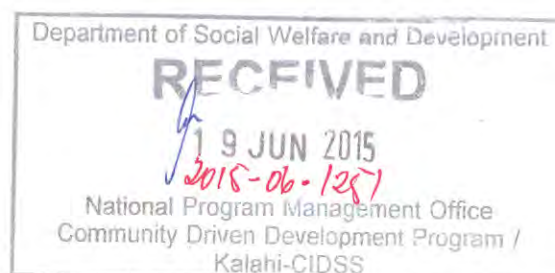


MOTOO KONISHI  
Country Director, Philippines  
East Asia and Pacific Region

June 17, 2015

Honorable Corazon Juliano-Soliman  
Secretary and National Project Director  
KALAHY-CIDSS Project  
Department of Social Welfare and Development  
Batasan Pambansa Complex, Constitution Hills  
Quezon City



Dear Secretary Soliman:

*PHILIPPINES: KALAHY-CIDSS National Community-Driven Development Program  
3rd Implementation Support Mission (6 – 17 April, 2015)  
Aide Memoire*

The World Bank Group (WBG) would like to thank the DSWD for the excellent collaboration during the 3rd Implementation Support Mission for the KALAHY-CIDSS National Community-Driven Development Program (KC NCDDP) carried out from the 6<sup>th</sup> to the 17<sup>th</sup> of April 2015. The team would like to commend DSWD on the progress made with KC NCDDP in Yolanda affected areas.

As indicated in the mission announcement letter (dated 13<sup>th</sup> March 2015), the mission specifically aimed to take stock of the progress of : 1) KC-NCDDP implementation and roll-out particularly in Yolanda affected areas; (2) KC-NCDDP analytical and technical assistance program; and (3) implementation of the final set of activities under the JSDF LVUC Grant (to close by 30<sup>th</sup> June 2015). It also aimed to: (1) review the finalization of sub-manuals and guidance notes – particularly the guidance issued to field teams on KC-NCDDP implementation in no-build zones and in conflict affected communities (“Peace Lens”); (2) discuss the KC Impact Evaluation with the Millennium Challenge Corporation; and (3) review the progress of the preparation of the NCDDP-ARMM. The mission included field visits to Regions V, VIII and CARAGA.

The attached Aide-Memoire, the contents herewith are confirmed, presents the mission’s findings and agreements reached at the wrap-up session held on 17 April 2015. The mission would like to highlight the following main points from the discussions.

The project remains on track to achieve its Project Development Objective by the closing date of December 31, 2019. As of April 7, 2015, the total disbursement under the WBG loan amounted to US\$97.987 million (20.46% of the total loan amount). Fund utilization reported as of December 31 is at 4%. The mission would like to commend DSWD for the progress made with the roll of NCDDP particularly to Yolanda affected municipalities (554 municipalities as of 30 April 2015). A total of 10,958 Sub-project (SP) proposals (with a cost of PhP9.866 billion) were being reviewed at National Project Management Office (NPMO) and Regional Project Management Office (RPMO) level for approval. The release of funds for this sub-projects is expected to increase utilization rates during the 2<sup>nd</sup> quarter of 2015.

As of April 30, 2015, 90% of KC- NCDDP staff positions had been filled. The most challenging positions to recruit continue to be those of Technical Facilitators (TF). The use of the Technical Assistance Fund (TAF) to hire temporary engineering support has been a successful strategy on the part of the NPMO to address these gaps. It was noted that the number of SPs currently being processed was equivalent to the number of SPs processed under the KALAHYAN-CIDSS (2002-14) which has placed significant strain on project management systems, particularly as the program introduced new set of functions and roles in the project management structure.

Discussion on the trade-off between the rapid roll-out during the 1<sup>st</sup> year of KC-NCDDP implementation and the quality of the community level process meant that extensive/comprehensive training to respond to the needs of Yolanda affected areas has not been adequately met. To address these gaps noted in NPMO and RPMO staff's supervisory and technical skills as well as understanding of project procedures (particularly on social and environmental safeguards and overall community mobilization for facilitators), the mission agreed on key steps to further strengthen the overall program supervision which includes preparation of DSWD of a detailed supervision and mentoring plan for RPMOs and an overall training for staff. DSWD and WBG teams agreed to hold a technical mission on safeguards to review progress with training of new staff and identify areas where further technical support may be needed.

The mission further agreed that the remaining guidance for field teams (including the popularized versions of the Community Empowerment Activity Cycle (CEAC), Disaster Response Operations Manual (DROM) manuals as well as the recently approved "*Guidelines for Safety from Hazards [...] in the Implementation of the KC-NCDDP*", popularized sub-manuals on procurement and financial management and safeguards as well as the Peace Lens for conflict affected areas) would be disseminated before the end of June 2015.

It would also be important for the DSWD team to pause at the end of the 1<sup>st</sup> cycle of Sub-Project implementation (expected to be completed by August/September given current implementation time-frame) to take stock of lessons-learned, review procedures and conduct additional training.

Review of the pipeline for the analytical work and technical assistance activities planned for FY16 (with an expected total budget of US\$ 1.15 million under the DFAT ISF Grant) indicate that funding would be set aside to support the development of KC-NCDDP operational modalities for peri-urban areas and small towns.

To respond to the ARMM governor's request for support on the BRIDGE design, the WBG team will submit a Working Paper with selected design questions to be decided upon by ARMM. The WBG and ADB teams would proceed with further detailed work on the suggested BRIDGE PMO structure, operations manual and training based on the feedback received.

The mission noted that good progress has been made towards achieving the targets set to implement the final set of activities for the JSDF LVUC Grant. Closure of the Grant accounts are underway in NCR and that eight sub-projects are still under implementation in Region IV A. It was reiterated that all sub-projects activities will need to be fully completed by 30 June 2015. Unfinished sub-projects would result in the need to fully re-fund sub-project amounts. Given the pace of implementation and the cost savings generated by the large number of skills-training for the sub-projects implemented, US\$179,294 of the grant is expected to remain unspent as of June 30, 2015 and will be returned to JSDF.

The World Bank task team remains at your disposal for any additional information you might consider necessary and looks forward to continue supporting DSWD on the roll-out of NCDDP.

Sincerely,



Enclosure: as stated.

cc: Hon. Cesar V. Purisima, Secretary, Department of Finance  
Hon. Arsenio M. Balisacan, Secretary for Socioeconomic Planning and Director  
General, National Economic and Development Authority  
Hon. Florencio B. Abad, Secretary, Department of Budget and Management  
Mr. Roberto B. Tan, National Treasurer and Officer-in-Charge, International  
Finance Group, Department of Finance  
Mr. Rolando G. Tungpalan, Deputy Director-General, National Economic and  
Development Authority  
Mr. Mateo G. Montano, Undersecretary and Chief Finance Officer, KALAHI-  
CIDSS Project, Department of Social Welfare and Development  
Ms. Parisya H. Taradji, Undersecretary, Department of Social Welfare and  
Development  
Mr. Camilo G. Gudmalin, Assistant Secretary and Deputy Project Director,  
KALAHI-CIDSS Project, Department of Social Welfare and Development

- Ms. Stella C. Laureano, Director, Department of Finance
- Mr. Roderick M. Planta, Director, National Economic and Development Authority
- Ms. Benilda E. Redaja, National Project Manager, KALAHI-CIDSS Project,  
Department of Social Welfare and Development
- Mr. Joel Mangahas, Social Sector Specialist and NCDDP Task Team Leader,  
Asian Development Bank
- Ms. Yukiko Ito, Social Development Specialist, Asian Development Bank
- Ms. Rosela Agcaoili, Senior Program Officer, Department of Foreign Affairs and  
Trade - Australia
- Ms. Erika Montero Jeronimo, Senior Program Officer, Department of Foreign  
Affairs and Trade - Australia
- Mr. Emmanuel Joseph B. Solis, Program Officer, Department of Foreign Affairs  
and Trade - Australia
- Mr. Antonio Silveira, Executive Director for the Philippines, World Bank Group
- Ms. Rosalia de Leon, Alternate Executive Director for the Philippines, World  
Bank Group
- Ms. Michelle Durham-Kissoon, Senior Advisor to the Executive Director for the  
Philippines, World Bank Group

## KALAHI-CIDSS National Community Driven Development Program (P127741)

### 3rd Implementation Support Mission

#### *Draft Aide Mémoire*

#### A. INTRODUCTION

1. The 3rd Implementation Support Mission (ISM) for KALAHI-CIDSS National Community Driven Development Project (KC-NCDDP) was carried out jointly with the Asian Development Bank (ADB) and with the participation of the Australian Government Department of Foreign Affairs and Trade (DFAT) from 6 to 17 April 2015. In line with the mission announcement letter dated 15 March 2015, the objectives of the mission were to: (1) take stock of the progress with KC-NCDDP implementation and roll-out particularly in Yolanda affected areas; (2) review the finalization of sub-manuals and guidance notes – particularly the guidance issued to field teams on KC-NCDDP implementation in no-build zones and in conflict affected communities (“Peace Lens”); (3) take stock of the progress with the KC-NCDDP analytical and technical assistance program; (4) discuss the KC Impact Evaluation with the Millennium Challenge Corporation; (5) review the progress with the preparation of the NCDDP-ARMM; and (6) take stock of the progress with the final set of activities under the JSDF LVUC Grant (to close by 30<sup>th</sup> June 2015) and review progress made since the JSDF LVUC 8<sup>th</sup> Implementation Support Mission (November 2015). The mission included field visits to Regions V, VIII and CARAGA. The key issues outlined in this Aide Memoire draw on the discussions held with KC-NCDDP implementation teams during these field visits.
2. The World Bank Group (WBG)<sup>1</sup> 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 World 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 ADB, DFAT, and the Millennium Challenge Corporation (MCC) and other national stakeholders for their time and insights.
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.

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<sup>1</sup> The WBG team included Patricia Fernandes (Senior Social Development Specialist and Task Team Leader) and Maria Loreto Padua (Senior Social Development Specialist and co-Task Team Leader), as well as Corinne Canlas (Social Development Specialist), Daniel Lapid (Social Development Specialist), Flavia Carbonari (Senior Social Development Specialist), Leonardo Batugal (Senior Environment Safeguards Specialist); Lourdes Anducta (Program Assistant); Matthew Stephens, (Senior Social Development Specialist); Mildren Penales (Team Assistant); Rene Manuel (Senior Procurement Specialist); Sitaramachandra Machiraju (Senior Water and Sanitation Specialist), Tomas A. Sta. Maria, (Financial Management Specialist).

## B. KEY FINDINGS

### OVERALL PACE OF IMPLEMENTATION

4. **The project remains on track to achieve its Project Development Objective by the closing date of 31 December 2019. As of April 7, 2015, the total disbursement under the WBG loan amounted to US\$97.987 million or 20.46% of the total loan amount of US\$479.0 million.** Fund utilization reported to the WBG as of December 31, 2014 totaled US\$23.197 million or 4.84%. Of the total unutilized amount, US\$49.721 million remain at the DSWD Central Office Designated Account and an additional US\$25.07 million represents funds transferred to various regional offices intended for operational expenses and for future release to communities for sub-project implementation. As of 30 April 2015, no funds from the WBG loan had been downloaded to communities for sub-project implementation. As reported by NPMO as of March 31, 2015, 10,958 sub-projects with a cost of PhP9.866 billion were under review for disbursement.
  
5. **The mission would like to commend DSWD for the progress made with the roll out of NCDDP particularly to Yolanda affected municipalities. As of 30 April 2015, NCDDP had rolled-out to 554 Yolanda affected municipalities, 509 of which had completed the Municipal Inter-Barangay Forum (MIBF) and preparation of sub-project proposals.** In addition, of the 193 municipalities not affected by Yolanda (implementing KC-NCDDP following the regular Community Empowerment Activity Cycle), 122 were enrolled for KC-NCDDP implementation and 35 had completed the MIBF and preparation of sub-project proposals. As of 30 April 2015, a total of 10,958 sub-project proposals were being reviewed at NPMO and RPMO level for approval.
  
6. **As of 30 April 2015, 90% of positions at the National Project Management Office (NPMO), Regional and Sub-Regional Project Management Offices (R/SRPMOs) and Area Coordination Teams (ACT) levels had been filled.** The most challenging positions to fill continue to be those of Technical Facilitators (TF)/Engineers at ACT level in Yolanda affected areas. Field visits conducted during the mission indicated that the ability by RPMOs to use Technical Assistance Funds (TAFs) at regional level to hire shorter-term engineering service providers had helped address gaps in engineering support. The mission noted that RPMOs require additional guidance on the use of the TAF including on: (i) development of Terms of Reference (ToRs) for more complex engineering tasks; and (ii) identification and selection of suitable candidates (screening and quality assurance).
  
7. **As of 30 April, the number of SPs for processing at NPMO/RPMO (over 10,000 as noted above) was equivalent to the number of SPs processed during the whole implementation period of KALAHI-CIDSS (2002-14). This has placed significant strain on project management systems.** The KC-NCDDP has introduced a new set of functions and roles in the project management structure. The NPMO has taken on a new quality control/supervision and training role under KC-NCDDP where in previous KALAHI-CIDSS implementation the NPMO team focused on reviewing and approving SPs directly. Similarly, RPMOs have a new review and approval function under KC-NCDDP - while in KALAHI-CIDSS implementation they were responsible for the technical assessment of sub-project proposals and for overseeing the quality of community mobilization and sub-project implementation. These new functions require adaptations on the part of the NPMO and RPMO teams –in the case of the RPMO teams who are now also accountable to the Commission on Audit (COA) for the fiduciary aspects of SP implementation. In some cases, this has led to a more time-consuming review of SPs on the part of RPMOs (seeking NPMO advice for example before approving) and resulted in delays in disbursements in the relation to the original schedule set out by DSWD.

8. **The mission discussed the trade-off between the rapid roll-out during the 1<sup>st</sup> year of KC-NCDDP implementation and the quality of the community level process.** The urgency of responding to the needs of Yolanda affected areas has meant that training has not been as extensive/comprehensive as intended. New elements of KC-NCDDP design (including a new CEAC IP module, enhanced features of the GRS system, capacity building of local government) could not be fully implemented during the 1<sup>st</sup> cycle of sub-projects. The mission agreed that it would be important for the DSWD team to pause at the end of this 1<sup>st</sup> cycle (expected to be completed by August/September for those with less complicated SPs, and December for those that have more complex SPs, given the delays being experienced with implementation) to take stock of lessons-learned, review procedures and conduct additional training. This will have implications in terms of a slightly reduced budget for Government Counterpart funding for the next fiscal year under the General Appropriations Act (GAA) and will be reflected in DSWD's submission to GAA for KC-NCDDP.

#### STAFFING AND TRAINING

9. **The mission discussed the key role played by NPMO supervision and mentoring/training of field teams.** In particular the mission noted the need for the development of a more detailed supervision and mentoring plan at NPMO level based on the assessment of RPMO performance, key challenges and needs for just-in-time technical assistance to address implementation issues as follows:
- i. **RPMOs highlighted the importance of close support on the part of the NPMO team to help address implementation challenges as they arise (just-in-time) given the high volume of SPs currently under review.** While the NPMO has put in place a supervision system based on "Island-Clusters" (Luzon, Visayas, Mindanao) to provide regular support to RPMOs, the NPMO supervision teams ("MATA") include a number of newer staff given the expansion of in project operations. New NPMO staff will themselves require further coaching and orientation to be able to perform their supervision role more effectively.
  - ii. **While ACTs are very committed and motivated 86% are new graduates whose background are disciplines other than community development/social work.** In addition to their role in KC-NCDDP implementation, ACT are providing support to the implementation of activities related to the 4Ps program, implementation of Bottom-up-Budgeting (BUB) activities that fall under DSWD's oversight and to the finalization/supervision of SPs funded by the MCC Grant, which limits their availability for training under KC-NCDDP.
  - iii. **Feedback provided during the field visits to CARAGA, Region V and Region VIII indicated that additional training on the more complex aspects of project implementation remains important** (including community mobilization, SP review, procurement, financial management and safeguards). The basic training provided (a total of 10 days, with five days focused on social preparation and five days focused on the key aspects of project implementation) was overall considered very useful by ACTs. Finally, as recruitment and training were carried out from September to October on a rolling basis, ACT recruited after October did not receive basic training but rather on-the-job training provided by RPMOS are most experienced Area Coordinators (AC).
  - iv. **Given the above, the mission noted gaps in ACTs' understanding of project procedures during the field visits conducted, namely:** (i) in the application of the modified positive list in use under the Disaster Response Operations Manual (DROM) in Yolanda affected areas; (ii) in the use of the DROM formula to assess damages and allocate funds across barangays; (iii) in the processing and documentation of social and environmental safeguards requirements for Sub-

Projects and; (iv) on the functioning of the Grievance Redress System (GRS) and the new features introduced under KC-NCDDP. Overall, the NCDDP GRS system is robust as noted in the data collected and reported quarterly on grievances received and addressed by the NPMP. The DSWD team will be conducting additional training to orient targeted communities further on the use of the system.

Particularly on DROM implementation the mission identified some inconsistencies in the way data on damages was used to compute the damage score for each *barangay*. Municipalities fell into two categories: (i) damage score for each *barangay* was computed relative to damages in other *barangays*; and (ii) damage score was computed relative to the situation in that same *barangay*. This latter approach would tend to put larger *barangays* at a disadvantage. It would be important that the first approach outlined above (correct) for calculating damages be consistently followed and more specific guidance to this effect reflected in the revised version of the DROM manual currently being finalized by DSWD.

- **Agreed Action:** The mission agreed that the DSWD would prepare a detailed supervision and mentoring plan for RPMOs and an overall training plan for NPMO/RPMO/ACT staff to address the gaps in: (i) understanding of project procedures; and (ii) supervisory and technical assistance skills for NPMO and RPMO staff.
- **Agreed Action:** Both plans will be shared with the WGB by 30th May for review and a follow-up technical mission will be scheduled to provide additional support to their implementation (tentatively scheduled for the 1<sup>st</sup> week of August 2015).

## GUIDANCE TO FIELD TEAMS

**10. The DSWD and WGB teams reviewed the status of completion of the outstanding KC-NCDDP sub-manuals and guidance notes provided to field teams.** The mission would like to commend DSWD for issuing critical guidance to field teams for CEAC and DROM implementation in matrix form to enable implementation to proceed in line with the DSWD established schedule. However, the mission noted there had been delays in the issuance of the final DROM and CEAC manuals and their popularized versions.

- **Agreed Action:** The final version of both manuals will be shared with the WGB by the 29<sup>th</sup> May 2015.
- **Agreed Action:** The final version of all popularized CEAC and DROM materials currently being completed would be shared with the WGB by 30 May 2015.

**11. The mission noted that the ABD is supporting the development of: (i) popularized version of the procurement, financial management and safeguards sub-manuals; and (ii) training materials for Community Volunteers (CVs) based on these popularized manuals.** As noted in the 2<sup>nd</sup> ISM AM the mission agreed that these materials would be developed jointly with the relevant WGB specialists to ensure consistency with the policies and procedures of both institutions.



- **Agreed Action:** DSWD will convene a final series of meetings between ADB and WB specialist to review and finalize the popularized version of procurement, financial management and safeguards sub-manuals and training materials for volunteers by 30 June 2015.

12. **The mission took stock of the progress made with the final review and endorsement of the “Guidelines for Safety from Hazards and Development Activities in the Implementation of KC-NCDDP Community Identified Projects”.** The guidance note was developed to support KC-NCDDP field teams in following the Joint DENR-DILG-DND-DPWH-DOST Memorandum Circular on “Adoption of Hazard Zone Classification and Recommended Activities”. The 15<sup>th</sup> April 2015 draft was endorsed by the NIAPIT and KC-NCDDP NSC respectively on the 16<sup>th</sup> and 17<sup>th</sup> of April with minor adjustments as follows:

- The term “suitable areas” will be used instead of “safe zones”;
- The definition of “controlled areas” will be provided by HLURB and be used in the final version of the Guidance Note;
- The Guidance note will indicate in the “tools” section the various maps that are available such as harmonized maps, susceptibility maps, Project Noah maps produced by DOST and the like and refer to indigenous knowledge of communities as a source of information for risk and vulnerability assessment.

13. The guidance note was issued to field teams was revised and issued as a Memorandum from the KC-NCDDP Deputy National Program Director by the 13<sup>th</sup> of May. A copy of the final version will be shared with the WBG for reference by 30 May 2015 of the final version with us for our records.

**Agreed Action:** A copy of the final version of the Guidance Note on Safety from Hazards will be shared with the WBG for reference by 30 May 2015

14. **The mission also reviewed the progress made in the finalization of the “Peace Lens” for KC-NCDDP implementation in conflict affected areas:** Carrying forward the previous study and consultations undertaken on peace and conflict-affected area, the NPMO organized a meeting with the OPAPP to share the draft guidance note for Conflict-Affected Areas prepared by the NPMO with support from the WBG. This was subjected to a focus group discussion with NCDDP field staff (ACs, CEFs, SRPMT, and RPMO) in Region 8 with extensive experience of working in conflict-affected areas. Field visits in Regions 5 and CARAGA also surfaced more recent experiences of ACT members working in conflict-affected areas, particularly in PAMANA areas, which emphasized the importance of finalizing the draft Guidance Note as soon as possible to provide effective guidance to field teams.

- **Agreed Action:** The NPMO will integrate the suggestions from OPAPP, the FGD, and the field visits in the draft Guidance Notes and conduct a final round of discussions OPAPP prior to NSC approval planned before 30 June 2015. [

## TECHNICAL ASSISTANCE AND KALAHI-CIDSS IMPACT EVALUATION

15. **The mission took stock of the progress with implementation of the TA assistance activities supported by the ADB, DFAT, WBG (including through the DFAT KC-NCDDP Implementation Support Facility) and MCC.** The mission discussed revisions to the implementation of the activities funded by the DFAT ISF as agreed on the set of activities set out in Table 1 below. DSWD will continue to maintain an updated matrix of TA activities supported by all KC-NCDDP partners. The matrix will

be updated on a rolling basis and shared as part of Quarterly Progress Reports to partners. A detailed table outlining all pieces of technical assistance to be completed under the DFAT ISF is included in Section C.

**16. DSWD presented its CDD Urban Strategy Paper for review and endorsement by the National Steering Committee.** The paper included the lessons-learned generated by the KC-Additional Financing and JSDF LVUC pilots outlining: (i) the in principle suitability of the KC-NCDDP model for application to peri-urban areas (smaller and poorer towns); and (ii) the need to substantially adjust the current model for use in inner city areas. The paper highlights that elements of the KC-NCDDP approach and urban pilots would be relevant for use in programs to support Informal Settler Families or urban housing programs, however such programs differ significantly in design/institutional arrangements from KC-NCDDP – most importantly CDD elements would need to be integrated in an overall housing/resettlement strategy (under the leadership of HUDC, DILG or NHA for example). The NSC endorsed the proposal that additional analytical work on the operational adjustments needed for KC-NCDDP implementation in peri-urban areas should proceed.

- **Agreed Action:** Technical assistance funds under the WBG/DFAT ISF have been set aside to develop this new KC-NCDDP operational modality. The analysis will be launched by end June 2015 for completion by end December 2015.

**17. The mission reviewed the progress made with the preparation of the KALAHI-CIDSS Impact Evaluation Interim Report currently being prepared by IPA with MCC funding. The mission further discussed the preparation of the Pre-Analysis Plan for the 3<sup>rd</sup> survey round for the KALAHI-CIDSS IE also under preparation by IPA.** The DSWD and WBG teams reviewed the discussions held with MCC in February 2015 and the agreement the pre-analysis plan would include a clear (and conservative) rule as to what kind of differences in actual implementation between the treatment and the control groups would be required for the analysis to be carried out. (i.e how much contamination would make the analysis of impacts not worth doing). This is important given that due to KC-NCDDP roll-out the evaluation may now be underpowered. Indeed, the expected effect sizes on which the current design was based are unlikely to be met due to the fact that the differences between the treatment and control group will be lower than expected. This is the main risk that would need to be discussed carefully with the DSWD team once the pre-analysis plan is developed.

- **Agreed Action:** The mission agreed that DSWD would share the draft KC Interim Report draft and draft pre-analysis plan for the 3<sup>rd</sup> survey round once these are made available by IPA/MCC for a final round of comments. While there is no firm deadline for the submission of these two pieces by MCC they are expected to be available by the end of July.

## FIDUCIARY ISSUES

**18.** To date, procurement activities funded by WBG loan proceeds have been mostly on staffing, both on the National level and the regional level. Some procurement of goods has also been completed, but no procurement has been undertaken related to Component 1. Overall findings show that correct procedures have been followed.

- **Agreed Action:** A revised and updated procurement plan to be submitted for WBG review and concurrence on or before end-May 2015.

19. As reported by NPMO as of March 31, 2015, 10,958 sub-projects with a cost of Php9.866 billion were under review for disbursement. These sub-projects are broken down by funding source as follows:

<b>Fund Source</b>	<b>No. of Approved SP</b>	<b>Amount (In million pesos)</b>
World Bank	2,634	2,662
ADB	6,398	5,544
For Assignment as to funding source	1,926	1,660
Total	10,958	9,866

20. **The regional offices are currently processing the Requests for Fund Release (RFR) for some of these approved sub-projects.** It is expected that significant amount of funds will be downloaded to communities during the 2<sup>nd</sup> quarter of 2015. With the large number of RFRs expected to be received by the sub-regions and the regional offices, NPMO should ensure the adequacy of the number of staff and the necessary skills required to review these RFRs to facilitate fast downloading of funds.
21. **Interim Financial Reports** - The Interim Financial Reports for the quarter ended September 30 and December 31, 2014 was received by the Bank on December 10, 2014 and March 9, 2015, respectively. The IFR were reviewed and found acceptable to the WBG.
22. **Annual Audited Project Financial Statements** - The first annual audit of the project will be for the calendar year 2014, and the audit report will be due by June 30, 2015.

#### ENVIRONMENTAL AND SOCIAL SAFEGUARDS

23. **The institutional arrangements for social and environmental safeguards are in place with the designation of social and environmental safeguards focal persons at all levels.** Basic orientation and trainings were conducted to familiarize safeguard focal persons on the processes and requirements of the Environmental and Social Management Framework (ESMF). The capacity development also included series of learning events including mentoring on specific safeguards issues. Overall the safeguards preparation and internal review process seem to be working.
24. **However, the mission noted areas where improvements in social and environmental safeguards application are required** in terms of: (i) screening for the presence of Indigenous Peoples at community level and application of additional facilitation and consultation guidelines; (ii) documentation of land donation and of arrangements for temporary right of way; (iii) use of the ESMF and screening for environmental impacts. The mission further noted that the orientation training provided to ACT was not sufficient to equip them to fully understand and implement safeguards requirements of the project.
- **Agreed Action:** The mission agreed that additional training for ACTs on safeguards issues would be prioritized from end April onwards. A follow-up mission focusing on safeguards to provide additional technical support will be conducted by the ADB and WBG team during the month on June.

## ARMM-BRIDGE PILOT

- 25. The WBG held follow-up discussions with the ARMM team on the BRIDGE implementation, responding request by the ARMM Governor for further support on ARMM design.** The key agreements were as follows: (i) Given time constraints and preparation time needed to develop a high quality livelihood program, it was agreed that BRIDGE would proceed in line with the existing design; (ii) the project would, however, focus on economic productive infrastructure as opposed to social services infrastructure; and (iii) the project would also include the Enhanced Learning, Livelihood and Food Sufficiency sub-component.
- **Agreed Actions:** (i) The WBG technical team to submit Working Paper with selected design option questions to be decided upon by ARMM; (ii) Based on feedback on the Working Paper by ARMM, the WBG team will submit proposed Revised PMO structure for integrated BRIDGE/HELPS PMO, including TORs and qualifications for each position and a revised Operations Manual; and the ADB team to submit proposed Capacity-Building Plan.
  - **Agreed Actions:** once the PMO structure is agreed, ARMM will commence recruitment of PMO.
  - **Agreed Actions:** in parallel to the above process, the WBG will support the development of the design of a new livelihoods program for ARMM. This would start with a short paper describing experience on community-based livelihood/key design features of successful programs both in and outside the Philippines (by December 2015).

## JSDF LVUC COMPLETION OF ACTIVITIES AND GRANT CLOSURE

- 26. The mission took stock of the progress made in the implementation of the final set of activities related to the JSDF LVUC Grant as outlined in its 8<sup>th</sup> ISM Aide Memoire (included in Annex 2).** The mission noted that the project has made good progress towards its end of Grant targets as per the information provided in the last Quarterly Report (submitted to the World Bank on the 2<sup>nd</sup> of March 2015 and referring implementation as of the 30 November 2014).

Indicators	30 June 2015 targets	Progress as of 30 November 2014	Observations
<b>Component 1 : COMMUNITY GRANT</b>			
Cash-for-work schemes benefitting 3,750 households	3,750 (75 communities)	3,889 (75 communities)	Additional activities on-going in Region IV A
Community enterprise plans from 75 urban poor communities	Plans prepared in 75 communities	Plans completed in 34 communities	Additional activities on-going in Region IV A and NCR
<b>Component 2 : CAPACITY BUILDING AND ENTERPRISE DEVELOPMENT</b>			
Community mobilization activities completed in 75 poor areas	75 communities	75 communities	Community mobilization activities completed
200 people from community associations provided with core training in local enterprise planning	200 trainees	4,399 trainees	Skills training activities still ongoing in NCR and Region IVA
<b>COMPONENT 3 : MONITORING AND EVALUATION</b>			
Monitoring reports submitted on schedule	Y	Y	
Community-based M&E completed for targeted communities	75 communities complete CBM&E	6 communities	CBM&E to be completed for all communities by 1 Quarter of 2015
Number of staff trained for CBM&E	6	6	
Process evaluation completed in pilot communities	Y	Y	
Impact Evaluation completed	Baseline completed	Final report submitted last December 3, 2013 at the NPMO	End-line report expected by 15 June 2015
Annual Audits completed	Y	Y	

**27. The mission continued to find progress with Grant implementation and closure of activities mixed.** Closure of accounts are underway in NCR and the process is expected to be completed by the 30 of June 2015 in spite of the delays experienced. The mission noted further delays with the preparation of sub-project proposals to absorb the remaining balance of funds generated by cost-savings in the implementation of livelihoods' sub-projects in Region IV A. Given the limited time available for the completion of these remaining sub-projects it was agreed that DSWD would proceed with the implementation of the following activities by 30 June 2015:

- Day Care Center - Bernardo Pulido, GMA, (Cavite)
- Community Center - Bernardo Pulido, GMA, (Cavite)
- Barangay Health Station - Dela Paz, Biñan, (Laguna)
- Barangay Health Station - San Antonio, Biñan, (Laguna)
- Community Center for Paliparan III, Dasmariñas, (Cavite)
- Construction of 400 LM concrete pathways in Sampiruhan Calamba (Laguna)

- Declogging of 1636.20LM existing canal in Looc Calamba (Laguna)
- Construction of Community Center in Paliparan III Dasmariñas (Cavite)

- 28. The mission reiterated that all sub-project activities will need to be fully completed by 30 June 2015.** Unfinished sub-projects would result in the need to fully re-fund sub-project amounts to the WBG/Grant. DSWD confirmed that the activity planning for the above sub-projects had been completed, including a review of safeguards' requirements and endorsed the sub-projects for implementation. Based on the progress above the mission noted that a balance of US\$179,294 is expected to remain unspent as of 30 June of 2015 and will be returned to JSDF.
- 29. The mission reviewed progress with the implementation of the JSDF LVUC end-line survey underway as of 15 April 2015.** The mission confirmed that data collection activities and preparation of the final report will be completed by the Grant closing date of 30 June 2015.
- 30. The mission reviewed the requirement for the preparation of an Implementation Completion Memorandum (ICM), due on 31<sup>st</sup> December 2015.** The preparation of the ICM will be carried out by DSWD by 30<sup>th</sup> September 2015 based on the lessons-learned from implementation, findings of the Process Evaluation carried out during the 1<sup>st</sup> year of implementation and the data from the baseline and end-line surveys. A review of the ICM for submission to JSDF will take place during the next KC-NCDDP mission schedule for the 5<sup>th</sup> to the 16<sup>th</sup> of October 2015.

### C. DETAILED FINDINGS AND AGREEMENTS

#### Procurement

- 31. Overall findings.** To date, procurement activities funded by WBG loan proceeds have been mostly on staffing, both on the National level and the regional level. Some procurement of goods has also been completed, but no procurement has been undertaken related to Component 1. Overall findings show that correct procedures have been followed.
- 32. Post Review of Signed Contracts at the NPMO Level.** The WBG was provided with a list of individual consultants and goods that have been procured from the start of the project up to present time. The list includes contracts for 20 individual consultants and four (4) goods' procurement. Of the 20 individual consultants' contracts, 12 were single-sourced as their services are continued on from the earlier KC implementation and hence were prior reviewed by the Bank, and eight (8) were hired competitively (comparison of at least 3CVs). Out of these 8, 2 contracts were randomly selected for post review (those for the positions of Communications Specialist and Community Development Specialist); and out of the 4 goods' contracts, 2 were also selected (those for the procurement of 2-units shredder machines and 44-units laptops). There are no major comments, and findings show that the correct procedures were followed. The number of contracts reviewed against the total number to date exceeds the norm of 1 in 10 contracts.
- 33. Updated Procurement Plan.** The submission of an updated procurement plan was agreed as follow-up action to the KC-NCDDP 2<sup>nd</sup> ISM. As of the start of the 3<sup>rd</sup> ISM the updated procurement plan had not been submitted. It will be important for DSWD to prepare the updated procurement plan and submit it for WBG review and no objection to ensure that procurement activities remain within the confines of the approved/agreed procurement plan. It was discussed during the last ISM that certain procurement activities will need to be shifted to correctly reflect the coverage of the two funding institutions - ADB and WBG. It is also important that the schedules for the various procurement

activities be updated as the procurement plan currently in place includes activities that should have been implemented by now.

- **Agreed Action:** The revised and updated procurement plan to be submitted for WBG review and concurrence on or before end-May 2015.

**34. Procurement reviews/issues from field visits.** Visits were made in CARAGA Region and Bicol Region; and specifically for CARAGA, procurement activities at the community level have been mostly on subprojects (SPs) mostly those funded through ADB loan. Specific to the Municipality of Hinatuan in the Province of Surigao del Sur, the total allocation is PhP17 million to fund 15 SPs. There are a total of 24 Barangays in Hinatuan, and only 13 of these will benefit from this allocation. Out of the 15 SPs, 2 Barangays will implement 2 SPs each, Loyola and Bitoon. Also, out of the 15 SPs, funds for 9 have been downloaded (of which 6 have started implementation), 4 RFRs recently submitted and 2 RFRs are under preparation.

- As stated above, Brgy. Bitoon will implement 2 SPs, and procurement for one has been completed. The other one has an estimated cost of about PhP11 million and will be procured through local bidding. This project is an evacuation center, wherein 23 Barangays shared their allocations, but responsibility for procurement and implementation lies with the Barangay Bitoon. Though Community Volunteers have been trained on procurement, they would need a refresher course on local bidding as they are more familiar with local shopping method procurement. To also provide them more knowledge on competitive bidding methods, a representative from the MLGU informed that they will be conducting a training seminar of RA9184 within the month, and invited the community volunteers to attend as well. It was agreed the RPMO will coordinate with the MLGU in ensuring that community volunteers are able to attend training this seminar. It was also agreed that their learnings on this will further be processed to avoid confusion on which correct procedures to follow, in as much as the project already has defined procedures for local bidding.
- The mission was also advised that the RPMO uses TAF to hire service providers to assist in the design, and later on in the supervision of the projects. This is centrally procured at the RPMO for Yolanda affected municipalities and will later on, be Community managed for non-Yolanda affected areas (293 cluster).

## **Financial Management**

**35. Status of Disbursements – As of April 7, 2015, the total disbursement under the WBG loan amounted to US\$97.987 million or 20.46% of the total loan amount of US\$479.0 million.** Fund utilization reported to the WBG as of December 31, 2014 totaled US\$23.197 million or 4.84%. Of the total unutilized amount, US\$49.721 million remain at the DSWD Central Office Designated Account and an additional US\$25.07 million represents funds transferred to various regional offices intended for operational expenses and initial releases to communities for sub-project implementation. As of 30 April 2015, no funds from the WBG loan had been downloaded to communities for sub-project implementation. As reported by NPMO as of March 31, 2015, 10,958 sub-projects with a cost of PhP9.866 billion were under review for disbursement. These sub-projects are broken down by funding source as follows:

Fund Source	No. of Approved SP	Amount (In million pesos)
World Bank	2,634	2,662
ADB	6,398	5,544
For Assignment as to funding source	1,926	1,660
Total	10,958	9,866

36. **The regional offices are currently processing the Requests for Fund Release (RFR) for some of these approved sub-projects.** It is expected that significant amount of funds will be downloaded to communities during the 2<sup>nd</sup> quarter of 2015. With the large number of RFRs expected to be received by the sub-regions and the regional offices, NPMO should ensure the adequacy of the number of staff and the necessary skills required to review these RFRs to facilitate fast downloading of funds.
37. **Interim Financial Reports** - The Interim Financial Reports for the quarter ended September 30 and December 31, 2014 was received by the Bank on December 10, 2014 and March 9, 2015, respectively. The IFR were reviewed and found acceptable to the WBG.
38. **Annual Audited Project Financial Statements** - The first annual audit of the project will be for the calendar year 2014, and the audit report will be due by June 30, 2015.
39. **Electronic-Request for Funds Release (e-RFR)** – The electronic RFR system developed by DSWD with technical assistance from ADB is now being used in processing the request for fund release for the sub-projects. However, testing of the report generation facility of the system produces error (gateway error) and prevents DSWD from generating and printing reports directly from the system. DSWD NPMO coordinated with their IT Group to be able to download data to excel that helped them in preparing various reports and in their various analyses. As discussed with the Regional Accountant of Regional Office V, they will be able to test the capability of the e-RFR system when processing and review of the RFR is in full swing. Follow up training for RO-V on the e-RFR system is scheduled in the 3<sup>rd</sup> week of April 2015.

#### Environmental and Social Safeguards

40. **The institutional arrangements for safeguards are already in place with the designation of social and environmental safeguards focal persons at all levels.** Orientation and trainings were conducted to familiarize safeguard focal persons on the processes and requirements of the Environmental and Social Management Framework (ESMF). The capacity development also included series of learning events including mentoring on specific safeguards issues. Overall the safeguards preparation and internal review process seem to be working although there were some areas that may need to be improved further. The assessment is based on the observations and findings made on the current safeguards documents and as well as in the field.
41. Subprojects in the municipalities of Gigaquit and Hinatuan in Surigao del Norte were visited during the ISM on 09 April 2015.

Issues and recommended actions (Mostly for the sub-project in Gigaquit, Surigao del Norte)



42. Subprojects in Gigaquit were screened using the safeguards screening checklist and with the participation of key stakeholders including the Municipal Environment and Natural Resources Officer (MENRO). This presents a good practice as it generates an early buy-in and support to the process. However, although a formal and recorded process, the screening can be made more rigorous so it will be able to capture fully the key environmental and social aspects of the projects. Sub-project context and baseline information are crucial elements in this screening process and need to be presented and discussed beyond the set of questions prescribed in the screening form. This mission reiterates that the screening questions are formulated to serve as guideposts for more substantive discussions on the varying safeguards aspects of the sub-project.
43. For the sub-project in Gigaquit visited, the safeguards instruments did not sufficiently cover important safeguards aspects such as the presence of indigenous peoples (IPs) in adjacent areas and sub-project's areas of influence (noting significant household population of IPs in the municipality and an ancestral land to be validated), farmland holders affected by the drainage canal, and status of the DA IPM program and the IPM/organic farming practices of farmers in the area. These aspects could be better determined through a more rigorous screening discussions described above.
44. The proponents will have to address more effectively the environmental and social impacts of the sub-project by including in their management plan the following measures:
- Management and disposal of spoils and dredged materials. This is a particular concern that may arise among project affected farmland holders.
  - Measures to ensure that flooding will not occur in other areas particularly within the catchment or drain of the canal.
  - Status and management of *Schistosomiasis* exposure
  - Prevention of accidental drowning especially among children
  - Documentation of the acquisition of additional right-of-way for the canal and any formalized donation by the lot holders.
  - Documentation of IP community consultation, if there were any conducted.

The mission recommends that the Area Coordination Team with the guidance from the Regional Safeguards Focal Person and the NPMO shall help the proponent prepare supplemental assessments on these issues and provide supplemental write up on the Environmental and Social Management Plan (ESMP). The supplemental write up, as in the ESMPs should be disclosed.

45. The review of the ESMP indicates that there is still space to further improve and simplify the ESMP template to a form that is easier to understand and simpler to fill up by the proponent communities. Discussions held during this mission validated the interest to improve the ESMP particularly by simplifying the form, providing better description of the requirements including the basis of these requirements to facilitate to richer understanding.
46. The ESMF has clearly indicated that for sub-projects, upon determining the non-inclusion of the sub-project into the Philippine EIS system, obtaining the Certificates of Non-Coverage (CNC) remains optional for the proponents. The mission clarifies that CNCs are not requirements for the issuance of NOLs or any other safeguards requirements of the Bank.
47. To understand better the performance of the ESMF and how this was used by the project, it might be useful to undertake an ex-post review of a sample of sub-projects under implementation. This will facilitate the identification of key process and content issues related to safeguards screening,

instruments identification and preparation, and review. This will also aid in generating overall guidance in safeguards processing and management as more sub-projects are expected to be developed and finalized.

48. The mission validated that the Grievance Redress System (GRS) has been set up for the project. This however need to be enhanced and further institutionalized at the sub-project and the LGU. It was observed that as a way to immediately progress on the GRS, a Grievance Redress Committee (GRC) is set up at the *Barangay* level immediately following the first *Barangay* Assembly. The ACT and RPMO may need to continuously support the GRC in setting up the mechanism as contained in the ESMF and Manual. Another way to advance the progress of establishing the GRS is to disseminate key GRM mechanism and contact information for any complaints and suggestions on the project. The NPMO will also need to update the contact information as an alternative mode of receiving grievance or complaints on the project.

## **Technical Assistance**

### *Overview*

49. The mission took stock of the progress with implementation of the TA assistance activities supported by the ADB, DFAT, WBG (including through the DFAT KC-NCDDP Implementation Support Facility) and MCC. The mission discussed revisions to the implementation of the activities funded by the DFAT ISF as agreed on the set of activities set out in Table 1 below. DSWD will continue to maintain an updated matrix of TA activities supported by all KC-NCDDP partners. The matrix will be updated on a rolling basis and shared as part of Quarterly Progress Reports to partners.
50. The mission reviewed in detail three pieces of the ongoing technical assistance: (i) Process Evaluation of KC-NCDDP implementation in Yolanda affected areas; (ii) Analysis of Access to Land by IP Groups in KC-NCDDP areas (using ethnographic methods); and (iii) additional technical assistance provide on WASH integration in KC-NCDDP. The updates provided and discussed during mission are outlined below.

### *Process Evaluation*

51. The Process Evaluation 16 field team members have since November been accompanying all DROM activities in the 4 municipalities and 8 targeted barangays. The team has concluded nearly all recall activities in all sites. The mission joined the PRIMEX research team on the field in San Remigio to observe how the revised research instruments were being used and identify any potential adjustments needed; agree on the schedule of next steps/activities; and discuss lessons learned so far. PRIMEX team made a presentation during the mission detailing key findings, and delivered the First Progress Report on April 16th. The report with WBG comments was submitted to DSWD for review. The Second Progress Report will be delivered on August 2015, and PRIMEX will have monthly informal debriefing meetings with DSWD to provide regular feedback on findings and enable DSWD to take corrective action (if needed before the finalization of the report).
52. The mission noted significant improvement in PRIMEX research team level of understanding of the DROM and preparation of facilitators and documenters. Preliminary discussions on findings also demonstrated that the team has been able to capture relevant information that suggest adaptations/corrective measures in DROM implementation. As per observations of the research team's work in the field, the WB recommended that PRIMEX: (i) ensure that all recall activities be completed by the end

of April; (ii) investigate further through different informants and analysis of documentation key important issues that have emerged (e.g. related to sub-project prioritization and MLGU influence), documenting such cases in detail and providing quick feedback to DSWD; (iii) document in detail innovations being implemented by some ACT/MCTs; (iv) prepare additional data collection formats for additional steps as communities move to sub-project implementation (e.g. forms to record information on the pre-construction planning meeting and pre-procurement meeting observed in San Remigio); (v) incorporate questions related to the M&E work (manual and forms) to assess the workload for CVs and ACT and on data entry for encoders; and (vi) add probing questions to see what may be affecting slow turnover of RFR submissions at ACT level.

*Update on IP and Land piece*

The WB team presented the findings of the IP and Land Study and the mission discussed the proposed recommendations. The mission agreed that (i) the final report, currently under final revision by the WB team, will be shared with DSWD by May 30 and (ii) DSWD will revise the paper and refine the recommendations proposed by 30 June. In the revision of the recommendations, DSWD will specify (a) what can be already done within the scope and existing ACEAC system/ procedures; (b) what can be done for the 2nd cycle; (c) what recommendations could be proposed to NCIP, according to the discussions as summarized on the table below.

<b>IP &amp; Land Study Recommendations</b>	<b>Link to KC-NCDDP</b>	<b>Timeframe</b>	<b>Agency</b>
<ul style="list-style-type: none"> <li>• Specialized training for facilitators (knowledge about IPRA and CADT process; ADSDPP)</li> <li>• Additional consultation in mixed areas where non-IPs are in leadership positions to limit elite capture</li> <li>• Sitio level consultations and specific allocations of resources to sub-projects in more remote areas</li> <li>• Ensure women participation</li> </ul>	<b>1<sup>st</sup> Cycle Recommendations</b> – Already contemplated by the IP Module or ACEAC in general; corrective measures relate to ensured implementation or reinforcement in existing guidance	Training of Facilitators in IP areas using IP Module/ April/May	DSWD/ ADB ongoing technical assistance
<ul style="list-style-type: none"> <li>• Add specific material and training sessions to facilitators on CADT and bottlenecks, to be disseminated as part of project preparation.</li> </ul>	<b>2<sup>nd</sup> Cycle Recommendations</b>	August/September	DSWD
<ul style="list-style-type: none"> <li>• Pilot NCDDP project considering the Ancestral Domain (and not municipal boundary) in close coordination with NCIP.</li> <li>• Strengthen inter-agency coordination through the Municipal Action Teams.</li> <li>• Include DAR, DENR at MIAC to review competing claims within pilot AD</li> <li>• Develop an approach to provide legal aid as part of NCDDP sub-project menu for IP areas.</li> </ul>	<b>2<sup>nd</sup> Cycle</b>		DSWD
<ul style="list-style-type: none"> <li>• Convening discussions at the NSC level to discuss CADT competing claims</li> </ul>	<b>Policy Level Recommendations</b>	After 2 <sup>nd</sup> Cycle	DSWD

<ul style="list-style-type: none"> <li>• Legal and institutional analysis about IP &amp; Land, including an in depth documentation of competing claims; looking at the CADTs that have been issued to understand how they must have addressed similar cases; and indicating what communities can do to facilitate their case, and how external agencies could provide support.</li> </ul>	<b>Additional Analysis</b>	<b>TA/</b>	For discussion during 2 <sup>nd</sup> Cycle DSWD/WBG
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**Technical assistance for integrating Water, Sanitation and Hygiene (WASH) interventions in social welfare programs**

53. DSWD is in the process of integrating WASH within the Convergence Framework, leveraging Pantawid Pamilyang Pilipino Program (4Ps), Kalahi-CIDSS National Community Driven Development Program (KC-NCDDP) and Sustainable Livelihoods Program (SLP). The converged approach seeks to make use of KC-NDDP processes like social investigation, participatory situational analysis, etc. to help communities recognize WASH as an important developmental concern. Based on the WASH needs identified by the communities, the Municipal Action Teams (MATs) of DSWD will help them access support under different Government programs, including KC-NCDDP, following the procedures prescribed for respective programs. In the case of KC-NCDDP no parallel stream of funds or planning process will be put in place and additional technical assistance/guidance to communities to be provided on WASH will follow the KC-NCDDP Operations Manual). DSWD has proposed to pilot this converged approach in 31 Municipalities in *Tatsulo* areas of 11 Provinces in Regions 4A, 5, 7 and 8, beginning in June 2015.
54. A consultative workshop was organized during last week of March 2015 for sharing draft WASH convergence strategy DSWD agreed to share the draft guidance note along with implementation plan with the Bank by April 22, 2015. The key milestones related to KC-NCDDP to finalize preparation towards to this end are as follows:
- i. Implementation Plan for WASH Integration in KC-NCDDP shared with the WBG – End of June 2015
  - ii. Training of Trainers Workshop for WASH Integration – before end May 2015
  - iii. Field level Trainings completed by – End of June 2015 (well in time for the Barangay Assembly in June)
  - iv. Social Preparation Stage of CEAC cycle in selected Municipalities to commence in July 2015

#### D. SUMMARY OF AGREED ACTIONS

Activities	Responsibility	By When (2015)
1. Finalize changes to CEAC and DROM manuals	DSWD	29 May
2. Finalize popularized versions based on CEAC and DROM master manuals	DSWD/WB	30 May
3. Rapid Assessment of training needs	DSWD	30 April
4. Training/Mentoring plan to address gaps and provide specialized training developed and shared with WBG	DSWD	30 May
5. Supervision and technical backstopping plan developed and shared with WBG	DSWD	30 May
6. Technical safeguards implemented to review progress with refreshed training of ACT and identify areas where additional technical assistance is needed	DSWD	June
7. KC Impact Evaluation interim report and Pre-Analysis Plan shared with WBG for comments	DSWD	TBC by DSWD with MCC (expected before 30 May)
8. 2 <sup>nd</sup> Process Evaluation report prepared and shared with DSWD	PRIMEX/WBG	30 August
9. Revised report on Access to Land by IP groups shared with DSWD	WBG	30 May
10. Updated procurement plan for KC-NCDDP prepared and shared with WBG	DSWD	30 May
11. Remaining SPs in Region IV A (to absorb cost-savings) completed	DSWD	30 June
12. JSDF LVUC Grant accounts for NCR closed	DSWD	30 June
13. JSDF IE end-line finalized and report shared with WBG	DSWD	30 June

**E. TECHNICAL ASSISTANCE OVERVIEW – WBG/DFAT IMPLEMENTATION SUPPORT FACILITY**

	April	May	June	July	August	September	October	November	December	January	February	March
Process Evaluation - Phase I	Ongoing											
Lessons-learned and impact on BUB implementation												
Process Evaluation - Phase II								Launch			FY16	
Lessons-learned and dissemination events			FY15									
Safeguards Review*					Launch - Cycle I Focus				Launch			
Outcome survey - access to services*												
Urban CDD - Operational Modalities	Launch											
CDD and Livelihoods Paper	Launch											
Guidance Notes Developed with NIAPT	Ongoing											
<b>2. Capacity Building</b>												
ToT - supervision focus								Before Cycle 2		Before Cycle 2		
Popularizing training materials and updating training manuals	Ongoing							Before Cycle 2		Before Cycle 2		
Grass-roots leadership analysis and training	Consultations ongoing											
<b>3. Technical Support</b>												
Overall Coordination					Cycle I					Cycle 2		
Enhanced Monitoring					Cycle I					Cycle 2		
Quality review of infrastructure*							Before Cycle 2					
* includes DFAT investments												

**Annex 1 – KC-NCDDP 3<sup>rd</sup> Implementation Support Mission Schedule**

<b>Date and Time</b>	<b>Venue</b>	<b>Activity</b>	<b>Participants</b>
<b>April 6</b>	DSWD	Advance Procurement, FM and Safeguards review KC- NCDDP	Leonardo Batugal (LB), Rene Manuel (RM), Roberto Tordecilla (RT) and Tomas Sta Maria (TM)
<b>April 7</b>	DSWD	Advance Procurement, FM and Safeguards review LVUC	Aisha de Guzman (AG), Joma Lim (JL), Rene Manuel, Roberto Tordecilla
<b>April 8</b> 2- 5:00 p.m.	DSWD	Meeting with WB on the Progress of the JSDF-LVUC Project and Discussion with Consultants on the End-line Study for LVUC	Aisha de Guzman, Joma Lim, Maria Loreto Padua (MP), Patricia Fernandes (PF), Rene Manuel, Roberto Tordecilla
<b>April 9 (all day)</b>	CARAGA  Bicol	Field Visit – 2 groups  CARAGA - PF, Corinne Canlas (CC), LB, RM, DepEd, DoH, NHA + 3 people  FO V - MP, Ludy Anducta (LA), RT, TS + 3 people	
<b>April 10 (all day)</b>	CARAGA  Bicol	Field Visit – 2 groups to CARAGA and FO V (continued)	
<b>April 11,</b>		Return to Manila (am)	
<b>April 13</b>	DSWD	<b>10 am -12 pm</b>  Mission Kick Off  Chair: Sec. Corazon Juliano-Soliman	Full WB team
	WB	2.00 to 6:00 pm –  Preparation for 14 meeting at DSWD	CC, Flavia Carbonari (FC), ML, PF

Date and Time	Venue	Activity	Participants
		World Bank internal meeting and preparation of field visit feedback	
<b>April 14</b> <b>9:00 – 3:00 p.m.</b>	WB	Reflections from the Field & Summary of Policy Issues to be presented to the NIAPIT	Full WB team Discussion facilitate by Corinne Canlas
<b>April 15,</b> <b>10:00 – 4:00 p.m.</b>	DSWD	<p>Discussion of TA and Analytical work-program</p> <ol style="list-style-type: none"> <li>1. Status of on-going TA</li> <li>2. Overview of proposed TA and confirmation of activities and budget for FY16</li> <li>3. Presentation of preliminary results from the Process Evaluation</li> <li>4. Presentation of the Indigenous People's access to land paper</li> <li>5. Launch of CDD and Livelihoods and Operational modalities for Urban CDD papers</li> <li>6. Launch of supervisory skills training course</li> </ol>	CC, Flavia Carbonari (FC), ML, PF, Sitaramachandra Machiraju (SM)
<b>April 16,</b>	ADB	<p><b>10:00 a.m. – 2:00 p.m.</b></p> <p>NIAPIT Workshop -Meeting Chair: Asst. Secretary Camilo G. Gudmalin</p> <p>Welcome and Call to Order by ASEC Gudmalin</p> <p>Presentation and Approval of the Proposed Guidance Note on Location and Standards by Dir. Chi Redaja</p> <p>Presentation and approval of the Urban Strategy by Jojo Aguilar</p> <p>Feedback on the Result of the Field Visit and Approval of Recommendations by Alex Glova</p> <p>Presentation of the Issue on Coverage and Use of DROM in other disaster-affected areas by Jojo Aguilar</p>	CC, FC, ML, PF
		Summary of Agreements	
	WB	<b>Internal meeting – preparation of Aide Memoire for wrap-up meeting</b>	
<b>April 17,</b> <b>9:00 a.m. – 12:00 n.</b>	Q.C. To be arranged by DSWD	<p>Wrap Up and 18<sup>th</sup> NSC Meeting Chair: Sec. Corazon Juliano-Soliman</p> <p>Call to Order</p>	CC, FC, ML, PF



Date and Time	Venue	Activity	Participants
		<p>Presentation and Approval of the Policy Recommendations of the NIAPIT</p> <ul style="list-style-type: none"> <li>• Guidance Note on Location and Standards by Dir. Chi Redaja</li> <li>• Urban Strategy by DNPM Jojo Aguilar</li> <li>• Other Policies to Support Program Implementation by DNPM Alexander Glova</li> </ul> <p>Findings and Recommendations of the Joint Mission by Patricia Fernandes/Joel Mangahas/Nigel Bruce or Rosela Agcaoili</p> <p>Summary of Agreements Setting of the Date for the Next Mission</p> <p>Adjournment</p>	

## Annex 2 - JSDF LVUC 8<sup>th</sup> Implementation Support Mission Aide Memoire

1. In accordance with the Mission Announcement Letter dated 8 November 2014, the 8<sup>th</sup> Implementation Support Mission for the JSDF LVUC Grant was carried out from November 17 to 19 2014, to follow-up on the progress made by the Department of Social Welfare and Development (DSWD) in the sub-project implementation and in preparation for Grant closure by 30 June 2015. The mission specifically focused on: (1) reviewing progress with the roll out the program with a particular focus on implementation of project activities in the National Capital Region (NCR); (2) reviewing progress made on coordination of activities with the NGO partner Foundation for Development Alternatives (FDA); (3) agreeing on next steps for the preparation of the project's Implementation Completion Memorandum (ICM) and documentation of lessons-learned; and (4) taking stock of the implementation of the Impact Evaluation (IE) end-line.

The World Bank Group (WBG) wishes to thank the DSWD team for their time, energy and support provided in the organization and implementation of the mission.

2. 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.

### F. KEY FINDINGS AND AGREEMENTS

#### *Overall Pace of Implementation and Grant Closure*

3. **Progress with Grant implementation continued to be mixed with significant differences in the pace of implementation between Region IV A and NCR. The mission would like to commend the Region IV A for the progress made with sub-project implementation.** The 28 sub-projects planned for the first implementation phase have been completed. The additional nine sub-projects launched in May 2014 to absorb cost-savings<sup>2</sup> are near completion. Seven skills training and job placement sub-projects will be closed by the end of January 2015 and an additional two infrastructure sub-projects are on track for completion by end March 2015.
4. **The NCR team continued to experience challenges in the coordination of activities with FDA and in the roll-out of project activities.** The contract with FDA was closed on 9 October 2014 and the NCR Regional team took over implementation of Grant activities. Community Facilitators (CFs) and Community Engineers (CEs) previously employed by FDA have continued their functions under contract with DSWD. As expected, the NCR team encountered difficulties in the implementation of infrastructure sub-projects given the challenges in documenting land ownership and donation. Five proposed infrastructure sub-projects were, therefore, not approved for implementation. The fact that the screening out of the sub-projects occurred in October 2014 rather than in July as agreed during the 7<sup>th</sup> ISM resulted in approximately US\$135,000 remaining unallocated in sub-grants of 17 November 2014. The pace of implementation suffered further delays. Of the 36 sub-projects planned, 31 are currently being completed (16 skills training and job placement sub-projects and 15 cash for work sub-projects). Further broken down, this includes 10 skills training and 1 cash for work sub-project in

<sup>2</sup> US\$200,000 as outlined in the 7<sup>th</sup> Implementation Support Mission Aide Memoire given the large proportion of skills training and job placement sub-projects implemented with a significantly lower cost than infrastructure sub-projects,

Malabon, and 6 skills training and 14 cash for work subprojects in Muntinlupa. Subprojects area currently at different stages of completion and expected to be completed by end February 2015. One of the cash for work sub-projects in Malabon had not yet started as of 17 November as suppliers did not accept check payment for supplies. The NCR team is the process of addressing this issue so that planned sub-project activities can be completed by end March 2015.

- **Agreed Action:** The mission agreed that funds currently unallocated by NCR would be re-programed by Region IV A for the implementation of sub-project proposals developed by targeted communities and ranked as 2<sup>nd</sup> priorities during barangay assemblies. The DSWD and Region IV A will screen these proposals carefully to ensure that: (i) they can be implemented within a five month period (by end April 2015) so that no sub-projects will remain incomplete by the grant closing date; (ii) no sub-projects will be implemented in the Impact Evaluation (IE) treatment communities – as the IE will be fielded from February 2015 onwards<sup>3</sup>. The list of sub-project proposals and any outstanding amount to remain unspent by Grant closure will be shared with the World Bank team by 15 December 2014.
  - **Agreed Action:** The mission agreed that the DSWD team will closely monitor the closure of accounts and outstanding payments to service providers for skills training activities by end January 2015. This will include amending existing contracts to enable the payment of skills training activities completed so far. Currently payments for contracts in Muntinlupa are being held pending completion of a small number of training activities in auto repair and electronics - as these require a longer on the job training period. In addition, the DSWD team will contact the Technical Education and skills Development Authority (TESDA) to ensure that the National Certification Testing 2 (NC2) for all remaining candidates can take place by end January 2015. This will enable the NCR and Region IV A teams to process final payments.
5. **Current Grant disbursements are at 87% and utilization rates at have substantially increased to 72% (from the 34% in May 2014).** The project remains on track to achieve the PDO by 30 June 2015. Progress towards meeting the end of project targets (as of 30 September 2014) is outlined in Table 1 below.

**Table 1: Progress towards end of Grant targets (as of 30 September 2014)**

Indicators	30 June 2015 targets	Progress as of 30 September 2014	Observations
<b>Component 1 : COMMUNITY GRANT</b>			
Cash-for-work schemes benefitting 3,750 households	3,750 (75 communities)	3,889 (75 communities)	Additional activities ongoing in Region IV A
Community enterprise plans from 75 urban poor communities	Plans prepared in 75 communities	Plans completed in 28 communities	Remainder under completion in NCR
<b>Component 2 : CAPACITY BUILDING AND ENTERPRISE DEVELOPMENT</b>			
Community mobilization activities completed in 75 poor areas	75 communities	75 communities	Community mobilization activities completed
200 people from community associations provided with core training in local enterprise planning	200 trainees	4,399 trainees	Skills training activities still ongoing in NCR and Region IVA

<sup>3</sup> These communities are Wawa I and II, Niog I, Maliksi III and Kanluran I in Bacoor.

COMPONENT 3 : MONITORING AND EVALUATION			
Monitoring reports submitted on schedule	Y	Y	
Community-based M&E completed for targeted communities	75 communities complete CBM&E	6 communities	CBM&E to be completed for all communities by 1 Quarter of 2015
Number of staff trained for CBM&E	6	6	
Process evaluation completed in pilot communities	Y	Y	
Impact Evaluation completed	Baseline completed	Final report submitted last December 3, 2013 at the NPMO	End-line to be initiated in December 2014
Annual Audits completed	Y	Y	

### *Region-specific findings*

6. **The implementation of activities in Region IV A has proceeded in line with the agreed time-table.** The 28 sub-projects pertaining to the original fund allocation for Region IV A have been completed. Region IV A has made good progress with the nine sub-projects launched in May 2014 to absorb US\$225,211 cost savings generated by the large volume of livelihood sub-projects<sup>4</sup> prioritized by the communities. As of 17 November 2014, US\$179,569 had been disbursed, with the remaining balance expected to be disbursed by end March 2015. Skills training sub-projects are on track for final payments to be processed by end January 2015. However, as expected the implementation of the two barangay health stations in Cavite will require additional time to be completed. The team faced some delays in securing the necessary documentation proofing land ownership and certifying land donation.

**Table 2: Sub-projects for completion in Region IV A**

Provinces	Municipalities	Barangays	Sub-Project Type	
Cavite	Dasmariñas City	Paliparan III	TVET	Health Station
	General Mariano Alvarez	Bernardo Pulido	TVET	Health Station
Laguna	Binan City	Delapaz; Malaban and San Antonio	TVET	
	Calamba City	Looc; Sampiruhan	TVET	
<b>TOTAL</b>			<b>7</b>	<b>2</b>

<sup>4</sup> With lower estimated costs than small-scale infrastructure.

7. **Implementation in the National Capital Region (NCR) continued to be delayed.** The 7<sup>th</sup> Implementation Support Mission (ISM) had taken stock of the ongoing challenges in the coordination of activities with FDA. The mission noted DSWD's continuing efforts to provide more intensive support to FDA community facilitators in the finalization of requirements for the submission of Requests for Funds Release (RFR). The mission also noted that differences in approaches on the part of DSWD and FDA could not be reconciled. This resulted in the termination of the FDA contract October 9 2014 and in further delays in project implementation.
- The mission noted that the 15 infrastructure sub-projects proposed for NCR were screened as agreed: (i) to assess the realism of the implementation plan; (ii) to confirm that social safeguards requirements and documentation of land donation can be met in a timely manner. Five sub-projects which the team considered could not be fully completed by December 2014 were not initiated as agreed. However, the screening out of these activities took place in October rather than in July leaving limited room for the NCR team to reprogram resulting in an unallocated balance of US\$135,000 in sub-grants.

#### *Coordination with private sector organizations and sustainability of training activities*

8. **In spite of the progress made in the implementation of livelihood activities and training programs follow-up with the Ayala Corporation on the employment of trainees continued to be slow.** Challenges in information sharing and communication were noted by the mission. Closer supervision/support of the team responsible for liaising with private sector organizations continues to be necessary to improve the sustainability of project outcomes. With a further large batch skills training activities for Region IV A and NCR expected to be completed by mid-December it will be important for DSWD to ensure that outcomes of training are regularly shared with private sector partners.

#### Agreed Actions

9. The mission agreed that a final spreadsheet of all trainings, number of beneficiaries per training, and completion date would be finalized and shared with the WB and the Ayala Corporation by December 15, 2014.

#### *Impact Evaluation*

10. The mission noted that the procurement of the IE consultants was delayed and had not been initiated by the 17 November 2014. The mission agreed that the DSWD team would fast track the procurement to ensure that data collection can begin as planned by February 2015. The mission further agreed that the NCDDP Monitoring and Evaluation team would provide support to the finalization of the Terms of Reference and technical assistance to the implementation of the IE. The DSWD shared the final ToRs for the IE with the WB by 8 December 2014. The conditional NoL to the ToRs was sent to the DSWD team by the 10<sup>th</sup> of December 2014 following a technical review.

#### *Procurement*

The mission also followed up on procurement concerns identified during the last mission.

11. **Consulting Services:** It was discussed and agreed that a team of individual consultants (rather than a consulting firm) will undertake the end line survey. It is expected that services will commence early January 2015. As these are individual consultants and hiring will be through competitive means, Bank's prior review procedures do not apply. The DSWD can proceed with the selection process, determine the best qualified individuals, negotiate the contracts, sign them, and get the consultants mobilized at the earliest time possible.

12. **Procurement Plan:** It was agreed that an updated procurement would be prepared and shared with the WB team by the 15<sup>th</sup> December 2014. The updated procurement plan will: (i) reflect the timeline for the selection of individual consultants to undertake the end-line study and; (ii) take into account the additional subprojects to be funded from savings and to be implemented prior to grant closing date.
13. **Procurement Post Review:** A procurement post review was done during the mission, covering procurement activities undertaken by the communities in the implementation of three (3) roll-out infra subprojects, all in NCR, and for the services one (1) service provider for skills training in Region IV-A (Binan, Laguna).

Adding the review done prior to this mission (3 from the pilot phase and 5 from the roll-out), a total of 12 subprojects have now been post reviewed. Out of this 11, 8 roll-out subprojects that have been post reviewed correspond to about 26% of the total number of 31 subprojects that are completed and under implementation to date.

For skills training activities, processes followed were in accordance with agreed procedures for the project. Specifically, a review was conducted for the selection in Brgy. San Antonio in Binan, Laguna. The review showed that even though the selection followed direct contracting (sole-source), due diligence was undertaken to identify the most qualified contractor. Six institutions were assessed and the one able to provide all required trainings, and with the required expertise and experience was selected. The files reviewed included a copy of the MOA between JZGMSAT (Jacobo Z. Gonzales Memorial School of Arts and Trades), the selected institution, and DSWD Region IV-A represented by Dir. Leticia T. Diokno, RD.

**Based on the review of both the skills training and the infra subprojects, it can be concluded that procurement work undertaken by the communities under the grant has been done in accordance with agreed procedures.** Files reviewed are mostly in order, and in general include: i) disbursement vouchers, ii) photocopy of check payments, iii) original official receipts, iv) original cash invoices, v) purchase orders signed as received by suppliers, vi) abstract of quotations, and vii) Request For Quotations (RFQs) and quotes received from suppliers. At least 3 suppliers were issued RFQs and at least 3 suppliers submitted their quotes in return.

**Some minor deficiencies were noted as follows:** i) for sub-projects in Barangay Putatan the service provider that submitted the lowest quote was not awarded the contract due to a reported attempt on their part to bribe the ACT (by asking members of the Project Team to inform them of the submitted quotes of the other suppliers for a fee); ii) payments have not yet been made to the awarded supplier as delivery of materials is pending; iii) copy of evaluation report, PO and DV for one of the subprojects review was not on file. Finally, the WB noted that in one of the subprojects reviewed, excess funds from the materials category were to be shifted to the labor category by issuing a variation order. The WB team indicated this would not be necessary as only a reallocation is required.

14. **Capacity of the NPMO and the Beneficiary Communities to Undertake Procurement.** Based on the discussions and review of available documents, and in spite of the minor deficiencies noted by the review, the NPMO and the communities implementing the subprojects are able to do their procurement functions well and in accordance with the provisions of the Grant Agreement. Documents reviewed were found to be mostly in order.

## 15. Agreed Actions

- The only cash for work subproject in Malabon has yet not started implementation as suppliers in the area did not agree to be paid by check. The PMO is resolving this matter, and will issue a letter of guarantee to show funds are available on or before end-November 2014
- Complete reporting of physical and financial accomplishments for the NCR roll-out subprojects will be shared with the WB by the 15<sup>th</sup> December 2014.
- Updated procurement plan to be shared with the WB team by the 15<sup>th</sup> December 2014.
- List of subprojects to be funded from savings and new equipment to be procured from available funds remaining in the Goods category of the will be shared with the WB by the 15<sup>th</sup> December 2014.

### *Financial Management*

16. **Status of disbursements** – As of November 10, 2014, documented disbursements under the grant totaled US\$2,618,931 (including the balance of the Designated Account or DA amounting US\$1,568,340.00) or 87% of the grant amount of US\$3,000,000.

#### Status of Fund Utilization/Disbursement Against Allocation (in USD)

Particulars	Goods	Consulting	Subgrants	Training	IOC	Designated Account	Total
Grant allocation (a)	60,000	740,430	1,987,500	158,430	53,640	-	3,000,000
Withdrawn from Bank	50,810	345,545	562,954	76,453	14,828	1,568,340	2,618,930
WA in process at PIUs		134,287	957,934	8,340	2,346		1,102,907
Total withdrawals, including balance in DA (b)	50,810	345,545	562,954	76,453	14,828	1,568,340	2,618,930
Total actual expenditures, excluding DA (c)	50,810	479,832	1,520,888	84,793	17,174		2,153,497
Amount undisbursed from the Bank (a – b)	9,190	394,885	1,424,546	81,977	38,812	(1,568,340)	381,070
Amount undisbursed by Agency (a – c)	9,190	260,598	466,612	73,637	36,466	-	846,503
<b>As of November 2014</b>							
Disbursement Rate (b/a) 1							87%
Utilization Rate (c/a) 2							72%

1 Disbursement rate is the rate of the amount of withdrawal applications paid by the Bank divided by the grant amount.

2 Utilization rate is the rate of the amount of withdrawal applications paid by the Bank (net of the Designated Accounts) and those in process, divided by the grant amount.

Compared to the 7<sup>th</sup> ISM held in May 2014, the utilization rate significantly increased to 72% from 34% as a result of the increased downloading of funds for the implementation of subprojects. There are three withdrawal applications (WA 33, 34 and 35) aggregating to US\$1,102,907 in process and awaiting approval. With the limited time until the closing date on June 30, 2015, DSWD should ensure the withdrawal applications are processed in a timely manner and that funds are available to fund subprojects in the pipeline. In addition, given the closing date, the PMO should start following up on the final liquidation reports and closure of community accounts.

#### Agreed Actions:

- The DSWD team will ensure the timely processing of withdrawal applications by the end of December 2014
- The DSWD team will ensure the timely liquidation of the sub-grants released to the beneficiaries and closure of completed community accounts in preparation for Grant closure on 30 June 2015.

17. **Budget and Disbursement Projection** – During the mission, the WB team was informed that the PMO is projecting savings on the expense categories below. It was agreed that the PMO would finalize the amount of savings and propose to the Bank the alternative use of the excess funds by the 15<sup>th</sup> December 2014.

Expense Category	Projected Savings in USD
Goods	9,190.00
Consulting	34,832.00
Subgrants	135,272.00
<b>Total</b>	<b>179,294.00</b>

18. **Adequacy of accounting staff and maintenance of accounting records** – The financial management staffing arrangements and the maintenance of accounting records at DSWD-CO remains adequate. A Unified Financial Management Specialist (UFMS) performs financial management functions for foreign-assisted projects, which include this grant. The UFMS is being assisted by an assigned Finance Focal Person and a Project Accountant. The DSWD Central Office (CO) Accounting Section uses e-NGAS to record the project's financial transactions. Financial reports as of October 31, 2014 were made available during the mission.
19. **Internal Controls** – There is proper segregation of incompatible duties and responsibilities at DSWD-CO. Physical controls over cash, documents and records are in place and remain adequate.
20. **Results of review of selected expenditures** - Controls at DSWD-CO over payments processing, documentation and recording are considered adequate and well in place in the different units concerned within the organization. However, WB team recommends the following course of action to improve the overall FM system:
- a. Signatures on a number of disbursement vouchers were not dated. It is recommended that signatories include the date of payment together with their signatures for purposes of tracking and accountability
  - b. For unused funds at barangay level, NPMO Finance should provide the WB with a summary computation so that the necessary refunds or adjustments to the Withdrawal Applications can be appropriately determined by the 15 December 2014.
21. **Compliance with the financial covenants**
- a. **Audited Financial Statements** - The 2013 audited financial reports which include the (1) Audited Project Financial Statements, (2) Audited Financial Reports on the Special Account, (3) Summary of Statement of Expenditures were received on June 30, 2014. The Commission on Audit (COA) rendered an unqualified opinion on the Audited Financial Reports on the Special Account while a qualified opinion was issued on the Audited Project Financial Statements due to the effects of the following observations emphasized on the Independent Auditor's Report:
    - i. Purchase of IT equipment in the amount of Php880.10 thousand was without prior approval by National Government Offices; and
    - ii. Physical existence and reliability of property records amounting to P2.16 is doubtful due to the inability to complete a physical inventory and reconcile with accounting records.
  - b. The PMO had already informed the Bank of the courses of action to resolve the issues noted by COA.
  - c. **Semestral Unaudited Interim Financial Reports (IFRs)** – The IFR covering the 1st semester of 2014 was incorporated in the submitted KALAHYAN-CIDDS Physical and Financial Accomplishment Report for the 2nd quarter of FY2014, which was received by the Bank on September 10, 2014.



## *Safeguards*

### *Environmental Safeguards*

22. As stated in the JSDF-LVUC safeguards guidelines, Environmental and Social Management Plan (ESMP) including the environmental screening checklist are required documents for all infrastructure subprojects. To ensure compliance, the RPMO made it contingent with the processing of the subproject's RFR. The ESMP focused on impacts during construction works such as disposal of waste and workers' safety. The need for adequate disposal of waste was emphasized during pre-project implementation meetings and safety boots and gloves were made part of included in the goods/materials procured for the infrastructure subprojects.
23. The majority of the cash for work sub-projects implemented were clean-up and drainage improvement activities to mitigate both perennial and short-term flooding. Beyond the safeguards requirements, the project increased environmental awareness among the beneficiaries and the community volunteers themselves. In a cleanup project in Sitio Bagong Sibol, Putatan, Muntinlupa, two of the volunteers reported following the dump truck that transported the solid waste removed from the cleanup to make sure that these materials were disposed of properly in the government-designated site. There were two areas in Barangay Putatan (Sitio Bagong Sibol and Santos Compound) where the former dumpsites were converted into vegetable gardens after cleanup activities were completed. The marked improvement of the environmental conditions of their areas and the benefits that they derived from the cleanup are good motivations for the the O&M teams to maintain and sustain what has been achieved by their subprojects.
24. A focus on construction safety has been included by the NPMO in the training and orientation of the ACT and CF. The importance of the use of proper safety equipment by the community volunteers was underscored throughout sub-project preparation and implementation. However, due to limited funds, number of boots and gloves purchased were not sufficient for all volunteers in the visited sub-projects. In these cases volunteers sources their own protective equipment. In addition, the WB noted that boots purchased may not offer sufficient protection where water levels are very high (higher than the boots used) – additional equipment would be required in these cases. Going forward for future DSWD interventions it would be important for ACTs to provide additional guidance to communities to budget more accurately for the purchase of protective equipment and to liaise with the LGU for additional equipment as needed to avoid overburdening community volunteers.
25. Overall, the compliance with environmental safeguards requirements of has been satisfactory. The challenge is to sustain good practices especially on safety during O&M activities.
26. For 28 of 31 approved infrastructure subprojects in the NCR and Region IVA communities secured the consent of concerned government entities or private land owners for subproject implementation. These included the construction of steel railing in a community located at the side of a creek; construction of open canal drainage system; dredging, de-silting, de-clogging and improvement of existing linear meter canals; construction of elevated bamboo footbridge; and clean-up drive. Households fronting these roads participated in the implementation of the subprojects either as beneficiaries of the cash-for-work schemes or as volunteers. Three of the 31 subprojects required land acquisition. These were the day care center constructed on a 48 square meter land in Dasmariñas, Cavite, and two health stations in Paliparan III, Dasmariñas City, Cavite and in Bernardo Pulido, General Mariano Alvarez (GMA), Cavite. The day care center and health station in Dasmariñas are constructed on government lands, while the health station in GMA is currently under construction on private land. For the latter case, DSWD-Region IVA could not provide a copy of the Deed of Donation to the Mission Team. The supporting documentation available is a letter from the landowner

permitting the use of land for the health center. It does not, however, mention the owner's intention to donate the land or the agreed duration of land use. The mission thus found the available documents for this subproject is so far insufficient to comply with the policy on voluntary land donation of LVUC.

- **Agreed Action:** The mission agreed that supporting documentation (notarized Deed of Donation) pertaining to the land required for the construction of the health center in GMA would be forwarded to the WB by 15<sup>th</sup> January 2015.

27. Given the above findings, the Mission Team rated compliance social safeguards requirements as moderately satisfactory.

1. **Agreed upon Actions.** Based on the discussions, findings and recommendations of the mission, the following priority actions have been agreed upon to conclude Grant activities:

Activities	Responsibility	Indicative Date	Update as of January 15 2015
1. The complete report of physical and financial accomplishments for the NCR roll-out sub-projects to be shared with the WB	DSWD	15 December 2014	Completed
2. Funds unallocated by NCR will be reprogrammed by Region IV A. The list of sub-project proposals and any outstanding amount to remain unspent by Grant closure will be shared with the WB team	DSWD	15 December 2014	Completed
3. Regarding the cash for work sub-project not yet started in Malabon as of November 2017, DSWD will issue a letter of guarantee to the supplier to ensure work can proceed	DSWD	15 December 2014	Issue resolved and sub-project completed on 12 December 2014
4. DSWD will closely monitor the closure of accounts and outstanding payments to service providers for skills training activities making all necessary contract amendments	DSWD	30 January 2015	On-going
5. Updated procurement plan to be shared with WB	DSWD	15 December 2014	Updated procurement plan shared on 7 January 2015
6. Timely processing of WA	DSWD	31 December 2014	WA processed on 7 January 2015. As of 13 January 2015 disbursements under the Grant amount to US\$ 2,963,858.36 (98.7% of the total grant amount)
7. Timely liquidation of sub-grants released to the beneficiaries in preparation for Grant closure	DSWD	30 June 2015	On going
8. Supporting documentation (notarized Deed of Donation) regarding land required for the proposed health center in GMA forwarded to the WB team	DSWD	15 January 2015	Pending