Technical Assistance to the Republic of the Philippines for Preparing the Metro Manila Urban Services for the Poor Project

July 2005

Asian Development Bank
CURRENCY EQUIVALENTS
(as of 1 June 2005)

Currency Unit – peso (₱)
₱1.00 = $0.0184
$1.00 = ₱54.49

ABBREVIATIONS

ADB – Asian Development Bank
CAP – community action plan
HUDCC – Housing and Urban Development Coordinating Council
LGU – local government unit
MMUSP – Metro Manila Urban Services for the Poor
NEDA – National Economic Development Authority
NGO – nongovernment organization
PSC – project steering committee
TA – technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification – Targeted intervention
Sector – Multisector: Finance; industry and trade; water supply, sanitation and waste management
Subsector – Multisector: Housing construction; housing finance.
Themes – Sustainable economic growth, inclusive social development, private sector development.
Subthemes – Developing urban areas; human development; public-private partnerships.

NOTES

(i) The fiscal year of the Government and its agencies ends on 31 December.
(ii) In this report, "$" refers to US dollars.

This report was prepared by M. Lindfield and F. Steinberg, Social Sectors Division, Southeast Asia Department.
I. INTRODUCTION

1. At the request of the Government of the Philippines, a fact-finding mission was fielded in February 2005 to formulate a project preparatory technical assistance (TA)\(^1\) for finalizing the preparation of a comprehensive slum upgrading and urban renewal program for Metro Manila. The mission held discussions with officials of the Housing and Urban Development Coordinating Council (HUDCC), the Department of Finance, National Economic and Development Authority (NEDA), other government agencies, local government units (LGUs),\(^2\) and nongovernment organizations (NGOs). Understanding was reached on the objectives, scope, cost estimates, and implementation arrangements for the TA. The Project Design and Monitoring Framework is set out in Appendix 1.

II. ISSUES

2. The TA builds on extensive work to prepare a comprehensive slum upgrading project for Metro Manila undertaken during 2003.\(^3\) The current TA responds to changes to the leadership in the cities and administration of Metro Manila and a renewed commitment to urban asset reform that have resulted in a more stable environment for project implementation and for implementation of the 15-year slum eradication policy that had been developed with HUDCC and the LGUs. This policy is designed to address the results of rapid urbanization in the Philippines and in the megacity of Metro Manila in particular. Metro Manila is a metropolitan area comprising 17 cities and municipalities, with a population that increased from under 2.5 million in 1964 to over 12 million in 2000 and is projected to reach 14.8 million in 2015.\(^4\) It grows at 3.3% annually and contributes approximately 30% of the Philippines’ gross national product. Over 20% of the population lives either below or near the poverty line and 35% resides in informal slum settlements,\(^5\) many of which are gateways for a continuous influx of poor rural migrants. The settlements’ growth and demand for services have overwhelmed the capacity of the government and NGOs to respond effectively. Resettlement programs that have attempted to relocate the urban poor to remote sites away from established sources of livelihood have generally failed.

3. On-site urban upgrading and integrated urban development approaches can address urban poverty and improve access to basic services, while avoiding complicated off-site resettlement schemes that are prone to failure. While the available land under the control of the LGUs in Metro Manila is in short supply, national government land parcels have been identified for privatization. Previous efforts to sell these parcels through public bidding have failed, largely because of squatters occupying the land. The Local Government Code (LGC) entitles the LGU concerned to 40% of the proceeds of the sale of such land as its share in the "proceeds from development and utilization of the national wealth".\(^6\) LGUs have expressed interest in on-site upgrading of these land parcels or in using them as in-city relocation sites for their squatter populations.

---

\(^1\) The TA first appeared in *ADB Business Opportunities* (Internet edition) on 18 February 2005.

\(^2\) Cities of Mandaluyong, Manila, Marikina, Muntinlupa, Pasay, Quezon, and Taguig.


\(^5\) Informal slums are blighted urban areas that lack basic social services and infrastructure, and are typically inhabited by squatters who lack tenure to the land.


5. The TA and the ensuing program of investment projects will support the policy reform agenda, and initiate a phased, multiyear slum eradication and upgrading program in support of decentralization and devolution. Local governments, in partnership with communities and the private sector, will assume responsibility for urban upgrading, renewal, and regeneration. These recommendations are supported by experience gained in similar land sharing, urban renewal projects (see Appendix 2) under earlier urban TA projects,⁸ and under the three urban upgrading and relocation pilot projects funded by the Japan Fund for Poverty Reduction (JFPR)—in Muntinlupa and Payatas, and the public–private “STEP UP”⁹ project. These projects have provided important lessons for land tenure security, the use of individual lending through financial institutions that are accessible to the poor, and the need to engage with NGOs.

6. National government land slated for privatization includes the 76-hectare Welfareville property in Mandaluyong, the 450-hectare New Bilibid Prison property in Muntinlupa, and the National Government Center in Quezon City, among others. Building on the Government’s policy of providing “proclamations” to provide initial security of tenure for the urban poor, there is a need to formalize occupants’ tenure and to improve housing and infrastructure in these areas. Using these remaining tracts of government land for in-city urban poor housing, integrated into a balanced urban development scheme, is perhaps the last chance for Metro Manila to resolve the long-standing problem of slum and squatte r settlements through a peaceful large-scale program of upgrading and relocation. The unrealized asset potential of this urban land, or “dead capital” (see footnote 7) as it has been characterized, is estimated at $66.4 billion for Metro Manila and adjacent urban areas.

7. A concerted multistakeholder effort is required to formulate and execute a policy reform agenda and action plan to reclaim and convert government land into value-added housing schemes that involve the private sector and civil society. Appropriate community mobilization, planning, and financing arrangements need to be put in place. The capacity of LGUs to design and implement urban development projects must be strengthened. The TA will address these requirements, and will package a subsequent loan project suitable for financing by the Asian Development Bank (ADB). The Project, being a multisectoral approach to urban poverty reduction, substantially contributes to a realization of the Millennium Development Goals (MDGs). In particular, it will contribute directly to the achievement of Goal 7 (Ensure environmental sustainability), specifically targets 10 (Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation) and 11 (Have achieved, by 2020, significant improvement in the lives of at least 100 million slum dwellers). It will make an indirect contribution to the achievement of Goal 3 (Promote gender equality and empower women) and Goal 4 (Reduce child mortality).

---

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. This project preparatory TA aims to assist the Government in its asset reform agenda, and in the implementation of a phased, metropolitan-wide 15-year strategy for slum eradication and urban upgrading in Metro Manila. It will initiate a process for formulating integrated urban development interventions by LGUs in support of the strategy, including support for the transfer of national government land to local governments, and in preparing an investment project for high-priority sites within Metro Manila.

9. The TA will design a project which will: (i) strengthen planning and management for inclusive urban renewal, ensuring that access of the poor to livelihood and services is improved; (ii) establish mechanisms to promote and finance new investment, using incentives and other innovative tools to direct and manage growth and unlock the urban land market, in particular the redevelopment of depressed urban poor communities; (iii) promote sound environmental management; (iv) assist communities to create viable management mechanisms to support comprehensive urban revitalization programs; and (v) strengthen sector organizations to ensure that these activities are sustainable. The Project will focus on several high-priority sites which will form the basis of the investment project. However, it may also include a more structural approach to promoting and financing pro-poor urban renewal.

10. Planning of the subprojects will take into account the needs of stakeholders, including government departments and corporations, LGUs, NGOs, community organizations, and the private sector. An integrated package of high-priority components in selected LGUs will be prepared for consideration for funding by ADB, other aid agencies, and the private sector. The Project will aim to demonstrate what is possible by piloting a well-defined, limited, and therefore manageable, scope of activities. The initial poverty and social analysis is shown in Appendix 3.

B. Methodology and Key Activities

11. The Project aims to support the initiatives already commenced by the Government, in particular the issuance of entitlements to plots on the Project sites. Project components to be undertaken in each LGU will include pro-poor shelter strategies, land consolidation, site development, and infrastructure. The pro-poor shelter strategies component will cover (i) poverty mapping using geographic information systems (GIS), development of a formal cities-without-slums strategy including identification of priority sites for Metro Manila urban services for the poor (MMUSP); and (ii) documentation of a development framework for each priority MMUSP community. The land consolidation component will (i) document the administrative and capacity requirements of the HUDCC, LGUs, and other agencies for urban renewal and secure tenure and associated actions; (ii) identify and draft required executive orders (EOs), regulations, and other administrative documents, and any amendments to these; and (iii) for pilot communities under MMUSP, prepare required documentation. The site development component will cover: (i) documentation of the outcome of the detailed community action plan (CAP) process, including titling arrangements, and the agreements with the land owners, designs for local infrastructure and structures with costing and environmental assessment; (ii) design of livelihood activities where appropriate; and (iii) detailed project and end-financing plans, together with agreements with participating financing institutions to undertake the Project. Subproject components will include urban poor housing; urban services (water supply and sanitation); associated municipal infrastructure (flood control, drainage, roads, street lighting); social infrastructure (health and education); and other urban amenities. The
infrastructure component will cover (i) documentation of the required off-site infrastructure investments, (ii) detailed action plans for provision, and (iii) detailed project financing plans for the identified investments. At each stage, all reports will be made accessible through a website maintained by the Project. This will also facilitate feedback on project progress and issues encountered.

12. In parallel, the TA will (i) review existing institutional arrangements and make recommendations for an improved institutional framework for urban planning renewal and management, (ii) assess the information and communications technology (ICT) capacity of stakeholders concerned for improved urban governance and management in support of inclusive urban renewal and support for the pilot activities, and (iii) undertake capacity building for key institutions.

C. Cost and Financing

13. The total cost of the TA is estimated at $1,000,000 equivalent, comprising $100,000 in foreign exchange costs and $900,000 equivalent in local currency costs (Appendix 4). The Government has requested ADB to finance $700,000 to cover the entire foreign exchange cost and $600,000 equivalent of the local currency cost. The TA will be financed on a grant basis by the ADB TA Funding Program. The Government will provide the balance of the local currency cost, equivalent to $300,000, through payments in kind in the form of counterpart staff, office space, furniture, administrative support services, and logistics. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing projects.

D. Implementation Arrangements

14. HUDCC will be the executing agency for the Project. A project management office will be established by the participating LGUs and will have a project manager, a team of domestic consultants, and counterpart staff with appropriate qualifications and expertise. HUDCC will provide technical, administrative, and logistical support. Subproject offices will be established in participating LGUs.

15. A project steering committee (PSC) will be formed and will meet at least bimonthly to provide policy guidance and interagency coordination. The chairperson will be the Secretary of HUDCC, members will include representatives of the Urban Asset Reform Project Management Office, the Department of Budget and Management, the Department of Environment and Natural Resources, the Department of Finance, the Department of Interior and Local Government, the Department of Justice, the Department of Social Welfare and Development, the League of Cities, the Metro Manila Development Authority, the National Anti-Poverty Commission, NEDA, the Presidential Commission for Urban Poor, NGOs, community organizations, and the private sector. A core group, consisting of HUDCC, NEDA, and DBP, to be formed within the PSC, will meet more frequently. LGU commitment has been established through consultations with city mayors. A working committee of HUDCC and LGU representatives and other agencies, as determined by the PSC, will be formed under PSC to provide operational guidance. HUDCC will designate a full-time coordinator to supervise and manage the TA, and will assign suitable counterpart staff.

10 Related agencies to be represented include Home Guaranty Corporation, Housing and Land Use Regulatory Board, Land Registration Authority, National Home Mortgage Finance Corporation, and National Housing Authority.

11 Selection of NGOs, community organizations, and private sector representatives will be based on (i) experience in the urban sector, (ii) existing partnerships with participating LGUs, and (iii) potential to contribute to the TA.
16. A firm of domestic consultants will be engaged using quality and cost-based selection in accordance with ADB’s *Guidelines on the Use of Consultants*, and other arrangements satisfactory to ADB for the recruitment and engagement of local consultants. All procurement under the TA will follow ADB’s *Guidelines for Procurement*. HUDCC will be responsible for providing the agreed-upon counterpart resources. The TA will require about 76 person-months of consulting services. Only domestic consultants are required as significant work has already been completed under an earlier TA and the required expertise for remaining work exists within the Philippines. Bio-data proposals will be used. The consultants will have expertise in urban development; housing and housing finance; municipal services; GIS and land management; urban environmental management; institutional development (financial); taxation, property, and land use law; institutional development (urban policies and private sector partnerships); financial and economic analysis; and social analyses (Appendix 5).

17. The TA is expected to begin in October 2005 and to last for 12 months, and be completed in September 2006. Part 1 will cover preparations for the Project and packaging of high-priority components for community-based urban upgrading and associated municipal infrastructure in selected LGUs, suitable for external financing. Part 2 will include the supporting sector analysis, and agreements on and design for the broader sectoral institutional arrangements.

18. In addition to the strategy, the consultants will prepare five reports: inception, two interim, a draft final, and a final report. Tripartite reviews will be conducted by ADB, the Government, and the consultants to consider the reports. The consultants will conduct two seminars for stakeholders to discuss the Project. The first, to be conducted at the beginning of Part 1, will present the project concept and obtain feedback and inputs for the project preparation stage. The second will present and discuss the project proposals in the draft final report. Vehicles, computers, and other equipment will be procured by direct purchase in accordance with ADB’s *Guidelines on Procurement*.

IV. THE PRESIDENT’S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of $700,000 on a grant basis to the Government of the Philippines, for preparing the Metro Manila Urban Services for the Poor Project, and hereby reports this action to the Board.
<table>
<thead>
<tr>
<th>Design Summary</th>
<th>Performance Targets/Indicators</th>
<th>Data Sources/Reporting Mechanisms</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact</td>
<td>• The urban poor and vulnerable near poor in Metro Manila participate in and benefit from shelter development projects and financing.</td>
<td>• The number of households benefiting from improved housing • The number of households with access to local microcredit</td>
<td>Assumption</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Willingness to borrow on the part of local governments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• National socioeconomic survey • HUDCC and LGU records • BSP statistics for financial institutions</td>
<td>Risks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Adequate revenues of local governments • Creditworthy local governments • Lack of political commitment</td>
</tr>
<tr>
<td>Outcome</td>
<td>• ADB and the Government agree the design of integrated urban development intervention by LGUs, including support for the transfer of national government land to local governments.</td>
<td>• The number of poor and near poor beneficiaries of such projects • The number of titles extended to project beneficiaries</td>
<td>Assumptions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Acceptance of targeted and market-friendly subsidy mechanisms. • Institutional capability and capacity building are effective.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project management unit (PMU) and consultant records</td>
<td>Risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Surveys undertaken by other stakeholders and academic institutions</td>
<td>• Government provides land for new site development.</td>
</tr>
<tr>
<td>Outputs (of the TA)</td>
<td>1. Government seeks funding to implement the Project as designed. 2. Feasibility studies and investment program for selected local government units (LGUs) (July-Dec 2005) 3. Capacity building for sector institutions (Aug–Dec 2005)</td>
<td>• Preparation of four urban renewal and redevelopment plans for LGU sites • Four project financing plans including participation of private sector. • Institutional development action plan and supporting Executive Orders/Administrative Orders (EO/AOs) • Two national workshops undertaken and documented</td>
<td>Assumptions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Technical assistance (TA) progress reports • Review missions • Tripartite meeting and workshops</td>
<td>• HUDCC, LGUs, and other government agencies accept plans. • Private sector and NGOs cooperate with the plan. • Sufficient technical and management resources at national and local levels facilitate effective processing. • Timely guidance from the Government on key policy issues • Institutional capability and capacity building are effective.</td>
</tr>
</tbody>
</table>
## Design Summary

<table>
<thead>
<tr>
<th>Performance Targets/Indicators</th>
<th>Data Sources/Reporting Mechanisms</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Squatters willingly participate in the plan to derive its benefits.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Risk</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Inefficient implementation could lead to resquatting</td>
</tr>
</tbody>
</table>

## Activities with Milestones

<table>
<thead>
<tr>
<th>Activities</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Sector overview and methodology</td>
<td><strong>ADB</strong>—consulting services (70 person months), equipment and other resources $700,000</td>
</tr>
<tr>
<td>2.1 Site survey overviews</td>
<td><strong>Government</strong>—counterpart resources $210,000</td>
</tr>
<tr>
<td>2.2 Site designs</td>
<td></td>
</tr>
<tr>
<td>2.3 Site assessments</td>
<td></td>
</tr>
<tr>
<td>3.1 Audit of Housing Sector Organizations</td>
<td></td>
</tr>
<tr>
<td>3.2 Recommendations on Sector Strengthening</td>
<td></td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, EO/AO = executive order/administrative order, HUDCC = Housing and Urban Development Coordinating Council, LGU = local government unit, NGO = nongovernment organization, PMU = project management unit, TA = technical assistance.

Source: Asian Development Bank estimates.
LAND SHARING LESSONS LEARNED

A. Introduction

1. At a time when competition in core urban areas between potentially high-income commercial and existing low-income space is steadily intensifying, many cities continue to apply rigid planning systems that actually promote the high-income over low-income interests. Even if planning systems do have a social element, it is increasingly difficult to meet all the demands to change the use of land and buildings or to meet the needs of all central urban stakeholders.

2. While zoning regulations, building codes, and standards all have a vital role to play in shaping the way public and private developments occur in cities, it is important that they are part of a planning and development process that seeks to promote greater integration and neighborhood stability. It is also vital that planning systems encourage inclusive development strategies that meet the needs of a wide range of urban stakeholders rather than only those with short-term interests in maximizing commercial returns from well-located land.

3. With this in mind, a number of countries have introduced systems of innovative land redevelopment aimed at reorganizing urban space in an effective and sustainable manner. These include, for example, the introduction of land sharing and readjustment projects in Indonesia; Japan; Republic of Korea; Philippines (Naga City); Taipei, China; and Thailand.

4. Land sharing is an agreement between the illegal occupants of a piece of land and the landowner. It essentially involves illegal occupants moving off high-value land in return for being allowed to either rent or buy a part of the land below its market value. The advantage of such an agreement is that it allows the landowner to regain control of the site and realize higher commercial returns from the land without having to evict illegal tenants. In return, illegal residents gain legitimate tenure and are able to continue living close to their established livelihoods.

B. Principles of Land Sharing

5. Angel and Boonyabancha identified several principles involved in land sharing.

   (i) Community organization: slum dwellers should mobilize and establish indigenous leadership to enable them to counter the threat of eviction, negotiate with the landowner, enlist the support of outside organizations, and to engage in participatory site planning, allocation of plots, demolition of existing buildings, and rebuilding of houses.

   (ii) A land-sharing agreement: a binding agreement to partition the land, which must guarantee secure land tenure on the parcels allocated to the residents and may specify payments and time schedules. Usually the land with the best development potential is allocated to the landlord, while other parts are allocated to the existing residents so they can rehouse themselves.

   (iii) Densification: redistribution of the land to release land for the landowner usually requires an increase in density, unless significant numbers of existing residents are not to be included in the scheme.

---

(iv) Reconstruction: redistribution and densification of the site usually entails demolition and reconstruction of the housing, unless existing densities are low enough to allow the development of vacant plots on site.

(v) Capital investment: reconstruction requires either loans from outside sources or capital from domestic savings. Land sharing should not rely on large subsidies, although cross-subsidization from development gains across the site may improve the viability of the Project. The land-sharing process ensures that the resultant housing is affordable and within the residents’ ability to pay.

**Box 1: Land Sharing Arrangements in Thailand**

Klong Toey, a 65-hectare (ha) stretch of land 5 km from Bangkok center, is an example of a successful land-sharing agreement between squatters and the landowner, Port Authorities (PAT). Following eviction notices from PAT in 1973, the squatters, with the help of a local nongovernment organization and the local government, entered into an agreement with PAT to lease 10 ha of land to the National Housing Authority (NHA) for a period of 20 years. The NHA then serviced the sites and leased the land on to the squatters. The agreement allowed PAT to regain control of 55 ha of the 65-ha site for commercial purposes. It also provided the local community, whose livelihoods were tied to activities around the harbor area, with a legitimate stake in 10 ha of land for at least an initial 20-year period.

---


C. Conclusions

6. These examples provide evidence that redevelopment through land sharing can be used to reorganize valuable urban space in inner city core urban areas in a way that not only satisfies the commercial interests of the private sector but also the social interests of poor urban communities squatting on the land. The importance of active partnerships between the local government, the private sector, and the community (supported by NGOs) seem to have been instrumental in the success of land-sharing arrangements in these case studies. However, it should be noted that land-sharing agreements must address the need for stakeholder support; dissemination of knowledge and management of the process; and affordability constraints of the urban poor.
## INITIAL POVERTY AND SOCIAL ANALYSIS

### A. Linkages to the Country Poverty Analysis

<table>
<thead>
<tr>
<th>Is the sector identified as a national priority in country poverty analysis?</th>
<th>Yes</th>
<th>Is the sector identified as a national priority in the country poverty partnership agreement?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Contribution of the sector or subsector to reduce poverty in the Philippines:**
The Project will have direct poverty reduction effects on its beneficiaries. Slum upgrading and community empowerment will lead to safer, healthier, and better-organized communities where poverty reduction can be systematically pursued. The provision of land security will foster social responsibility and ownership of project benefits. Eventual land titling will offer the beneficiaries formal borrowing options. The Project will also involve various community-designed livelihood improvement initiatives, which may include microfinance development, cottage industry and trade development, establishment of community services, and construction of light infrastructure. Through these initiatives, project beneficiaries will be provided with previously untapped income sources and with the means to maximize their time and resources. The Project will also directly address the social and economic disruption caused by flooding.

### B. Poverty Analysis  Targeting Classification: Targeted intervention

**What type of poverty analysis is needed?**
Poverty analysis will be an integral part of subproject selection and design and will be based on quantitative and qualitative methodologies. Subproject selection will include the combined analysis of sector poverty data with country, region, and subproject level poverty data and involve field-poverty assessments and stakeholder consultation. Subproject planning and design will entail intensive qualitative analysis, directly involving project beneficiaries through the extensive use of participatory methods to identify the local poor population and the provisions that may better fit their needs.

### C. Participation Process

<table>
<thead>
<tr>
<th>Is there a stakeholder analysis?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a participation strategy?</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

### D. Gender Development

**Strategy to maximize impacts on women:**
Women will be fully represented in participatory design to ensure that shelter and upgrading provisions reflect the women’s role in the domestic economy and that health and income generation benefits reflect women’s needs. Particular attention to women will be also given in the distribution of land-tenure rights. A gender plan is being prepared.

| Has an output been prepared? | Yes | No |

---

1 Initial poverty, participation, gender, and resettlement assessments were carried out in TA 3760-PHI (ADB. 2001. *Technical Assistance to the Republic of the Philippines for the Metro Manila Urban Services for the Poor Project. Manila.*) and will be verified in the current TA.
### E. Social Safeguards and Other Social Risks

<table>
<thead>
<tr>
<th>Item</th>
<th>Significant/ Not Significant/ None</th>
<th>Strategy to Address Issues</th>
<th>Plan Required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resettlement</strong></td>
<td>☐ Significant ☑ Not significant ☐ None</td>
<td>Resettlement needs and significance for the core subprojects have been determined by the project preparatory technical assistance after site selection. Resettlement plans have been incorporated as an integral part of the community action plans (CAPs) that were prepared through a fully participatory process involving project stakeholders. Resettlement plan (RP) included in CAP.</td>
<td>☐ Full ☑ Short ☐ None</td>
</tr>
<tr>
<td><strong>Affordability</strong></td>
<td>☑ Significant ☐ Not significant ☐ None</td>
<td>When land security schemes involve the purchase of residential plots or in the development of microfinance schemes, land prices and repayment rates will be fixed to be commensurate to the capacity to pay of the beneficiaries.</td>
<td>☐ Yes ☑ No</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>☐ Significant ☑ Not significant ☐ None</td>
<td>CAPs for each subproject will consider the distribution of project-derived jobs to beneficiaries.</td>
<td>☐ Yes ☑ No</td>
</tr>
<tr>
<td><strong>Indigenous Peoples</strong></td>
<td>☐ Significant ☑ Not significant ☐ None</td>
<td>None encountered in pilot sites. Also unlikely on subsequent sites as the Project will target major cities where ethnic minorities may not be vulnerable groups and, if encountered, the CAP process will ensure their interests are protected.</td>
<td>☐ Yes ☑ No</td>
</tr>
<tr>
<td><strong>Other Risks and/or Vulnerabilities</strong></td>
<td>☐ Significant ☑ Not significant ☐ None</td>
<td>Possibility of recolonization of cleared areas by new informal settlers. The risk will be dealt with by improving the capacity of local administrations and by empowering local communities to supervise communal areas.</td>
<td>☐ Yes ☑ No</td>
</tr>
</tbody>
</table>
## COST ESTIMATES AND FINANCING PLAN
($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Foreign Exchange</th>
<th>Local Currency</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Asian Development Bank (ADB) Financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Consultants Remuneration</td>
<td>0.0</td>
<td>450.0</td>
<td>450.0</td>
</tr>
<tr>
<td>2. Equipment</td>
<td>20.0</td>
<td>0.0</td>
<td>20.0</td>
</tr>
<tr>
<td>3. Socioeconomic Surveys and Community Consultation</td>
<td>0.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>4. Seminar Workshops</td>
<td>10.0</td>
<td>40.0</td>
<td>50.0</td>
</tr>
<tr>
<td>5. Vehicles</td>
<td>20.0</td>
<td>0.0</td>
<td>20.0</td>
</tr>
<tr>
<td>6. Reports and Communications</td>
<td>0.0</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>7. Geographic and Web-Based Information Systems</td>
<td>30.0</td>
<td>0.0</td>
<td>30.0</td>
</tr>
<tr>
<td>8. Administrative and Technical Support</td>
<td>0.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>9. Contingencies</td>
<td>20.0</td>
<td>45.0</td>
<td>65.0</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>100.0</td>
<td>600.0</td>
<td>700.0</td>
</tr>
<tr>
<td><strong>B. Government Financing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Counterpart Staff</td>
<td>0.0</td>
<td>150.0</td>
<td>150.0</td>
</tr>
<tr>
<td>2. Office Space, Furniture, Equipment, and Communications</td>
<td>0.0</td>
<td>60.0</td>
<td>60.0</td>
</tr>
<tr>
<td>3. Studies and Surveys</td>
<td>0.0</td>
<td>40.0</td>
<td>40.0</td>
</tr>
<tr>
<td>4. Administrative Support and Logistics</td>
<td>0.0</td>
<td>30.0</td>
<td>30.0</td>
</tr>
<tr>
<td>5. Contingencies</td>
<td>0.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Subtotal (B)</strong></td>
<td>0.0</td>
<td>300.0</td>
<td>300.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>900.0</strong></td>
<td><strong>1,000.0</strong></td>
</tr>
</tbody>
</table>

---

*Financed by the ADB technical assistance funding program.*

*Includes two desktop computers, one laserjet printer, one photocopier, software and accessories, telephones, and a fax machine which will be procured in accordance with ADB’s *Guidelines for Procurement* and will be turned over to the Government upon completion of the TA.*

*The vehicle budget may be used for purchase or rent and will be procured in accordance with ADB’s *Guidelines for Procurement.*

*Includes support provided by executing agency and participating local government units.*

*Government expenses in respect of liaison and proclamation activities related to the Project.*

Source: Asian Development Bank estimates.
OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Scope

1. The TA will comprise Part 1 and Part 2. The consultants’ tasks are outlined under each part.

B. Consulting Services

1. Part 1: Project Investment Design and Feasibility Analysis

2. Consultants required for Part 1 will be: (i) an urban development planner/architect (6 person-months), (ii) two sociologist/community specialists (12 person-months), (iii) an economist/financial analyst (6 person-months), (iv) an engineer (6 person-months), (v) environmental specialist (5 person-months), (vi) a land management specialist (5 person-months), and (vii) a housing/housing finance specialist (6 person-months). The team leader for the consultant team will be the urban development planner, the housing finance specialist, or the economist/financial analyst. The consultants will do the following to prepare Part 1.

   (i) Based on the agreed Metro Manila 15-year slum eradication strategy, conduct poverty mapping, surveys\(^1\) of prospective poor communities and analysis of experience in the sector. Prepare a proposal for a Metro Manila Urban Services for the Poor Project, comprising a policy component and a physical component. Describe the project objectives, paying due consideration to poverty reduction, cost–benefit improvements, and leverage for further investment.

   (ii) Based on the foregoing, determine the appropriate eligibility criteria and procedures for subprojects to be included in the Project.

   (iii) Analyze options for, and detail at least one proposed subproject for each city, consisting of priority shelter and shelter-related infrastructure interventions to be funded under the Project including (a) city pro-poor shelter strategies, (b) a land consolidation plan, (c) a site development study, and (d) required infrastructure investments.

   (iv) Prepare each urban development subproject in collaboration with the local government unit (LGU), the community and involved nongovernment organizations (NGOs) and community-based organizations (CBOs), covering land-use planning, urban upgrading and renewal, industrial location, and municipal infrastructure. This will include the use of community profiles describing different categories of “households,” including single adult households and households headed by women, to ensure their needs are taken into account in the design. In addition, special efforts will be made to enhance consultation with women in design, delivery, maintenance, and monitoring of the urban services and communal facilities (especially for water supply and sanitation).

   (v) Include an investment component that can be marketed to property developers, franchisees, and other private sector interests, to attract needed development and business enterprises into the area.

   (vi) Prepare a detailed shelter plan with associated basic services package that will have three elements: (a) profile of communities, recommended designs, and priorities for slum upgrading; (b) designs and priority for low-income housing

\(^1\) Surveys for New Bilibid and three other sites are estimated at $5,000 each, while that for National Government Center is $10,000.
development; and (c) preliminary design and priority of infrastructure required to implement (a) and (b).

(vii) Assess capacity and willingness of urban governments to borrow for shelter and shelter-related infrastructure, estimating inputs and costs, and confirm plausible subproject financing and implementation arrangements, including potential central government, private sector and community financing.

(viii) Detail inputs and costs estimates, and analyze the technical, financial, and economic feasibility of the subproject interventions.

(ix) Prepare a social assessment and poverty analysis report in accordance with Asian Development Bank (ADB) requirements and relating the socioeconomic situation in the pilot city with issues relative to each subproject.

(x) For each subproject, assess voluntary and involuntary resettlement issues and, if necessary, prepare a resettlement plan, and a resettlement framework fitting ADB requirements.

(xi) Identify the civil society capacity and resources needed for the provision of assistance to establish a community association for each subproject and to facilitate the preparation and implementation of community action plans (CAPs) reflecting the participatory planning requirements of the Project. CAPs should set out any capacity building required for NGOs and civil society, describing in detail subproject initiatives, and providing implementation schedules and costs.

(xii) Ensure and supervise the production of a CAP for each subproject, including voluntary resettlement aspects, and document the CAP in a specific preparation report for each subproject.

(xiii) While conducting pilot project preparation in accordance with the design, evaluate the approach and draw conclusions as to the recommended approach to be used in the other subprojects.

3. In respect to the whole Project and to ensure that the Project is prepared to a stage ready for ADB and government appraisal, the consultants, on the basis of the experience gathered during pilot project preparation, will do the following.

(i) Prepare a project selection framework establishing parameters for project eligibility, project evaluation and processing conditions.

(ii) Prepare four subproject appraisal reports (SPARs) as detailed above.

(iii) Prepare a detailed project cost estimate using COSTAB software. Provide for physical and price contingencies, and interest during construction. The cost estimate will break down each cost component into foreign exchange and local currency requirements and indicate associated taxes and duties following the technical note issued by ADB as amended from time to time. Determine the ratio of cost sharing, both cash and in-kind (community, private sector, and civil society, ADB, governments), for each component and implementation stage, including operation and maintenance.

(iv) Prepare a financing plan for the Project using COSTAB; assess the institutional and financial viability of the plan in accordance with the Guidelines for the Financial Management and Governance of Investment Projects financed by the ADB, the Financial Due Diligence Methodology Note, and the Financial Management Assessment Questionnaire; and describe the channeling of funds as well as cost recovery measures and means.

(v) Design a system of disseminating good practice and providing support to implementing organizations, in addition to the benefit, monitoring, and evaluation system. Define and cost the requirements for institutionalization of the system.
(vi) Define all arrangements for project implementation. Demonstrate the relationship between relevant institutions and organizations, including systems of negotiation among stakeholders, and indicate the chain of command and responsibilities for project implementation on a flow chart. Make estimates of the numbers and expertise of consulting staff, central and local government staff, staff from civil society organizations, and community/private sector participants to be involved in implementing the Project. Identify their training needs. Comment on urban governments’ absorptive capacities. Describe procurement methods and packages. Prepare draft terms of reference for project implementation and management consulting services, identify international and domestic consultants’ tasks, and cost these proposals.

(vii) Prepare a participatory framework for project implementation and monitoring directly involving beneficiary communities and NGOs.

(viii) Describe how the operation and maintenance of project facilities will be carried out and the means by which services will be sustained (whether software or hardware). Identify responsibilities, funds mobilization for maintenance, and future monitoring arrangements.

(ix) Undertake a financial, economic, and fiscal analysis of project components as appropriate. For all components, define the distribution of project benefits. For components that are potentially directly revenue generating, conduct a financial internal rate of return analysis. Conduct an economic internal rate of return analysis for all components. The financial, economic and poverty analyses will be undertaken in accordance with ADB guidelines.2

(x) Prepare a general project social justification, including a detailed poverty impact analysis and gender action plan, in compliance with ADB’s Handbook on Poverty and Social Analysis as supplemented by guidelines from ADB specialist staff, in particular on the issues of resettlement and gender assessment.

(xi) Conduct a comprehensive environmental impact assessment, detailing both positive and negative impacts of the Project, and produce an initial environmental examination, or an environmental impact assessment if required, for project components following the Environmental Policy of ADB (2002) and ADB’s Assessment Guidelines (2003). For subprojects where the scope and site will be determined during project implementation, an environmental assessment and review framework will guide environmental assessment during implementation.

(xii) Develop a monitoring and evaluation system for estimating benefits and impacts, including relevant benchmarks, following ADB’s Handbook on Benefit Monitoring and Evaluation, which includes the ability to monitor impacts as perceived by the community.

(xiii) Convene two major workshops in Manila for a full range of stakeholders to discuss project formulation and implementation.

2. Part 2: Sector Strengthening

4. Consultants will be required in the fields of institutional development (urban policy) (6 person-months), property law (6 person-months), institutional development (finance) (6 person-months), and asset management (two consultants inputs totaling 12 person-months). The consultants will do the following to prepare for Part 2.

Review the existing organizational framework for pro-poor shelter provision and urban renewal. This will include a review of the roles and legal bases of, among others, the National Home Mortgage and Financing Corporation, the Pag-Ibig, Housing Guaranty Corporation, the Social Housing Finance Corporation, government financial institutions, the National Housing Authority, and local governments, NGOs, and civil society in shelter upgrading and new housing activities.

Conduct a performance audit on the key agencies, assessing their efficacy in performing their core functions and providing options for conduct of noncore functions.

Prepare a medium-term subsector development plan, and identify core capacity building requirements, implied by the above assessment, and estimate the cost of such a program.

In addition, the consultants will do the following.

Conduct two national workshops\(^3\) to disseminate the findings of the sector assessment and seek the views of stakeholders, and to seek international best practice on key issues of urban development.

Set up a web portal to enable urban stakeholder discussion of urban issues and to act as a repository of best practice.

**C. Reporting**

The consultants will submit five reports: an inception report within 2 months of commencing the TA; a sector institutions performance audit within 4 months; preliminary planning for pilot sites within 6 months; a draft final report after 8 months; and a final report 2 weeks after receiving from ADB and the Government comments on the draft final report. In addition, the consultants will prepare documentation for submission of the Project to the Investment Coordinating Committee. The consultant will submit three copies of each report to ADB and 10 copies to the Government.

---

\(^3\) These workshops will be attended by between 150 and 200 participants each. Each workshop may require one international resource person each and temporary organizing staff. Venues will need to be hired.