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants, and other service providers as they relate to the Project. Individuals/entities on ADB's anticorruption debarment lists are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>47</sup>

139. If the government or ADB is or becomes aware or has a reasonable suspicion that any member of DSWD has engaged in corrupt or fraudulent practices (as defined in ADB's Anticorruption Policy (1998 as amended to date)) under or in connection with the project or the loan, the government will take such timely and appropriate action satisfactory to ADB to investigate and/or remedy the situation.

140. In addition to these requirements, to deter corruption and increase transparency, the government shall create a website within 2 months of loan effectiveness, accessible by the general public, to disclose various information concerning the project including general information about the project, public procurement related to the project, project progress and contact details in English and Tagalog. The website shall also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the project and project activities. For contracts above US \$ 100,000, the website shall include information on, among others, the list of participating bidders, name of the winning bidder, basic details on bidding procedures adopted, amount of contract awarded, and the list of goods/services procured. For consulting services subject to ADB's prior review, the shortlist of consultants approved by the ADB shall likewise be published in the website. The government shall cause DSWD to permit any bidder to request an explanation as to why a bid was unsuccessful and DSWD shall respond within 20 working days. The website will be updated within 2 weeks after (i) each award of contract, and (ii) each submission of the semi-annual Safeguards Monitoring Report to ADB. In addition to the web-based disclosure, stakeholders, which include civil society and non-governmental organizations,

<sup>47</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

shall be provided by the government with detailed information on procurement on public notice boards in their respective areas.

## **XI. ACCOUNTABILITY MECHANISM**

141. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.<sup>48</sup>

## **XII. RECORD OF PAM CHANGES**

142. {All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.}

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<sup>48</sup> For further information see: <http://compliance.adb.org/>

**APPENDIX 1: LIST OF PROVINCES AND MUNICIPALITIES AFFECTED BY TYPHOON  
YOLANDA AND COVERED BY KC-NCDDP**

<b>Region</b>	<b>Provinces</b>	<b>No. of Provinces</b>	<b>No. of Municipalities</b>
IV-A	Quezon	1	17
IV-B	Marinduque, Occidental Mindoro, Oriental Mindoro, Palawan, Romblon	5	62
V	Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, Sorsogon	6	92
VI	Aklan, Antique, Capiz, Guimaras, Iloilo, Negros Occidental	6	117
VII	Bohol, Cebu, Negros Oriental, Siquijor	4	72
VIII	Biliran, Eastern Samar, Leyte, Northern Samar, Samar(Western Samar), Southern Leyte	6	136
X	Bukidnon, Camiguin, Lanao del Norte	3	7
XI	Compostela Valley, Davao del Sur, Davao Oriental	3	10
Caraga	Agusan del Norte, Agusan del Sur, Dinagat Island, Surigao del Norte, Surigao del Sur	5	41
<b>9</b>		<b>39</b>	<b>554</b>