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(For consideration by the Board on or about 14 December 2018)

R177-18
23 November 2018

Proposed Loans and Administration of Grants Emergency Assistance for Reconstruction and Recovery of Marawi (Philippines)

1. The Report and Recommendation of the President (RRP: PHI 52313-001) on the proposed loans and administration of grants to the Philippines for Emergency Assistance for Reconstruction and Recovery of Marawi is circulated herewith.
2. The proposed loans will be included in the agenda of a Board meeting on or about 14 December 2018 under the special procedure provisions of the *Disaster and Emergency Assistance Policy* (DOC.R71-04).

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Report and Recommendation of the President to the Board of Directors

Project Number: 52313-001
November 2018

Proposed Loans and Administration of Grants Republic of the Philippines: Emergency Assistance for Reconstruction and Recovery of Marawi

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 October 2018)

Currency unit	–	peso/s (₱)
₱1.00	=	\$0.0185
\$1.00	=	₱54.035

ABBREVIATIONS

ADB	–	Asian Development Bank
ARMM	–	Autonomous Region in Muslim Mindanao
BARM	–	Bangsamoro Autonomous Region in Mindanao
BMCRPP	–	Bangon Marawi Comprehensive Rehabilitation and Recovery Program
CPS	–	country partnership strategy
DEAP	–	Disaster and Emergency Assistance Policy
DepEd	–	Department of Education
DOF	–	Department of Finance
DOLE	–	Department of Labor and Employment
DPWH	–	Department of Public Works and Highways
DTI	–	Department of Trade and Industry
EAL	–	emergency assistance loan
EARF	–	environmental assessment and review framework
ERRM	–	Emergency Assistance for Reconstruction and Recovery of Marawi
IDP	–	internally displaced person
JFPR	–	Japan Fund for Poverty Reduction
LIBOR	–	London interbank offered rate
LWUA	–	Local Water Utilities Administration
MAA	–	most affected area
NEDA	–	National Economic and Development Authority
PAM	–	project administration manual
PCNA	–	post-conflict needs assessment
PPA	–	programs, projects, and activities
REMDf	–	resettlement and ethnic minority development framework
REMDP	–	resettlement and ethnic minority development plan
SPS	–	safeguard policy statement
TFBM	–	Task Force Bangon Marawi
UCCRTF	–	Urban Climate Change Resilience Trust Fund

NOTES

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

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PROGRAM AT A GLANCE

1. Basic Data		Project Number: 52313-001	
Project Name	Emergency Assistance for Reconstruction and Recovery of Marawi	Department/Division	SERD/PHCO
Country	Philippines	Executing Agency	Department of Finance, Dept. of Public Works and Highways
Borrower	Government of the Philippines		
2. Sector	Subsector(s)	Financing (\$ million)	
✓ Public sector management	Public expenditure and fiscal management	300.00	
Transport	Road transport (non-urban)	50.00	
	Urban roads and traffic management	50.00	
		Total	400.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Public financial governance		
	Civil society organizations		
	Implementation		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	Yes	Rural	Medium
Household Targeting	No	Urban	Medium
SDG Targeting	Yes		
SDG Goals	SDG6, SDG8, SDG11		
6. Risk Categorization:	Complex		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: A Indigenous Peoples: B		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		400.00	
Sovereign Special assistance (Regular Loan): Ordinary capital resources		400.00	
Cofinancing		8.00	
Japan Fund for Poverty Reduction - Project grant (Full ADB Administration)		3.00	
Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility - Project grant (Full ADB Administration)		5.00	
Counterpart		31.60	
Government		31.60	
Total		439.60	
Currency of ADB Financing: USD			



I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on proposed loans to the Republic of the Philippines for the Emergency Assistance for Reconstruction and Recovery of Marawi (ERRM). The report also describes the proposed administration of (i) a grant to be provided by the Urban Climate Change Resilience Trust Fund (UCCRTF) under the Urban Financing Partnership Facility;¹ and (ii) a grant to be provided by the Japan Fund for Poverty Reduction (JFPR), and if the Board approves the proposed loan, I, acting under the authority delegated to me by the Board, approve the administration of the grants.²

2. The ERRM is structured to provide the Government of the Philippines with immediate and flexible financing to implement programs, projects, and activities (PPA) included in the Bangon Marawi Comprehensive Rehabilitation and Recovery Program (BMCRRP).³ The ERRM comprises four outputs: (i) a quick-disbursing component to finance eligible expenditures of PPA in the BMCRRP, (ii) reestablishing connectivity in Marawi and its vicinity by rebuilding better public infrastructure, (iii) restoring water utilities and health infrastructure, and (iv) improving social services for and livelihoods of the affected people.

II. RATIONALE

3. The Islamic City of Marawi is the capital of the province of Lanao del Sur in the Autonomous Region in Muslim Mindanao (ARMM). According to the 2015 census, Lanao del Sur's population was 1,045,429 people, of which the Islamic City of Marawi accounted for 201,785 people. With 71.9% of the population below the poverty line, Lanao del Sur is the poorest province in the country. The region's economic performance has been poor, with ARMM's economic growth rate averaging 2.0% annually between 2011 and 2017 compared with the average annual growth rate of 6.2% for the national economy. Extreme poverty combined with the lack of basic services and poor governance has exacerbated long-standing conflicts in the region, including the Bangsamoro struggle for self-determination led by the Moro Islamic Liberation Front and the Moro National Liberation Front, and the ideological struggle of the Communist Party of the Philippines, New People's Army, and the National Democratic Front.

4. On 23 May 2017, Marawi was occupied by combined terrorist forces of the Maute group, the Abu Sayyaf group, and foreign jihadists. The ensuing armed conflict between the responding government security forces and the Maute group continued for 5 months, with heavy artillery used on both sides and air bombing by the government forces. On 17 October 2017, the government announced the end of the siege and declared the city liberated from terrorist forces, although martial law remains in place in Mindanao. For 10 months after the siege ended, intermittent clashes between armed groups and the government security forces continued around the province, delaying the shift from emergency humanitarian assistance to reconstruction of public and private assets (para. 14). The Asian Development Bank (ADB) worked closely with the Taskforce Bangon Marawi (TFBM),⁴ the Office of Civil Defense, the National Economic and

¹ Financing partners: the Rockefeller Foundation and the governments of Switzerland and the United Kingdom.

² The design and monitoring framework is in Appendix 1.

³ Government of the Philippines, National Economic and Development Authority – Regional Development Office. 2018. *Bangon Marawi Comprehensive Rehabilitation and Recovery Program*. Manila.

⁴ Administrative Order 3 (28 June 2017) created the Taskforce Bangon Marawi (TFBM), an interagency group to facilitate recovery efforts in Marawi. Administrative Order 9 (17 October 2017) transferred the TFBM to civilian authority led by the chair of the Housing and Urban Development Coordinating Council. Memorandum Circular No. 4 (23 November 2017) assigned NEDA to lead the formulation of the BMCRRP with representatives from the Marawi and Lanao del Sur local government units and ARMM.

Development Authority (NEDA), and development partners (DPs) to produce the post-conflict damage and needs assessment (PCNA), which was completed in December 2017.⁵ The PCNA provided the basis for the preparation of the BMCRRP, which was finalized by NEDA in June 2018 after extensive consultations with local and national stakeholders, endorsed by the government in July 2018, and presented to DPs in August and September 2018.

5. The BMCRRP estimates the total cost of reconstructing public infrastructure and the needs for social and economic recovery at ₱47.2 billion (\$882 million equivalent) covering 744 PPA in six areas: local governance and peace building, housing and settlement, business and livelihood, physical infrastructure, social services, and land resource management (footnote 3). Not included in the BMCRRP, the government has estimated the costs of reconstructing public infrastructure in the city's central business district, referred to as the most affected area of Marawi (MAA), at \$325 million, and another \$375 million of potential budget obligations arising from the proposed compensation bill for private assets currently under deliberation in the Philippines Congress.

Table 1: Selected Damage and Loss Indicators as of August 2018

Humanitarian	NUMBER OF PERSONS
Population displaced ^a	369,196
IDPs remaining displaced ^b	73,266
% remaining IDPs in evacuation centers and transitory sites ^c	13.0%
Number of confirmed civilian deaths	270
Profile of IDPs	Displaced population^d
Gender	54% female, 46% male
Children (under age of 17 years)	34%
Vulnerable persons ^d	20%
House and lot owner	58%
Damaged or destroyed property	Units
Houses	5,627
Public buildings	1 municipal hall, 1 public market
Public schools	61 elementary schools, 8 high schools, 10 <i>madrasas</i> or <i>torils</i> (Islamic school)
Health facilities	1 hospital, 5 rural health units, 15 <i>barangay</i> (village) health stations
Damaged infrastructure and productive assets	Units
Transport (e.g., roads, bridges)	131 (73.8 km) of city roads, 3 bridges
Water supply and distribution assets	3 pumping stations, 354 cluster boxes, 15,350 km pipelines
Power networks	30.4 km of distribution lines

IDP = internally displaced person, km = kilometer.

^a Based on estimated IDPs from 2018. *Bangon Marawi Comprehensive Rehabilitation and Recovery Program*. Manila. 353,921 IDPs are from Marawi and surrounding municipalities and 15,275 IDPs are from the municipalities of Butig and Piagapo.

^b Philippines: Humanitarian Bulletin, Issue No. 10, November 2018, Official United Nations Office for the Coordination of Humanitarian Affairs. The figure for remaining IDPs is an estimate.

^c United Nations High Commissioner for Refugees profiling of 45% of the IDP population as of 28 August 2018.

^d Based on the UNCHR profiling, highly vulnerable persons are defined as the elderly, families headed by women, single parents, pregnant and lactating mothers, newborn babies, people with disabilities, and separated children.

Source: Government of the Philippines, National Economic and Development Authority – Regional Development Office. 2018. *Bangon Marawi Comprehensive Rehabilitation and Recovery Program*. Manila.

6. The humanitarian costs of the armed conflict are high. The siege resulted in an estimated 369,196 internally displaced persons (IDPs) (Table 1). While tens of thousands of IDPs relocated to safer places in Mindanao, many of the poorer and more vulnerable IDPs were housed in

⁵ Summary Assessment of Damage and Needs (accessible from the list of linked documents in Appendix 2).

temporary settlement sites, placing severe pressure on underfunded social services. Lack of basic utilities and privacy in the temporary settlements as well as damage to infrastructure in Marawi have led to a high incidence of diseases among IDPs, especially children, and gender-based violence. Over 100,000 school aged children are either not yet back at school or are at risk of dropping out of school because of distances from their schools and unaffordable cost of schooling.⁶ The United Nations High Commissioner for Refugees estimates that about 13% of the remaining IDPs reside in evacuation centers or temporary settlement sites as of end of August 2018. One-fifth of the remaining IDPs are highly vulnerable—elderly, families headed by women, single parents, pregnant and lactating mothers, newborn babies, people with disabilities, and separated children—all in need of assistance and livelihoods.

7. **Economic and fiscal costs.** The conflict's economic impact has devastated the city and the province as they rely on agriculture and trading services. Preliminary ADB estimates suggest that the Lanao de Sur economy significantly contracted in 2017 and 2018. Displaced farmers and destroyed schools, hospitals, and markets will hold back economic recovery, and the Lanao del Sur economy is likely to stagnate in 2019 without substantial recovery assistance. With the ARMM's average per capita regional gross domestic product of ₱27,000 (\$508) in 2016 (current prices), Lanao del Sur does not have the resources to overcome this conflict on its own. These economic and social costs have created huge pressure on the national government's fiscal situation, as the government estimates the total cost of reconstruction and recovery in Marawi at \$1.6 billion during 2018-2022, of which \$882 million is covered under the BMCRRP (para 5).

8. **Poverty incidence in Lanao del Sur.** ADB simulations of the impact of the armed conflict suggest that the number of people below the poverty line could increase by approximately 152,000 by 2019 (with poverty incidence increasing from 71.9% to 86.4%) because of the magnitude of the damage in Marawi, the sizeable number of IDPs, the destruction in public infrastructure and services, and the high number of families that were already vulnerable to falling into poverty before the conflict (Table 2). Many families will adopt strategies to escape poverty or mitigate the risk of falling into poverty, such as migrating to safer locations. Thus, actual poverty rates could be lower than those projected in Table 2. Nevertheless, the incidence of poverty and the depth of poverty in Lanao del Sur will remain elevated at crisis levels for some time, as many families have lost income-generating assets.

Table 2: Estimated Number of the Poor because of the Marawi Conflict

Location	No. of Population (2015)	No. of the Poor (2015)	Population in Poverty (%, 2015)	Estimated No. of the Poor (after the crisis)	Estimated Population in Poverty (%, after the crisis)
Lanao del Sur	1,045,429	751,663	71.9	903,250	86.4
ARMM	3,781,387	2,030,605	53.7	2,182,192	57.7
Mindanao	23,775,775	8,606,831	36.2	8,758,418	36.8

Note: The 2015 poverty data are used as the benchmark since these data are the latest official poverty figures from the Philippines Statistics Authority. ADB simulations assume: no changes in population and poverty incidence between 2015 and 2017; the BMCRRP program does not commence reconstruction in 2019 and all IDPs return to Marawi.

ARMM = Autonomous Region in Muslim Mindanao.

Source: Philippine Statistics Authority; Family Income and Expenditure Survey 2015 and ADB estimates for change in poverty incidence after the crisis.

9. **Government's actions.** Initially, the security situation and the large-scale evacuation of the city's population to other townships hampered relief operations during and in the immediate aftermath of the conflict. However, the government responded quickly by first establishing in June

⁶ https://reliefweb.int/sites/reliefweb.int/files/resources/OCHAPhilippines_Humanitarian_Bulletin_No9_October_2018_FINAL.pdf;

2017 the interagency TFBM to facilitate recovery efforts and coordinate with development partners (footnote 4). The armed forces and government relief agencies responded through immediate evacuation and relief operations that provided basic temporary settlement sites for IDPs, basic food supplies, water, and medical assistance. In 2018, relief operations continued for the remaining IDPs and the rehabilitation of some basic infrastructure commenced. The government endorsed the BMCRRP in July 2018 and enacted the Bangsamoro Organic Law on 26 July 2018, which aims to build peace and strengthen governance and development in the future Bangsamoro Autonomous Region of Mindanao (BARM).⁷

10. **Emergency assistance coordination.** The government officially requested ADB and World Bank for advisory support to the TFBM in September 2017. In response, ADB's Southeast Asia Department established a One ADB team, which coordinated with and provided support to the government and DPs. ADB also approved a small-scale technical assistance grant, under which it engaged 13 national experts to provide continuous on-the-ground support to the TFBM. The World Bank has worked closely with the government and proposes to establish a multi-DP trust fund to finance a BMCRRP monitoring system. The Government of Australia is considering contributing to the trust fund and is providing direct assistance for Marawi recovery and education support for children affected by the crisis. The Government of Japan (through the Japan International Cooperation Agency) has indicated it will provide a combination of loans and grants of \$136 million equivalent to finance the rehabilitation and reconstruction of roads. The United States Agency for International Development (USAID) has reallocated approximately \$21 million in grants to support relief and rehabilitation of small-scale infrastructure and launched the \$25 million Marawi Response Project in September 2018 supporting livelihoods and social cohesion.⁸

11. **Structure and modality of ADB's emergency assistance loan.** The ERRM is an integral part of ADB's commitment to the government to support recovery in Marawi. On 31 August 2018, immediately after the adoption of the BMCRRP, the government officially requested ADB to provide emergency financial support for the recovery program through a combination of project investment loans, project investment grants, and quick-disbursing support to the BMCRRP. Therefore, the emergency assistance loan (EAL) will comprise (i) a quick-disbursing component of \$300 million, and (ii) a project loan of \$100 million. The ERRM will also include two grants for a total of \$8 million to restore basic services and livelihoods.

12. ADB assessed different lending modalities to determine the best way to help the government respond to the BMCRRP's urgent needs. The decision to select the EAL was based on two factors. First, the quick-disbursing support is appropriate because of the need to mitigate the severe economic and social impacts and facilitate recovery. Directing a portion of funds through government channels enables the government to take ownership of the emergency response and initiatives. A substantial share of the PPA-linked expenditures in the BMCRRP are small scale and will be implemented through national, provincial, and local government units and therefore it is more effective that such funds are channeled through the government budget.⁹ Second, international studies show that the speed of aid is critical in lifting victims out of extreme poverty on a sustainable basis through timely and high-quality rehabilitation and reconstruction of

⁷ The Bangsamoro Organic Law provides the basic structure of government for BARM following agreements set out in the Comprehensive Agreement on the Bangsamoro Peace Agreement signed between the government and the Moro Islamic Liberation Front in 2014. A plebiscite planned for January 2019 will be held to ratify the law creating the proposed BARM and formally abolishing the current ARMM.

⁸ Emergency Assistance Coordination (accessible from the list of linked documents in Appendix 2).

⁹ H. Masyrafah and J. McKeon. 2008. Post-Tsunami Aid Effectiveness in Aceh: Proliferation and Coordination of Reconstruction. *Wolfensohn Center for Development Brookings, Working Paper 6*. Washington, DC: ADB.

public and private assets and restoration of livelihoods.¹⁰ The ERRM complements the objectives of ADB's country partnership strategy (CPS), 2018–2023, which include reducing poverty in Mindanao.¹¹ The ERRM will provide short-term assistance to mitigate the adverse impacts on affected people in Marawi and surrounding municipalities, and ADB's CPS provides development assistance in Mindanao (including ARMM) through infrastructure investments during the CPS period. The ERRM is consistent with Strategy 2030 particularly with operating priorities on poverty reduction and gender equality.¹²

13. The ERRM meets all five eligibility criteria and six characteristics required for an EAL under ADB's Disaster and Emergency Assistance Policy (DEAP).¹³ The use of the EAL to support the government's financing of PPA under the BMCRRP is consistent with ADB's DEAP because these PPA represent the immediate support needed for recovery and reconstruction in post-conflict Marawi. The policy stresses that EALs are designed to help rebuild high-priority physical assets and restore economic, social, and governance activities after emergencies rather than be used for comprehensive, long-term reconstruction.

14. While the siege of Marawi ended in October 2017, the ERRM is considered short-term assistance in line with the DEAP. Prolonged instability in Marawi and in Lanao del Sur delayed the government's shift from emergency humanitarian assistance to reconstruction efforts by at least 10 months. Clearing of unexploded ordnance and more than 1 million tons of debris in Marawi added to this delay. By October 2018, little infrastructure in Marawi had been rebuilt, most basic utilities were not operational, and damaged public markets had not restarted. In the meantime, the majority of IDPs have returned to Marawi, placing extreme pressure on public and social services. This situation reflects the fact that post-conflict situations are more complex than natural disasters. Lessons learned from other post-conflict situations show that each is unique, and the priority, timing, appropriateness, and execution of tasks will vary each time (footnote 10). Depending on the fragility of a post-conflict situation, reconstruction efforts may only commence 12–24 months after security has been restored, clearing of ordnance and debris is completed, basic institutions and governance are reestablished, and a political consensus on the recovery program is achieved.¹⁴ In Marawi, long-standing political conflicts and intense power dynamics between family clans, combined with the complex ARMM governance setting and the ongoing transition to the BARM, mean it has taken longer to achieve political consensus on the BMCRRP among critical local stakeholders. The government is cognizant of the fact that excluding the participation of local people in Marawi regarding what infrastructure the community requires can reignite economic and social tensions.¹⁵ Broad consensus with stakeholders on the list of PPA was only achieved and led to the final endorsement of the BMCRRP by the national government in July 2018 (para. 4). With IDPs now returning to Marawi, the government, local stakeholders, and development partners consider time is of the essence in implementing the BMCRRP.

¹⁰ Center for Strategic and International Studies. 2002. *The Post-Conflict Reconstruction Task Framework*. <http://www.csis.org/isp/pcr/framework.pdf>.

¹¹ ADB. 2018. *Country Partnership Strategy: Philippines, 2018–2023—High and Inclusive Growth*. Manila.

¹² ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

¹³ Eligibility Criteria for Emergency Assistance (accessible from the list of linked documents in Appendix 2) and ADB. 2004. *Disaster and Emergency Assistance Policy*. Manila.

¹⁴ ADB's EAL project for Sri Lanka was approved 11 months after the conflict ended in May 2009. ADB. 2017. *Completion Report: Conflict-Affected Regional Emergency Project in Sri Lanka*. Manila.

¹⁵ Marawi Conflict Sensitivity Assessment (accessible from the list of linked documents in Appendix 2).

III. THE EMERGENCY ASSISTANCE LOAN

A. Impact and Outcome

15. The ERRM is aligned with the following impact: social and economic recovery in Marawi achieved by 2023. The ERRM will have the following outcome: adverse social impact of the armed conflict on affected people mitigated.

B. Outputs

16. **Output 1. Quick-disbursing support for the recovery program implemented.** The quick-disbursing component will finance eligible expenditures of non-infrastructure related PPA in the BMCRRP. The aim is to ensure the restoration of service delivery in education and health, scaling up of social assistance programs, employment assistance and training programs, business and livelihood programs, housing-related cash assistance, and capacity building and training related to local governance and peace building. Table 3 provides details of the positive list of expenditure categories that will be financed by the ERRM. This includes up to 449 PPA for an estimated cost of ₱22.8 billion. The quick-disbursing component may also be used to finance personnel and operations and maintenance costs for education, health, and social welfare in Lanao del Sur, ARMM. The ADB, working with the government, has designed a monitoring framework and financial management arrangements to enhance financial accountability.¹⁶ First, the implementation of the BMCRRP will include a rigorous monitoring framework overseen by the TFBM through the establishment of a project management office. Second, the financial management arrangements for output 1 will use the government's public financial management systems to track and report on budgetary disbursements made on eligible PPA expenditures. This will include the DOF submitting to ADB certification that output 1 will only be used for eligible expenditures and an audited statement of eligible expenditures for each fiscal year, as set out in the draft loan agreement (para 26). ADB will provide separate technical assistance support for implementing the financial management arrangements and monitoring of output 1.

Table 3: Quick-Disbursing Component: Eligible Expenditures Under the Bangon Marawi Comprehensive Rehabilitation and Recovery Program

Expenditure Categories (Positive List)	Number of Programs, Projects, and Activities	Estimated Expenditures (₱ million)
1. Local governance and peace building: Social healing and peace building, youth-focused programs, capacity support to local governance	85	302.8
2. Housing and settlement: Shelter financial assistance, housing cash assistance	29	10,155.6
3. Business and livelihood: Extension and financial assistance to farmers, agri-businesses, and micro, small, and medium-sized enterprises; livelihood support programs; employment assistance; and training programs	267	7,207.0
4. Social services: Education (teacher placement, financial assistance to internally displaced children, upgrading curricula, peace education, school-level psychological support), health (equipping health clinics, medical staff placement, nutrition programs, school-level psychological support), and welfare (transitory family package)	68	5,117.0
Total	449	22,783.2

Note: Some livelihood and business programs are separately covered under output 4.

Source: Government of the Philippines, National Economic and Development Authority – Regional Development Office. 2018. *Bangon Marawi Comprehensive Rehabilitation and Recovery Program*. Manila.

¹⁶ Financial Management Assessment and Arrangements (Output 1) (accessible from the list of linked documents in Appendix 2).

17. **Output 2. Connectivity reestablished.** Reestablishing physical connectivity within Marawi and Lanao del Sur is critically important for accelerating social and economic recovery. This output will assist the government in rebuilding infrastructure damaged during the armed conflict. Specifically, the output will finance the Department of Public Works and Highway (DPWH) larger-scale infrastructure projects included in the BMCRRP covering the repair, upgrade, rehabilitation, construction, and related improvement of roads, bridges, and drainage. This includes the construction of about 25 kilometers of roads and 1,700 meters of bridges and viaducts. All infrastructure will be rebuilt to a higher standard, will be climate resilient, and will incorporate gender-responsive and inclusive physical design features to make them safer for use by women, children, the elderly, and people with disabilities.

18. **Output 3. Water utilities and health infrastructure restored.** This output will rehabilitate public water utilities and health infrastructure. Under the water component, reconstruction and rehabilitation of infrastructure will be financed within the area of the existing water supply system, comprising 19 *barangays* (villages) currently serviced by the Marawi city water district, and will develop a comprehensive water supply, septage and sewerage, and drainage master plan for the city. This plan will be informed by local consultations ensuring participation of women's groups. Under the health component, two local health units (clinics) will be constructed—one in Marawi and one in Piagapo—as model health units that meet or exceed national standards. The well-equipped units will have climate-resilient features (solar powered refrigeration), have birthing facilities, and water supply and sanitation. The output will also provide mobile health facilities (three mobile health clinics, two ambulances, two patient transport vehicles, and one monitoring vehicle) to restore essential health services, including reproductive health services, to Marawi and surrounding areas hosting IDPs. This entire output will be financed by the UCCRTF grant.

19. **Output 4. Social services and livelihoods support improved.** This output will improve social services and livelihoods of affected people. First, it will scale up delivery of the Department of Labor and Employment (DOLE) Emergency Employment Program in Marawi and municipalities by providing cash-for-work assistance to approximately 2,400 beneficiaries. Second, it will support approximately 1,200 beneficiaries in accessing livelihood programs, patterned on the DOLE Integrated Livelihood Program and Department of Trade and Industry (DTI) Shared Services Facility Program. Third, it will restore quality education by equipping the Department of Education (DepEd) schools and temporary learning spaces with furniture and learning and teaching materials; providing capacity development for teachers to offer gender-responsive psycho-social support for children, youth, and their families; and supporting culture- and gender-sensitive peace education. The entire output will be financed by the JFPR grant.

C. Summary Cost Estimates and Financing Plan

20. The ERRM is estimated to cost \$439.6 million (Table 4). Detailed cost estimates by expenditure category and by financier for outputs 2–4 are included in the project administration manuals (PAMs).¹⁷

21. The government has requested two regular loans with an aggregate of \$400 million from ADB's ordinary capital resources, of which a \$300 million loan will finance output 1 and a \$100 million loan will finance output 2. Both loans will have a 32-year term, including a grace period of 8 years; an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per annum; and such other

¹⁷ Project Administration Manuals (Outputs 2, 3, and 4) (accessible from the list of linked documents in Appendix 2).

terms and conditions set forth in the draft loan agreement. Based on the custom-tailored repayment method, the average maturity is 19 years, and the maturity premium payable to ADB is 0.2% per year. The government has made its own independent decision to borrow under ADB's LIBOR-based lending facility and has given an undertaking that this choice was not made on the basis of any advice from ADB. The financing under the quick-disbursing component will be withdrawn upon loan effectiveness in multiple installments from 2019 based on the withdrawal application accompanied by a certification (para 16). The UCCRTF under the Urban Financing Partnership Facility will provide grant cofinancing equivalent to \$5 million, to be administered by ADB to finance output 3, and the JFPR will provide grant cofinancing equivalent to \$3 million, to be administered by ADB, to finance output 4.

Table 4: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Quick-disbursing support for the recovery program implemented	300.0
2. Connectivity reestablished	115.4
3. Water utilities and health infrastructure restored	4.7
4. Social services and livelihoods support improved	2.9
Subtotal (A)	423.0
B. Contingencies^c	6.8
C. Financial Charges During Implementation^d	9.8
Total (A+B+C)	439.6

Note: Numbers may not sum precisely due to rounding.

^a Includes taxes and duties of \$15.4 million. Such amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$15.4 million related to output 2 through cash contribution. The Asian Development Bank financing will finance taxes and duties on Asian Development Bank-financed expenditures for output 3 and output 4.

^b In mid-2018 prices as of October 2018.

^c Under output 2, physical contingencies computed using published rates at 2.0% for civil works, and price contingencies computed at average of 4.5% on foreign exchange costs and local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate. Under output 3, for items under financing from the Urban Climate Change Resilience Trust Fund, contingencies computed as 6.5% of base cost, and for items financed under the Japan Fund for Poverty Reduction, contingencies computed at 3.9% of the base cost.

^d Includes interest and commitment charges related to output 2 only. Interest during construction for the ordinary capital resources loan has been computed at the 5-year United States dollar fixed swap rate plus an effective contractual spread of 0.5% and maturity premium of 0.2%. Commitment charges for the ordinary capital resources loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

22. The summary financing plan is in Table 5. For output 1 (quick-disbursing component), the government will ensure it finances eligible expenditures, which are defined as categories of expenditures in the BMCRRP and personnel and operations and maintenance costs (recurrent expenditures) for education, health, and social welfare in Lanao del Sur, ARMM as set out in the draft loan agreement, excluding any expenditures financed from credits from official international or bilateral aid agencies or any other loans or grants made by ADB or other external funding sources for financing the BMCRRP. For output 2, ADB will finance the expenditures in relation to civil works and consultants. The government will finance land acquisition and resettlement costs, incremental administration costs, taxes and duties, and interests during construction. For output 3, ADB will finance the expenditures in relation to civil works, consultants, goods, and taxes and duties. The government will provide in-kind support, including provision of staff time for project management, and finance any necessary land acquisition and resettlement. For output 4, ADB will finance cash grants, equipment, consulting services, materials, minor works, and contingencies.

Table 5: Summary Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (regular loan)	400.0	91.0
Urban Climate Change Resilience Trust Fund ^a under the Urban Financing Partnership Facility	5.0	1.1
Japan Fund for Poverty Reduction ^b	3.0	0.7
Government	31.6	7.2
Total	439.6	100.0

Note: Numbers may not sum precisely due to rounding.

^a Financing partners: The Rockefeller Foundation and the governments of Switzerland and the United Kingdom. Administered by the Asian Development Bank.

^b Administered by the Asian Development Bank.

Source: Asian Development Bank.

D. Implementation Arrangements

23. An ERRM steering committee will be established and chaired by the DOF as the borrower. The steering committee will oversee the reporting of all four outputs under the ERRM. The TFBM and oversight agencies will be members of the steering committee. These include the Department of Budget and Management, DepEd, Department of Health, DOLE, DPWH, DTI, the Housing and Urban Development Coordinating Council (chair of TFBM), NEDA, the Local Water Utilities Administration (LWUA), and the Office of Civil Defense. The local governments of Marawi and Lanao del Sur will also be members of the steering committee. The committee will meet biannually to report on progress with ERRM implementation for dissemination among implementing agencies and ADB. The TFBM will monitor implementation of PPA on a regular basis and report to the steering committee. The overall implementation period for the ERRM is 5 years in line with the BMCRRP.

Table 6: Project Loan and Grants Components Implementation Arrangements

Table 6.1 Project Loan and Grants Components Implementation Arrangements			
Aspects	Arrangements		
Implementation period	January 2019–December 2023		
Estimated completion date	30 June 2020 (output 1), 31 December 2023 (output 2), 30 September 2020 (output 3), and 29 January 2021 (output 4)		
Estimated loan closing date	31 December 2020 (outputs 1 and 3), 30 June 2024 (output 2), and 29 July 2021 (output 4)		
Management			
(i) Oversight body	Steering committee as described in para. 23		
(ii) Executing agency	DOF; DPWH		
(iii) Implementing agency	Output 2: Unified Project Management Office Roads Cluster II (Multilateral); Output 3: LWUA; Output 4: Save the Children Philippines (Consultant)		
(iv) Implementing unit	PMO ERRM (Manila head office), 15 staff (tbc) Field PMO (Marawi office), 5 staff (tbc)		
Procurement	OCB (international)	1 contract	\$64.4 million
	OCB (national)	6–10 contracts	\$27.7 million
	Direct contracting	1 contract (nongovernment organization)	\$4.5 million
	Direct contracting	1 contract (water supply)	\$2.5 million
Consulting services	SSS	External monitoring (safeguards)	\$0.5 million
		Master planning	\$0.4 million
	QCBS 80:20	Project implementation consultant	\$8.0 million
Advance contracting and Retroactive Financing	Advance contracting for the procurement of works and services. Retroactive financing may be used for procurement of works and services.		
Disbursement	The loan and grant proceeds will be disbursed following ADB’s <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, DOF = Department of Finance, DPWH = Department of Public Works and Highways, LWUA = Local Water Utilities Association, OCB = open competitive bidding, QCBS = quality-and cost-based selection, SSS = single source selection, tbc = to be confirmed.

Note: Procurement (including consulting services) will follow the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Since ADB is administering cofinancing resources for operations financed by ordinary capital resources, universal procurement will apply to all procurement packages to be financed under this project. ADB. 2015. *Enhancing Operational Efficiency of the Asian Development Bank*. Manila.

Source: Asian Development Bank.

24. The DOF will be the executing agency for output 1. The DPWH will be the executing agency for outputs 2, 3, and 4. Output 2 will be implemented using the existing arrangements for ADB's ongoing Improving Growth Corridors in Mindanao Road Sector Project.¹⁸ This will entail using the same project management office, supervision and external monitoring arrangements, and financial management arrangements. The implementing agency for output 3 will be the LWUA. One firm will be recruited by the LWUA using direct contracting for master planning and civil works, while individual consultants will be recruited to support the LWUA's PMU for project design, supervision, and management. The implementing consultant for output 4 will be Save the Children Philippines, a nongovernment organization, which will be recruited by the DPWH using direct contracting. Consultant support will be provided to the DPWH for overseeing the implementation of the Outputs 2 to 4. Output 2 will be implemented over a 5-year period, considering the exceptional level of reconstruction required and the complex local context for project implementation. The implementation arrangements are summarized in Table 6 and described in detail in the respective PAMs (footnote 17), including justification for direct contracting of the civil works and services under outputs 2, 3, and 4.

25. Procurement of goods, services, and works will be carried out in a manner consistent with the simplified and expedient procedures permitted under the DEAP and the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). Relaxation of open competitive bidding requirements for works and goods with an abbreviated bidding and evaluation period will expedite contract awards under the project (as detailed in the PAMs). For output 2, during project implementation the DPWH will screen, prepare, and appraise the subprojects to be financed under the loan with support from the loan-financed consultants. Discussions will be held with IDPs and local stakeholders to confirm the subprojects, ensure ownership, and maximize benefits. The steering committee will review and select the list of subprojects, based on subproject selection criteria agreed between the DPWH and ADB, and are described in the PAM and in the draft loan agreement.

26. The ADB Board of Directors is requested to waive the requirement under the DEAP that the quick-disbursing component finances only a list of identified imports necessary for effective recovery assistance. The quick-disbursing component will enable the government to generate counterpart funds in pesos in the equivalent of the loan proceeds, which will be used to directly finance eligible expenditures of the BMCRRP and recurrent expenditures in Lanao del Sur, ARMM (para. 16) instead of direct procurement of goods. Disbursement and related arrangements for the quick-disbursing component will follow ADB's policies and procedures applicable to policy-based lending based on the list of ineligible items¹⁹ and ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).²⁰

¹⁸ ADB. 2017. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of the Philippines for the Improving Growth Corridors in Mindanao Road Sector Project*. Manila (Loan 3631-PHI).

¹⁹ List of Ineligible Items (accessible from the list of linked documents in Appendix 2).

²⁰ ADB. 1998. *Simplification of Disbursement Procedures and Related Requirements for Program Loans*. Manila.

IV. DUE DILIGENCE

A. Economic and Financial

27. Since the ERRM is processed as an emergency intervention, financial and economic rates have not been calculated for the subprojects under output 2 (footnote 13). During ERRM implementation, the design consultants will prepare an economic analysis of the subprojects for output 2 and output 3, following ADB's Guidelines for the Economic Analysis of Projects.²¹ Only economically viable projects will be financed. Most project outputs are non-revenue-generating public services (roads, schools, and health centers) with no cost recovery, and hence no financial viability assessment is required for these outputs. In 2017, ADB reviewed the funding available for road maintenance by the DPWH and concluded that it was reasonable to expect that the government will provide enough financing for the maintenance of ADB-financed roads in Mindanao (footnote 18). The government has continued in 2018 to quickly increase the DPWH allocations for road maintenance and will do so again in 2019. The financial sustainability analysis for all outputs will be completed within 6 months of project implementation. For the water supply component, a financial viability assessment will be conducted within 6 months of project implementation. The government's commitment to operation and maintenance of all project facilities and assets are included as covenants in loan and grant agreements.

B. Governance

28. The government continues to strengthen its public financial management system. The 2017 public expenditure and financial accountability assessment confirmed that three of the seven core areas—transparency, policy-based budgeting, and asset–liability management—have improved and are now considered strong. Areas of weakness—budget credibility, predictability and control in budget execution, and audit—are being actively addressed by the government. However, given the nature of emergency projects, the financial management risk for the ERRM is *high*. The financial management assessments are substantially complete and will be continuously updated during implementation. The financial management action plan, drafted to mitigate the risks, will be closely monitored during implementation. Besides the financial management arrangements described in para. 16 and footnote 16, the Commission on Audit will carry out a special audit focusing on governance, transparency, and accountability at the completion of the ERRM. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and the DOF. The specific policy requirements and supplementary measures are in the PAMs (footnote 17).

C. Poverty, Social, and Gender

29. The ERRM will directly contribute to poverty reduction, inclusive growth, and the social development goals by reconstructing much-needed infrastructure, restoring essential services, and reviving livelihood opportunities for thousands of people in the conflict-affected areas of Marawi and surrounding municipalities. The ERRM is categorized as effective gender mainstreaming at entry. The gender action plan includes proactive measures to ensure (i) equal opportunity for men and women in employment and livelihood opportunities; and (ii) gender responsiveness of peace education, psycho-social support, local water supply, sewerage and drainage master plans, and infrastructure.²²

²¹ ADB. 2017. *Guidelines for the Economic Analysis of Projects*. Manila.

²² Gender Action Plan (accessible from the list of linked documents in Appendix 2).

D. Safeguards

30. The overall ERRM is categorized A for involuntary resettlement because the expected cumulative number of affected persons under output 2 exceeds 200, and B for environment and indigenous peoples in accordance with ADB's Safeguard Policy Statement (2009). The quick-disbursing component under output 1 will not include activities that lead to safeguard implications within the meaning of ADB's Safeguard Policy Statement (SPS).²³ However, if the quick-disbursing support is used for any activity with safeguard impacts, ADB's SPS requirements will apply, including the environmental assessment and review frameworks (EARF) and combined resettlement and ethnic minority development frameworks (REMDF) prepared for output 2.

31. Outputs 2 and 3 have safeguard implications, which are covered under two sets of EARF and REMDF prepared in accordance with ADB's SPS. Frameworks instead of individual safeguard plans have been prepared as the DEAP allows for procedural flexibility in the application of the safeguard requirements. Individual plans will be prepared during project implementation.

32. Output 2 will have significant safeguard implications for involuntary resettlement and nonsignificant implications for indigenous peoples and environment. Output 2 will include upgrading and reconstruction of existing roads and trails, bridges, other roads, and drainage. Works will be within the existing rights of way. However, land acquisition and resettlement may be necessary and may generate significant impacts. An REMDF has been prepared and Resettlement and Ethnic Minority Development Plans (REMDP) will be prepared and implemented for subprojects consistent with the REMDF. During implementation the categorization will be reassessed and, if impacts under involuntary resettlement are deemed nonsignificant, the project will be recategorized; in which case the external monitor for involuntary resettlement will still be engaged given that this is a post-conflict environment.²⁴ The proposed works are not anticipated to cause any significant adverse environmental impacts during construction and operation. Environmental assessment reports will be prepared for subprojects consistent with the EARF.

33. Output 3 has minor safeguard implications. Expected land requirements are limited to small parcels of land. An REMDF has been prepared to address involuntary resettlement safeguard impacts and a REMDP will be prepared and implemented for subprojects consistent with the REMDF. The project activities are mainly damaged infrastructure in built-up areas of Marawi city. Works are not anticipated to be carried out in environmentally sensitive areas, and no significant adverse environmental impact is expected during construction and operation. Environmental assessment reports will be prepared for subprojects consistent with the EARF. Output 4 has no major environment or involuntary resettlement impacts. An indigenous peoples plan was prepared in accordance with ADB's SPS to reflect positive impacts on affected indigenous peoples.

E. Summary of Risks and Mitigating Measures

34. The ERRM has three substantial risks.²⁵ Country-level risks include weaknesses in the public financial management system and corruption. To mitigate these risks, the government has

²³ Environmental Assessment and Review Frameworks and Resettlement and Indigenous People Planning Frameworks for Outputs 2 and 3 (accessible from the list of linked documents in Appendix 2).

²⁴ An external monitor is only required for projects with significant involuntary resettlement impacts. ADB's Safeguard Policy Statement (2009).

²⁵ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

strengthened the budget review process, reduced the number and size of special purpose funds, and institutionalized transparency as a precondition to accessing public funds. To reduce corruption risks, the Good Governance and Anti-Corruption Cabinet Cluster of the Philippines implemented a comprehensive and results-based anticorruption action plan (footnote 16). Two contextual risks are (i) recurrence of conflicts (ADB will continue to closely monitor the security situation and coordinate with government agencies), and (ii) lack of coordination in recovery efforts. ADB and other DPs will coordinate monitoring with the government through the TFBM.

V. ASSURANCES

35. The government has assured ADB that implementation of ERRM shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAMs and loan documents. The government has agreed with ADB on certain covenants for the ERRM, which are set forth in the loan and grant agreements.

VI. RECOMMENDATION

36. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

- (i) the loan of \$300,000,000 to the Republic of the Philippines for the Emergency Assistance for Reconstruction and Recovery of Marawi, from ADB's ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board;
- (ii) the loan of \$100,000,000 to the Republic of the Philippines for the Emergency Assistance for Reconstruction and Recovery of Marawi, from ADB's ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board; and
- (iii) waiver of the requirement that the quick-disbursing component finance a list of identified imports under the Disaster and Emergency Assistance Policy and application of disbursement arrangements as more fully discussed in para. 26 of this report.

Takehiko Nakao
President

23 November 2018

DESIGN AND MONITORING FRAMEWORK

Impact the ERRM is Aligned with

Social and economic recovery in Marawi achieved by 2023 (Bangon Marawi Comprehensive Reconstruction and Recovery Program, 2018–2022)^a

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Adverse social impact of the armed conflict on affected persons mitigated	By 2023: a. Remaining IDPs (disaggregated by sex) reduced by 80% (August 2018 baseline of remaining IDPs: 73,266 [54% female]) b. All-season road accessibility to and within Marawi reestablished (2018 baseline: Road accessibility not ensured all season) c. 24/7 potable water supply reestablished in 19 <i>barangays</i> (villages) (1,392 households; about 3,500 women) under the Marawi city water district (2018 baseline: Intermittent water supply) d. At least 20% increase in people (50% women) ^b in Marawi and surrounding areas with improved access to health services (2018 baseline: 250,000 catchment population) e. 75% of Department of Education schools in Marawi and surrounding municipalities ^c meeting Department of Education minimum standards for quality (2017 baseline: 0%)	a. TFBM progress reports on implementation of BMCRRP and status of IDPs b. DPWH-Autonomous Region in Muslim Mindanao's road database and consultant's surveys c. Project construction records and project progress reports d. Clinic patient records e. Department of Education records	Possibility of intermittent conflict in Lanao del Sur
Outputs 1. Quick-disbursing support for the recovery program implemented	By 2023: a. Up to 449 PPA in the BMCRRP implemented in the following categories: (i). local governance, (ii) housing assistance, (iii) business and livelihoods, and (iv) social services (2017 baseline: 0%) ^d	TFBM subcommittee monitoring and evaluation reports	Lack of coordination on reconstruction and recovery efforts between different national and local government agencies Contentious land acquisition and registration delays civil works

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
2. Connectivity reestablished	<p>By 2023</p> <p>a. At least 22 km of roads and bridges in Marawi or on connecting highways are rehabilitated and improved, including safety features for women, children, elderly, and people with disabilities^e (2017 baseline: 0 km of roads and bridges)</p>	DPWH annual road network status reports	<p>Political and security risks to contractors and consultants delay civil works</p> <p>Lack of operation and maintenance of water supply systems because of legal and financial challenges of water district</p>
3. Water utilities and health infrastructure restored	<p>By the end of 2020:</p> <p>a. At least 15.4 km of water supply pipes reconstructed and rehabilitated (2018 baseline: 15.4 km of damaged and/or dilapidated pipelines)</p> <p>b. Two new local health units, with birthing facilities, constructed to Department of Health standards and equipped to meet the 4:1 service delivery requirement, and three new mobile health clinics operational (2018 baseline: 0)</p> <p>c. At least 20% of rural health unit, urban health unit, and mobile clinic staff (including midwives and nurses) have increased service delivery skills (2018 baseline: 0)</p>	<p>a.–b. Project construction records and project progress reports</p> <p>c. Post-workshop survey of participants</p>	Limited medical supplies and/or budget for operation and maintenance for health facilities
4. Social services and livelihoods support improved	<p>By 2021:</p> <p>a. At least 3,600 people receive income-generating social service support^g (at least 50% female; 20% youth) (2018 baseline: 0)</p> <p>b. At least 300 classrooms upgraded and equipped with basic equipment and materials (2018 baseline: 0)</p> <p>d. 400 education staff have increased skills in delivering gender-responsive psycho-social support and quality conflict-sensitive education (2018 baseline: 0)</p>	<p>a.–b. Save the Children Philippines biannual monitoring and evaluation reports</p> <p>c. Post-training survey of participants</p>	

Key Activities with Milestones**1. Quick-disbursing support for the recovery program implemented**

- 1.1 Publish audited statement of eligible expenditures for FY2019 by the end of December 2020.
- 1.2 Publish audited statement of eligible expenditures for FY2020 by the end of December 2021.

2. Connectivity reestablished

- 2.1 Recruit design consultant by April 2019 and complete detailed designs by December 2019.
- 2.2 Complete land acquisition and resettlement activities by April 2020.
- 2.2 Recruit supervision consultant and award civil works contracts by April 2020.
- 2.3 Complete civil works by March 2022.

3. Water utilities and health infrastructure restored

- 3.1 Procure mobile health facilities by January 2019 and medical equipment by June 2019.
- 3.2 Construct health units by November 2019.
- 3.3 Consult locally on draft master plan for water supply, drainage, and sewerage in 2019 and 2020 with 50% participation of women.
- 3.4 Complete master plan for water supply, drainage, and sewerage by April 2020.
- 3.5 Design-build contractor constructs water supply works by April 2020.

4. Social services and livelihoods support improved

- 4.1 Match beneficiaries with short-term emergency employment opportunities by Q2 2019–Q4 2020.
- 4.2 Procure and deliver livelihood materials, equipment, and tools by Q3 2019–Q4 2020.
- 4.3 Provide school furniture in affected schools and temporary learning spaces by April 2019.
- 4.4 Support Department of Education to identify and integrate core competencies and messages on gender-sensitive peace education in the kindergarten to grade 12 curricula by December 2020.

Budget Support

Asian Development Bank:

Ordinary capital resources loan: \$400,000,000

Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility: \$5,000,000

Japan Fund for Poverty Reduction: \$3,000,000

Government of the Philippines: \$31,650,000^f

Assumptions for Partner Financing

Not applicable

BMCRRP = Bangon Marawi Comprehensive Reconstruction and Recovery program; DOE = Department of Education; DPWH = Department of Public Works and Highways; FY = fiscal year, IDP = internally displaced person; km = kilometer; Q = quarter; PPA = programs, projects, and activities; TFBM = Task Force Bangon Marawi.

^a Government of the Philippines, National Economic and Development Authority. 2018. *Bangon Marawi Comprehensive Reconstruction and Recovery Program, 2019–2023*. Manila.

^b Per 2015 population census, the combined population in the directly affected local government units of Marawi, Piagapo, and Butig was 246,527, which represents the catchment and a significant portion of the displaced populations.

^c Municipalities include Marantao, Piagapo, and Saguilaran, covered in the BMCRRP as affected areas.

^d Components covered under output 4 (SS-2, 15, 16, 27, 28, 33, and 34; and LBD-35) in the BMCRRP will not be double counted in this reporting.

^e Income-generating social service support will include the provision of livelihood starter kits, livelihood-related equipment, and emergency employment.

^f Government counterpart financing includes taxes and duties, land acquisition and resettlement costs, incremental administration costs, and financial charges during construction.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

(<http://www.adb.org/Documents/RRPs/?id=52313-001-3>)

1. Loan Agreement
2. Grant Agreement: Urban Financing Partnership Facility (externally financed)
3. Project Agreement
4. Grant Agreement: Japan Fund for Poverty Reduction (externally financed)
5. Sector Assessment (Summary): Public Sector Management
6. Project Administration Manuals: Outputs 2, 3, and 4
7. Contribution to the ADB Results Framework
8. Emergency Assistance Coordination
9. Country Economic Indicators
10. Summary Poverty Reduction and Social Strategy
11. Risk Assessment and Risk Management Plan
12. Environmental Assessment and Review Frameworks: Outputs 2 and 3
13. Combined Resettlement and Ethnic Minority Development Frameworks: Outputs 2 and 3
14. Japan Fund for Poverty Reduction Grant: Restoring Livelihoods and Learning in Marawi
15. Consolidated Gender Action Plan

Supplementary Documents

16. Financial Management Assessment and Arrangements: Output 1
17. Summary Assessment of Damage and Needs
18. Marawi Conflict Sensitivity Assessment
19. Eligibility Criteria for Emergency Assistance
20. List of Ineligible Items