

# Project Administration Manual

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Republic of the Philippines: KALAHI–CIDSS  
National Community-Driven Development Project  
(Additional Financing)

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

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

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

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

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



### Abbreviations

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



## I. PROJECT DESCRIPTION

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

2. **The Ongoing Project.** On November 8, 2013, Typhoon Yolanda swept across the central Philippines leaving behind an unprecedented path of destruction. Typhoon Yolanda decimated crops, orchards and fisheries. It damaged virtually all productive assets of rural and coastal families in affected areas, and has resulted in significant losses to agriculture and food security. An estimated 154,954 farming households and 48,915 fishing households in Western and Eastern Visayas were directly affected. On 16 December 2013, ADB approved L3100-PHI: KALAHI-CIDSS National Community-Driven Development Project, an emergency assistance loan of \$372.1 million to restore social services and rebuild affected communities in about 554 municipalities.<sup>2</sup> The project impact is improved resiliency of poor communities to natural hazards. The outcome is improved access to services and infrastructure for communities in affected provinces and their participation in more inclusive local disaster risk reduction and management planning, budgeting, and implementation. The outputs are (i) community-driven development (CDD) subprojects selected, implemented, and completed, (ii) institutional and organizational capacity strengthened, and (iii) program management and monitoring and evaluation (M&E) systems enhanced. The Department of Social Welfare and Development (DSWD) is the executing agency. The loan was declared effective on 10 June 2014.

3. **The Additional Financing.** The ongoing project is performing well and the additional financing will be used to focus on livelihood-related subprojects. About 6,847 subprojects in 316 municipalities were approved as of 21 April 2015, which are now in various stages of implementation, with expected completion in Q3 and Q4 2015. A large percentage of these subprojects is targeted at post-typhoon restoration of community access infrastructure (e.g., roads, footbridges, trails, and footpaths), environmental protection and conservation (e.g., flood protection and sea walls), and basic social services (e.g., schools, daycare centers, health centers, and electrification). While these immediate needs are being met, communities are also planning ahead for livelihood recovery as they move into the reconstruction phase. These will include subprojects that cover community production, economic support, common service facilities, and livelihood and entrepreneurial skills training. In order to do this, both communities and DSWD need expertise at the community level to facilitate economic and livelihood subprojects as well as to prepare the needed technical proposals.

4. **Importance of livelihood subprojects.** Typhoon Yolanda decimated crops, orchards and fisheries. It damaged virtually all productive assets of rural and coastal families in affected areas, and has resulted in significant losses to agriculture and food security. An estimated 154,954 farming households and 48,915 fishing households in Western and Eastern Visayas were directly affected. In Region VIII alone, coconut production declined from 1.6 million metric tons (MT) with a value of P7.3 billion in 2013 to 349,000 MT with a value of P2.7 billion in 2014. Similarly, the value of fishery production in Region VIII decreased from P11.8 billion in 2013 to P9.6 billion in 2014.

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

<sup>2</sup> ADB. 2004. Disaster and Emergency Assistance. *Operations Manual*. OM/D7. Manila.

5. The Government's Yolanda Comprehensive Rehabilitation and Recovery Plan (CRRP) identifies investment needs of P33.7 billion for livelihood recovery across 13 national agencies, with the largest being P10.8 billion for the Philippine Coconut Authority (PCA), P7.7 billion for the Department of Agriculture (DA) and P1.8 billion for its Bureau of Fisheries and Aquatic Resources (DA-BFAR), P4.2 billion for the Department of Social Welfare and Development (DSWD), and P3.9 billion for the Department of Trade and Industry (DTI). In Region VIII, the CRRP budget for DA is P3.5 billion, of which P1.3 billion programmed for 2014 had been received. A further P300 million has been programmed for Region VIII DA infrastructure and livelihoods for 2015.

6. As of end-February 2015, the Region VIII Livelihood Cluster reported over 185,000 beneficiaries of cash-for-work programs and 606,505 for various sustainable livelihood programs. Strong support from the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD) and many national and international NGOs, in partnership with DA, have assisted more than 100,000 farming and fishing households.<sup>3</sup> PCA reports that 87.7% of 2 million coconut seedlings targeted for distribution in the Yolanda-affected areas have been distributed and planted with over 9,800 beneficiaries assisted. Region VIII is harvesting its 3<sup>rd</sup> rice crop and has achieved about 92% of previous production.<sup>4</sup> In May 2015, poverty data shows that the highest increase in poverty thresholds being observed in Eastern Visayas at 14.2 percent. According to NEDA, this was possibly due to the effects of Typhoon Yolanda.

7. For the most part it was the poorest households who were temporarily or permanently stripped of their primary source of income and they are finding it the hardest to recover. The road to recovery will require longer term sustained livelihood interventions that include the strengthening of local capacities in labour information services, provide relevant skills in emerging sectors, self-employment, and enterprise development support.<sup>5</sup>

8. **Improving service delivery and responding to post-disaster needs.** Community-driven development (CDD) approaches have been used to address bottlenecks in the local delivery of basic services.<sup>6</sup> The CDD principles of participatory planning and community control of investment resources are being applied in the Philippines by the government's Kapit-Bisig Laban sa Kahirapan (Linking Arms Against Poverty)–Comprehensive and Integrated Delivery of Social Services (KALAHI–CIDSS) project, managed by the Department of Social Welfare and Development (DSWD).<sup>7</sup> KALAHI–CIDSS<sup>8</sup> has improved basic service delivery, effectively targeted poor communities, and responded to the needs of poor households, lessening the

<sup>3</sup> FAO Philippines Newsletter 2015 Issue 1

<sup>4</sup> Rice cropping seasons in Region VIII are typically October to March and April to September

<sup>5</sup> Plan International 1<sup>st</sup> Progress Report under JFPR 9175 Component A2, March 2015

<sup>6</sup> Subsector Assessment (Summary): Community-Driven Development (accessible from the list of linked documents in Appendix 2).

<sup>7</sup> KALAHI–CIDSS was launched in 2002, with cofinancing from the World Bank. In 2004, the Spanish Agency for International Development Cooperation provided financing to it under the Empowerment and Development of Communities Project. In 2010, the World Bank provided additional financing to KALAHI–CIDSS until May 2014; the Millennium Challenge Corporation provided parallel financing. By December 2012, KALAHI–CIDSS had covered 8,435 barangays (villages) in 364 poor municipalities and supported 8,776 subprojects, reaching 1.95 million households. Some of the subprojects have helped address community needs in response to disasters.

<sup>8</sup> Overview of Community-Driven Development and the Kapit-Bisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services Project (supplementary appendix accessible from the list of linked documents in Appendix 2).

influence of patronage in resource allocation, and job creation.<sup>9</sup> The government identifies CDD as a key pillar of the country's development and poverty reduction strategy and is expanding KALAHÍ-CIDSS operations into the KC-NCDDP.

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

10. Communities are also planning ahead for livelihood recovery as they move into the reconstruction phase. These will include subprojects that cover community production, economic support, common service facilities, and livelihood and entrepreneurial skills training. In order to do this, both communities and DSWD need expertise at the community level to facilitate economic and livelihood subprojects as well as to prepare the needed technical proposals.

11. As of April 2015, DSWD identified about 646 livelihood-related subprojects in municipalities covered by the project that have passed the community selection process, but unable to receive project funding. The demand for livelihood-related subprojects is expected to increase as the lack of jobs continues to be key challenge in affected communities while basic social services and community infrastructure are continuously being restored. Therefore it is crucial for the project to be able to focus additional resources on the livelihood subprojects. The additional financing will provide additional planning and investment grants for 250 livelihood-related subprojects.

12. **Impact and outcome.** By integrating livelihood subprojects, the additional financing will maintain the impact and outcome of the ongoing project. The impact will be improved resiliency of poor communities to natural hazards. The outcome will be improved access to services and infrastructure for communities in affected provinces and their participation in more inclusive local disaster risk reduction and management planning, budgeting, and implementation.

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

14. **Output 1: Community-driven development subprojects selected, implemented, and completed.** Planning and investment grants will be provided to more than 6,000 barangays, benefiting an estimated 900,000 households. Planning grants will support participatory and gender-inclusive planning by barangay residents as well as technical assistance to ensure effective subproject selection and implementation. Investment grants will support subprojects and activities that respond to community priorities.<sup>10</sup> Rehabilitation and recovery efforts will emphasize building back better and disaster-resilient community

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<sup>9</sup> The benefits derived from KALAHÍ-CIDSS are summarized in Overview of Community-Driven Development and the KALAHÍ-CIDSS Project (supplementary appendix accessible from the list of linked documents in Appendix 2).

<sup>10</sup> Investment grant amounts are based on a formula using poverty incidence and population size.

infrastructure. Subproject eligibility will be based on an open menu and subject to an exclusion list.<sup>11</sup> The open menu will include community proposals on disaster response and risk reduction and livelihood subprojects. The additional financing will provide additional planning and investment grants for 150 livelihood-related subprojects. These will include subprojects that cover community production, economic support, common service facilities, and livelihood and entrepreneurial skills training.

15. Community planning will be facilitated in barangays. KC-NCDDP staff will undertake community organization and facilitation in cooperation with community volunteers trained in participatory planning and subproject preparation and implementation. Community subprojects will be identified and selected for submission to a municipal forum. Community leaders and volunteers selected by barangay residents will represent their barangay in the forum where subprojects will be prioritized based on size of the investment grant allocated to the municipality and locally agreed selection criteria.<sup>12</sup> Program staff will undertake due diligence on subprojects before funding is committed.<sup>13</sup> Barangays with prioritized subprojects will organize implementation teams to supervise and administer the subprojects.

16. **Output 2: Institutional and organizational capacity strengthened.** The project will support capacity development of municipal DSWD program staff who will provide facilitation support, technical assistance, subproject oversight, and local coordination.<sup>14</sup> About 4,000 program staff and their LGU counterparts will be trained in CDD, development planning and management, conflict resolution, mediation within and between barangays, quality review, local poverty assessment, and M&E. Program staff and stakeholders will be trained to (i) develop competencies in disaster-risk management; (ii) apply environmental and social safeguard policies; (iii) respond to special circumstances such as vulnerability to natural hazards and climate change, presence of indigenous communities, and areas affected by conflict; (iv) facilitate community organization to ensure the inclusion and participation of marginalized groups in subprojects; and (iv) embed participatory approaches in government systems and processes. The project will strengthen KC-NCDDP's financial management system, grievance redress and social accountability mechanisms, and knowledge development and exchange. In addition, the overall project will assist in strengthening expertise at the community level to facilitate economic and livelihood subprojects as well as to prepare the needed technical proposals.

17. **Output 3: Program management and monitoring and evaluation systems enhanced.** The additional financing will use the project management structure of the ongoing project. The

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<sup>11</sup> The open menu of subprojects includes community water systems, schools, day-care centers, health stations, electrification, tribal housing, access roads, small bridges or footbridges, pre- and post-harvest facilities, equipment and materials support, irrigation, drainage, sanitation, flood control, seawalls, soil protection, and artificial coral reef sanctuaries. In the aftermath of disasters, the menu may be adjusted to allow investments needed or justified in a post-disaster or emergency context (e.g., repair of public buildings, debris removal, shelter construction and repairs, use of chainsaws for cutting fallen trees), including investments for cash for work or food for work, as mutually agreed by DSWD and ADB. The exclusion list includes activities that may be harmful to the environment or indigenous peoples such as weapons, chainsaws, explosives, pesticides, insecticides, herbicides, asbestos, and other potentially dangerous materials and equipment; fishing boats and nets exceeding the government-prescribed size and weight; road construction into protected areas; political and religious activities, rallies, and materials; and activities employing children under 16 or unfairly exploiting women or men of any age.

<sup>12</sup> Paras. 29 to 35 discuss subproject selection criteria and process, including implementation and monitoring.

<sup>13</sup> This will comprise technical, economic, social, and financial viability assessments, including safeguard compliance.

<sup>14</sup> In response to a government request, a capacity development technical assistance for \$1.5 million will be prepared and financed separately. It will complement capacity development under the KC-NCDDP with the (i) formulation of a learning and development framework; (ii) completion of curriculum design and learning modules; and (iii) establishment of institutional support systems.

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

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

The following table shows Project readiness of the additional financing as of June 2015.

| Indicative Activities                                     | Month |   |   |   |   |   | Responsibility |
|---|-------|---|---|---|---|---|----------------|
|   | 1     | 2 | 3 | 4 | 5 | 6 |                |
| Establish project implementation arrangements (completed) |       |   |   |   |   |   | DSWD           |
| Grant negotiations  | √     |   |   |   |   |   | ADB/DOF        |
| ADB approval  |       | √ |   |   |   |   | ADB            |
| Government legal opinion provided                         |       | √ |   |   |   |   | DOF            |
| Government budget inclusion                               |       |   | √ |   |   |   | DSWD/DOF/LGU   |
| Grant effectiveness                                       |       |   | √ |   |   |   | ADB/GOP        |

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

## B. Overall Project Implementation Plan

| Indicative Activities |   | 2015 |   |   |   | 2016 |   |   |   | 2017 |   |   |   |
|-----------------------|---|------|---|---|---|------|---|---|---|------|---|---|---|
|                       |   | 1    | 2 | 3 | 4 | 1    | 2 | 3 | 4 | 1    | 2 | 3 | 4 |
| Outputs               |   |      |   |   |   |      |   |   |   |      |   |   |   |
| <b>I</b>              | <b>CDD subprojects selected, implemented, and completed</b>                                     |      |   |   |   |      |   |   |   |      |   |   |   |
| 1.1                   | Community social preparation and mobilization (ongoing under the current project)               |      |   |   |   |      |   |   |   |      |   |   |   |
| 1.2                   | Selection of livelihood subprojects in 100 municipalities                                       |      |   |   |   |      |   |   |   |      |   |   |   |
| 1.3                   | Transfer of investment grants for implementation  |      |   |   |   |      |   |   |   |      |   |   |   |
|                       |   |      |   |   |   |      |   |   |   |      |   |   |   |
| <b>II</b>             | <b>Institutional and organizational capacity strengthened</b>                                   |      |   |   |   |      |   |   |   |      |   |   |   |
| 2.1                   | KC-NCDDP capacity building plan finalized (completed)   |      |   |   |   |      |   |   |   |      |   |   |   |
| 2.2                   | Capacity building program for the KC-NCDDP and LGU staff (ongoing)                              |      |   |   |   |      |   |   |   |      |   |   |   |
| 2.3                   | Performance management system for LGUs developed (completed)                                    |      |   |   |   |      |   |   |   |      |   |   |   |
| 2.4                   | Grievance redress and social accountability mechanisms enhanced and installed (completed)       |      |   |   |   |      |   |   |   |      |   |   |   |
|                       |   |      |   |   |   |      |   |   |   |      |   |   |   |
| <b>III</b>            | <b>Program management and M&amp;E systems enhanced</b>  |      |   |   |   |      |   |   |   |      |   |   |   |
| 3.1                   | National, regional, and municipal technical specialists and consultants and support staff hired |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | NPMO  |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | RPMO  |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | Specialists/consultants   |      |   |   |   |      |   |   |   |      |   |   |   |
| 3.2                   | Management information and M&E systems developed and operationalized                            |      |   |   |   |      |   |   |   |      |   |   |   |
| 3.3                   | Evaluation and special studies designed and procured (including on livelihoods)                 |      |   |   |   |      |   |   |   |      |   |   |   |
| 3.4                   | Livelihood technical advisors, specialists and finance support staff hired                      |      |   |   |   |      |   |   |   |      |   |   |   |
|                       |   |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | <b>Management Activities (ongoing)</b>  |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | Procurement plan key activities to procure contract packages                                    |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | Consultant selection procedures   |      |   |   |   |      |   |   |   |      |   |   |   |
|                       | Environment management plan key activities  |      |   |   |   |      |   |   |   |      |   |   |   |

|  |                                       |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|---------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  | Gender action plan key activities     |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Communication strategy key activities |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Annual/mid-term review                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Project completion report             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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

### III. PROJECT MANAGEMENT ARRANGEMENTS

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

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

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

## B. Key Persons Involved in Implementation

### Executing Agency

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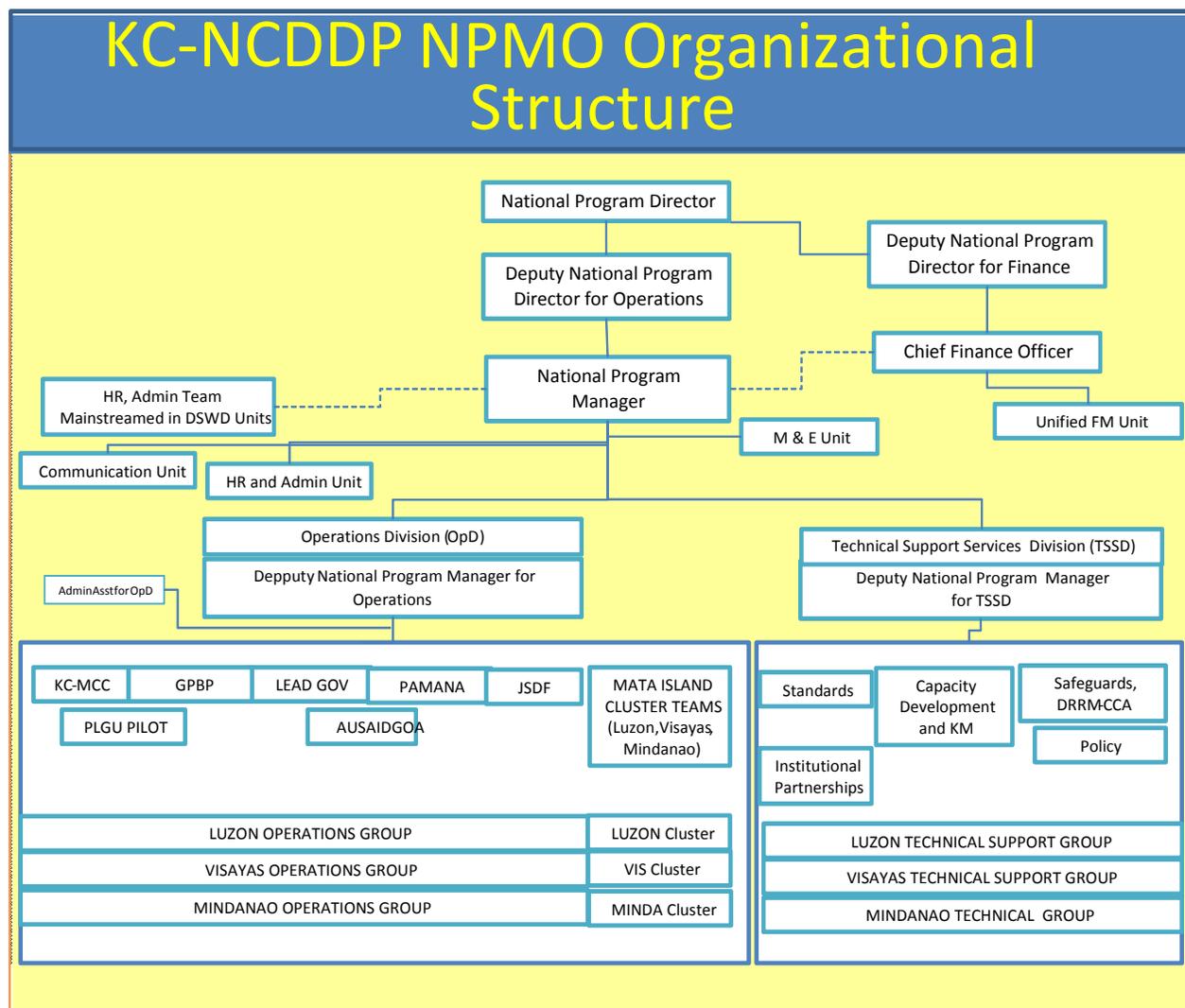
Mission Team Leader

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

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

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



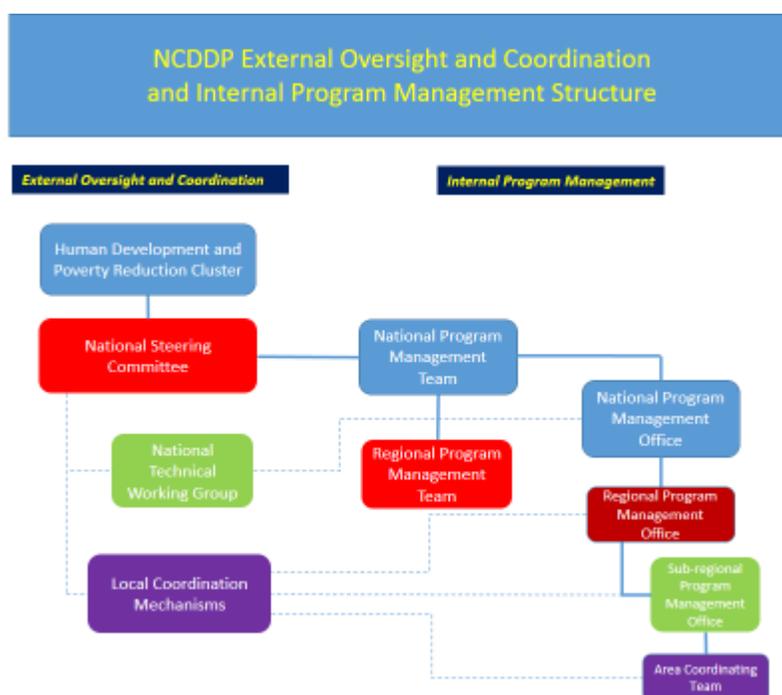
DRRM-CCA = disaster risk reduction and management-climate change adaptation, DSWD = Department of Social Welfare and Development, GOA = Government of Australia, GPBP = Grassroots Participatory Budgeting Process (formerly known as bottom-up budgeting or BUB), HR = human resources, JSDF = Japan Special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

19. Program oversight is performed by the Human Development and Poverty Reduction Cluster (HDPRC)<sup>15</sup> through reports of the DSWD Secretary. A national steering committee (made up of undersecretaries of the national government agencies (NGAs) involved in the program as well as civil society organizations (CSO) representatives) acts as the main coordinating and technical oversight unit. Thematic technical working groups shall be created

<sup>15</sup> The Cluster is chaired by DSWD and includes the Departments of Agriculture, Education, Agrarian Reform, Health, Labor and Employment, and Interior and Local Government, as well as the Housing and Urban Development Coordinating Council and the National Anti-Poverty Commission.

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

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



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

#### D. Program Linkages

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

21. BUB grants are appropriated as line budget items of the 17 NGAs and allocated through the municipal governments for rural infrastructure investments in key sectors such as agriculture, health, and education. The Local Poverty Reduction Action Plan (LPRAP) will serve

as basis for the annual appropriation and the subsequent allocation of grants to municipalities. The LPRAP undergoes participatory planning and budgeting processes at the *barangay* and municipal levels in consultation with CSO and people's organizations (POs). Each municipal local government will implement project(s) with the Seal of Good Housekeeping (SGH)<sup>16</sup> – a minimum good governance measure developed by the DILG; otherwise, the concerned NGA will implement the project(s) directly. In 2013, the BUB covered the 609 poorest municipalities.

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

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

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

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

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<sup>16</sup> Currently called Seal of Good Local Governance (SGLG). To receive SGLG, a municipality has to pass all the three core assessment areas: (i) Good Financial Housekeeping, (ii) Social Protection, and (iii) Preparedness, and at least one from the essential assessment areas: (I) Business-Friendliness and Competitiveness, (ii) Peace and Order, or (iii) Environmental Management.

26. The government has adopted CDD as a national program, with DSWD as the lead responsible agency supported by other NGAs to ensure complementation and avoid competition and disparate investment planning and program implementation. Technical assistance under the KC-NCDDP will explore mechanisms by which the Community Empowerment Activity Cycle (CEAC), particularly the Participatory Situation Analysis (PSA), of the KALAHI–CIDSS process can be integrated into the formulation of the LPRAP, CDP, and PDPFPs through a common set of indicators and data sets. Consequently, this will have a significant impact on how NGAs and LGUs implement the BUB as well as how LGUs formulate their CDPs, PDPFPs and AIPs. The CEAC can also evolve to better suit the needs of the BUB, CDP, and PDPFP. Harmonizing the CEAC process with the BUB schedules and with the extensive participatory process required under the BUB with the CEAC process may likewise be explored. In effect, these programs can become mutually reinforcing. DSWD envisages strengthening its linkages with the concerned agencies, particularly the DILG and the sector agencies under the HDPRC which includes the departments of agriculture, education, and health, among others.<sup>17</sup>

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

### **E. Livelihood Subprojects**

28. The 150 livelihood subprojects that would be supported through the additional financing fall under the category of “Community Production, Economic Support and Common Services Facilities” within the KC-NCDDP. For example, economic support infrastructure subprojects could include communal irrigation system rehabilitation, communal irrigation systems construction, production and post-harvest facilities. The average cost of the subproject is 1.2 million PHP or \$27,272 equivalent. The subprojects proposed by the communities must not be on the negative list of KC-NCDDP. For example, subprojects that are not eligible include: use of funds for purchase or compensation of land; and micro-credit and activities which involve on-lending of project funds.

### **F. Implementation Cycle for Subprojects**

29. A list of disaster-affected municipalities is generated by government. Disbursements to communities, at least for the 2014 cycle of grant funds (cycle 1), will follow the disaster response operations procedures. All affected municipalities will participate in the accelerated CEAC process for post-disaster recovery. The accelerated CEAC consists of four major stages: (i) social preparation, (ii) community planning and project proposal development, (iii)

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<sup>17</sup> The DSWD is one of the key government agencies responsible for relief and recovery operations during emergency and post-disaster situations.

community-managed implementation and organization formation and development, and (iv) community monitoring (Figure 3). Program implementation will shift to the use of standard CEAC process after cycle 1.<sup>18</sup> The livelihood subprojects to be funded by the additional financing will follow the standard CEAC process.

30. **Social preparation.** This stage involves ranking of barangays based on disaster damage, determining barangay grant allocation, and identifying the barangay's top priorities. The ACT organizes the first barangay assembly to present the ranking and grant allocation and generate priority list of unmet needs to be supported by KC-NCDDP, taking into account existing resource commitments to address recovery and rehabilitation needs of communities. The community empowerment facilitators (CEFs) then facilitate discussion of community projects to address the top needs using a negative list with exemptions.<sup>19</sup> Criteria for identifying the top needs may include (i) urgency, (ii) number of households directly affected by the problem or need, and (iii) presence of risk or imminent danger to affected households if the need remains unmet, and (iv) other criteria that may be defined by the community. Community volunteers for barangay representation teams (BRT) and project preparation teams (PPT) are elected to participate in the succeeding activities. Gender balance is observed in the selection of community volunteers.

31. **Community planning and project proposal development.** In this stage, the BRTs and PPTs discuss and agree on barangay ranking and grants as well as barangay and inter-barangay subprojects at a municipal forum. The municipal forum finalizes the barangays or group of barangays proposing projects, title of proposed projects, indicative amount of grant proposed, and the procedures for project proposal preparation and approval. A matrix of LGU-NGA programs, projects and activities is prepared for possible inclusion in municipal development plan.

32. The ACT guides PPTs in preparing project concepts with indicative costs during the inter-barangay project development workshop. Together with TA Funding service providers, the ACT further assists the PPT in finalizing full subproject proposals. Such proposals are presented during the second barangay assembly for approval and endorsement to Municipal Inter-Agency Committee (MIAC) for review and KC-NCDDP for funding. The MIAC endorses the subproject proposal and RFR documents to the mayor who endorses the same to RPMO. The ACT transmits complete proposal and RFR documents to SRPMO for review in terms of completeness of requirements, correctness of information, and internal consistency. The SRPMO endorses RFR to RPMO for final review and approval, and processing of fund release to community bank accounts for proposals that pass quality standards. The 5-5-5 rule for RFR review is observed, i.e., 5 days for review of technical and social aspects of the proposal and RFR documents, 5 days for review of financial aspects, and 5 days for processing of fund release to community accounts.

33. In this stage, the CEF facilitates the election of members of the Finance Committee (FC), Bids and Awards Committee (BAC), and Barangay Subproject Management Committee

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<sup>18</sup> Under the accelerated CEAC adopted during the cycle 1, the Municipal Forum confirms the barangay grant allocation. Under the standard CEAC to be adopted beginning cycle 2, the Municipal Inter-Barangay Forum will determine the allocation of grants to prioritized subprojects. The standard CEAC process matrix is available upon request.

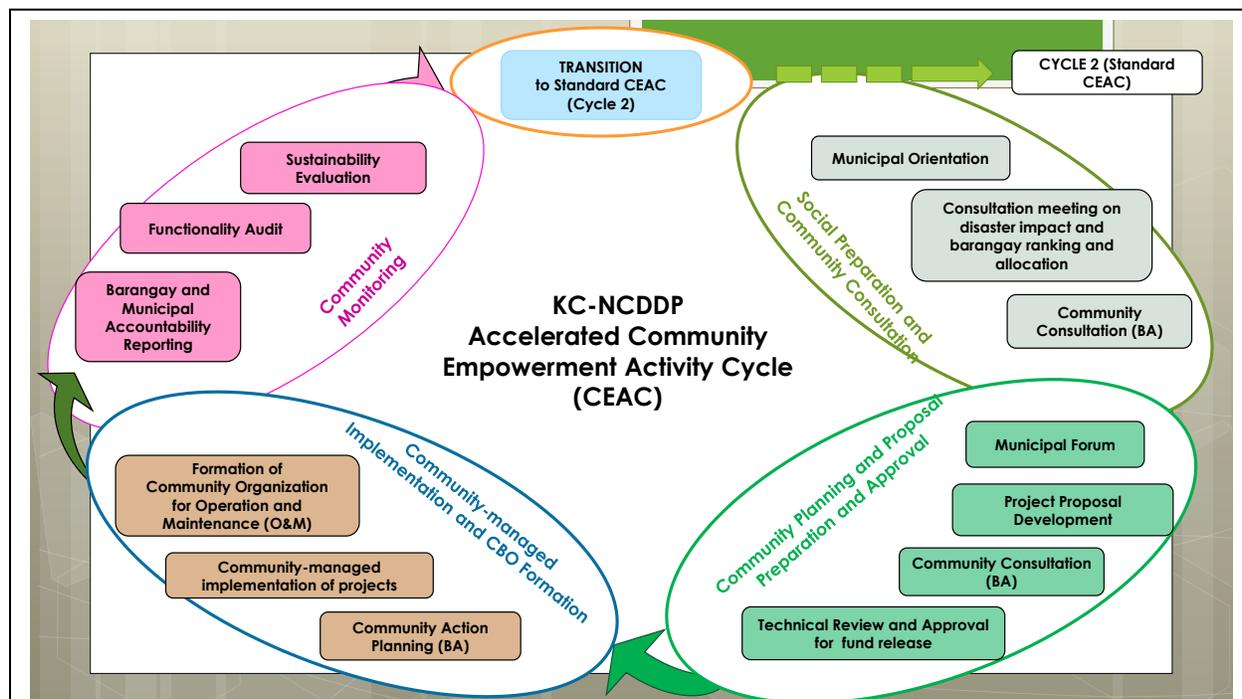
<sup>19</sup> Subprojects may include shelters, clean water supply, toilets and sewerage management (septic tanks), road construction, health clinic, school rooms, community accommodation or community centers.

(BSPMC). The CEF assists the Finance Committee in opening community bank account and guide the PPT in finalizing RFR documents.

34. **Community-managed implementation and organization formation and development.** This stage prepares the community for subproject implementation which includes organizing work groups or committees under the BSPMC; preparation of community action plan and training and final work schedules; actual training on community procurement, financial management, organizational development for operations and maintenance (O&M); orientation on specific tasks of various committees according to the approved work plan; and finalization of work schedules. During the actual subproject implementation, the FC, BAC and BSPMC carry out community procurement, financial management, subproject construction or implementation, and monitoring activities over a period of 6 to 9 months depending on subproject type. The ACT and its municipal counterpart conduct monitoring and supervision activities including site visits, periodic meetings with community volunteers, and fiduciary reviews. The CEF facilitates the formation of O&M group and planning of O&M activities. After subproject completion, the CEF prepares the community for subproject turnover.

35. **Community monitoring.** This stage includes accountability reporting at barangay and municipal levels, and functionality audit (FA) and sustainability evaluation test (SET). Accountability reporting informs the community about the status of subproject implementation including actions taken on grievances; reviews the commitments delivered by the MLGU and other stakeholders; and identifies lessons learnt and recommendations to be implemented in the next cycle. It also generates barangay and municipal LGU support to O&M and implementation of the next cycle. Based on recommendations during municipal accountability reporting, the ACT, MCT and MIAC prepare an implementation plan for the next cycle. Meanwhile, to ensure that subprojects are technically functional and sustainable, FA and SET activities are conducted. These assess the (i) functionality and utilization of completed subproject, (ii) quality of sustainability activities of communities including organizational effectiveness, financial management, physical and technical conditions, and (iii) benefits of subprojects.

**Figure 3: KC-NCDDP Accelerated Community Empowerment Activity Cycle**



Source: Department of Social Welfare and Development

## **G. Technical Assistance**

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

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

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

## **H. Disaster Response Management**

39. In times of natural disaster, the CDD mechanism adopted under KC-NCDDP has been used internationally to support governments in providing an informed, coordinated, accelerated response at scale, to meet community needs. Drawing lessons from CDD in post-Tsunami experience in Aceh, Indonesia, 2005 to 2008 and post-conflict in Timor-Leste 2002–2004, KC-NCDDP can provide the platform and infrastructure for the following disaster response mechanisms (i) delivery of direct cash transfers, (ii) *barangay*/community level infrastructure recovery, (iii) disaster response coordination, (iv) scale-up of block grants from the national government, (v) adjustment of CDD design to speed up response, (vi) facilitate donor coordination, and (vii) accelerate local economic recovery. By leveraging the project's network of CEFs and community volunteers, infrastructure and equipment can be simultaneously rehabilitated or replaced in a cost-efficient manner across a number of communities.

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

## **IV. COSTS AND FINANCING**

41. The additional financing is estimated at \$5.47 million with a grant not exceeding the equivalent of \$5.00 million from the Typhoon Yolanda Multi-Donor Trust Fund (TYMTF). The key financing partner in the TYMTF which will fund these activities is the Government of the United Kingdom. The Government will finance \$0.47 million in incremental staff costs. There is

no additional contribution from ADB. The additional financing will increase the overall project amount from \$663.80 million to \$669.27 million.

42. The project investment plan is in Table 1. The financing plan is in Table 2.

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

| Item  | Current Amount <sup>a</sup> | Additional Financing <sup>b</sup> | Total         |
|---|-----------------------------|-----------------------------------|---------------|
| <b>A. Base Cost<sup>c</sup></b>   |                             |                                   |               |
| 1. Priority community subprojects completed and community capacity enhanced | 403.80                      | 4.62                              | 408.13        |
| 2. Institutional and organizational capacity strengthened                   | 183.00                      | 0.12                              | 183.20        |
| 3. Program management and monitoring and evaluation enhanced                | 51.50                       | 0.73                              | 52.44         |
| <b>Subtotal (A)</b>   | <b>638.30</b>               | <b>5.47</b>                       | <b>643.77</b> |
| <b>B. Contingencies<sup>c</sup></b>   | 1.20                        | -                                 | 1.20          |
| <b>C. Financing Charges During Implementation<sup>d</sup></b>               | 24.30                       | -                                 | 24.30         |
| <b>Total (A+B+C)</b>  | <b>663.80</b>               | <b>5.47</b>                       | <b>669.27</b> |

<sup>a</sup> Refers to the original loan amount and includes taxes and duties of \$26 million included in the base cost and financed from the government and ADB loan resources. Of this amount, ADB will finance an estimated \$21 million.

<sup>b</sup> In October 2015 prices.

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

<sup>d</sup> Includes interest and commitment charges.<sup>20</sup>

Source: Asian Development Bank estimates.

**Table 2: Revised Financing Plan**

| Source  | Current             |                    | Additional Financing |                    | Total               |                    |
|---|---------------------|--------------------|----------------------|--------------------|---------------------|--------------------|
|   | Amount (\$ million) | Share of Total (%) | Amount (\$ million)  | Share of Total (%) | Amount (\$ million) | Share of Total (%) |
| Asian Development Bank                              | 372.10              | 56.1               | -                    | -                  | 372.10              | 55.6               |
| Typhoon Yolanda Multi-Donor Trust Fund <sup>b</sup> | -                   | -                  | 5.00                 | 91.4               | 5.00                | 0.7                |
| Government  | 291.70              | 43.9               | 0.47 <sup>a</sup>    | 8.6                | 292.17              | 43.7               |
| <b>Total</b>  | <b>663.80</b>       | <b>100.0</b>       | <b>5.47</b>          | <b>100.0</b>       | <b>669.27</b>       | <b>100.0</b>       |

<sup>a</sup> Incremental staff costs.

<sup>b</sup> Financing partner: the Governments of Finland and the United Kingdom. Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

<sup>20</sup> Interest during construction for the ADB loan has been computed at the 5-year forward London interbank offered rate plus a spread of 0.40%. Commitment charges for the ADB loan are 0.15% per year, charged on the undisbursed loan amount.

## A. Detailed Cost Estimates by Expenditure Category

| Item                                      | Total <sup>a</sup><br>Cost (\$<br>000) | % of<br>Total<br>Base<br>Cost <sup>b</sup> |
|---|--|--|
| <b>A Community Grants</b>                 | <b>4,618</b>                           | 84%  |
| A1. Investment Grants                     | 4,295                                  | 78%  |
| A2. Planning Grants                       | 323                                    | 6%   |
| <b>B Equipment and Furniture</b>          | <b>20</b>                              | 1%   |
| <b>C Advocacy and IEC Materials</b>       | <b>23</b>                              | 0%   |
| <b>D Training, Workshops and Meetings</b> | <b>120</b>                             | 2%   |
| <b>E Monitoring and Evaluation</b>        | <b>130</b>                             | 2%   |
| <b>F Recurrent costs</b>                  | <b>523</b>                             | 9%   |
| <b>G Unallocated</b>                      | <b>39</b>                              | 2%   |
| <b>Total Base Cost</b>                    | <b>5,473</b>                           | 100%                                       |
| <b>Total Project Cost</b>                 | <b>5,473</b>                           |  |

<sup>a</sup> Includes taxes and duties of \$\_, which are included in the base cost and to be financed from TYMTF grant resources on TYMTF expenditure items and from government for incremental operating costs.

<sup>b</sup> In mid-2015 prices.

Source: Asian Development Bank.

## B. Allocation and Withdrawal of Grant Proceeds

| KALAH-CIDSS National Community-Driven Development Project – additional financing |                                  |                  |             |  |
|--|----------------------------------|------------------|-------------|--|
| Number   | Item                             | Amount Allocated |             | Typhoon Yolanda Multi Donor Trust Fund Percentage and Basis from Withdrawal from the Grant Account |
|  |                                  | (\$)             |             |  |
|  |                                  | Category         | Subcategory |  |
| 1  | Grants                           | 4,618,000        |             |  |
| 1A   | Investment                       |                  | 4,295,000   | 100% of total expenditure claimed  |
| 1B   | Planning                         |                  | 323,000     | 100% of total expenditure claimed  |
| 2  | Equipment and Furniture          | 20,000           |             | 100% of total expenditure claimed  |
| 3  | Advocacy and IEC Materials       | 23,000           |             | 100% of total expenditure claimed  |
| 4  | Training, Workshops and Meetings | 120,000          |             | 100% of total expenditure claimed  |
| 5  | Monitoring and Evaluation        | 130,000          |             | 100% of total expenditure claimed  |
| 6  | Recurrent costs                  | 50,000           |             | 100% of total expenditure claimed  |
| 7  | Unallocated                      | 39,000           |             |  |
|  | Total                            | 5,000,000        |             |  |

**c. Detailed Cost Estimates by Financier (\$'000)**

|   | Total Amount <sup>a</sup> | TYMTF <sup>b</sup> | % of Cost Category | Government Amount | % of Cost Category |
|---|---------------------------|--------------------|--------------------|-------------------|--------------------|
| <b>A Community Grants</b>                 | <b>4,618</b>              | <b>4,618</b>       | <b>100%</b>        | <b>0</b>          | <b>0%</b>          |
| A1. Investment Grants                     | 4,295                     | 4,295              | 100%               | 0                 | 0%                 |
| A2. Planning Grants                       | 323                       | 323                | 100%               | 0                 | 0%                 |
| <b>B Equipment and Furniture</b>          | <b>20</b>                 | <b>20</b>          | <b>100%</b>        | <b>0</b>          | <b>0%</b>          |
| <b>C Advocacy and IEC Materials</b>       | <b>23</b>                 | <b>23</b>          | <b>100%</b>        | <b>0</b>          | <b>0%</b>          |
| <b>D Training, Workshops and Meetings</b> | <b>120</b>                | <b>120</b>         | <b>100%</b>        | <b>0</b>          | <b>0%</b>          |
| <b>E Monitoring and Evaluation</b>        | <b>130</b>                | <b>130</b>         | <b>100%</b>        | <b>0</b>          | <b>0%</b>          |
| <b>F Recurrent costs</b>                  | <b>523</b>                | <b>50</b>          | <b>9%</b>          | <b>473</b>        | <b>92%</b>         |
| <b>G Unallocated</b>                      | <b>39</b>                 | <b>39</b>          | <b>100%</b>        | <b>0</b>          | <b>0%</b>          |
| <b>Total Base Cost</b>                    | <b>5,473</b>              | <b>5,000</b>       | <b>91%</b>         | <b>473</b>        | <b>9%</b>          |
| <b>Total Project Cost</b>                 | <b>5,473</b>              | <b>5,000</b>       | <b>91%</b>         | <b>473</b>        | <b>9%</b>          |

a Includes taxes and duties of \$\_, which are included in the base cost and to be financed from TYMTF grant resources on TYMTF expenditure items and from government for incremental operating costs.

b Administered by the Asian Development Bank.

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

|   | Total Amount <sup>a</sup> | Comp. 1 Amount | % of Cost Category | Comp. 2 Amount | % of Cost Category | Comp. 3 Amount | % of Cost Category |
|---|---------------------------|----------------|--------------------|----------------|--------------------|----------------|--------------------|
| <b>A Community Grants</b>                 | <b>4,618</b>              | <b>4,618</b>   | <b>100%</b>        | <b>0</b>       | <b>0%</b>          | <b>0</b>       | <b>0</b>           |
| A1. Investment Grants                     | 4,295                     | 4,295          | 100%               | 0              | 0%                 | 0              | 0                  |
| A2. Planning Grants                       | 323                       | 323            | 100%               | 0              | 0%                 | 0              | 0                  |
| <b>B Equipment and Furniture</b>          | <b>20</b>                 | <b>0</b>       | <b>0%</b>          | <b>0</b>       | <b>0%</b>          | <b>20</b>      | <b>100%</b>        |
| <b>C Advocacy and IEC Materials</b>       | <b>23</b>                 | <b>0</b>       | <b>0%</b>          | <b>0</b>       | <b>0%</b>          | <b>23</b>      | <b>100%</b>        |
| <b>D Training, Workshops and Meetings</b> | <b>120</b>                | <b>0</b>       | <b>0%</b>          | <b>120</b>     | <b>100%</b>        | <b>0</b>       | <b>0</b>           |
| <b>E Monitoring and Evaluation</b>        | <b>130</b>                | <b>0</b>       | <b>0%</b>          | <b>0</b>       | <b>0%</b>          | <b>130</b>     | <b>100%</b>        |
| <b>F Recurrent costs</b>                  | <b>523</b>                | <b>0</b>       | <b>0%</b>          | <b>0</b>       | <b>0%</b>          | <b>523</b>     | <b>100%</b>        |
| <b>G Unallocated</b>                      | <b>39</b>                 | <b>0</b>       | <b>0%</b>          | <b>0</b>       | <b>0%</b>          | <b>39</b>      | <b>0%</b>          |
| <b>Total Base Cost</b>                    | <b>5,473</b>              | <b>4,618</b>   | <b>84%</b>         | <b>120</b>     | <b>2%</b>          | <b>735</b>     | <b>14%</b>         |
| <b>Total Project Cost</b>                 | <b>5,473</b>              | <b>4,618</b>   | <b>84%</b>         | <b>120</b>     | <b>2%</b>          | <b>735</b>     | <b>14%</b>         |

a Includes taxes and duties of \$\_, which are included in the base cost and to be financed from TYMTF grant resources on TYMTF expenditure items and from government for incremental operating costs.

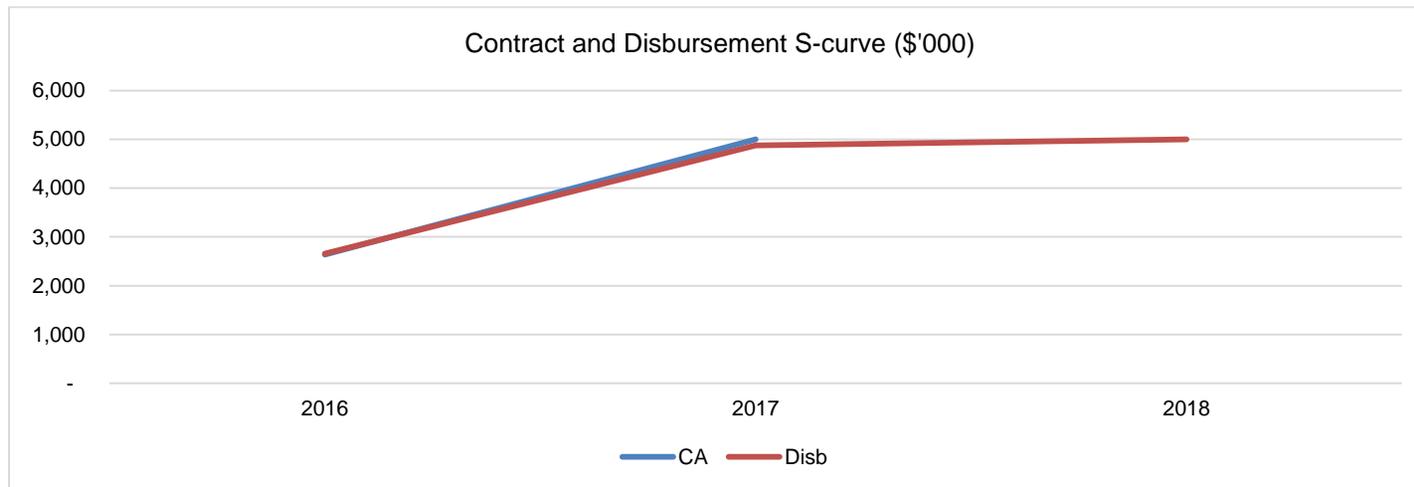
**E. Detailed Cost Estimates by Year (\$'000)**

|   | <b>Total<br/>Amount<sup>a</sup></b> | <b>2016</b>  | <b>2017</b>  | <b>2018</b> |
|---|-------------------------------------|--------------|--------------|-------------|
| <b>A Community Grants</b>                 | <b>4,618</b>                        | <b>2,346</b> | <b>2,272</b> | <b>0</b>    |
| A1. Investment Grants                     | 4,295                               | 2,023        | 2,272        | 0           |
| A2. Planning Grants                       | 323                                 | 323          | 0            | 0           |
| <b>B Equipment and Furniture</b>          | <b>20</b>                           | <b>20</b>    | <b>0</b>     | <b>0</b>    |
| <b>C Advocacy and IEC Materials</b>       | <b>23</b>                           | <b>12</b>    | <b>11</b>    | <b>0</b>    |
| <b>D Training, Workshops and Meetings</b> | <b>120</b>                          | <b>90</b>    | <b>30</b>    | <b>0</b>    |
| <b>E Monitoring and Evaluation</b>        | <b>130</b>                          | <b>43</b>    | <b>43</b>    | <b>44</b>   |
| <b>F Recurrent costs</b>                  | <b>523</b>                          | <b>131</b>   | <b>261</b>   | <b>131</b>  |
| <b>G Unallocated</b>                      | <b>39</b>                           | <b>13</b>    | <b>13</b>    | <b>13</b>   |
| <b>Total Base Cost</b>                    | <b>5,473</b>                        | <b>2,655</b> | <b>2,630</b> | <b>188</b>  |
| <b>Total Project Cost</b>                 | <b>5,473</b>                        | <b>2,655</b> | <b>2,630</b> | <b>188</b>  |

<sup>a</sup> Includes taxes and duties of \$\_, which are included in the base cost and to be financed from TYMTF grant resources on TYMTF expenditure items and from government for incremental operating costs.

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

|              | Contract Awards |              |              |              |              | Cumulative | Disbursements |              |              |              |              |            |
|--------------|-----------------|--------------|--------------|--------------|--------------|------------|---------------|--------------|--------------|--------------|--------------|------------|
|              | Q1              | Q2           | Q3           | Q4           | Total        |            | Q1            | Q2           | Q3           | Q4           | Total        | Cumulative |
| 2016         | 0               | 0            | 1,480        | 1,159        | 2,639        | 2,639      | 0             | 0            | 1,020        | 1,636        | 2,656        | 2,656      |
| 2017         | 1,051           | 1,038        | 159          | 113          | 2,361        | 5,000      | 1,072         | 921          | 110          | 113          | 2,216        | 5,000      |
| 2018         | 0               | 0            | 0            | 0            | 0            |            | 128           | 0            | 0            | 0            | 128          |            |
| <b>Total</b> | <b>1,072</b>    | <b>1,049</b> | <b>1,130</b> | <b>1,749</b> | <b>5,000</b> |            | <b>1,072</b>  | <b>1,049</b> | <b>1,130</b> | <b>1,749</b> | <b>5,000</b> |            |



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

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

44. A Risk Assessment and Risk Management Plan undertaken by the ADB in 2009 reported that DSWD, the executing agency for KC-NCDDP, has a well-functioning financial management regime, with strong leadership and sufficient systems and controls in place to minimize corruption risks.<sup>21</sup> The Risk Assessment and Risk Management Plan was updated in 2015 following the findings of the L3100 Loan Review Mission which demonstrated that some program related risks had been successfully mitigated. Within DSWD, the division of duties among the Financial Management Services, the Finance Units, and the Accounting units at national and regional levels, ensures that all payments are authorized according to funds available under specific budgets. DSWD's budget, disbursement, monitoring, and reporting systems are well developed and fully functioning.

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

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

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

48. DSWD has gained extensive experience in, and an excellent reputation for, managing large-scale foreign-assisted programs such as the *Pantawid Pamilyang Pilipino* Program (supported by ADB and WB) and KALAHÍ-CIDSS (WB supported). The Millennium Challenge Corporation (MCC) is also financing KALAHÍ-CIDSS. DSWD also manages the Technical Assistance Facility funded by the Government of Australia and WB. The WB has found DSWD's systems for procurement of goods and services, including community-level procurement, to be

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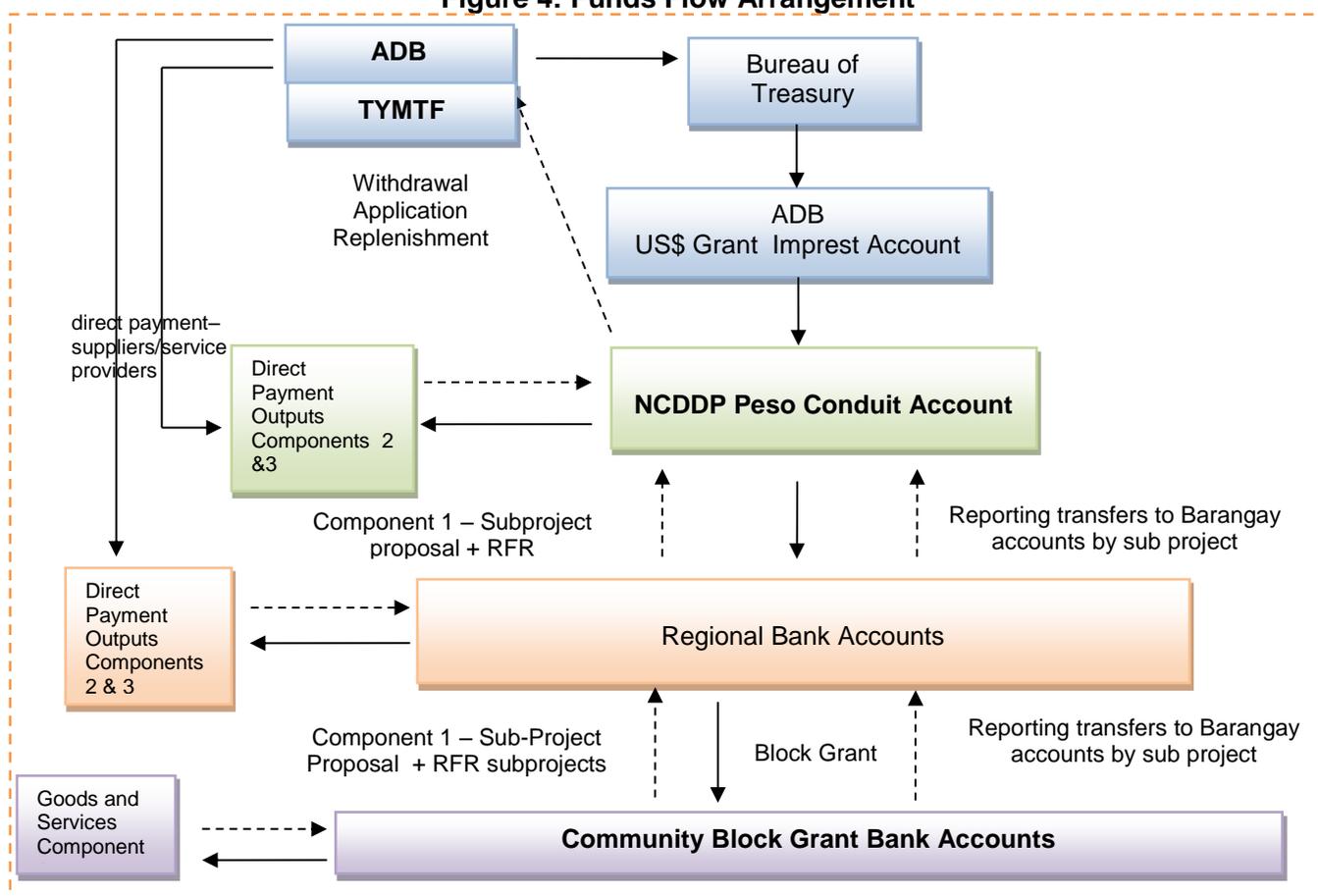
<sup>21</sup> ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Technical Assistance Grant, and Administration of Technical Assistance Grant to the Republic of the Philippines for the Social Protection Support Project*. Manila. Linked document: Risk Assessment and Risk Management Plan. Accessible at <http://www.adb.org/sites/default/files/linked-docs/43407-01-phi-ra.pdf>

in line with its procurement policies and procedures. The DBM cited the DSWD as the most improved department among the Account Management Team (AMT) – guided departments in terms of disbursement performance in 2012.<sup>22</sup>

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

50. In summary, the financial management system of DSWD meets the financial management requirements of the project and the additional financing.

**Figure 4: Funds Flow Arrangement**



Legend:

RFR = request for fund release; TYMTF = Typhoon Yolanda Multi Donor Trust Funds (administered by ADB)

→ = funds flow    - -> = documents flow

<sup>22</sup> <http://www.dswd.gov.ph/2013/02/dbm-cites-dswd-as-the-most-improved-department/>

## B. Disbursements

51. The TYMTF grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time),<sup>23</sup> and detailed arrangements agreed upon between the Government and ADB. The additional financing disbursement will follow the same principles as for the ADB loan proceeds. Figure 4 shows the overall funds flow arrangement of the TYMTF grant funds which are administered by ADB. Detailed discussions on the disbursement of grant funds are found in the Project Finance Management and Community Financial Management manuals.

52. Pursuant to ADB's *Safeguard Policy Statement* (SPS 2009),<sup>24</sup> ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the SPS.

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

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

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

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

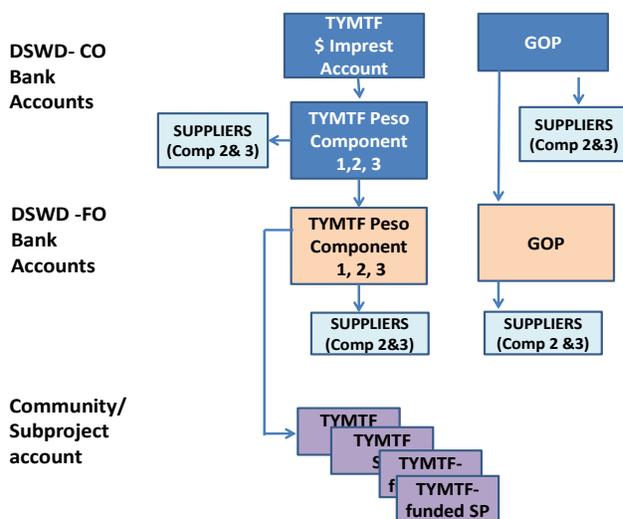
57. **Regional Sub-Accounts.** Peso bank accounts will be opened by each RPMO, to be operated according to the Project Finance Management Manual and the ADB *Loan Disbursement Handbook*. The regional sub-accounts will be designated for the exclusive use of the project and only for TYMTF's share of expenditures. The bank account will receive and

<sup>23</sup> Available at: <http://www.adb.org/sites/default/files/loan-disbursement-handbook.pdf>.

<sup>24</sup> Available at: <http://www.adb.org/sites/default/files/pub/2009/Safeguard-Policy-Statement-June2009.pdf>.

disburse community planning and subproject grants to community bank accounts at Land Bank of the Philippines<sup>25</sup> under component 1; funds under components 2 (CBIS) and funds under component 3 (Project Management and M&E). In accordance with the Project Finance Management Manual, funds under component 1 for subproject grants will be transferred to community bank accounts in one tranche representing 100% of the grant allocation, while funds under components 2 and 3 will be withdrawn and expended according to the approved regional budget.

**Figure 5: Overall Project Funds Flow**

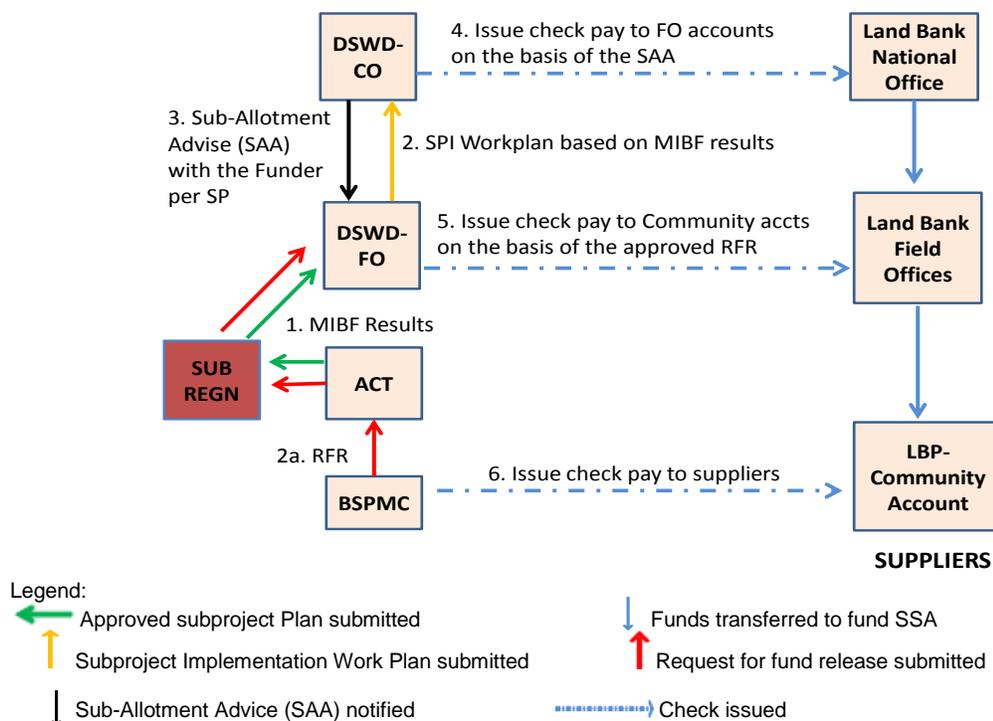


CO = central office, FO = field office or regional office, DSWD = Department of Social Welfare and Development, GOP = Government of the Philippines, SP = subproject, TYMTF = Typhoon Yolanda Multi Donor Trust Funds.

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

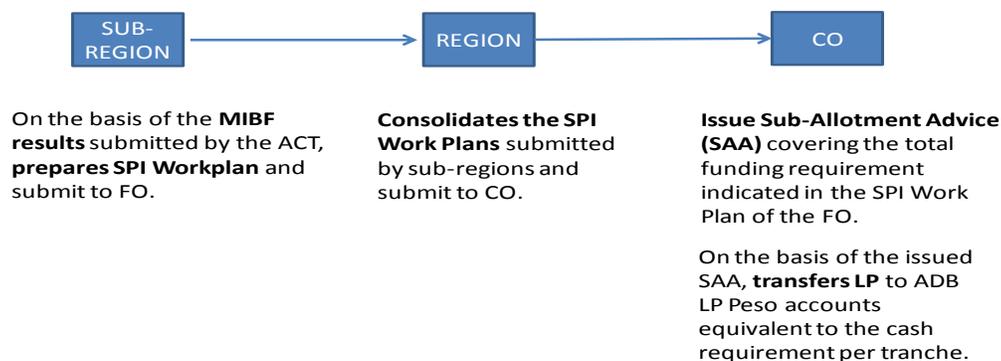
<sup>25</sup> Land Bank of the Philippines, the official depository bank of the government, has been the conduit of funds to communities under the KALAHÍ-CIDSS project.

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



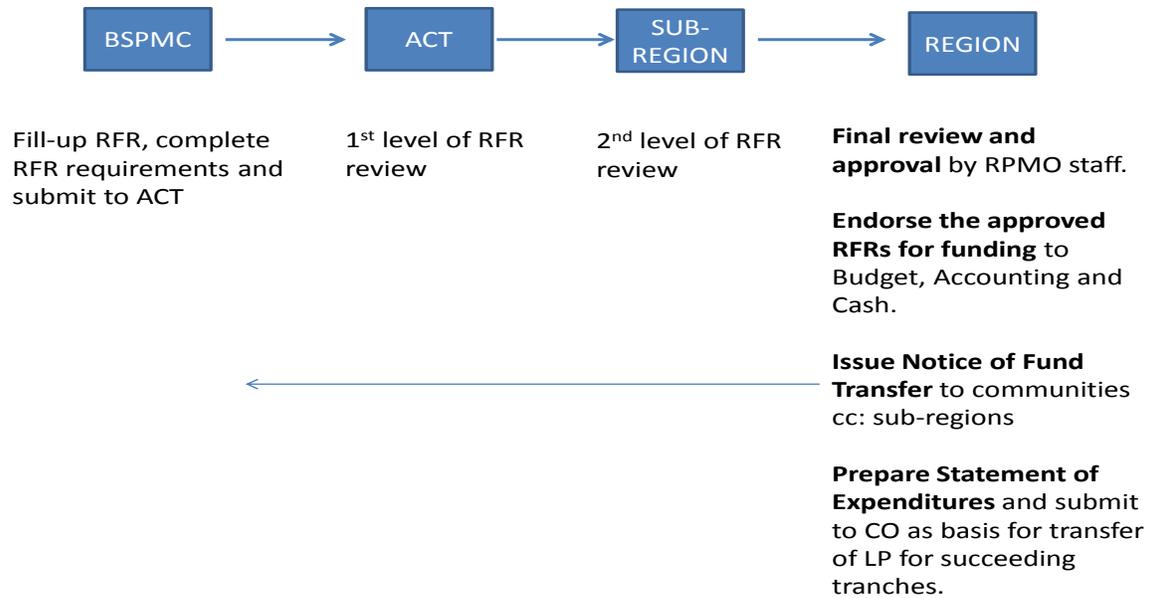
ACT = area coordinating team, BSPMC = *barangay* subproject management committee, CO = central office, DSWD = Department of Social Welfare and Development, FO = field office, LBP = Land Bank of the Philippines, MIBF = municipal inter-*barangay* forum, RFR = request for funds release, SP = subproject,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

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



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

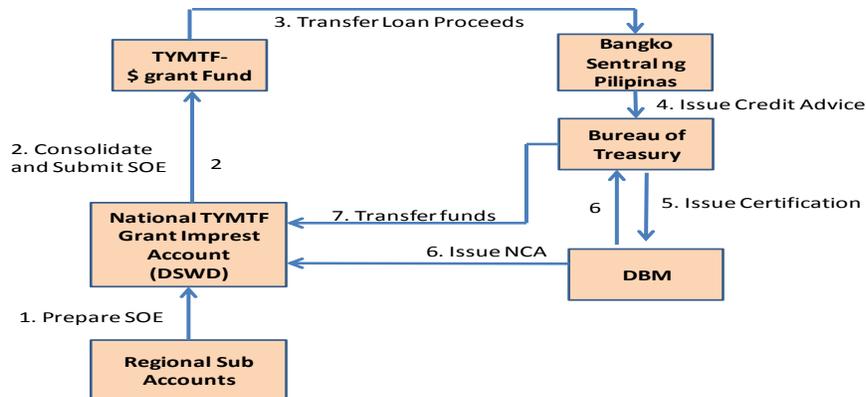
**Figure 8: Transfer of Block Grants from Field Office (RPMO) to Communities**



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

59. If the requested level of advance is larger than the appropriate level of advance (items 7 and 8 of Appendix 10C) or additional advances are required for project activities, DSWD should submit the estimate of expenditures (Section 10.12 and Appendix 10B) for endorsement by the Human and Social Development Division, Southeast Asia Department, that will review and endorse the documentation before it is submitted to the Controller’s Department. If justified, replenishment and/or additional advance may be provided. Figure 9 shows the Imprest Account Replenishment Process. Under KALAHÍ–CIDSS, the replenishment process has taken an average of 6 weeks to complete.

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



DBM = Department of Budget and Management, DSWD = Department of Social Welfare and Development, NCA = Notice of Cash Allocation, SOE = statement of expenditure, TYMTF = Typhoon Yolanda Multi-Donor Trust Funds.

60. **Withdrawal Applications.** The minimum value per withdrawal application is \$100,000 equivalent. Individual payments below this amount should generally be paid from the imprest/sub-account, or by the EA/IA and subsequently claimed to ADB through reimbursement unless otherwise accepted by ADB.

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

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

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

### **C. Accounting**

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

### **D. Auditing**

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

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

## VI. PROCUREMENT AND CONSULTING SERVICES

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

66. All procurement of goods and works under this additional financing will be undertaken in accordance with ADB's *Procurement Guidelines* and the agreed arrangements for the ongoing project.

67. All procurement for community subprojects and planning grants under Output 1 will be procured in accordance with ADB's *Procurement Guidelines* and the KC-NCDDP Community Based Procurement Manual (CBPM). Community subprojects to be supported by the additional financing will cover livelihood and economic support subprojects. They may include: (a) Goods-supplies, materials, equipment (for production, harvest, drying, processing, storage), lease of equipment, trucking, and hauling, among others; and (b) Works – communal irrigation systems, among others. Planning grants may include small value goods and services for training and workshops. Based on the experience of the existing KALAHI–CIDSS project, around 66% of subprojects cost less than Php1 million (\$25,000), 31% between Php1 million to Php2.5 million (\$62,000) and only 3% above Php2.5 million (\$62,000). Disaster based procurement for goods and works shall be covered by the appropriate procedures discussed in the CBPM. The average size of the livelihood subproject is estimated at Php1.2 million (\$27,272)

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

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

70. Before the start of any procurement under the project, ADB and the government will review the Philippine public procurement laws and the KC-NCDDP Community-Based Procurement Manual (CBPM) to ensure consistency with ADB's *Procurement Guidelines*. The CBPM will be revised, updated, and harmonized to address changes and lessons learned from previous project implementation. The eligibility criteria for the selection and approval of

subprojects are identified and determined by the MIBF as this varies based on the locality. Procurement packages for community subprojects are prepared by the project team and approved by the BSPMC.

71. No consulting services is expected to be financed out of the additional cofinancing.

72. For Outputs 2 and 3, the procurement of goods and services through shopping and small value procurement using procedures set in the KC-NCDDP Operations Manual will be needed. These training and workshops may involve the following (a) hiring of venue and training facilities and equipment; (b) meals; (c) transportation services; (d) printing and reproduction of training materials; (e) participants' allowances; and (f) honoraria or professional fees of resource persons, training facilitators and coordinators at minimal costs, among others. Expenditures under internal and external project monitoring activities may include but not be limited to: travel expenses, training of municipal staff, and production of information materials, among others. These shall all be procured through shopping or small value procurement using procedures set in the KC-NCDDP Operations Manual.

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

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

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

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

## B. Procurement Plan

### 1. Basic Data

|   |  |
|---|--|
| Project Name : Additional Financing of KALAHÍ–CIDSS National Community-Driven Development Project |  |
| County: Philippines   | Executing Agency: Department of Social Welfare and Development |
| Project Financing Amount: \$5 million<br>ADB Financing: Nil<br>Non-ADB Financing:\$5 million      | Loan Number: L3100-PHI<br>Grant Number: Gxxx                   |
| Date of First Procurement Plan: 15 December 2015  | Date of This Procurement Plan: 15 December 2015                |

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

#### i. Project Procurement Thresholds

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

#### Procurement of Goods and Works

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

#### ii. ADB Prior or Post Review

77. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project. For contracts requiring post review, procurement consultants will be hired to conduct a Procurement Review of Effective Implementation (PREI) and/or post-review on a sample basis, such review being conducted in the fourth quarter of 2015 and repeated every one or two years, depending on the findings. The PREI and/or post-review shall assess risk through review of the procurement process and systems; and will be funded by the ADB.

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

NCB = national competitive bidding.

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

78. Not applicable.

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

79. Not applicable.

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

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

| <b>General Description</b>                            | <b>Value of Contracts (cumulative) (USD '000)</b> | <b>Number of Contracts</b> | <b>Procurement / Recruitment Method1</b> | <b>Comments</b>                                       |
|---|---|----------------------------|--|---|
| 1.Community Livelihood Sub-Projects (Works and Goods) | 4,295   | Multiple                   | CPP                                      | Community Based Procurement Guidelines and Thresholds |
| 2. Planning Grants (Training, Goods, Services)        | 323   | Multiple                   | CPP                                      | Community Based Procurement Guidelines and Thresholds |
| 3. Office Equipment (Goods)                           | 20  | 1                          | SHP/NCB                                  |   |

CPP = community participation in procurement, NCB = national competitive bidding, SHP = shopping.

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

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

| <b>General Description</b>                            | <b>Value of Contracts (cumulative) (USD '000)</b> | <b>Number of Contracts</b> | <b>Procurement / Recruitment Method1</b> | <b>Comments</b>                                       |
|---|---|----------------------------|--|---|
| 1.Community Livelihood Sub-Projects (Works and Goods) | 4,295   | Multiple                   | CPP                                      | Community Based Procurement Guidelines and Thresholds |
| 2. Planning Grants (Training, Goods, Services)        | 323   | Multiple                   | CPP                                      | Community Based Procurement Guidelines and Thresholds |
| 3. Office Equipment (Goods)                           | 20  | 1                          | SHP/NCB                                  |   |

CPP = community participation in procurement, NCB = national competitive bidding, SHP = shopping.

**4. National Competitive Bidding**

**a. General**

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

**ii. Eligibility**

- (i) Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line, or cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.
- (ii) National sanction lists may be applied only with prior approval of ADB.

**iii. Advertising**

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

**iv. Price of Bidding Document**

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

**v. Price Ceiling**

85. The approved budget for the contract (ABC) may be published, but it shall not be stated or implied that bid prices may not exceed the ABC, or that bid evaluation will in any way take into account the ABC. The ABC, budgetary allocation, ceiling price, or similar estimates of contract value may not be used to reject bids without prior concurrence of ADB.

**vi. Preferences**

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Suppliers and contractors shall not be required to purchase local goods or supplies or materials.
- (iii) Foreign suppliers and contractors from ADB member countries shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms.
- (iv) Foreign suppliers and contractors from ADB member countries shall be allowed to bid, without registration, licensing, and other government authorizations, leaving compliance with these requirements for after award and before signing of contract.

**vii. Experience Qualification**

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

**viii. Anticorruption Provisions in Bidding Documents**

87. Anticorruption provisions in the Instructions to Bidders section of ADB standard bidding documents (SBDs) shall be incorporated into NCB bidding documents including those under “Corrupt Practices” and “Eligible Bidders” clauses of the SBDs.

**ix. Bidding Period**

88. Bidders shall be given a minimum period of 4 weeks to prepare and submit bids, counted from the date of invitation to bid or the date of availability of bidding documents, whichever is later.

**x. Single Bid Submission**

89. When a lone bidder obtains a bidding document and submits a bid at the deadline for bid submission under a post qualification bidding, bid opening and evaluation shall not proceed, but it shall be considered a failure of bidding. Before taking any alternative procurement action, a proper assessment of the cause of lack of participation shall be made and ADB prior approval shall be sought for any proposed subsequent action.

**xi. Shopping Method**

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

**xii. Contract Amendment**

91. In case of contracts for prior review, modifications exceeding 15% of contract amount and material changes in the conditions during implementation require prior ADB concurrence.

**xiii. Member Country Restrictions**

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

## **VII. SAFEGUARDS**

93. **Environment (category B).** The subprojects under the additional financing are not expected to have significant adverse impacts on the environment and any potential environmental impacts can be mitigated through the implementation of the environmental management plan (EMP) of each subproject. The Environmental Assessment and Review Framework (EARF) which was prepared for the ongoing project, has an exclusion list of subprojects (footnote 11) that cannot be funded and, together with ADB’s prohibited investment activities, provides a built-in environmental screening mechanism that will apply to the additional financing. In addition, the community-based participatory approach ensures that environmental concerns and mitigation measures are discussed in various phases of subproject screening, identification, planning and implementation. Following the EARF procedure, the DSWD will ensure that (i) an initial environmental examination (IEE) will be prepared if the identified subproject is Category B and a project description with EMP for Category C; (ii) site-specific due diligence on compliance with the EMP will be undertaken during project implementation; and (iii) additional environmental safeguards officers will be trained and assigned at the DSWD regional offices.

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

95. The government, through DSWD, will ensure that the preparation, design, construction, implementation, operation, maintenance, monitoring and decommissioning of all project facilities financed by the project comply with (i) all applicable laws and regulations of the Republic of the Philippines relating to environment, land use and zoning, health, labor and occupational safety; (ii) the environmental safeguards stipulated in ADB's SPS 2009; and (iii) all measures and requirements set forth in the EARF, IEE/ Project Description, the EMP, and any corrective or preventive actions set forth in a safeguards monitoring report.

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

97. Subproject eligibility will be based on an open menu and subject to an exclusion list. The open menu will include community proposals on local disaster recovery and rehabilitation (footnote 11). Subproject resettlement plans (RP) will be prepared in accordance with the resettlement framework where there are involuntary resettlement impacts<sup>26</sup>.

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<sup>26</sup> Resettlement Plan (RP) preparation, where there are involuntary resettlement impacts, is required to mitigate negative impacts of proposed subprojects. An RP will be prepared (per cycle) for each municipality where there are subproject(s) that trigger the safeguards in accordance with project Resettlement Framework (RF). The RPs will be prepared based on the Environmental and Social Management Plan (ESMP) and submitted to ADB for approval prior to implementation of subprojects with impacts. In cases where subprojects do not have any negative impacts on resettlement, the community requests for fund release will include complete supporting documentation (e.g., land titles, deeds of donation). It is not necessary for the EA to attach supporting documents to the RP.

98. The government, through DSWD, will ensure that (i) counterpart funds are provided on a timely basis for land acquisition and resettlement activities, and any obligations in excess of resettlement plan budget estimates are met; (ii) adequate staff and resources are committed to resettlement monitoring and supervision; (iii) resettlement implementation is reported to the NPMO and ADB through quarterly progress reports, and a subproject completion reports. Periodic reports will be forwarded to ADB. Payment of compensation and provision of other entitlements (in cash or in-kind) will be satisfactorily completed for each subproject prior to the commencement of civil works.

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

100. **Monitoring and Evaluation.** The additional financing will follow the internal and external monitoring mechanisms agreed for the ongoing project. Internal monitoring will be undertaken by the respective RPMO in coordination with the respective MCTs/ municipal planning and development officer, and *barangay*-based committees. Quarterly internal monitoring reports will be prepared and submitted to NPMO, and the findings of these reports including recommendations will be included in quarterly progress reports to be submitted to ADB.

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

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

103. **Indigenous People (category A).** The additional financing will focus in Regions IV-A, VI, VII, VIII and CARAGA. Except for Region VIII, the regions to be covered by the additional financing have barangays with IP populations. Similarly to the ongoing project, IP communities are expected to benefit from the project as shown by the experience of the DSWD in the implementation of the KALAHI-CIDSS project. They are expected to have improved access to basic services under the project. Negative impacts may result from displacements due to civil works requirements but since subprojects are small-scale, negative impacts may be minimal. Meaningful and culturally sensitive consultation and participation will be undertaken as a part of subproject preparation and implementation. IP members, including IP leaders selected by them will be directly involved in all stages of the planning process and consent of IP communities obtained as needed. Requirements for participation and consultation including FPIC are further described in the Indigenous Peoples Planning Framework (IPPF). The IPPF for the ongoing project will guide the preparation and implementation of indigenous peoples plans (IPPs) to ensure the participation of IPs in the local development process. IPPs will be prepared by the DSWD in cooperation with the National Commission on Indigenous Peoples (NCIP) as specified in the IPPF.<sup>27</sup>

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<sup>27</sup> Upon identification of subprojects with negative impacts on IPs during technical and social due diligence, an

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

105. The project staff will be guided by the Project Environmental and Social Management Framework to ensure consistency with ADB safeguards requirements, and the DSWD Manual for IP engagement<sup>28</sup> and ensure (i) informed participation of IPs in the CEAC so that they will be in a position to receive culturally compatible social and economic benefits, and (ii) that IPs will not be adversely affected by subproject implementation. It will undertake activities to (i) ensure that IPs in target municipalities will be able to provide input to local planning activities; (ii) facilitate the choice of community projects as coming from the IPs themselves through informed decision-making to address local development challenges; (iii) actively participate and lead in the design, development, and implementation of community subprojects; and (iv) provide feedback on project implementation, and benefits and risks to IP groups.

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

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

108. **Implementation Arrangements.** The additional financing will follow the implementation arrangements of the ongoing project. The KC-NCDDP adopts an institutionalization framework that integrates lessons in the implementation of CDD into the regular planning, budgeting, implementation, and monitoring systems, and structures of the barangay and municipal LGUs. It also takes into account the specialized arrangements for post disaster. In project areas where IPs are found, program staff will ensure that participatory approaches for engaging IPs, as well as the development priorities of IPs, are integrated into the local development planning system. Coordination with NCIP field offices in the preparation of the MOA with IP communities. These include, among others (i) integrating the key features of this safeguards framework and strategy

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Indigenous Peoples Plan (IPP) will be prepared (per cycle) for each municipality. The IPPs will be prepared based on the ESMP and submitted to ADB for approval prior to implementation of subprojects with negative impacts. For subprojects where IPs are the sole or overwhelming majority of direct project beneficiaries, and when only positive impacts are identified, a stand-alone IPP will not be required. Elements of an IPP (meaningful consultations, information disclosure, and beneficial measures to IP communities) are included in the overall project design document (such as CMP) and a report of these subprojects (including an assessment of the benefits accruing to IP communities) will be submitted as part of the periodic project progress reports submitted to the DSWD. The community requests for fund release forwarded to RPMO must clearly state if the subproject has or does not have IP impact.

<sup>28</sup> Austria-Young, J. and D. Nayahangan. (2013) IPs: Insights and Practical Tools for Strengthening Indigenous Peoples' Participation in the NCDDP. A Draft IP-Focused Facilitation Guide for the Implementation of the National Community Driven Development Program (NCDDP) in Indigenous Peoples' Areas. Philippines.

into the LGU governance systems, (ii) establishing and maintaining IP databases, (iii) integrating ADSDPP processes into the LGU local development planning instruments and manuals, and (iv) facilitating the review and development of ADSDPPs.

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

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

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

112. **Project Implementation.** At pre-implementation stage, consultations and agreements with IPs will be recorded as part of the CEAC process due respect to IPRA and the FPIC process, in coordination with the project implementing unit and the NCIP.<sup>29</sup> Further details on implementation arrangements are specified in the IPPF.

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

114. **External Monitoring.** External monitoring will be undertaken by an independent agency engaged by NPMO and acceptable to ADB. The NPMO will prepare the Terms of Reference

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<sup>29</sup> Subproject IPPs take into account the uniqueness of the IP community affected by the specific subproject.

(TOR) for the EMA, acceptable to ADB prior to engagement. The external monitor will regularly monitor project implementation and will prepare semi-annual monitoring reports to be submitted simultaneously to both NPMO and ADB.

115. **NCIP engagement in Monitoring and Evaluation.** Section 44 (h) in Chapter III of the Philippine Indigenous Peoples Rights Act (IPRA) mandates that the NCIP be involved in monitoring of project implementation in relation to indigenous peoples engagement. To this end, the NCIP sits as a member of the KC-NCDDP National Steering Committee. All RPMOs with KC-NCDDP areas covering IP areas will ensure that the NCIP is represented at the RPMT. The RPMOs will likewise invite representatives from the NCIP to observe and participate in municipal-level activities in IP areas.

116. Monitoring indicators and reporting templates are set out in the IPPF. All indigenous peoples planning documents, monitoring and evaluation reports will be publicly disclosed<sup>30</sup>.

### VIII. GENDER AND SOCIAL DIMENSIONS

117. The additional financing will build on the ongoing project which identifies and addresses the needs and priorities of women in the aftermath of the humanitarian crisis by ensuring mechanisms to support women's participation and voice in local decision making processes to select and design the priority infrastructure investments.<sup>31</sup> The government through the DSWD will ensure that the project's Gender Action Plan (GAP) is fully implemented on both the ongoing project and the additional financing and that all activities are designed and implemented in accordance with ADB's *Policy on Gender and Development* (1998). The GAP ensures that (i) participatory selection of subprojects will include an analysis of the needs and benefits of men and women in the criteria for prioritizing community infrastructure to be rehabilitated/ developed and livelihood subprojects; (ii) separate meetings are held with marginalized households—including those headed by women, where needed—to discuss subproject proposals prior to *barangay* assemblies, in locations and at times convenient for women; (iii) 20%-30% of the paid jobs created by the project are provided to women by 2017; (iv) the operation and maintenance plan provides to women 20%-30% of paid jobs; (v) linkages are made with support services or community crèches are established for child minding so that women can avail the employment and training opportunities; (vi) 50% of the participants in all capacity development programs under the project are women; (vii) women's leadership of volunteers committee increases to 50% by 2017; (viii) gender mainstreaming responsibilities are included in the performance targets of project management officers; (ix) all program staff undergo gender training; and ) gender indicators are integrated in the KC-NCDDP M&E framework.

#### GENDER ACTION PLAN

| Project Outputs                           | Gender Actions   |
|---|--|
| 1. CDD subprojects selected, implemented, | <b>Social Preparation and Subproject Identification</b><br>1. Participatory selection of subprojects in the barangay and inter-barangay level assemblies includes an analysis of the needs and benefits of men and |

<sup>30</sup> To be posted in both ADB and DSWD Project website, and at any locally accessible place in a form and language understandable to the affected IPs and other stakeholders. Disclosure modalities will be in accordance with prevailing customs and traditions and written in English or Pilipino and in the IP language and authorized by community elders/leaders. Information materials will be delivered and posted in conspicuous places or if lengthy, copies provided to community elders/leaders and IP organizations.

<sup>31</sup> Gender Action Plan (accessible from the list of linked documents in Appendix 2).

| <b>Project Outputs</b>   | <b>Gender Actions</b>   |
|--|---|
| <p>and completed</p> <p><i>(Enhanced gender-responsiveness of activities in the CEAC processes)</i></p>                                    | <p>women in the criteria for prioritizing community infrastructure including livelihood-related subprojects to be rehabilitated or developed.</p> <ol style="list-style-type: none"> <li>2. At least 50% women's participation in all meetings on infrastructure and livelihood-related subproject prioritization and design.</li> <li>3. In case of under-representation or where needed, organize separate meetings with marginalized households, including women to discuss subproject proposals prior to the barangay assembly (BA) 2.</li> <li>4. Ensure that location and timing of meetings are convenient for women.</li> </ol> <p><b>Enhanced Gender Integration in the KC-NCDDP Guidelines and Materials</b></p> <ol style="list-style-type: none"> <li>5. Ensure preparation of simplified and harmonized technical guidance notes on mainstreaming gender in the KC-National Community-Driven Development Program (KC-NCDDP) processes.</li> <li>6. In the above process, ensure the review of all existing gender mainstreaming tools and documents and identify potential gaps and areas for enhancements. Specific areas to be sustained and enhanced include, among others, the following: <ol style="list-style-type: none"> <li>(a) Sustaining the collection of sex-disaggregated data to identify the needs and priorities of men and women related to local infrastructure and the use of this data by communities to identify subprojects.</li> <li>(b) Ensuring engagement with local women's groups in key project activities.</li> </ol> </li> </ol> <p><b>Subproject Implementation and Operation and Maintenance (O&amp;M)</b></p> <ol style="list-style-type: none"> <li>7. Disseminate information through site visits and BAs on the different types of jobs that would be available during construction and those which may be performed by women.</li> <li>8. Ensure linkage with existing/ functioning child friendly spaces (CFSs)/ or other protective spaces or establish community crèches for child care so that women can take advantage of employment and training opportunities.</li> <li>9. Ensure 20% to 30% of the paid jobs created by the project go to women (by the end of the project).</li> <li>10. Ensure equal pay for work of equal value accomplished for both male and female workers.</li> <li>11. Ensure that the O&amp;M plan provides 20% to 30% of paid jobs to women.</li> </ol> <p><b>Capacity Development</b></p> <ol style="list-style-type: none"> <li>12. Establish balanced (50%) women's participation in all community capacity development activities generated through the project.</li> </ol> <p><b>Grievance Redress System (GRS)</b></p> <ol style="list-style-type: none"> <li>13. Disseminate information on the GRS, its reporting channels and sanction measures to community members.</li> </ol> |
| <p>2. Institutional and organizational capacity strengthened</p> <p><i>(Strengthened recruitment, staffing, tasking, and training)</i></p> | <p><b>Staffing and tasks of Area Coordination Teams (ACTs) &amp;Community Empowerment Facilitators (CEFs) and training</b></p> <ol style="list-style-type: none"> <li>14. Continue to ensure balanced recruitment of male and female ACs and CEFs in the expanded sites.</li> <li>15. Enhance the terms of reference (TOR) for the ACTs to include their gender mainstreaming responsibilities.</li> <li>16. Review capacity building programs for ACTs and CEFs and ensure provision of appropriate gender training and refreshers – including an understanding of gender differentiated issues and vulnerabilities to natural hazards, disaster impacts, and post-disaster emergency and recovery needs – to improve understanding of gender perspectives and capacity to support and ensure tangible benefits for women in the CEAC process.</li> </ol>  |

| Project Outputs   | Gender Actions   |
|---|--|
|   | <p>17. Ensure balanced representation of women and men in the selection of community volunteers (encourage increased male involvement in community responsibilities and volunteer roles).</p> <p>18. Ensure progress towards 50% women’s representation in leadership positions in the various volunteer committees including the Barangay Representation Teams (by the end of the project).</p> <p>19. Explore how to reduce constraints to women and men volunteers’ participation (e.g. meeting time, locations, and cost of transport).</p> <p><b>Enhanced competence of the Community Volunteers (CVs)</b></p> <p>20. Ensure that training for all CVs integrates gender module.</p> <p>21. Ensure that 50% of participants of leadership training programs under the project are women.</p> <p>22. Ensure that female CVs are provided opportunities to be included in the expanded barangay and municipal development councils (as a strategy to utilize and sustain CV skills and enthusiasm learnt through participation in KC-NCDDP) by the end of project.</p> <p><b>Capacity Development</b></p> <p>23. Ensure that all program staff members undergo Basic Gender Training/Orientation – this to include a section on gender and disasters.</p> <p>24. Ensure gender orientation and training (basic to advance) is incorporated in the overall KC-NCDDP capacity development programs for partner agencies e.g. Barangay and Municipal LGU officials, Municipal Inter-Agency Committee (MIAC), and Municipal GAD focals.</p> <p>25. Incorporate orientation on prevention of sexual exploitation, abuse and harassment and on reporting mechanisms within the basic orientation to program staff, ACTs and MIAC.</p> |
| <p>3. Program management and M&amp;E systems enhanced</p> <p><i>(Sustained gender-sensitive Project Management and M&amp;E)</i></p> | <p><b>Staffing</b></p> <p>26. Incorporate gender mainstreaming responsibilities in the TORs and Performance Targets of PMOs.</p> <p><b>Monitoring and Evaluation</b></p> <p>27. Review the existing KALAHI–CIDSS results framework, identify gaps, and provide recommendations to ensure that gender indicators will form part of the overall KC-NCDDP M&amp;E framework;</p> <p>28. Review existing M&amp;E tools used in regular assessments and M&amp;E reporting system and provide recommendations to guide in enhancing the implementation of the KC-NCDDP Gender Action Plan (GAP).</p> <p>29. Ensure that periodic KC-NCDDP process evaluations incorporate a review of gender dimensions and recommendations.</p>   |

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

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

### A. Project Design and Monitoring Framework

|  |
|--|
| <p><b>Impact(s) the Project is Aligned with</b></p> <p><b>Current project</b><br/>Improved resiliency of poor communities to natural hazards.</p> <p><b>Overall project</b><br/>Unchanged.</p> |
|--|

| Results Chain  | Performance Indicators with Targets and Baselines  | Data Sources and Reporting   | Risks  |
|--|--|--|--|
| <p><b>Outcome</b></p> <p>Current project<br/>Improved access to services and infrastructure for communities in affected provinces and their participation in more inclusive local disaster risk reduction and management planning, budgeting, and implementation</p> <p><b>Overall project</b><br/>Unchanged</p> | <p><b>Current project</b><br/>35% of households in covered municipalities reporting increased confidence to participate in community development by 2017</p> <p>Access to and utilization of basic services and infrastructure such as roads, education, health centers, and water in covered municipalities increased by 10% by 2017</p> <p>45% of members from marginalized groups (indigenous peoples and women) in covered municipalities attend regular barangay (village) assemblies by 2017</p> <p>900,000 households benefited by 2017</p> <p><b>Overall project</b><br/>Unchanged</p> | <p>Midterm and end-line community and household surveys</p> <p>Midterm and end-line KCNCDDP management information system data from barangay assembly meeting minutes and attendance complemented by specialized household surveys</p> <p>Midterm and end-line community and household surveys</p> | <p>Institutional and personnel capacity is inadequate to manage, implement, and monitor the KCNCDDP.</p> |
| <p><b>Outputs</b></p> <p><b>Output 1</b></p> <p><b>Current project</b><br/>1. CDD subprojects selected, implemented, and completed</p>   | <p>1a.</p> <p><b>Current project</b><br/>85% of completed subprojects meet basic financial standards based on finance and administration sub manual by</p>   | <p>Quarterly KC-NCDDP progress report from community projects</p>  | <p>Political interference occurs.</p>  |

| Results Chain   | Performance Indicators with Targets and Baselines   | Data Sources and Reporting   | Risks  |
|---|---|--|--|
| <p><b>Overall project</b><br/>Unchanged</p>   | <p>2017 (baseline: 0% in 2013)<br/><b>Overall project:</b> unchanged</p> <p>1b.<br/><b>Current project</b><br/>85% of subprojects in covered municipalities completed in accordance with technical plans, schedule, and budget by 2017 (baseline: 0% in 2013)<br/><b>Overall project:</b> unchanged</p> <p><b>Current project</b><br/>85% of completed subprojects in covered municipalities have satisfactory or better sustainability evaluation ratings by 2017 (baseline: 0% in 2013)<br/><b>Overall project:</b> unchanged</p> <p>1c.<br/><b>Current project</b><br/>20%– 30% of the paid jobs created by the project are held by women by 2017 (baseline: 3% for skilled and 5% for unskilled in 2013)<br/><b>Overall project:</b> unchanged</p> <p>1d.<br/><b>Overall project (added)</b><br/>250 livelihood and economic support subprojects implemented and completed by 2017.</p> | <p>completion reports</p> <p>Quarterly KC-NCDDP progress report from community projects completion reports</p> <p>Annual KC NCDDP report from the subproject sustainability evaluation reports of barangays and municipalities</p> <p>Quarterly KC-NCDDP progress report from community projects completion reports</p> <p>Quarterly KC-NCDDP progress report from community projects completion reports</p> | <p>Costs of materials for construction escalate.</p> <p>Unclear information regarding ownership and/or prior occupation of land to be utilized for the subprojects</p> |
| <p><b>Output 2</b><br/><b>Current project</b><br/>2. Institutional and organizational capacity strengthened</p> <p><b>Overall project</b><br/>Unchanged</p> | <p>2a.<br/><b>Current project</b><br/>85% of covered municipalities have increased membership of people's and civil society organizations in local development councils and special bodies by 2017.<br/><b>Overall project:</b> unchanged.</p> <p>2b.<br/><b>Current project</b><br/>At least 10 community volunteers per village trained in CDD, by 2017, of which 50% are women</p> <p><b>Overall project (revised):</b></p>  | <p>Quarterly KC-NCDDP progress reports from the municipal and barangay LGU reports</p>   | <p>The participation of the poor, particularly women, is weak.</p>   |

| Results Chain  | Performance Indicators with Targets and Baselines  | Data Sources and Reporting                 | Risks  |
|--|--|--|--|
| <p><b>Output 3</b><br/><b>Current project</b><br/>3. Program management and M&amp;E systems enhanced</p> <p><b>Overall project</b><br/>Unchanged</p> | <p>At least 10 community volunteers per village trained in CDD, (including livelihood subproject preparation) by 2017, of which 50% are women</p> <p>2c.<br/><b>Current project</b><br/>50% of the leadership positions in community volunteer committees held by women by 2017 (baseline: 35% in 2012)<br/><b>Overall project:</b> unchanged</p> <p>3a.<br/><b>Current project</b><br/>System for community requests for fund release fully operating by 2014<br/><b>Overall project:</b> unchanged</p> <p>3b.<br/><b>Current project</b><br/>At least one study on effectiveness and impacts completed, including a review of gender equality dimensions, by 2017<br/><b>Overall project (revised):</b><br/>At least one study on effectiveness and impacts completed, including a review of gender equality dimensions and livelihood gains, by 2017</p> <p>3c.<br/><b>Current project</b><br/>100% of newly targeted 189 municipalities generate sex disaggregated data by 2017 (baseline: 10% in 2009)<br/><b>Overall project:</b> unchanged</p> <p>3d.<br/><b>Current project</b><br/>Gender action plan implemented by 2017<br/><b>Overall project:</b> unchanged</p> | <p>Quarterly KC-NCDDP progress reports</p> | <p>Errors occur in recording and reporting project transactions and program information.</p> |

| Results Chain  | Performance Indicators with Targets and Baselines                            | Data Sources and Reporting | Risks |                  |  |  |   |             |  |
|--|--|----------------------------|-------|------------------|--|--|---|-------------|--|
| <b>Activities with Milestones</b>  |  |                            |       |                  |  |  |   |             |  |
| <p>1.1. Initiate community social preparation and mobilization by Q1 2014 in 544 municipalities (completed)</p> <p>1.2. Select subprojects by Q1 2014 in 554 municipalities (completed)</p> <p>1.3. Commence transfer of investment grants for implementation Q2 2014 in 554 municipalities (completed)</p> <p>1.4. Select livelihood subprojects initiated by Q1 2016 in 100 municipalities (added)</p> <p>1.5. Transfer investment grants for implementation commence by Q2 2016 in 100 municipalities (added)</p> <p>1.6. Complete livelihood subprojects by Q4 2016</p> <p>2.1. Finalize NCDDP capacity building plan by Q1 2014 (completed)</p> <p>2.2. Commence capacity building program for the NCDDP and LGU staff in Q1 2014 (unchanged)</p> <p>2.3. Develop performance management system for LGUs by Q2 2014 (completed)</p> <p>2.4. Enhance and install grievance redress and social accountability mechanisms by Q1 2014 (completed)</p> <p>3.1. Hire a total of 5,215 national, regional, sub regional, and municipal technical specialists and consultants and support staff beginning Q1 2014 (completed)</p> <p>3.2. Develop and operationalize management information and M&amp;E systems by Q1 2014 (completed)</p> <p>3.3. Design and procure evaluation and special studies beginning Q3 2014 (completed)</p> <p>3.4 Hire livelihood technical advisors and specialists and finance support staff by Q1 2016 (added)</p> |  |                            |       |                  |  |  |   |             |  |
| <p><b>Inputs</b></p> <table border="0"> <tr> <td data-bbox="175 1230 808 1325">ADB: <b>Loan</b></td> <td data-bbox="812 1230 1443 1325">\$372,100,000 (current)<br/>\$0 (additional)<br/>\$372,100,000 (overall)</td> </tr> <tr> <td data-bbox="175 1367 808 1461">Typhoon Yolanda Multi Donor Trust Funds : <b>Grant</b><br/><i>Financing partner: the Government of the United Kingdom</i></td> <td data-bbox="812 1367 1443 1461">\$ 0 (current)<br/>\$5,000,000 (additional)<br/>\$5,000,000 (overall)</td> </tr> <tr> <td data-bbox="175 1493 808 1577">Government:</td> <td data-bbox="812 1493 1443 1577">\$291,700,000 (current)<br/>\$470,000 (additional)<br/>\$292,170,000 (overall)</td> </tr> </table>  |  |                            |       | ADB: <b>Loan</b> | \$372,100,000 (current)<br>\$0 (additional)<br>\$372,100,000 (overall) | Typhoon Yolanda Multi Donor Trust Funds : <b>Grant</b><br><i>Financing partner: the Government of the United Kingdom</i> | \$ 0 (current)<br>\$5,000,000 (additional)<br>\$5,000,000 (overall) | Government: | \$291,700,000 (current)<br>\$470,000 (additional)<br>\$292,170,000 (overall) |
| ADB: <b>Loan</b>   | \$372,100,000 (current)<br>\$0 (additional)<br>\$372,100,000 (overall)       |                            |       |                  |  |  |   |             |  |
| Typhoon Yolanda Multi Donor Trust Funds : <b>Grant</b><br><i>Financing partner: the Government of the United Kingdom</i>   | \$ 0 (current)<br>\$5,000,000 (additional)<br>\$5,000,000 (overall)          |                            |       |                  |  |  |   |             |  |
| Government:  | \$291,700,000 (current)<br>\$470,000 (additional)<br>\$292,170,000 (overall) |                            |       |                  |  |  |   |             |  |
| <b>Assumptions for Partner Financing</b>   |  |                            |       |                  |  |  |   |             |  |
| Not applicable.  |  |                            |       |                  |  |  |   |             |  |

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

Source: Asian Development Bank.

## B. Monitoring

119. As the additional financing is designed and approved as an integral part of the ongoing project, all monitoring aspects relating to the additional financing will be fully integrated and managed as part of the ongoing project.

120. **TYMTF reporting.** In line with the TYMTF Operational Guidelines, ADB will submit an annual consolidated progress report to the financing partners and Steering Committee members on the performance of the MDTF. The report, which will be prepared in accordance with ADB's normal reporting standards and annual work program will include a section on the physical and financial progress of the additional financing.

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

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

#### MONITORING

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

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

Monitoring of results

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

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

Grievance redress monitoring

#### EVALUATION

Third-party and civil society thematic and process evaluation

External technical, thematic and impact evaluation

#### M&E SUPPORT ACTIVITIES

Project database development and management, and conducting internal data quality assessments

Capacity building for M&E staff and local counterparts

|                                      |
|--------------------------------------|
| M&E dissemination and communications |
|--------------------------------------|

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

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

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

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

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

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

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

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

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

results of the MTR will guide modifications to the scope and design of the Project and, if needed, the reallocation of funds among the loan categories.

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

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

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

### C. Evaluation

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

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

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

### D. Reporting

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

financial statements (AFSs), together with the associated auditor's report, should be adequately reviewed.

## E. Stakeholder Communication Strategy

134. Being at the forefront of the government's anti-poverty agenda, KC-NCDDP will enhance the strategic communication that has been built under the KALAHI-CIDSS experience and capitalize on the good track record of DSWD in disclosing project documents through the agency and KALAHI-CIDSS websites.<sup>32</sup> The National Project Director's directive for 2012 summarizes the strategic communication policy aimed at increasing support of stakeholders by ensuring their full understanding of KC-NCDDP and generating consensus around a common design that builds upon the learning and experiences of KALAHI-CIDSS. The critical stakeholders for DSWD are the NGAs, LGUs, House of Representatives, Senate, CSOs and media. As KALAHI-CIDSS scales up to KC-NCDDP, the communication strategy will place more importance in reaching out to KC-NCDDP stakeholders to inform them of KC-NCDDP objectives, strategies and results. This is led by the NPMO Communication Unit, supported by Regional Social Marketing Officers.

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

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

<sup>32</sup> <http://www.dswd.gov.ph/>; <http://kalahi.dswd.gov.ph/>

## X. ANTICORRUPTION POLICY

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

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

138. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the loan agreement of the ongoing project, the grant agreement of the additional financing and the bidding documents for the Project. In particular, the government shall (i) ensure that DSWD conducts periodic inspections on the contractors' activities related to fund withdrawals and settlements; and (ii) ensure and cause DSWD to ensure that all contracts financed by ADB in connection with the Project include provisions specifying the right of ADB to audit and examine the records and accounts of the contractors, suppliers, consultants, and other service providers as they relate to the Project. Individuals/entities on ADB's anticorruption debarment lists are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>33</sup>

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

140. In addition to these requirements, to deter corruption and increase transparency, the Borrower shall create a Project website within 2 months of the Effective Date, accessible by the general public, to disclose various information concerning the Project including general information about the Project, public procurements related to the Project under Outputs 2 and 3 of the Project (as described in paragraphs 2(b) and (c) of Schedule 1), Project progress and contact details in English. The website shall also provide a link to ADB's Integrity Unit (<http://www.adb.org/Integrity/complaint.asp>) for reporting to ADB any grievances or allegations of corrupt practices arising out of the Project and Project activities. For each contract procured by the EA under Outputs 2 and 3 of the Project using national competitive bidding procedures, shopping and consulting services, the website shall include information on, among others, the list of participating bidders, name of the winning bidder, basic details on procurement procedures adopted, amount of contract awarded, and the description of goods/services, including consulting services, procured. The website shall be updated within 2 weeks after: (i) each award of contract, and (ii) each submission of the semi-annual Safeguards Monitoring Report to ADB. In addition, the Borrower shall cause the EA to post detailed information on community procurements under Output 1 on public notice boards in concerned barangays. For any contract procured under the Project, the Borrower shall cause the EA to permit any bidder to request an explanation as to why a bid was unsuccessful and the EA shall respond within 20

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<sup>33</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

working days.

## **XI. ACCOUNTABILITY MECHANISM**

141. People who are, or may in the future be, adversely affected by the project may address complaints to ADB, or request the review of ADB's compliance under the Accountability Mechanism.<sup>34</sup>

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

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

June 2015. Separate Project Administration Manual for the Additional Financing.

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<sup>34</sup> For further information see: <http://compliance.adb.org/>

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

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