



**Australian Government**  
**AusAID**

1 October 2007

Mr Ramon Bacani  
Undersecretary  
Department of Education  
Meralco Avenue, Ortigas Center  
Pasig City

Dear Undersecretary Bacani

**Strengthening Implementation of Basic Education in Selected Provinces in Visayas Project (STRIVE)**

This Exchange of Letters (EOL) between the Department of Education (DepEd) and the Australian Agency for International Development (AusAID) seeks to amend the Subsidiary Arrangement (SA) in relation to Strengthening Implementation of Basic Education in Selected Provinces in Visayas (STRIVE) Project, as provided in Clause 8 of the SA.

As outlined in 4.2 of the SA, Stage II will be determined during the design process of Stage I and details of these contributions will be added to the SA as annexure once formally approved by the parties. Approval to proceed to Stage II was given by the Government of the Republic of the Philippines (GRP) on 12 June 2007 and by the Government of Australia (GOA) on 6 July 2007. On this basis we propose to amend the SA as follows:

Remove existing Clause 1.2 and replace with the following:

- “1.2. The goal of **STRIVE Stage I** is to contribute to the improvement of rural living standards in Regions VII and VIII, initially in Bohol and Northern Samar, through improving the quality of, and access to, basic education. Its purpose is to assist the Department of Education (DepED) to improve the performance of school students in science, mathematics and English and to provide basic education and/or livelihood opportunities for out of school youth and their families. The Project’s description, its components and their specific objectives are outlined in Annex 1 to this Arrangement. The goal of **STRIVE Stage II** is to contribute to the improvement in the quality of, and access to, basic education in the Visayas. The purpose is to develop and strengthen selected education management and learning support systems, in part by applying and modifying available responses for improved access to quality basic education appropriate to geographic isolated and disadvantaged populations.”

Remove existing Clause 2.2 and replace with the following:

- “2.2 AusAID will engage a suitably qualified Managing Contractor (MC) to carry out management and administration of **STRIVE Stage I**. The same MC will continue in **STRIVE Stage II**. The MC may sub-contract delivery of mutually arranged program activities under this **ARRANGEMENT**.”

Remove existing Clause 3.5 and replace with the following:

“3.5 A management structure comprising a Project Coordinating Committee (PCC), a Project Coordinating Unit (PCU) in the DepED-Educational Development Projects Implementing Task Force (EDPITAF), Stakeholder Working Groups (SWGs), and a Project Management Unit (PMU) to be based in Tagbilaran City, Bohol (in Stage I) and in Manila (in Stage II) will be established to oversee and manage Project activities within the Project regions and ensure timely and effective coordination and utilisation of inputs. In Stage I, a sub-PMU will be established in Catarman, Northern Samar. In Stage II, sub-PMUs will be established in Iloilo City, Cebu City, and Tacloban City.

Remove existing Clause 3.9 and replace with the following:

“3.9 In STRIVE Stage I, the PMU located in Tagbilaran City, Bohol and in Stage II, the PMU located in Manila, comprising the Philippine Director and the International Project Director (IPD) and support personnel, will be responsible for planning, implementing and monitoring all Project activities. A Deputy IPD/M&E Adviser, together with his/her GRP counterpart and support personnel will be located in Catarman, Northern Samar in **STRIVE I** and in Manila in **STRIVE II**.

Remove existing Clause 4.1 and replace with the following:

“4.1 The contributions of the GOA and GRP for Stage I are as described in Annex 2A to this Arrangement. These contributions are estimated to value 4,799,931.00 Australian Dollars and 10,673,020.00 Philippine Pesos, respectively over a period of 22 months. The contributions of the GOA and GRP for Stage II are as described in Annex 2B to this Arrangement. These contributions are estimated to value 14,977,053.00 Australian Dollars and 128,000,000.00 Philippine Pesos, respectively over a period of 36 months unless otherwise arranged by the Parties. The financial contribution of the GOA will be subject to the normal annual Parliamentary approval of appropriations. The contributions of the GRP represent costed items for office space, utilities, co-located staff and training related costs. The GRP contributions will be subject to the annual approval of appropriations.”

Remove existing Clause 4.2 and replace with the following:

“4.2 Consistent with Project objectives and subject to the laws and regulations of the GRP, the contributions of the GOA and the GRP to Stage II have been determined and was approved by GRP on 12 June 2007 and by GOA on 6 July 2007. Details of these contributions are added to this Arrangement as Annexures.”

Remove existing Clause 9.1 and 9.2 and replace with the following:

“9.1 This **ARRANGEMENT** will take effect from the date of its signature. Implementation of Stage I will commence on October 3, 2005 and will be completed on 31 July 2007.

Implementation of Stage II will commence on 1 August 2007 and will be completed on 31 July 2010 or on such date as may be mutually decided by GOA and GRP.

- 9.2 ANNEXURES 1A (Project Description – Stage I), 1B (Project Description – Stage II), 2A (General Responsibilities of GOA – Stage I), 2B (General Responsibilities of GOA – Stage II), 3A (General Responsibilities of GRP – Stage I) and 3B (General Responsibilities of GRP – Stage II) to this **ARRANGEMENT** form an integral part of it.”

Remove existing Annexes 1, 2, and 3 and replace with new Annexes 1A, 1B, 2A, 2B, 3A and 3B as follows:

**“ANNEX ONE A  
PROJECT DESCRIPTION – STAGE I**

**1. Introduction**

- 1.1 The GOA will provide a grant of A\$ 4,799,931.00 for the **STRIVE** Project over 22 months commencing in October 2005. The Project is designed to assist DepED to improve the performance of school students in science, mathematics and English and to provide basic education and/or livelihood opportunities for out of school youth and their families in Bohol and Northern Samar.

- 1.2 **STRIVE** will have five (5) components with corresponding objectives, to wit:

Component 1: Leadership and Management Development

Objective: To assist the DepED to build education leadership and management capacity in the target provinces.

Component 2: Teacher Development

Objective: Provide assistance to DepED to enhance the capacity of pre- and in-service teacher training, particularly for the teaching of mathematics, science and English.

Component 3: Teaching and Learning Materials

Objective: Provide assistance to DepED to build capacity for adaptation, development, production and distribution of appropriate teaching/learning materials to schools.

Component 4: Programs for Out-of-School Children, Youth and their Families

Objective: Assist the delivery of basic education programs to: retrieve out-of-school children; and provide functional literacy and livelihood opportunities for out-of-school youth and parents.

Component 5: Project Management

Objective: Manage the Project in an effective, efficient and response manner.

- 1.3 **STRIVE** will be implemented in two stages. Stage I is for the first 22 months. Components 1, 4 and 5 project activities will be implemented as outlined in the Project Design Document (PDD) dated July 2004. Implementation of Stage II will be subject to an independent review to be undertaken toward the end of Month 6 to assess the feasibility of adding further provinces to be included in Stage II.
- 1.4 A new draft PDD will be developed for the proposed Stage II of **STRIVE** to be presented to the GRP's Investment Coordinating Committee (ICC) for approval. Stage II is for the last 3 years of **STRIVE**. The decision to proceed to Stage II will be premised on the following conditions:
  - (a) confirmation by AusAID and GRP of the feasibility and appropriateness of proceeding to Stage II;
  - (b) approval by the GOA of expenditure for Stage II;
  - (c) written confirmation of GRP's ongoing commitment to the activity, including the endorsement of the ICC;
  - (d) a positive appraisal of the quality of the project proposal for Stage II; and
  - (e) satisfactory performance of the Project in Stage I.

## **ANNEX ONE B**

### **PROJECT DESCRIPTION – STAGE II**

#### **Introduction**

- 1.1 The GOA will provide a grant of A\$14,977,053.00 for the **STRIVE** Project over 36 months commencing in 1 August 2007. The Project is designed to support and strengthen regional and sub-regional DepED systems and capacity for current and future planning and implementation of the national education reform program under BESRA education in the Visayas.
- 1.2 **STRIVE Stage II** will have four (4) components with corresponding objectives, to wit:

#### Component 1: School Based Management Support System

Objective: Strengthen the support systems of DepED, three Regional Offices, selected Divisions and schools for School Based Management through improved educational planning and management.

#### Component 2: Human Resource Development (In-Service Education and Training - INSET) Systems for Teachers

Objective: Develop Regional In-Service Education and Training (INSET) Systems for teachers and capability building at national, regional, division and school levels to support the implementation of in-service teacher education and training.

#### Component 3: Learning Resources Materials Development System

Objective: Develop a system for assessing, acquiring, adapting, developing, producing and distributing quality learning resource materials for students and instructional support materials for teachers.

#### Component 4: Project Management

Objective: Manage the project in an effective, efficient and responsive manner.

1.3 Stage II will be implemented in 3 Regions (VI, VII, VIII) in the Visayas. An initial focal division per region will be included, with provision to increase in number from year 2.

## ANNEX TWO A

### GENERAL RESPONSIBILITIES OF THE GOVERNMENT OF AUSTRALIA STAGE I

2.1 The GOA will make contributions totalling an estimated A\$ 4,799,931.00 to the **Project** over 22 months commencing in October 2005.

2.2 The contributions of the GOA, listed by the type of inputs are set out below:

#### (a) Personnel

The GOA will provide all costs for Australian and other full-time senior management as well as long/short-term personnel dedicated to the **Project**.

Core In-country Team:

- (1) Project Director to be based in Bohol who will provide full-time oversight and will handle the daily operational management of the **Project** for 21 months;
- (1) Educational Leadership & Management Adviser (Deputy Director) to be based in Northern Samar for 22 months;
- (1) Educational Leadership & Management Adviser to be based in Bohol for 17 months;
- (2) Livelihood Consultants for 19 months;
- (2) Livelihood Coordinators for 19 months; and

Project Management Staff.

Long-term and Short-term Project Personnel

International and Filipino personnel with the following technical expertise: distance education, educational assessment, monitoring & evaluation.

In-Australia Support Team:

- (1) Technical Director for 1 month in Australia, 2 months in the Philippines
- (1) Project Coordinator for 3 months in Australia, 2 months in the Philippines
- (1) Finance Manager for 1 month in Australia, 1 month in the Philippines

(b) Procurement

The supply of Project vehicles and office equipment or commodities to support the functioning of the Project in Bohol and Northern Samar;

(c) Training Delivery

The GOA will meet selected training costs. The precise details of proposed training and Australian support will be outlined in the Annual Plans. However, in principle, the GOA will meet the following training costs:

*In-Philippines*

- Costs of hiring short-term trainers, whether recruited locally or from Australia; and

- Costs of conducting local training programs and workshops such as meals, accommodation, venue and plane fares of trainees

*In-Australia*

- Return economy air travel from Manila to Australia, some miscellaneous travel expenses (e.g. departure taxes, excess baggage, and some in-Australia surface travel), accommodation and subsistence costs in Australia and, tuition/training and resource material fees; and
- Costs associated with medical examinations by Australian Embassy Panel of Doctors should these be required.

(d) Other Project Management and Support Costs, including office establishment and consumables and vehicle running costs.

## **ANNEX TWO B**

### **GENERAL RESPONSIBILITIES OF THE GOVERNMENT OF AUSTRALIA STAGE II**

2.1 The GOA will make contributions totalling an estimated A\$14,977,053.00 to the **Project** over 36 months commencing in 1 August 2007.

2.2 The contributions of the GOA, listed by the type of inputs are set out below:

(a) Personnel

The GOA will provide all costs for Australian and other full-time senior management as well as long/short-term personnel dedicated to the **Project**.

Core In-country International Team:

(1) Project Director/Access Adviser (Team Leader) to be based in Manila who will provide full-time oversight and will handle the daily operational management of the Project for 36 months;

(1) Deputy Director/ Project M&E Adviser (Deputy Team Leader) to be based in Manila for 36 months;

(1) SBM/QA Systems Adviser to be based in Tacloban for 24 months;

- (1) INSET Systems Adviser to be based in Iloilo for 12 Months;
- (1) LRMD Systems Adviser to be based in Cebu for 12 months;
- (1) ICT/Education Systems Adviser to be based in Manila for 12 months

Long-term and Short-term Project Personnel

International and Filipino personnel with the following technical expertise: INSET, LRMD/ICT, SBM/QA, ICT/EMIS, Access/ADM, ALS, M&E, Facilities/Building Engineer, and Project Staff.

In-Australia Support Team:

- (1) Technical Director for 2 months in Australia, 2 months in the Philippines;
- (1) Project Coordinator for 12 months in Australia, 4 months in the Philippines; and
- (1) Finance Manager for 36 days in Australia and 21 days in the Philippines.

(b) Procurement

The supply of Project vehicles and office equipment or commodities to support the functioning of the **Project** in Manila, Regions VI, VII and VIII including focal divisions.

(c) Training Delivery

The GOA will meet selected training costs. The precise details of proposed training and Australian support will be outlined in the Annual Plans. However, in principle, the GOA will meet the following training costs:

In-Philippines

- Costs of hiring short-term trainers, whether recruited locally or from Australia; and
- Costs of conducting local training programs and workshops such as meals, accommodation, venue and plane fares of trainees.

In-Australia



- Return economy air travel from Manila to Australia, some miscellaneous travel expenses (e.g. departure taxes, excess baggage, and some in-Australia surface travel), accommodation and subsistence costs in Australia and, tuition/training and resource material fees; and
  - Costs associated with medical examinations by Australian Embassy Panel of Doctors should these be required.
- (d) Other Project Management and Support Costs, including office establishment and consumables and vehicle running costs. For equipment and/or vehicles that are temporarily transferred (under a Memorandum Receipt – MR) to the Regional and/or Divisions offices, the documented project-related proportion of the operating and maintenance costs of such transferred equipment and/or vehicle will be covered by the **Project**.

### **ANNEX 3A**

#### **GENERAL RESPONSIBILITIES OF THE GOVERNMENT OF THE PHILIPPINES**

#### **STAGE I**

3.1 The GRP will make counterpart contributions to the **Project** totalling an estimated PHP10,673,020.00 over a period of 22 months. These contributions may be subject to change by consultation between the Parties. The contributions of the GRP are set out below:

##### **(a) Personnel**

Counterpart staff (technical, secretarial and administrative support staff) from DepED. These staff would include a senior manager who will be the Philippine Project Director as counter to the PD

##### **(b) Training**

The precise details of proposed training and Philippine support will be outlined the Annual Plans. However, in principle, the GRP will meet the following training costs:

##### *In-Philippines*

- Miscellaneous costs of conducting training programs and workshops in the Philippines such as provision of support personnel and other local costs; and
- Costs of local participation in training programs such as costs of local land travel and per diems of trainees.

##### *In-Australia*

- Costs associated with obtaining satisfactory travel clearances and documentation from the GRP; and
- Costs associated with participants' surface travel in the Philippines to reach their point of embarkation (in the main expected to be Manila), including pre-departure travel taxes.

(c) Other

Provision of suitable office space in DepED Division Offices of Bohol and Northern Samar, including provision of electricity and water and an appropriate number of telephone lines. (The costs of handsets, on-going line rental, and monthly billing costs will be borne by the GOA).

**ANNEX 3B**  
**GENERAL RESPONSIBILITIES OF THE**  
**GOVERNMENT OF THE PHILIPPINES**  
**STAGE II**

The GRP will make counterpart contributions to the **Project** totalling an estimated PhP128,000,000.00 over a period of 36 months. These contributions may be subject to change by consultation between the Parties. The contributions of the GRP are set out below:

(a) Personnel

Counterpart staff (technical, secretarial and administrative support staff) from DepED. These staff would include a senior manager who will be the Philippine Project Manager as counter to the IPD. The GRP will identify suitably qualified individuals for the "backfilling" of positions vacated by individuals assigned to work on project activities.

(b) Training

The precise details of proposed training and Philippine support will be outlined the Annual Plans. However, in principle, the GRP will meet the following training costs:

**In-Philippines**

- Miscellaneous costs of conducting training programs and workshops in the Philippines such as provision of support personnel and other local costs; and
- Costs of local participation in training programs such as costs of local land travel and per diems of trainees.

In-Australia

- Costs associated with obtaining satisfactory travel clearances and documentation from the GRP; and
- Costs associated with participants' surface travel in the Philippines to reach their point of embarkation (in the main expected to be Manila), including pre-departure travel taxes.

(c) Other

Provision of suitable office space in DepED National Office, DepEd Regional Offices in Regions VI, VII, and VIII, including provision of janitorial, maintenance, electricity and water and an appropriate number of telephone lines. (The costs of handsets, on-going line rental, and monthly billing costs will be borne by the GOA)."

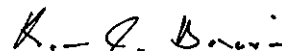
Subject to your agreement to these changes, both copies of this letter are to be signed on behalf of the DepEd for the Government of the Philippines. One signed original copy of this letter will be returned to AusAID. This letter, signed in duplicate, constitutes an understanding between the parties.

Yours sincerely



Sam Zappia  
Counsellor (Development Cooperation)  
**For the Government of Australia**

Conforme:



Ramon Bacani  
Undersecretary, Department of Education  
**For the Government of the Republic of the Philippines**

