

AGREEMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA

AND

THE GOVERNMENT OF THE PHILIPPINES

RELATING TO AN ACCOUNTABLE CASH GRANT

**FOR SUPPORTING THE ASSESSMENT OF PILOT BOTTOM-UP
PROCESSES IN PLANNING AND BUDGETING**

AGREEMENT NUMBER 63449

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THE GOVERNMENT OF AUSTRALIA
AND
THE GOVERNMENT OF THE PHILIPPINES
RELATING TO AN ACCOUNTABLE CASH GRANT
FOR THE PROVISION OF
SUPPORTING THE ASSESSMENT OF PILOT BOTTOM-UP PROCESSES
IN PLANNING AND BUDGETING
AGREEMENT NUMBER 63449

1. GENERAL

- 1.1 **THIS AGREEMENT** expresses the understandings of the Government of Australia (“GoA”) and the Government of the Philippines (“GoP”) (hereinafter referred to as “the two Governments”) concerning the respective responsibilities and contributions in regard to the provision of an accountable cash grant to assist the GoP with the cost of Supporting the Assessment of Pilot Bottom-Up Processes in Planning and Budgeting (hereinafter referred to as the “Activity”) as further described and detailed in **Annex 1** and **Annex 4 Project Proposal** to this Agreement.

2. AUTHORITIES

- 2.1 The authorities responsible for the administration of this Agreement will be:

For the GoA: The Australian Agency for International Development (AusAID)

Contact Representative:

Name: Octavia Borthwick
Position: Minister-Counsellor

Street Address: PO Box 1071 MCPO 1250
Makati City, Manila Philippines

Postal Address: 23F, RCBC Tower 2, Ayala Ave.
Makati City

Telephone: +63 2 7578 202

Agreement Number 63449

Facsimile: +63 2 7578 100

Email: Octavia.Borthwick@ausaid.gov.au

For the GoP: The Department of Social Welfare and Development
(DSWD)

Contact Representative:

Name: Corazon Juliano-Soliman

Position: Secretary

Street Address: Batasan Complex, Quezon City

Postal Address: Constitution Hills, Batasan
Pambansa Complex, 1126 Quezon City

Telephone: +632 9318 101

Facsimile: +632 9319 131

Email: dinky@dswd.gov.ph

3. RESPONSIBILITY

- 3.1 Responsibility for the development, direction, coordination, logistical arrangements, procurement, supervision, management, review and monitoring of or in relation to the Activity funded by GoA financial contribution(s) under this Agreement is vested in the GoP.
- 3.2 Responsibility for management and accountability of the contribution(s) (including but not limited to the GoA financial contribution(s)), Activity reporting requirement(s) and the acquittal of the contribution(s) provided under this Agreement is vested in the GoP.
- 3.3 The GoP will acknowledge in writing to the GoA receipt of the GoA financial contribution(s).
- 3.4 The GoP will retain receipts and invoices relating to the Activity that are payable from and/or relate to the GoA financial contribution(s) provided under this Agreement, in accordance with the period of time required by the GoP's record-keeping regulations.
- 3.5 The GoP will be responsible for the legal and ethical behaviour of its office-bearers and staff in relation to the Activity and the GoA financial contribution(s) provided under this Agreement.

4. CONTRIBUTION(S)

GoA Contribution(s):

- 4.1 The GoA will provide a financial contribution of Php7,526,050.00 to assist GoP with the costs of the Activity.
- 4.2 The GoA will use its best endeavours to make payment of this contribution within thirty (30) days of signature of this Agreement by the two Governments.
- 4.3 The GoA financial contribution(s) will be subject to GoA annual parliamentary appropriations.
- 4.4 The GoA financial contribution(s) will be used only and solely as outlined in this Agreement including **Annex 1** and in accordance with the budget outlined in **Annex 2** to this Agreement.
- 4.5 Any interest earned on the GoA financial contribution(s) may be held by the GoP and expended on the Activity as outlined in this Agreement, in a manner consistent with the provisions of this Agreement.
- 4.6 Any unexpended portion of the GoA financial contribution(s) and any interest earned on the GoA financial contribution(s) that is not expended on the Activity at the Activity Completion Date or earlier termination of this Agreement (in accordance with this Agreement) will be refunded to the GoA with the Final Acquittal and Activity Completion Report.
- 4.7 The GoA will not be responsible for the cost(s) of any component of the Activity that exceeds the cost(s) outlined in the budget at **Annex 2** to this Agreement, including any foreign exchange losses and costs not detailed in the budget outlined in **Annex 2** to this Agreement. In these circumstances, the GoA will be under no obligation to provide any additional contribution(s). The GoP will meet all costs in relation to the Activity that exceed the budget at **Annex 2**.

GoP Contribution(s):

- 4.8 The contribution of the GoP will include all measures necessary for the smooth implementation of the Activity.
- 4.11 The GoP's financial contribution to the Activity is Php303,912.40

5. MANAGEMENT OF THE GoA FINANCIAL CONTRIBUTION(S)

- 5.1 The GoP will maintain a sound administrative and financial management system capable of verifying statements of acquittal. In addition, the GoP will keep proper detailed accounts and records and asset registers with adequate Activity management records providing clear audit trails in relation to expenditure of the GoA financial contribution(s) provided under this Agreement.

6. IMPLEMENTATION AND MONITORING

- 6.1 The GoP will provide the acquittal(s) and reports within the timeframes as specified in this Agreement.

- 6.2 The GoP will inform the GoA of any significant change to the organisational management or decision-making structure of the GoP that may impact on the implementation of the Activity, as soon as practicable.

7. ACTIVITY COMMENCEMENT AND COMPLETION

- 7.1 The Activity will commence on **15 June 2012** (hereinafter referred to as the “Activity Commencement Date”) and will be completed no later than **15 April 2013** (hereinafter referred to as the “Activity Completion Date”) unless otherwise mutually determined by the two Governments in writing.
- 7.2 The GoP will inform AusAID when the Activity has been completed.

8. REPORTING REQUIREMENTS

Activity Reporting:

- 8.1 Within sixty (60) days of the Activity Completion Date or earlier termination of this Agreement, the GoP will provide the GoA with an Activity Completion Report of no more than 10 pages, outlining the following:
- (a) a brief outline of the Activity undertaken and the key outcomes;
 - (b) achievement of or progress towards achievement of the objectives of the Activity; and
 - (c) lessons learned.
- 8.2 The GoP will provide the GoA with six monthly reports detailing progress and outputs, including financial disbursements corresponding for that period.
- 8.3 The Activity reports outlined in this **paragraph 8** (Activity Reporting) will be submitted to the GoA Contact Representative as outlined in **paragraph 2.1** of this Agreement.

Financial Reporting and Acquittal:

- 8.4 Attached to the Activity Completion Report referred to in **paragraph 8.1** above, the GoP will provide the GoA with a Final Acquittal of the total GoA financial contribution(s) provided by the GoA to the GoP under this Agreement against the budget at **Annex 2** to this Agreement. The Final Acquittal will be in Philippine peso and include details of interests accruing to the said amount. The Final Acquittal will be signed by the Chief Financial Officer or head of audit of DSWD, certifying that the GoA financial contribution(s) have been expended on the Activity in accordance with the budget at **Annex 2** to this Agreement and also the other provisions of this Agreement, and will be in the form at **Annex 3** to this Agreement.
- 8.5 The Final acquittal will be submitted to the GoA Contact Representative specified in **paragraph 2.1** of this Agreement.

- 8.6 If requested by the GoA, the GoP will provide the GoA with an independently audited statement of expenditure of the GoA financial contribution(s) provided under this Agreement by an auditor nominated by the GoA, or by an auditor nominated by the GoP and approved by the GoA, and within the timeframe specified by the GoA in writing.

9. EVALUATION

- 9.1 An evaluation of the progress and/or outcome(s) of the Activity may be made at times arranged between, and mutually convenient to, the GoA and the GoP. Such an evaluation will be undertaken jointly and independent of staff involved with the Activity.

10. FRAUD

- 10.1 For the purposes of this paragraph the words 'fraudulent activity', 'fraud' or 'fraudulent' mean: Dishonestly obtaining a benefit by deception or other means.
- 10.2 The GoP is responsible for:
- (a) preventing and detecting fraud including fraud within those functions outsourced to / performed by a sub-contractor or under any other arrangement relating to the management or administration of the Activity; and
 - (b) ensuring that its staff and its subcontractors' staff are responsible and accountable for preventing and reporting any fraud or suspected fraud as part of their routine responsibilities.
- 10.3 The GoP must report in writing within five (5) working days to the GoA any detected, suspected, or attempted fraudulent activity involving the implementation of the Activity.
- 10.4 In the event of detected, suspected or attempted fraud and in consultation with the GoA, the GoP must develop and implement a strategy to investigate, based on its own procedures for fraud investigation.
- 10.5 Following the conclusion of an investigation, where the investigation finds that a GoP employee or sub-contractor has acted in a fraudulent manner, the GoP will make every effort to recover any unexpended part of the GoA financial contribution(s) or property acquired with the GoA financial contribution(s) through fraudulent activity, including:
- (a) taking recovery action in accordance with recovery procedures, including, if appropriate, civil litigation, available in GoP; and
 - (b) referring the matter to the police or other relevant authorities responsible for prosecution of fraudulent activity; or

- (c) in the case of a GoP employee, taking the relevant disciplinary procedures in accordance with relevant Code of Conduct or similar GoP provisions where these exist.

11. ANTI-CORRUPTION

- 11.1 The two Governments are committed to preventing and detecting corruption and bribery. The GoP through its employees, agents or representatives will not make or cause to be made, nor will they receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party, as an inducement or reward in relation to the execution of this Agreement or any arrangement or provision of funds in relation to the Activity. The GoP will use its best endeavours to ensure that any employee, agent, representative or other entity involved in the Activity will also adhere to this provision.
- 11.2 For the purposes of this paragraph (Anti-Corruption), the term “corrupt” includes (but is not limited to) any action or practice which would warrant disciplinary procedures being taken against an individual under applicable laws.

12. PROCUREMENT

- 12.1 The GoP will use its best endeavours to ensure that any procurement undertaken using the GoA financial contribution(s):
 - (a) is undertaken in a manner that achieves value for money;
 - (b) promotes the use of resources in an efficient, effective and ethical manner; and
 - (c) is undertaken in accordance with the GoP procurement guidelines.

13. COUNTER-TERRORISM

- 13.1 The GoP will use its best endeavours to ensure that funds provided by GoA under this Agreement, do not provide direct or indirect support or resources to organisations and individuals associated with terrorism or listed on a ‘Relevant List’.
- 13.2 If, during the course of this Agreement, the GoP discovers that an organisation or individual involved in the Agreement is listed on a ‘Relevant List’ or has any link whatsoever with any organisation or individual associated with terrorism it will inform GoA immediately.
- 13.3 GoA may terminate this Agreement immediately by notice in writing to GoP if GoP breaches any of its obligations under this **paragraph 13** (Counter-Terrorism).
- 13.4 Notwithstanding GoA’s right to terminate this Agreement under **paragraph 13.3** in the event of a breach of this **paragraph 13** (Counter-Terrorism), the

GoP will use its best endeavours to recover an amount equivalent to the relevant funds which are found to have been paid to organisations and individuals associated with terrorism and refund that amount to GoA.

- 13.5 For the purposes of this **paragraph 13** (Counter-Terrorism), 'Relevant List' means the lists of terrorist organisations made under Division 102 of the *Criminal Code Act 1995* (Cth) and the *Charter of the UN Act 1945* (Cth) posted at:
<http://www.nationalsecurity.gov.au/agd/www/nationalsecurity.nsf/AllDocs/95FB057CA3DECF30CA256FAB001F7FBD?OpenDocument> and
http://www.dfat.gov.au/icat/UNSC_financial_sanctions.html#3

14. **INTELLECTUAL PROPERTY**

- 14.1 The two Governments will retain all Intellectual Property rights held in their respective prior material provided as part of activities undertaken under this Agreement.
- 14.2 Any Intellectual Property rights arising in relation to this Agreement will vest in the GoP upon its creation. The GoP grants to the GoA a world-wide, irrevocable, royalty-free licence to use any materials with Intellectual Property rights arising in relation to Activities undertaken under this Agreement.
- 14.3 In the absence of any other arrangement between the two Governments defining the term "Intellectual Property" in the context of development assistance, in this Agreement "Intellectual Property" will have the meaning provided for in Article 2 of the Convention Establishing the World Intellectual Property Organization, done at Stockholm on 14 July 1967, as amended on 28 September 1979.

15. **CLAIMS**

- 15.1 The GoP will deal with any claim which may be brought by the GoP and/or third parties against the GoA, its employees, agents and representatives, and will hold harmless the GoA, its employees, agents and representatives from civil liability for acts or omissions occurring in relation to this Agreement except for their acts arising from gross negligence or wilful misconduct. This provision will survive termination or expiration of this Agreement.

16. **AMENDMENTS**

- 16.1 Amendments to this Agreement may be made at any time as mutually determined in writing between the two Governments. Amendments made to this effect will form an integral part of this Agreement.

17. **TERMINATION**

- 17.1 This Agreement may be terminated at any time by mutual arrangement between the two Governments, as mutually determined in writing by the two Governments.

17.2 In addition, the GoA may terminate this Agreement if following consultations with the GoP, the GoA considers that the GoP has not adhered to the provisions of this Agreement.

18. DURATION

18.1 This Agreement will take effect from the date of its signature by the two Governments.

18.2 This Agreement will conclude when all responsibilities and obligations of the two Governments have been fulfilled, unless this Agreement is terminated earlier.

19. STATUS OF THIS AGREEMENT

19.1 It is understood between the two Governments that this Agreement is not an international treaty and does not create legal relations.

20. SETTLEMENT OF DISPUTES

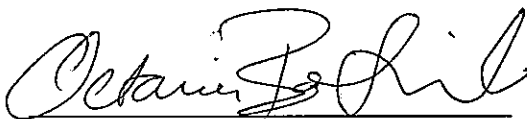
20.1 The two Governments will consult at any time upon the request of the other Government regarding any matter relating to the provisions of this Agreement and will endeavour jointly in a spirit of cooperation and mutual trust to resolve any difficulties or misunderstanding which may arise between the two Governments.

21. ANNEXES

21.1 Annexes to this Agreement form an integral part of this Agreement.

SIGNED at DSWD, in duplicate, each in the English language, all texts being equally authentic this 8th day of JUNE, in the year 2012.

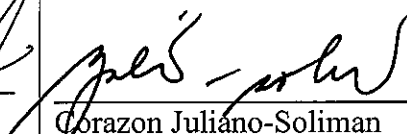
For the Government of Australia
(represented by the Australian
Agency for International
Development (AusAID):



Octavia Borthwick
Minister-Counsellor
FMA Act s44 Delegate

**For the Government of the Republic of
the Philippines**

(represented by the Department of Social
Welfare and Development):



Corazon Juliano-Soliman
Secretary

ANNEX 1

THE ACTIVITY

Supporting the Assessment of Pilot Bottom-Up Processes in Planning and Budgeting

1. BACKGROUND

- 1.1 In pursuit of the MGD of reducing poverty from 26.5% in 2009 to 16.6% in 2015 and the call for transparent, accountable and participatory governance by the GoP, the bottom-up process (BUP) in planning and budgeting by local government units (LGUs) and national government agencies (NGAs) was piloted by the Human Development and Poverty Reduction Cluster (HDRPC), chaired by the Department of Social Welfare and Development (DSWD), the Good Governance and Anti-Corruption Cluster (GGAC), the Department and Budget and Management (DBM), Department of Interior and Local Government (DILG) and the National Anti-Poverty Commission (NAPC). The pilot was carried out from February to May 2012 for the GoP Fiscal Year 2013 budget preparation.
- 1.2 DSWD, DBM, DILG and NAPC issued Joint Memorandum Circular No. 1 dated 08 March 2012 providing the Guidance and Procedures in the Implementation of Bottom-Up Planning and Budgeting for the FY 2013 Budget Preparation. The Circular defined the processes, responsibilities, and timelines to guide the participating agencies and selected LGUs. The pilot was undertaken by 561 out of the 609 cities and municipalities identified by the HDRPC as priority areas for poverty reduction.
- 1.3 The intention of this program is to introduce governance reforms to make the planning and budgeting processes of both national and local governments more participatory involving the basic sectors and the civil society organisations (CSOs). It also aims to strengthen the convergence of national services delivery to the communities.
- 1.4 It is expected that this assessment will contribute to the improvement and enhancement of the BUP program of the GoP since the study aims to: a) determine the extent of the bottom-up processes and activities carried out; b) identify the deviations made and alternative approaches utilised as well as the rationale for such deviations; b) assess the distinction of BUP implementation in municipalities with and without community-driven development facilitation experience; c) identify the facilitating and hindering factors in the adoption of the BUP by the communities, LGUs and NGAs; and, d) provide evidence-based policy recommendations for the revision of the JMC and other activities related to the scale-up of the BUP.
- 1.5 More specifically for DSWD, this assessment will help refine important elements of the National Community Driven Development (NCDD) program design currently being prepared particularly in determining the incentives for

LGUs to engage in participatory processes and the means for ensuring sustained capital investments for local development priorities identified through inclusive and transparent processes. The NCDDP is intended to support the operation and expansion of Kalahi-CIDSS community driven development operation and expansion.

- 1.6 The proposed Assessment of Pilot Bottom-Up Process in Planning and Budgeting is consistent with the approved Annual Plan and the Strategic Priority Areas of the DSWD Technical Assistance Facility for Social Protection Reforms.

2. ACTIVITY OBJECTIVES

- 2.1 To qualitatively and quantitatively assess the pilot implementation of the bottom-up process as governed by Joint Memorandum Circular No. 1 and draw lessons and recommendation to enable an evidence-based policy enhancement of the program.

3. UTILISATION OF THE FINANCIAL CONTRIBUTION(S)

- 3.1 The GoP will use the financial contribution(s) solely and only for expenditure on the following:

(a) Costs for the conduct of a National Preparatory, Midterm Validation and Final Validation Workshops including board and lodging expenses (Consultant team and DSWD project management staff) and transportation expenses (Consultant team, DSWD project management staff and participants), venue, supplies, and communication

(b) Costs for Field Investigation including board and lodging (Consultant team and DSWD project management staff) and transportation expenses (Consultant team, DSWD project management staff and participants), venue, supplies, and communication

(c) Local consultants' professional fees for Program Development and Management, and Monitoring and Evaluation

4. RISK MANAGEMENT

Procurement and financial risks are considered low for this activity.

DSWD will undertake procurement of goods and services in this Activity using the standard GoP procurement guidelines.

ANNEX 2

BUDGET

Items	GoP Counterpart (in Philippine Peso)	AusAID Contribution (in Philippine Peso)	Total Cost (in Philippine Peso)
A. Engagement of Team of Consultants and the Project Management Team			
1. Preparatory Meetings (inter-agency and with the consultant-expert team)	10,560.00		10,560.00
2. Project development and management/PF		1,920,000.00	1,920,000.00
3. Project manager from DSWD	74,452.40		74,452.40
4. Technical staff from DSWD	218,900.00		218,900.00
Sub-total	303,912.40	1,920,000.00	2,223,912.40
B. Field Investigation and National Workshops - refer to Annex 1 for details			
1. National Preparatory Workshop		359,350.00	359,350.00
2. Field Investigation			
i. Regions/Island Cluster FGD		546,750.00	546,750.00
ii. Survey		1,813,550.00	1,813,550.00
iii. Municipal/Community FGD		743,500.00	743,500.00
iv. Key Informant Interview		743,500.00	743,500.00
3. Midterm Validation Workshop		179,350.00	179,350.00
4. Final Validation Workshop		179,350.00	179,350.00
5. Transportation of the consultants and DSWD project management staff		376,500.00	376,500.00
6. Board and lodging of the consultants and DSWD project management staff		664,200.00	664,200.00
Sub-total	0.00	5,606,050.00	5,606,050.00
Total	303,912.40	7,526,050.00	7,829,962.40

ANNEX 3

ACQUITTAL FORM

AUSTRALIAN DEVELOPMENT AID - ACQUITTAL ADVICE

STATEMENT OF COSTS expended on the Activity: **Supporting the
Assessment of Pilot Bottom-Up Processes in Planning and Budgeting**

I certify that the above statement of expenditure is accurate and represents expenditure of the GoA financial contribution(s) on Supporting the Assessment of Pilot Bottom-Up Process in Planning and Budgeting in accordance with the budget at **Annex 2** of the Agreement between the GoA and GoP dated _____ (Agreement Number 63449) and also the other provisions of that Agreement.

Signed for and on behalf of the Government of the Republic of the Philippines
(as represented by Department of Social Welfare and Development) by:

Signature

Name and Position

Dated: _____

Agreement Number 63449

ANNEX 4

PROPOSAL (see Attachment 1)

PROJECT PROPOSAL

Title	Assessment of Pilot Bottom-Up Processes (BUP) in Planning and Budgeting
Duration	Five (5) months
Budget	P7,829,962.40
Proponent	For the Government of the Philippines (GoP): Department of Social Welfare and Development (DSWD) Contact Representative: Corazon Juliano-Soliman Position: Secretary Postal Address: Batasan Complex, Quezon City Telephone: +632 9318 101 Facsimile: +632 9319 131 Email: dinky@dswd.gov.ph

I. BACKGROUND AND RATIONALE

In pursuit of the Millennium Development Goal of reducing poverty from 26.5% in 2009 to 16.6% by 2015 and in line with the President's "Social Contract with the Filipino People" calling for, among others, transparent, accountable and participatory governance, two Cabinet Clusters created under Executive Order No. 43, series of 2011, piloted the bottom-up processes (BUP) in planning and budgeting by Local Government Units (LGUs) and National Government Agencies (NGAs). The Human Development and Poverty Reduction Cluster (HDPRC) chaired by the Department of Social Welfare and Development (DSWD) and the Good Governance and Anti-Corruption Cluster (GGAC), together with the Department of Budget and Management (DBM), the Department of the Interior and Local Government (DILG) and the National Anti-Poverty Commission (NAPC), carried out the initial implementation of the BUP in February-May 2012 for the FY 2013 budget preparation.

The piloting of the BUP was undertaken in 609 cities and municipalities identified by the HDPRC as the priority areas in the fight against poverty. Through a series of activities, the BUP sought the multi-stakeholder identification of "gender-responsive results-based priority poverty reduction projects" which would be either funded by the LGUs or submitted to NGAs for consideration in their 2013 budget. It was intended to introduce governance reforms to make the planning and budgeting processes of both local and national governments more participatory through the genuine involvement of basic sectors and civil society organizations. The BUP was also envisioned to strengthen the convergence of the delivery of national services in the communities, with the NGAs taking into full consideration the development needs of poor cities and municipalities as identified in their respective local poverty reduction action plans.

To operationalize the BUP, the DSWD, DBM, DILG and NAPC issued Joint Memorandum Circular No. 1, series of 2012, providing the Guidelines and Procedures in the Implementation of Bottom-Up Planning and Budgeting for the FY 2013 Budget Preparation. Dated 08 March 2012, the Circular defined the processes, responsibilities and timelines to guide the participating agencies and selected focus LGUs in the bottom-up planning and budgeting approach to be applied in the preparation of the FY 2013 budget.

The Joint Memorandum Circular foresees the adoption of the BUP in subsequent planning and budgeting cycles of Government. Thus, it will be very useful to look into the pilot implementation to draw lessons and recommendations for the enhancement of the BUP. A rapid but thorough investigation is therefore proposed to be conducted for the quantitative and qualitative assessment of BUP 2012 towards the formulation of evidence-based policy adjustments and enhancements as may be necessary.

Moreover, the DSWD in particular sees the initial BUP experience as a rich environment for the study of the dynamics surrounding LGU facilitation of participatory local planning involving both the active engagement of citizens and different levels of government. In view of current initiatives of the DSWD to scale-up community-driven development (CDD) as a national strategy for poverty reduction, a review of the processes, issues, experiences and lessons from the BUP will be helpful in further refining important elements of the National CDD Program design. This will be particularly significant in determining (i) incentives for LGUs to engage in participatory processes and (ii) means for ensuring sustained capital investments for local development priorities identified through inclusive and transparent processes.

Towards these ends, the DSWD proposes to conduct an "Assessment of the Bottom-Up Processes in Planning and Budgeting" as recently carried out in target municipalities. The process review, in areas covered and not covered by the Kalahi-CIDSS Project, will be done to enhance BUP 2012 and onwards and to inform the design and implementation of the NCDDP.

II. OBJECTIVES

The study aims to assess the rollout and pilot implementation of BUP at the agency, LGU and community levels, as governed by the Joint Memorandum Circular No. 1 series of 2012. Specifically, the study aims to:

- a. Determine the extent in which the bottom-up processes and activities were carried out by the different players and stakeholders pursuant to JMC 01-2012;
- b. Identify the deviations made and alternative activities adopted, and establish the reasons therefor;
- c. Assess the distinction, if any, of BUP implementation in the municipalities with and without CDD facilitation experience (Kalahi-CIDSS and non-Kalahi-CIDSS areas);
- d. Identify the facilitating and hindering factors in the adoption of the BUP by the communities, LGUs and NGAs (including but not limited to agency and LGU capacity; local conditions; level and degree of preparation; level and degree of CSO participation, mobilization, and engagement; and level and degree of interagency, NGA-LGU and NGA-LGU-civil society collaborations, among others); and
- e. Provide evidence-based policy recommendations on revisions to the Joint Memorandum Circular and/or other proposals to enhance the BUP to aid in its scale-up in the budget preparation for FY 2014 and onwards.

III. STUDY DESIGN AND METHODOLOGY

Qualitative and quantitative methods of data collection will be employed in the study at the national, regional and municipal levels. Specifically, the following methods will be employed and triangulated.

1. Three (3) national workshops will be conducted to serve as the mechanism to gather insights on the BUP, present the assessment findings and solicit comments and further recommendations to be incorporated into the BUP Assessment Report. These workshops will be participated in by focal persons of the agencies composing the National Bottom-up Poverty Reduction Team (i.e., DBM, DILG, DSWD and NAPC) and the concerned officials of the agency central offices of DA, DAR, DENR, DOE, DepEd, DOH, DOLE, PhilHealth, NEA and NEDA .
2. Five (5) Focus Group Discussions (FGDs) will be organized in each of the country's major island groups: Luzon, Visayas and Mindanao; and in Metro Manila and the ARMM, which are special regions being the national capital and an autonomous region, respectively. These will be participated in by regional officials of the concerned NGAs mentioned above to gather the insights of concerned mid-level government officials with regard to the advantages, disadvantages, strengths, weaknesses and challenges of BUP implementation. Aside from the thorough review of the BUP as carried out in 2012, the FGDs will solicit the comments and suggestions of the participants on how to make the process more effective and meaningful in 2013 and onwards, including the assistance they will need or value to enhance the planning and budgeting system. Lessons will be culled from field reports that may provide inputs in generating policy recommendations to strengthen the BUP implementation.
3. A survey of respondent municipalities will be done, with the chairman of the LPRAT or his/her designated representative as principal respondent. This method will be directly administered by the Team of Consultants to gather both quantitative and qualitative data on the profile, planning process and outputs of respondent municipalities. The total sample size for this survey will be 83 municipalities or 14% of the total population of 609 municipalities. The 83 municipalities shall be proportionately distributed among the 15 regions covered by the BUP pilot. The sample size, computed using Sample Size Population Formula, will be sufficient to rationalize the data gathered as a representation of the population for this type of study.
4. The BUP assessment will include in-depth FGDs and key informant interviews with BUP stakeholders in 10 LGUs: two each from Luzon, Visayas and Mindanao, and also two each from the NCR and ARMM. Such stakeholders will include the members of the expanded LPRAT as defined under JMC 01-12. This method will be used to provide a multi-sector local perspective on the internal dynamics of the BUP, from which a case study on the experience of the LGU in implementing this planning strategy may be drawn. This method likewise intends to probe deeper on the issues, constraints and possible solutions in the institutionalization of the bottom-up process in planning and budgeting.

IV. COMPONENTS AND EXPECTED OUTPUTS

The study shall be focused on assessing the adoption of the bottom-up processes in planning and budgeting provided in DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 1, series of 2012, in preparing the FY 2013 budget. The study will be divided into the four components described below.

A. Component 1: Engagement of a Team of Consultants

The DSWD shall engage a Team of Consultants that will conduct the study and facilitate the formulation of enhanced policy and operating guidelines, as warranted. The Team of Consultants should have expertise on participatory local governance and on bottom-up planning and budgeting. The Team shall undertake the following specific tasks:

1. Preparation of the inception report detailing the (a) assessment design and framework (b) methodologies and (c) work program;
2. Presentation of the inception report to the BUP interagency TWG (composed of DBM, DILG, DSWD and NAPC), Australian Agency for International Development (AusAID) and other stakeholders for discussion and comments;
3. Drafting, field testing and finalization of tools, instruments and manuals for the study;
4. Conduct of actual study activities based on approved design;
5. Preparation of draft and final reports on findings;
6. Conduct of a national workshop to gather insights on BUP, present findings and gather comments and inputs to be incorporated into the final report; and
7. Crafting of policy enhancements, including the revised JMC.

The outputs of this component include: (a) signed agreement; and (b) the inception report on how the Team of Consultants will proceed with the conduct of the study.

B. Component 2: BUP Assessment

As the core process of the study, this component will entail the following activities:

1. Review of background documentation of the BUP

This activity will be facilitated using the existing documentation of BUP including: (i) minutes and records of meetings of the HDPRC on the BUP preparation and planning stages; (ii) the Joint Memorandum Circular and attendant guidelines issued by the different agencies involved in the process; (iii) relevant materials and case studies in bottom-up planning.

2. Field investigation

Consultations, focus group discussions, key informant interviews, secondary data collection and other methods of data gathering will be conducted at the national, regional and municipal levels to gain in-depth understanding of the conditions surrounding the BUP pilot implementation and generate recommendations for enhancing the BUP. The focal staff of HDPRC agencies, barangay and municipal LGU personnel, civil society organization (CSO) representatives and community volunteers of selected communities

shall be involved in the data gathering and field investigation.

At the national level, data gathering will be facilitated through the conduct of workshops. The informants shall include the focal persons of the agencies composing the National Bottom-up Poverty Reduction Team (i.e., DBM, DILG, DSWD and NAPC), plus the concerned officials of the agency central offices of DA, DAR, DENR, DOE, DepEd, DOH, DOLE, PhilHealth and NEA. The consultations with this group will cover the cascading of the guidelines on the BUP and preparation of the Local Poverty Reduction Action Plan (LPRAP), the consideration of LGU identified projects in the formulation of the 2013 national government budget, the feedbacking to LGUs that submitted their list of priority projects, and the setting up of a web-based monitoring system which will track the implementation of the funded projects, among others.

At the regional level, data gathering will be facilitated through the conduct FGDs. The interviewees and respondents shall be the corresponding officials and focal persons of the same agencies above. The consultations with this group will revolve on information dissemination, technical assistance, monitoring and feedbacking functions of the regional offices concerned.

At the municipal and community level, data gathering will be facilitated through the conduct of survey, FGDs and key informant interviews. The resource persons shall include the members of the expanded Local Poverty Reduction Action Team (LPRAT) as defined under JMC 01-12. The consultations with this group include such processes as the conduct of social preparation, formation of the LPRAT, conduct of the LPRAP workshop and identification of priority poverty reduction projects, CSO endorsement and LGU approval.

3. Preparation of draft Assessment Report on the results of the study

The Team of Consultants will prepare the draft Assessment Report presenting its findings and initial recommendations. The highlights of the Report will be presented and discussed in the subsequent validation workshop.

The specific outputs of this component include: the (a) study manual and tools; (b) schedule of field activities; and (c) draft assessment report.

C. Component 3: National Workshops

This component will entail the following activities:

1. National Preparatory Workshop

This workshop intends to gather the insights of concerned senior government officials with regard to issues and concerns including the advantages, disadvantages, strengths, weaknesses and challenges of BUP implementation.

2. Midterm Validation Workshop

This workshop will be a validation workshop where the results, initial findings and recommendations of the study will be presented and submitted for comments. Initial

policy recommendations and feedback on JMC 01-12 will also be presented and submitted to the National Bottom-up Poverty Reduction Team for possible inclusion in enhancing the BUP guidelines for the subsequent year.

3. Final Validation Workshop

This final workshop will also be a validation workshop, where the final results, findings and recommendations of the study will be presented and submitted for comments and further recommendations for incorporation into the final BUP Assessment Report.

The conduct of the validation workshop, including the technical and logistics preparations, communication, procurement of venue, management and facilitation of the workshop, and documentation of proceedings shall be undertaken by the Team of Consultants as part of their services under the engagement. The framework, design, and flow of the workshop shall be coordinated with the DSWD.

The outputs of this component include the: (a) workshop design; (b) documentation of workshop proceedings; and (c) final Assessment Report incorporating the results of the validation workshop.

D. Component 4: Formulation of Policy Recommendations

Based on the results of the study, the consultants will develop policy recommendations underpinning effective decision-making for the implementation of bottom-up planning. The policy recommendations will seek to address the operational challenges in implementing the BUP. The said recommendations will be submitted to the National Bottom-up Poverty Reduction Team (i.e., DBM, DILG, DSWD and NAPC) and upon their concurrence may serve as basis in amending or enhancing the current BUP implementation guidelines and procedures.

This component seeks to translate the results of the study into policy actions to enhance the implementation of the BUP. The specific outputs of this component include (a) the feedback on existing BUP guidelines; and (b) the proposed policy actions to enhance BUP implementation.

V. MANAGEMENT AND IMPLEMENTATION ARRANGEMENTS

The DSWD will form a project management team to be composed of a project manager and two (2) technical staff. The team members will be identified from KALAHI-CIDSS National Project Management Office (KC NPMO) and from the Policy Development and Planning Bureau (PDPB). The project management team will (i) ensure that the outputs for each component are delivered, (ii) facilitate regular coordination and feedbacking activities to monitor the progress of the study, and (iii) conduct evaluation meeting after the completion of the project to determine whether the objectives of the study were achieved and to assess the gains and gaps in the conduct of the study.

The PDPB will serve as the focal office for the conduct of study. As such, it will take the lead in coordinating with the Team of Consultants from pre-implementation, implementation and

post implementation phase of the study. The PDPB will also be responsible for contract management of the engagement of the Team of Consultants. The KC NPMO on the other hand shall facilitate coordination activities between regional/municipal KALAHI-CIDSS project teams and the Team of Consultants.

The DSWD will likewise mobilize an interagency technical working group (TWG) to provide overall advice and guidance to study. This will be aligned with the existing technical working group on BUP represented by the focal persons of the agencies composing the National Bottom-up Poverty Reduction Team (i.e., DBM, DILG, DSWD and NAPC).

VI. TIMELINE

The Team of Consultants shall be engaged for a total of 60 working days spread over a period of 5 months, ending no later than October 2012.

ACTIVITIES	SCHEDULE (2012)					DELIVERABLES
	Jun	Jul	Aug	Sep	Oct	
Engagement of a Team of Consultants						
• Preparation and processing of engagement contract	xx					• Signed agreement • Inception report
National Preparatory Workshop	x					• Field investigation workplan
BUP Assessment/Data Gathering						
• Documents review	xx					• Study manual and tools • Schedule of field activities • Draft assessment report
• Preparation of assessment design	xx					
• Preparation of instruments/tools	x					
• Conduct of assessment activities		xxxx				
• Preparation of report			xx			
Midterm Validation Workshop						
• Presentation of initial findings			x			• Workshop design • Validation workshop documentation • Policy recommendation
• Preparation of policy recommendation			x			
• Presentation of feedback on JMC 01-12			x			
Final Validation workshop						
• Preparation of final report			xx	xxxx		• Workshop design • Validation workshop documentation • Final report
• Presentation of findings				xx		

ACTIVITIES	SCHEDULE (2012)					DELIVERABLES
	Jun	Jul	Aug	Sep	Oct	
• Project completion					x	

VII. BUDGETARY REQUIREMENT

Activity	DSWD Counterpart	For Funding	Total Cost
A. Engagement of Team of Consultants and the Project Management Team			
1. Preparatory Meetings (interagency and with the consultant-expert team) (264 x 10 participants x 4 meetings)	10,560.00		10,560.00
2. Project development and management/PF		1,920,000.00	1,920,000.00
3. Project manager from DSWD (1 PM x 30 days)	74,452.40		74,452.40
4. Technical staff from DSWD (2 support staff x 60 days)	218,900.00		218,900.00
Sub-total	303,912.40	1,920,000.00	2,223,912.40
B. Field Investigation and National Workshops - refer to Annex 1 for details			
1. National Preparatory Workshop		359,350.00	359,350.00
2. Field Investigation			
i. Regions/Island Cluster FGD (P109,350.00 per field area x 5 areas)		546,750.00	546,750.00
ii. Survey (P21,850.00 per field area x 83 areas)		1,813,550.00	1,813,550.00
iii. Municipal/Community FGD (P74,350.00 per field area x 10 areas)		743,500.00	743,500.00
iv. Key Informant Interview (P74,350.00 per field area x 10 areas)		743,500.00	743,500.00
3. Midterm Validation Workshop		179,350.00	179,350.00
4. Final Validation Workshop		179,350.00	179,350.00
5. Transportation of the consultants and DSWD project management staff		376,500.00	376,500.00
6. Board and lodging of the consultants and DSWD project management staff		664,200.00	664,200.00
Sub-total	0.00	5,606,050.00	5,606,050.00
Total	303,912.40	7,526,050.00	7,829,962.40