



# Technical Assistance Report

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Project Number: 52083-007  
Transaction Technical Assistance (TRTA)  
December 2019

## Republic of the Philippines: Strengthening the Transition of Vulnerable Communities Affected by the Malolos-Clark Railway Project

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 1 November 2019)

Currency unit	-	Philippine Peso (₱)
P1.00	=	\$ 0.01968
\$1.00	=	₱ 50.8130

## **ABBREVIATIONS**

ADB	-	Asian Development Bank
CIA	-	Clark International Airport
DMF	-	design and monitoring framework
DOTr	-	Department of Transportation
GAP	-	gender action plan
IPIF	-	Infrastructure Preparation and Innovation Facility
JICA	-	Japan International Cooperation Agency
km	-	kilometer
NAIA	-	Ninoy Aquino International Airport
NCR	-	National Capital Region
NSS	-	National Spatial Strategy
PDP	-	Philippine Development Plan
PNR	-	Philippine National Railway
TA	-	technical assistance

## **NOTES**

- (i) The fiscal year of the Government of the Philippines ends on 31 December.
- (ii) In this report, "\$" refers to United States dollars, unless otherwise stated.

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**TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE**

<b>1. Basic Data</b>		<b>Project Number: 52083-007</b>	
<b>Project Name</b>	Strengthening the Transition of Vulnerable Communities Affected by the Malolos-Clark Railway Project	<b>Department/Division</b>	SERD/PHCO
<b>Nature of Activity</b>	Capacity Development	<b>Executing Agency</b>	Department of Transportation
<b>Modality</b>	Regular		
<b>Country</b>	Philippines		
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
		<b>Total</b>	<b>0.00</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change	Effective gender mainstreaming (EGM)	✓
	Institutional development		
	Organizational development		
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas		
	Pilot-testing innovation and learning		
Partnerships (PAR)	Bilateral institutions (not client government)		
	Civil society organizations		
	Implementation		
<b>5. Poverty and SDG Targeting</b>		<b>Location Impact</b>	
Geographic Targeting	Yes	Not Applicable	
Household Targeting	Yes		
General Intervention on Poverty	No		
SDG Targeting	Yes		
SDG Goals	SDG9		
<b>6. Risk Categorization</b>	Complex		
<b>7. Safeguard Categorization</b>	Safeguard Policy Statement does not apply		
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
ADB		0.00	
None		0.00	
<b>Cofinancing</b>		<b>2.00</b>	
Japan Fund for Poverty Reduction (Full ADB Administration)		2.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>2.00</b>	
Currency of ADB Financing: USD			

## I. THE ONGOING PROJECT

1. The Malolos–Clark Railway Project will support the construction of two sections, totaling 53.1 kilometers (km), of the North-South Commuter Railway (NSCR) connecting the regional center of Clark in Central Luzon with Metro Manila and Calamba, Laguna.<sup>1</sup> The project will provide affordable, reliable, and safe public transport. It will reduce greenhouse gas emissions, and cut travel time from Metro Manila to Clark from 2–3 hours by bus to less than 1 hour by rail. The project is financed by a multitranche financing facility (MFF) of up to \$2.75 billion from the Asian Development Bank’s (ADB) ordinary capital resources (OCR), which was approved on 23 May 2019 by ADB’s Board of Directors, and is co-financed by the Japan International Cooperation Agency (JICA) in the amount of \$2.01 billion. Tranche 1 in the amount of \$1.3 billion was approved by the ADB Management on 30 May 2019, and the loan agreement was signed on 11 July 2019 and became effective on 26 September 2019. ADB is implementing technical assistance for the project preparation and project implementation support.<sup>2</sup>

2. The project is aligned with the following impact: local, national, and international connectivity improved.<sup>3</sup> The project will have the following outcome: efficiency and capacity of transportation along the Manila–Clark corridor improved. The outputs of the project will be: (i) output 1 - new railway line commissioned, and (ii) output 2 - institutional capacity strengthened. The proposed transaction technical assistance (TA) will support achieving output 2.<sup>4</sup>

## II. THE TECHNICAL ASSISTANCE

### A. Justification

3. **Resettlement.** Resettlement due to the project will impact the following eight communities along the railway line of the project: Manila, Malolos, Calumpit, Apalit, Sto. Tomas, Angeles, San Fernando, and Mabalacat. It is estimated that 1,889 households (approximately 7,581 persons) will be resettled.<sup>5</sup> Among those, approximately 85% are informal settler families (ISFs); 24% live below the national poverty line;<sup>6</sup> 86% are in low income households;<sup>7</sup> and 66% have members of

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<sup>1</sup> Asian Development Bank (ADB). 2019. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the Republic of the Philippines for the Malolos-Clark Railway Project*. Manila. The Malolos–Clark Railway Project comprises: (i) Malolos–Clark section (51.2 km) from Malolos to Clark and Clark International Airport, and (ii) Blumentritt extension (1.9 km) connecting Solis and Blumentritt stations in Metro Manila District I (City of Manila). Both sections are part of the NSCR and extensions of the Tutuban–Solis–Malolos section financed by the Japan International Cooperation Agency (JICA). The NSCR will be completed during 2022–2025 as an integrated 163 km dedicated suburban passenger railway system comprising four sections: (i) Tutuban–Solis–Malolos, (ii) Malolos–Clark–Clark International Airport, (iii) Solis–Blumentritt–Calamba, and (iv) Clark–New Clark City.

<sup>2</sup> ADB. 2018. *Technical Assistance to the Republic of the Philippines for Railway Project Implementation Support and Institutional Strengthening*. Manila.

<sup>3</sup> Government of the Philippines, National Economic and Development Authority (NEDA). 2017. *Philippine Development Plan, 2017–2022*. Pasig. <http://pdp.neda.gov.ph/wp-content/uploads/2017/01/PDP-2017-2022-07-20-2017.pdf>.

<sup>4</sup> The Design and Monitoring Framework for tranche 1 (Loan 3796-PHI: Malolos–Clark Railway Project) will be updated to reflect the outputs and activities of the proposed TA.

<sup>5</sup> Figures are based on the Feasibility Study Resettlement Action Plans for the Malolos-Clark Railway Project. <https://www.adb.org/projects/documents/phi-52083-001-rp> and <https://www.adb.org/projects/documents/phi-52083-001-rp-0>.

<sup>6</sup> The Philippines poverty line is set by the NEDA at P2,096.20 per month per capita. <http://www.neda.gov.ph/wp-content/uploads/2019/04/Frequently-Asked-Questions-on-Poverty-Statistics.pdf>.

<sup>7</sup> Low income household: P40,000 per household per month. This “low-income household” threshold was mutually agreed between the Department of Transportation (DOTr), National Housing Agency (NHA), ADB, and JICA, in order to provide a sustainable housing solutions for affected ISFs. Ordinarily, to qualify for national social housing, the

at least one particularly vulnerable group such as persons with disabilities, young children, pregnant women, and elderly members.<sup>8</sup> Under the project's resettlement action plan (RAP), compensations and transitional assistance will be provided to mitigate lost housing, assets, and income. The RAP facilitates integration of the project affected persons' (PAPs) access to various government services and local livelihood opportunities, by means of entitlements and support measures aimed at enabling them to at least restore their living standards. The RAP includes the Livelihood Restoration and Improvement Program (LRIP), which facilitates access to government socialized housing programs and relocation packages of the Department of Human Settlement and Urban Development (DHSUD).<sup>9</sup>

4. Typically, relocation disrupts social networks on which people have relied, and new social networks at resettlement locations require time to develop.<sup>10</sup> The coordination of all resettlement activities and their integration with the project's implementation will be complex. During the relocation process, some PAPs will be placed in a transitional rental while waiting for their final resettlement housing to be constructed. Others will move directly to their final relocation site. The RAP, including the LRIP, will address losses of property, housing, and livelihood through compensation, transitional assistance, and livelihood development services. However, given the pre-existing high levels of vulnerability and susceptibility to impoverishment, and the large scale of the anticipated displacement, additional technical assistance is needed to support PAPs on a case-by-case basis to manage their financial, social, and livelihood challenges, while they transition to a new environment and to maximize opportunities provided under the LRIP.

5. **Poverty and vulnerability.** Poverty and vulnerability are influenced and exacerbated by a multitude of factors including lack of access to sustainable livelihoods and low financial literacy and savings. A large proportion of those to be displaced by the project manifest various aspects of poverty and vulnerability, including insecure and informal housing, low incomes, as well as incomes from the informal sector. Displacement and resettlement have the potential to exacerbate risks of impoverishment through loss of income sources, disruption to social networks, and mismanagement of compensation money by PAPs, if the process of rehabilitation is not implemented effectively. Previous experience of the Philippines government with large-scale resettlement of ISFs shows that without concerted efforts to concurrently address inter-related vulnerabilities of poverty, low levels of skills, and displacement, there are significant risks of poor resettlement outcomes with many PAPs eventually abandoning resettlement housing.<sup>11</sup>

6. **Technical assistance.** The proposed TA will assist the PAPs to navigate the resettlement process and effectively access services and benefits under the RAP and its integrated LRIP. The proposed TA will apply the "Graduation Approach" (para. 7) to address vulnerability and improve resilience and financial stability of the communities resettled under the Malolos-Clark Railway

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recipient household income must be below the Philippines' municipal poverty line. The low income threshold allows a greater number of the affected households to receive government housing benefits under the project.

<sup>8</sup> Footnote 1. The socio-economic survey results in the linked document, Resettlement Action Plan, showed that 664 out of 1,000 surveyed had at least one factor of vulnerability.

<sup>9</sup> Government of the Philippines. 23 July 2018. Republic Act 11201. Manila. The Act mandated the creation of the new DHSUD. The DHSUD undertakes the functions that were previously performed by the National Housing and Urban Development Coordinating Council, NHA, and the Social Housing Finance Corporation (SHFC), with whom the project has been working until the adoption of the Act.

<sup>10</sup> Barr 2004, Simone Gobien. 2013-2016. Working Papers in Economics and Statistics. *Playing with the social network: Social cohesion in resettled and non-resettled communities in Cambodia*. Cambodia.

<sup>11</sup> One such example is the resettlement undertaken by the government under the government's Northrail Project. Under this project, from 1997 until about 2012, an estimated 15,951 informal settler households were relocated from the right of way of the Philippines National Railway between Malolos to Clark.



Project.<sup>12</sup> The TA will establish a system of mentoring by case workers (mentors) and develop an online monitoring system to enhance the resettlement intelligence and data analytics to enable targeting of tailored interventions. The online monitoring system will be used by DOTr to improve support to PAPs, and the data will be used to inform lessons learned and best practices. The online monitoring system will be turned over to the government at the completion of the TA to support their work in future resettlement projects.

7. **Graduation Approach.** The proposed TA is based on the Graduation Approach, which is being piloted by ADB in the Philippines in Negros Occidental.<sup>13</sup> The proposed TA is innovative as it pilot tests the use of the Graduation Approach in the context of urban resettlement, and provides an opportunity to introduce innovation in to DOTr's approaches in their ongoing resettlement activities. The Graduation Approach is a multi-dimensional, time-bound, and carefully sequenced set of interventions that aim to "graduate" people out of vulnerability and into sustainable livelihoods by addressing the many drivers of poverty.<sup>14</sup> It is a tailored and holistic approach to meet individual needs through targeted activities focused on livelihood and well-being improvement delivered by trained case workers (mentors). The approach employs tools for real time monitoring of PAPs' wellbeing and progress in stabilizing and re-establishing their living standards.

8. Previously, the Graduation Approach focused on rural development settings. However, since 2013, the Graduation Approach has been piloted in urban resettlement settings, demonstrating the flexibility of the program.<sup>15</sup> There are clear differences in conditions and needs between poverty alleviation for urban poor and support to vulnerable displaced people: the former addresses chronic causes of poverty while the latter mitigates shocks to living conditions induced by displacement, which could lead to chronic poverty of the affected community. The proposed TA will pilot test proven tools in an urban resettlement context in the Philippines. The TA will inform best practices and lessons learned which will help to mitigate negative resettlement impacts on future large-scale infrastructure projects.<sup>16</sup> The lessons from application of the Graduation Approach to urban resettlements are increasingly important with the trend for migration to urban centers and the attendant need for infrastructure development and expansion.<sup>17</sup> The Graduation Approach is also consistent with recent emphasis of the OECD on the importance of integrating community wellbeing in infrastructure development, including

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<sup>12</sup> The proposed TA first appeared in the business opportunities section of ADB's website on 10 August 2018. The TA is included in the country operations business plan 2020–2022 for the Philippines. ADB. 2019. Country Operations Business Plan: Philippines, 2020–2022. Manila.

<sup>13</sup> ADB. 2015. *Technical Assistance for Unlocking Innovation for Development* (TA 9017). Manila. This TA is being implemented in 29 barangays across 5 municipalities in Negros Occidental, Philippines. The Graduation Approach has been tested in over 40 countries, mostly in rural settings.

<sup>14</sup> Other terms used to describe this type of approach include economic inclusion and cash plus (+).

<sup>15</sup> Since 2013, Trickle Up, in partnership with the United Nations High Commissioner for Refugees (UNHCR), has piloted the Graduation Approach in urban settings in Costa Rica, Ecuador, and Egypt. UNHCR. 2017. Concern Worldwide has also implemented the Graduation Approach in urban settings in Haiti and Kenya.

<sup>16</sup> The proposed TA also builds on the lessons learned from the Promoting Partnerships and Innovation in Poor and Underserved Communities Project (Grant 9162) financed by the JFPR, which aimed to improve access of poor families to basic services and livelihood opportunities in a resettlement site, Southville 7, sponsored by the Philippines government. The project showed that community integration and organization are crucial for the success of resettlement sites. (ADB. 2016. *Southville 7: Making Resettlement Work*. Manila.) Also, early lessons from ADB's ongoing pilot of the Graduation Approach in the Philippines under *Unlocking Innovation for Development* (footnote 13) include that: (i) adequate training and preparation are essential for the coaches who work directly with poor households; (ii) the approach may be applicable in urban and peri-urban settings; and (iii) sequencing of interventions and their timely delivery are essential.

<sup>17</sup> In the Philippines, migration to urban areas is growing at 54% annually. For Asia generally, only 17% of Asia's middle- and lower-income countries' populations were urban in 1980; however, by 2015, 55% were urban. <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

provision of social housing.<sup>18</sup> The provision of affordable and social housing infrastructure as proposed in the case of resettlement sites for the Malolos-Clark Railway Project can be an effective community development tool, particularly for low-income households, but needs to incorporate measures to avoid segregation and ensure integration in to broader society. Furthermore, the G20 principle for integrating social considerations in infrastructure investment highlights the importance of respecting the needs of people, especially those who are vulnerable, into the design, delivery, and management of infrastructure investments, as is exemplified by the RAP and LRIP of the Malolos-Clark Railway Project which will be strengthened by the proposed TA.

## **B. Outputs and Activities**

**9. Output 1. Financial Resilience and Stability of Participants Improved.** The TA will provide at least 50 one-on-one mentors to deliver weekly home-visits to at least 1,200 participant households and conduct monthly group sessions for sharing ideas, experiences, and lessons learned among mentors and participants.<sup>19</sup> The mentors will help the participants to effectively engage with LRIP activities and government social support mechanisms, as well as build capacity in household financial planning and management. The TA will provide: (i) support to establish stable consumption patterns; (ii) social protection to establish household needs and link them with government services; (iii) livelihoods support by counselling participants on engaging in vocational and entrepreneurial training best suited to their situation and on application of skill training in entrepreneurial development and job search targeting; (iv) financial inclusion activities to aid participants to access formal and informal savings mechanisms including financial education and assistance to access social insurances and micro-loans; (v) social empowerment through capacity building and training in life-skills such as nutrition, and information on and access to health;<sup>20</sup> and (vi) monitoring to feed data into Output 2 of the TA. A gender and social inclusion analysis shall form part of the assessment to inform Graduation Approach interventions in all the foregoing areas.

**10. Output 2. Urban Resettlement Baseline and Monitoring System Established.** The TA will adapt the Graduation Approach's monitoring system to the project's context and develop an online monitoring system. In the short-term, this will support the monitoring activities under the TA, while in the long-term, it will become a government tool for enhanced resettlement monitoring.<sup>21</sup> Surveys and other modes of data collection will ensure that gender-based causes of vulnerability and barriers to sustainable livelihoods are identified, recorded, and analyzed.<sup>22</sup> The surveys will be user-friendly, and allow quick and easy data entry and real-time updating of data and statistics. This data will be available online (cloud-based) with built-in data analytics tools to provide an overview of the most critical data. Training of government counterparts will include: (i) the Graduation Approach methodology for monitoring and evaluation, and (ii) the online system.

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<sup>18</sup> OECD, 2019. OECD Reference Note on Environmental and Social Considerations in Quality Infrastructure.

<sup>19</sup> The proposed TA will focus on those ISFs experiencing challenges stabilizing their living conditions after being resettled. It is expected that a proportion of relocating ISFs will experience significantly less difficulty readjusting their living standards than others. For example, those relying on wage-based income that is not interrupted by the project may not experience a disruption to their income flow. The target beneficiary households is 1,200 for planning purposes, which is less than the total estimated number of ISF households of 1,889.

<sup>20</sup> Health interventions to be based on rapid health impact assessment to be carried out by the team in line with ADB 2019 HIA Sourcebook, Manila.

<sup>21</sup> Monitoring indicators will be identified by the expert consultant to assist the TA to target households for higher levels of mentoring and assistance as well as to assess the effectiveness of the RAP interventions on an ongoing basis.

<sup>22</sup> Examples of gender-based causes of vulnerability and barriers to sustainability include: (i) gender-bias in employment recruitment practices; (ii) violence against women (domestic violence as well as sexual harassment in the workplace) that keep women from getting or keeping stable jobs; (iii) gender-stereotyping of available jobs; and (iv) heavy burden of unpaid domestic and care work that limit women's time for paid work.

A detailed gender- and socially inclusive review of the baseline study will be undertaken by the Livelihoods Specialists and Monitoring and Evaluation Experts to confirm indicative targets for Output 1.

11. **Output 3. Urban Resettlement Knowledge Products Produced.** The TA will produce a series of knowledge products to present the lessons learned and best practices. These will include: (i) visual training tools for government and mentors to implement the Graduation Approach in urban resettlement; (ii) communication and advocacy materials; and (iii) reports on the Graduation Approach and the testing of the approach in the context of urban resettlement. All knowledge products will be informed by data, disaggregated by sex, age, and other social factors relevant to vulnerability, include a gender analysis of these data; and use gender-sensitive language and imagery. The TA will produce a framework on how to implement the Graduation Approach in urban resettlement settings and conduct a series of workshops. An external evaluation expert will be engaged under the TA to undertake an assessment of the effectiveness of the TA activities. The external evaluation will be conducted at the completion of the TA activities and in collaboration with the TA implementation team, government counterparts, and program beneficiaries.

### C. Cost and Financing

12. The TA is estimated to cost \$2.1 million, of which \$2.0 million will be financed on a grant basis from JFPR,<sup>23</sup> administered by ADB. The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, access to reports and information, and other in-kind contributions.

### D. Implementation Arrangements

13. DOTr will be the executing agency. ADB will administer the TA through the Philippines Country Office of the Southeast Asia Department; and select, supervise, and evaluate the consultants.

**Table 1: Implementation Arrangements**

Aspects	Arrangements			
Indicative implementation period	December 2019 – November 2021			
Executing agency	Department of Transportation			
Implementing agency	Department of Transportation			
Consultants	To be selected and engaged by ADB			
	<table border="1"> <tr> <td>Firm: (NGO/ Consulting firm) QCBS 90:10</td> <td>1 consulting firm with expertise including: (i) national consultants for Technical Coordinator and Field Manager; and (ii) international consultants for Team Leader and Livelihoods Technical Specialist, Monitoring and Evaluation Specialist, and Business Intelligence Developer.</td> <td>\$1,895,000</td> </tr> </table>	Firm: (NGO/ Consulting firm) QCBS 90:10	1 consulting firm with expertise including: (i) national consultants for Technical Coordinator and Field Manager; and (ii) international consultants for Team Leader and Livelihoods Technical Specialist, Monitoring and Evaluation Specialist, and Business Intelligence Developer.	\$1,895,000
Firm: (NGO/ Consulting firm) QCBS 90:10	1 consulting firm with expertise including: (i) national consultants for Technical Coordinator and Field Manager; and (ii) international consultants for Team Leader and Livelihoods Technical Specialist, Monitoring and Evaluation Specialist, and Business Intelligence Developer.	\$1,895,000		
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).			
Asset turnover or disposal arrangement upon TA completion	All electronic equipment purchased under the TA will be turned over to DOTr. <sup>a</sup>			

ADB = Asian Development Bank, NGO = non-governmental organisation, QCBS = quality- and cost-based selection, TA = technical assistance.

<sup>a</sup> To be purchased by the NGO/Consultant firm under the consulting contract.

<sup>23</sup> Japan Fund for Poverty Reduction is a possible funding source subject to the approval of the Government of Japan.

14. **Consulting services.** ADB will engage a non-governmental organisation or a consultant firm following the ADB Procurement Policy (2017, as amended from time to time) and the associated Project Administration Instructions and Technical Assistance Staff Instructions.<sup>24</sup>

### III. The President's Decision

15. The President, acting under the authority delegated by the Board, has approved the ADB administering technical assistance not exceeding the equivalent of \$2,000,000 to the Republic of the Philippines to be financed on a grant basis by the Japan Fund for Poverty Reduction for Strengthening the Transition of Vulnerable Communities Affected by the Malolos-Clark Railway Project, and hereby reports this action to the Board.

Takehiko Nakao  
President

December 2019

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<sup>24</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>A. Japan Fund for Poverty Reduction<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	510.0
ii. National consultants	600.0
b. Out-of-pocket expenditures	
i. Local travel	50.0
ii. Office space rental and related facilities	25.0
iii. Goods (rental and/or purchase)	70.0
iv. Surveys	170.0
v. Training, seminars, and conferences	320.0
vi. Reports and communications	70.0
vii. Printed external publications	70.0
viii. Miscellaneous administration and support costs	10.0
2. Contingency	105.0
<b>Total</b>	<b>2,000.0</b>

Note: The technical assistance (TA) is estimated to cost \$2,100,000, of which \$2,000,000 is a contribution from the Japan Fund for Poverty Reduction as presented in the table above. The government will provide counterpart support in the form of counterpart staff, data and information access, facilitation of liaisons with stakeholders, and other in-kind contributions. The value of government contribution is estimated to account for 5% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=52083-007-TAReport>

1. Terms of Reference
2. Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility Republic of the Philippines: Malolos–Clark Railway Project