

Major Change in Scope and Amount

Project Number: 37704
Technical Assistance Number: 4293
June 2008

TA 4293-PHI: Capacity Building for Housing Microfinance (Supplementary Funding from the Republic of Korea e-Asia and Knowledge Partnership Fund)

1. Technical assistance for the Capacity Building for Housing Microfinance Project was approved by the Asian Development Bank (ADB) as an attached TA to the Development of Poor Urban Communities Sector Project (DPUCSP)¹ on 18 December 2003. The total cost of the TA was \$1,500,000, funded on a grant basis from the ADB-funded TA program, the amount of which was decreased to \$1,400,000 in May 2004. After two extensions, the TA's current completion date is 30 June 2008.
2. The TA aims to help the Government strengthen systems within the Development Bank of the Philippines (DBP), Housing and Urban Development Coordinating Council (HUDCC), local government units (LGUs), and microfinance institutions (MFIs) to formulate projects and financing appropriate to the housing needs of the poor. The TA has engaged an international consulting firm to assist DBP and HUDCC (the executing agencies) in establishing, installing, and initially supervising shelter finance systems for the poor using a community action planning approach in the participating LGUs, MFIs, and community-based organizations.
3. By 15 May 2008, the TA had disbursed \$1.11 million or 80% of the total TA amount. To date, the TA has supported some 30 LGUs and 20 MFIs to develop investment proposals and loan applications to DBP.
4. During the review mission in November 2007, DBP and HUDCC inquired whether additional funds could be sourced to support TA implementation. Specifically, they proposed further technical assistance in order to strengthen their capacity to manage project clients.
5. Opportunities with development partners have been actively explored to secure supplementary funding to expand the scope of the TA. As a result, supplementary financing of \$500,000 has been committed by the Republic of Korea e-Asia and Knowledge Partnership Fund, to be administered by ADB.

¹ ADB. 2003. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Development Bank of the Philippines in the Republic of the Philippines for the Development of Poor Urban Communities Sector Project*. Manila (Loan 2063-PHI), for \$30.5 million, approved on 18 December 2003.

6. The proposed supplementary funding will finance three major outputs to expand the scope of the existing TA: (i) e-tools for pro-poor urban upgrading, (ii) e-tools for sustainable shelter and microenterprise finance, and (iii) ICT applications for effective project management. It will also support implementation of DPUCSP's key components.

7. Although the increase in TA amount is defined as a major change in scope (\$500,000 exceeded 15% of the current TA amount of \$1,400,000), it will not have a material effect on the TA's overall purpose, objectives and other implementation arrangements. TA implementation will be extended from 30 June 2008 to 30 June 2009.

8. The Board is notified of this major change in scope and increase in TA amount by the equivalent of \$500,000, to be financed on a grant basis by the Republic of Korea e-Asia and Knowledge Partnership Fund and administered by ADB. Details of the revised cost estimates and financing plan are shown in the Appendix.

REVISED COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Original	Additional ^b	Revised
A. Asian Development (ADB) Bank^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	450.00	78.30	528.30
ii. National Consultants	440.00	105.45	545.45
b. International and Local Travel	40.00	36.75	76.75
c. Reports and Communications	30.00	5.00	35.00
2. Equipment	60.00	100.00	160.00
3. Training, Seminar-Workshops, and Conferences			
a. Seminar-Workshops and Conferences	80.00	0.00	80.00
b. Facilitators and/or Programmers	0.00	40.00	40.00
c. Training Program	150.00	80.00	230.00
4. Miscellaneous Administration and Support Cost	100.00	33.90	133.90
5. Contingencies	50.00	20.60	70.60
Subtotal (A)	1,400.00	500.00	1,900.00
B. Government Financing^c			
1. Office Accommodation and Transport	250.00	25.00	275.00
2. Remuneration and Per Diem of Counterpart	400.00	75.00	475.00
3. Others	0.00	75.00	75.00
Subtotal (B)	650.00	175.00	825.00
Total	2,050.00	675.00	2,725.00

^a Financed by ADB's technical assistance funding program.

^b Financed by the Republic of Korea e-Asia and Knowledge Partnership Fund and administered by ADB.

^c To be provided by the Housing and Urban Development Coordinating Council and the Development Bank of the Philippines, each contributing 50% of the total estimated requirements.

Source: ADB estimates.