

# 1

## GENERAL INTRODUCTION

### 1 BACKGROUND

- 1.1.1 The UN-HABITAT and UNDP engaged the services of an international consultant and a national consultant, each for a period of four (4) weeks and spread over two (2) months to undertake the formulation of the capacity building component of the project: Development of Urban Poor Communities Sector Project (DPUCSP).
- 1.1.2 The consultants submitted an inception report on the project component in July. The inception report contained a proposed capacity development conceptual framework and methodology, and provided the basis for the ensuing activities leading to the formulation of the capacity development program and their implementation arrangements. The said conceptual framework and methodology are contained in Annex A of this report. During subsequent discussions with DBP senior officers, it was indicated that the capacity building program for the DBP and the MFIs are to be covered under a separate effort. The capacity building program proposed in this study is therefore limited to the non-financial stakeholders of the project and these include HUDCC central and regional offices, LGUs and people's organization partners and partner communities.
- 1.1.3 A validation workshop on the inception report was conducted, attended by representatives of the donor institutions, officials of HUDCC, and the key project implementing organizations which included LGU representatives, community organization leaders and DBP. During the validation workshop the consultants presented general project issues that the capacity building program will address. These issues are summarized in Section 2 below. The comments and suggestions made during the validation workshop have been accordingly considered and inputted in the crafting of the capacity building program.
- 1.1.4 Also during the validation workshop on the inception report the agreements were reached on the approach and organizational framework of the project and these guided the subsequent work of the consultants. These include the following:

## THE CAPACITY BUILDING COMPONENT OF DPUCSP WILL ADDRESS BOTH SHORT AND LONG-TERM CAPACITY REQUIREMENTS

- 1.1.5 The capacity building component will directly support the lending operations by building the capacities of LGUs in shelter management and in managing the subproject. It will also build capacities of target communities for community action planning and sustainable livelihood. These twin interventions are intended to strengthen the viability of the lending operations, ensure project cost recovery, and support the achievement of sustainable communities.
- 1.1.6 Long-term capacity requirements will be addressed by building the capacities of HUDCC for shelter and urban poor communities development policy formulation and oversight management. LGU capacities will be improved in the area of land use planning, poverty mapping, shelter development and management and estate management/site development management, among others, thus enabling them to continue lessons and best practices learned in the DPUCSP implementation.

## COMMUNITY EMPOWERMENT AND SUSTAINABLE LIVELIHOOD DEVELOPMENT AS KEY IMPLEMENTATION APPROACHES OF THE PROJECT

- 1.1.7 Community empowerment will be pursued through a community action planning process and a livelihood development approach that places the community at the center of the development process. Under this approach the community will develop its community action plan and will define its development objectives as well as the actions required to realize these objectives. The LGUs, financial institutions and HUDCC will perform supporting roles that will facilitate the community sustainable livelihood development process, through the provision of secured land and physical infrastructure, credit, and community development and livelihood training.
- 1.1.8 A key feature of the community empowerment approach is community contracting. This approach involves contracting the communities themselves to undertake the site development of their areas. The mechanisms for community contracting will be developed.

THE PROJECT WILL ADOPT PRINCIPLES THAT ARE POVERTY REDUCTION AND LIVELIHOOD DEVELOPMENT ORIENTED

1.1.9 The project policies and processes will ensure the achievement of project objectives through the following principles:

a) Demand –based LGU selection, need based community identification

The project will provide the necessary community enablers in a timely manner, in order for the community to become eligible participants under the financial components of the project.

b) Participation

The project will promote participatory governance at various levels and in various aspects of project operations and decision-making. Peoples organizations, local government leagues and all other project participants should be represented in the project steering committee, and in the local housing boards of eligible LGUs. Institutionalized mechanisms for consultation, dialogue and information sharing will be designed and put in place at national and local levels.

Community participation will be encouraged by creating the appropriate institutional mechanism and by introducing participatory decision making tools and mechanisms for people to participate at every level of the project development process.

c) Decentralized Operations and Strong Oversight Policy Management and Coordination

Project planning and implementation activities will be carried out within an enabling institutional framework to be managed by the project executing agencies. Project planning and implementation will be decentralized and devolved down to local levels and specifically to the front – line unit.

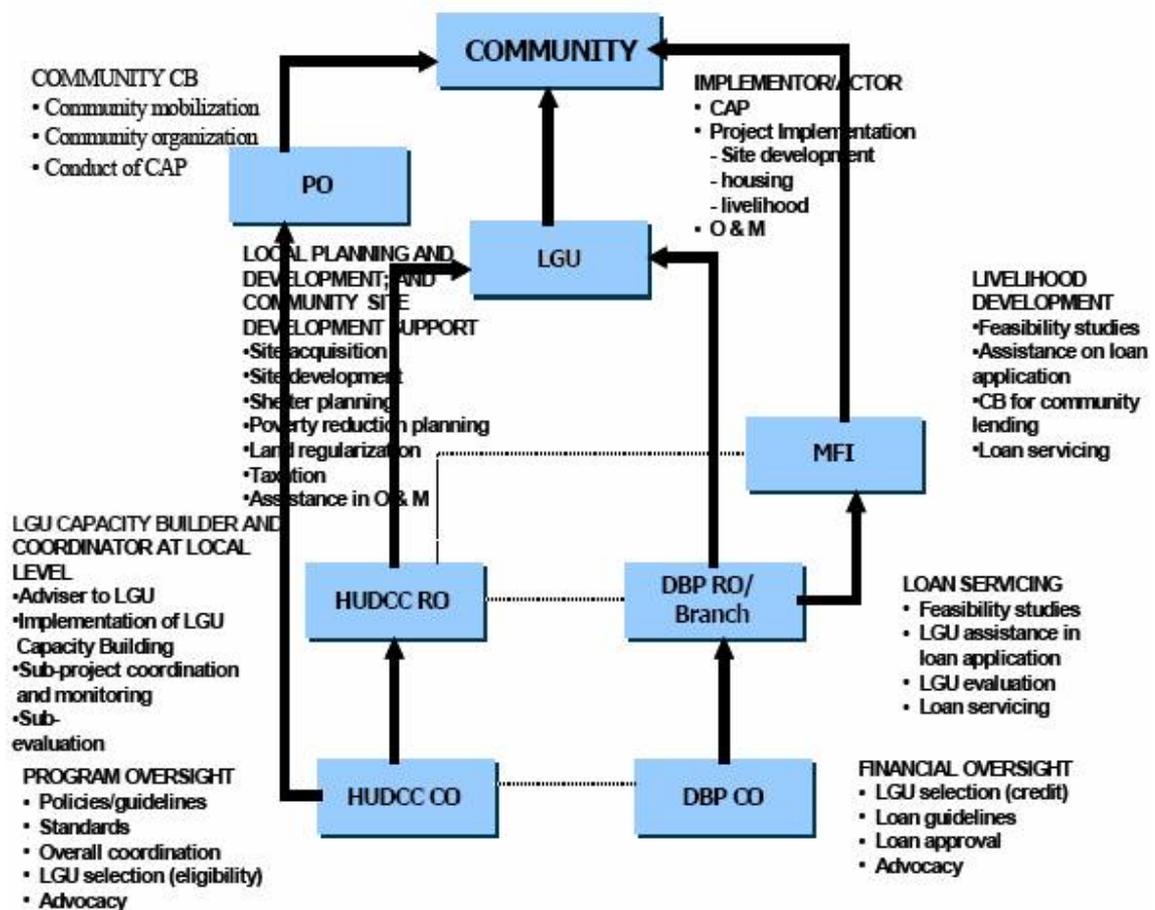
Decentralization of project operations will be matched by a strong oversight policy institutional arrangement that will guide operational decision-making and a coordination mechanism that will ensure the appropriate synchronization of all project components and resources.

d) Continuity and Sustainability

The capacity building program will provide mechanisms for installing for establishing the required core capacities in each participating organization in accordance with its defined role and functions. Such capacity building mechanisms will ensure that the capacity building experience in the DPUCSP will serve as the experiential lessons upon which continuing capacity improvement and continuing application of the DPUCSP project concept and operations will be built and sustained.

CLEARLY DEFINED ROLES AND FUNCTIONS OF  
STAKEHOLDERS AS KEY TO EFFICIENT AND EFFECTIVE  
PROJECT OPERATIONS

- 1.1.10 It was agreed that roles and functions of stakeholders will be clarified, delineated and articulated, anchored on the community empowerment and sustainable livelihood development approach of the DPUCSP.
- 1.1.11 Comments were made on the seeming duplication of roles and key functions of stakeholders as presented by the consultants but agreements were reached on the following:
- a) HUDCC CO as the program oversight body for the project. It will be responsible for providing policies and guidelines, overall project coordination, LGU selection, LGU capacity building and advocacy.
  - b) HUDCC RO as capacity builder and coordinator at the regional level. It will be responsible for sub-project coordination and monitoring/performance evaluation, providing advice to LGUs, and implementation of LGU capacity building program
  - c) DBP CO as the financial oversight body for the project. It will coordinate with HUDCC in LGU selection. It will develop and implement loan guidelines, approve loan applications and conduct advocacy in coordination with HUDCC.



- d) DBP RO/Branch as the loan servicing facility in the regions. It will be responsible for the conduct of feasibility studies, proving assistance to LGUs in their loan applications, and for loan servicing.
- e) MFIs as the livelihood development and community empowerment agent of the project. They will be responsible for the conduct of feasibility studies in their specific financing components, providing assistance to CBOs and individual beneficiaries in loan applications, facilitating community livelihood development through assistance in community organization and mobilization as well as in community savings management, and loan servicing.
- f) LGUs as the local development planning and community mobilization facilitator. It will be responsible for community preparation and organization, site acquisition and development, community capacity building, shelter planning, poverty reduction planning, CAP facilitation, land

regularization and taxation, and assistance in site operation and maintenance.

g)COMMUNITY as the key implementer of the project. It will be responsible for the formulation of the CAP, for actual site development (under a community contracting mechanism), housing and livelihood development of its members, and operation and maintenance of their sites.

1.1.12 On the basis of the inception report and the subsequent validation workshop the work of the consultants proceeded. Visits to the local government units, particularly the housing boards/shelter development offices and the planning departments; the DBP regional/branch offices and candidate/prospective micro finance institutions and other financial intermediaries; the pilot sites and the community leaders therein; and the HUDCC regional office staff members were made in Angeles City (Province of Pampanga), and Cagayan de Oro (Province of Misamis Oriental). The consultants also visited the prospective sites in Tagaytay City (Province of Cavite). Focus group discussions and interviews as well as document data gathering were made both in the cities and in the offices of the key players in the project here in Manila. A review of the project documents and related studies were undertaken.

1.1.13 This final draft report is the product of the project process. In particular, it contains the result of the review of the project context, assessment of capacity and the capacity building program identification, which were done using the previously developed conceptual approach and methodology.

## **2 GENERAL PROJECT ISSUES**

2.1.1 Early in the study of component C general issues that have profound implications on the relevance of component C to the implementation of the DPUCSP were identified:

**NEED TO SHIFT FROM END PRODUCT TO A CONTINUING PROCESS ORIENTATION**

2.1.2 Community empowerment is one of the major themes of the DPUCSP. Community empowerment involves installing a process that develops community proficiency in managing their livelihood. Such process covers a holistic scope – from community mobilization, organization, community action

planning, and implementation – where the community takes the lead in decision-making and in implementing those decisions.

- 2.1.3 Community action planning should be seen as a community driven process rather than merely an output required to establish financing eligibility. It is key to the ownership accountability and sustainability for implementation and maintenance of the planned investments that this be undertaken by the community. As such it is critically important that they have full understanding of the CAP objectives and the steps required to achieve them and are actively part of the process to implement in order to sustain the process.
- 2.1.4 However, during the inception workshop discussions and field trips it appeared that the approach focused more on the production of the required outputs rather than on establishing the processes in the communities and in participating organizations that will enable them to produce the said outputs. The most significant example of this is the Community Action Plan for the pilot sites and communities, which were prepared mainly by consultants coordinating with the stakeholders.
- 2.1.5 Whilst the community action plans for the pilot sites seemed to be comprehensive, covering the intervention of the local governments in terms of specific infrastructure and other site development plans and engineering specifications to be made, there also seemed to be a lack of ownership and understanding by the community. They felt to be beneficiaries, waiting for the site to be developed, for the financing to be delivered instead of programming and actively initiating as well as implementing the many activities in terms of basic infrastructure, land and financial assistance for house construction. There is a need to redefine the community action plan and establish a community-executed community action planning process that enables the community to make informed decisions on the physical and economic activities that they will undertake and the support they will need.

#### NEED FOR COMMON RECOGNITION THAT THE PROJECT IS ABOUT LIVELIHOOD IN ITS HOLISTIC SENSE

- 2.1.6 The lack of common notion of and agreement on livelihood as a holistic concept and integrated process rather than just a livelihood loan and enterprise development influences the adoption of a seemingly compartmentalized approach to the entire project.

- 2.1.7 During the inception workshop, it was agreed that livelihood includes the entire resources and economic opportunities of the community. Livelihood specifically includes the entirety of the community assets: human skills, physical facilities (water, sanitation, roads, housing units), the social network, the land and natural resources, and the financial resources and opportunities. A holistic concept of livelihood will influence the specific interventions of the individual stakeholders on the development of the community towards integrated mechanisms that will aim at improving the assets and resource base of the community members.

#### NEED FOR MECHANISMS TO ENSURE THAT LGU AND COMMUNITY SELECTION PROCESSES ARE CONSISTENT WITH PROJECT OBJECTIVES

- 2.1.8 The project targets a mix of beneficiaries that belong the lower 20-50% of urban households. Therefore the project beneficiary targets are not the poorest of the poor. And this is where the capacity to pay criteria comes into effective operation. While participants are committed to ensure that their decisions are consistent with the project objective of providing shelter and livelihood to the poor (which may cover the 2<sup>nd</sup> and 3<sup>rd</sup> deciles of target population) mechanisms that will ensure this are not clearly in place. Such mechanisms can and should be found in the criteria for the selection of target communities; in the determination of the economic mix of annual and overall project community targets for lending; in the processes that will establish convergence between community capacity building and the lending operations; and in regional and national oversight project monitoring systems.

#### COMMUNITY CONTRACTING AS EFFECTIVE TOOL FOR COMMUNITY EMPOWERMENT AND LIVELIHOOD DEVELOPMENT

- 2.1.9 Community contracting is one of the most effective tools of community empowerment that has been extensively used by local agencies and donors to ensure the target communities are actively involved especially in physical infrastructure development and to make employment opportunities available for the poor. In addition, community contracting gradually transfers skills and improves the quality of community human assets. Communities ultimately learn and trade many

marketable skills that are needed for the construction industry and for small scale business enterprises.

#### NEED TO RESOLVE TIMING AND SYNCHRONIZATION ISSUES IN PROJECT IMPLEMENTATION

- 2.1.10 There are timing and synchronization issues that have emerged which should be decided on by the Supervisory Committee at before project implementation actually starts. Project disbursement schedules must be established in accordance with disbursement targets. There is danger that the capacity building component will not be able to contribute in a timely and synchronized manner to the improvement in community eligibility. Poorer target communities might be disqualified from the lending operations due to capacity deficiency issues. The Supervisory Committee must decide whether the capacity building component of DPUCSP will operate independently of the project or whether, as originally intended, it should be synchronized with the lending operations. Policy decisions on this issue will have profound implications on the very principles upon which the DPUCSP project was designed in the first place.

#### NEED TO ADOPT PRINCIPLES THAT ARE POVERTY REDUCTION AND CAPACITY ORIENTED

- 2.1.11 The adoption of poverty reduction and capacity development oriented principles will provide the unifying thread upon which the project activities will be anchored and which will promote the synchronization of project activities and ensure that lending operations will consistently support the achievement of project objectives through proper targeting of beneficiaries. The financial institutions will have to closely synchronize with the capacity building participants of the project who will be responsible for implementing programs for the upgrading of the paying capacity of the target beneficiaries. Again the Supervisory Committee should resolve the issue of whether the capacity building component of DPUCSP will be implemented separately from the lending components prior to the implementation of the project.

#### NEED TO BETTER DEFINE ROLES AND FUNCTIONS AND MECHANISM FOR COORDINATION AT NATIONAL AND LOCAL LEVELS

- 2.1.12 There is need to clarify the roles and relationships of the stakeholders at national, regional and local levels and, in

accordance with these roles, further design in detail the internal functions and organization structures. In particular there is opportunity to define the specific roles and functions of various participants – the inter-agency supervisory committee for the project, the project management offices of HUDCC and DBP, the LGUs, the HUDCC regional offices, and the community-based organizations. It is only when the organizational arrangements shall have been clarified that human capacity requirements and technology support needs could be properly defined. Accordingly the firming up of the organizational arrangements comprises the first task of the capacity building program.

#### NEED FOR CONSIDERABLE UPGRADING OF CAPACITIES AT NATIONAL AND LOCAL LEVELS

- 2.1.13 Several weaknesses in the internal capacities in HUDCC and in LGUS exist. The HUDCC senior officers repeatedly expressed this concern. HUDCC has no clear comparative experience in the oversight management of a project such as DPUCSP. There are no existent formal organizational mechanisms and manpower to which functions the DPUCSP operations can properly be integrated.
- 2.1.14 In the regions HUDCC regional offices has had no experience at all in shelter planning and management, in supervising a multi-faceted project operation, in project monitoring and evaluation, and in several functional areas of the DPUCSP. The regional offices of HUDCC are manned by about 2 – 6 technical level personnel who have insufficient relevant training. They are however, highly educated and trainable. They are strong in coordination and linkaging and enjoy good relationships with LGUs, MFIs, and other regional and local institutions. Hence, the capacity building component of DPUCSP will provide them with the required training and experience that will enable them to do their job better, and to assume more important tasks related to urban poor shelter and community development. Since the core organizational infrastructure is already existent in HUDCC, capacity building rather than institutional support is more critical.
- 2.1.15 LGU weaknesses can be found in deficient staffing, human competencies, processes and technologies and the way in which these are integrated to produce results. LGUs have the core organizational infrastructure. They have fully staffed planning departments. Some have operational housing boards

and their secretariats. Weaknesses can be found in the deficient definition of functions, weak and incomplete operating systems (no shelter planning process, no links between urban development and poverty reduction, no poverty mapping functions), and very weak staffing pattern (wrong positions and jobs) and deficient human competencies (lack of relevant educational background, training and quality experience).

- 2.1.16 The DBP is expected to establish a central project management office. The specific functions and operating processes of the project management office are yet to be defined and this will create opportunity to achieve a seamless synchronization between lending processes and the non-financial aspects of the project which will have a bearing on the efficiency and effectiveness of the lending operations.
- 2.1.17 At the MFI level capacities for financial and lending operations are in place with welldefined units, staffing and operating procedures. Financial management information systems are automated and operational in MFIs with banking functions and staff have been trained and are experienced in community mobilization and organization for micro lending. DBP officials opine that MFI capacity needs are similar of those needed by DBP.

#### NEED TO CLARIFY CAPACITY BUILDING TARGETS

- 2.1.18 The development of component C provides opportunity for developing clear capacity building targets synchronized and useful in strengthening the lending operations, while addressing the long-term capacity requirements of stakeholders, particularly in national and local governments, people's organizations and communities. Such capacity building targets should be anchored on firm institutional structures in HUDCC and in LGUs that guarantee continuity, clear project management arrangements, and adequately defined capacity building requirements.

### **3 ORGANIZATION OF THE REPORT**

- 3.1.1 This report is organized into the following major parts:

CHAPTER 1 - GENERAL INTRODUCTION which provides a background of the engagement, the identified general project issues that the capacity building study will address and the general agreements

on the project approach and organizational framework that guided the detailed study and design of this report.

CHAPTER 2 - PROJECT IMPLEMENTATION APPROACH AND ORGANIZATIONAL FRAMEWORK, which presents the assessment of and recommendations on the key project operational processes and the project management arrangements, defining the roles, formal structures, functions and relationships of project stakeholders.

CHAPTER 3 - ASSESSMENT OF INTERNAL CAPACITY, which examines the capacity issues in each stakeholder organization that need to be addressed and defines the human capacity building and technology development support requirements, based on the defined project implementation approach and recommended project management arrangements.

CHAPTER 4 - PROPOSED CAPACITY BUILDING PROGRAM, which presents identified capacity building interventions organized into fundable activities and outputs and an implementation strategy. The proposed capacity building program identifies, defines and programs over a defined timeframe the capacity building requirements addressing both immediate and long-term capacity development issues.

# 2

## PROJECT IMPLEMENTATION APPROACH AND ORGANIZATIONAL FRAMEWORK

### 1 INTRODUCTION

- 1.1.1 This chapter discusses the assessment of the DPUCSP project implementation approach and project organizational framework, the implications of the findings, and the recommendations.

### 2 PROJECT DESCRIPTION SUMMARY

#### 2.1 Issues that the DPUCSP Project Will Address

- 2.1.1 The DPUCSP is intended to address some of the adverse side effects of rapid urban growth: increasing poverty, increasing number of informal settlers living in areas with poor environmental conditions and devoid of infrastructure and social services, increasing unemployment reinforced by lack of capacity for livelihood and access to credit; and underutilized capital assets of the poor urban communities, among others.
- 2.1.2 The DPUCSP will hopefully provide useful model approaches, processes and policies that will address deficiencies in the governance and development of the shelter sector. This will be done by tackling such issues as delays in land conversion, urban land market inefficiency, weak decentralization of shelter delivery, lack of access to affordable shelter and secure tenure, lack of access to credit and employment, and deficient capacities of governmental institutions and stakeholders.

#### 2.2 Project Goals and Objectives

- 2.2.1 The proposed DPUCSP intends to make a significant contribution to the goal of reducing poverty in the Philippines, and directly contribute to the overall improvement of the quality of life and income of the urban poor. This is to be achieved through the following project objectives:
- a) To improve access by the poor urban households to secure land tenure, affordable shelter, basic municipal infrastructure services and community facilities;
  - b) To enable the urban poor to avail of financial services for micro enterprise development, home improvement and housing; and

- c) To assist in the decentralization of shelter sector activities and strengthen the role and capacity of local government to meet their shelter sector responsibilities as provided in the local government Code.

## **2.3 Project Targets**

- 2.3.1 DPUCSP is a sector project and will be available to all cities and municipalities outside of Metro Manila. About 73 cities and 103 first class municipalities outside of Metro Manila have been considered eligible to participate in the DPUCSP. Of these about 66 communities comprising of an estimated 20,000 households in 30 LGUs are expected to have secure tenure, while 65,180 poor urban households are expected to benefit from 10,000 shelter loans. Further the project is estimated to generate employment for 40,000 families and 160,000 urban poor residents.

## **2.4 Project Timeframe and Status**

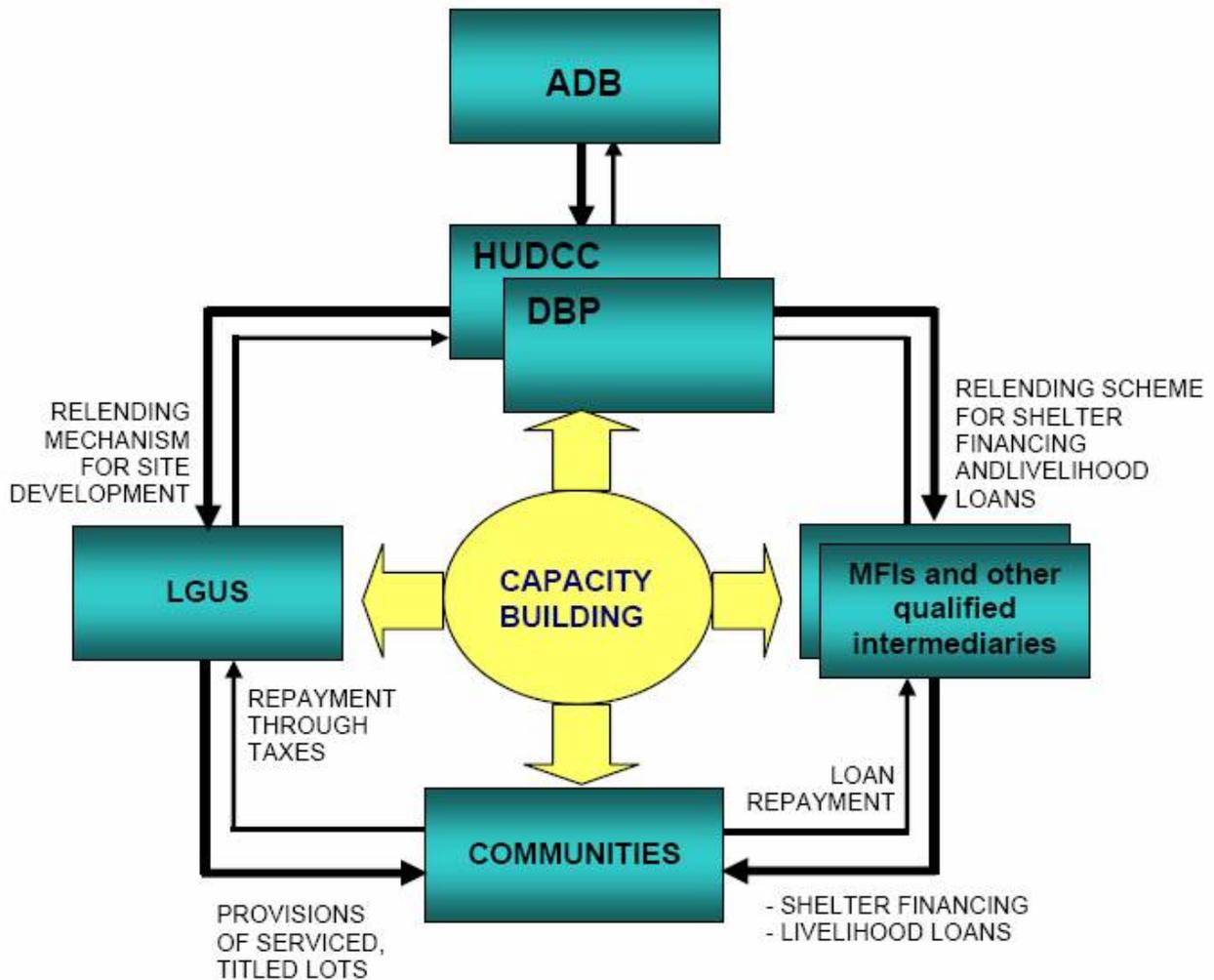
- 2.4.1 The project is expected to operate for a period of six (6) years (2003-2009). As of this report writing the project status is at the loan negotiation stage. An agreement was signed in August by HUDCC, DBP, and ADB for the conduct of the negotiation. It is expected that the loan agreement will be signed before yearend and that project operations will commence in early 2004 with the implementation of the identified pilot sites, such that project implementation timeframe may effectively be 2004-2010.

## **2.5 Project Structure**

- 2.5.1 To attain the objectives of the DPUCSP, the proposed project will implement the following three components (Figure 1):
  - a. SITE DEVELOPMENT AND TENURE DISTRIBUTION, which will involve providing loan financing to LGUs for the development of sites through provision of basic infrastructure services and secured land tenure to target urban poor communities. Infrastructure funding will cover site development requirements such as alleys, drainage, footpaths, access roads, water supply, sanitation and waste management, and basic community facilities. Titles will be issued to target and qualified households. The loans will be paid by the LGUs through land taxes paid to them by the beneficiary households.
  - b. SHELTER FINANCE PROVISION, which will provide financing for shelter development and micro enterprise development. Under this component eligible households in target sites can avail of financing for housing construction or housing improvement in the serviced site. About 2,350 individual loans up to a maximum amount of P75,000 and an average of

P20,000 and repayable up to five (5) years will be made available for housing improvements, while about 12,930 sub-loans with a maximum amount of P225,000 and averaging at P80,000, payable up to 15 years will be made available for housing construction. Livelihood loans averaging at P25,000 and up to a maximum of P150,000 and payable up to 5 years will be made available up to an estimated 10,000 loans. The financing scheme will operate through a DBP relending mechanism for micro finance institutions and other financial intermediaries, which will in turn undertake retail lending to the individual households.

**Figure 1**  
**CONCEPT OF CORE OPERATION, DPUCSP**



- c. CAPACITY BUILDING AND IMPLEMENTATION SUPPORT, which will provide consulting services to HUDCC and DBP for project implementation support in the areas of project planning, evaluation,

supervision, monitoring and coordination, assistance to LGUs and communities in sub-project preparation, appraisal, design, supervision and monitoring. It will also support the development and implementation of directly targeted subsidy mechanisms, strengthening the capacities of MFIs in operating and monitoring lending products, public land inventory for the project, advocacy for the project, and coordination of capacity building and community-driven planning. Support will also be provided in the institutional capacity building of LGUs and other agencies in the preparation and management of shelter projects, strategic planning, land use and shelter planning, community action plan preparation, planning of community livelihood enterprises, and strengthening of the financial sector to support the provision of housing finance. A third component of the capacity building program is the use of GIS in property and tax mapping, and poverty mapping.

### **3 KEY PROJECT PROCESSES**

#### **3.1 Description Summary**

3.1.1 The project will operate through the selection and preparation of sub-projects. A subproject comprises of a selected site in an LGU over which the lending operations will be implemented. Project supervision and reporting requirements will be done through a project monitoring system that prescribes periodic reports and documentation of project operations. There are 5 key project processes that will operate these:

- a) Selection of LGUS
- b) Accreditation of MFIs
- c) Sub-project selection and processing including the preparation of Community Action Plan (CAP)
- d) Nationwide Advocacy for the Project
- e) Project Monitoring and Evaluation

#### **LGU SELECTION**

3.1.2 The PMO (headed by DBP) is to be responsible for the determination if an LGU is eligible for inclusion in the Project. The eligibility criteria has been developed and contained in the October 2003 project documents, to include:

- a) Must have inadequate housing and services as evidenced by existence of slum or squatter communities in its area of jurisdiction. An endorsement letter from the Regional Development Council and a resolution of the Local Development Council will be required to support this.

- b) Must have nationally or locally owned government land with potential for inclusion in the project or privately owned land where proponent has affirmed in writing of his intent to provide land at a price affordable by the 50% percentile of income or lower.
- c) Interest in and commitment to the project, expressed through a letter of intent by the mayor confirming that the LGU will participate and if necessary will modify and adjust its local land use planning and property tax management system as recommended by the capacity building component of the project.
- d) Technical and administrative capacity to undertake institutional capacity building and sub-project management.
- e) Capacity and willingness to contribute equity to finance the proposed project if LGU sponsored; and
- f) Willingness to establish a housing board and a Local Shelter Finance Fund (LSFF) where local government land is used, serviced by a secretariat within the department that performs urban poor housing functions or to commit to create such a board.

#### MFI ACCREDITATION

- 3.1.3 The accreditation of MFIs will be determined also by the DBP PMO, based on financial, institutional and lending performance criteria as well as track record in lending operations particularly micro-credit programs for the poor sector. The home improvement and housing loans are to be disbursed only upon completion of the site development work funded under Part A.
- 3.1.4 The project document has identified eligible MFIs to include those performing banking functions as well as those performing non-banking functions such as microfinance NGOs, credit unions and cooperatives.
- 3.1.5 Specific accreditation criteria have been developed as part of the project loan document.

#### SUB-PROJECT SELECTION AND PROCESSING

- 3.1.6 The ADB project document includes guidelines on participatory planning and land acquisition and resettlement including sub-project selection and processing criteria.
- 3.1.7 Eligibility criteria include site related factors providing safety mechanisms for secure land tenure and dislocation prevention and proof of beneficiary acceptance for offsite projects.

3.1.8 Appraisal criteria include such requirements as:

- a) Well established and fully operational community association
- b) Community Action Plan (CAP) prepared by the community beneficiaries with assistance and technical facilitation from an NGO
- c) Provision that the above criteria must be complied within 10 months after which the sub-project will be dropped.

3.1.9 The content requirements for the CAP include the following:

- a) Community association status and participatory planning history
- b) Agreed subproject design and implementation /organization features
- c) Land/house impacts by household and compensation agreements
- d) Agreements on land prices and voluntary land losses
- e) Replacement plots location
- f) Land acquisition /resettlement budgets
- g) Eventual involuntary resettlement cases and relative resettlement policy

#### NATIONWIDE-ADVOCACY PROGRAM

3.1.10 A nation-wide advocacy program will be implemented to generate demand and promote understanding of the project and its participation procedures. The advocacy program, which will be designed, will be executed by HUDCC and DBP.

#### PROJECT MONITORING AND EVALUATION

3.1.11 A project monitoring and evaluation system will be established by the PMO for the project. Guidance on the specifications and quality requirements of the system are specified in the October 2003 project document. The system should be in accordance with ADB guidelines.

3.1.12 These project systems and processes are in the various stages of formulation. Processes directly supporting the lending operations are in place but the DBP and MFIs need training in using the evaluation tools particularly in the engineering, site development, governance, community development and other non-financial aspects of the evaluation process.

## 3.2 Assessment

CRITERIA FOR LGU, MFI AND SUB-PROJECT SELECTION ARE IN ADVANCED STAGES OF DEVELOPMENT. DETAILED PROCEDURES AND FORMATS WILL BE NEEDED TO ENSURE APPLICATION

- 3.2.1 Processes that directly support the lending operations are in very advanced stages of development as indicated by detailed LGU eligibility, MFI accreditation, and subproject selection criteria and procedures.
- 3.2.2 Detailed procedures for compliance particularly in the technical aspects will be needed. These can be translated to detailed guidelines and formats for easy use by LGU, community and MFI applicants. Some of these have already been done. What is needed is to complete the procedures and documentation requirements design specifications.

SYSTEM COORDINATION MECHANISMS THAT WILL ENSURE THE SYNCHRONIZATION OF THE TIMING, TARGETING AND INTEGRATIVE EVALUATION AND WHICH ARE CRITICAL TO SITE SPECIFIC FEASIBILITY WILL BE NEEDED

- 3.2.3 While there are indicative timeframes and timing for the execution and completion of certain project activity component leading to lending and actual construction a synchronized network of activity sequence and relationships will be needed to ensure the proper sequencing of all project events.
- 3.2.4 The system should be able to answer such questions as: What are the timeframes for the processing of LGU applications, MFI accreditation, and sub-project approval? How will MFI lending be synchronized with LGU selection? How long should site development be? What is the proper timing between the operationalisation of the MFI retail lending with the CAP preparation and approval? Can household construction and livelihood loans be done simultaneously with site development? Under what conditions will these be allowed? What procedures and checking mechanisms will be needed to trigger one activity and determine proper sequence or simultaneity?
- 3.2.5 These will be needed to ensure proper timing, avoid the occurrence of gaps and inconsistencies, and prevent system related activity backtracking and delays.

THE DESIGN AND INSTALLATION OF INTERNAL CONTROL SYSTEMS AND PROCEDURES TO ENSURE THE INTEGRITY OF THE

## BENEFICIARY TARGETING AND LENDING OPERATIONS OF MFIs WILL BE REQUIRED

- 3.2.6 The project is not clear that housing and livelihood loans will be limited to households living or who will occupy lots in the project. But there are no clear policies yet on whether MFIs can grant housing and livelihood loans to off-site applicants within the partner LGU's jurisdiction. There is a need for clear policies here. If target communities require prior capacity building to improve capacity to pay, can MFIs rechannel lending money to outside beneficiaries and therefore deprive target communities? Will this not impact on the success/viability of target communities in particular and the project in general?
- 3.2.7 There is also a need for adequate internal control and monitoring mechanisms to ensure MFI compliance with household beneficiary targeting/qualification policies and that selected MFIs are geographically accessible to partner communities and households.

## NEED TO DECIDE WHETHER LGU AND SUB-PROJECT SELECTION SHOULD BE TREATED ONLY AS A FINANCIAL FEASIBILITY ISSUE RATHER THAN A SECTOR DEVELOPMENT ISSUE

- 3.2.8 While it is true that the project design has installed several mechanisms that ensure proper identification of LGUs and communities, the issue of prioritization among the various tiers of poor communities and how these implicate on LGU selection has not been clarified. Since the project covers a wide range of target poor households (50% or lower income), and if community selection is based on capacity to pay, these will mean that lower income households may not be able to compete with those that have higher affordability. The actual lending operations dynamics that may ensue may inevitably favor the higher income brackets rather than the lowest among the targets. The case of Tagaytay City, where target households are in fact professionals employed in the city government is an example.
- 3.2.9 The CAP approach should develop participatory mechanisms on how the poorest of the poor in communities can develop procedures to address the issue of affordability. Recognition of CBOs as credit worthy organizations and developing procedures and giving necessary management skills to CBOs enable the poor to undertake activities that are normally done by private sector organizations. Community contracting procedures are used in many developing countries in Asia and Africa and could be adopted into the LGU procurement system under the DPUCSP. Community contracting system is an effective procurement tool that empowers the poor in terms of skills to negotiate with project execution agencies and undertake development and operational works to be carried out in a more cost effective manner and in ways more responsive and satisfactory to target

communities and project support agencies. This process in turn provides extra livelihood improvement opportunities from the activities, which were not originally meant for livelihood development.

- 3.2.10 The mechanisms for community contracting will need to be defined for each LGU in accordance with the peculiarities in their respective organizational arrangements. The core process would be for the LGU PIU and PO to provide capacity building training in community contracting and community contractor enterprise organization and management. The bid will be submitted to the bids and awards committee of the LGU and will compete with the other bidders. The evaluation procedures in LGUs should be developed and enhanced by including community development criteria and not just engineering quality and institutional track record, financial capability and organizational size criteria. This will form part of the implementation assistance to be provided under the LGU capacity building component of the project.
- 3.2.11 There are strong social equity implications in classifying the project as a sector and not a financial loan. And these should be reflected in applicable operational policies and procedures of the project.

### **3.3 Recommendations**

- 3.3.1 The project recognizes the need to develop in more detail the operating procedures for the project. It is suggested that the design take into consideration the following:
- a) The proper sequencing, relationship, timing and input/output flows of the key processes should be clearly defined. Such issues as when housing loans and livelihood loans should be granted in relation to site development, on whether community selection should be part of LGU selection to ensure proper targeting, can be effectively addressed.
  - b) Decision on operating policies and addressing such issues as LGU and community prioritization, deciding on whether MFI shelter and livelihood lending outside of target sites will be allowed, etc.
  - c) Internal control systems (ICS) should be put in place not only on the financial operations but also in the entire beneficiary identification, qualification and selection process as well as in the actual site operations and should be seamlessly integrated in the application, review, monitoring, reporting and evaluation processes.
  - d) Need to review the LGU and community selection process and put in place filter mechanisms that will ensure proper prioritization and targeting, such as:

d.1) Filter 1 – selection of pre-qualified LGUs and communities and LGU/Community prioritization based on sector development criteria, which will be formulated and approved by the supervisory committee. The list of pre-qualified LGUs and communities and their prioritization should be decided on by the steering committee at least 12 months before lending operations.

d.2) Filter 2 - pre-qualified LGUs prepare loan applications and these will be reviewed and processed by the DBP. At the same time DBP will also process MFI applications of MFIs in the LGU jurisdiction.

3.3.2 The above filtering process requires considerable forward planning and processing and its success will depend largely on the quality of the procedures and the capacity of the project management personnel who will implement them. The capacity building program for personnel should therefore be designed and implemented within the context of the firmed up project processes.

3.3.3 Other key processes including advocacy, preparation of community action plans, and project performance monitoring and evaluation systems are yet to be developed for the project. The development of these processes should be anchored on proper activity sequencing and timing and on a project organizational framework that clearly defines and delineates functions in accordance with the agreed on stakeholder roles.

## **4 THE COMMUNITY ACTION PLAN (CAP)**

### **4.1 Description Summary**

4.1.1 The CAP provides the basis upon which the entire lending operations of the project, and the ensuing site development and implementation will be anchored.

4.1.2 The LGUs and CBOs with assistance of ADB consultants have prepared the CAPs for selected settlements in pilot cities. CAP has been defined as an integrated set of activities and interventions planned for physical and livelihood improvement of an urban community selected for the project.

4.1.3 Planned activities under each sub-project component are also considered as part of the CAP. Activities or interventions planned in subproject/CAP are to be undertaken by the community, LGU and other concerned agencies aimed at helping the community residents to obtain planned project benefits. CAPs are prepared for a targeted community based on the following principles:

a) The beneficiary community should initiate a Community Action Plan. While the beneficiary community is taking the central role in preparation

of the plan, LGU on the other hand acts more as an adviser, information provider, conflict mediator, plan reviewer and integrator.

- b) The CAP is consensus-based planning. It is a process by which beneficiary community arrives at a consensus when people face critical issues in the preparation of action plan.
- c) The proposed activities of the CAP should be technically, environmentally and socially feasible. They should comply with legal requirements related to safety and sanitation conditions.
- d) Development activities of CAP should be affordable to community and people should express their willingness to pay the project cost.
- e) The CAP preparation process should be transparent, participatory and properly documented.

4.1.4 The policy paper of the DPUCSP has described the key contents and the structure of CAP to comprise of: The Community Planning and Consultation Process, description of beneficiary community (demography, employment and income, ownership and type of dwelling units), description of the project site and adjacent areas, and the Community Action Plan (CAP).

- a) Approval of subdivision plan and transfer of ownership, physical development (civil work), livelihood development and community empowerment.
- b) Analysis of the expected impacts and agreed actions, action plan for impacts covered by the ADB Policy on Resettlements, proposed Institutional Setup and organizational responsibilities, project monitoring and evaluation, implementation schedule and project cost and proposed fund sources.

4.1.5 The details of the current DPUCSP CAP process, timing and document content and format, as well as implementation and reportorial requirements are contained in Annex B of this report.

## **4.2 Assessment**

THE ROLE OF THE COMMUNITY ACTION PLAN (CAP) AS THE TRIGGER MECHANISM UPON WHICH THE ENTIRE PROJECT LENDING OPERATIONS WILL BE ANCHORED SHOULD BE STRENGTHENED

4.2.1 The project identifies the CAP as one of the requirements for LGU eligibility appraisal. The CAP is to be made at least 6 months after selection of the sub-project. If after 10 months the CAP together with an established

community association endorsed by the community members have not been complied with the sub-project will be dropped.

4.2.2 But the specific use and value of the CAP in the selection, evaluation and eventual project implementation and monitoring processes needs more clarification. The specific use of the cap in the selection and evaluation process will dictate what scope and content the CAP should have and who should be responsible for their preparation and implementation. Also the specific use of CAP should be anchored on the indicated community empowerment approach of the project. If the communities are to be active partners rather than just beneficiaries, then the CAP process should ensure that planning and implementation will be done by the communities with LGUs and other stakeholders playing facilitative and support roles.

4.2.3 Further, it needs to be clarified whether CAP is a plan. In the context of sustainable urban livelihood arrangement, CAP is not a plan. CAP means a participatory action research tool/method to enable communities and other local actors to plan and act collectives to improve the local development processes and to increase the capital assets of the people. In the context of pilot phase of DPUCSP, CAP is Community Action Plan prepared with support of the pilot LGUs by consultants and professionals hired by ADB. DPUCSP has taken nearly one year to prepare a CAP for a community in selected pilot LGUs. It is a long period for preparation of a CAP. Due to delay in project approval and implementation, LGUs have been asked to update or rather prepare another CAP to the same communities.

THE CAP AS ACTUALLY APPLIED IN THE PROJECT IS CONSULTANT DRIVEN RATHER THAN A COMMUNITY DRIVEN EXERCISE AND REQUIRES CONSIDERABLE REDESIGN AND REORIENTATION

4.2.4 The actual CAP process adopted in the pilot communities was consultant rather than community driven. In some cases the LGUs played a lead role. There is a need to shift the process from the LGUs to the communities. This will be achieved through a community capacity building program strengthens capability for community action planning, community organization and mobilization and community operation and maintenance.

4.2.5 The CAP as a concept needs to be redefined and its processes need to be redesigned for it to be truly effective as a community empowerment tool. Such redesign, will veer away from the LGU and consultant driven community action plan document production to a community led action planning process. Such shift in the process needs to be designed and the corresponding specific roles of the LGUs and MFIs and the corresponding processes that will implement those roles will need corresponding shifts and reengineering.

4.2.6 The re-design of the CAP process is recommended to involve the following:

- a) Defining what CAP really is as a community empowerment tool
- b) Delineating what should be decided upon by the LGUs in consultation with the communities and what the communities will decide upon with support from LGUs. For example, the issue of community implementation or LGU selected contractor implementation of the site development works should be resolved and established consistent with the principles of the CAP as a community empowerment tool. In Angeles City there was obvious capacity by the community to undertake the civil works but the LGU has somehow decided that this will be contracted out to an engineering firm that the LGU will choose.
- c) Defining the enabling, coordinating and supporting roles and not the executing roles of LGUS in the aspect of CAP. The LGU role should not be to formulate the CAP but to facilitate the formulation and implementation by the communities of the CAP. The LGU should also play a strong coordinative role, putting together the MFIs, NGOs, communities, and other pertinent stakeholders to support the community action planning and implementation process.

### 4.3 Recommendations

#### SUSTAINABLE LIVELIHOOD APPROACH TO BE THE FRAMEWORK FOR DPUCSP IMPLEMENTATION

- 4.3.1 Urban livelihood can be defined as the art of living in urban areas. A livelihood becomes sustainable when communities can withstand and recover from stresses and shocks and maintain and improve their capabilities and assets both now and in the future (DFID 1999). A livelihood comprises capabilities, capital assets and activities required for the act of living.
- 4.3.2 The proposed development strategy of the capacity building component of the DPUCSP has adopted the concept of sustainable livelihood as the framework and the approach for local level capacity development, creation of capital assets and activities at the household and community level for improved livelihoods that eventually help people to overcome the causes of poverty and vulnerable situations.
- 4.3.3 The capital assets needed for urban livelihood within a sustainable livelihood framework are grouped as<sup>1</sup>:
  - Physical/Natural capital: The natural resource stocks including land, water, and biodiversity, and basic infrastructure including transport,

shelter, water, energy, and communication and the production equipment and means which enable people to pursue their livelihoods, and environmental resources

- Social capital: The social resources upon which people draw in pursuit of livelihoods i.e. networks, membership of groups, relationship of trust, access to wider institutions of society.
- Human capital: The skills, knowledge, ability to labor, and good health important to the ability to pursue different livelihood strategies.
- Financial capital: The financial resources which are available to people (whether savings, supplies of credits, or regular remittances or pensions) and which provide them with different livelihood options

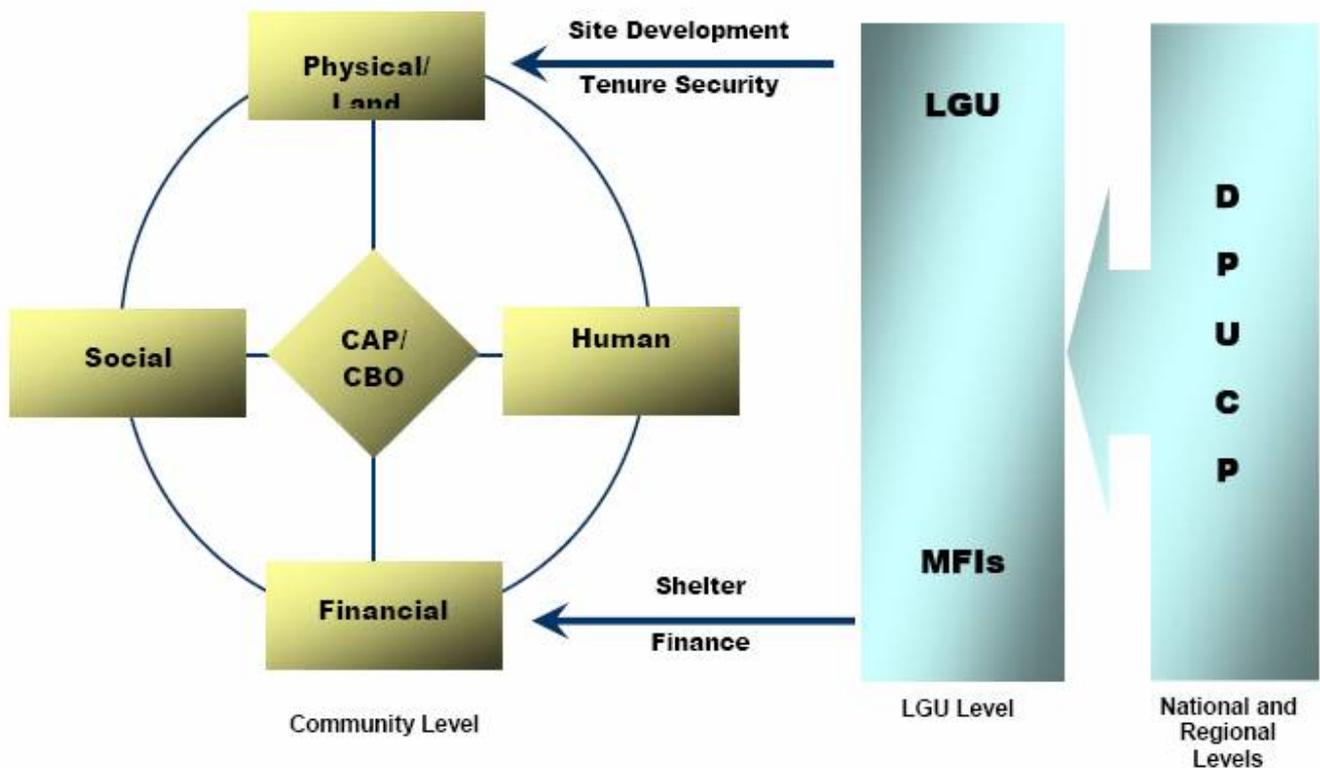
4.3.4 The key features of the proposed strategy for capacity building are the role played by the community at the center of development process and the use of Community Action Planning (CAP) as the core methodology for community mobilization as well as community empowerment.

4.3.5 DPUCSP will support local level institutions that are primarily CBOs, LGUs and MFIs involved in local development for livelihood improvement in communities. These are done by providing access to secure tenure, improved water supply and sanitation facilities and financial assistance for livelihood development.

4.3.6 The DPUCSP strategy will recognize the CBOs as an institutional entity at urban community level by providing all necessary support for building their capabilities in order to undertake activities at community level: i.e. planning and implementation of community livelihood development plan.

4.3.7 The relationships between the community and all other support agencies within the framework of urban livelihood development process of the DPUCSP has been conceptualized as in the figure shown below.

**Figure 2.1**  
**URBAN LIVELIHOOD DEVELOPMENT PROCESS, DPUCSP**



COMMUNITY ACTION PLANNING AS THE CORE METHODOLOGY TO BE USED UPON WHICH THE LENDING AND OTHER PROJECT OPERATIONS WILL BE ANCHORED

4.3.8 The Community Action Planning (CAP) methodology will be used as a tool throughout the project to get people involved in the decision making process: planning, implementation and evaluation of their process. CAP is based on the people's process where people are placed at the center of development process. It starts with the premise that the community knows what it needs and the different ways of achieving them. Therefore, the power of deciding on the needs, priorities and solutions rests with the people in the community. In the CAP process, the national government, local government and professionals play a complementary or a support role in the physical, social and economic development of the communities.

4.3.9 CAP is a methodology and a participatory working arrangement for an overall development process. It is being used now for increased community participation in development as well as to develop guidelines for implementation of Community Livelihood Development Plan (CLDP). Livelihood encompasses activities, processes and capital assets that need to be in the hands of the community to withstand and recover from any shock or natural calamity. CAP is a methodology that will enable communities to develop their own livelihood improvement strategies in partnership with stakeholders.

4.3.10 The community action planning process begins after the establishment of a community-based organization (CBO) in a selected settlement for upgrading. It is a series of structured community workshops initiated by the project-implementing agency. In many cases LGU plays that role in shelter upgrading and poverty reduction. CAP creates a situation where the poor have the opportunity to interact with professionals and bureaucrats to influence the decisions that affect their livelihoods.

4.3.11 This process starts with a Two-day Community Action Planning workshop to prepare a development program for a selected community. Generally this workshop is held in the same community identified for development. A representative group from the community and a group of officials from the local authority specially from the city planning and public health department, relevant central and regional organizations and if any MFI/NGO already working in the same community, representatives from the MFI/NGO also participate in the workshop. In preparation of the livelihood development plan for a community, the key stakeholders involved in the workshop will go through in six steps.

- a. Identify Issues and Analysis
- b. Identify solutions and priorities
- c. Identify alternative strategies for solutions
- d. Select suitable strategies
- e. Prepare action plans
- f. Establish monitoring mechanisms

4.3.12 Well-structured one -day and half-day CAP workshop will be held in communities for the development of procedures for CLDP implementations. These short community level workshops are called Theme-Specific (or Issue-Specific) CAP workshops. Theme-specific workshop is a flexible arrangement. Based on the project implementation issues, theme-specific workshops will hold by the project implementation agency in partnership with community and relevant stakeholders. Theme-specific workshops are held generally for urban livelihood development under CAP process, for the following activities:

- a. Formation of Community Based Organizations
- b. CBO strengthening
- c. Land Regularization and plot allocation

- d. Development of guidelines for house construction
- e. Development of procedures for awarding civil construction works to CBOs (Community Contracts)
- f. Community Operation and maintenance
- g. Housing loan utilization and information
- h. Community Enterprise support system
- i. Community based monitoring and evaluation

COMMUNITY CONTRACTING SYSTEM TO BE ADOPTED AS PART OF THE LIVELIHOOD DEVELOPMENT OF THE COMMUNITY AND INTEGRATED INTO THE CAP PROCESS

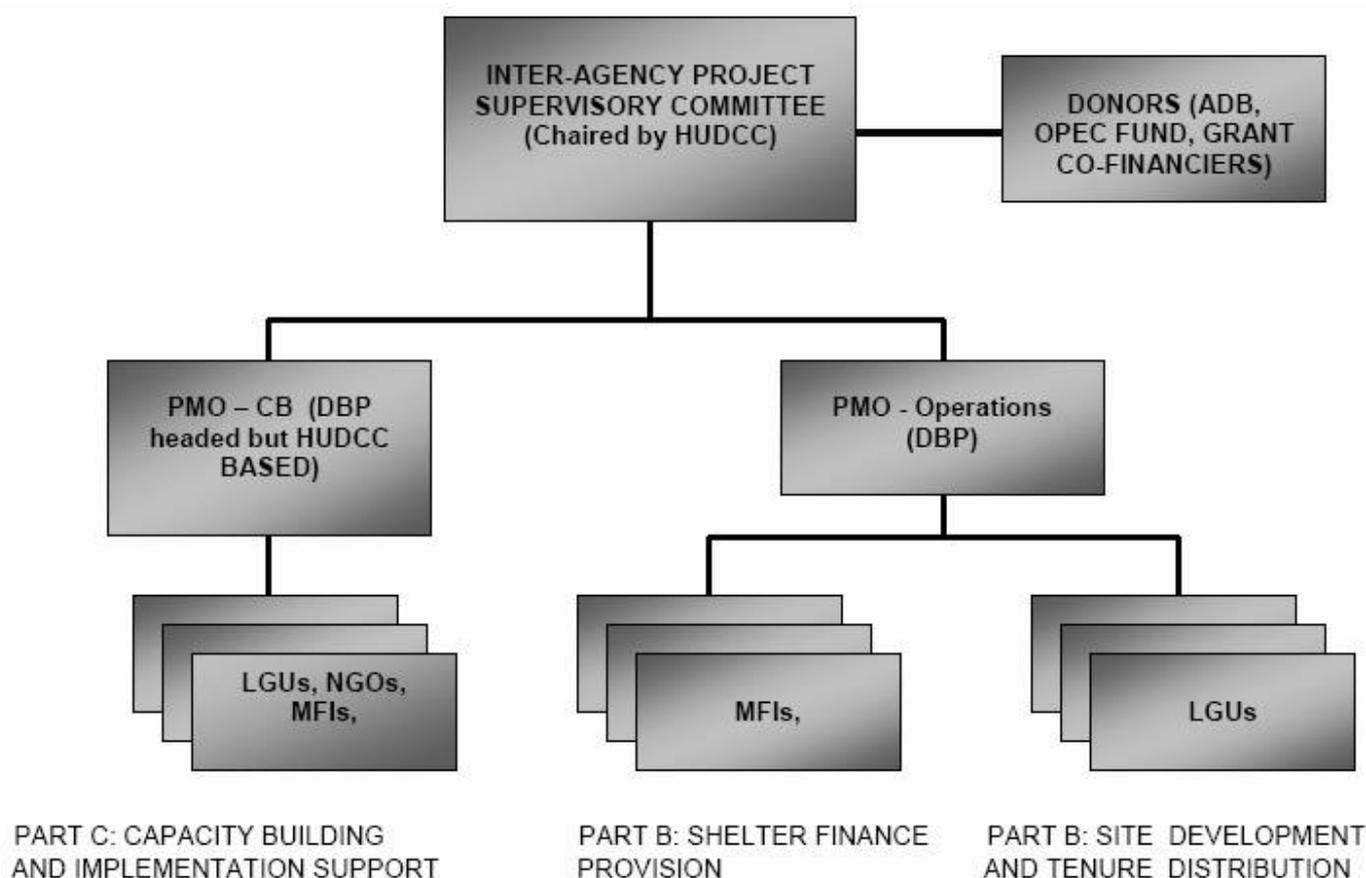
- 4.3.13 The community contract system of the CAP process has been used in many developing countries as an effective instrument for achieving the objectives of urban poverty reduction programs. Currently, some Municipal Councils and international funding agencies like World Bank and ILO have successfully adopted these procedures to provide water supply, sanitation, access roads and community centers for people who live in urban poor settlements in Asia and Africa.
- 4.3.14 Community-contracting procedures recognize and accept CBOs as possible contractors who could be awarded contracts for building amenities in low-income settlements. As a principle it is agreed that any community-based organization that has been active over one year could become eligible to be registered as a Community Contractor of the LUG. This was a huge step forward in many developing countries.
- 4.3.15 According to the established procurement procedures, community organizations couldn't qualify for construction contracts as they lack the necessary technical qualifications and financial resources (including equipment). Central government agencies and local authorities accept Community Contracts as a procurement procedure because it provides cost-effective ways to provide basic services in low-income areas. It involves communities in improving their own environment facilitates and to engage in community operation and maintenance arrangements. It has proved to be an effective tool for public and private sector to work together with communities in urban areas as well as a mean to provide many employment opportunities for the poor.

## 5 PROJECT MANAGEMENT ARRANGEMENTS

### 5.1 Description Summary

- 5.1.1 The October 2003 version of the project document establishes modified project management arrangements for the DPUCSP.
- 5.1.2 DBP is designated as executing agency (EA) for component A (site development and tenure distribution) and component B (shelter finance for low-income communities). HUDCC and DBP will be joint executing agency for component C (capacity building and implementation support).
- 5.1.3 A joint project management office to be headed by a full-time senior person from DPB will be established to be responsible for:
- a) Coordination with regional offices for project marketing and other implementation activities
  - b) Review of sub-project proposals
  - c) Overseeing of project preparation activities in the sub-project implementation unit, especially in the CAP preparation
  - d) Liaison with and assessment of MFIs in project preparation
  - e) Recommend approval of subprojects to DBP management
  - f) Monitoring of disbursement to and repayments from subproject proponents
  - g) Reporting to DBP management on project implementation
  - h) Liaison and reporting to the Project Supervisory Committee
- 5.1.4 A Project Supervisory Committee (PSC) to be headed by HUDCC will be established to provide overall direction, and policy reforms for the project. It will
- a) Oversee implementation of the project in conformity with scope and objectives; and
  - b) Assist in coordination among agencies involved in project implementation and policy reforms
- 5.1.5 The committee will be chaired by HUDCC and will comprise of members from the DBP, NHA, HGC, NEDA, DOF and other appropriate agencies.

**FIGURE 2.2**  
**CURRENT (as of October 2003) PROJECT MANAGEMENT ORGANIZATION STRUCTURE**



5.1.6 At each participating LGU a sub-project implementation unit (SPIU) will be established to have primary responsibility for managing sub-project implementation in coordination with the PMO. The PIU will include members from the target communities in order to ensure the proper implementation of the community action plans and resettlement guidelines. The PIU will be assisted by local consultants in the preparation of community action plans, detailed engineering drawings, community contracting or local bidding, preparation of bid documents and conduct of bidding, evaluation and awarding of bids, contract management, and quality control.

## 5.2 Assessment of Organizational Framework

SINCE THE DPUCSP IS A SECTOR AND NOT A FINANCIAL LOAN THEN HUDCC IS THE APPROPRIATE EXECUTING AGENCY FOR THE PROJECT WHILE THE DPB SERVES AS THE NATIONAL GOVERNMENT'S FINANCIAL INTERMEDIARY

5.2.1 The conflicting views between HUDCC and DBP can be resolved by establishing a project process that addresses both the sector development concerns for which HUDCC is accountable and the financial feasibility objectives which is critical to DBP and over both which ADB puts considerable importance.

5.2.2 Further designating HUDCC as the executing agency has long-term sustainability implications for urban poor shelter development. If the project aims at providing the groundwork upon which experiential learning can be applied for long-term gains, then it would be most appropriate to assign the functions and build the capacity of the national government institutions, which has the proper mandate.

#### THE CORE PROJECT PROCESSES SHOULD BE DESIGNED TO EFFECTIVELY CLARIFY AND DELINEATE ROLES AND FUNCTIONS

5.2.3 The following delineation of roles and functions are suggested:

- a) HUDCC will be the lead advocacy arm for the project but will be assisted by DPB
- b) HUDCC will identify eligible LGUs through eligibility criteria to be approved by the PSC. HUDCC must come up with the list at least 18 months prior to the actual lending. The output of this process will be list of prioritized eligible LGUs, which are candidates for DBPs lending program.
- c) Based on the priority list of HUDCC, the LGUs and MFIs will submit applications to the DBP. DBP will review the LGU applications, select the MFI in the area, and monitor the mobilization of the MFI retail-lending program to the communities.

#### THERE SHOULD BE CLEAR DELINEATION BUT SEAMLESS SYNCHRONIZATION OF LENDING AND CAPACITY BUILDING FUNCTIONS

5.2.4 It would be best to assign project functions to those, which are mandated by law and to which the functions properly belong. DBP's role in the project should be in accordance with what it does best – manage the lending operations. HUDCC's role in the project should be in accordance with its mandate – to provide and implement shelter policies, to design and develop urban poor shelter and development interventions, to provide capacity building assistance. If neither HUDCC nor DBP has the capacity to manage the developmental aspects of the project, then investments in capacity building can be better used in HUDCC, which can provide continuity, rather than in DBP, which will focus on its profit objectives.

## THE ROLE AND FUNCTIONS OF THE LGUS IN SUB-PROJECT DEVELOPMENT SHOULD BE DEFINED WITHIN THE CONTEXT OF THE COMMUNITY EMPOWERMENT AND LIVELIHOOD DEVELOPMENT APPROACH

- 5.2.5 The LGUs play a strong role in the project. LGUs promote security of tenure to integrate urban poor communities into urban management and development. These the LGUs will do by providing the site, managing the site development process, sub-dividing the lots in consultation with the community, and providing assistance to the communities in complying with regulations and in operation and maintenance.
- 5.2.6 The LGUs will also be responsible for poverty mapping and formulation of poverty reduction programs, shelter development and local economic development with particular attention to addressing urban poverty.

## POTENTIAL ROLE OF PEOPLE'S ORGANIZATIONS AS COMMUNITY CAPACITY BUILDERS WILL PROMOTE EMPOWERMENT AND INDEPENDENCE OF THE COMMUNITIES

- 5.2.7 Assistance to communities for mobilization, organization and CAP preparation can better be assigned to a people's organization or NGO in order to strengthen their independence from and equal partnership with the LGUs.

### **5.3 Recommendations**

- 5.3.1 On the basis of the assessment of the project implementation approach and its organizational framework the following modifications in the project management arrangements are recommended:

#### **A. PROPOSED HIGH-LEVEL PROJECT MANAGEMENT STRUCTURE**

- 5.3.2 Consistent with the implementation management arrangements provided in the DPUCSP project document the high-level project management structure is recommended comprise of the following (Figure 2.2)
- a) Project Supervisory Committee (PSC), which will serve as the policy making and oversight management body for the DPUCSP;
  - b) DPUCSP Project Management Secretariat (PMS) based at HUDCC to be responsible for the overall management of the DPUCSP. It which will also act as technical secretariat to the inter-agency supervisory committee;

- c) HUDCC Project Management Office (PMO, Capacity Building), which will be responsible for the implementation of the capacity building program of the DPUCSP;
- d) HUDCC Regional Project Coordination Teams, which will be responsible for the coordination and monitoring of the implementation of sub-projects at the regional level, and for the eventual delivery of capacity building services to LGUs;
- e) DBP Project Management Office (PMO, project operations), which will be responsible for the management of the implementation of the lending components of the project;
- f) DPB Regional Offices, which will be responsible for the monitoring of the lending operations in the region, provision of assistance to LGUs and MFIs in the processing of their application, evaluation of LGU and MFI proposals, and evaluation of project performance in the region;
- g) DBP Branch Offices, which will be concerned with the administration of the lending programs in the region;
- h) Micro-finance institutions and other intermediaries which perform retail lending for shelter and livelihood, and for providing capacity building services to communities in the aspect of savings generation and management of group repayments;
- i) LGUs/NGOs, which will be responsible for the provision of the land, site development, provision of support to the communities in the acquisition, issuance of land titles, collection of land taxes from the communities, and provision of support to the communities in the aspect of land development and estate management and maintenance;
- j) People's Organization, which will provide assistance to the community in building their capacities for community action planning, community organization and mobilization, and community education on site development, maintenance and other competency areas needed in ensuring their economic viability and the proper maintenance of their physical assets; and
- k) Community-based organizations, which will be responsible for the formulation and implementation of the community action plan and creating self-help mechanisms to promote individual capacity to pay and continuing individual and community improvement in assets and economic productivity.

## **B. PROJECT SUPERVISORY COMMITTEE (PSC)**

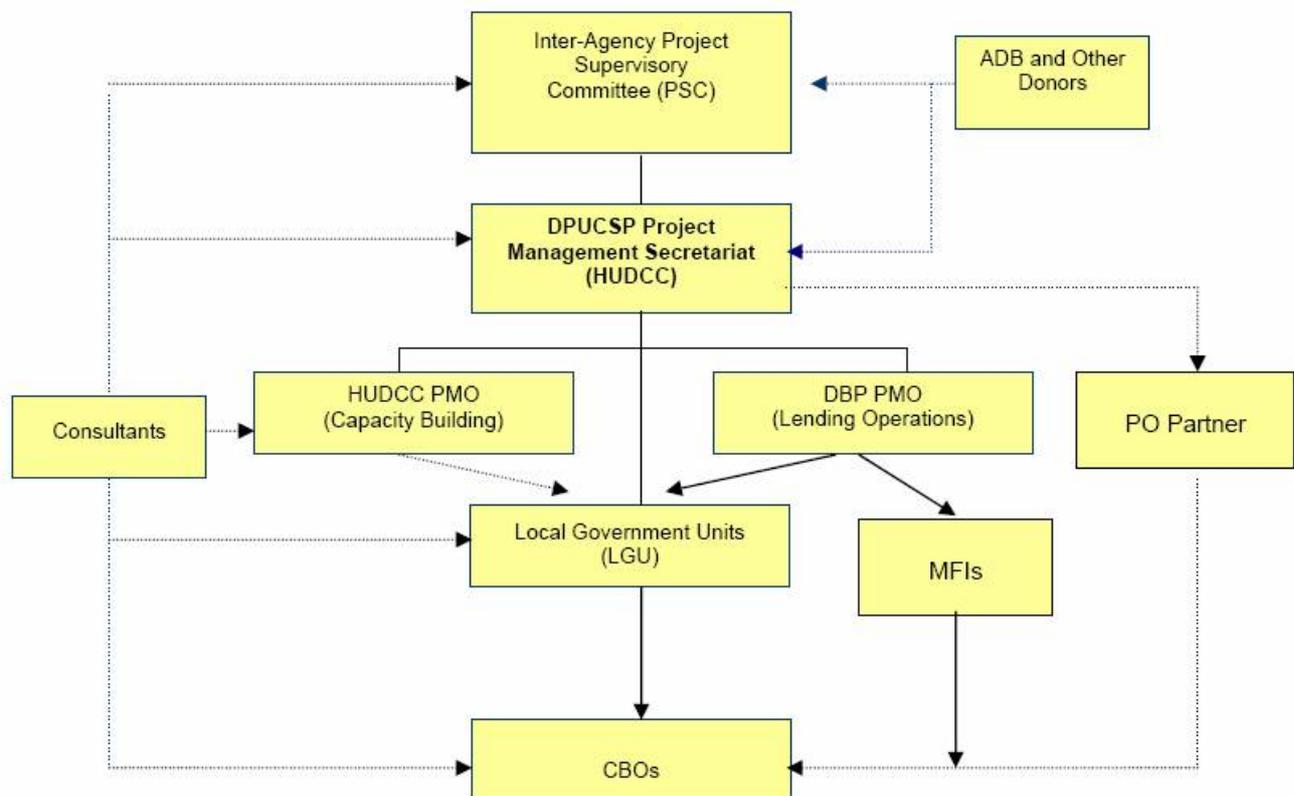
5.3.3 The project supervisory committee is the policy making and oversight management body of the project. It will review and approve all operating policies that will guide project decision-making.

### **B.1 FUNCTIONS**

5.3.4 The PSC is proposed to perform the following functions:

- a) Review and approve the implementation of project implementation policies and processes;
- b) Review and approve the LGU and community eligibility and selection criteria for the project and monitor its proper application, as well as approve the LGU partner for the project based on the selection criteria;
- c) Be responsible for the selection of eligible LGUs and for the approval of the programming of project operations, including the prioritization of LGUS;

**Figure 2.3**  
**PROJECT MANAGEMENT STRUCTURE, DPUCSP**



- d) Serve as the forum for consensus building and for resolving conflicting views and project issues; and
- e) Perform such other functions as may be assigned by the HUDCC chairperson in consultation with the project participating agencies.

## B.2 LEADERSHIP STRUCTURE AND MEMBERSHIP

5.3.5 The inter-agency supervisory committee will be headed by HUDCC and will be composed of key national government departments, the DBP, and possibly representatives of local government units and people's organizations. Decisions of the committee will be made by a vote of the majority.

5.3.6 The head of the inter-agency supervisory committee will be a senior official of HUDCC. He or she will report directly to the HUDCC Chairperson.

## B.3 CONCEPT OF CORE OPERATIONS AND LINKAGES

5.3.7 The inter-agency supervisory committee will meet at least once a month. Special meetings may be convened by the committee head where special

issues and emergency concerns may occur requiring quick policy level decisions.

- 5.3.8 The inter-agency supervisory committee through its committee head will have policy supervision over the project management office established in HUDCC.
- 5.3.9 The project management office will regularly report on the status and performance of their respective project components and any issues and concerns that affect project efficiency and effectiveness.
- 5.3.10 The inter-agency supervisory committee will be supported by the HUDCC project management secretariat, which will also act as the overall project management unit of the project.

### **C. PROJECT MANAGEMENT SECRETARIAT, HUDCC**

- 5.3.11 To ensure unity of command, it is recommended that a project management secretariat be established. The HUDCC management expressed its recognition of its proper role in this project while recognizing the magnitude of responsibilities in relation to its current capacity limitations. Building HUDCC capacity as the PMS for the DPUCSP is considered by its management not just as pre-condition of project success, but also as the foundation upon which sustained HUDCC capacities for managing larger future shelter development and urban poor communities development projects will be built.
- 5.3.12 The PMS will establish itself as the core unit upon which the future institutionalization of the management of shelter and urban poor community development policies and projects will be built. It is therefore important that the PMS be provided with the required core staff, resources and capacity building assistance in order to prepare it for its eventual regular functions.
- 5.3.13 The PMS will be responsible for the coordination of all project management functions and operations both on the financial and capacity building aspects. The DBP and the NHA may second to the PMS technical personnel, which form part of the PMS staff.
- 5.3.14 The PMS will also serve as the technical secretariat to the inter-agency supervisory committee.
- 5.3.15 The PMS will have 3 units: the Project Operations Management Group, the Technical Secretariat and the Administrative Group.

#### **C.1 FUNCTIONS**

5.3.16 The PMS is recommended to perform the following functions:

- a) Supervise the implementation of project policies and processes;
- b) Evaluate and recommend the selection and prioritization of LGUs and communities;
- c) Be responsible for the programming of project operations, and ensure/promote the proper synchronization and timely implementation of all project components and activities, including coordination with pertinent donors and oversight national government agencies that have involvement in the DPUCSP;
- d) Report to the Inter-Agency Supervisory Committee and to the HUDCC chairperson, DPB Management, NEDA board, DOF, DBM and other relevant oversight bodies on the status and performance of the project;
- e) Develop and implement a project management methodology in consultation with DBP PMO and other relevant stakeholders;
- f) Formulate and implement an advocacy program for the project and provide direction and supervise the coordination and advocacy operations of the HUDCC regional project coordination teams;
- g) Establish and implement a project monitoring and evaluation system at local, regional and national levels, and develop as well as implement a project reporting system;
- h) Undertake an annual review of the performance of the project, and design as well as implement measures that will address problems in project implementation;
- i) Act as technical secretariat to the inter-agency supervisory committee;
- j) Supervise, provide direction and monitor the performance of the PMOs for capacity building and lending operations; and
- k) Perform such other related functions as may be assigned by the Inter-agency Supervisory Committee.

*C.1.1 Functions of the Project Operations Management Group*

5.3.17 Under the direction of the project manager of the PMO, the project operations group will be primarily responsible for the following functions:

- a) Supervise, monitor and report on the day-to-day implementation of project policies and processes;
- b) Design and implement approved methodologies in the evaluation, selection and prioritization of LGUs and communities;
- c) Formulate and implement approved annual work program for the project in coordination with the DBP PMO, HUDCC PMO and other project stakeholders, and implement mechanisms for the synchronization and timely implementation of all project components and activities;
- d) Design the project reporting system, coordinate the timely preparation of reports by the project participants, and prepare regular reports for the InterAgency Supervisory Committee and to the HUDCC chairperson, DPB Management, NEDA board, DOF, DBM and other relevant oversight bodies on the status and performance of the project;
- e) Develop and submit a project management methodology and a project monitoring and evaluation system, coordinate the proper implementation thereof by the project stakeholders, undertake regular monitoring as well as annual, med-term and end-term evaluation of the project in general and the project components in particular, in consultation with DBP PMU and other relevant stakeholders;
- f) Formulate and implement an approved advocacy program for the project in coordination with the DBP PMO and HUDCC PMO, and coordinate, provide technical guidance, monitor and report on the advocacy operations of the HUDCC regional project coordination teams;
- g) Perform such other related functions as may be assigned by the project manager.

#### *C.1.2 Functions of the Technical Secretariat*

5.3.18 Under the supervision of the project manager, the technical secretariat will perform the following functions:

- a) Prepare the agenda and document inputs for the regular and special meetings of the inter-agency supervisory committee;
- b) Coordinate with the participating members and stakeholders at national, regional and local level for the generation of information and reports useful in policy level discussion, resolution of issues and decision-making;

- c) Be responsible for providing the appropriate secretariat support during the meetings and for the preparation and dissemination of minutes and reports thereon;
- d) Assist the steering committee in monitoring compliance or implementation by members of the agreements and commitments arrived at during the meetings;
- e) Establish a records management and information services system for the project; and

#### *C.1.3 Functions of the Administrative Group*

5.3.19 The administrative group will perform the following functions:

- a) Provide administrative and logistical support services to the inter-agency committee and the PMS;
- b) Facilitate the procurement of good and services required in the implementation of the capacity building program;
- c) Be responsible for the preparation and management of contracts for services ensuring timely provision of administrative and logistical support services to contracted professionals;
- d) Coordinate with the donor agencies for the timely provision of funds/ procurement and provision of goods and services to support the implementation of the capacity building program; and
- e) Perform such other related functions as may be assigned by the project director.

#### **C.2 INTERNAL STRUCTURE AND LEADERSHIP**

5.3.20 The PMS will be headed by a project manager who is a senior official of HUDCC or professional who will work full time on the project. But an in-house senior official is the most preferred option to promote institutional learning. He or she must have relevant experience and expertise in shelter planning, urban poor community development, project management, and other related areas. The project manager will report directly to the head of the inter-agency supervisory committee.

5.3.21 The project manager should be given authority to make operational decisions on project issues provided that such decisions are in accordance with prescribed policies. Where decisions are exceptions to establish

policies and rules approved by the inter-agency supervisory committee, then the issue should be brought to the committee for decision.

5.3.22 The project manager will be assisted by two groups, which will comprise the internal structure and workforce of the PMS, the project operations management group, and the technical secretariat. A small administrative group will be deployed to provide administrative and logistical support to the PMS and the inter-agency supervisory committee and to the capacity building PMO.

## **D. PROJECT MANAGEMENT OFFICE, CAPACITY BUILDING, HUDCC**

### **D.1 FUNCTIONS**

5.3.23 The HUDCC Project Management Office (capacity building) will report directly to the project manager of the PMS. It will perform the following functions:

- a) Formulate and implement the approved capacity building component of the DPUCSP;
- b) Undertake research and document best practices in community action planning, mobilization and organization, and urban poor community shelter and livelihood development, formulate replication/adaptation methodologies, carry out advocacies, and provide training on their use and implementation;
- c) Develop the methodologies and undertake in coordination with the HUDCC Regional Coordination Teams, capacity building of priority LGUs and undertake continuing review and improvement of the LGU capacity building program and its delivery systems;
- d) Develop the methodologies and directly provide capacity building training and other services to the partner people's organization and undertake continuing review and improvement of the community capacity building program and its delivery systems;
- e) Undertake technical supervision and monitoring of the capacity building delivery services of the HUDCC Regional Coordination Teams and the People's Organization;
- f) Formulate and implement as well as coordinate the application by participating stakeholders of a project performance monitoring and evaluation system for the DPUCSP including the formulation of performance indicators;

- g) Coordinate with donor institutions and other project stakeholders for the synchronization of the timing of technical assistance and the procurement as well as delivery of goods and services, with the capacity building program implementation; and
- h) Perform such other related functions as may be assigned by the project director.

## D.2 INTERNAL STRUCTURE AND LEADERSHIP

- 5.3.24 The PMO will be headed by a lead project management specialist who is a middle management official of HUDCC or professional who will work full time on the project. An in-house official is the most preferred option to promote institutional learning. He or she must have relevant experience and expertise in shelter planning, urban poor community development, project management, and other related areas. The lead project management specialist will report directly to the PMS project manager.
- 5.3.25 The PMO lead project management specialist will be given authority and accountability for the proper programming, conduct and coordination of all capacity building activities of the project. The administrative group of the PMO will provide administrative and logistical support to the PMO.

## D.3 CONCEPT OF CORE OPERATIONS, PMS AND PMO (CAPACITY BUILDING)

- 5.3.26 The PMS will operate through the above indicated project operations management group, and technical secretariat. The project manager will serve as the administrative head. Each group will consist of technical personnel who will work individually or in teams. The project director may appoint a team leader for group assignments but may also assign on an individual basis.
- 5.3.27 The PMO (capacity building) will operate as a team. The team will work with the international consultants to operate the entire capacity building program for the DPUCSP in accordance with the implementation strategy provided for in the ensuing chapter 4 of this report.
- 5.3.28 The PMS and PMO will also be supported by a small group of administrative staff who will each performed clearly defined tasks. They will work with a counterpart team of international and local consultants who will provide assistance to them and who will work as part of the HUDCC team in the development of PMS procedures and in the detailed design and delivery of the capacity building program. The idea is to counterpart each consultant with an in-house personnel in the PMS and PMO such that by the end of the

consultants' team the technology and learning shall have been fully transferred to the PMS and PMO personnel.

## **E. REGIONAL COORDINATION TEAM, HUDCC**

5.3.29 Regional Coordination Team will be established in each HUDCC Regional Office where eligible LGUs have been identified. The Regional Coordination Team will start participating in the project by providing assistance to the PMS and PMO as well as PO in the conduct of capacity building in the regions, particularly in target LGUs and communities.

### **E.1 FUNCTIONS**

5.3.30 During the first two years of the project, the HUDCC Regional Coordination Team will serve as the satellite units of the HUDCC PMS, coordinating the delivery of the capacity building programs and monitoring as well as evaluating the progress of its implementation. In particular, the HUDCC Regional Coordination Team will have the following functions:

- a) Have overall responsibility in ensuring the timely and proper on-site delivery of the capacity building programs to LGUs and to the CBOs by the concerned implementers/providers at the local level;
- b) Undertake the necessary preparation at the local level for the conduct of capacity building activities;
- c) Assist the PMS and the PMO in identifying and providing assistance to applicant LGUs in acquiring project eligibility;
- d) Monitor and evaluate the impact of the capacity building program at the local level and prepare and submit a report thereon together with recommendations to the HUDCC PMS;
- e) Undertake regular coordination meetings among stakeholders at the regional level to resolve issues pertaining to the project's implementation;
- f) Assist the HUDCC PMO capacity building specialists and other personnel in the conduct of capacity building programs within the region;
- g) Provide assistance to LGUs, CBOs and other project stakeholders in facilitating the implementation of project activities under component C; and
- h) Perform such other related functions as may be assigned by the PMS director.

5.3.31 The regional coordination teams will eventually evolve into the LGU and community capacity builders. This will be done together with the overall capacity building program of HUDCC which will involve the strengthening of the functions, structures, staffing and resources of its regional offices. The Regional Coordination Teams will build continuing partnerships with local training institutions and eligible NGOs/people's organizations for the delivery of capacity building programs to a greater number of LGUs and urban poor communities in their respective regions.

## E.2 INTERNAL STRUCTURE AND LEADERSHIP

5.3.32 The current full-time staff of the HUDCC Regional Offices is proposed to compose the HUDCC Regional Coordination Team. The current HUDCC Regional Office Head is proposed to act as the team leader. Since there are only 2-6 personnel in each regional office, the entire workforce will comprise the project team. Consultants may be hired from within the region if needed.

5.3.33 The Regional Coordination Teams will partner with the HUDCC PMO and consulting team in implementing the capacity building program in their regions. Partnering is a scheme for transferring competency and knowledge to the regular staff until such time that they can be on their own.

5.3.34 The staffing complement and internal organization structure of the HUDCC regional offices should be gradually built up over the next 2 to 3 year period, such that by the third year it shall have been ready to assume the indicated capacity building functions.

## E.3 CONCEPT OF CORE OPERATIONS

5.3.35 The first two years of operations of the regional coordination teams will basically comprise of four (4) main activity components:

a) Assistance to HUDCC PMS and DBP in regional level advocacy, and in providing subsequent assistance to LGU applicants in complying with the eligibility criteria, as well as in conducting first level review of the LGU eligibility application. An evaluation and recommendation report will be made for each application and submitted to HUDCC PMS.

b) Providing assistance to the HUDCC PMS and the people's organization (PO) in the conduct of capacity building activities in local governments and CBOs in the region. The regional office will be primary responsible for the following tasks:

b.1 Conduct of LGU and CBO/Community capacity assessments and definition of capacity building requirements, based on the

assessment methodology and capacity building procedures approved by the interagency supervisory committee.

b.2 Organization of the workshops, on-site training and capacity building services to be done by HUDCC PMO or PO, including venue arrangements, and participant organization, and providing secretariat and administrative support services to on-site capacity building activities of HUDCC PMO and PO.

b.3 Overall and component specific project performance and impact monitoring and evaluation at the regional level and reporting with assessments and recommendation to the HUDCC PMS, including conduct of regular and special coordination meetings among project stakeholders in the regions to improve synchronization and resolve issues.

5.3.36 By year three and beyond the Regional Coordination Team shall be fully capacitated and institutionalized in each regional office of HUDCC. It will be responsible for the following:

- a) Planning for continuing application of DPUCSP approaches and methodologies in urban poor community and shelter development.
- b) Mobilizing training institutions and partner people's organizations/NGOs in the regions to eventually assist HUDCC in the delivery of capacity building services to a larger number of LGUs and communities.

## **F. LOCAL GOVERNMENT UNITS**

5.3.37 The LGUs are the government's primary instruments in the continuing development and implementation of poor urban communities shelter and livelihood efforts. The long-term continuing adoption of the DPUCSP approaches and methodologies will depend largely on the capacity of the LGUs to develop the plans and strategies, manage implementation and continuously learn and improve on its capacity.

### **F.1 FUNCTIONS**

#### *F.1.1 Planning Department*

5.3.38 The planning department is proposed to perform the following functions with respect to urban poor communities shelter and livelihood development:

- a) Formulate the city development strategy and land use plan integrating strategies for urban poor shelter and livelihood development;

- b) Undertake poverty mapping and formulate medium and long-term poverty reduction strategy;
- c) Identify potential and eligible sites for urban poor shelter projects in coordination with the shelter department;
- d) Provide guidance or advice to the shelter department in the prioritization and eventual selection of beneficiary communities; and
- e) Perform such other related functions as may be assigned by the major to improve the city's performance in poverty reduction and urban poor community development and shelter.

5.3.39 The planning department provides the broad policy framework and long-term strategies for addressing urban poverty and shelter and for prioritizing local intervention and resources.

*F.1.2 Shelter/Housing/Urban Poor Affairs Department*

5.3.40 The department is proposed to perform the following functions with respect to the implementation of the DPUCSP:

- a) Undertake a socio-economic and physical assessment of the potential sites and recommend to the mayor the candidate site, in accordance with the eligible sites and the prioritization made by the planning department;
- b) Undertake the preparation of the site in coordination with the other LGU offices, the land owners, the regulatory agencies of the national government and the communities, including the coordination and facilitation of all activities that will lead to the issuance of certificates of land titles to the community members, and the completion of the physical development of the site;
- c) Be responsible for the appropriate maintenance of the community physical infrastructure which are within the responsibility of the local governments;
- d) Provide assistance to the community in improving their capacities in site maintenance and estate management;
- e) Perform such other related functions as may be assigned.

**F.2 INTERNAL STRUCTURE AND LEADERSHIP**

- 5.3.41 LGUs have established formal structures for their planning departments as well as for the shelter departments for those who have one. A deeper study on the appropriate internal structures and capacities of city planning departments and city shelter should be undertaken within the context of the types of city socio-economic and physical profiles, and should provide the basis for a deeper capacity assessment and capacity building programs for individual LGUs.
- 5.3.42 For purposes of the DPUCSP, the present structures and staffing of LGUs will be maintained. However, it is recommended, consistent with the project document, that a project implementation unit (PIU) within each LGU be established, to perform the functions indicated for the local governments for the DPUCSP project.
- 5.3.43 Training of the staff will be provided as the key strategy for capacity building.

## **G. PEOPLE'S ORGANIZATION (PO)**

- 5.3.44 The key recommendation is to capacitate and strengthen the designated People's Organization as the people's organization partner of the DPUCSP.

### **G.1 FUNCTIONS**

- 5.3.45 The PO will be responsible primarily for the community social empowerment aspect of the DPUCSP. Their goal is to improve the social awareness, legal and human rights awareness and education, and community mobilization, planning and organization capacities of DPUCSP communities such that they become true partners of the project and not just waiting beneficiaries. For this purpose the PO will perform the following functions:
- a) Train the CBOs on the community action planning, community organization and community mobilization processes and provide technical assistance in their implementation;
  - b) Provide training to the CBOs in coordination with the LGUs, MFIs, and HUDCC regional coordination teams on such competency areas as site development and maintenance, credit management, enterprise development, financial management, business management, livelihood, government laws and regulations, and other areas relevant to the efficient and effective development of their community assets and individual incomes;

- c) Assess the performance of communities in improving their conditions through the assistance provided by the DPUCSP and report with recommendations thereon to the HUDCC capacity building PMO;
- d) Perform such other related functions as may be assigned by the HUDCC PMS;

## G.2 INTERNAL STRUCTURE AND LEADERSHIP

- 5.3.46 The PO organization will be strengthened, if necessary. The election of the Chairman of the Board and the permanent board members, or the establishment of a clear management structure, and the drawing up of the organization's constitution and by laws, its internal structure, and its officers will be done, if not yet in place, as preconditions for accreditation as the community capacity building organization for the DPUCSP. The PO will be provided technical assistance for this effort.
- 5.3.47 The PO will constitute a community capacity building team from among its qualified officers. The team will be provided appropriate training to enable them to assume their responsibilities for the project. The project team leader and the members will be identified and designated by the HUDCC PMS, through a contracting arrangement with the PO Board or executive head.

## G.3 CONCEPT OF CORE OPERATIONS

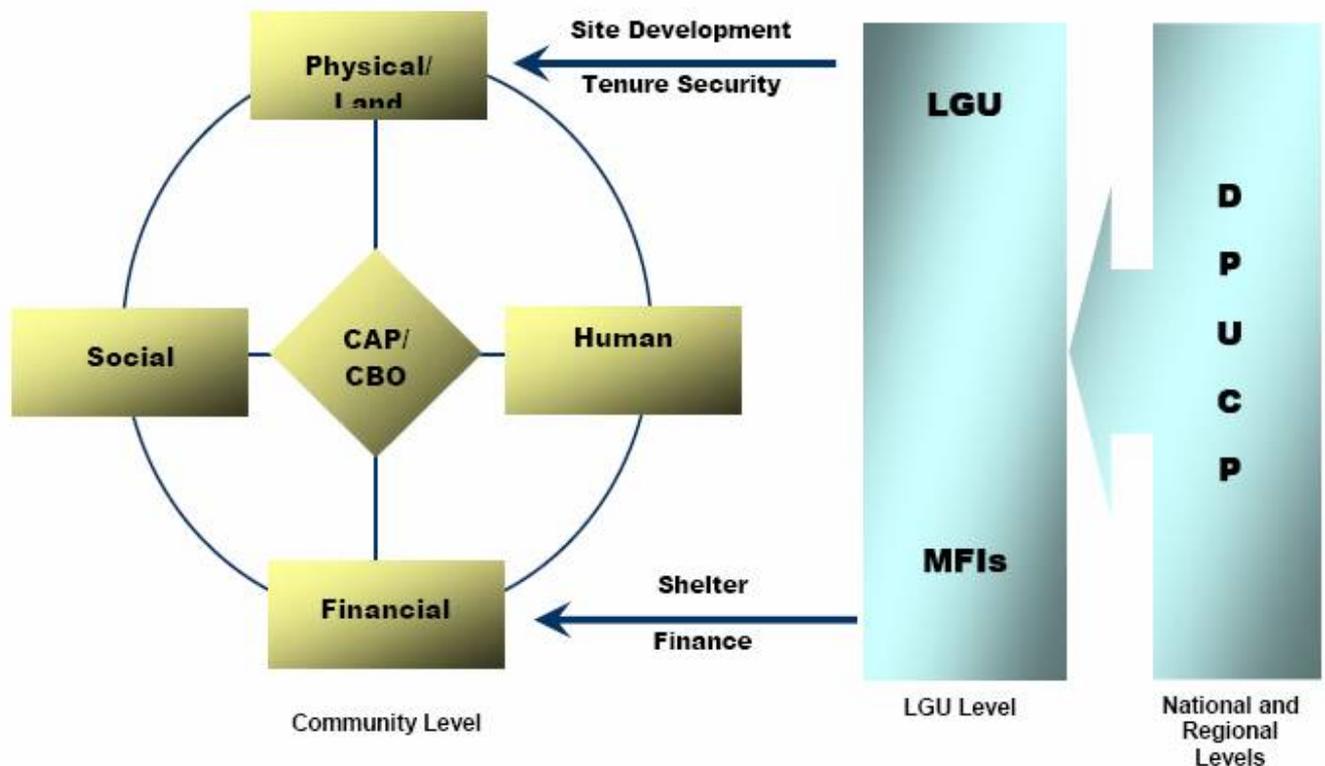
- 5.3.48 The PO community capacity building team will directly deliver the community capacity building program as designed by the HUDCC PMO, reviewed and recommended by the PMS and approved by the inter-agency supervisory committee, to the community, once they have been identified and approved by the inter-agency supervisory committee.

## 6 CONCLUSION

- 6.1.1 The assessment of the project implementation approach identifies the gaps, deficiencies and opportunities for a community driven livelihood development program. The recommendations provide for the adoption of such an approach using the CAP as the core methodology for its implementation. The core project process provides a 2 tier LGU and community identification process. Tier 1, the responsibility of HUDCC identifies and prioritizes eligible LGUs based on project criteria to be formulated. Eligible LGUs apply to DBP, which will then conduct a more incisive evaluation of the repayment capacities of LGUs. At this point, DBP also selects and lends to the corresponding MFI within the LGU jurisdiction.

- 6.1.2 Guided by these approach and core processes the project organizational framework was assessed in terms of the completeness and clarity of the roles and relationships as well as functions of the various stakeholders.
- 6.1.3 The roles, functions, and concept operations prescribed above provides the basis for the assessment of capacity gaps, definition of capacity building requirements and the formulation of the capacity building program, contained in the next chapter of this report.

**Figure 2.1**  
**URBAN LIVELIHOOD DEVELOPMENT PROCESS, DPUCSP**



COMMUNITY ACTION PLANNING AS THE CORE METHODOLOGY TO BE USED UPON WHICH THE LENDING AND OTHER PROJECT OPERATIONS WILL BE ANCHORED

- 4.3.8 The Community Action Planning (CAP) methodology will be used as a tool throughout the project to get people involved in the decision making process: planning, implementation and evaluation of their process. CAP is based on the people's process where people are placed at the center of development process. It starts with the premise that the community knows what it needs and the different ways of achieving them. Therefore, the power of deciding on the needs, priorities and solutions rests with the people in the community. In the CAP process, the national government, local government and professionals play a complementary or a support role in the physical, social and economic development of the communities.
- 4.3.9 CAP is a methodology and a participatory working arrangement for an overall development process. It is being used now for increased community participation in development as well as to develop guidelines for implementation of Community Livelihood Development Plan (CLDP). Livelihood encompasses activities, processes and capital assets that need to be in the hands of the community to withstand and recover from

any shock or natural calamity. CAP is a methodology that will enable communities to develop their own livelihood improvement strategies in partnership with stakeholders.

4.3.10 The community action planning process begins after the establishment of a community-based organization (CBO) in a selected settlement for upgrading. It is a series of structured community workshops initiated by the project-implementing agency. In many cases LGU plays that role in shelter upgrading and poverty reduction. CAP creates a situation where the poor have the opportunity to interact with professionals and bureaucrats to influence the decisions that affect their livelihoods.

4.3.11 This process starts with a Two-day Community Action Planning workshop to prepare a development program for a selected community. Generally this workshop is held in the same community identified for development. A representative group from the community and a group of officials from the local authority specially from the city planning and public health department, relevant central and regional organizations and if any MFI/NGO already working in the same community, representatives from the MFI/NGO also participate in the workshop. In preparation of the livelihood development plan for a community, the key stakeholders involved in the workshop will go through in six steps.

- a. Identify Issues and Analysis
- b. Identify solutions and priorities
- c. Identify alternative strategies for solutions
- d. Select suitable strategies
- e. Prepare action plans
- f. Establish monitoring mechanisms

4.3.12 Well-structured one -day and half-day CAP workshop will be held in communities for the development of procedures for CLDP implementations. These short community level workshops are called Theme-Specific (or Issue-Specific) CAP workshops. Theme-specific workshop is a flexible arrangement. Based on the project implementation issues, theme-specific workshops will hold by the project implementation agency in partnership with community and relevant stakeholders. Theme-specific workshops are held generally for urban livelihood development under CAP process, for the following activities:

- a. Formation of Community Based Organizations

- b. CBO strengthening
- c. Land Regularization and plot allocation
- d. Development of guidelines for house construction
- e. Development of procedures for awarding civil construction works to CBOs (Community Contracts)
- f. Community Operation and maintenance
- g. Housing loan utilization and information
- h. Community Enterprise support system
- i. Community based monitoring and evaluation

COMMUNITY CONTRACTING SYSTEM TO BE ADOPTED AS PART OF THE LIVELIHOOD DEVELOPMENT OF THE COMMUNITY AND INTEGRATED INTO THE CAP PROCESS

- 4.3.13 The community contract system of the CAP process has been used in many developing countries as an effective instrument for achieving the objectives of urban poverty reduction programs. Currently, some Municipal Councils and international funding agencies like World Bank and ILO have successfully adopted these procedures to provide water supply, sanitation, access roads and community centers for people who live in urban poor settlements in Asia and Africa.
- 4.3.14 Community-contracting procedures recognize and accept CBOs as possible contractors who could be awarded contracts for building amenities in low-income settlements. As a principle it is agreed that any community-based organization that has been active over one year could become eligible to be registered as a Community Contractor of the LUG. This was a huge step forward in many developing countries.
- 4.3.15 According to the established procurement procedures, community organizations couldn't qualify for construction contracts as they lack the necessary technical qualifications and financial resources (including equipment). Central government agencies and local authorities accept Community Contracts as a procurement procedure because it provides cost-effective ways to provide basic services in low-income areas. It involves communities in improving their own environment facilitates and to engage in community operation and maintenance arrangements. It has proved to be an effective tool for public and private sector to work

together with communities in urban areas as well as a mean to provide many employment opportunities for the poor.

## **5 PROJECT MANAGEMENT ARRANGEMENTS**

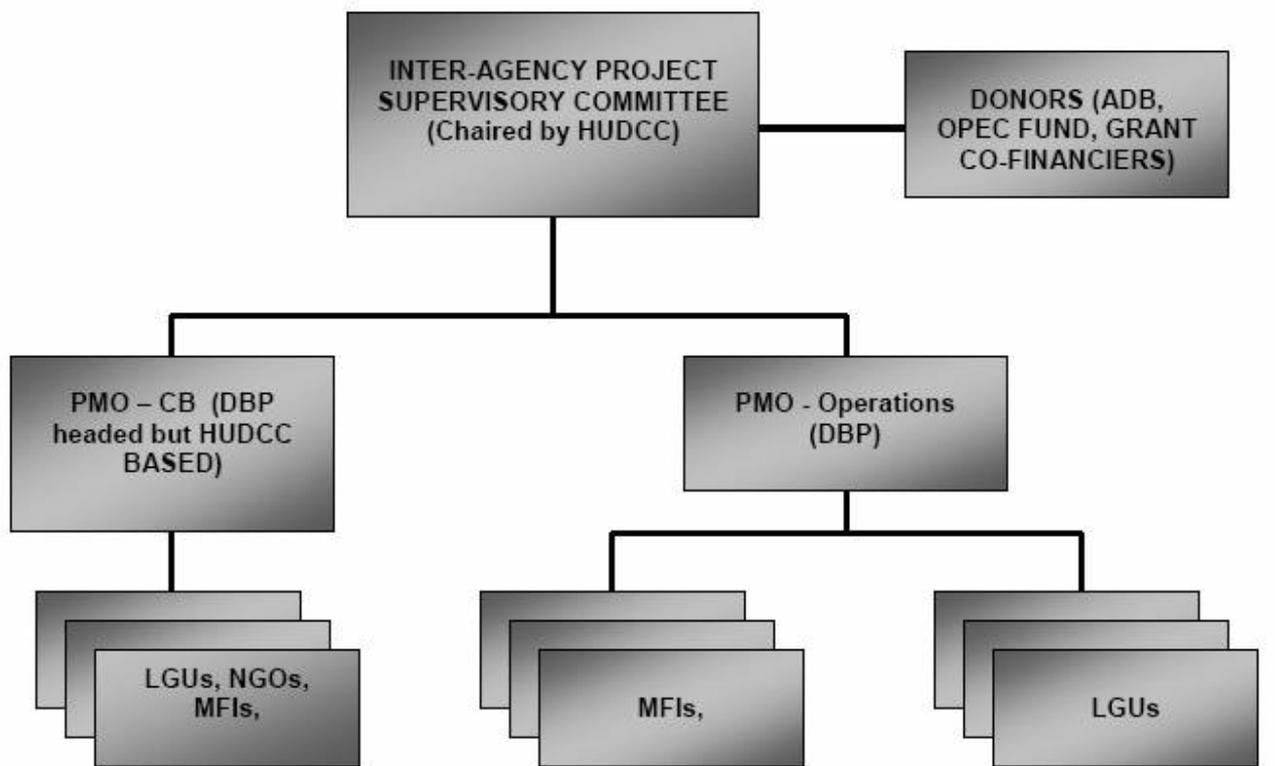
### **5.1 Description Summary**

- 5.1.1 The October 2003 version of the project document establishes modified project management arrangements for the DPUCSP.
- 5.1.2 DBP is designated as executing agency (EA) for component A (site development and tenure distribution) and component B (shelter finance for low-income communities). HUDCC and DBP will be joint executing agency for component C (capacity building and implementation support).
- 5.1.3 A joint project management office to be headed by a full-time senior person from DPB will be established to be responsible for:
- a) Coordination with regional offices for project marketing and other implementation activities
  - b) Review of sub-project proposals
  - c) Overseeing of project preparation activities in the sub-project implementation unit, especially in the CAP preparation
  - d) Liaison with and assessment of MFIs in project preparation
  - e) Recommend approval of subprojects to DBP management
  - f) Monitoring of disbursement to and repayments from subproject proponents
  - g) Reporting to DBP management on project implementation
  - h) Liaison and reporting to the Project Supervisory Committee
- 5.1.4 A Project Supervisory Committee (PSC) to be headed by HUDCC will be established to provide overall direction, and policy reforms for the project. It will
- a) Oversee implementation of the project in conformity with scope and objectives; and

b) Assist in coordination among agencies involved in project implementation and policy reforms

5.1.5 The committee will be chaired by HUDCC and will comprise of members from the DBP, NHA, HGC, NEDA, DOF and other appropriate agencies.

**FIGURE 2.2**  
**CURRENT (as of October 2003) PROJECT MANAGEMENT ORGANIZATION STRUCTURE**



PART C: CAPACITY BUILDING AND IMPLEMENTATION SUPPORT

PART B: SHELTER FINANCE PROVISION

PART B: SITE DEVELOPMENT AND TENURE DISTRIBUTION

5.1.6 At each participating LGU a sub-project implementation unit (SPIU) will be established to have primary responsibility for managing sub-project implementation in coordination with the PMO. The PIU will include members from the target communities in order to ensure the proper implementation of the community action plans and resettlement guidelines. The PIU will be assisted by local consultants in the preparation of community action plans, detailed engineering drawings, community contracting or local bidding, preparation of bid documents and conduct of bidding, evaluation and awarding of bids, contract management, and quality control.

## 5.2 Assessment of Organizational Framework

SINCE THE DPUCSP IS A SECTOR AND NOT A FINANCIAL LOAN THEN HUDCC IS THE APPROPRIATE EXECUTING AGENCY FOR THE PROJECT WHILE THE DPB SERVES AS THE NATIONAL GOVERNMENT'S FINANCIAL INTERMEDIARY

5.2.1 The conflicting views between HUDCC and DBP can be resolved by establishing a project process that addresses both the sector development concerns for which HUDCC is accountable and the financial feasibility objectives which is critical to DBP and over both which ADB puts considerable importance.

5.2.2 Further designating HUDCC as the executing agency has long-term sustainability implications for urban poor shelter development. If the project aims at providing the groundwork upon which experiential learning can be applied for long-term gains, then it would be most appropriate to assign the functions and build the capacity of the national government institutions, which has the proper mandate.

THE CORE PROJECT PROCESSES SHOULD BE DESIGNED TO EFFECTIVELY CLARIFY AND DELINEATE ROLES AND FUNCTIONS

5.2.3 The following delineation of roles and functions are suggested:

- a) HUDCC will be the lead advocacy arm for the project but will be assisted by DPB
- b) HUDCC will identify eligible LGUs through eligibility criteria to be approved by the PSC. HUDCC must come up with the list at least 18 months prior to the actual lending. The output of this process will be list of prioritized eligible LGUs, which are candidates for DBPs lending program.
- c) Based on the priority list of HUDCC, the LGUs and MFIs will submit applications to the DBP. DBP will review the LGU applications, select the MFI in the area, and monitor the mobilization of the MFI retail-lending program to the communities.

THERE SHOULD BE CLEAR DELINEATION BUT SEAMLESS SYNCHRONIZATION OF LENDING AND CAPACITY BUILDING FUNCTIONS

5.2.4 It would be best to assign project functions to those, which are mandated by law and to which the functions properly belong. DBP's role in the project should be in accordance with what it does best – manage the

lending operations. HUDCC's role in the project should be in accordance with its mandate – to provide and implement shelter policies, to design and develop urban poor shelter and development interventions, to provide capacity building assistance. If neither HUDCC nor DBP has the capacity to manage the developmental aspects of the project, then investments in capacity building can be better used in HUDCC, which can provide continuity, rather than in DBP, which will focus on its profit objectives.

#### THE ROLE AND FUNCTIONS OF THE LGUS IN SUB-PROJECT DEVELOPMENT SHOULD BE DEFINED WITHIN THE CONTEXT OF THE COMMUNITY EMPOWERMENT AND LIVELIHOOD DEVELOPMENT APPROACH

5.2.5 The LGUs play a strong role in the project. LGUs promote security of tenure to integrate urban poor communities into urban management and development. These the LGUs will do by providing the site, managing the site development process, sub-dividing the lots in consultation with the community, and providing assistance to the communities in complying with regulations and in operation and maintenance.

5.2.6 The LGUs will also be responsible for poverty mapping and formulation of poverty reduction programs, shelter development and local economic development with particular attention to addressing urban poverty.

#### POTENTIAL ROLE OF PEOPLE'S ORGANIZATIONS AS COMMUNITY CAPACITY BUILDERS WILL PROMOTE EMPOWERMENT AND INDEPENDENCE OF THE COMMUNITIES

5.2.7 Assistance to communities for mobilization, organization and CAP preparation can better be assigned to a people's organization or NGO in order to strengthen their independence from and equal partnership with the LGUs.

### 5.3 Recommendations

5.3.1 On the basis of the assessment of the project implementation approach and its organizational framework the following modifications in the project management arrangements are recommended:

#### A. PROPOSED HIGH-LEVEL PROJECT MANAGEMENT STRUCTURE

5.3.2 Consistent with the implementation management arrangements provided in the DPUCSP project document the high-level project management structure is recommended comprise of the following (Figure 2.2)

- a) Project Supervisory Committee (PSC), which will serve as the policy making and oversight management body for the DPUCSP;
- b) DPUCSP Project Management Secretariat (PMS) based at HUDCC to be responsible for the overall management of the DPUCSP. It which will also act as technical secretariat to the inter-agency supervisory committee;
- c) HUDCC Project Management Office (PMO, Capacity Building), which will be responsible for the implementation of the capacity building program of the DPUCSP;
- d) HUDCC Regional Project Coordination Teams, which will be responsible for the coordination and monitoring of the implementation of sub-projects at the regional level, and for the eventual delivery of capacity building services to LGUs;
- e) DBP Project Management Office (PMO, project operations), which will be responsible for the management of the implementation of the lending components of the project;
- f) DPB Regional Offices, which will be responsible for the monitoring of the lending operations in the region, provision of assistance to LGUs and MFIs in the processing of their application, evaluation of LGU and MFI proposals, and evaluation of project performance in the region;
- g) DBP Branch Offices, which will be concerned with the administration of the lending programs in the region;
- h) Micro-finance institutions and other intermediaries which perform retail lending for shelter and livelihood, and for providing capacity building services to communities in the aspect of savings generation and management of group repayments;
- i) LGUs/NGOs, which will be responsible for the provision of the land, site development, provision of support to the communities in the acquisition, issuance of land titles, collection of land taxes from the communities, and provision of support to the communities in the aspect of land development and estate management and maintenance;
- j) People's Organization, which will provide assistance to the community in building their capacities for community action planning, community organization and mobilization, and community education on site development, maintenance and other competency areas needed in

ensuring their economic viability and the proper maintenance of their physical assets; and

- k) Community-based organizations, which will be responsible for the formulation and implementation of the community action plan and creating self-help mechanisms to promote individual capacity to pay and continuing individual and community improvement in assets and economic productivity.

## **B. PROJECT SUPERVISORY COMMITTEE (PSC)**

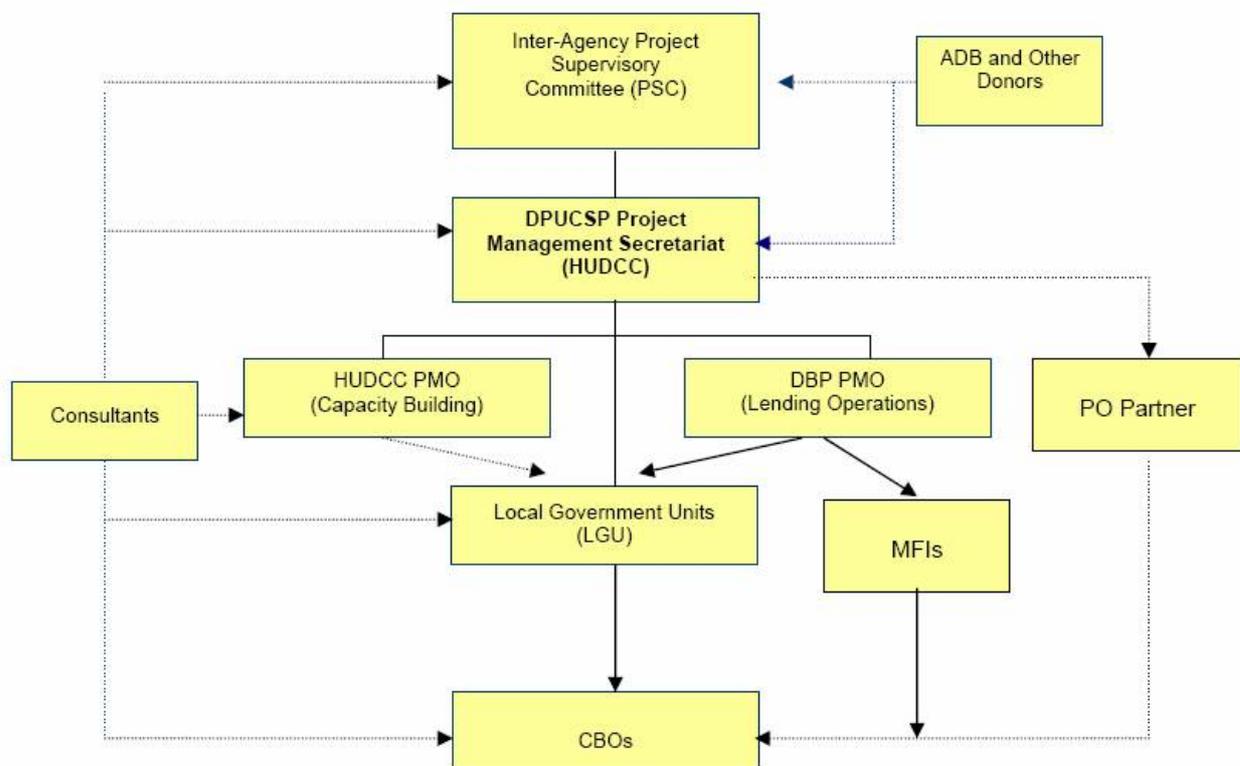
5.3.3 The project supervisory committee is the policy making and oversight management body of the project. It will review and approve all operating policies that will guide project decision-making.

### **B.1 FUNCTIONS**

5.3.4 The PSC is proposed to perform the following functions:

- a) Review and approve the implementation of project implementation policies and processes;
- b) Review and approve the LGU and community eligibility and selection criteria for the project and monitor its proper application, as well as approve the LGU partner for the project based on the selection criteria;
- c) Be responsible for the selection of eligible LGUs and for the approval of the programming of project operations, including the prioritization of LGUS;

**Figure 2.3**  
**PROJECT MANAGEMENT STRUCTURE, DPUCSP**



- d) Serve as the forum for consensus building and for resolving conflicting views and project issues; and
- e) Perform such other functions as may be assigned by the HUDCC chairperson in consultation with the project participating agencies.

## B.2 LEADERSHIP STRUCTURE AND MEMBERSHIP

5.3.5 The inter-agency supervisory committee will be headed by HUDCC and will be composed of key national government departments, the DBP, and possibly representatives of local government units and people's organizations. Decisions of the committee will be made by a vote of the majority.

5.3.6 The head of the inter-agency supervisory committee will be a senior official of HUDCC. He or she will report directly to the HUDCC Chairperson.

## B.3 CONCEPT OF CORE OPERATIONS AND LINKAGES

5.3.7 The inter-agency supervisory committee will meet at least once a month. Special meetings may be convened by the committee head where special

issues and emergency concerns may occur requiring quick policy level decisions.

- 5.3.8 The inter-agency supervisory committee through its committee head will have policy supervision over the project management office established in HUDCC.
- 5.3.9 The project management office will regularly report on the status and performance of their respective project components and any issues and concerns that affect project efficiency and effectiveness.
- 5.3.10 The inter-agency supervisory committee will be supported by the HUDCC project management secretariat, which will also act as the overall project management unit of the project.

### **C. PROJECT MANAGEMENT SECRETARIAT, HUDCC**

- 5.3.11 To ensure unity of command, it is recommended that a project management secretariat be established. The HUDCC management expressed its recognition of its proper role in this project while recognizing the magnitude of responsibilities in relation to its current capacity limitations. Building HUDCC capacity as the PMS for the DPUCSP is considered by its management not just as pre-condition of project success, but also as the foundation upon which sustained HUDCC capacities for managing larger future shelter development and urban poor communities development projects will be built.
- 5.3.12 The PMS will establish itself as the core unit upon which the future institutionalization of the management of shelter and urban poor community development policies and projects will be built. It is therefore important that the PMS be provided with the required core staff, resources and capacity building assistance in order to prepare it for its eventual regular functions.
- 5.3.13 The PMS will be responsible for the coordination of all project management functions and operations both on the financial and capacity building aspects. The DBP and the NHA may second to the PMS technical personnel, which form part of the PMS staff.
- 5.3.14 The PMS will also serve as the technical secretariat to the inter-agency supervisory committee.
- 5.3.15 The PMS will have 3 units: the Project Operations Management Group, the Technical Secretariat and the Administrative Group.

## C.1 FUNCTIONS

5.3.16 The PMS is recommended to perform the following functions:

- a) Supervise the implementation of project policies and processes;
- b) Evaluate and recommend the selection and prioritization of LGUs and communities;
- c) Be responsible for the programming of project operations, and ensure/promote the proper synchronization and timely implementation of all project components and activities, including coordination with pertinent donors and oversight national government agencies that have involvement in the DPUCSP;
- d) Report to the Inter-Agency Supervisory Committee and to the HUDCC chairperson, DPB Management, NEDA board, DOF, DBM and other relevant oversight bodies on the status and performance of the project;
- e) Develop and implement a project management methodology in consultation with DBP PMO and other relevant stakeholders;
- f) Formulate and implement an advocacy program for the project and provide direction and supervise the coordination and advocacy operations of the HUDCC regional project coordination teams;
- g) Establish and implement a project monitoring and evaluation system at local, regional and national levels, and develop as well as implement a project reporting system;
- h) Undertake an annual review of the performance of the project, and design as well as implement measures that will address problems in project implementation;
- i) Act as technical secretariat to the inter-agency supervisory committee;
- j) Supervise, provide direction and monitor the performance of the PMOs for capacity building and lending operations; and
- k) Perform such other related functions as may be assigned by the Inter-agency Supervisory Committee.

### *C.1.1 Functions of the Project Operations Management Group*

- 5.3.17 Under the direction of the project manager of the PMO, the project operations group will be primarily responsible for the following functions:
- a) Supervise, monitor and report on the day-to-day implementation of project policies and processes;
  - b) Design and implement approved methodologies in the evaluation, selection and prioritization of LGUs and communities;
  - c) Formulate and implement approved annual work program for the project in coordination with the DBP PMO, HUDCC PMO and other project stakeholders, and implement mechanisms for the synchronization and timely implementation of all project components and activities;
  - d) Design the project reporting system, coordinate the timely preparation of reports by the project participants, and prepare regular reports for the InterAgency Supervisory Committee and to the HUDCC chairperson, DPB Management, NEDA board, DOF, DBM and other relevant oversight bodies on the status and performance of the project;
  - e) Develop and submit a project management methodology and a project monitoring and evaluation system, coordinate the proper implementation thereof by the project stakeholders, undertake regular monitoring as well as annual, med-term and end-term evaluation of the project in general and the project components in particular, in consultation with DBP PMU and other relevant stakeholders;
  - f) Formulate and implement an approved advocacy program for the project in coordination with the DBP PMO and HUDCC PMO, and coordinate, provide technical guidance, monitor and report on the advocacy operations of the HUDCC regional project coordination teams;
  - g) Perform such other related functions as may be assigned by the project manager.

#### *C.1.2 Functions of the Technical Secretariat*

- 5.3.18 Under the supervision of the project manager, the technical secretariat will perform the following functions:
- a) Prepare the agenda and document inputs for the regular and special meetings of the inter-agency supervisory committee;

- b) Coordinate with the participating members and stakeholders at national, regional and local level for the generation of information and reports useful in policy level discussion, resolution of issues and decision-making;
- c) Be responsible for providing the appropriate secretariat support during the meetings and for the preparation and dissemination of minutes and reports thereon;
- d) Assist the steering committee in monitoring compliance or implementation by members of the agreements and commitments arrived at during the meetings;
- e) Establish a records management and information services system for the project; and

#### *C.1.3 Functions of the Administrative Group*

5.3.19 The administrative group will perform the following functions:

- a) Provide administrative and logistical support services to the inter-agency committee and the PMS;
- b) Facilitate the procurement of good and services required in the implementation of the capacity building program;
- c) Be responsible for the preparation and management of contracts for services ensuring timely provision of administrative and logistical support services to contracted professionals;
- d) Coordinate with the donor agencies for the timely provision of funds/ procurement and provision of goods and services to support the implementation of the capacity building program; and
- e) Perform such other related functions as may be assigned by the project director.

#### **C.2 INTERNAL STRUCTURE AND LEADERSHIP**

5.3.20 The PMS will be headed by a project manager who is a senior official of HUDCC or professional who will work full time on the project. But an in-house senior official is the most preferred option to promote institutional learning. He or she must have relevant experience and expertise in shelter planning, urban poor community development, project management, and other related areas. The project manager will report directly to the head of the inter-agency supervisory committee.

- 5.3.21 The project manager should be given authority to make operational decisions on project issues provided that such decisions are in accordance with prescribed policies. Where decisions are exceptions to established policies and rules approved by the inter-agency supervisory committee, then the issue should be brought to the committee for decision.
- 5.3.22 The project manager will be assisted by two groups, which will comprise the internal structure and workforce of the PMS, the project operations management group, and the technical secretariat. A small administrative group will be deployed to provide administrative and logistical support to the PMS and the inter-agency supervisory committee and to the capacity building PMO.

#### **D. PROJECT MANAGEMENT OFFICE, CAPACITY BUILDING, HUDCC**

##### **D.1 FUNCTIONS**

- 5.3.23 The HUDCC Project Management Office (capacity building) will report directly to the project manager of the PMS. It will perform the following functions:
- a) Formulate and implement the approved capacity building component of the DPUCSP;
  - b) Undertake research and document best practices in community action planning, mobilization and organization, and urban poor community shelter and livelihood development, formulate replication/adaptation methodologies, carry out advocacies, and provide training on their use and implementation;
  - c) Develop the methodologies and undertake in coordination with the HUDCC Regional Coordination Teams, capacity building of priority LGUs and undertake continuing review and improvement of the LGU capacity building program and its delivery systems;
  - d) Develop the methodologies and directly provide capacity building training and other services to the partner people's organization and undertake continuing review and improvement of the community capacity building program and its delivery systems;
  - e) Undertake technical supervision and monitoring of the capacity building delivery services of the HUDCC Regional Coordination Teams and the People's Organization;

- f) Formulate and implement as well as coordinate the application by participating stakeholders of a project performance monitoring and evaluation system for the DPUCSP including the formulation of performance indicators;
- g) Coordinate with donor institutions and other project stakeholders for the synchronization of the timing of technical assistance and the procurement as well as delivery of goods and services, with the capacity building program implementation; and
- h) Perform such other related functions as may be assigned by the project director.

## D.2 INTERNAL STRUCTURE AND LEADERSHIP

- 5.3.24 The PMO will be headed by a lead project management specialist who is a middle management official of HUDCC or professional who will work full time on the project. An in-house official is the most preferred option to promote institutional learning. He or she must have relevant experience and expertise in shelter planning, urban poor community development, project management, and other related areas. The lead project management specialist will report directly to the PMS project manager.
- 5.3.25 The PMO lead project management specialist will be given authority and accountability for the proper programming, conduct and coordination of all capacity building activities of the project. The administrative group of the PMO will provide administrative and logistical support to the PMO.

## D.3 CONCEPT OF CORE OPERATIONS, PMS AND PMO (CAPACITY BUILDING)

- 5.3.26 The PMS will operate through the above indicated project operations management group, and technical secretariat. The project manager will serve as the administrative head. Each group will consist of technical personnel who will work individually or in teams. The project director may appoint a team leader for group assignments but may also assign on an individual basis.
- 5.3.27 The PMO (capacity building) will operate as a team. The team will work with the international consultants to operate the entire capacity building program for the DPUCSP in accordance with the implementation strategy provided for in the ensuing chapter 4 of this report.
- 5.3.28 The PMS and PMO will also be supported by a small group of administrative staff who will each performed clearly defined tasks. They

will work with a counterpart team of international and local consultants who will provide assistance to them and who will work as part of the HUDCC team in the development of PMS procedures and in the detailed design and delivery of the capacity building program. The idea is to counterpart each consultant with an in-house personnel in the PMS and PMO such that by the end of the consultants' team the technology and learning shall have been fully transferred to the PMS and PMO personnel.

## **E. REGIONAL COORDINATION TEAM, HUDCC**

5.3.29 Regional Coordination Team will be established in each HUDCC Regional Office where eligible LGUs have been identified. The Regional Coordination Team will start participating in the project by providing assistance to the PMS and PMO as well as PO in the conduct of capacity building in the regions, particularly in target LGUs and communities.

### **E.1 FUNCTIONS**

5.3.30 During the first two years of the project, the HUDCC Regional Coordination Team will serve as the satellite units of the HUDCC PMS, coordinating the delivery of the capacity building programs and monitoring as well as evaluating the progress of its implementation. In particular, the HUDCC Regional Coordination Team will have the following functions:

- a) Have overall responsibility in ensuring the timely and proper on-site delivery of the capacity building programs to LGUs and to the CBOs by the concerned implementers/providers at the local level;
- b) Undertake the necessary preparation at the local level for the conduct of capacity building activities;
- c) Assist the PMS and the PMO in identifying and providing assistance to applicant LGUs in acquiring project eligibility;
- d) Monitor and evaluate the impact of the capacity building program at the local level and prepare and submit a report thereon together with recommendations to the HUDCC PMS;
- e) Undertake regular coordination meetings among stakeholders at the regional level to resolve issues pertaining to the project's implementation;
- f) Assist the HUDCC PMO capacity building specialists and other personnel in the conduct of capacity building programs within the region;

- g) Provide assistance to LGUs, CBOs and other project stakeholders in facilitating the implementation of project activities under component C; and
- h) Perform such other related functions as may be assigned by the PMS director.

5.3.31 The regional coordination teams will eventually evolve into the LGU and community capacity builders. This will be done together with the overall capacity building program of HUDCC which will involve the strengthening of the functions, structures, staffing and resources of its regional offices. The Regional Coordination Teams will build continuing partnerships with local training institutions and eligible NGOs/people's organizations for the delivery of capacity building programs to a greater number of LGUs and urban poor communities in their respective regions.

## E.2 INTERNAL STRUCTURE AND LEADERSHIP

5.3.32 The current full-time staff of the HUDCC Regional Offices is proposed to compose the HUDCC Regional Coordination Team. The current HUDCC Regional Office Head is proposed to act as the team leader. Since there are only 2-6 personnel in each regional office, the entire workforce will comprise the project team. Consultants may be hired from within the region if needed.

5.3.33 The Regional Coordination Teams will partner with the HUDCC PMO and consulting team in implementing the capacity building program in their regions. Partnering is a scheme for transferring competency and knowledge to the regular staff until such time that they can be on their own.

5.3.34 The staffing complement and internal organization structure of the HUDCC regional offices should be gradually built up over the next 2 to 3 year period, such that by the third year it shall have been ready to assume the indicated capacity building functions.

## E.3 CONCEPT OF CORE OPERATIONS

5.3.35 The first two years of operations of the regional coordination teams will basically comprise of four (4) main activity components:

- a) Assistance to HUDCC PMS and DBP in regional level advocacy, and in providing subsequent assistance to LGU applicants in complying with the eligibility criteria, as well as in conducting first level review of the LGU eligibility application. An evaluation and recommendation

report will be made for each application and submitted to HUDCC PMS.

- b) Providing assistance to the HUDCC PMS and the people's organization (PO) in the conduct of capacity building activities in local governments and CBOs in the region. The regional office will be primary responsible for the following tasks:

- b.1 Conduct of LGU and CBO/Community capacity assessments and definition of capacity building requirements, based on the assessment methodology and capacity building procedures approved by the interagency supervisory committee.

- b.2 Organization of the workshops, on-site training and capacity building services to be done by HUDCC PMO or PO, including venue arrangements, and participant organization, and providing secretariat and administrative support services to on-site capacity building activities of HUDCC PMO and PO.

- b.3 Overall and component specific project performance and impact monitoring and evaluation at the regional level and reporting with assessments and recommendation to the HUDCC PMS, including conduct of regular and special coordination meetings among project stakeholders in the regions to improve synchronization and resolve issues.

5.3.36 By year three and beyond the Regional Coordination Team shall be fully capacitated and institutionalized in each regional office of HUDCC. It will be responsible for the following:

- a) Planning for continuing application of DPUCSP approaches and methodologies in urban poor community and shelter development.
- b) Mobilizing training institutions and partner people's organizations/NGOs in the regions to eventually assist HUDCC in the delivery of capacity building services to a larger number of LGUs and communities.

## **F. LOCAL GOVERNMENT UNITS**

5.3.37 The LGUs are the government's primary instruments in the continuing development and implementation of poor urban communities shelter and livelihood efforts. The long-term continuing adoption of the DPUCSP approaches and methodologies will depend largely on the capacity of the LGUs to develop the plans and strategies, manage implementation and continuously learn and improve on its capacity.

## F.1 FUNCTIONS

### *F.1.1 Planning Department*

- 5.3.38 The planning department is proposed to perform the following functions with respect to urban poor communities shelter and livelihood development:
- a) Formulate the city development strategy and land use plan integrating strategies for urban poor shelter and livelihood development;
  - b) Undertake poverty mapping and formulate medium and long-term poverty reduction strategy;
  - c) Identify potential and eligible sites for urban poor shelter projects in coordination with the shelter department;
  - d) Provide guidance or advice to the shelter department in the prioritization and eventual selection of beneficiary communities; and
  - e) Perform such other related functions as may be assigned by the mayor to improve the city's performance in poverty reduction and urban poor community development and shelter.
- 5.3.39 The planning department provides the broad policy framework and long-term strategies for addressing urban poverty and shelter and for prioritizing local intervention and resources.

### *F.1.2 Shelter/Housing/Urban Poor Affairs Department*

- 5.3.40 The department is proposed to perform the following functions with respect to the implementation of the DPUCSP:
- a) Undertake a socio-economic and physical assessment of the potential sites and recommend to the mayor the candidate site, in accordance with the eligible sites and the prioritization made by the planning department;
  - b) Undertake the preparation of the site in coordination with the other LGU offices, the land owners, the regulatory agencies of the national government and the communities, including the coordination and facilitation of all activities that will lead to the issuance of certificates of land titles to the community members, and the completion of the physical development of the site;

- c) Be responsible for the appropriate maintenance of the community physical infrastructure which are within the responsibility of the local governments;
- d) Provide assistance to the community in improving their capacities in site maintenance and estate management;
- e) Perform such other related functions as may be assigned.

## F.2 INTERNAL STRUCTURE AND LEADERSHIP

- 5.3.41 LGUs have established formal structures for their planning departments as well as for the shelter departments for those who have one. A deeper study on the appropriate internal structures and capacities of city planning departments and city shelter should be undertaken within the context of the types of city socio-economic and physical profiles, and should provide the basis for a deeper capacity assessment and capacity building programs for individual LGUs.
- 5.3.42 For purposes of the DPUCSP, the present structures and staffing of LGUs will be maintained. However, it is recommended, consistent with the project document, that a project implementation unit (PIU) within each LGU be established, to perform the functions indicated for the local governments for the DPUCSP project.
- 5.3.43 Training of the staff will be provided as the key strategy for capacity building.

## G. PEOPLE'S ORGANIZATION (PO)

- 5.3.44 The key recommendation is to capacitate and strengthen the designated People's Organization as the people's organization partner of the DPUCSP.

### G.1 FUNCTIONS

- 5.3.45 The PO will be responsible primarily for the community social empowerment aspect of the DPUCSP. Their goal is to improve the social awareness, legal and human rights awareness and education, and community mobilization, planning and organization capacities of DPUCSP communities such that they become true partners of the project and not just waiting beneficiaries. For this purpose the PO will perform the following functions:

- a) Train the CBOs on the community action planning, community organization and community mobilization processes and provide technical assistance in their implementation;
- b) Provide training to the CBOs in coordination with the LGUs, MFIs, and HUDCC regional coordination teams on such competency areas as site development and maintenance, credit management, enterprise development, financial management, business management, livelihood, government laws and regulations, and other areas relevant to the efficient and effective development of their community assets and individual incomes;
- c) Assess the performance of communities in improving their conditions through the assistance provided by the DPUCSP and report with recommendations thereon to the HUDCC capacity building PMO;
- d) Perform such other related functions as may be assigned by the HUDCC PMS;

## G.2 INTERNAL STRUCTURE AND LEADERSHIP

5.3.46 The PO organization will be strengthened, if necessary. The election of the Chairman of the Board and the permanent board members, or the establishment of a clear management structure, and the drawing up of the organization's constitution and by laws, its internal structure, and its officers will be done, if not yet in place, as preconditions for accreditation as the community capacity building organization for the DPUCSP. The PO will be provided technical assistance for this effort.

5.3.47 The PO will constitute a community capacity building team from among its qualified officers. The team will be provided appropriate training to enable them to assume their responsibilities for the project. The project team leader and the members will be identified and designated by the HUDCC PMS, through a contracting arrangement with the PO Board or executive head.

## G.3 CONCEPT OF CORE OPERATIONS

5.3.48 The PO community capacity building team will directly deliver the community capacity building program as designed by the HUDCC PMO, reviewed and recommended by the PMS and approved by the inter-agency supervisory committee, to the community, once they have been identified and approved by the inter-agency supervisory committee.

## 6 CONCLUSION

- 6.1.1 The assessment of the project implementation approach identifies the gaps, deficiencies and opportunities for a community driven livelihood development program. The recommendations provide for the adoption of such an approach using the CAP as the core methodology for its implementation. The core project process provides a 2 tier LGU and community identification process. Tier 1, the responsibility of HUDCC identifies and prioritizes eligible LGUs based on project criteria to be formulated. Eligible LGUs apply to DBP, which will then conduct a more incisive evaluation of the repayment capacities of LGUs. At this point, DBP also selects and lends to the corresponding MFI within the LGU jurisdiction.
- 6.1.2 Guided by these approach and core processes the project organizational framework was assessed in terms of the completeness and clarity of the roles and relationships as well as functions of the various stakeholders.
- 6.1.3 The roles, functions, and concept operations prescribed above provides the basis for the assessment of capacity gaps, definition of capacity building requirements and the formulation of the capacity building program, contained in the next chapter of this report.

# 3

## INTERNAL STAKEHOLDER CAPACITY

### 1 INTRODUCTION

- 1.1.1 On the basis of the context review, the capacity assessment and development approach, the recommended project implementation approach and project organizational framework, capacity issues and requirements are identified hereunder. Such identification provides the basis for the development of the capacity building program presented in the next chapter of this report.
- 1.1.2 Summary assessments of the financial intermediaries are presented here to present a complete picture of the magnitude and nature of capacity building requirements. But as mentioned in the earlier chapters the capacity building program for the financial intermediaries is not covered in this report.

### 2 CAPACITY ISSUES

#### 2.1 General Issues

a) *The capacities of the prospective capacity builders need considerable building.*

- 2.1.1 The biggest challenge of the capacity building component of the project is capacitating the capacity builders. The of HUDCC, ADB, UNHABITAT and UNDP is to design and implement a capacity building program that will support not just the requirements of DPUCSP but to install the core capacities in HUDCC and in participating LGUs for continuing application of DPUCSP approaches to poverty reduction management, and in particular to urban poor community development and empowerment.
- 2.1.2 The scoping and programming of the capacity building program for the LGUS and the relationship between the capacity development and LGU eligibility aspects should be synchronized and programmed properly to ensure that the immediate capacities required to support DPUCSP will be in place while addressing long-term capacity building requirements.

2.1.3 It is logical that the HUDCC be the principal capacity builder for the project in particular and for urban poor shelter and livelihood development in particular. The HUDCC may implement this through its regional offices. The HUDCC central office can focus its functions on planning, designing specific capacity building interventions, oversight management and monitoring, development of standards and prototype methodologies, and overall program review and continuing policy and strategy improvement. However, considerable effort and resources will need to be infused to build the capacities of HUDCC at national and regional levels.

*b) The programming and timing of the capacity building program activities particularly at the LGU and community levels should be synchronized for it to be useful in implementing the DPUCSP.*

2.1.4 It is understandable that the lending operations must proceed as scheduled. Therefore the capacity building program of LGUs and the communities should be so synchronized such that component C shall have been in place in LGUs and beneficiary communities prior to the commencement of lending operations. Looking at the project schedule, the capacity building of LGUs and the communities must commence at least one year prior to the lending operations and must be completed prior to the evaluation by DBP of the application of the LGU and the evaluation by the MFI of the housing loan and livelihood loan applications of the community. LGUs and communities shall have upgraded their eligibility for loans by the 6<sup>th</sup> month of the capacity building program implementation.

2.1.5 But while the immediate aspects of LGU capacity building will be prioritized for purposes of the DPUCSP the long-term capacity building requirements should be made part of the entire LGU eligibility in order to ensure sustainability and continuity.

## **2.2 MFIs**

2.2.1 Discussions with DBP senior officers as well as heads and officers of selected Micro – finance institutions show established capacities for sound lending operations and management. In particular, rural banks, and NGOs visited had established procedures for social preparation, savings mobilization and management by the community, and small and short-term lending operations (group and individual). They also have clearly established credit management units supported by

adequate technology as well as market survey and community mobilization staff.

- 2.2.2 Micro-finance institutions in the Philippines are organized and such organization brought about the development of common lending and community support service procedures utilizing primarily the Gramen Bank model, which are primarily applied by properly trained staff.
- 2.2.3 There may be various types of micro-finance intermediaries who may also have varying ideas and proposals of the scope of their participation. For example, the ABS-CBN Foundation in Angeles City, and the Cooperative Bank of Misamis Oriental in Cagayan de Oro wanted to participate mainly in the lending aspects using the Gramen Bank model. The MELAMDEC Foundation of Xavier University, Cagayan De Oro City, has focused its lending operations mainly on agricultural communities but would want to now branch out to urban poor settlements using their relevant experience particularly in community mobilization and organization, capacity building, monitoring and support services. On the other hand, the Touch Foundation of Cagayan De Oro wanted to access funds for land purchase and development and be responsible for the management of an identified site and community, including the operation of the shelter and livelihood loans.
- 2.2.4 Procedures for potential alternative partnerships with these organizations will need to be formulated. Selection and eligibility criteria and project operations processes should address this diversity in potential micro-finance partners and this will require not just financial evaluation and qualification but also eligibility criteria on the nonfinancial aspects which have important relevance to achieving a well-performing subproject. While NGO partners as alternate to LGUs in the area of land development is provided for in the project, there is a need to clarify specific project operational procedures and to define relationships between the LGU, NGO concerned and the community.
- 2.2.5 Micro-finance institutions that were visited have extensive experience in administering livelihood loans but have weak capacities and experiential learning in housing loans. There is need for MFIs to develop capacities for coordinating with LGUs and the communities in facilitating compliance with government housing regulations in order to facilitate lending operations and ensure repayment.

## **2.3 DBP**

- 2.3.1 DBP senior officials indicate that their lending management systems and information technology are very well established. What is needed is improved understanding of government contracting and financial procedures as well as relevant laws, rules and regulations on land management, project operations, housing, infrastructure development and other related areas which they will need in ensuring the proper evaluation of the capacities and monitoring of the performance of their clients and the impacts of these on their lending program. DPB personnel would also need to gain better understanding of government policies and institutions particularly at the local level and how these will impinge on their lending operations.
- 2.3.2 Such concerns as evaluating and monitoring the performance of MFIs and LGUs, monitoring community beneficiaries, establishing evaluation procedures for MFIs in the area of beneficiary/community selection, lending administration and monitoring, assessing the convergence between lending and capacity building operations, handling the legal aspects of non-performing LGUs, capacity building for LGUs to comply with DBP requirements, managing repayment performance that are related to leadership changes and problems in LGUs, establishing mutual cooperation between HUDCC central office PMO, HUDCC regional offices, MFIs and LGUs, and other related aspects can form part of the core functions and capacities of the DBP project management office.
- 2.3.3 A major capacity building need of the DBP is to establish a composite expertise in the following:
- a) Development and application of LGU and MFI qualification criteria particularly those factors that are non-financial in nature (such as institutional capacity).
  - b) Evaluation of applications based on the criteria.
  - c) Development and implementation of project monitoring and performance evaluation system covering both financial and non-financial aspects.
  - d) Understanding of relevant government laws, rules and regulations and developing facilitation mechanisms with partners (such as addressing bureaucracy in land conversion, transfer of ownership, land titling, contract management, procurement, etc).

- e) Developing and operating an information system network integrating project information (financial and non-financial) to support the project management, monitoring and evaluation process.
  - f) Coordinating with HUDCC in the development of operational policies, addressing project issues and concerns, achieving proper synchronization and mutual reinforcement between the capacity building and the lending components of the project, sharing information, and advocacy.
- 2.3.4 DBP central office has assigned core staff to constitute the project management unit. Training on ADB procurement guidelines, disbursement and financial management procedures were completed. DBP has conducted workshops in Luzon, Visayas and Mindanao with participants coming from LGUs, MFIs and cooperatives. Advocacy is an important part of the operations of the DPUCSP project in DBP and there is amply opportunity for synchronizing advocacy efforts between HUDCC and DBP.

## **2.4 HUDCC**

### **HUDCC CENTRAL OFFICE**

- 2.4.1 At present there is severely limited capacity in both HUDCC central office and HUDCC regional offices for the oversight management and regional level coordination of the DPUCSP.
- 2.4.2 There are two existing bureaus to which projects are currently assigned – the DPUCSP project is assigned to the Attached Agencies Planning, Monitoring and Evaluation Group headed by a director with an urban development education and training. The rest of the projects are assigned to the Policy Formulation and Review Group. Each group has only five (5) technical staff. There are no clear technology and information support systems in these offices. Personnel do not have formal academic education and training in urban development, shelter planning, site development, community organization and mobilization, housing finance, and other related academic education and training except for the directors who have had useful international training.
- 2.4.3 The assignment of the foreign-assisted projects and other

developmental projects to these offices has been based primarily on the reliability of the heads of these offices rather than on the formal functions. There is a Special Projects Monitoring and Evaluation Group, which have recently been split into two offices one to be responsible for pre-proclamation activities and the other for post-proclamation activities.

- 2.4.4 Since the two offices responsible for the management of projects have other regular functions, and since these offices are extremely deficient in staffing and manpower competency, there is need to establish alternative institutional arrangements that will provide full-time in house personnel who will be provided with relevant training.

#### HUDCC REGIONAL OFFICES

- 2.4.5 HUDCC regional offices do not perform the functions of regional offices as provided in the Administrative Code. They do not enjoy the same functional scope and operational authority as those of the other departments.
- 2.4.6 HUDCC regional offices do not have explicit functions and responsibilities. They are subject to the day-to-day administration and transactional instructions of the HUDCC central office. Because of this HUDCC has no formal institutional capacity to coordinate urban development policies, programs and activities at the regional level.
- 2.4.7 The current activities of the HUDCC regional office visited involves the following:
- a) Advocacy to LGUS on the Urban Development and Housing Act (UDHA), which enabled them to establish good relationships with LGUs,
  - b) Attending NEDA meetings but without decision making power
  - c) Resolve issues on housing brought to it in the regions, but decisions are still made at the central office
  - d) Evaluate and recommend to the central office presidential proclamations and perform appropriate staff work thereon as may be instructed by the central office
  - e) Investigate complaints referred by the central office and

report thereto its findings and recommendations

- f) Coordinate with GSIS, LBP, KALINGA and other institutions by asking for their accomplishment reports on housing. These reports form part of the national report on the accomplishment of the government in housing
- g) Provide assistance to LGUs in the preparation of the shelter plan. This is not a function but a specifically agreed upon undertaking

2.4.8 HUDCC regional offices have reasonable experiential capacity in the technical aspects of project management, shelter planning, linkaging, advocacy and urban development coordination but has very weak management capacities.

2.4.9 Regional offices are manned by a minimum of 2 and maximum of 6 people. There are no management positions, most are technical and many regional offices do not have administrative support personnel. Where education and training are mostly in business administration, civil engineering, accounting, political science and computer science engineering, with very few having undertaken graduate level academic education, much need to be done to improve the relevant competencies of HUDCC regional office personnel.

2.4.10 HUDCC regional offices do not have budgetary resources that they can control and plan for. Neither do they have information technology systems support required in their monitoring functions. Computers are used mainly as stand alone word processing facilities.

## **2.5 LGUs**

2.5.1 Weaknesses can be found in deficient staffing, human competencies, processes and technologies and the way in which these are integrated to produce results.

- a) Staffing patterns do not adequately reflect the human competency requirements of the functions of the planning or shelter departments. This was particularly true in the case of the Angeles City shelter planning office where the staffing pattern had several computer operators and administrative/clerical positions but there were no planning, project management, community development and other related positions.

- b) Qualifications of staff do not satisfy competency requirements of the job. Educational backgrounds were not related to the expertise requirements of the office; relevant training has been inadequate or lacking.
- c) There is deficient use of existing technology in planning. Information technology is used mostly for word processing. The use of GIS is deficient and most of the time only the information technology units operated or used the systems, while the planning and shelter units seemed to just request for some intermittent information. In general there is no integration between work processes and information technology.

2.5.2 LGUs varied in the quality and level of capacities in the aspects of poverty reduction, shelter planning and management, community development and other relevant functions but there is notable common pride in the notion that they are indeed very capable and very advanced in their operational methodologies and technologies.

2.5.3 In Angeles City a full shelter management office, but which reports to the mayor rather than to the housing board support the housing board. The planning department is responsible for the broader aspects of city planning. Office heads have had some relevant training but are supported by technically deficient staffing and manpower. There is need for the strengthening of the shelter office not just in terms of training but also in terms of improving the quality of the staffing pattern, the incumbents to the positions, and in the development of appropriate shelter policies and operating procedures.

2.5.4 Capacities need to be considerably strengthened in the areas of poverty mapping, community mobilization and support, project design and implementation management, financial management and monitoring, project performance management and the use of information technology to support planning, monitoring and evaluation.

2.5.5 In Cagayan de Oro, the management of shelter and the DPUCSP project in particular is lodged at the planning department. There is no housing office. The city prides itself with the use of the GIS in land use management, but much remains to be done to improve capacity in the use of GIS and other information technology in the many operational concerns of

cities. Similar to the Angeles City local government, Cagayan De Oro needs to considerably develop capacities required for the appropriate management of DPUCSP and its continuity – community mobilization and community action planning, project design and preparation, site development management, financial management, poverty reduction planning, shelter planning and management and other related competency areas.

- 2.5.6 The lack of professional planners in LGUs has been a long-time problem in the country, with the academe producing only about 500 graduates annually. Most of these planners work in consulting and private firms. LGUs have been unattractive due to the low salaries and lack of professional challenge and growth opportunities. Such that personnel in LGU planning departments are manned by engineers and other professionals that do not have the appropriate academic background and the necessary conceptual and technical competencies required in the many facets of urban development work.
- 2.5.7 Capacity building in LGUS will require mainly improving the human competencies through intensive training, and the commissioning of outside professionals to design and install the process, assist in the formulation of policies, enable the timely implementation of project activities and transfer technology to the trained in-house staff. This approach should be supplemented with well-defined organizational functions, processes and outputs, which will provide the guidance for day-to-day operations.
- 2.5.8 But long-term capacity issues in LGUs are profound and involve a rethinking of the core structures, operating systems, competencies and resources of urban development and shelter planning departments and units.
- 2.5.9 For the DPUCSP project implementation, competency development as well as design of process will be required in the following key areas: shelter planning and implementation management, poverty mapping and poverty reduction planning and implementation, community mobilization, community action planning, social impact analysis, site development and engineering, strategic planning, land use planning, use of GIS, financial management and monitoring, project monitoring and evaluation, and other related areas.
- 2.5.10 The building of the capacities of the LGUs is therefore the primary agenda of the DPUCSP capacity building program. LGU

capacity building will involve defining its functions in the DPUCSP, its project organization structure and competency requirements and putting in place the needed interventions.

2.5.11 There are several units in LGUs that will be needed to effectively operate the project:

- a) Planning department – which is responsible for urban planning and land use planning
- b) Engineering department – which is responsible for civil works
- c) Housing Board and urban shelter planning departments/units – which some LGUs have established. The Board is the policy making body on housing while the shelter department is responsible for the management of the city government housing programs
- d) Treasury or tax/finance department – which is responsible for tax administration

2.5.12 There are several more departments and offices which could be involved such as those concerned with licensing, and provision of social services. The shelter development department assumes the responsibility for the facilitation of the processing of the development and provision of land, provision and issuance of land titles, identification and registration of beneficiaries and coordinating with financial institutions, the national government, lot owners, communities and other stakeholders. In LGUs without a Housing Board Staff or Shelter department, the planning department assumes this responsibility.

2.5.13 The Local Government Code of 1991 provides for a planning officer and for a housing board. The planning officer provision in the code has been translated by LGUs into full scale planning departments with full time professional staff. However, most planning departments do not have adequately qualified and trained personnel required in urban planning, shelter planning and management.

2.5.14 Housing boards are not established in many LGUs but some LGUs have operational housing boards and still in some urban poor shelter development units and offices take the place of the housing boards, co-exist with them, and report either to them or to the mayor.

- 2.5.15 The structural configuration of the shelter development functions of LGUs indicates/suggests the level of political vulnerability or influence with which housing priorities and decisions are made. This is not to suggest that this is a disadvantage. This could in fact work both ways depending on the integrity and sincerity as well as competence of the leadership.
- 2.5.16 The capacity building program for LGUs should focus on the following:
- a) Strengthening the capacities of the planning department in the formulation of land use plans, poverty mapping, project identification, design and preparation, project management, project monitoring and evaluation and other relevant areas.
  - b) Improving the capacities of the shelter department in citywide shelter planning, shelter project planning, identification, design, implementation management, monitoring and evaluation, community mobilization and community action planning, contracts management, site development management and other related areas.
- 2.5.17 If there is no shelter-planning department, capacity building on shelter development will be given to the planning department.

## **2.6 Community-based organizations**

- 2.6.1 Visits to the community-based organizations revealed that while communities are organized they need considerable strengthening of their capacities in several areas. Many if not most community members have had some livelihood training skills provided by the government. In Cagayan de Oro, community members received training in candle and soap making, in handicrafts and other cottage industry skills. In Angeles City, one pilot community had several of their members actually servicing entrepreneurs and producing handicrafts for them. The community members had knowledge of how to penetrate the local market. They need capital and training in business management. There is also potential for group enterprises that will achieve scale.
- 2.6.2 Communities also varied in the firmness of their community organizations, but they had a common dependence on the local government for the implementation of the project. They rely on

the local government personnel to have the project moving, to coordinate with the micro-finance institutions and to start moving the site development process. There is general lack of initiative and this seems to have been brought about by the fact that they see themselves as beneficiaries waiting for the benefits to be bestowed rather than partners with a right to initiate and start making things happen.

- 2.6.3 Communities need considerable capacity development. But such capacity development should be focused on enabling them to develop themselves rather than merely being a participant in a discussion that will generate decisions made in their behalf.
- 2.6.4 Because of this there is need to identify a capacity builder that the community will consider as an equal partner rather than a superior benefactor. Through this the community will hopefully develop self-confidence and become more active and effective implementers of their own development programs. The people's organizations provide potential for achieving this objective.

## **2.7 People's Organizations**

- 2.7.1 People's organizations have emerged with the enactment of the Local Government Code in 1991, which provide for the membership of people's organizations in local governance. People's organizations have remained weak and many LGUs have not actually implemented participatory governance in their institutional arrangements.
- 2.7.2 There is opportunity to capacitate certain people's organizations to undertake the community capacity building program for DPUCSP. The existence of the POST-NET (People's Organization for Secure Tenure Network) and other organizations such and the Homeless People's Federation, provides potential for a strong community – PO partnership that will could result in true community empowerment.
- 2.7.3 The POST-NET comprises of 8 federations of people's organizations comprising of the Homeless People's Federation, Luzon CMP PO Network, DAMPA or Damayang Marlitang Pilipino Api (NCR based PO for people in crisis situations such as demolitions), AKBAY MARALITA (AKBAYAN urban poor arm (crisis proclamation sites), ULAP (ugnayan ng mga maralitang apektado) – federation of PO along pasig river, KASIGLAAN VILAGE ACTION GROUP (po – federation ERAP city relocation sites ), QC MOVE – LGU government policy, SAMA SAMA

(national govt center). The POST-NET is so far the largest federation of POs addressing urban poor shelter concerns.

- 2.7.4 At present the POST-NET has a governing council that does not have a chairperson. The absence of a chairperson is intentional. The members wrongly believe that the chairperson will destroy the equality among its members.
- 2.7.5 The Homeless People's Federation is also an equally potential partner. It has strong leadership and performs a very focused set of functions on homelessness and urban poor shelter development.
- 2.7.6 There is potential and opportunity for strengthening the organization of the POSTNET or for partnering with the Homeless People's Federation and for infusing capacity to be the capacity building partner of DPUCSP target communities. The criteria for the selection of the PO partner should be developed by the PMO and is recommended to consider the following:
  - a. corporate identify (must be a registered organization)
  - b. clear and operational management structure
  - c. quality of leadership
  - d. relevance of mandate and functions
  - e. organizational performance track record
  - f. availability of experienced and trainable personnel
  - g. general organizational capacity for project management and implementation
  - h. financial management capacity

### **3 CORE COMPETENCY AND CAPACITY BUILDING REQUIREMENTS**

#### **3.1 PMS and PMO, HUDCC**

##### **CORE COMPETENCY REQUIREMENTS**

- 3.1.1 A multi-disciplinary team composed of people with educational backgrounds in city planning, sociology, community development, environmental management, public administration and training in project management, as well as actual

experience in any or several of these fields will be required both in the capacity development group and in the technical secretariat group. To the extent possible, in house personnel will be deployed full time to the PMS and will be given appropriate training in relevant fields as suggested in the following sections.

- 3.1.2 Administrative personnel should all be in –house personnel from HUDCC central office to be deployed full-time to the PMS.

#### AREAS OF COMPETENCY DEVELOPMENT

- 3.1.3 The training program is recommended to include the following areas:

- a) DPUCSP project concept and procedures
- b) Capacity building/governance/institutions development (theory, tools and techniques, comparative experiences, best practices)
- c) Capacity building methodology for LGUs and CBOs/communities of the DPUCSP
- d) Urban poor shelter development planning and management (policies and processes)
- e) Urban poverty mapping
- f) Site planning and development
- g) Housing Finance (urban poor and informal settlers) h) Community action planning process
- i) Contracts management
- j) Project monitoring and evaluation
- k) Orientation on government policies, laws, regulations and procedures relevant to the implementation of the DPUCSP
- l) Facilitation
- m) Project preparation and project management
- n) GIS and local governance uses/ use of ICT in urban planning, poverty mapping, revenue management, etc

#### TECHNOLOGY AND RESOURCES REQUIREMENTS

- 3.1.4 The technology and resource requirements of the PMS and PMO will comprise of the core information technology (GIS based) and office equipments as well as adequate operating budget to finance PMS and PMO operations, training of staff and capacity building program implementation. The financial resources of the PMS and PMO will come from counterpart funds from HUDCC and DBP to finance the salaries of their respective personnel, for operating expenses. HUDCC will provide or finance the purchase of office furniture, fixtures and equipment for the HUDCC PMS, capacity building PMO and HUDCC Regional Coordination Teams.
- 3.1.5 Grants will be mobilized for the training of the PMS and PMO staff and the HUDCC Regional Coordination Teams, the delivery of the capacity building program for LGUS, POs and communities, and for the conduct of search, periodic project performance evaluation, and for the purchase of technical equipment (GIS, project ICT, project transport) required in the implementation of the DPUCSP.

### **3.2 HUDCC Regional Coordination Team**

#### **CORE COMPETENCY REQUIREMENTS**

- 3.2.1 Core competency requirements will be in the areas of local governance and development, urban planning, land use planning, site development, urban poverty reduction, project and contracts management, capacity assessment and building and institutions development, community action planning, mobilization and organization, use of GIS and other technology in several aspects of local development management and other related areas. Proficiencies in workshop management and facilitation, technical reporting, conflict management and other related areas would be useful tools.

#### **AREAS OF COMPETENCY DEVELOPMENT**

- 3.2.2 Most if not all of the staff in the HUDCC regional offices do not have relevant academic education. Some may have had some short-term training in a few of the required competency areas. The competency development strategy will use a twotrack process similar to that proposed for the operationalisation of the HUDCC PMS and PMO:

Track 1 – provide intensive training to the regional office

personnel. Each regional office should be provided with an accountant who will also act as the administrative officer and one utility man who will double as driver and messenger.

Track 2 – hire one urban development consultant from within the region to work full time on the project, for regional offices that have only 2 personnel. Track 2 includes the fielding of an international and/or local expertise to the regions to install the systems and procedures and to undertake on-the-job training for a period of 4 months prior to turning over the activities fully to the regional office staff.

- 3.2.3 The training program for regional office staff will be similar to that of the HUDCC PMS and PMO. Customized training in specific areas to suit the local and delivery point nature of the regional office operations may be designed and provided.
- 3.2.4 The training program is recommended to include the following areas:
- a) DPUCSP project concept and procedures
  - b) Capacity building/governance/institutions development (theory, tools and techniques, comparative experiences, best practices)
  - c) Capacity building methodology for LGUs and CBOs/communities of the DPUCSP
  - d) Urban poor shelter development planning and management (policies and processes)
  - e) Urban poverty mapping
  - f) Site planning and development
  - g) Housing Finance (urban poor and informal settlers)
  - h) Community action planning process
  - i) Contracts management
  - j) Project monitoring and evaluation
  - k) Orientation on government policies, laws, regulations and procedures relevant to the implementation of the DPUCSP
  - l) Facilitation
  - m) Project preparation and project management

- n) GIS and local governance uses/ use of ICT in urban planning, poverty mapping, revenue management, etc

## TECHNOLOGY AND RESOURCES

- 3.2.5 A review of the staffing pattern, budgeting system, resources of the regional offices and a visit to the HUDCC regional office in Region X reveal severe deficiencies in the technological, physical and financial resources.
- 3.2.6 It is recommended that the regional offices which are participating in the DPUCSP be provided with basic technology, physical equipment and improved funding, to include the following:
  - a) Access to the use of GIS technology for regional level planning and monitoring.
  - b) ICT equipment linked with the HUDCC central office for communication, data base development, information sharing and reporting ( this may include one PC or lap top for each personnel, 1 server, 1 multi-media projector and screen, LAN, internet access, television, digital camera, scanner/printer and reproduction and binding machines.
  - c) A 4-wheel drive van should be provided to allow the staff to travel as necessary to far-flung without delay.
  - d) Funding for supplies, workshops and meetings, higher utility and communication bills should be provided as cash advance at the average of P50,000 for DPUCSP, in addition to what they are regularly receiving from the HUDCC central office for their other regular activities.
  - e) Reporting, accounting and releasing procedures should be developed and enforced by the HUDCC PMS in coordination with the donors and the financial service of the central office.

## 3.3 LGUs

- 3.3.1 The capacity building program for LGUs will focus on the following:
  - a) Strengthening the capacities of the planning department in the formulation of land use plans, poverty mapping, project identification, design and preparation, project management,

project monitoring and evaluation and other relevant areas.

- b) Improving the capacities of the shelter department in citywide shelter planning, shelter project planning, identification, design, implementation management, monitoring and evaluation, community mobilization and community action planning, contracts management, site development management and other related areas.

3.3.2 If there is no shelter-planning department, capacity building on shelter development will given to the planning department.

#### CORE COMPETENCY REQUIREMENTS

3.3.3 Core competency requirements for LGUs are identified to include knowledge, proficiency and expertise in the following areas:

a) SUB-PROJECT IMPLEMENTATION UNIT, LGU

- Community mobilization process – sustainable livelihood
  - Steps in DPUCSP (selection criteria : LGUs, communities)
  - Site approval process (site feasibility, community profile, LGU code)
  - Social preparation (community organization, small group formation, community self – assessment, CBO formation)
  - CAP process ( community livelihood plan, issue/theme oriented CAP, community enterprise development)
  - Project implementation (land regularization and lot allocation, community house building, community infrastructure building, community contract system, land titling, civil works, relocation policy/guidelines, loan packaging/repayment, procurement mechanisms
  - Project operation, monitoring and maintenance
- b) LGU (planners, project evaluators, housing officers, community development officers, public health staff, administrators, engineers, environment officers, tax officers)

- Planning – conventional land use and site planning
- Data collection and tabulation methods
- Poverty mapping
- Poverty analysis
- Participatory methodologies

- Participatory planning and development
- Community surveys
- Community preparation
- Community land regularization
- Community building guidelines
- Community contracting system
- Community enterprises
- Community mobilization
- Urban upgrading
- Community infrastructure development
- Public land inventory and titling
- Community operation and maintenance
- Community enterprise development
- Livelihood concepts and development
- Information, communication and education
- Municipal resource management
- Monitoring and evaluation
- Impact analysis
- Urban poverty and sustainable livelihood development
- Preparation of city level poverty profile
- CAP process
- DPUCSP process (project design – goals, objectives, activities and organizational setup; project inclusion and screening criteria, project approval process, project implementation process, micro-credit process in urban development
- Land management/use of GIS TECHNOLOGY AND RESOURCES

3.3.4 LGUs vary considerably in the adequacy and sophistication of their technologies in planning and shelter management, but LGUs visited had severely limited human competencies in the

optimal use of technology to support scientific planning and evaluation methods (poverty mapping, social services mapping, demographics, income and revenue management, and land use management, etc).

- 3.3.5 LGUs without adequate information systems (GIS –based) should acquire and install one, preferably with guidance on the design of the functional specifications of the system, their integration with human processes, and the training of users.

### **3.4 People's Organization (PO)**

#### **CORE COMPETENCY REQUIREMENTS**

- 3.4.1 The PO community capacity building team will have competency in the following areas:
- a) Community action planning
  - b) Community mobilization and organization
  - c) Participatory methodologies
  - d) Participatory planning and development
    - Community surveys
    - Community preparation
    - Community land regularization
    - Community building guidelines
    - Community contracting system
    - Community enterprises
  - e) Urban upgrading
  - f) Community infrastructure development
  - g) Public land inventory and titling
  - h) Community operation and maintenance
  - i) Community enterprise development
  - j) Livelihood concepts and development
  - k) Information, communication and education
  - l) Municipal resource management
  - m) Monitoring and evaluation
  - n) Impact analysis

- o) Urban poverty and sustainable livelihood development
- p) DPUCSP process (project design – goals, objectives, activities and organizational setup; project inclusion and screening criteria, project approval process, project implementation process, micro-credit process in urban development)

#### TECHNOLOGY AND RESOURCES

- 3.4.2 The PO community capacity building team will be provided funding assistance for their capacity building operations.

### **3.5 Community-based Organizations**

#### HUMAN COMPETENCY REQUIREMENTS

- 3.5.1 CBOs will need training in order to adequately enable them to assume their roles. Training is recommended in the following areas, which will form part of the training to be delivered by the PO:

- Small group formation
- Community self-assessment
- Community meetings
- Community leadership
- Micro-finance
- CBO formation
- Micro-level social planning through the CAP
- Community land regularization
- Community building
- Community contracting
- Community operations and maintenance
- Community enterprise development
- Marketing research
- Bookkeeping/recording

#### HUMAN COMPETENCY BUILDING STRATEGY

3.5.2 Training by the PO will utilize the following methods:

- Meetings / Group discussions
- On-Site Workshops
- Lectures
- Exchange / Experience Sharing
  - Community to Community
  - City to City
  - Networking
- Short certificate courses on skills upgrading (through referrals and collaborative arrangements with other agencies and NGOs)
- Self-evaluation

#### TECHNOLOGY AND RESOURCES

3.5.3 CBOs will require minimum facilities to perform their functions. A central facility to be accessible to the community members may be established to comprise of a telephone, fax machine and a desk top computer which will contain simple information on the status of their repayments, savings, operations of community enterprises, directory and profiles of members, census and land ownership database, and other community information needs.

# 4

## CAPACITY BUILDING PROGRAM

### 1 INTRODUCTION

- 1.1.1 This chapter discusses the programming, scheduling and costing of the various activities that will lead to the implementation of the capacity building program for the project.
- 1.1.2 It also identifies the external professional expertise and program installation and operationalisation requirements and proposals.

### 2 SCOPE OF THE CAPACITY BUILDING PROGRAM

- 2.1.1 The capacity building program will provide resources for the following activities (excludes capacity building program for DBP and MFIs):
- a) Designing and installing the project organization framework and the key project processes
  - b) Human capacity building of the following:
    - HUDCC PMS
    - HUDCC PMO (capacity building)
    - HUDCC REGIONAL COORDINATION TEAMS - LGUS
    - CBO
    - PO
  - c) Provision of core office technologies and facilities to HUDCC PMS, PMO and Regional Coordination Teams
  - d) Provision of operational/project implementation support

### 3 IMPLEMENTATION APPROACH

#### 3.1 Learning on the Job

- 3.1.1 The implementation adopts a “learning on the job” approach. This will be carried out by partnering HUDCC PMS, PMO and Regional Coordination Team personnel with a team of international and local consultants. Together the combined team will develop the detailed design and methodologies and jointly undertake the implementation of the capacity building program,

the fine-tuning of the concepts and design and the eventual institutionalization of organizational structures and processes.

### **3.2 Phasing of the Capacity Building Program**

3.2.1 The capacity building approach will be carried out by dividing the capacity building program into 3 major phases spread over the project timeframe:

#### **PHASE 1: CAPACITY BUILDING OF THE 3 PILOT LGUS AND THEIR TARGET COMMUNITIES (YEAR 1)**

##### **Activities:**

- Design of CAP process and delivery system
- Design of community contracting procedures (CCP)
- Design of community O and M procedures (OMP)
- Design of advocacy program (AP)
- Implementation in 3 pilot LGUs
- Development of capacity building partnerships plan
- Validation and Fine-tuning of CAP, CCP, OMP, and AP

##### **Outputs:**

- Validated and fine-tuned CAP, CCP, OMP and AP
- Assessment report on LGU capacity building program implementation
- Assessment report on the capacity building results of HUDCC, PMS, PMO and Regional Coordination Team
- Plan for developing capacity building partnerships with training institutions and NGOs

#### **PHASE 2: CAPACITY BUILDING OF THE REST OF THE NINE IDENTIFIED PILOT LGUs (YEAR 2)**

##### **Activities:**

- Capacity building of the nine LGUs by the joint team (HUDCC, consulting team)
- Initial implementation of the partnership program with institutions and NGOs
- Implementation of pilot partnership capacity building program (selected LGUs within the nine pilots)
- Assessment of capacity building implementation results  
Assessment of learning (HUDCC PMS, PMO, Regional Coordination Teams)
- Fine-tuning and finalization of the CAP, CCP, OMP and AP

##### **Outputs:**

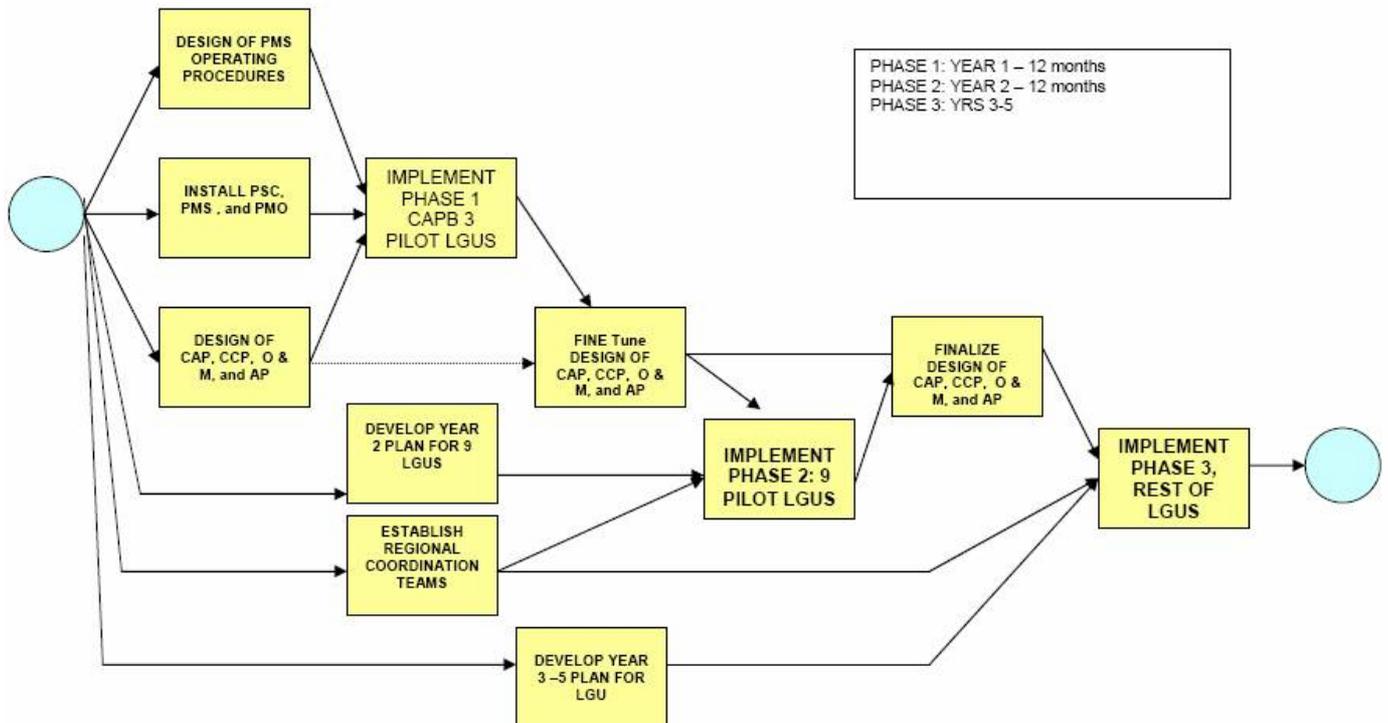
- Final CAP, CCP, OMP and AP
- Capacity building plan for years 3-5 and beyond
- Learning assessment report and recommendations

PHASE 3: FULL IMPLEMENTATION OF THE CAPACITY BUILDING PROGRAM FOR OTHER ELIGIBLE LGUS AND COMMUNITIES (YEAR 3 AND BEYOND)

**3.3 Hiring of a Managing Consultant**

- 3.3.1 About 30 person-months of international managing consultant (principal project advisor) and 10 person-months of local project management specialist will be required to setup the entire operationalisation process, implement the program on an on-the-job learning approach for the first two years, monitor implementation by HUDCC for the remaining 3 years and institutionalize the operations by end of the project.
- 3.3.2 The consultants will perform the following functions:
- A. MANAGING CONSULTANT/PRINCIPAL ADVISOR, 30 PMs, international
- a) Assist the HUDCC management and PMS in the overall management and coordination of the project, including providing advice in the policy formulation and management aspects of the project, and assisting in the implementation of the capacity building component;
  - b) Assist HUDCC in the selection and supervision of external professionals to be hired to the project, including the preparation of their terms of reference, contract preparation and administration, activity and output supervision and review, and quality assurance;
  - c) Supervise and coordinate the entire capacity building program and ensure the proper transfer of technology and learning to the PMO and Regional Coordination Teams;
  - d) Supervise the team of international and local consultants to the project and ensure the deliver of timely and quality outputs;

FIGURE 4.1  
HIGH-LEVEL SEQUENCING OF CAPACITY BUILDING ACTIVITIES



e) Provide hand-holding services to the capacity building PMO in the provision of capacity assessment and capacity development assistance services to the pilot LGUs and the ensuing years' target LGUs; and

f) Perform such other relevant functions as may be required in accordance with the agreed upon terms of reference.

#### B. PROJECT MANAGEMENT SPECIALIST, 10 PMs, local

a) Formulate a project management methodology for the PMS and provide assistance in its implementation;

b) Be responsible for the execution of activities for the setting up of the project management structures for the project and for the eventual institutionalization in HUDCC of the PMS and PMO, including the design and installation of staffing, and key operating processes for the PMS, PMO and Regional Coordination Teams;

c) Design and assist the PMO in the installation and operationalisation of project management methodologies, project monitoring and evaluation systems, project indicators, and project reporting procedures;

- d) Prepare the project operations manual and procedures documentation for the PMS;

### **3.4 Design and Installation of Key Project Processes**

3.4.1 A total of about 30 person months of international CAP specialist, 6 person-months of local capacity building specialist, 30 person-months of local shelter development specialist/urban planner, 24 person months of International Training Specialist, 12 person-months of local contracts management specialist, and 12 person-months of local communication specialist will be needed to undertake the detailed design and installation and implementation of the capacity building and advocacy programs jointly with the PMO and Regional Coordination Teams. The tasks of the consultants will include the following:

A. CAP SPECIALIST, 30 PMs, international,

- a) Formulate and document the CAP process and CAP capacity building program,
- b) Formulate and implement a performance evaluation methodology for the CAP;
- c) Implement the CAP process in the target LGUs and in the target communities, and in the process, train the HUDCC PMO, Regional Coordination Teams and PO partners,
- d) Be responsible for the monitoring of the implementation of the CAP in the communities;
- e) Develop and implement O and M procedures for target communities;
- f) Integrate community contracting and O and M procedures in the CAP;
- g) Evaluate the learning and proficiency of the HUDCC PMO, regional coordination teams and partner PO and provide advice or guidance as may be needed.

B SHELTER DEVELOPMENT SPECIALIST, 30 PMs, local

- a) Develop in coordination with the HUDCC PMS shelter and urban poor communities development policy and framework for the government, defining the role of HUDCC, LGUs and the various stakeholders, and the key implementing strategies;

- b) In coordination with HUDCC PMO and Regional Coordination Teams, design and provide capacity building assistance to target LGUs in the areas of poverty reduction planning, and urban poor shelter planning, integrating these with the overall urban development and economic development plan of the LGUs;
- c) Provide advice on the site development and housing specifications and standards/guidelines for urban poor housing development in the DPUCSP, based on assessments of the pilot sites and target beneficiaries;
- d) Develop and provide training to HUDCC PMS, PMO and Regional Coordination Teams on urban development planning, poverty reduction and urban poor shelter development;
- e) Develop and install operating models for the Regional Coordination Teams in mobilizing local resources for building local capacities for urban poor shelter and community development.

#### C. TRAINING SPECIALIST, 24 PMs, international

- a) Design the training delivery methodologies and learning outcome testing mechanisms for the capacity building program;
- b) Document and design all learning tools to be used in the implementation of the capacity building program;
- c) Undertake the design and management of the actual delivery of the capacity building program in the target LGUs, communities and partner POs, as well as in HUDCC PMS, PMO and Regional Coordination Teams;
- d) Formulate the framework, recommend policies and design as well as test implementing mechanisms in establishing collaboration with local training institutions and NGOs in the application of CAP, Community Contracting and other community and LGU capacity building interventions;
- e) Undertake a learning outcome testing on LGUs, communities, HUDCC PMS, PMO, Regional Coordination Teams, and POs and made recommendations on improving capacity building delivery mechanisms to improve learning outcomes.

#### D. CAPACITY BUILDING SPECIALIST, 6 PMs, local

- a) Develop typology of LGUs and communities and assess their capacity building requirements, as well as make recommendations on the specific capacity building delivery instruments that are suitable to the identified typology;
- b) Formulate capacity building frameworks for improved urban development management, poverty reduction and urban poor shelter planning and delivery for each type of LGU;
- c) Formulate the organizational development requirement for the institutionalization of the PMS, PMO and Regional Coordination Teams, and in strengthening the entire HUDCC organization for improved capacity for urban development, poverty reduction, and urban poor shelter planning and delivery policy and program formulation and implementation management;

#### E. COMMUNICATION SPECIALIST, 12 PMs, local

- a) Formulate and implement in coordination with HUDCC PMS and DBP the national advocacy program for the DPUCSP;
- b) Design and coordinate the preparation of the various communication media to implement the advocacy program;
- c) Design a regional project advocacy strategy and procedures, and assist the Regional Coordination Teams in their implementation;
- d) Design and implement an advocacy impact evaluation methodology for the project.

#### F. CONTRACTS MANAGEMENT SPECIALIST, 12 PMs, local

- a) Design the community contracting procedures for the DPUCSP ( LGU and community components) and prepare the community contracting manual and capacity building modules;
- b) Undertake the implementation of the community contracting procedures in the identified pilot LGUs and their communities;
- c) Assess the performance of the community contracting system and make recommendations on its further improvement;
- d) Assist in the institutionalization of the community contracting capacity building functions in the Regional Coordination Teams.





## 5 RESOURCE REQUIREMENTS

### 5.1 Professional Expertise and Internal Staff Requirements

- 5.1.1 A core group of external professionals will be hired to undertake the necessary design, preparation, installation and operationalisation of the capacity building program component, train the staff, and undertake in coordination with counterpart personnel the capacity building of the pilot LGUs.
- 5.1.2 Thereafter the external professionals will perform an assisting and supporting role to the implementers in HUDCC and PO who will take over the functions of implementing and managing the entire capacity building program component.
- 5.1.3 Internal staffing requirements for the PMS, PMO and Regional Coordination Teams will be established as part of the installation activities of year 1. But such staffing will provide for the counter-parting of positions with that of the consultants such that an on-the-job training through the counterpart arrangements will be carried out effectively.

**TABLE 4.2**  
**STAFFING SCHEDULE, EXTERNAL PROFESSIONALS**  
**COMPRISING TEAM OF THE MANAGING ORGANIZATION**

PROFESSIO NA L	LO  (L) INT'	PERSON-MONTHS, BY YEAR						
		0	1	2	3	4	5	TO
Managing Co ns ult ant /Pri nci pal  Advisor	I		1	1	2	2	2	30

Project Management Specialist	L		6	2	2			10
Capacity Building Specialist	L		4	2				6
CAP Specialist	I		1	1	2	2	2	30
Training Specialist	I		1	1				24
Contracts Management Specialist	L		1	1				24
Shelter Specialist/ Urban Planner	L		1	1	2	2	2	30

er								
Communicati on s Sp eci alis t	L		6	6				12
TOTAL PR OF ES SI ON AL S			7	7	8	6	6	166
International			3	3	4	4	4	84
Local			4	3	4	2	2	82

5.1.4 The HUDCC will field their counterpart personnel on full –time basis to the HUDCC PMO in accordance with the prescribed staffing thereof. HUDCC regional office personnel will act as the regional counterpart teams.

5.1.5 The computation of financial requirements for the consulting team includes professional fees of international and local consultants, provision for international and local travel and per diems, budget for team operating expenses, workshops, and general overhead expenditures.

**TABLE 4.3  
FINANCIAL ESTIMATES, CONSULTING FEES, YRS 1-5**

<b>CONSULTANT</b>	<b>LOCAL/ INTL</b>	<b>MAN- MONTHS</b>	<b>ESTIMATED FE ES (in US \$)</b>
Managing Consultant/ Principal Advisor	I	30	420,000
Project Management Specialist	L	10	50,000
Capacity Building Specialist	L	6	30,000

CAP Specialist	I	30	420,000
Training Specialist	I	24	336,000
Contracts Management Specialist	L	24	120,000
Shelter Development Specialist/ Urban Planner	L	30	150,000
Communications Specialist	L	12	60,000
<b>TOTAL PROFESSIONALS</b>		<b>166</b>	<b>1,586,000</b>

NOTE:: Professional fees are computed based on an average rate of: international consultant, US\$14,000/MO; Local consultant, US\$5,000 , actual fees could be higher or lower, depending on actual individual rates. Technical support consultants at average US\$2,500/mo

- 5.1.6 Funding to be provided by HUDCC will include salaries and allowances of the full time staff, honoraria of the steering committee and the full-time staff of the PMO and regional coordination teams as well as travel and other personnel benefits authorized under existing budgeting and accounting laws.

## 5.2 Physical Facilities Requirements

- 5.2.1 Physical facilities will be provided both by the stakeholders and donors.

### TO BE PROVIDED BY HUDCC

- a) Office space, furniture and fixtures for the HUDCC PMO and regional teams
- b) Supplies and materials
- c) Utilities and Communication facilities/services
- d) Office equipment (PCs, fax machines, reproduction machines, internet facilities, binding machines, printing facilities, and transport)

### TO BE PROVIDED BY DONORS

- a) Hardware/software and applications system development for the project information system
- b) Training facilities – venue (to be contracted)
- c) Multi-media projector
- d) Lap tops for presentations and other purposes

**TABLE 4.4**  
**SUMMARY OF EQUIPMENT REQUIREMENTS**  
**To be provide by donors**

ORGANIZATION/EQUIPMENT	ESTIMATED AMOUNT US \$
1. HUDCC PMS/PMO	
Multi-media projector and screen (1)	5,700
Lap top computer (1)	2,500
2. HUDCC Regional Coordination Teams (6)	
Multi-media projector and screen (1)	34,200
Lap top computer (1)	10,000
3. PO	
Multi-media projector and screen (1)	5,700
Lap top computer (1)	2,500
<b>TOTAL</b>	<b>60,600</b>

1US\$ = PhP 52

### 5.3 Expenditures for Operations

5.3.1 Expenditures for operations will be shared by HUDCC, other stakeholders and donors.

- a) HUDCC will be responsible for providing funds for the purchase of office supplies, payment of utilities, and maintenance of office and physical facilities of the PMO and capacity building PMU and the external managing organization as well as for the regional coordination teams.
- b) The PO partner will be responsible for the provision of office space for the PO capacity building team.
- c) LGUs will be responsible for funding their operations under the project.

- d) DONORS will be responsible for providing funds for the enhancements in the operational resources, which will be needed for effective implementation of the capacity building program. Table 4.5 provides estimates for donor funded project expenditures.

**TABLE 4.5**  
**ESTIMATES OF DONOR FUNDED PROJECT OPERATING EXPENDITURES**  
**Years 0-5**

<b>EXPENDITURE ITEM</b>	<b>ESTIMATES (in US\$)</b>
HUDCC PMS/PMO	
Sundries, 60 mos	48,000
Local/international Training Travel Expenses and DSA	80,000
HUDCC REGIONAL COORDINATION TEAM	
Sundries, 60 mos	20,000
Local Travel to sites and Manila	20,000
POST-NET	
Local Travel and DSA (to 176 target LGUs, 2 travels, 3 days)	96,000
Sundries, supplies and other operating expenses	11,500
EXTERNAL MANAGING ORGANIZATION	
International travel ( 116 travels, 5 yrs, 1800 man-days)	400,000
Local travel	60,000
Sundries and Operating Expenses	60,000
Workshops and conferences	60,000
Local Training expenses, 20 Regional team members, 4 HUDCC PMO, 4 PO, 10 days	40,000
<b>TOTAL</b>	<b>895,000</b>

**TABLE 4.6**  
**CAPACITY BUILDING PROGRAM BUDGET**

ACTIVITY/COST COMPONENTS	ESTIMATED AMOUNT IN US \$					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
<b>1. CONSULTING SERVICES</b>						
Consulting professional fees						
- international	504,000	504,000	56,000	56,000	56,000	1,176,000
- local	200,000	170,000	20,000	10,000	10,000	410,000
<b>Sub-total professional fees</b>	<b>704,000</b>	<b>674,000</b>	<b>76,000</b>	<b>66,000</b>	<b>66,000</b>	<b>1,586,000</b>
Operating expenditures	98,000	54,000	54,000	54,000	54,000	314,000
<b>TOTAL</b>	<b>802,000</b>	<b>728,000</b>	<b>130,000</b>	<b>120,000</b>	<b>120,000</b>	<b>1,900,000</b>
<b>2. HUCC PMO</b>						
- equipment	8,200					8,200
- operating expenditures	70,000	16,000	16,000	16,000	10,000	128,000
<b>TOTAL</b>	<b>78,200</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>	<b>10,000</b>	<b>136,200</b>
<b>3. HUDCC REGIONAL COORDINATION TEAMS</b>						
- equipment	44,200					44,200
- operating expenses	10,000	10,000	8,000	6,000	6,000	40,000
<b>TOTAL</b>	<b>54,200</b>	<b>10,000</b>	<b>8,000</b>	<b>6,000</b>	<b>6,000</b>	<b>84,200</b>
<b>4. PO</b>						
- equipment	8,200					8,200
- operating expenses	21,500	21,500	21,500	21,500	21,500	107,500
<b>TOTAL</b>	<b>29,700</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>21,500</b>	<b>115,700</b>
<b>TOTAL</b>	<b>772,100</b>	<b>210,500</b>	<b>198,500</b>	<b>281,500</b>	<b>119,500</b>	<b>2,235,900</b>
Contingencies (10% )						223,590
<b>GRAND TOTAL</b>						<b>2,459,490</b>

# **ANNEX A**

## **CAPACITY ASSESSMENT AND DEVELOPMENT APPROACH AND METHODOLOGY**

### **1 INTRODUCTION**

- 1.1.1 This annex presents the approach and methodology used by the consultants in the assessment of capacity and in the formulation of the capacity development program.

### **2 TASKS, PERSPECTIVES AND SCOPE**

#### **2.1 Tasks and Guiding Perspectives**

- 2.1.1 The tasks assigned to the consultants is to review on-going project activities and processes, assess capacity building needs at central and regional levels, identify capacity building requirements, develop a capacity building program and formulate a capacity building budget.
- 2.1.2 The capacity building program should be developed guided by short-term and long term perspectives:
- a) It should address the capacity building requirements for an efficient and effective implementation of the DPUCSP; and
  - b) It should ensure that the capacity building process will provide for the development of capacity for the sustained application of the shelter planning, management and delivery approaches, lessons and best practices of the DPUCSP.
- 2.1.3 Given these guiding perspectives the consultants designed a capacity assessment and development approach that will identify core issues, define capacity building requirements as well as the development strategies and interventions towards putting in place the core capacity that will provide for continuing capacity improvement.

#### **2.2 Scope of the Assessment**

- 2.2.1 The capacity assessment and proposed capacity building program covers the following:

- a) Overall project management institutional framework; and
- b) Individual stakeholders consisting of HUDCC central office, HUDCC regional offices, LGUs, people's organizations and community –based organizations. The consultants gathered that the capacity building program for the DPB and the financial intermediaries would be done by the GHK. Comments on the potential needs of the financial partners of the project are however enunciated in the subsequent chapters of this report as they relate to the non-financial aspects of their capacity development requirements.

### **3 ASSESSMENT AND DEVELOPMENT APPROACH**

#### **3.1 Definition of Capacity**

- 3.1.1 For purposes of this project capacity means the composite effect of the overall and specific institutional attributes (mandates, structures, systems and processes, and human, physical as well as technological resources) of the participating stakeholders on the overall and specific ability of the project to undertake the required tasks, produce the pre-defined outputs, and achieve the desired project goals and objectives.

#### **3.2 Research Challenge**

- 3.2.1 The capacity assessment and development process was undertaken to answer the following questions:

*What capacities will be required in order to achieve the objectives of the DPUCSP and the objective of HUDCC of establishing continuing and sustainable capacities for addressing urban poor shelter and economic development?*

- 3.2.2 The study addresses capacity at the overall (project-wide), and individual stakeholder levels.

#### **3.3 Capacity Assessment and Development Process**

- 3.3.1 The capacity assessment is undertaken within the context of the DPUCP project management arrangement and the current capacities of the identified stakeholders, as well as in accordance with the assessment process indicated hereunder:

## A. INSTITUTIONAL FRAMEWORK ASSESSMENT AND DEVELOPMENT

3.3.2 The overall project management institutional framework was reviewed. This involved an examination of the completeness of the functions, structures and processes of the project in relation to the indicated project operations and procedures. The congruence among stated project objectives and policies and the implementation arrangements as indicated by the project management structure, functions and processes were examined.

3.3.3 The assessment and design also involved situating each participating organization within the overall institutional framework for the management and implementation of the DPUCSP. In particular this involved:

- a) Identification of the institutions involved and delineation of their roles and relationships
- b) Assessment and definition of the role of each organization within the context of the broader institutional framework
- c) Review and design of the structures and functions of each organization within their given roles and overall project management arrangements
- d) Review of the defined outputs of each participating organization
- e) Definition of the potential improvements in the DPUCSP institutional framework with a clear definition and delineation of roles, functions and linkages.

3.3.4 The output of this process is an improved DPUCSP institutional framework. The framework defines the role and functions of each organization, and draws up the operational inter-organizational workflows, as well as outputs and accountabilities of each.

## INTERNAL CAPACITY ASSESSMENT AND DEVELOPMENT OF THE PARTICIPATING ORGANIZATIONS

3.3.5 The internal capacity assessment and development approach presented hereunder guides the assessment of each organization (community, local government, HUDCC, and

DPUCSP project management office), the identification of gaps and needs and formulation of capacity development model.

- a) This approach focuses on the internal operating structure and systems of the participating organizations and will address the following:

*Given the defined role, functions and expected outputs of the organization, and the recommended linkages within the high level institutional framework for DPUCSP, what internal capacities within the present organization should be built?*

- b) The assessment is guided by the conceptual framework for institutional and capacity assessment and development, which is depicted as Figure 2.1. In particular, the framework identifies the elements that constitute a well functioning organization or unit, and the external factors that influence the organization and which it, in turn, influences. The model depicts the relationship between the organization and its external environment, between the inputs, the institutional structures and systems, and the outputs.

- c) The framework identifies the core factors and elements (capacity areas) that make up the foundation of a well-functioning organization. These comprise the following:

- *The basic resources* – financial, physical, human (staffing/membership and competencies), technological
- *The management systems* – the quality of leadership, planning, financial management and administrative management, research and development, monitoring and evaluating performance and those for innovation and for ensuring and continuing improvement.
- *The structural systems* – the formal structure that organizes the functions among organic units or groups of persons, definition of the functions of each and establishes operational relationships and workflows.
- *The production and delivery systems* – the processes, technologies, production tools and techniques applied for

the implementation of the activities that will result in mission-critical outputs.

- *The behavior systems* – which manage human behavior in the organization and which involve recruitment, remuneration, incentives and reward systems, workplace quality and feedback mechanism.
  - *The integrity systems* – which include internal control, the processes for transparency in operations and decisions, and the system of accountability.
- d) The above framework provides the guidance in focusing the assessment of the internal operating capacities of the selected agencies/communities, and in the identification of their capacity building requirements.

3.3.6 The above indicated assessment approach is combined with a SWOT analysis. The key issues and assessment findings are presented in the subsequent chapter of this report.

#### FORMULATION OF CAPACITY BUILDING PROGRAM

3.3.7 Given the role and functions of the organization, and the strengths, weaknesses and gaps identified during the assessment, capacity development needs are defined and form the basis for the design of the capacity development program for the organization.

3.3.8 The capacity building program includes the following:

- a) Capacity development of HUDCC and DPUCSP, which will provide specific capacity development, measures along the organizational areas identified in the framework. The approach here would be to address gaps and weaknesses in capacities.
- b) Capacity development models for communities and LGUs, which will be replicable.

3.3.9 The design of the capacity development program will involve the following:

- a) Definition of the overall project management framework, which entails the definition of the roles and functions of the

stakeholders: community, LGU implementing unit, LGU, HUDCC, DBP, MFIs and DPUCSP Project Management Office, and their operational linkages.

- b) Definition of the functions and structures of each participating organization.
- c) Identification of core capacity development requirements. This includes the following:
  - Identification of key project processes that need to be designed and installed, consistent with the project management framework and functions of participating organizations.
  - Definition of human competency requirements and the interventions required in installing the required competencies.
  - Identification of key technology and other resources required ensuring efficiency in the performance of assigned roles and functions.
  - Development of an implementation schedule, which will sequence the installation, resource infusion and other activities to implement the identified capacity building interventions.

## **4 DELIMITATIONS OF THE ASSESSMENT AND PROGRAM RECOMMENDATIONS**

4.1.1 It is presented that the assessment as well as the recommended capacity building program is based on a review of a very limited number of LGUs and communities which basically included an examination of documentation made so far on the identified pilot sites and visits to selected LGUs and sites included as pilots. The assessment speaks of the consultants' findings during the site visits and the review and such findings became the primary basis for the formulation of the capacity building requirements.

4.1.2 The definition of the capacity building requirements therefore provides a potentially useful model but which, in implementation, should be customized based on the actual requirements of each prospective participating LGU and community.

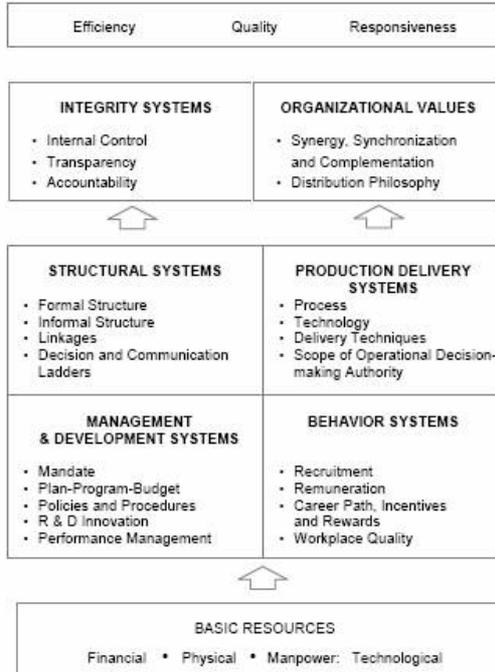
## **5 METHODOLOGY**

- 5.1.1 In the generation of data, perspectives, opinions and other information useful in the assessment of capacities and development of the capacity building models, the consultants made extensive use of the following methodologies:
- a) Literature review, particularly on the DPUCSP, related projects, relevant laws and regulations, comparative experience documentation, and other documents
  - b) Travel to selected pilot sites (Tagaytay City, Angeles City, Cagayan De Oro City), key informant interviews and/or focus group discussions with communities, LGU personnel, and DBP regional offices branches, Microfinance institutions (rural banks and NGOs) in pilot areas.
  - c) Site visits and ocular inspections in LGUs and communities/sites
  - d) Key informant interviews and/or focus group discussions with central DBP, HUDCC, ADB, relevant consultants
  - e) Structured consultations and validation workshop on the progress and outputs of the project

**FIGURE A.1**  
**CAPACITY ASSESSMENT AND DEVELOPMENT FRAMEWORK**  
**DPUCSP PARTICIPATING ORGANIZATIONS**

**EXTERNAL CONTEXT INTERNAL CONTEXT EXTERNAL CONTEXT**

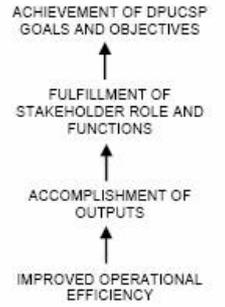
**DIMENSIONS OF ORGANIZATIONAL PERFORMANCE**



NATIONAL GOVERNMENT POLICIES, RULES AND PROCEDURES  
 CLIENTELE  
 OTHER STAKEHOLDERS INVOLVED IN DPUCSP MANAGEMENT AND IMPLEMENTATION  
 DONORS



D i m e n s i o n  
 o f  
 A d m i n i s t r a t i v e  
 O p e r a t i o n s



# **ANNEX B**

## **DESCRIPTION OF THE COMMUNITY ACTION PLANNING PROCESS, DPUCSP**

### **1 INTRODUCTION**

- 1.1.1 The fundamental feature of the DPUCP project strategy is to establish enabling policies and institutional arrangements to support the creation new assets as well as improvement of existing asset base and means for sustainable livelihood through participatory processes for local level livelihood development. Development of livelihood assets involve human capacity building, improvement of basic services and infrastructure, land with secure tenure, organized CBOs and their social networks and access to financial institutions for improvement of income generation activities at community as well as family levels.
- 1.1.2 DPUCP supports local level institutions that are primarily CBOc, LGUs and MFIs involved in local development for livelihood improvement in communities by providing access to secure land tenure, improved water and sanitation facilities and financial assistance for livelihood development.
- 1.1.3 The Community Action Planning (CAP) methodology will be used as a tool throughout the project to get people involved in the decision making process -in the planning, implementation and evaluation of their development process. CAP is based on a framework that places people at the center of the development process. It starts with the premise that the community knows what it needs and the different ways of fulfilling them. Therefore, the power of deciding on the needs, priorities and solutions rests with the people in the community. In the CAP process, the national government, local government and professionals play a complementary or a supporting role in the physical, social and economic development of the communities.
- 1.1.4 Existing livelihood assets at the local level will be improved and new assets will be created through an institutionalized CAP process. DPUCP will assist in building capacity to facilitate community self-organization and mobilization and community capacity building using the CAP process.
- 1.1.5 DPUCSP was prepared by ADB consultants for DBP, HUDCC

and NHA of Philippines. Secondly, the consultants participated in a pre-project preparation workshop organized by HDCC and DBP and visited LGUs that have prepared CAP for selected communities. As Tagaytay City is an applicant for DPUCSP support, preproject preparation workshop was conducted by the project execution agencies particularly to explain the rationale of the DPUCSP, the project objectives and implementation arrangement and the CAP preparation process. The consultants visited two pilot cities (Angeles and Cagayan de Ore) where LGUs have already prepared CAPs with the support of ADB consultants. These were done in 2001 in order to get the DPUCSP support for improvement of living conditions and livelihood means of the urban poor.

## **2 THE COMMUNITY ACTION PLAN**

### **2.1 Description Summary**

2.1.1 The LGUs and Community Associations with assistance of ADB consultants have prepared the CAPs for selected settlements in pilot cities. CAP has been defined as an integrated set of activities and interventions planned for physical and livelihood improvement of an urban community selected for the project. Project activities and interventions in a community under the DPUCSP are divided into 3 subproject components.

- a. Provision of secure land tenure, basic municipal infrastructure services and community facilities,
- b. Provision of financial assistance for home improvement and
- c. Provision of financial services micro enterprise development

2.1.2 Planned activities under each sub-project components are also considered as the CAP. Activities or interventions planned in subproject/CAP are to be undertaken by the community, LGU and other concerned agencies aimed at helping the community residents to obtain planned project benefits. According to the DPUCSP Policy Framework, Community Action Plans are prepared for a targeted community based on the following principles:

- a) The beneficiary community should initiate a Community Action Plan. While the beneficiary community is taking the central role in preparation of the plan, LGU on the other hand acts more as an adviser, information provider, conflict mediator, plan reviewer and integrator.

- b) The CAP is consensus-based planning. It is a process by which beneficiary community arrives at a consensus when people face critical issues in the preparation of action plan.
- c) The proposed activities of the CAP should be technically, environmentally and socially feasible. They should comply with legal requirements related to safety and sanitation conditions.
- d) Development activities of CAP should be affordable to community and people should express their willingness to pay the project cost.
- e) The CAP preparation process should be transparent, participatory and properly documented.

## 2.2 Participants in the CAP Preparation

2.2.1 Households in a targeted community are the key participants in the process of CAP preparation. The LGU and other concerned agencies, in case of pilot cities, DBP and HUDCC regional staff have participated with ADB consultants for preparation of the CAP. The Local Urban Poor Affairs and Housing Office (LUPAHO) has participated as the key department of LGU for CAP preparation activities in the city of Angeles. But in the city of Cagayan de Ore, City Planning and Development Department has taken keen interest to prepare CAP for pilot community. DPUCSP policy paper has categorized households in a selected community into two as eligible households / persons and non-eligible households / persons to participate in the CAP.

2.2.2 Households and persons eligible to participate in and benefit from the CAP:

- a) Persons and households living within the project site that were covered by the census and tagging activities conducted or to be conducted by the local government unit and are included by the local government unit and are included in the validated master list. These include structure owners, rent-free occupants and renters.
- b) Persons and households who do not live within the project site but who have put-up still existing improvements such as tree, vegetable plots, pigeons, community stores or service shops at the time of the consensus and tagging activities.

2.2.3 According to the DPUCSP Policy Paper, the following

households and persons shall not eligible to participate and benefit from the CAP.

- a) Absentee owners of structures within the project site (have not returned to the site for the past 12 months)
- b) New entrants (those who came to the community after the conduct of census and tagging activities)

## **2.3 Contents and Structure of the CAP**

2.3.1 The policy paper of the DPUCSP has described the content and the structure of CAP. Annex – A of the paper shows the generic outline of Community Action Plan. Four Pilot cities have prepared CAP proposals for selected communities with the help of ADB Consultants. These proposals are comprehensive documents that contain the following items of the CAP:

Executive Summary

1.0 Introduction

2.0 The Community Planning and Consultation Process 3.0

Description of beneficiary community:

- Demographic information
- Employment and income
- Ownership and type of dwelling units

4.0 Description of the project site and adjacent areas

5.0 The Community Action Plan (CAP)

- Approval of subdivision plan and transfer of ownership
- Physical development (civil work)
- Livelihood development
- Community empowerment

6.0 Expected impacts and agreed actions

7.0 Action Plan for impacts covered by the ADB Policy on Resettlements

8.0 Proposed Institutional Setup and organizational responsibilities

9.0 Project monitoring and evaluation

## 10.0 Implementation Schedule

## 11.0 Project cost and proposed fund sources

### ANNEXES:

- a. General Background of the project site
- b. Summary of socio-economic tables
- c. List of project beneficiary, agreed lot prices and monthly amortization
- d. Draft subdivision plan of the project site
- e. Estimated cost of the civil works in the project site
- f. List of persons and structures affected by the re-blocking
- g. Draft subdivision plan
- h. Registration documents of the community association with Securities and Exchange Commission (SEC)
- i. CBO Resolutions

- 2.3.2 The ADB policy on involuntary resettlement applies to all settlement upgrading projects in which project activities cause losses / replacement on livelihood resources such as land, houses and livelihood means. If families in selected community are affected by the proposed project activities and as a result of it households have to leave their existing living and income earning locations. These issues also are discussed and consensuses reached on them are included in the CAP. It is expected that appeals and grievances related to involuntary relocations and affected persons should be resolved based on the ADB Involuntary Relocation Policies and guidelines at the early stages of the CAP preparation.

## 2.4 Timing

- 2.4.1 According to the Policy Framework Document of DPUCSP it takes 9 to 12 months to complete a CAP preparation stage of the project cycle. During this period, proposed subprojects / CAPs will be appraised two times. The first is called mid-term appraisal that is held within six months after commencement of CAP preparation. Communities that are not able reach basic agreements needed for the plan and those, which are unable to resolve complex issues particularly related to land and legal matter will be dropped from the project.

- 2.4.2 Communities that pass the mid term appraisal will be given the chance to resolve the remaining issues before final appraisal to be conducted in the subsequent 3 to 4 months. In order to get the final approval for CAP for implementation by DPUCSP – Project Management Office (PMO), community is expected to submit all clearance documents related to the land subdivision and to grant title certificate, profiles and list of project beneficiaries and endorsement of the proposed CAP by the Barangay Council and City Council.

## **2.5 CAP Implementation**

- 2.5.1 It is expected that integrated activities included in the CAP document would be implemented by the community under the guidance of Sub-Project Implementation Unit (SPIU) of the respective LGU. SPIU in the LGU will have staff designated for the DPUSCP from relevant department of the LGU, Community facilitators and representatives of the MFIs selected for the project. As the draft CAP for pilot communities have been prepared for activities related to land tenure arrangements and physical infrastructure works, it has been proposed to complete civil work of the sub projects and other project interventions within 12 to 24 months.
- 2.5.2 LGU is the responsible agency for implementation of land tenure arrangement and all civil works according to the implementation schedule of the draft CAP prepared for two pilot communities in Angeles City and the community in Cagayan de Ore. MFIs with individual households are responsible for house construction and livelihood development that is primarily related to the household level income earning activities.

## **2.6 Proposed Fund Sources**

- 2.6.1 As per the draft CAP documents prepared for pilot communities, DPUCSP expects total amount of fund needed for implementation of secure land tenure arrangement proposals and physical infrastructure development from LGU and the community members.
- 2.6.2 The project expects to pay for expense to be incurred under the housing loans and livelihood improvement support including training and technical assistance. MFIs will release funds needed for the implementation of livelihood improvement activities of the CAP as loans at market rate for households and individuals.

## **2.7 Monitoring and Evaluation**

- 2.7.1 Draft CAP documents prepared for pilot communities have identified monitoring mechanisms for implementation of CAP. It has proposed the CAP monitoring to be carried out in the following manner.
- a. Submission of monthly progress reports and semi-annual reports by the Community Association and the MFI to the LGU
  - b. Monthly community visits by LGU to the project site and conduct monthly supervision meeting with the Community Association
  - c. Conduct semi-annual project review by project executing agencies: HUDCC, PCUP and the Micro Finance conduit agency.
- 2.7.2 It is the responsibility of the LGU and the MFI/NGO conduit to prepare joint Quarterly Progress Reports related to preparation of CAP and issues confronting the Community Association and the LGU for the PMO. Project wide evaluation sessions will be held half-yearly by the DUPCSP-PMO to enable the Community Associations and LGUs to learn from each other experience and to streamline strategy, guidelines and procedures based on the experiences encountered in the field.