

KALAHI-CIDSS National Community Driven Development Program (P127741)

1st Implementation Support Mission

Draft Aide Mémoire

A. INTRODUCTION

1. The First Implementation Support Mission (ISM) for KALAHI-CIDSS National Community Driven Development Project (KC-NCDDP) was carried out jointly with the Asian Development Bank from 23 June to 11 July. The main objective of the Mission is to follow-up on the progress made by the Department of Social Welfare and Development (DSWD) in preparing the roll-out of activities for NCDDP. The mission specifically focused on: (1) the preparation activities in Yolanda-affected areas (including National and regional work plans; (2) updates on staffing and on additional engineering technical support; (3) finalization of Operations Manual and sub-manuals; (4) progress with the implementation of the training program for field staff; (5) the NCDDP analytical program and other technical assistance needs; (6) the NCDDP Impact Evaluation strategy and use of Interim Survey data jointly with the Millennium Challenge Corporation; (7) the preparation of the NCDDP-ARMM; (7) the role of NCDDP in post-Yolanda housing reconstruction efforts and operational implications.
2. The World Bank Group (WBG) wishes to thank Secretary Corazon Juliano Soliman, the senior and regional management, staff and consultants of DSWD for their time, energy and support provided in the organization and implementation of the mission. The Bank also thanks the representatives of other national government line and oversight agencies, including the members of the KC NCDDP Inter-Agency Project Implementation Team (NIAPIT), for their active participation and inputs to the task team's deliberations as well as the local executives and staff of the various municipalities and barangays visited. Finally, the mission thanks the key development partners the Asian Development Bank (ADB), the Australian Government Department of Foreign Affairs and Trade (DFAT), and the Millennium Challenge Corporation (MCC) and other national stakeholders for their time and insights. The mission schedule and list of people met is shown in Annex 1.
3. The present Aide Memoire provides a summary of key findings and discussions. The indicated agreements reached are subject to final review and approval by DSWD and by the WBG management.

B. KEY FINDINGS AND AGREEMENTS

4. **Overall pace of implementation.** The mission reviewed with DSWD the progress made on previous agreed upon actions. DSWD has made important progress in securing Department of Justice (DoJ) ratification leading to the signing of the both ADB and World Bank loan agreements as well as in securing the Special Allotment Release Order (SARO) allocating Government Funding for the implementation of project activities. In terms of the overall progress with preparatory activities: (i) the finalization of Operational Guidelines, and Sub-Manuals planned for May 2014 is currently ongoing; (ii) with the issuance of the SARO expected by 31st July recruitment activities, detailed regional planning on staff deployment and NPMO supervision arrangements can proceed shortly; (iii) the start date of training activities has, therefore, shifted from May to August 2014. A revised time-line for key preparatory activities has been included in Table 2 on Agreed Actions. Based on progress

to date, the DSWD has developed an updated roll-out plan prioritizing project implementation in the 160 municipalities most affected by Yolanda.

5. **KC NCDDP Launch and signature of Memorandum of Understanding with ADB on NCDDP.** The mission participated in the successful launch of the NCDDP in Ormoc, Leyte Province, Region VIII (Visayas), on June 23, 2014. The launch ceremony with more than 300 participants led by hosted by Secretary Soliman of DSWD, and included the Secretaries of Department of Interior and Local Government (DILG), Department of Education (DepEd), and the Department of Agrarian Reform, all pledging support for the program. Also present were the Governor of Leyte and the Mayor of Ormoc City, the Country Directors of the ADB and the World Bank, 136 chief executives or municipal representatives from Region VIII (priority NCDDP region most affected by Typhoon Yolanda), civil society and non-governmental agencies and other stakeholders, national and regional staff of DSWD. The launch activities included the signature of a Memorandum of Understanding between the ADB and WBG (witnessed by DSWD) outlining the key principles of collaboration on support NCDDP implementation (including the harmonization of reporting requirements and joint implementation of Implementation Support Missions). The event was followed by three days of discussions and field visits with Region VIII DSWD staff, municipalities and barangays to assess the region's readiness to roll-out the NCDDP.
6. **Field visits.** While in Region VIII for the project launch, the mission visited the municipalities of Matag-ob, Kananga, Alang-alang of Leyte Province, and the Municipalities of Lawaan and Marabut in Samar Island. These visits and movements within Region VIII confirmed the extreme levels of damage caused by Typhoon Yolanda, and the challenges that some municipalities will have in rolling out NCDDP given the impact on administrative offices, equipment, and essential services. Those municipalities and barangays that are current or recent KALAHI-CIDSS (KC) participants showed a good understanding of the program and its systems, and a willingness to quickly move ahead with the additional support to be provided under NCDDP. Authorities of new municipalities (Marabut and Lawaan) understandably showed less understanding of NCDDP, were interested to know about the implementation process and assistance they would receive in running the program. They also indicated that they had not yet been informed of their municipal sub-grant allocation under the program. The extent to which municipalities visited were affected by "no-build" zoning was particularly noteworthy and is likely to have significant impact on NCDDP implementation. The visit highlighted the importance of clarifying: (i) zoning policies regarding no build zones; and (ii) standards for construction (housing and public building specifications). The mission agreed to provide technical support to DSWD to assist the National Inter-Agency Project Implementation Team (NIAPIT) Technical Working Groups in providing relevant technical guidance to NCDDP municipalities on these issues.¹ In addition, the mission noted the strong demand for (i) livelihood restoration interventions (particularly in Lawaan where households are dependent on coconut production which has been severely affected); and (ii) significant challenges that will be faced by the LGU in managing resettlement and land acquisition processes.
7. **The mission took stock of progress with preparatory activities for KC NCDDP roll-out, as follows:**
8. **Staffing:** The mission discussed in detail the NCDDP staffing plan. Of the total 7,913 priority staff² required under NCDDP, 1,293 are in place and will be reappointed (based on previous acceptable

¹ The NCDDP National Inter-Agency Technical Working Group advises the National Steering Committee, is chaired by DSWD and is composed of key partner agencies and departments including DILG, DepEd, DAR, DoH, OPPAR.

² Includes staff of RPMOs, Sub-regional offices, and ACTs.

performance), and 2,020 have been short-listed and interviewed and are ready to be hired. While DSWD indicates a fairly large pool of potential candidates to fill the remaining 4,600 positions, estimates provided by the NPMO suggest potential gaps in staffing efforts particularly in Regions IV-B, V, and VIII)³. The mission noted that the 160 priority Yolanda-affected municipalities require 2,092 staff for NCDDP implementation with 1,700 already short-listed and ready to be hired. DSWD indicates a sizeable pool from which to select the remaining candidates. DSWD reports that the majority of RPMOs are currently holding off on further recruitment until the issuance of the SARO. The mission also noted during its field visits that Region VIII estimates it currently has identified only 50% of the engineers it will need to cover the 76 municipalities under NCDDP. The Regional staff also expressed concern that candidates currently pooled may find alternative employment (particularly engineers) if hiring needs to further hold. The date of issuance of the SARO and the quality of pooled candidates could affect the speed with which the NCDDP can initiate sub-project activities particularly in the high-priority “OPARR” municipalities.⁴

In this regard, the mission noted:

- a. DSWD’s initiative to establish of dedicated Procurement Unit at the NPMO and the proposal to mirror this at the RPMOs levels to expedite procurement for interventions under Foreign Assisted Projects, to support the recruitment process and procurement related to s equipping of Sub-Regional PMOs within the time-line for roll set by the NCDDP NPMO.
 - b. That DSWD team has held further discussions with the DFAT support Technical Assistance Unit (TAU) to secure engineering technical assistance for ACTs in Yolanda affected areas. Given the time-sensitive nature of the support needed, it was agreed that the proposal would be submitted to TAU as soon as possible with the objective of making funds available for implementation during the month of August.
9. **Municipal roll-out.** The mission noted the detailed guidance memo on MLGU enrollment in KC-NCDDP sent by the NPMO to all participating regional offices, dated May 28, 2014. This memo provides a sound basis upon which the KC-NCDDP regions can initiate the work of rolling out the program. The memo also commits the NPMO to providing the list of all eligible municipalities to all regions, and the mission agreed with DSWD that this be done by August 2014. At the same time, it was agreed that DSWD would share with the regions the specific and total block grant allocation per municipality. Given the status of staffing and training plans, the mission worked with DSWD to prepare an updated work plan for the roll-out. The intention is to initiate sub-project implementation in the 160 high-priority Yolanda affected municipalities in the first quarter of 2015. Preparatory activities, including municipal orientations are expected to take place in an additional 351 municipalities in the last quarter of 2014, for sub-project implementation in the last 2 quarters of 2015. In considering these plans, it is important to note that the mission’s discussions with core KC staff of Region VIII also revealed that the KC team and the municipal level ACTs and Social Welfare staff are deeply involved in a number of typhoon response related activities. These include distribution of relief supplies, validating lists of disaster affected families and delivery of housing materials. As such, the additional requirements associated with establishing or scaling up the human and physical infrastructure needed for NCDDP will pose additional challenges in meeting the time-line outlined above. Finally, DSWD indicated that work would begin in the remaining 166 non-Yolanda municipalities in 2016.

³ It is important to note that these Regions have not been affected by typhoon Yolanda which will enable the NPMO and RPMOs to phase in NCDDP implementation at a slightly later date.

⁴ The 171 high-priority Yolanda affected “OPARR” municipalities are those that fell within the 100 kilometer wide path of the center of the Typhoon. Of these 171 municipalities, 160 are rural and covered by NCDDP.

10. **The mission reviewed the status of revised operational guidelines and sub-manuals** for the project and provided further inputs and recommendations for their finalization, as follows:

- a. **Project Operations Manual (POM):** The overall POM addresses those topics not covered by the specialized sub-manuals, including the overall organizational structure of project, the central and regional level procedures for FM and procurement and summarizes and cross-references the sub-manuals. The ADB and WBG reviewed and provided detailed comments to the POM shared by DSWD during the mission. The mission agreed that the final version of the POM would be shared with the WBG and ADB by the end of July 2014.
- b. **Disaster Response Operations Manual (DROM):** The WBG and ADB teams discussed the revised draft of the DROM to clarify the changes made to the accelerated procedures. The mission did further work to refine/reach agreement on the key processing steps. It was further agreed that DSWD would prepare a matrix outlining the key agreements reached and forward the same to the ADB, WBG by July 17th for review by the 21st July. Further technical support will be provided by the WBG for the finalization of the DROM based on these agreements by the end of July 2014.
- c. **CEAC:** The WBG and ADB teams took stock of the progress made by DSWD in completing the revisions to the CEAC manual. Given the time-line for the implementation of training activities and field roll-out it was further agreed that the DSWD team would prepare a matrix outlining the key changes being processed to the CEAC manual by the 17th of July 2014 for review by July 21th. Further technical support will be provided by the WBG for the finalization of the CEAC based on these agreements by the end of July 2014.
- d. **Procurement Manual and Community-Based Procurement Manual:** The procurement section of the main Operations Manual, the Procurement Manual (procedures for Components 2 and 3 of the project) and the Community-Based Procurement Manual (CBPM) were reviewed during the mission. The comments provided to DSWD on the CBPM draft during the pre-Implementation Support Mission have been incorporated in the latest draft provided. The mission agreed that DSWD would further revise the manual to: (i) ensure consistency and coordination amongst the different sections of the CBPM before the same can be finalized; (ii) finalize the editing of the document. The mission agreed that the final versions of all procurement sub-manuals will be shared with the WBG, and ADB, on or before end-July 2014.
- e. **Financial Management Manual and Community-Based Financial Management Manual:** The agreed actions and comments provided to DSWD on the Finance Sub-Manual and Community Based Finance Sub-Manual during the previous mission were incorporated in latest draft and were discussed during the mission. DSWD also developed a simplified Community Based Finance Sub Manual prepared in modular format which includes the following: (i) Book 1 - General Provisions (Guide for the BSPMC); (ii) Book 2 - Cashiering (Guide for the Treasurer); (iii) Book 3 - Bookkeeping and Reporting (Guide for the Bookkeeper); and (iv) Book 4 - Community Finance Monitoring and Audit (Guide for the Audit Team). The booklets were submitted to the WBG and ADB and discussions were held on the first three booklets during the mission. Comments and further suggested refinements on the booklets will be sent to DSWD by July 11, 2014, and a final draft will be shared with the WBG and ADB on or before July 31, 2014.

- f. **Monitoring and Evaluation:** The WBG and ADB discussed with DSWD the processes and specific forms that would be used to monitor progress under the project and to respond specifically to the key performance indicators in the project's results agreement. The teams also discussed and commented on a partial set of these paper-based M&E forms. The key issues raised concerned: simplification of forms to eliminate unnecessary data or to aggregate data appropriately, elimination of certain forms not directly linked to key performance indicators, and clear guidelines on how the forms are processed and linked. The M&E team noted that some key forms are managed by the engineering and finance units and can only be changed with their concurrence⁵. Therefore, the mission recommends that NCDDP management consider those recommendations for simplification of the forms with the relevant teams. The M&E team committed to sharing with the mission the inception and preliminary design reports of the systems developer, the revised (and simplified) GRS sub-manual, an table of all project information forms that identifies which ACT staff member are responsible for completing the form by July 16. Lastly, the M&E team indicated that the revised M&E sub-manual, which will include a compendium of all MIS forms used under the project, would be available by September 30.
- g. **The Environmental and Social Management Framework (ESMF) document for NCDDP has been cleared by the WBG and can be applied in subproject processing and implementation.** For purposes of providing coherent and user-friendly guidance, the mission agreed that the Operations Manual and CEAC Manual should only have a summary section on safeguards and the details should remain in the ESMF. The mission also agreed that the specific procedures in the ESMF that were developed for use in disaster response will be fully integrated in the DROM for ease of reference by field teams. The Bank team provided detailed comments mainly along the objective of harmonizing the Project's requirements and procedures with the WBG and the ADB safeguards policies. In terms of social safeguards the review focused on the: (i) trigger for Resettlement Framework /Resettlement Action Plan preparation, (ii) Indigenous People Plan preparation, and (iii) Disclosure of Project Information. The mission agreed that the Involuntary Resettlement/Land Acquisition section of the ESMF, both in the main text and in the Annex on Land Acquisition and Resettlement and Relocation Framework (LARRF), would be further revised to soften the current formulation that Voluntary Land Donation is the primary mode, and to state that various options in land acquisition are available for sub-project proponents. This entails development of additional templates (e.g. Lease Agreement/Usufruct, Land Use Agreement, Temporary Land Use Agreement, Deed of Sale, etc.) for other land acquisition modes, which should be incorporated in the Annex on LARRF. In terms of environmental safeguards it was agreed that the section on Pest Management (specifically on the use of termicides) would be further developed to provide guidance on the promotion and application of Integrated Pest Management during sub-project proposal preparation (where relevant). It was agreed that the revised ESMF will be submitted to the Bank and ADB on or before July 24, 2014.
- h. Lastly, as noted during the previous mission, **the current KALAHI-CIDSS Community Infrastructure sub-manual is considered adequate** to be used for training of priority staff and rolling out the NCDDP in the priority municipalities.

11. **The CEAC, DROM, Community-based Procurement and Community-based FM sub-manuals as well as the ESMF** will be essential for the training of priority staff in the Yolanda-affected areas, which will begin in September. Once finalized, these materials will also be "popularized"—i.e.,

⁵ The M&E Team informed WBG and ADB that the Program Information Management System also provides information to DSWD offices, NGAs and other oversight agencies.

written and formatted in a way that would facilitate access to the information and guidance by the ACT staff and *barangay*-level sub-project volunteers. The WBG is supporting the consultancy to carry out this popularization.

12. **Training of field staff:** The mission reviewed with DSWD the status of technical support provided by the consultant firm Associated Resource Management and Development, Inc. (ARMDEV) to assist in the preparation of the basic training for ACTs as part of the Implementation Support Facility (ISF).⁶ The mission noted the following major accomplishments: (i) TNA report completed; (ii) Training design and manuals developed and; (iii) initial logistical arrangement for ToT under way.⁷ DSWD, ARMDEV, ADB and WBG teams jointly reviewed the training manual⁸ and reached the following agreements

- a. **Format:** the TOT will simulate the training for ACTs but with an additional module on training management/competencies. The ACT training will involve 2 modules: (i) module 1 on development context and framework; and (ii) module 2 on operationalization of CEAC.
- b. **Content:** While the TOT will cover the regular CEAC it will also present the different modalities for disaster response, IP communities and conflict affected areas. However, since the first batch of target areas are the Yolanda-affected areas, the training will provide longer sessions for disaster response operations, including a summative session that will synthesis the logical sequence and major operational features of CEAC-disaster response modality.
- c. **Planning for ACT training:** The TOT outputs will include the preparation for the roll-out of the ACT training (with an additional five sessions included in the ToT to support the preparation of Regional/Municipal training plans). In the case of Yolanda-affected areas, the training plan will focus on the DROM procedures.
- d. **ARMDEV will review the training manual/session plans** and submit the final version to DSWD, ADB and WBG for approval on July 21.
- e. **The TOT will start on the second week of August 2014.**
- f. **DSWD will share with ADB and WBG the roll-out plan for ACT training at the end September 2014.**

13. **NCDDP NIAPIT:** During the pre-implementation support mission, the NCDDP National Steering Committee constituted five technical working groups (TWG) to discuss operational issues in Yolanda affected areas and recommend options for addressing such. These TWG focus on the following areas:

- a. “No-build zone” policy - since some Yolanda affected barangays have been declared as no-build zone by the government, it is important to clarify the operational implications to NCDDP of the said policy;
- b. Data sharing – since Government and CSOs have various on-going and planned rehabilitation initiatives for Yolanda-affected areas it is critical that these be considered

⁶ Specifically, the key deliverables of ARMDEV include: (i) training needs assessment of trainers; (ii) design of Trainers Training (TOT) and Basic Training for the ACTs; (iii) conduct of TOT; and (iv) design of mentoring/coaching program for ACTs.

⁷ The mission agreed that DSWD will retrieve the rest of the TNA questionnaires since this will be useful as input for NPMO mentoring/coaching. Based on the TNA results it was agreed that the TOT would involve only a short refresher session on training management and focus more on competencies that are directly to the NCDDP implementation.

⁸ July 8 to 10 2014

during NCDDP community planning activities to avoid duplication of reconstruction efforts;

- c. The other three TWGs focus on Construction Standards, Housing and Livelihoods.

14. **The NPMO informed the mission that a series of thematic discussions with the TWGs will be convened during the month of July 2014.** In preparation, DSWD has agreed to: (i) outline key issues where guidance is required with a focus on the critical no-build zone policy and construction standards; (ii) define a process to ensure that guidance is issued by the NIAPT to facilitate NCDDP in Yolanda affected areas by end August 2014 (given the time-table set for roll-out). At the request of DSWD, the WBG will provide technical assistance to facilitate discussions within the NIAPT and support the preparation of two key guidance notes on no-build zone policy and construction standards.

Procurement

15. **Procurement reviews:** The mission clarified that the provisions in the Loan Agreement and the Project Appraisal Document (PAD) will need to be adhered to, and as such, the same have been incorporated and described in detail in the Procurement Sub-manuals [CBPM for Component 1, and the Procurement sub-manual for Components 2 and 3]. For Component 1, implementation of post reviews of procurement transactions on sub-projects will be undertaken by the WBG before or during scheduled implementation support missions. Post-reviews will focus on about 10% of the sub-projects under implementation or completed at the time. For Components 2 and 3, prior reviews will be conducted by the WBG, as required, and post reviews will be done as well based on the same parameters as that for Component 1. The WBG designated Procurement Specialist for the project will also be available, if needed, to provide assistance in training activities and in regular consultations.

16. **Updated Procurement Plan.** The mission reviewed and commented on the procurement plan covering the first 18 months of project implementation. The mission agreed that the updated procurement plan will be submitted to the WBG for no-objection on or before end-July 2014.

17. **Single Sourcing of NPMO Consultants.** In mid-June 2014, the Department requested WBG no objection to Single-source Selection of 11 individual consultants currently serving in the NPMO. These individuals, who were originally recruited competitively, have continued to perform satisfactorily starting with the original KC project, and continuing to the KC additional financing project and during the transition period to NCDDP. As these posts continue under KC-NCDDP, and the individuals have unique knowledge and skills at supporting the project going forward, the Bank provided its no objection to the use of single-source selection method for the hiring of these consultants for the following positions.

Deputy National Program Manager for Operations
Deputy National Program Manager for Technical Support Services
National Financial Analyst
National Monitoring & Evaluation Specialist (Senior)
Monitoring & Evaluation Specialist (Junior)
National Community Infrastructure Specialist
National Procurement Specialist
Community Financial Analyst
Environmental Safeguards Specialist
Stakeholders Management and Networking Specialist
Database Specialist

18. **Moving forward, DSWD will be submitting the initialed negotiated contracts for each of the 11 positions so that a final Non-Objection Letter can be issued.** This requirement was made clear by the mission as all single-source selection of both individual consultants and consulting firms are subject to the Bank's prior review procedures.

Financial Management

19. **Status of Disbursements** - The loan agreement was signed on April 2, 2014 and was declared effective on June 13, 2014. As of July 8, 2014, there have been no disbursements. The list of authorized signatories and the specimen signatures for withdrawal applications was submitted to the Bank on June 17, 2014. The project expects to submit the initial withdrawal application by July 15, 2014. As the project will use a reports-based method of disbursements, the initial withdrawal application for the initial deposit to the Designated Account (DA) will be supported by project's expenditure forecast for the next two quarters. DSWD submitted the revised disbursement projections on July 6, 2014 and expects the initial withdrawal application to be around US\$22 million.
20. **Financial Covenants** – The mission highlighted to DSWD that: (a) The first Interim Financial Report will be for the quarter ended September 30, 2014 and will be due on November 30, 2014, and (b) the first annual audit of the project will be for calendar year 2014, and the audit report will be due by June 30, 2015.
21. **Retroactive Financing** - As provided in the loan agreement, withdrawals for eligible expenditures under Categories 1 and 2 up to an aggregate amount not to exceed US\$25 million equivalent may be made for payments prior to the loan signing date, but on or after January 1, 2014. DSWD expressed its intention not to avail the retroactive financing facility and dedicate all the loan amounts to regular financing.
22. **Electronic-Request for Funds Release (e-RFR):** An electronic RFR system is being developed by DSWD with technical assistance from ADB. Testing of the system was conducted on June 27, 2014 at the office of App Source, the Consultant developing the system. The activity was conducted to train around 14 selected DSWD staff on the system's basic features and test the functionality of the program. It was also designed to determine further enhancements and the required program modification to achieve the desired results.

The testing included the following modules:

1. Dashboard
2. Sub-projects (Creation and Search)
3. Community Grant Disbursement Plan
4. Request for Fund Release
 - i. Generation of Disbursement Voucher
 - ii. Generation of Obligation Request
5. Report Generation
 - i. Statement of Expenditure
 - ii. Municipal Grant Allocation
 - iii. Status of Community Grant
 - iv. Community Grant Disbursement Plan
6. Administration

Test data (based on completed RFR transactions/project documents from DSWD) were encoded by the participants into the system. Based on the testing, it was noted that the e-RFR system is able to perform the basic functions that is intended to deliver. However, there were recommended enhancements in the program such as the following, among others:

1. Control feature to prevent encoding of the same sub-project twice,
2. Validity check that all tranche releases will equal to 100%,
3. Sequence check on the chronological dates for each tranche,
4. Enhancements in the RFR pdf forms,
5. Inclusion of the ADB SOE format,
6. Inclusion of Bank Transfer of Fund (BTF) Report

23. It was agreed that after the modifications are made, another testing by August-September 2014 will be conducted within the DSWD environment (using DSWD server, computer and internet facilities, and remote location – sample Regional Office) to further test the capability of the program. The Consultant will be available to assist DSWD during the testing and provide support as needed.

24. **ARMM BRIDGE** – The Technical Working Group (TWG) for ARMM BRIDGE met on July 11 and reviewed the final version of the ARMM BRIDGE proposal developed with support from the WBG through a grant from DFAT Australia. The TWG further reviewed the way forward with the implementation of: (i) planned ARMM BRIDGE pilots for the 2014/2015 period; (ii) process for submission of the ARMM BRIDGE proposal for full-fledged program implementation from 2016 onwards.

- a. The TWG noted that ARMM had submitted a proposal for PHP 120 million for 2014 and PHP 1.2 billion for expanded implementation in 2015. No official reply has been received at present for the 2014 request. The request for BRIDGE funding under the 2015 budget submission was not endorsed for insertion in the National Expenditure Plan for ARMM by the Department of Budget Management (DBM). However, ARMM Executive Secretary Alamia also advised the TWG that subsequent advice from DBM suggested that funding options were not fully closed. Firstly, the PHP 120 million amount could potentially be made available, albeit from 2015. Informal advice from DBM also suggested that the larger amount requested for 2015 (PHP 1.2 billion) could potentially be considered, but on the condition that the budget be lodged with a national government agency in light of the scheduled abolition of ARMM in 2015.
- b. Given this advice, the TWG further discussed how to manage ARMM BRIDGE implementation during the transition period. The TWG proposed that: (i) the WBG look into the possibility of securing grant funds through the Mindanao Trust Fund or other sources for 2014 to avoid a lengthy gap in implementation; (ii) should the amount of PHP 120 million be made available, it could be lodged in ARMM to cover start up activities; (iii) budget for expanded ARMM BRIDGE implementation in 2015 be housed with an NGA (OPAPP or DSWD). This budget would then be transferred to the Bangsamoro Transition Authority (BTA), once established, until the formation of the Bangsamoro government. The TWG would explore a possibly reduction from the proposed PHP 1.2 billion in light of historical disbursement patters under the ARMM Social Fund, which are approximately PHP 400-500 million per year; (iv) once the Bangsamoro government was established in mid-2016 the budget would shift to that new entity. In addition to the discussion on budgeting arrangements, the TWG meeting also recommended that institutional arrangements in the ARMM BRIDGE design be revised to include increased participation by the MILF – most likely through the Bangsamoro Development Agency and/or the Bangsamoro Transition Commission and to ensure that BDA take on a greater role in ARMM BRIDGE from 2015

onwards (particularly on the management of funds). This recommendation would be taken up at the senior management level of DSWD, OPAPP and the ARMM Regional Government.

- c. Finally, the TWG acknowledged that a decision on options for budget and implementation arrangements in 2015 would be needed from senior management of the ARMM Regional Government, DSWD and OPAPP as the key government representatives on the Technical Working Group. Clear guidance would also be needed on next steps for: (i) further discussions on budget allocation with DBM; and (ii) moving forward with the submission of the 2016 proposal to NEDA for review. The TWG further noted that clarifications would subsequently be sought on the level of review for both the 2015 pilot activities and 2016 roll-out based (specifically whether an ICC submission would be required or the DBCC track would be followed) from NEDA.
25. The ARMM BRIDGE senior managers from the national and regional government are expected to meet during the week of July 14 to discuss the above. The mission agreed that the WBG team would follow-up with DSWD and the ARMM on the outcomes of the discussion for further advice on a way forward (by 31 July) based on the feedback received.

Other Implementation Matters

26. **Block Grant Allocations – Block Grant Allocations** –The team reviewed the updated information from DSWD on block grant allocation (file shared with the WBG on June 16, 2014) and noted that previously discussed parameters for block grant allocations to municipalities would be applied. The mission noted that DSWD has briefed the RPMOs on the formula for computing block grants and on the municipal allocations. , Municipalities consulted with during the field trip to Region VIII did not know the level of block-grant funding that would be provided under NCDDP. The mission notes that these observations relate to a reduced number of municipalities and one Region only and, therefore, may not be indicative of the overall situation in other NCDDP Regions. The mission would recommend that, once confirmed accurate the financing parameters and the resulting per municipality block grants be shared with all eligible municipalities by the RPMOs.
27. **Monitoring and Evaluation, Datasets and NCDDP baseline.** The mission met with the Millennium Challenge Corporation/Millennium Challenge Account-Philippines (MCC/MCAP), the Innovations for Poverty Action (IPA), DSWD M&E team and ADB to discuss the recently concluded KALAHI-CIDSS/MCC interim survey, and access to the baseline and interim survey datasets to be used to construct the baseline values for the NCDDP. MCAP and IPA confirmed that the baseline dataset had been finalized to share with DSWD, and with the World Bank and ADB, which would be used to calculate the baseline values for key performance indicators under the NCDDP. MCAP estimated that the dataset would be posted on the MCC data website within a few weeks and the lead researcher confirmed the WBG would be notified when the dataset was posted. IPA estimated that interim survey dataset would be available by the end of 2014 or early 2015, and MCAP confirmed that this would also be shared with DSWD, ADB and the WBG.
28. **Interim MCC survey.** Regarding the interim survey for the KC/MCC grant, IPA noted that: data collection has been completed, preliminary analysis of the Barangay Assembly observations done (and a preliminary report shared with DSWD), data is being cleaned and IPA expects to have the initial analysis and key findings from the prioritized household survey modules by end of July, and the presentation of additional survey results by October. IPA also indicated that a formal Pre-analysis Plan (PAP) would be sent to MCC for review by early July, and MCC confirmed that the same would be shared with DSWD and the Banks for comment prior to finalizing. The purpose of the PAP is to clearly identify the intended analysis to be done with the interim survey data and to draw specific

links to the relevant project results hypotheses and indicators. The task team welcomed this information in light of previous concerns expressed by the World Bank to MCC about the possible outcome of the survey given the relatively short amount of time for project treatments and the potential contamination of the control groups caused by the BUB/GPBP process. The IPA and MCAP teams acknowledged these risks. Once received, the task team would provide further comments to IPA, MCAP, MCC and DSWD about the intended analysis of the interim survey data.

29. **Technical Assistance and Analysis.** The NCDDP includes two sources of external financing (the World Bank Implementation Support Fund, and the ADB Capacity Development Trust Fund) for technical assistance and analysis that are considered critical to the Project and for which the Banks have comparative advantage in delivering. The mission discussed and updated the priority TA and analytical support to be provided under these two funds, which is summarized in the table below.

Table 1: Technical Assistance to support NCDDP by ADB and WB⁹

Type of TA/Support	Timing	PT	Source
1. Design of Training of Trainers (ToT) for basic Area Coordination Teams (ACT) training	Ongoing	WB	DFAT TF
2. Sub-project engineering design review with Engineering Team	June-Aug	ADB	CDTAF
3. Overall program support:			
4. Support to the finalization of guidance notes for Community Facilitators (on Community Empowerment Activity Cycle – CEAC - and Disaster Response Operational Manual – DROM);			
5. Just-in-time support to NIAPIT sub-committees to prepare policy notes on key issues for NCDDP implementation in Yolanda-affected areas			
6. Enhanced monitoring support (within WB team)	Sept-June	WB	DFAT TF
7. Enhanced engineering support (within WB team)	Sept-June	WB	DFAT TF
8. Process review of NCDDP in: (i) Yolanda-affected areas (with a focus on lessons-learned from KALAHYAN-CIDSS); and (ii) Non-Yolanda affected areas	Sept-Dec	WB	DFAT TF
9. Popularizing of community manuals (FM, Proc., CEAC, Safeguards)	Sept-Dec	WB	DFAT TF
10. Translation into local languages of popularized community manuals	Nov-Feb	ADB	CDTAF
11. CDD and Livelihoods	Dec- Sept	WB	DFAT TF
12. NCDDP Urban Strategy Paper	Dec- Sept	WB	DFAT TF
13. NCDDP and Grass-roots Leadership analysis	Dec- Sept	WB	DFAT TF
14. TA for NCDDP in Yolanda affected households (land-use planning and resettlement issues) as needed/requested by DSWD	Sept- June	WB	DFAT TF

⁹ Kindly note that this table does not reflect DSWD’s own TA resources such as those currently held by the DSWD Technical Assistance Unit (TAU)

Agreed upon Actions

30. Based on the discussions, findings and recommendations of the mission, the following priority actions have been agreed upon to accelerate the roll-out of NCDDP:

Table 2: Agreed Actions

Activities	Responsibility	By When
1. Submit summary matrices with key operational steps and modification for: (i) DROM; (ii) CEAC and updated ESMF	NPMO	July 24
2. Submit operational manuals and sub-manuals for no objection: POM, DROM, CEAC, Community FM, Procurement and Updated ESMF	Relevant units of NPMO	July 31
3. Prepare popularized sub-manuals (DROM, CEAC, Community FM & Procurement, Infrastructure)	WB Consultant	Sept 15
4. Submit updated M&E forms (with processing guidelines) for ADB and WB review	M&E Unit	July 16
5. Submit M&E Sub-Manual to ADB and WB for review	M&E Unit	Sept 30
6. Facilitate discussion of operational implications of Government land zoning issues	WB consultant	August 1
7. Complete training of trainers	NPMO ARMMDEV	September 15
8. Prepare and share roll-out plan for training of ACTs	NPMO	September 30
9. Comment on MCC Interim Survey PAP	DSWD M&E Unit, ADB and WB	2 weeks after receipt
10. Meeting of the Executive Committee on ARMM BRIDGE to provide guidance to the ARMM BRIDGE Technical Working Group (TWG) on: (i) approach to be followed for the piloting of activities in 2014/2015; and (ii) approach to the endorsement submission (to DBM and or DoF) of the ARMM BRIDGE proposal for 2016 onwards	ARMM Government DSWD	July 31