

11 August 2008

**RETA 6445: Support for Implementation of the
Second Governance and Anticorruption Action
Plan (GACAP II)
(Financed by the Governance Cooperation Fund)
–Guidelines for Subprojects**

ABBREVIATIONS

ADB	–	Asian Development Bank
CPS	–	country partnership strategy
CSO	–	civil society organization
DMC	–	developing member country
GACAP II	–	Second Governance and Anticorruption Action Plan
GCF	–	Governance Cooperation Fund
LOA	–	Letter of Agreement
NGO	–	nongovernmental organization
PCR	–	project completion report
PFM	–	public financial management
RAMP	–	Risk Assessment and Management Plan
RETA	–	regional technical assistance
RM	–	resident mission
RSCG	–	Capacity Development and Governance Division
RSDD	–	Regional and Sustainable Development Department
TA	–	technical assistance

NOTE

In this report, "\$" refers to US dollars.

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I. PURPOSE

1. The purpose of these guidelines is to provide Asian Development Bank (ADB) staff with information on the preparation and submission of applications for subproject funding under Regional Technical Assistance (RETA) 6445: Support to Implementation of ADB's Second Governance and Anticorruption Action Plan (GACAP II), funded by the Governance Cooperation Fund (and hereafter referred to as the GCF RETA).¹ These guidelines are intended to complement the GCF RETA paper. The two documents should be read together for a thorough understanding of the relevant features and procedures involved.

II. PROGRAM OBJECTIVES AND SUBPROJECTS

2. The GCF RETA is expected to contribute to the impact of improved quality of governance, which contributes to sustainable development in developing member countries (DMCs). The expected outcome of the RETA is strengthened governance in participating DMCs in areas of public finance management (PFM), procurement and combating corruption. The GCF RETA has an important role to play in mainstreaming and adding value to the implementation of ADB's governance and anticorruption policies, and specifically to support the implementation of GACAP II.

III. ELIGIBILITY AND PRIORITY CRITERIA

3. All DMCs eligible for ADB assistance, and that meet the minimum criteria outlined in point five below, are eligible for subproject funding.

4. The total amount of funds available for financing subprojects is \$1.5 million. Proposals in excess of \$250,000 must be cleared by the GCF donor governments on a no-objection basis.

5. Subproject proposals must meet the following minimum criteria to be eligible for selection:

- (i) Subproject addresses governance risks identified in country, sector, and/or project risk assessments, and risk mitigation plans prepared for country partnership strategies (CPSs) or projects included in the CPS;
- (ii) For DMCs where a CPS with GACAP II application has not yet been prepared, if a project preparatory technical assistance (TA) or project design document has explicitly included a risk assessment—on an exception basis—the GCF RETA can support a subproject that addresses governance risks identified.
- (iii) Subproject improves access to information on implementation and monitoring of risk mitigation measures and plans at country, sector, and/or project levels.

6. GACAP II places emphasis on involving civil society organizations (CSOs) to promote links between DMC governments and citizens to strengthen participation and improve accountability. Promoting participation of civil society, where appropriate, is encouraged.

7. Priority criteria will be used as benchmarks by peer review committees for assessing sustainability, country ownership, and innovation. If a situation arises where the number of

¹ The GCF is funded by the Governments of Canada, Denmark, Ireland, and Norway.

proposals exceeds the subproject funding available, then priority criteria will be used for ranking purposes. The following criteria will be applied for prioritizing subproject proposals:

- (i) potential for mainstreaming project impacts at sector level and/or country level;
- (ii) clear demonstration of how subproject outcomes are sustained;
- (iii) demonstrated commitment from DMCs/other partners through cost-sharing or other specific steps in implementing mitigation measures; and
- (iv) elements of innovation.

IV. ROLES AND RESPONSIBILITIES

8. The Capacity Development and Governance Division (RSCG) is responsible for the overall management and administration of the GCF RETA, and the Secretariat for the GCF RETA is located in RSCG. The Secretariat has the following responsibilities: (i) provide guidance to applicants submitting subproject proposals; (ii) design and maintain GCF knowledge management systems; (iii) data collection, compilation and analysis of lessons learned from GCF activities and subprojects; and (iv) dissemination of lessons learned to ADB staff and other interested stakeholders. Peer review committees will be convened by RSCG, comprised of qualified ADB staff, to undertake technical and management reviews of subprojects and make funding decisions. Implementation of subprojects is the responsibility of designated ADB project officers in the Departments.

V. PROPOSAL PREPARATION AND SUBMISSION

9. The requirements for proposal preparation and submission are:
- (i) Prepare and submit a concept paper to the Secretariat, by email or using the suggested format in Appendix 1;²
 - (ii) Prepare and submit to the Secretariat the subproject proposal in accordance with the format provided in Appendix 2 (proposals should not exceed 5 pages, excluding appendices); and
 - (iii) Proposals may be submitted by ADB staff from resident missions (RM), regional departments (RDs), or Regional Sustainable Development Department.

VI. SCHEDULE FOR PROPOSAL SUBMISSION AND SELECTION

10. The schedule for the initial batch of subproject proposals is as follows:

Action	Deadline
Submission of concept papers to RSCG for eligibility screening	29 Aug 08
Response to project sponsors on eligibility	05 Sep 08
Submission of subproject proposals to RSCG	19 Sep 08
Review of subproject proposals by peer review committee(s)	29 Sep – 3 Oct
Notification of decisions by peer review committee	06 Oct 08

² Concept papers are optional, but proposing departments are encouraged to prepare concept papers for screening by the GCF Secretariat prior to proceeding with full subproject proposals. If an email is used, it should include all the information included in template provided in Appendix 1.

11. Following the initial batch, concept papers and subproject proposals can be submitted throughout the year, following the procedures above. RSCG will review concept papers as received, and convene peer review committees as required.

VII. PROPOSAL REVIEW AND APPROVAL

12. Proposal review and approval involves (i) concept paper submission by ADB staff to the Secretariat; (ii) proposal submission by ADB project officer with RD endorsement; (iii) screening and review of subproject proposals by the Secretariat; (iv) review and approval of proposals by peer review committee; (v) approval of the subproject by relevant DMC officials.

Step 1: Concept paper submission by the ADB staff to the Secretariat

13. The ADB project officer may opt to prepare a concept paper on the proposed subproject before preparing a full-blown proposal to ensure that the proposal satisfies the minimum eligibility criteria. The Secretariat's confirmation that a proposal meets eligibility criteria does not constitute approval of funding for the proposal.

Step 2: Proposal submission by ADB staff with Director's endorsement

14. The ADB project officer may do some preparatory work during the fact finding mission or any other missions related to the Department's country operations to prepare the proposal. The ADB project officer must seek endorsement of the relevant Director(s) and Director General of the concerned RD on the proposal before its submission to the Secretariat.

Step 3: Screening and review of subproject proposals by the Secretariat

15. The proposals will be screened and reviewed by the Secretariat for eligibility (as per eligibility criteria in section III), prioritization criteria, and completeness.

Step 4: Review and approval of proposals by peer review committee

16. RSCG will convene peer review committees, composed of ADB staff with expertise in the subject matter of the subproject proposals, to review and approve the proposals. Peer review committees reviewing subprojects involving CSOs will include representation from the nongovernmental organization (NGO) and Civil Society Center. The peer review committee will send their comments, which will indicate support for approval, non approval, or deferment for further improvement. In the case of NGOs' participation in implementation of the subproject, the ADB project officer is required to conduct due diligence³ on the proposed NGO(s) to ensure the legitimate status and institutional capacity to implement the proposed subproject.

Step 5: Approval by relevant DMC officials

17. Once a subproject is approved by a peer review committee, a letter of agreement (LOA) must be signed between ADB and the Government confirming the Government's agreement to undertake the subproject, confirmation of the participating executing and implementing agencies, and agreement on implementation arrangements. A LOA, consistent with the model agreement

³ Due diligence includes the conduct of obtaining the following information: (i) complete list of NGO's senior staff and board of directors; (ii) most recent audited annual financial statement listing income sources; (iii) NGO's projected income and expense budget for current fiscal year, listing income sources; (iv) copy of the NGO's registration in the country where the subproject will be implemented; and (v) latest annual report.

in Appendix 3, must be prepared and signed by the Director General of the implementing department and the relevant Government authority. In cases when a subproject is implemented by an NGO, the DMC's no-objection must be obtained. A copy of the signed LOA or no-objection must be submitted to the Secretariat. The time between approval of the proposal by the peer review committee and government approval should normally not exceed two months, failing which the approval may lapse. The Secretariat can approve an extension if it considers that the circumstances warrant such action. A written request from the ADB project officer is required to grant the extension.

VIII. SUBPROJECT IMPLEMENTATION

18. Consultants under subprojects will be recruited as individuals. Where appropriate, NGOs will be recruited. All consultants and NGOs will be recruited in accordance with the ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time) and other arrangements satisfactory to ADB for the engagement of domestic consultants. Consultants required for a subproject will be identified and processed (through the Individual Consultant System) by the proposing departments. RSCG support in consultant selection can be provided, if requested. The ADB project officer (RM or RD staff) will oversee the work of the consultants for their respective subproject.

19. The ADB project officer is responsible for implementation supervision, monitoring and reporting on the implementation of the approved subproject, including ensuring that appropriate systems are in place for monitoring and reporting. Implementation of subprojects must comply with ADB policies. Key outputs and milestones need to be outlined for the relevant period and progress against stated output and activity targets indicated. Any issues arising which could negatively impact on achievement of the subproject objective and output targets should be reported, along with remedial action to be taken.

20. A progress report after 90 days of subproject implementation and semi-annual reports, thereafter, will need to be prepared and submitted by the ADB project officer to the Secretariat to provide the overall summary of the subproject implementation and financial status. The progress reports should be prepared using the template in Appendix 4. A subproject completion report (Appendix 5) needs to be submitted to the Secretariat within three months of the subproject completion.

IX. SUBPROJECT EVALUATION

21. A subproject completion report must be prepared by the ADB project officer to: (i) assess actual results achieved as compared to planned; (ii) identify factors influencing good and/or suboptimal performance and causes of the shortfalls, and (iii) describe lessons learned with recommendations for adoption for future projects. Completion reports will be posted on the GCF program website to share lessons learned.

X. CONTACT INFORMATION

22. For further information on the GCF RETA, contact the Secretariat through Ms. Cynthia Reyes at (creyes@adb.org).

CONCEPT PAPER PROPOSED FORMAT

Name of Subproject:	
ADB Project Officer(s):	
Project Cost:	
Amount Requested:	
Country:	
Implementation Period:	
I. General Eligibility Criteria	State how the proposed subproject meets the following eligibility and prioritization criteria (to be prepared by ADB project officer)
Subproject must meet criteria (i) or (ii) below, or both.	
(i) Subproject addresses major governance risks identified in country, sector, and/or project risk assessments and risk management plans prepared for CPSs or projects included in the CPS.	
(ii) Subproject improves access to information on implementation and monitoring of risk mitigation measures and plans at country, sector, and/or project levels.	
For countries where a CPS with GACAP II application has not been prepared, subproject must meet criteria (iii) below.	
(iii) Project preparatory TA or project design document has explicitly included a risk assessment and the subproject addresses major governance risks identified in the risk assessment and risk management plan.	

<p>II. Prioritization Criteria</p>	
<p>Subprojects will be ranked based on the following criteria:</p>	
<p>(i) potential for mainstreaming project impacts at sector level and/or country level</p>	
<p>(ii) clear demonstration of how subproject outcomes will be sustained</p>	
<p>(iii) demonstrated commitment from DMCs/other partners through cost-sharing or other specific steps in implementing mitigation measures</p>	
<p>(iv) elements of innovation</p>	
<p>Subproject Rationale and Outcome:</p>	

Outputs:

Methodology/Activities:

Secretariat Comments:

SUBPROJECT PROPOSAL TEMPLATE

I. BASIC DATA

i.	Subproject Title:	
ii.	ADB Project Officer:	
iii.	Request date:	
iv.	Implementing organization:	
v.	Amount of request:	
vi.	Duration of funding request:	
vii.	Country:	

II. BACKGROUND AND RATIONALE

1. Briefly describe preparatory efforts for the proposed subproject. This must include reference to a CPS or project level governance risk assessment and the identified risk mitigation measures; government's request for the same; the missions that processed the proposal; and the government's concurrence with the impact, outcome, outputs, implementation arrangements, cost estimate, and terms of reference. Refer to the design and monitoring framework (Attachment 1 – to be prepared in accordance with ADB's design and monitoring framework Guidelines).

III. RISKS TO BE ADDRESSED

2. Summarize the major risks¹ and the corresponding risk mitigation measure(s) that have been identified in the Risk Assessment and Risk Management Plan (RAMP)², with the relevant RAMP referenced in a footnote. Explain why the identified risks are considered to be major risks. What is their significance in the immediate context of the project, and the broader context of the sector and country? Outline the identified risk mitigation measure(s) that will be implemented under the subproject, and explain how they will address the major risks to be addressed. Where relevant, refer to ongoing and/or planned risk mitigation measures being undertaken in the country by the Government and other development partners (i.e., in addition to the proposed subproject).

IV. THE PROPOSED SUBPROJECT

A. Impact, Outcome, and Outputs

3. State the expected Impact and Outcome of the project, and planned Outputs. These should be consistent with the design summary in the Design and Monitoring Framework in Attachment 1.

¹ With reference to GACAP II – Implementation Guidelines (paragraph 37, page 9): Major risks are risks that are (a) likely to occur, (b) likely to have a serious impact on the development effectiveness of the planned intervention and, (c) likely to persist over the project period, when not responded to.

² Appendix 8 (p.40) of the GACAP II - Implementation Guidelines, presents two tables (Risk Summary Matrix and Risk Management Plan) that should be referenced in this section.

B. Approach and Key Activities

4. Explain how the expected outputs will achieve the outcome. Outline the key activities associated with the proposed approach to achieve the outputs. Identify any major assumptions and risks that need to be considered.

C. Cost Estimates

5. Propose the budget, using the Cost Estimates template in Attachment 2.

D. Implementation Arrangements

6. Describe the substantive role of the implementing agencies, including government agencies and/or NGOs.

7. Prepare outline terms of reference for any consultants required, including objectives, scope of work, detailed tasks, outputs and timetable, reporting and liaison, areas of expertise required, person days/months, and indicative budget. Indicate international and national consultant expertise required. Include consultant terms of reference as an appendix to the subproject proposal.

8. Describe how the subproject will be managed, monitored and reported. Indicate the schedule of reporting. Each subproject requires a progress report after 90 days of subproject implementation, thereafter semi-annual progress reports and a final report.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
Impact			Assumptions <ul style="list-style-type: none"> • • Risks <ul style="list-style-type: none"> • •
Outcome			Assumptions <ul style="list-style-type: none"> • • Risks <ul style="list-style-type: none"> • •
Outputs 1. 2. 3.			Assumptions <ul style="list-style-type: none"> • • Risks <ul style="list-style-type: none"> • •
Activities with Milestones 1.1 1.2 2.1 2.2. 3.1. 3.2.			Inputs

COST ESTIMATES
(\$'000)

Item	Total Cost
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	0.00
ii. National Consultants	0.00
b. International and Local Travel	0.00
c. Reports and Communications	0.00
2. Training, Seminars, and Conferences	0.00
3. Surveys	0.00
4. Miscellaneous Administration and Support Costs	0.00
5. Contingencies	0.00
Total	0.00

TEMPLATE FOR LETTER OF AGREEMENT BETWEEN ADB AND GOVERNMENT

[Date]

Mr./Ms. _____
[Official Contact]

Dear _____:

Re: Letter of Agreement Under ADB's RETA 6445: Support for Implementation of the Second Governance and Anticorruption Action Plan (financed the Governance Cooperation Fund) for **[Insert Subproject Title]**

1. I am pleased to inform you that on **[insert date]** the Asian Development Bank (ADB) approved the proposal entitled **[insert subproject title]** (herein referred to as the Project) in the amount not to exceed the equivalent of **[insert total budget in US\$]**. A copy of the Project is attached hereto (see Attachment).

2. As indicated in the Project, the **[insert executing agency]** will serve as the executing agency and the **[insert implementing agency]** has agreed to act as the implementing agency to carryout the activities outlined in the Project. It will work in collaboration with ADB's **[insert implementing division]** of the **[insert implementing regional department]**. The Project activities shall be carried out by **[insert executing agency and/or implementing agency]** in accordance with the Project.

3. In order to facilitate and ensure efficient and effective implementation of the Project, ADB through **[insert implementing division]** will:

- (a) oversee the implementation of the Project and monitor its progress on a periodic basis to ensure that all objectives, inputs and outputs are achieved in accordance with the Project;
- (b) recruit the consultants with the terms of reference incorporated in the Project.

4. The report and studies resulting from the Project, including intellectual property rights, will remain available to all member of ADB and **[insert the executing agency]**, and to the general public.

5. The officials responsible for the implementation of the Project shall be:

- (a) for ADB, **[insert responsible ADB Director, or designated]**
- (b) for **[insert executing agency]**, **[insert Government official]**

6. Please confirm that the above terms and conditions are acceptable to **[insert Government Ministry required to approve]** by signing and dating this Letter of Agreement in the space provided below, and then immediately faxing back to us today using **[insert regional department's fax number]** a copy of this Letter of Agreement as duly signed by both parties. The original can then be dispatched back to Manila under separate cover at a later date.

Yours Sincerely,

[Regional Department, Director General]

Confirmed:

[Government Ministry Required to Approve]

Name: [Authorized Representative]

Title:

Date:

SUBPROJECT REPORTING FORMAT

ADB project officers must submit progress reports after 90 days of subproject implementation, and semi-annually thereafter, to the GCF Secretariat in the format below. Reports should be prepared jointly with executing/implementing agencies.

A. Subproject Information	
Subproject Title:	
Executing/Implementing Organization:	
Subproject Start Date:	
Expected Completion Date:	
Reporting Period:	
B. Activity Summary <i>The section should briefly describe the activities undertaken during the period. Briefly describe outstanding issues and problems and proposed solution to resolve the issue. It should also discuss the resolution of the issues identified in previous progress reports.</i>	
C. Performance <i>This section should evaluate progress in terms of the agreed performance indicators (refer to Design and Monitoring Framework in the Subproject Proposal)</i>	

SUBPROJECT COMPLETION REPORT

A. Objective and Scope

1. A subproject completion report (PCR) is to be prepared to document the experience gained during the subproject implementation so that the knowledge gained can be used to improve planning, formulation, and implementation of future governance risk mitigation interventions.

B. Timing

2. A PCR is to be prepared within three months of subproject completion.

C. Format

Subproject Title:	Amount Approved:
Implementing Organization:	Amount Undisbursed:
	Amount Utilized:
Approval Date:	Completion Date
Signing Date:	Original: Actual:
Initiation Date:	
	Account Closing Date
	Original: Actual:
Description <i>Describe the overall subproject and the subproject performance indicator framework as specified in the Design and Monitoring Framework.</i>	
Objectives and Scope <i>Briefly describe the subprojects objectives, outcomes, outputs, and activities). Evaluate the relevance of subproject design (including appropriateness of objectives, work plan and approach, institutional arrangements, and implementation schedule) and formulation (including extent of stakeholder participation and ownership).</i>	

<p>Evaluation of Inputs and Activities (Adequacy of formulation, terms of reference, performance of consultants, other inputs, review missions, inputs of recipients)</p> <p><i>Evaluate</i></p> <ul style="list-style-type: none">• <i>the effectiveness of the activities in producing outputs</i>• <i>timeliness of completion of activities</i>• <i>reasons for deviating from planned inputs and activities</i> <p><i>The evaluation should include the presentation of the data on relevant indicators drawn from the performance indicator framework, as well as narrative evaluation the quality of inputs (particularly, the consultants and other expertise used)</i></p>
<p>Evaluation of Outputs (Reports generated, institution building, training, analysis of quality, and comparison with terms of reference)</p> <p><i>Evaluate</i></p> <ul style="list-style-type: none">• <i>efficiency in the production of outputs (cost and process),</i>• <i>effectiveness or efficacy (compare actual to planned results), timeliness of delivery of outputs</i> <p><i>The evaluation should include the presentation of the data on relevant indicators drawn from the performance indicator framework, as well as narrative evaluation</i></p>
<p>Evaluation of Outcomes</p> <p><i>Provide an assessment of subproject success towards achieving the desired outcome as specified in the Design and Monitoring Framework.</i></p>
<p>Major Lessons Learned</p> <p><i>Discuss the significant lessons learned that can help improve formulation and implementation of similar poverty – environment interventions</i></p>
<p>Recommendations</p> <p><i>The section should provided recommendations on how the results and lessons learned of the subproject might: (i) be better disseminated; (ii) mainstreamed in ADB operations; (iii) sustained in the subproject area; (iv) upscaled in the subproject area or other areas; and/or (v) replicated in other areas or situations.</i></p>
<p>Prepared by: _____</p> <p>Designation: _____</p>