Project Administration Memorandum

Project Number: 33278-02
Loan Number: 2137
June 2007

PHI: Health Sector Development Project

The project administration memorandum is an active document, progressively updated and revised as necessary, particularly following any changes in project or program costs, scope, or implementation arrangements. This document, however, may not reflect the latest project or program changes.

Asian Development Bank

CURRENCY EQUIVALENTS

(As of June 2007)

Currency Unit	–	Peso (P)
$1.00	=	P 46.00

ABBREVIATIONS

ADB	–	Asian Development Bank
BIHC	–	Bureau of International Health Cooperation
CHD	–	Center for Health Development
CPG	–	clinical practice guidelines
DOF	–	Department of Finance
DOH	–	Department of Health
DOTS	–	Directly Observed Treatment Strategy
EA	–	Executing Agency
EMP	–	Environmental Management Plan
F1	–	FourMula One for Health
HSDP	–	Health Sector Development Project
HPDPB	–	Health Policy Development and Planning Bureau
HSRA	–	Health Sector Reform Agenda
ILHZ	–	interlocal health zone
LA	–	Loan Agreement
LGU	–	local government unit
MDFO	–	Municipal Development Office
NGO	–	non-government organization
PHIC	–	Philippines Health Insurance Corporation (PhilHealth)
PMU	–	Project Management Unit
PPMS	–	Project Performance Monitoring System
SOE	–	statement of expenditures
TA	–	technical assistance
TDNA	–	training and development needs assessment
UPMD	–	Unified Project Management Division

NOTES

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

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PREFACE

The Philippines has progressed towards realizing its health goals in the past decades although the progress has slowed down during recent years. Vital health indices such as life expectancy, infant, child and maternal mortality rates have improved. Despite the inroads made the past decades a number of gaps remain to be filled, the common illnesses of poverty, such as infectious diseases, have not been reduced to acceptable levels. Social and economic changes have created new challenges in terms of degenerative and lifestyle diseases. Further, the organization of the health sector itself suffers from an inappropriate delivery system, inadequate regulatory mechanisms, and inappropriate health care financing schemes. In 1999, the Philippine Government launched the Health Sector Reform Agenda (HSRA) to define key reforms and strategies that address inequities and inefficiencies in the health sector. In 2005, the Department of Health defined FourMula One for Health as the implementation framework for the HSRA. FourMula ONE for Health is directed at achieving goals of better health outcomes, more responsive health system and equitable health care financing.

The Government of the Republic of the Philippines requested the Asian Development Bank (ADB) for assistance to support the implementation of the HSRA in April 2004 and in December 2004, ADB approved two loans totaling US$213 million for a health sector development program and investment project loan in support of the HSRA. Also, ADB has provided a grant TA to support the implementation of the Program Loan and the Investment Loan.

The Health Sector Development Program (HSDP) comprised two loans: A Program loan (Loan 2136-PHI) to support the financing of comprehensive sector reforms and a project loan (Loan 2137-PHI) for implementation of the reforms in selected provinces. The goal of the HSDP is to improve the health status of the population, especially of the poor, and to achieve the health-related Millennium Development Goals of the United Nations. Implementing an integrated set of health sector reforms that benefits the poor will include system-wide changes and the design and implementation of project interventions in selected pilot provinces that build on the HSRA.

The Project Administration Memorandum (PAM) is intended to provide details of the Project, its description, components, project Inputs, financing plan, procurement management, implementation arrangements, TA support, project monitoring and evaluation, major loan covenants to facilitate the implementation of the HSDP Project. Also, the PAM contains the anticorruption policy of the ADB and auditing requirements. The PAM shall be the primary reference during the project implementation and shall be updated periodically to incorporate significant changes in the project scope and implementation arrangements. The project implementation is subject to the provisions of the applicable Loan Agreement and explains the application of the provisions in the loan agreement.

LOAN PROCESSING HISTORY

		Date(s)
a.	Approval of project preparatory technical assistance	19 December 2002
b.	Feasibility study	February 2004
c.	Fact-finding	5-25 April 2004
d.	Management Review Meeting (MRM)	1 October 2004
e.	Appraisal mission	11 October-15 November 2004
f.	Staff review committee (SRC)	16 November 2004
f.	Loan negotiations	22 November 2004
g.	Board circulation	24 November 2004
h.	Board consideration and approval	15 December 2004
i.	Loan agreement signing	10 January 2005
j.	Loan effectiveness	12 January 2005

DESIGN AND MONITORING FRAMEWORK

Narrative Summary	Performance Targets	Monitoring Mechanisms/ Data Source	Assumptions and Risks
Goal			
Improve health status of the population, especially of the poor and achievement of health-related Millennium Development Goals.	Indicators related to global Millennium Development Goals targets3: • Reduce maternal mortality rate to 90/100,000 live births by 2010. • Reduce infant mortality to 17/1,000 live births by 2010 • Reduce under-5 mortality rate to 24/1,000 live births by 2010 • Have halted by 2015 and reversed the prevalence of malaria, tuberculosis, and other major diseases	National demographic health surveys	
Purpose			
Increase utilization of affordable and financially sustainable quality health services by the poor based on progressive implementation of the Health Sector Reform Agenda.	<u>Increased utilization</u>: • At least 95% of children fully immunized before 1 year of age by end 2010 • At least 80% of high-risk pregnant women deliver babies at health facilities by end 2010 • Contraceptive prevalence rate increased to 60% by year 2010 • At least 80% of health facilities implement by end 2010: • tuberculosis-directly observed therapy • strategy (DOTS) and achieve at least 70% • detection rate and 85% success rate <u>Improved access:</u> • At least 70% of the targeted poor population are within 5 kilometers or 1 hour from a primary health care facility/providers by end 2010	National demographic health surveys Surveys on health Sponsored Program and drug availability to be conducted by Department of Health	Public expenditures for health sector financing stagnate or are even reduced due to fiscal and financial problems of national Government and local government units (R) Quality of health service provision can be improved even in view of increased utilization of services (A) Increased health awareness and health seeking behavior of the poor result in higher utilization rate of primary and public health services (A)

Narrative Summary	Performance Targets	Monitoring Mechanisms/ Data Source	Assumptions and Risks
	• At least 75% of the targeted poor households in each province are enrolled in the Sponsored Program of National Health Insurance by end 2010 <u>Improved quality of services:</u> • At least 90% of health facilities have no shortage of essential drugs throughout the year by end 2010		
A. Health Financing Financial sustainability of the national health insurance improved and insurance coverage of the poor extended	**Investment Loan** (selected Indicators) • National Government subsidies and contributions of selected LGUs for PhilHealth's Sponsored Program made available in time to achieve 100% coverage of the poor in 2011 • Information campaign on benefit package of sponsored program of PhilHealth conducted until end 2006 in all selected LGUs • Options for increased coverage of indigent populations developed and pilot tested, including contracting models for private providers for underserved areas	• PHIC data • National financial plan • LGU database • Baseline and End project evaluation HSDP project survey • PHIC Communication and marketing Plan • Consumer survey report	Identifying the real poor. Need to do Means Testing. Communities are willing to accommodate improved targeting methods that use enumeration data (A)
B. Hospital Reform Improve governance, operational efficiency, and service provision of public hospitals	**Investment Loan** (selected indicators) • Unified management information system designed, tested, implemented, and revised in all hospitals of selected LGUs by end 2007 • Lower-tier hospitals upgraded to provide better quality care by 2009	• Unified management information system review report • Detailed human resource development plan • Revised quality	

Narrative Summary	Performance Targets	Monitoring Mechanisms/ Data Source	Assumptions and Risks
		improvement program guidelines • Revised waste management guidelines • Baseline and End project evaluation HSDP project survey	
C. Public Health Reform Increased utilization of cost-effective public health programs and primary health care services	**Investment Loan** (selected Indicators • Improved quality services of upgraded health centers create an attractive alternative for consumers to utilize such services • Where new RHU and BHS programs include seed funds, women will comprise 50% of recipients • 90% of health workers of Barangay health stations (BHSs), rural health units (RHUs), and provincial hospitals in selected LGUs trained by end 2008 in clinical practice guidelines, clinical pathways, quality assurance, client, consultation, social marketing, promotion of PhilHealth's sponsored program, and financial management	• Reports of project review missions • Consumer feedback as part of independent monitoring • LGU financial management • Provincial data on training attendees and DOH & PHIC data • Baseline and End project evaluation HSDP project survey	
D. Regulatory Reform Improved quality, accessibility, and safety of health care-related products, facilities, and services	**Investments Loan** (selected Indicators) • Price of 80% of drugs reduced by 20% from 2004 level by end 2010 based on economies of scale in purchasing drugs and competition among drug manufacturers • 80% of government pharmacists in selected LGUs trained in the application of new drug regulations by 2010	• DOH reports • Draft laws • Revised national drug formulary • Midterm review and post-project review • DOH/Provincial data on training attended of Hospital personnel • Baseline and End project evaluation HSDP project survey	

Narrative Summary	Performance Targets	Monitoring Mechanisms/ Data Source	Assumptions and Risks
E. Local Health System Reform Rational delivery of local health services through formation of Interlocal health zones (ILHZs) and private sector partnerships	**Investment Loan** (selected indicators) • At Least two third of ILHZs in selected provinces made functioning by 2011 as single provider network that complies with guiding polices of DOH	• Baseline and End project evaluation HSDP project survey	
F. Health Sector Governance Increased public accountability and improved organizational effectiveness of health service providers	**Investment Loan** (selected indicators) • 60%of public hospitals adequately staffed with health personnel by end 2011 • annual business plans exist in 80% of Bureaus, CHDs/ provinces public hospitals by the end of 2011 • 90% of DOH and PhilHealth staff members are trained to implement the • National resource center (NRC) fully established in DOH report by the end of 2007	• LGU data base on HR/Personnel • DOH and LGU Data Base • PHIC training database • DOH Acceptance/ report on NRC • Baseline and End project evaluation HSDP project survey	
HSDP Activities	**Cost in US Dollars ('000)**	**Monitoring and Source of Data**	
Total Cost of Investment Project: $13.0 million Civil works Equipment Consulting services (100 person months international 500 person-months domestic) Operational research studies Contract services Training and fellowships information campaigns Seed capital	 4.42 3.29 1.07 0.22 2.35 0.20 2.14 0.98	• HSDP PMU Project Monitoring Report • Baseline and End project evaluation HSDP project survey	

Narrative Summary	Performance Targets	Monitoring Mechanisms/ Data Source	Assumptions and Risks
Project management /operating costs	0.52		
Contingencies	1.78		
Interest and commitment charges	2.17		
Unallocated	1.12		
TOTAL	$13.00 M		

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I. PROJECT DESCRIPTION

A. Project Area and Location

1. The Health Sector Development Project (HSDP) plans to cover five provinces in selected pilot local government units (LGUs)[1] which have been surveyed and are eligible for project support: three neighboring provinces in the north of Luzon (Ifugao, Ilocos Norte, and Nueva Vizcaya); and two poor island provinces (Oriental Mindoro and Romblon). To date, 3 provinces has availed the loan from the Municipal Development Office (MDFO); these provinces are Ilocos Norte, Oriental Mindoro and Ifugao. Romblon was not able to acquire the loan as the province has no capacity to take up another loan while Nueva Viscaya declined as the province can provide the necessary budget for upgrading health facility.

B. Impact and Outcome

2. In 1999, DOH launched the Health Sector Reform Agenda (HSRA), which defines key reforms and strategies required to address inequity and inefficiency in the health sector, and achieve the millennium development goals. The goal of the HSRA was to improve the health status of all Filipinos through the implementation of reforms in five general areas: public health, hospitals, regulation, financing and local health systems. In 2005, the DOH defined FourMula One for Health (F1) as the approach for the health sector reform. The F1 is designed to undertake critical reforms with speed, precision and effective coordination directed at improving the efficiency, effectiveness and equity of the Philippine health system in a manner that is felt and appreciated by Filipinos, especially the poor. F1 is directed at achieving the end goals of better health outcomes, more responsive health system and equitable health care financing. F1 pursues critical reforms for a more, better and sustained financing, assuring quality and affordability through regulation and ensuring access and availability in service delivery and improving performance and governance. The reforms will contribute to the national goals of (i) increased financial protection for the poor from the costs of poor health, and (ii) improved public health outcomes, and (iii) increased responsiveness of the health system, especially in relation to conditions, diseases and services that are critical for the achievement of the health-related Millennium Development Goals.

3. The goal of the HSDP is to improve the health status of the population, especially of the poor, and to achieve the health-related Millennium Development Goals of the United Nations. Implementing an integrated set of health sector reforms that benefits the poor will include system-wide changes and the design and implementation of project interventions in selected pilot provinces that build on the HSRA. The HSDP will advocate, design, initiate, and evaluate specific interventions in support of the HSRA, at the national level and in the HSDP selected provinces with the objective to translate agreed policy reform into changes in corporate cultures and in concrete improvements of health services, especially for the poor. The Project will improve the efficiency and effectiveness of delivery of health care to the poor by focusing on the investments and HSRA reforms needed to implement a number of clinical practice guidelines (CPGs) critical to the health of the poor. Interventions will support the implementation of these CPGs in selected convergence sites, and in DOH, Philippines Health Insurance Corporation (PHIC) and other agencies at the central and regional levels. The HSRA delineates the range of issues to be addressed to accelerate reduction of poverty caused by and contributing to ill health.

[1] Clusters of LGUs designated as pilot sites for the HSRA are called convergence sites.

4. HSDP will result in more affordable and better quality health care, and thus increase utilization through cost savings and output enhancing health sector reforms in six areas: (i) rationalizing health care financing and increasing health insurance coverage of the poor; (ii) improving governance, operational efficiency, and service provision of public hospitals; (iii) increasing utilization of improved public health care services; (iv) strengthening regulatory functions for improved quality, efficiency, and safety; (v) promoting service integration in local health systems; and (vi) promoting organizational effectiveness and public accountability in the health sector.

C. Outputs

5. The Project consists of five components implemented through two funding streams. DOH will finance consultancy and sector capacity building activity and investments to support F1implementation. MDFO will provide finance to LGUs to undertake required civil works and equipment purchase. The integration of activity and outputs across the five components is set out below.

1. Health Sector Governance

6. This component will strengthen participating provinces and LGUs to implement the HSRA. Focusing on the promotion of a cross-disciplinary culture promoting efficient and effective care, it will enhance appropriate administrative and clinical skills, encourage adoption of improved clinical protocols (CPGs and clinical pathways), facilitate participation in health management and planning, and strengthen monitoring systems that allow effective oversight. To strengthen DOH, capacity building at all levels will be supported by a master plan, specific staff development activities, fellowships and information campaigns. Crucial expertise in areas like health financing and economics, management, sociology and anthropology, and marketing will be needed at national, provincial, and municipal health offices. The Project will help DOH design and develop a national resource center. The center will be established (i) to provide policy analysis and advice, (ii) to spearhead operations research, and (iii) as a repository of HSRA resource materials. The center will systematically document lessons learned from HSRA implementation in the provinces, as well as compile and disseminate health-related information based on a revamped health information system. Consumer satisfaction surveys, reflecting the perceived quality of services, will be initiated and the results published to support informed choice and foster competition. This component will provide the resources to design the systems for extension of the Philippine Health Insurance Corporation (PhilHealth) coverage to lower income groups, implemented through the following components. Other activities under this component are more logically discussed in relation to the components they support and are set out in the following sections.

7. CPGs are systematically developed statements based on current professional knowledge designed to influence physicians' decision making. They are touted as vehicles for improving the quality of health care and decreasing costs and utilization. They are supposed to form the basis for assessing accountability in the delivery of health care services. The most efficient way to promote clinical practice guideline utilization is when it is used to improve the quality of health care. In this project the following conceptual framework for the work plan is recommended: The framework presented below emphasized that CPGs are not the intended outcome by itself. The ultimate outcome is the improvement of the physicians' performance and quality of health care. CPGs are just instruments or tools to achieve a health care objective. Thus clinical practice guideline dissemination and implementation should be the primary focus of clinical practice guideline activities rather than just development.

8. With F1, the approach in good governance was enhanced to improve health systems performance at the national and local levels. F1 will introduce interventions to improve governance in local health systems, improve coordination across local health systems, enhance effective private-public partnership, and improve national capacities to manage the health sector. The F1 will establish FOUR-IN-ONE Health Development Sites, develop an LGU F1 Scorecard, institutionalize an F1 Expanded Professional Career Track. Implementation of the reforms shall be an integrated implementation of F1 components in appropriately delineated localities or inter-local health zones. Assistance and support will be provided to targeted provinces in the areas of financing, regulation, service delivery and governance to improve local health systems performance.

9. The initial 16 F1 sites includes the HSDP sites and has formulated the Province wide Investment Plan for Health. Under F1, the PIPH is the key instrument in forging DOH-LGU partnership to achieve the health sector goals of better health outcomes, more responsive health system and equitable health care financing. As an approach to health reforms, PIPH builds upon lessons from previous DOH efforts to collaborate with LGUs including the convergence site development under the Health Sector Reform Agenda (HSRA) supported by various Sector-wide Development Approach to Health (SDAH) partners.

2. Regulatory Reforms

10. This component will provide systems to DOH and LGUs to bolster cost-efficiency in the health sector. DOH will institute systems to help LGUs (provinces, municipalities, and villages) increase efficiency and reduce the cost of essential drug purchases, promoting the use of generic drugs. The devolution of some functions of the Bureau of Food and Drugs, such as monitoring and rapid preliminary testing of drug quality, will be piloted in the project area. DOH will help LGUs and Interlocal health zones (ILHZs) to establish already successfully tested mechanisms for the procurement and distribution of pharmaceuticals, such as outsourcing the procurement of drugs and pooled procurement. Activities under the health sector governance component will design and test approaches like social franchising in the pharmaceutical sector, currently tested in more than 10 provinces, which is regarded as appropriate for procurement and distribution of low-cost quality medicines to remote areas and supporting involvement of the private health sector. Activities to enhance proper drug supply management and rational use of drugs shall be promoted to maximize the gains of improved access to low-cost quality drugs. Also under the health sector governance component, DOH will carefully monitor LGUs and ILHZs to ensure satisfactory performance before continuing and extending the new policies.

11. Capability building based on policy reforms and best practices of drug management shall be drawn for the different levels of health care providers and managers responsible for improved access to drugs, assurance of quality, and rational use of drugs. The health care providers and managers shall include those from the level of the regional Center for Health Development (CHD) to the province and municipality and village. The administrative orders on the Philippine National Drug Formulary System and the Essential Drug Price Monitoring System shall form the core of the policy bases for regulatory reforms, but other available pertinent legal documents and recommendations will be used to form a comprehensive approach to formulating effective tools for effective drug management. Where gaps in policy are identified, appropriate recommendations will be made.

12. The main goal of health regulation under F1 is assuring access to quality and affordable health products, devices, facilities and services, especially those used by the poor and identified

2 prong strategies namely harmonizing licensing, accreditation and certification (supply side) and issuance of quality seals (demand side). F1 will harmonize the health regulatory requirements, systems and procedures to become more client-responsive, rational and streamlined. Specific interventions under F1 regulatory reforms includes establishing a "One-stop Shop" for the licensing of health facilities, automating regulatory systems and processes, integrating accreditation and certification into a unified "seal of approval" , introducing intensive, less frequent and incentive-based regulatory procedures and decentralizing regulatory functions to regional offices and LGUs. Also part of the *Four*Mula *ONE* regulatory priorities is assuring the availability of low-priced yet quality essential medicines commonly used by the poor through the following mechanisms: promoting high quality generic pharmaceutical products, expanding drug distribution networks (national and local hospital pharmacies, *Botika ng Barangay, Botika ng Bayan*) and identifying alternative local and foreign sources of low-priced branded drugs

13. To support these initiatives, performance will become the basis for resource allocation through the PhilHealth insurance system. Designed under the health sector governance component, other cost-containment measures such as the introduction of competition into the provision of services, guidelines on the procurement of high-tech medical equipment, and the provision of expensive health services, will also be implemented to avoid oversupply and cost-inefficiencies. The Project will provide systems to PhilHealth so it may adopt a fee schedule for reimbursement of services and pharmaceuticals, which contains appropriate incentives to make health care service provision more accessible, competitive, and equitable both in public and in private facilities.

3. Local Health Sector Reform

14. The third component will invest in improved health care systems and facilities at the LGU level, enhancing their sustainability and effectiveness. Project resources will be used to implement an agreed package of CPG-focused interventions in a sequenced manner, based on a business plan and the actual performance of the concerned LGUs. The Project will support the development of systems to administer ILHZs, establishing an efficient and effective referral network of health facilities linking primary health care services with hospital services and public health programs. In return for project assistance, the LGUs will have to first ensure the coverage of the local poor under PhilHealth. Enrollment of people in the non-formal sector will be encouraged using a range of locally appropriate incentives, including group enrollment through organized groups. The existing means test will be reviewed to improve targeting of government subsidies. When LGUs meet the coverage conditions, project funds will be released to rehabilitate local primary and secondary health care facilities to conform to licensing and accreditation requirements. The availability of affordable quality drugs is a major problem in the health sector, and the Project will integrate mechanisms for the procurement and management of drugs (logistics management, inventory control, and rational use of drugs) established under the health sector governance and regulatory reform components in every ILHZ. In agreement with the concerned LGUs, the Project has undertaken 13 case studies of ILHZ implementation in Ifugao, Ilocos Norte, Nueva Vizcaya, Oriental Mindoro, and Romblon. ILHZ will involve both public and private health sector providers. Important TA inputs will also be in the field of setting up consumer participation strategies and mechanisms at all levels of facilities and the implementation of incentive schemes for ILHZ functionalities.

15. As the Project concentrates on the needs of the poor, marginalized and vulnerable, specific project activities will focus on building their capacity to help themselves, facilitate their representation in local health boards, and increase their utilization of health services taking advantage of PhilHealth coverage. Information campaigns specifically designed for the poor and

marginalized groups will be implemented, explaining PhilHealth benefits besides the traditional health information campaigns related to disease prevention and promotion of healthy life-style. Through ILHZ outreach activities, community financing to cover health costs not reimbursed by PhilHealth (transport to hospital, outpatient drugs, etc), and group activities in support of health-related activities such as water supply, sanitation, and nutrition-related improvements will be encouraged. The health sector governance component will establish a community-focused database, building on the Department of Interior Local Government initiative started in 2002, to improve identification of poor and vulnerable groups. In F1, the LHS reform is integrated in the Good Governance reforms and will introduce interventions to improve governance in local health systems.

4. Hospital Reform

16. The objective of this component is to enhance sustainability and efficiency of hospitals by restructuring them into corporations and support participation of the private and nonprofit sector integrated into CPGs. ILHZ and coordination mechanisms have been developed, and hospital financial autonomy and capacity building activities will be undertaken through the governance reform component. Project funds will be used to rehabilitate local public hospitals, with the objectives to (i) provide better quality services, particularly for the poor, and (ii) stimulate healthy competition between public and private health sector providers based on the quality of services offered. Civil works will mainly consist of rehabilitating and upgrading existing health facilities. In some cases, hospitals will be expanded and some primary health care facilities will be built in poorly served remote areas (particularly in areas with indigenous people). An initial environmental examination was performed for the civil works to be financed by the HSDP. The Project will also finance the procurement of medical and office equipment, and vehicles. Recurrent costs generated by these investments in the local health system will be compensated by efficiency gains and resulting cost savings. The governance component will assist PhilHealth to design benefit packages and systems to reinforce the objectives of hospital reform.

17. The technical assistance for this project will be focused on the rationalization of health facilities and performance based budgeting. The rationalization process involves the documentation and assessment of health resources against standards or accepted indictors. Based on this, a plan is formulated to optimize their use. When implemented, (i) it will solve barriers to health access by proper placement of health facilities in strategic areas; (ii) ensure availability of health services by providing the right inputs (infrastructure, equipment, funds and personnel) in the strategic facilities; (iii) and improve efficiency through conscious and careful management of these resources. The third item will be facilitated through the adoption of a performance based budgeting process. This will link hospital performance with financial incentives. Generally, it will divide the Maintenance and Other Operating Expenditure budget of hospitals into portions (i.e. funds for the public health programs, basic allocation fund, and performance based allocation fund-PBOF). The PBOF shall be released to the hospital only upon meeting a pre-agreed set of performance indicators. Hospitals that fall short of the performance level will automatically forfeit their PBOF. The funds will go to a common pool where top hospital performers will be able to claim access by submitting a Health Facility Enhancement Plan. The rationalization of health facilities and performance based budgeting process can be done at the local levels.

5. Public Health Reform

18. This component will provide cost-efficient systems for effective public health programs integrated into CPGs. The Project will support in particular the implementation of the program against tuberculosis and the reproductive health. Program implementation and subsidies will be linked to performance in the ILHZs and project LGUs. For tuberculosis, the Project will strengthen the World Health Organization-recommended Directly Observed Treatment Strategy (DOTS).[2] For reproductive health and family planning, the Project will support the implementation of a core package of services developed by DOH under the Second Women's Health and Safe Motherhood Project. The governance component of the Project will provide systems design and support for effective operation of public health systems at LGU and provincial levels, and for related PhilHealth systems. Introduction of performance based management approach in health shall re-focus health programs to achieving results and better accountability at all levels. Health plans shall be more strategic, integrating measures to improve efficiency to cut wastages and leakages. Management reforms and organizational adaptation shall be encouraged to improve program implementation and monitoring.

19. CPGs can provide a framework for the development of outcome and performance measures that can be used in a process to improve care. The process is referred to as quality improvement and is emphasized in the PHIC Benchbook. Quality improvement is simply a method for continuously finding means and ways to provide better patient care and services. The purpose of implementing CPG and linking it with PHIC Benchbook is to enable the RHU personnel to evaluate their own and their colleague's performance in terms of compliance to specific guidelines in order to improve quality of care delivered to the patients they serve. An additional objective is to evaluate RHU equipment and facilities that will aid in quality service delivery. Majority if not all of the district hospitals do not have a residency training program because all of the activities are for the provision of health services like emergency care, in-hospital care for secondary cases and maternal and child health. As described in the PHIC Benchbook, the use of one-to-one learning and feedback or mentoring is most appropriate in this setting since it capitalizes on the characteristics of the health care providers such as self-directedness and need to balance learning time and work. It is also suitable in tackling current learning need and linking prior knowledge with new clinical experiences in an environment of friendship, trust and respect.

20. CPGs can also assist the formulation and implementation of health policies like the PHIC Benchbook. Guidelines may be developed for under-recognized health problems, poorly delivered health services and preventive interventions to neglected patients or high risk groups. These guidelines can address equity issues that may best be implemented through policy-mediated interventions. This way, guidelines will actually promote distributive justice and advocate delivery of better services to those who are in need for it especially for those who has poor capacity to pay. In our health care system, there are very limited resources and guidelines can be used to channel resources to more effective services leading to increase efficiency of health system.

21. In F1 the hospital and public health reforms are integrated as one component in the Health Service Delivery reforms which aimed at improving the accessibility and availability of basic and essential health care for all, particularly the poor. The reforms cover all the public and

[2] Directly Observed Treatment Strategy (DOTS) is the most effective strategy available today for controlling the tuberculosis epidemic. DOTS combines five elements: political commitment, microscopy services, drug supplies, surveillance and monitoring systems, and use of highly efficacious regimes with direct observation of treatment.

private facilities and services. The main concerns for service delivery are to ensure availability of providers of basic and essential health services in localities, designate providers of specific and specialized services in localities, upgrade health facilities and develop human resources and intensify public health programs in targeted localities. Parallel to ensuring the availability of capable providers of quality basic and specialized health services in strategic locations, the upgrading of hospitals, ambulatory clinics and health centers, as well as the skills development of health professionals in these facilities, will be pursued. F1 will intensify current efforts to reduce public health threats in specific localities to include undertaking disease-free zones initiative, implementing intensified disease prevention and control strategy and enhancing health promotion and disease surveillance.

D. Special Features

22. The HSDP will implement all proposed policy changes developed under the Program loan. These policies are shown in Appendix 1. HSDP was designed as a poverty intervention, thus, even if the Project area includes provinces with high and low fiscal capacity, the focus will be on the needs of the poor and marginalized groups with special attention to indigenous people. Evaluation of the Project will be carried out through a set of baseline and end-of-Project surveys, to be undertaken by non-government organizations (NGOs), to be contracted by DOH.

II. COST ESTIMATES AND FINANCING PLAN

A. Detailed Cost Estimates

23. The adjusted Project costs amount to $13 million, with $4.380 million accruing to national organizations and $6.450 million for LGUs. The remaining $2.170 million covers contingencies, interest, and other charges. The detailed adjusted cost estimates and financing plan for the project is shown in Appendix 2.

B. Financing Plan

24. The Project loan of $13 million from ADB's ordinary capital resources is 56% of the total costs. The loan will have a 26-year term, including a grace period of 6 year, an interest rate determined in accordance with ADB's LIBOR-based[3] lending facility and a commitment charge of 0.75% per annum. ADB will fund 100% of the foreign exchange cost, totaling 28% of the total project cost, and 40% of the local currency cost. The Government will provide the remaining $10.3 million equivalent as counterpart financing, which accounts for 44% of the total costs. The financing plan is summarized in Table 1.

Table 1: Financing Plan
($ million)

Source	Foreign Exchange	Local Currency	Total Cost	Percent
ADB	6.25	6.75	13.00	56
Government	0.00	10.33	10.33	44
Department of Health		8.88	8.88	
Local government units		1.45	1.45	
Total	**6.25**	**17.08**	**23.33**	**100**

[3] London interbank offered rate.

C. Allocation of Loan Proceeds

25. As provided in Attachment to Schedule 3 of the Loan Agreement, the adjusted allocations by component with related percentages of ADB financing is provided in Table 2. Appendix 3 shows the financial arrangements and funds flow.

Table 2: Adjusted Allocation and Withdrawal of Loan Proceeds

Category	Item	Amount Allocated ($)	Percentage	Basis for Withdrawal from the Loan Account
01	Civil Works	4,420,000	65	Percent of total expenditure (65% for Local)
02	Equipment	3,280,000	100	Percent of foreign expenditure
03	Consulting Services	1,070,000	100	Percent of foreign expenditure
04	Training & Workshops	200,000	100	Percent of foreign expenditure
05	Research & Studies	220,000	100	Percent of foreign expenditure
06	Project Management	520,000	100	Percent of foreign expenditure
07	Interest & Commitment Charges	2,170,000	100	Percent of amounts due
08	Unallocated	1,120,000		Amounts due
	Total	**13,000,000**		

III. IMPLEMENTATION ARRANGEMENTS

A. Executing and Implementing Agencies

26. DOH will be the Executing Agency (EA) for the Project and provide overall guidance for project implementation. The Bureau of International Health and Cooperation (BIHC) will be responsible for the overall management under the overall guidance of a program inter-agency steering committee, headed by the DOH Secretary. BIHC will be assisted by a team of management consultants to support the implementation of the project.

The role of the different offices:

- Central Office:
  a. Program directors especially from the National Center for Disease Prevention and Control and National Center for Health Facilities Development and from PhilHealth from the central office shall provide the technical directions of program concerns with the Health Policy Development and Planning Bureau (HPDPB) as the over-all in providing technical and policy concerns.
  b. The Bureau of Local Health shall provide the technical assistance in the local health systems development.

- Center for Health Development
  a. Provide the technical assistance to specific provinces in operationalizing polices for the health Sector Reform and in the implementation of the HSDP project. Technical assistance of CHD shall be in the areas of implementation the Provincial Investment Plan for Health, TA on the rationalization of Health Facilities and Performance Based budgeting, Inter Local Government cooperation and incentives, consumer participation, and drug management.

b. Provide technical assistance to define the package of minimum health care for the LGUs, and strengthen technical and managerial capability at the local level to improve LGU performance
c. Rationalize the role of DOH hospitals to complement health care services provided by the LGUs and private sector and facilitate compliance to accreditation requirements of health facilities, products, and services
d. Provide venues for inter-agency coordination including other layers in the health sector in a given locality
e. Monitor and evaluate LGU performance through the LGU scorecard and develop incentive mechanisms for LGUs towards better performance in the delivery of health care

- Provincial Level
  a. At the provincial level, project management units (PMUs) headed by the Provincial Health Officer will be responsible for the implementation of the Project with the governor as the provincial project director, assisted by teams of management and technical consultants. BIHC will provide support to MDFO with respect to the Sub-loan assessment and administration.

B. Project Management Organization

27. The director of the HPDPB will be the overall project technical coordinator while the head of the BIHC will be the overall project manager and the DOH-Project Implementation Officer will be the designated project director. The Secretary of Health will chair a steering committee providing overall guidance to the Project. Members will include Department of Finance (DOF), MDFO, PhilHealth, representatives of the private sector (NGOs, professional associations, private health care providers), and consumer groups.

28. The Directors of the Center for Health Development will be the regional project supervisor and will designate the existing Local Health Assistance Division/ Regional Unified project management team as the regional supervisory unit for the Project. The regional unified project management team will (i) ensure coordination between BIHC at the national level and the project province(s) in their jurisdiction; (ii) provide technical support when appropriate; and (iii) be responsible for monitoring, evaluation and auditing of project activities.

29. In the provinces, the provincial governor will be the project director and the provincial health officer the project coordinator. The provincial steering committee will comprise the governor, project coordinator, and chairs of the ILHZ boards. The provincial project coordinator will assign one of his/her permanent staff as provincial project manager assisted by a team of consultants and technical health experts, who will form the provincial PMU, which will be directly responsible for implementation of project activities in the province. The provincial project director will facilitate establishment of an ILHZ, which will have a board and permanent secretariat. Each year, the ILHZ will prepare an operational plan (comprising a plan of action, a program of activities, and a financial plan) that will be submitted to the national BIHC for approval via the provincial project coordinator, with a copy to the HPDPB via the regional health office. The Project organization chart is in Appendix 4.

IV. IMPLEMENTATION SCHEDULE

30. For efficient project management an implementation schedule needs to be developed and shall serve as the guide in the execution of the project. Some activities to be undertaken in 2005 are following:

a. Conduct a baseline survey in the four HSDP provinces (excluding Romblon),

b. Prepare business plan development for LGUs under the four project sites (business plan has been initiated in the provinces of Ilocos Norte and Mindoro Oriental). Romblon province is not found to be credit worthy by DOF, and therefore will not be covered under this Project at this time, and

c. Rehabilitate the HSRA national resource center.

The Project's first year implementation plan is in Appendix 5.

31. Project implementation was hindered with the issuance of Executive Order No. 366 on Rationalization on 11 May 2005. Recruitment of new staff–even on a contractual basis–from Government's budget is not possible under the executive order. In consultation with the Department of Budget and Management, it was agreed that DOH will approach DOF to request ADB for a revision of the financing plan and a reallocation of loan proceeds to accommodate recruitment of staff using loan proceeds. The reallocation will also cover the funding out of the proceeds of the loan under local currency domestic consultants, PMU operation expenses, and research/studies. Appendix 6 provides the Project's implementation plan from year 2007 to 2008.

V. COST ESTIMATES AND FINANCING PLAN DURING IMPLEMENTATION

32. Any change in the financing plan and percentage of cost sharing by all parties requires ADB approval, in accordance with applicable ADB policies and guidelines.

33. Except as ADB may otherwise agree, the items listed in Table 2 above will be financed out of the proceeds of the Loan on the basis of the percentages set forth in the Table. Any deviation from this Table, if necessary, will have to be approved by ADB, following procedures set forth in *ADB Guidelines for the Financial Governance and Management of Investment Projects financed by Asian Development Bank*.

VI. TRAINING

34. Training is an important component of the project especially in enhancing the understanding of the health reforms and for capacity building for the implementation of the specific components of the reforms. The DOH has developed a Human Resource Master plan to address concerns in HR management especially in enhancing competency and out-migration. The 25 year strategic plan was developed in three phases with corresponding plan components. The Phase 1 – Short term plan for 2005-2010 will focus on workforce planning implementation (redistribution and rationalization of health workers), management of HRH domestic deployment and international migration and on Institutionalization of HRH Management Units. A Training and Development Needs Assessment (TDNA) was conducted in 2007 and a Retraining and Retooling plan is being developed based on the TDNA results, and validated in the HSDP sites

(Ilocos Norte, Mindoro Oriental and Ifugao and some sites in Luzon. Appendix 7 shows the HSDP training plan for 2006-2011, Appendix 8 provides the highlights of the TDNA results, and Appendix 9 shows the revised training plan for 2007. The preliminary results of the TDNA has been extracted to provide guidance in the revision of the proposed training for 2007, which now is based on the TDNA, the Human Resources Masterplan and the need for strategy driven training related to the Health Sector Reform agenda and the F1 implementation. After validation of the TDNA in June and July 2007, the training program for 2008 – 20011 will be revised. Appendix 10 shows the Course Package Worksheet that has been developed by the TA 4647 to be used for the detailed course planning. In Appendix 8D, the template has been used for the Technical Capability Building on the Harmonized and Streamlined Licensure System for Hospitals and other Facilities for CHD Regulatory Officers.

VII. CONSULTANT RECRUITMENT

35. To support the implementation of the F1 under the HSDP and in particular to strengthen local capacity in the functioning of ILHZ, the management of hospitals and in increasing access to primary health care including essential quality drugs, DOH will recruit a team of management consultants consisting of experts in health financing, monitoring and evaluation, and good governance and a technical team to provide advisory assistance to the Project.

36. A list of indicative consulting services is in Appendix 11. The technical advisory group of consultants will include experts in relevant health sector reform areas, particularly with regard to:

1. Improving Health Sector Governance
2. Social Marketing & Health Promotion
3. HR Management
4. Social Health Insurance/Purchasing
5. Social Health Insurance
6. Health Financing
8. Continuous Quality Improvement
9. Health Governance Specialist/Health Systems
10. Health Systems Financing
11. ILHZ Implementation
12. Health and Hospital Management
13. Community Participation
14. Public Health
15. Pharmacology
16. Pharmaceuticals
17. Health Care Financing
18. Public Health Clinical Guidelines and Care Pathways
19. Health Systems Analysis

37. Appendix 12 provides a detailed costing of consulting services. The personnel schedule of consultants is found in Appendix 13.

38. The selection, engagement and services of the consultants are subject to the provisions of the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* dated April 2002, as amended from time to time.

VIII. PROCUREMENT

39. Procurement of goods and services will be done in accordance with ADB's *Guidelines for Procurement under Asian Development Bank Loans* dated February 1999, as amended from time to time, and following existing standard operating procedures established by BIHC. ADB and Government procedures and rules in calling for tenders, whether for international or local competitive bidding, will be followed.

40. Civil works will be awarded by the LGUs on the basis of local competitive bidding. Contracts of over $2 million will be procured through international competitive bidding. Civil works financed under Subloans will be partially funded and contracted by the LGUs. A list of indicative contract packages is in Appendix 14, Appendix 15 shows Ilocos Civil works, Appendix 16 shows the MDFO LGU Proposal Development and Implementation flow, and Appendix 17 shows the MDFO Implementation requirements.

41. Procurement of most of the project goods will be consolidated at the national unified project management division (UPMD) level, with a limited number of procurements taking place at the regional or provincial levels. Equipment (medical and non-medical), vehicles and supplies will be procured on the basis of international competitive bidding for contracts over $500,000, international shopping and local competitive bidding for contracts between $100,000 and $500,000, or direct purchase. For certain types of specialized medical equipment, international shopping may be appropriate as the number of suppliers in the field is limited. Appendix 18 provides the indicative equipment list.

IX. DISBURSEMENT PROCEDURES

42. Two imprest accounts will be established for eligible expenditures with the Bangko Sentral ng Pilipinas, one each for DOH and MDFO. The imprest accounts will be managed, liquidated, and replenished in accordance with ADB's *Guidelines on Imprest Fund and Statement of Expenditures* (SOE) *Procedures.* The maximum initial amount to be deposited into the imprest account for the general Project expenditures shall not, in aggregate, exceed $500,000 (DOH) and the maximum initial amount to be deposited into the imprest account for relending purposes shall not exceed $1 million (MDFO).

43. ADB's SOE procedure may be used for reimbursing eligible expenditures and liquidating or replenishing advances, in accordance with ADB's *Loan Disbursement Handbook* dated January 2001, as amended from time to time, and detailed arrangements agreed upon between the Government and ADB. Any individual payment to be reimbursed or liquidated under the SOE procedure will not exceed $200,000 per contract. The imprest account and statement of expenditures records will be audited annually separately by auditors acceptable to ADB.

44. MDFO will not disburse any funds for the Subsidiary Loan or Subloans until the Subsidiary Loan Agreement has been signed between the Government and MDFO, and an implementation agreement, in a form acceptable to ADB, has been signed between ADB and MDFO, and the provincial project coordinators have been officially designated by the LGUs.

45. The projected contract awards by years and the projected annual disbursement schedule by years is in Appendix 19.

X. PROJECT MONITORING AND EVALUATION

46. The service delivery, health regulation, health financing and health governance monitoring of project will be done within the framework of the Monitoring and Evaluation of F1, with sets of indicators for the F 1 components. The project performance monitoring system will contain data and information on each health sector reform area, service delivery, health regulation, health financing and health governance, relevant management data and in particular detailed financial data documenting Project progress and adherence to principles of good governance. Achievement will be checked against performance targets set by DOH at the beginning of each year. Specific monitoring forms will be developed and used to monitor progress and accomplishments. The monitoring system will be designed to enable prompt remedial action. Evaluation of the Project will be carried our through a set of baseline and end-of-Project surveys, to be undertaken by NGOs, to be contracted by DOH.

47. The baseline survey will cover the current status and outcome of the HSRA initiatives in the three provinces to validate the indicative levels of outcome and impact indicators reflected in the HSDP framework. The end-of-Project survey will evaluate the impact of the HSDP on the overall health status in the five provinces at the time.

XI. REPORTING REQUIREMENTS

48. Quarterly progress reports will be prepared by every provincial project management team, duly signed and endorsed by the governor as the provincial project director. These teams will be responsible for coordinating project activities and for preparing reports on their status and outcomes. The reports will be furnished simultaneously to BIHC and the DOH regional health office (regional project supervisor), and will be consolidated at the national level.

49. BIHC will prepare its own report on the implementation of national activities funded by the Project. It will prepare a single report on project accomplishments to be submitted quarterly to the project director and subsequently forwarded to ADB. A sample of the HSDP Progress Report is shown in Appendix 20. ADB will update its Project Performance Report on a monthly basis. Appendix 21 provides a sample of ADB's Project Performance Report.

XII. AUDITING REQUIREMENTS

50. Project expenditures will be recorded according to the standard requirements of the Commission on Audit. All agencies involved in project implementation will prepare and maintain separate accounts for project-related disbursements. UPMD will consolidate the accounts from the various national offices and provinces and submit them to the DOH Finance Service, which will review the consolidated accounts and, after audit, submit them to DOF and ADB. The audit report will include a statement verifying that funds disbursed by ADB against statements of expenditures have been used for the purpose for which they were provided. Project accounts, together with disbursement documents, will be audited annually by independent auditors acceptable to ADB, and will be submitted to ADB within 6 months of the end of each fiscal year. A separate audit opinion on the imprest account and statement of expenditures procedures should be included in the annual audit report. A sample audit letter is provided in Appendix 22.

XIII. MAJOR LOAN COVENANTS

51. The following major covenants embodied in the loan agreement (LA) will be adhered to by the Borrower:

a. Established, Staffed, and Operating PMU: DOH shall be the EA and shall provide overall guidance for Project implementation. UPMD in BIHC shall be responsible for the overall management and coordination of the Project, including recruitment of consultants, organization of capacity building and training activities under the Project, and monitoring and evaluation of the Project. (LA, Schedule 6, para. 1)

b. The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources, which are required, in addition to the proceeds of the Loan, for the carrying out of the Project. (LA, Article IV, Section 4.02)

c. In carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to ADB, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB. (LA, Article IV, Section 4.03[a])

d. Fielding of Consultants: The selection. engagement and services of the consultants shall be subject to the provisions of this Schedule and the provisions of the *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* dated April 2002, as amended from time to time, which have been furnished to the Borrower and DOH. (LA, Schedule 5, para. 2)

e. The Borrower shall cause the Project to be carried out in accordance with the plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The Borrower shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, designs standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request. (LA, Article IV, Section 4.03[b])

f. The Borrower and ADB shall jointly undertake annual review missions to (i) monitor progress of Project implementation; (ii) identify areas of concern; and (iii) suggest remedial actions, if needed. (LA, Schedule 6, para. 17)

g. The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, and environmental and health practices. (LA, Article IV, Section 4.01[a])

h. The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures. (LA, Article IV, Section 4.04)

i. The Borrower shall take all action which shall be necessary on its part to enable the Special Purpose Entity to perform its obligations under the Implementation Agreement, and shall not take or permit any action which would interfere with the performance of such obligations. (LA, Article IV, Section 4.05)

j. The Borrower shall exercise its rights under the Subsidiary Loan Agreement and shall cause the Special Purpose Entity to exercise its rights under the Sub loan

Agreements, in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan. (LA, Article IV, Section 4.06[a])

k. No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB. (LA, Article IV, Section 4.06[b])

l. The Borrower shall ensure that (i) an environmental assessment is carried out for each Subproject in a participatory manner as part of the planning process of the Subprojects; (ii) based on such environmental assessments, an environmental management plan; (iii) an environmental impact assessment, where necessary, is undertaken for each Subproject and submitted to ADB for concurrence prior to Subproject approval; (iv) adequate environmental mitigation measures are incorporated into all Subproject design, construction, operation, maintenance and monitoring arrangements in accordance with Borrower's environmental laws, regulations, and standards and ADB's Environment Policy (2002); and (v) mitigation measures and monitoring plans required in the Subproject environmental management plans are implemented effectively and in a timely manner satisfactory to ADB. (LA, Schedule 6, para. 11)

m. The Borrower shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents. (LA, Article IV, Section 4.08)

n. The Borrower shall ensure that the Project facilities are operated, maintained, and repaired in accordance with sound administrative, financial, engineering, environmental, and business and maintenance and operational practices. (LA, Article IV, Section 4.09)

o. The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement, as well as on the use of the procedures for the Imprest Accounts and statement of expenditures, all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request. (LA, Article IV, Section 4.07[a])

p. The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the Borrower's auditors, and shall make necessary arrangements for any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree. (LA, Article IV, Section 4.07[b])

q. In carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to the Loan Agreement. (LA, Article IV, Section 4.01[b])

XIV. IMPLEMENTATION OF THE ACCOMPANYING TECHNICAL ASSISTANCE

52. The technical assistance (TA) for the Support for Health Sector Reform[4] will provide support to enhance the implementation of HSRA and increase the utilization of affordable and financially sustainable quality health services by the poor. The TA will help the Government give HSRA a head start initially in the 5 HSDP sites by streamlining policies, developing guidelines, concepts, and administrative orders; and harmonizing the processes between involved public actors at the central level. To date TA will particularly accelerate the HSRA implementation in the three HSDP sites. The TA shall develop a capacity building design in operationalizing the F1 policies at the local levels. Capacity building activities will involve policy dissemination and advocacy, training, preparation of DOH technical assistance packages to the health sector, monitoring and evaluation, and designing of incentives for performance.

53. The TA will be attached to the Undersecretary for External Affairs of DOH, technically led by the Director of the Bureau of Health Policy Development and Planning, and based at the HSRA Resource Center. A technical coordinating group will oversee the progress of the TA, ensure its coherence with government policy, the efficient delivery of the outputs, and guide and review the outputs of consultants.

54. The TA will consist of two components: (i) support for HSRA implementation, and (ii) initiatives to enhance the capacity of the local health care system under HSRA. The TA team will work closely with the Government and other stakeholders to help strengthen ongoing HSRA activities, through a comprehensive methodological assessment, technical review building on international experiences, preparation of systems, and enhancing implementation capacity.

55. The TA will be implemented in 18 months intermittent from September 2005-August 2007. A team of international and domestic consultants will implement the TA components. Consultants for the following areas will be recruited: international experts in health sector reform (team leader), health systems (ADB recruited) and social health insurance (ADB recruited), as well as eleven domestic experts in health administration (deputy team leader): district health planning and management, hospital financial management system, health care finance, public health, PH CPGs, drug management and financing, human resource management, monitoring and evaluation, communication and marketing and project administration management. Consultants will be recruited either individually or through a firm, under quality- and cost-based selection, in accordance with ADB's *Guidelines on the Use of Consultants*. The consultants' terms of reference and reporting schedule are in Appendix 23. The TA will be managed and provided directions by the TWU created to mange all TA under F1.

56. The total cost of the TA is estimated at $1,430,000 equivalent, comprising $440,000 in foreign exchange and $990,000 equivalent in local currency. ADB will finance $1,000,000 (70%) equivalent, covering the entire foreign exchange cost of $440,000 ad $560,000 equivalent in local currency cost. The Government will finance the balance of the local currency cost, equivalent to $430,000 (30%), through the provision of office space, furniture, counterparts, and workshop facilities.

[4] TA 4647-PHI was approved on 15 September 2005.

XV. KEY PERSONS INVOLVED IN THE PROJECT

57. The following are the key personnel of the Borrower:

Department of Finance

Roberto B. Tan	Undersecretary International Finance Group Department of Finance	Tel. No. (632) 523-9911 Fax: (632) 526-9960 E-mail: rbtan@dof.gov.ph
Ms. Helen Habulan	Executive Director Municipal Development Fund Office, Department of Finance	Tel. No. (623) 523-9936 Fax: (632) 523- 9937 E-mail: hhabulan@dof.gov.ph
Editha Z. Tan	Director International Finance Group Department of Finance	Tel. No. (632) 5239233 Fax: Email: maria@hotmail.com
Ms. Alissa Santiago	Project Officer IV Department of Finance	Tel: (632) 5218791 Fax(632) 5259186 Email:

Department of Health

1. DOH Organic Personnel

Usec. Alexander A. Padilla	Project Director	TeleFax No.: (632) 711-6061 Trunk Line: (632) 743-8301 loc.1602/1608 E-mail: aapadilla@co.doh.gov.ph
Asec. Mario C. Villaverde	Assistant Project Director	TeleFax No.: (632) 781-4362 Trunk Line: (632) 743-8301 Loc.1141/1112 E-mail: mcvillaverde@co.doh.gov.ph
Dir. Maylene P. Beltran	Project Technical Coordinator	TeleFax No.: (632) 711-6736 Trunk Line : (632) 743-8301 Loc.1329/1334 E-mail: mmbeltran@co.doh.gov.ph
Dr. Ma. Virginia G. Ala	Project Manager	TeleFax No. (632) 781-8843 Trunk Line: (632) 743-8301 Loc.1302/1338 E-mail: vgala@co.doh.gov.ph
Engr. Bonifacio B. Magtibay/ Dr. Heidi Frances Kawi	Assistant Project Manager	TeleFax No.: (632) 781-8843/781-8844 Trunk Line: (632) 743-8301 Loc.1306/1352 E-mail: bmagtibay@yahoo.com Email: babes10467@yahoo.com
Ms. Jocelyn T. Sosito	Project Officer for Administrative Concern	TeleFax No.: (632) 781-8843/781-8844 Trunk Line: (632) 743-8301 Loc.1306/1352 E-mail: jocelynsosito@yahoo.com

2. DOH Contractual Staff

Ms. Myrna C. Caguioa	Project Officer for Financial Concern	TeleFax No.: (632) 781-8843 Trunk Line: (632) 743-8301 loc.1306/1352 E-mail: mtac_68@yahoo.com

3. Project Staff

		TeleFax No.: (632) 781-8844 Trunk Line: (632) 743-8301 loc.1306
Ms. Madonna M. Tabalan	Administrative Officer	E-mail: madonna_tabalan@yahoo.com
Ms. Nancy Victoria C. Berboso	Administrative Assistant	E-mail: nancyberboso@yahoo.com
Ms. Cecilia C. Hernandez	Procurement Officer	E-mail: cel_hernandez66@yahoo.com
Ms. Lalaine P. Gonzales	Finance Analyst	E-mail: lpgonzales15@yahoo.com
Ms. Emy I. Lopez	Finance Analyst	E-mail: mamailopez@yahoo.com
Mr. Ramil E. Molit	Driver	
Ms. Marifel M. Santiago	Planning & Monitoring Officer	E-mail: feng1125@yahoo.com
Mr. Angelito L. Santiago	Information System Analyst	TeleFax No.: (632) 711-6736 Trunk Line: (632) 743-8301 loc.1325/1327 E-mail: aingesantiago@yahoo.com

4. Project Consultant

Dr. Ma. Socorro E. Ignacio	Project Operation Specialist	TeleFax No.: (632) 781-8844 Trunk Line: (632) 743-8301 loc.1306 E-mail: chorie_phil@yahoo.com

XVI. ANTICORRUPTION

58. The Project will comply with ADB's anticorruption policy and guidelines. Anyone coming across evidence of corruption associated with the project must contact ADB's Office of the General Auditor, which will investigate such allegations. ADB's anticorruption policy was explained to the national and the pre-selected local governments, DOH, and PhilHealth during project processing. The anticorruption provisions added to ADB's *Guidelines on the Use of Consultants* were also discussed, and the section on fraud and corruption in ADB's *Guidelines for Procurement* were emphasized.

59. DOH and the implementing agency will ensure timely submission of project accounts. A strict project performance monitoring system will allow DOH and ADB to confirm the appropriate use of project funds.

HEALTH SECTOR DEVELOPMENT PROGRAM FORMULATED POLICIES AND ITS LOCALIZATION
June 2007

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
A. HEALTH CARE FINANCING REFORMS 1. The Philippine Health Insurance Corporation (PhilHealth) submits confirmation of the inclusion of allocation for the sponsored program in the 2006 budget as submitted to Congress (tranche release condition). 1.1. PhilHealth submits their financing plan, which allocates subsidies for the sponsored program in 2006	PBR No. 799 s 2005 signed by the PhilHealth board on 9 June 2005 approving the PhilHealth's FY 2006 budget proposal of 4.2 billion for the Sponsored Program. PhilHealth letter to DBM dated June 16, 2005 signed by the Acting President and CEO submitting the FY 2006 budget for the Sponsored Program for inclusion in the National Expenditure Program of the National Government and, thereafter, in the General Appropriations Act of FY 2006. Certification issued on 2 September 2005 signed by the Finance Department and noted by the Actuary re: certifies that P2.9 Billion out of the P 4.2 B requested for the Sponsored Program was included in the National Expenditure Program FY 2006.	Assisted in the compliance of the documentation requirements for the conditionality.	Allocation of subsidies PHIC for the National counterpart and LGU for the local counterpart.
2. PhilHealth Board approves a new premium policy allowing progressive premium structure (tranche release condition).	PBR 735 s 2004 dated December 16, 2004 signed by the PhilHealth board approving the proposed contribution schedules adjusting the ceiling on the monthly salary that is subject to PHIC contribution.	Assisted in the compliance of the documentation requirements for the conditionality.	For modeling in the HSDP sites: Progressive premium for Informal Sector

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
2.1. PhilHealth board approves a progressive premium contribution scheme based on individuals' capacity to pay for poor households under the poverty line but ineligible for sponsored program.	PBR 886 s 2006 dated February 23, 2006 signed by the PhilHealth board approving the implementation of the progressive premium contribution for the self self-employed professionals. PBR 887 s 2006 dated March 24, 2006 signed by the PhilHealth board amending PBR 886 s 2006 authorizing PhilHealth management to identify professions/professionals in higher income groups to be covered. The Implementation Rules and Regulations of the National Health Insurance Act as amended by RA 9241 2004 edition page 25 section 28 on the premium sharing schedule for the Indigent Program. Issue paper on conditionality 2. PBR 584 s 2003 dated June 17, 2003 signed by PhilHealth board approving 1.3 M for the FY 2004 budgetary support for the Sponsored Program. PBR 684 s 2004 dated May 27, 2004 signed by PhilHealth board approving P4.58 Billion for the FY 2005 budgetary support for the Sponsored Program. PBR No. 799 s 2005 signed by the PhilHealth board on 9 June 2005 approving the PhilHealth's FY 2006 budget proposal of P 4.2 billion for the		

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
	Sponsored Program. PBR 902 s 2006 dated June 15, 2006 signed by PhilHealth board approving P 3.9 Billion for the FY 2007 budgetary support for the Sponsored Program. Issue paper for conditionality 2.1		
2.2. PhilHealth conducts a market segmentation study on the informal sector	Final report dated September 6, 2005 on the "Segmenting the Informal Sector with a View to Adjusting Premiums Based on Ability to Pay in the Philippines" conducted by Professor Soonman Kwon with support from GTZ. PBR 886 s 2006 dated February 23, 2006 signed by the PhilHealth board approving the implementation of the progressive premium contribution for the self self-employed professionals. The study was utilized as reference in the progressive premium contribution fro IPP professionals.		Implementation and Pilot Testing on HSDP sites of Market Segmentation
2.3. PhilHealth develops LGU monitoring and evaluation system of sponsored program	Report of the study on the "Sponsored Member's Aggregated Reporting Technology" by Robert Brent P. Lipke dated July 7, 2006 with support from ADB through InDevelop. Certificate of Acceptance on the "Sponsored Member's Aggregated Reporting Technology" study by PhilHealth dated August 9, 2006. Issue Paper for Conditionality 2.4. IEC	TA support on the development of the LGU monitoring and evaluation system of sponsored program	Use study in the Indigent Sector Monitoring using IT in the HSDP sites.

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
PhilHealth concludes designed information campaign.	Plan on the progressive premium structure for the employed and IPP sectors detailing the objectives to include the premium schedule and amount to be communicated. PBR 917 s 2006 dated June 23, 2006 signed by the PhilHealth board approving the FY 2006 Corporate Operating Budget of PhilHealth which includes budget allocation for the IEC Implementation plan for the premium adjustment		For reference and guide result of IEC plan. Formulate Social Marketing Plan for universal coverage in the HSDP sites.
3. Based on a detailed cost database and analysis, PhilHealth Board approves a revised benefit package (tranche release condition)	PBR 880 s 2006 dated February 2006 signed by the PhilHealth board approving a special benefit package for all PhilHealth members and health care workers who shall develop Avian Influenza. PBR 921 s 2006 dated July 6, 2006 signed by the PhilHealth board approving outpatient human immunodeficiency virus (HIV)-acquired immune deficiency syndrome (AIDS) benefit. PBR 923 s 2006 dated July 6, 2006 signed by the PhilHealth board approving the Maternity Care Package for the third normal spontaneous delivery PBR 924 s 2006 dated July 6, 2006 signed by the PhilHealth board approving the outpatient malaria benefit package.	Assisted in the compliance of the documentation requirements for the conditionality. Support of International Consultant on SHI was provided. Direct hired by ADB.	To determine if new Benefits of PHIC is known and implemented in the HSDP sites. To be integrated in the PIPH. Study on the use of capitation fund at the local level

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
	PBR 926 s 2006 dated July 6 2006 signed by the PhilHealth board approving the further rationalization of PhilHealth benefits. PhilHealth actuarial report on the Estimated Costs of New Benefit Packages dated September 19, 2006.		
4. PhilHealth publishes a performance report on the status of the utilization of the 10 CPGs for quality assurance and accreditation (tranche release condition). 4.1. PhilHealth publishes a report on status of CPG use in accredited hospitals.	Proposed implementation plan for the CPG study submitted by PhilHealth dated September 26, 2006. Terms of Reference for the conduct of baseline survey on Clinical Practice Guidelines dated August 16, 2006. The HTA Forum newsletter Volume 4 No. 1 2006 reports Performance Report on PhilHealth Use of CPGs for Quality Assurance and Accreditation.	TA 4647 support CPG Baseline and in CB design	Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy. Use results of study in CPG dissemination and utilization in the HSDP sites.
5.1 PhilHealth submits a Board-approved Medium Term Plans (MTPs) for 2005-2012 including actuarial forecast on revenues and payments	PBR 605 s 2003 dated September 4, 2003 signed by PhilHealth board approving the PhilHealth Development Plan for 2004-2012. PhilHealth Medium Term Plan (2004-2007 and 2008-2012) to include: PhilHealth actuarial report on the Estimated Costs of New Benefit Packages dated September 19, 2006	Assisted in the compliance of the documentation requirements for the conditionality. Support of International Consultant on SHI was provided. Direct hired by ADB.	Use as guide in progressive NHIP implementation and expansion in the HSDP sites.
6.1 PhilHealth board expands PhilHealth Organized Groups Interface (POGI) for national implementation.	PBR 917 s 2006 dated June 23, 2006 signed by the PhilHealth board approving the FY 2006 Corporate Operating Budget of PhilHealth which includes budget allocation for the	Assisted in the compliance of the documentation requirements for the conditionality.	Model POGI in the HSDP sites. Develop Model Intervention for Enrolling Indigenous People as a group in coordination with PHIC.

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
	implementation of the KASAPI Program. PhilHealth Organized Group Interface Implementation Plan for 2006. Write-up on the transition from POGI to KASAPI. Updates on the PhilHealth's activities with the Organized Groups. Issue paper for Conditionality 6.1 and 6.2		
PhilHealth and organized groups in informal sector develop MOA in all Health Sector Development Program (HSDP) provinces to implement POGI	MOA between PhilHealth and CARD Mutual Benefit Association, Inc. on Organized Group Partnership in enrolling the Informal Sector. MOA between PhilHealth and Rural Green of CARAGA, Inc. on Organized Group Partnership in enrolling the Informal Sector.		Review MOA and monitor its compliance and further enhancements of the model.

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
B. HOSPITAL REFORMS 1. DOH designs a UMIS for pilot testing and enters into a MOA with selected hospitals for test.(tranche release condition) 1.1. DOH issues an AO on implementation of continuing quality improvement (CQI) 1.2. PhilHealth endorses CQI as criteria for accreditation of all hospitals.	DOH designed a UMIS and entered into three MOAs with Hospitals. ***Administrative Order No. 2006-0002 dated 23 January 2006 re: Establishment of the Continuing Quality Improvement (CQI) Program and Committee in DOH Hospitals*** PhilHealth Circular No. 12 series of 2006 - April 10, 2006 - Requirement for a Continuous Quality Improvement in Accreditation of Hospitals	TA supported UMIS pilot testing	UMIS to be implemented in the HSDP sites. Integrate to the over-all HMIS. All DOH hospitals implementing CQI and all the 16 F1 sites hospital piloted for CQI implementation for LGU hospitals PHIC issues accreditation report on CQI implementation
2. DOH issues an AO to adopt a policy on governing boards of all public hospitals (tranche release condition) 2.1. DOH evaluation report on progress and experience of corporatizing the two selected DOH hospitals	AO No. 2006-0007 - April 28, 2006 - Guidelines in Establishing Governing Boards for Augmenting Management Capacity of Public Hospitals AO No. 2006-0004 - March 13, 2006 - Guidelines for the Issuance of Certificate of Need to Establish a New Hospital	CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages.	Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy. Use report in HSDP hospital reforms
3. DOH issues an AO to adopt performance-based allocation of (national) subsidies for 2006. (Tranche release condition).	AO on PBB for Hospital	CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages.	Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy. Model Policies on PBB for LGU hospitals and Local policies on performance-based budgeting

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
3.1. DOH implements guidelines on revenue retention for DOH hospitals. 3.2. DOH completes a human resource assessment for 30% of DOH hospitals.	Revenue Retention HR Comprehensive Master Plan and assessment		Local policies on income retention issued on all 16 F1 sites Assessment results of Masterplan for HHR utilized by HSDP sites
4. DOH issues AO to state a policy on rationalizing local public hospitals based on need (tranche release condition) 4.1. Provincial ordinances from three HSDP provinces authorizing their (provincial) hospitals to earn, retain and use their income	AO on Rationalization of HFs Provincial Ordinances	CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages.	Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy. Review ordinances and monitor its compliance, to be integrated in HSDP hospital reforms Model Service delivery outlets for the Indigenous People that is culturally sensitive and adopting IPs environment.
5.1 DOH issues an AO to implement the public and private hospital waste management guidelines.	Hospital Waste Management Guidelines		Use AOs in HSDP waste management system. Report of 16 sites to include HSDP sites on Hospital Waste Management
C. PUBLIC HEALTH REFORMS 1. DOH issues an AO to adopt the revised expenditures targets for public health spending and hospital-based services (tranche release condition)			Identify models for increasing public health spending, reducing out of pocket and efficient use of resources esp. support to the IPs.

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
2. DOH develops a framework to establish long term performance-based budgeting for priority public health programs. (Tranche release condition) 2.1 DOH drafts a bill for Congress review to institutionalize long-term performance-based budgeting for priority public health programs.	AO No. 2006-0022 - July 12, 2006 - Guidelines for the Establishment of Performance-Based Budget for Public Health Draft Bill	CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages.	Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy.
3. DOH revises Philippines National Drug Formulary to include contraceptives (pills, injectibles, and IUDs). (tranche release condition)	Included in PNDF		Ensure budget at the HSDP sites on FP commodities, Check Provincial CSR plans.
4.1 DOH issues AO on partnerships with the private sector for delivery of public health programs, specifically tuberculosis and family planning	AO No. 2006-0008 - May 10, 2006 - Guidelines on Public-Private Collaboration in Delivery of Health Services including Family Planning for Women of Reproductive Age	Not in CB design	Determine in the HSDP sites private sector that can be part of F1, determine model for the private participation.
4.2 DOH and selected private health organizations signs a MOA on public-private partnerships on tuberculosis and women's health and safe motherhood programs.	MOA with Private Organizations		Review MOAs and check how these can be used in HSDP sites.
D. HEALTH REGULATION REFORMS 1. DOH drafts a bill for Congress	Draft Bills		

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
review proposing amendments of the mandates of DOH regulatory agencies to increase efficiency in health care provision. (Tranche release condition) 1.1. DOH and PHIC review and updates administrative issuances and circulars on licensing and accreditation standards of health facilities.	Execom		Model in HSDP sites in coor with PHIC and DOH.
2. DOH issues an AO on certification mechanism for primary health care services providers based on service capacity and quality (tranche release condition)	AO		Use AO in HSDP sites Regulatory and Service delivery reforms
3. DOH issues an AO and new regulations on drug management in order to reduce drug prices. (Tranche release condition) 3.1. DOH and PHIC establish a regularly updated and published drug price reference/monitoring system, involving related public and private agencies, consumer organizations, and the academe, among others.	AO No. 2006-0009 - February 14, 2006 - Guidelines Institutionalizing and Strengthening the Essential Drug Price Monitoring System (EDPMS) AO No. 2006-0018 - May 8, 2006 - Implementing Guidelines for the Philippine National Drug	CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages. CB design in localizing F1 policies to include	Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy. Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy.

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
3.2 DOH and PHIC reviews and issues department orders (DO) and circulars in updating PNDF based on the needs of drug management needs of PHIC benefit packages and LGUs	Formulary (PNDF) System	dissemination, training, M and E, Technical Assistance and Incentive packages.	
E. LOCAL HEALTH SYSTEMS REFORMS			
1. DOH, PHIC and LGUs approve a MOA, which commits to (i) establishing ILHZs, (ii) enrolling the poor in PHIC indigents program, (iii) setting up enrollment centers, and (iv) upgrading strategic health facilities to meet PHIC accreditation and licensing requirements and DOH certification standards for RHUs and BHSs (tranche release condition).	Signed MOA DOH, PHIC and the 5 HSDP sites		Review MOAs and check if included in PIPH re: Universal enrolment of Indigent sectors, collection Efficiency, Accredited RHUs for OPB, DOTS and MCP. Do pilot model in enrolment Indigenous People (IP).
1.1. At least three ILHZ's business plans in project provinces developed for 2006. 1.2. DOH issues an AO to approve incentive schemes supporting sustainable operations of ILHZs	Business Plans ILHZ Ilocos Norte and Mindoro AO No. 2006-0017 - August 3, 2006 - Incentive Scheme Framework for Enhancing Inter-LGU Coordination in Health through Inter-LGU Coordination in Health through Inter-Local Health Zones	TA support in the development of the ILHZ business plans. CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages.	Review the business plans and check its utilization and usefulness. Templates developed to be use in HSDP sites. Localizing policies using CB design (dissemination, training, M and E, TA packages, Incentive packages), Local ordinances to implement policy.

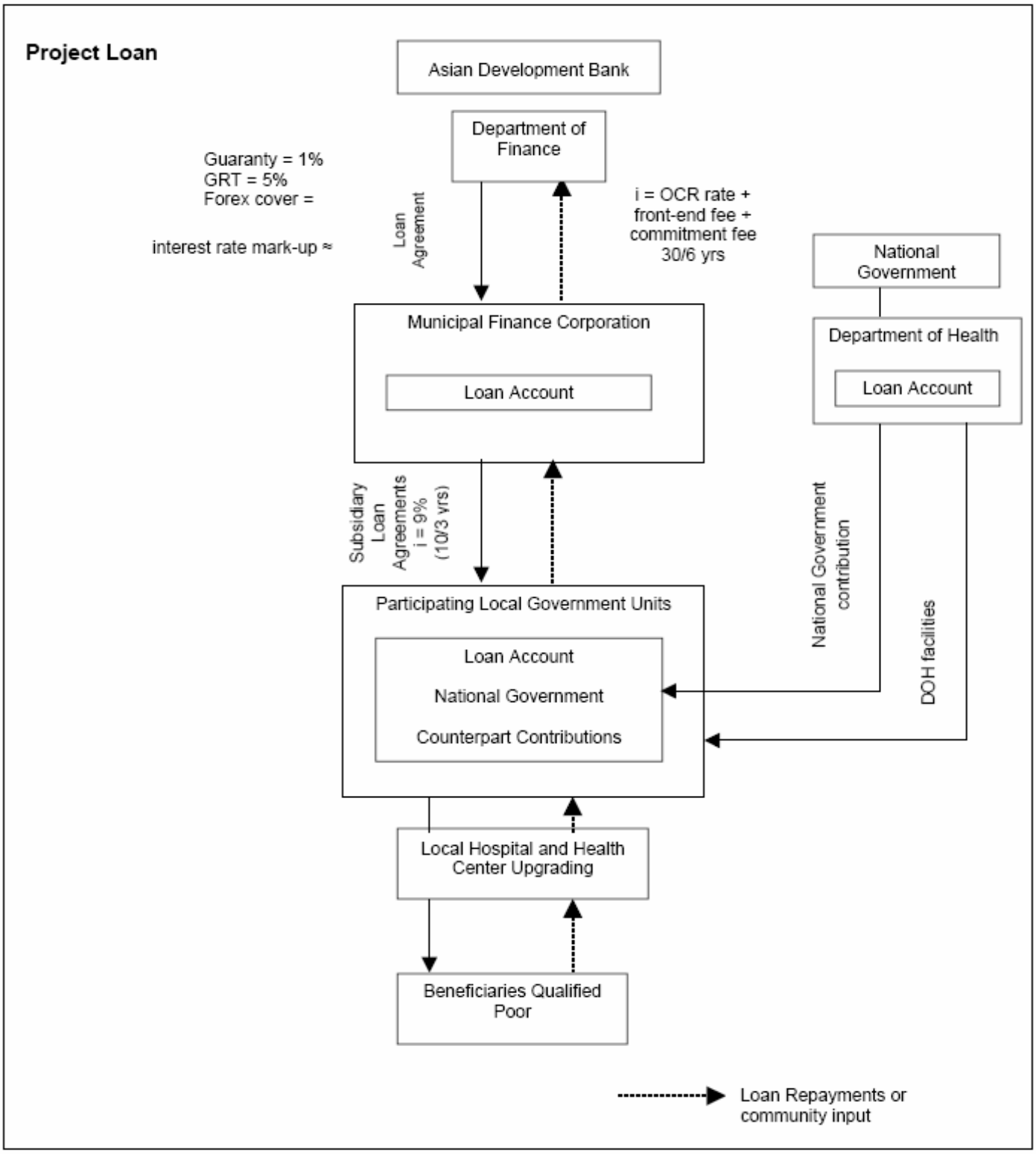
CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
1.3 To convert EO 205 (1999) that mandates (a) DOH and DILG to form national health planning committee and (b) ILHZ into a Republic Act, DOH submits a draft plan for a Congress review	(ILHZs) and Ensuring their Sustainable Operations DOH AO on the creation of committee		
2. LGUs sign MOA to establish ILHZ in at least three of the 13 areas identified by DOH in five project provinces. (Tranche release condition)	Signed MOA ILHZ		Review the MOA and check if conditions and agreements in the MOA are included in the PIPH.
3. To issue licensing and accreditation of ILHZ as an integrated network including private health services providers (system accreditation), PHIC approves accreditation criteria for local health systems and DOH approves licensing standards for ILHZ. (Tranche release condition)	PBR		Model systems accreditation in HSDP sites in coordination with PHIC.
F. HEALTH SECTOR GOVERNANCE 1. DOH develops a comprehensive plan for health human resource assessment and capacity development, and approves it. (Tranche release condition)	HS HR Masterplan	CB design in localizing F1 policies training package and TDNA, R and R plan	TRAINING PLAN OF THE HSDP PROVINCES. TO BE INLCUDED IN PIPH.

CONDITIONALITIES and Monitorable Actions	Documentation	TA 4647 Support	Localization Plans/ HSDP Project Loan
2. DOH issues the first update of short- and medium-term plans for DOH and project provinces in support of HSRA implementation. (Tranche release condition)	National and LGU Updates AO No. 2006-0023 - June 30, 2006 - Implementing Guidelines on Financing FourMula One for Health (F1) Investments and Budget Reforms	TA support on PPAs Enhance PPAs esp. at the provincial levels. Determine TA packages to implement and institionalize the PPAs. Include in PPA support to Indigenous groups	PPAs as basis for local plans, . To be included in PIPH.
3. DOH through a consultation process with relevant stakeholders develops a standard instrument for measuring the effectiveness of consumer participation, and tests and approves it. (tranche release condition)	AO No. 2006-0020 - June 13, 2006 - Guidelines for Evaluation of Consumer Participation Strategies in FourMula One for Health	CB design in localizing F1 policies to include dissemination, training, M and E, Technical Assistance and Incentive packages.	CB design in localizing CP policies, participation of private sector, Indigenous group and peoples organization in Planning (PIPH), Implementation and Monitoring. To be included in PIPH. Do pilot model in CP for HSR esp. in IPs.
4.2 DOF and DOH shall submit a report on the investment in the health sector, including proceeds of the program loan in support of the HSRA and policy implementation	DOF Report		No requirement for localization but can use as reference on National support to HSRA.

DETAILED ADJUSTED COST ESTIMATES AND FINANCING PLAN

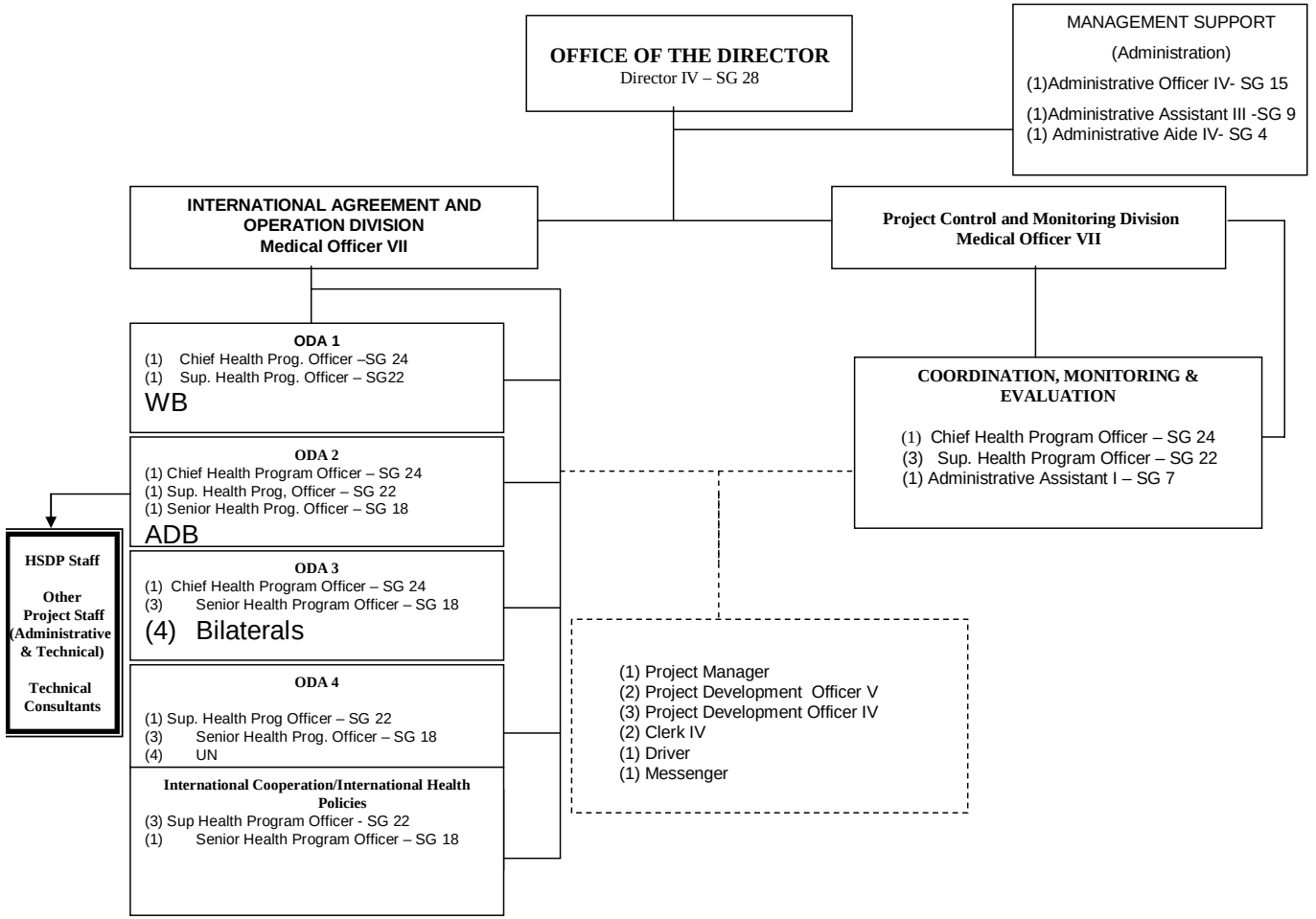
Category	Total Project Cost (Re-Allocated)	Bank's Financing	Loan Proceeds			GOP Counterpart					
			Total (Re-allocated)	DOH Component	LGU Component	Total (Re-Allocated)	FOA	Regular Budget	Automatic Appro	Equity	SPE (On Lending)
Civil Works	6,800,000	65%	4,420,000	1,100,000	3,320,000	2,380,000	358,929.00			1,790,000	231,123
Equipment	4,650,000	100%	3,280,000	780,000	2,500,000	1,370,000	150,000.00	1,220,000.00			
Consultant	1,400,000	100%	1,070,000	1,070,000		330,000	426,562.50	(96,562.50)			
Training/ Workshop	2,000,000	100%	200,000	200,000		1,800,000	916,464.28	880,000.00			
Social Marketing	500,000	100%				500,000	418,750.00	81,250.00			
Research & Studies	720,000	100%	220,000	220,000		500,000	491,071.43	8,928.57			
Project Management	1,570,000	100%	520,000	520,000		1,050,000	843,750.00	209,733.64			
Total before taxes	17,640,000	665%	9,710,000	3,890,000	5,820,000	7,930,000	3,605,527.21	2,303,349.71	-	1,790,000	231,123
Taxes and Duties	1,290,000					1,290,000	150,000.00		1,140,000		
Sub-total	**18,930,000**		**9,710,000**	**3,890,000**	**5,820,000**	**9,220,000**	**3,755,527.21**	**2,303,349.71**	**1,140,000**	**1,790,000**	**231,123**
Contingencies	1,110,000					1,110,000		220,000.00			890,000
Sub-total	**20,040,000**		**9,710,000**	**3,890,000**	**5,820,000**	**10,330,000**	**3,755,527.21**	**2,523,349.71**	**1,140,000**	**1,790,000**	**1,121,123**
Unallocated	1,120,000		1,120,000	490,000	630,000						
Sub-total	**21,160,000**		**10,830,000**	**4,380,000**	**6,450,000**	**10,330,000**	**3,755,527.21**	**2,523,349.71**	**1,140,000**	**1,790,000**	**1,121,123**
Interest/ Commitment Charges	2,170,000		2,170,000	2,170,000							
Grand Total	**23,330,000**		**13,000,000**	**6,550,000**	**6,450,000**	**10,330,000**	**3,755,527.21**	**2,523,349.71**	**1,140,000**	**1,790,000**	**1,121,123**

FINANCING ARRANGEMENTS AND FUNDS FLOW



PROJECT ORGANIZATION CHART

Bureau of International Health Cooperation



IMPLEMENTATION SCHEDULE

(June to December 2005)

Components/Activities	Jun	Jul				Aug				Sept				Oct				Nov				Dec				Jan	Feb	Mar
	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4			
1. CIVIL WORKS																												
1.1 Resource Center																												
Approval of the Project Procurement Management Plan																												
Detailed Engineering																												
Preparation of Bid Documents																												
Selection Process, Selection Criteria																												
Bidding (Advertisement , Pre-Bid, Bid Opening)																												
Bid Evaluation																												
Contract prep. And Approval																												
Actual Construction																												
Acceptance and Turn-Over																												
2. EQUIPMENT																												
Procurement of Equipment for 2.1 Resource Center and PMO																												
Secure Clearance w/IMS																												
Preparation of Bid Documents																												
Bidding (Advertisement , Pre-Bid, Bid Opening)																												
Bid Evaluation																												
Contracting																												
Award of Contract																												
Delivery and Installation																												
Commissioning and Acceptance																												
3. CONSULTANT																												
3.1 Project Management Team																												
Recruitment																												
Clearance from ADB, including TOR, CV																												
Contracting																												
Engagement of Consultant																												
3.2 Civil Works Specialist and																												
Local Investment Specialist																												
TOR preparation																												
Clearance from ADB																												
Recruitment																												
Contracting Process																												
Clearance from ADB																												
Engagement of Consultant																												
4. TRAINING/WORKSHOP																												
4.1 Request Clearance to ADB																												
4.2 Provincial Workshops																												
4.3 National Orientation on Financial																												
Mgt, Disbursement System																												
4.4 Flagship Training																												
4.5 Project Management Workshop																												

Components / Activities	Jun	Jul				Aug				Sept				Oct				Nov				Dec				Jan	Feb	Mar
	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4			
5. RESEARCH AND STUDIES																												
5.1 Conduct of Baseline Studies																												
Writing TOR																												
Clearance of TOR and evaluation criteria from ADB																												
Advertisement																												
Submission of elligibility documents																												
Shortlisting																												
Submit shortlist to ADB for clearance																												
Submission of Technical and Financial Proposals																												
Evaluation																												
Negotiation on the terms Contract																												
Award and contract signing																												
6. PROJECT MANAGEMENT																												
6.1 Recruitment and Hiring																												
Administrative																												
Administrative Officer																												
Procurement Officer																												
Finance Analyst (2)																												
Administrative Assistant (2)																												
Messenger																												
Driver																												
Technical																												
Policy Development Officer																												
Planning Development Officer																												
Information Systems Anaylst																												
6.2 Coordination Meetings																												
6.3 Assessment of Health Facilities																												
1. Ilocos Norte	Completed																											
2. Ifugao																												
3. Mindoro Oriental																												
4. Nueva Viscaya																												
6.4 Detailed Design																												
1. Ilocos Norte																												
2. Ifugao																												
3. Mindoro Oriental																												
4. Nueva Viscaya																												

IMPLEMENTATION SCHEDULE
(January 2007 to December 2008)

Components/Activities			2007								2008								Responsible
			Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			
I.	**CIVIL WORKS**																									
	A.	**Resource Center**																								
		Bidding (Advertisement , Pre-Bid, Bid Opening)																								COBAC
		Bid Evaluation																								COBAC, NCHFD
		Post Qualification																								COBAC
		BER and Resolution for concurrence of bank																								COBAC
		Notice of Award																								COBAC
		Contract prep. And Approval																								COBAC
		Notice to Proceed																								COBAC
		Furnish ADB copy of Contract																								PMO
		Actual Construction																								CONTRACTOR, NCHFD
		Inspection																								NCFHD, COBAC
		Acceptance and Turn-Over																								CONTRACTOR, COBAC
	B.	**Ilocos Norte**																								
		Actual Construction																								CONTRACTOR, NCHFD
		Inspection																								NCFHD, COBAC
		Acceptance and Turn-Over																								CONTRACTOR, COBAC
	C.	**Oriental Mindoro**																								
		Actual Construction																								CONTRACTOR, NCHFD
		Inspection																								NCFHD, COBAC
		Acceptance and Turn-Over																								CONTRACTOR, COBAC
	D.	**Ifugao**																								
		Actual Construction																								CONTRACTOR, NCHFD
		Inspection																								NCFHD, COBAC
		Acceptance and Turn-Over																								CONTRACTOR, COBAC
II.	**EQUIPMENT**																									
	A.	**Resource Center**																								
		Canvass																								COBAC
		Opening of Bids																								COBAC, PMO
		Bid Evaluation																								COBAC
		Issuance of P.O.																								COBAC
		Notice to Proceed																								COBAC
		Delivery and Installation																								SUPPLIER, MMD
		Commissioning and Acceptance																								SUPPLIER, MMD
		Furnish ADB copy of P.O.																								PMO
	B.	**PMO**																								
		Canvass																								COBAC
		Opening of Bids																								COBAC, PMO
		Bid Evaluation																								COBAC
		Issuance of P.O.																								COBAC
		Notice to Proceed																								COBAC
		Delivery and Installation																								SUPPLIER, MMD
		Commissioning and Acceptance																								SUPPLIER, MMD
		Furnish ADB copy of P.O.																								PMO
	C.	**Resource Center (Additional)**																								
		Canvass																								COBAC
		Opening of Bids																								COBAC
		Bid Evaluation																								COBAC
		Issuance of P.O.																								COBAC
		Notice to Proceed																								COBAC
		Delivery and Installation																								SUPPLIER
		Commissioning and Acceptance																								PMO
		Furnish ADB copy of P.O.																								PMO

Components/Activities			2007								2008								
			Q1		Q2		Q3		Q4		Q1		Q3		Q4				
III.	**CONSULTING SERVICES**																		
	A.	**Medical Equipment Specialist**																	
		Shortlisting																	COBAC
		Clearance from ADB																	PMO
		Contract Negotiation																	COBAC
		Notice of Award																	COBAC
		Contract Preparation																	COBAC
		Notice to proceed																	COBAC
		Furnish ADB copy of contract																	PMO
	B.	**Project Implementation Consultants**																	
		Clearance from ADB, including TOR																	PMO
		Advertisement																	COBAC
		Shortlisting																	COBAC
		Clearance from ADB																	PMO
		Contract Negotiation																	COBAC
		Notice of Award																	COBAC
		Contract Preparation																	COBAC
		Notice to proceed																	COBAC
		Furnish ADB copy of contract																	PMO
	C.	**DAED - Oriental Mindoro**																	
		Clearance from ADB (TOR)																	
		Advertisement in local newspaper																	COBAC
		Advertisement in ADBBO																	ADB
		Evaluates EOIs, prepare eval report																	COBAC
		Submits evaluation to ADB																	PMO
		Approval of evaluation																	ADB
		Issues RFP																	COBAC
		Evaluates proposal																	COBAC
		Approval of proposal																	ADB
		Contract negotiations																	COBAC
		Sends negotiated contract to ADB																	PMO
		ADB approval of negotiated contract																	ADB
		Signs negotiated contract & issue notice to proceed																	COBAC
		Furnish ADB copy of Contract																	PMO
		Preparation of DAED																	
		Approval of ADB to DAED																	
	D.	**DAED - Ilocos Norte**																	
		Detailed Engineering Design																	LGU, PMO
		Permit to construct																	LGU, PMO
		SPLA Signing																	LGU, PMO
		Bid Docs Preparation																	LGU
		ADB Concurrence																	PMO
		Bidding (Advertisement , Pre-Bid, Bid Opening)																	COBAC
		Post Qualification																	COBAC
		Bid Evaluation and PBAC Resolution																	COBAC, NCHFD
		BER and Resolution for concurrence of bank																	COBAC
		Notice of Award																	COBAC
		Contract prep. And Approval																	COBAC
		Notice to Proceed																	COBAC
		Furnish ADB copy of Contract																	PMO
	E.	**FS Team for Ifugao**																	
		Clearance from ADB																	PMO
		Contract Negotiation																	COBAC
		Notice of Award																	COBAC
		Contract Preparation																	COBAC
		Notice to proceed																	COBAC
		Furnish ADB copy of contract																	PMO

		Components/Activities	2007								2008								
			Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			
	F.	**DAED - Ifugao**																								
		Clearance from ADB (TOR)																								LGU, PMO
		Advertisement in local newspaper																								LGU, PMO
		Advertisement in ADBBO																								LGU, PMO
		Evaluates EOIs, prepare eval report																								LGU
		Submits evaluation to ADB																								PMO
		Approval of evaluation																								COBAC
		Issues RFP																								COBAC, NCHFD
		Evaluates proposal																								COBAC
		Approval of proposal																								COBAC
		Contract negotiations																								COBAC
		Sends negotiated contract to ADB																								COBAC
		ADB approval of negotiated contract																								
		Signs negotiated contract & issue notice to proceed																								
		Furnish ADB copy of Contract																								PMO
		Preparation of DAED																								
		Approval of ADB to DAED																								
D.	**TRAINING AND WORKSHOPS**																									
	A.	**International Training**																								
		Identification of Participants																								HHRDB/LGU's/CHD's
		ADB Concurrence																								PMO
		Conduct Training																								
	B.	**In-Country Training**																								
		Request for ADB Concurrence																								PMO
		Identification of Participants																								HHRDB/LGU's/CHD's
		Conduct of Actual Training																								
		1. Customized Course on Project Planning Sector Management and Development for Local Health Project Implemetors (2006)																								
		2. Health Policy Development and Management (2006)																								
		3. STI Comprehensive Care Management (2006)																								
		4. Masteral Programs																								
		5. Strategy Driven Interventions																								
		a. Health Systems Reform Introductory Course																								
		b. Flagship Course on Health Sector Reform																								
		6. HR Installation and Training																								
		7. Training and Development Needs mAnalysis/Competency Based Interventions																								
	C.	**Workshops**																								
		Workshop on Fourmula One Key Results Area																								
		DOH Budgetary Restructuring Workshop																								
		Program Planning and Budget Dev't.																								
IV.	**RESEARCH AND STUDIES**																									
	A.	**Baseline Study**																								
		TOR Finalization																								PMO
		Hiring of Firm (Shortlisting, Selection)																								COBAC
		ADB Concurrence																								PMO
		Contracting (Preparation and Signing)																								COBAC
		Conduct of Study																								CONSULTANT

Components / Activities			2007				2008				
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
VI.	**PROJECT MANAGEMENT**										
	A.	**Project Operations Specialist**									
		Contract Negotiation									COBAC
		Notice of Award									COBAC
		Contract Preparation									COBAC
		Notice to Proceed									COBAC
		Furnish ADB copy of contract									PMO
	B.	**Civil Works Specialist**									
		Clearance from ADB, including TOR									PMO
		Advertisement									COBAC
		Shortlisting									COBAC
		Clearance from ADB									PMO
		Contract Negotiation									COBAC
		Notice of Award									COBAC
		Contract Preparation									COBAC
		Notice to proceed									COBAC
		Furnish ADB copy of contract									PMO
	C.	**Project Operations**									
		Project Management Workshop (PMO and PPMO)									
		Monitoring Visits									
		Report Submission									
		Project Review									
		Annual Planning									

TRAINING PLAN
(2006 – 2011)

A. Local Training Programs

	Course Title	Training Cost (Php)
Year 2006:		
1.	Flagship Course on Health Sector Reform	19,666,000
2.	Course on Human Resource Strategy	17,400
3.	The Future Health Workforce	12,300
4.	Competency Based Human Resource Management	14,234
5.	Strategic Management of Regulatory & Enforcement Agencies	26,800
	Subtotal	**19,736,734**
Year 2007:		
1.1	Health Systems Introductory Course for Provincial Hospitals	600,000
1.2	Health Systems Introductory Course for District Hospitals	600,000
2.	Flagship Course on Health Sector Reform	4,680,000
3.	Health Care Financial Management Program	960,000
4.	Customized Course on Project Planning, Sector Management and Development for Local Health Project	3,188,000
5.	Health Policy Development and Management	575,000
6.	Harmonization of Licensure System for Hospitals and Other	2,700,000
7.	HR Installation and Training including HRH Management and Development	4,062,500
8.	STI Comprehensive Care Management	1,925,000
9.	Unallocated	12,355,383
	Subtotal	**31,645,883**
Year 2008:		
1.	Masteral Programs	1,785,000
2.	Continuing Education for Hospital / RHU Staff	9,996,000
3.	Entrepreneurial Management of Cooperatives	1,125,000
4.	Hospital Management Executive Courses	4,950,000
5.	Unallocated	4,328,383
	Subtotal	**22,184,383**
Year 2009-2011:		
1.	Masteral Programs	5,355,000
2.	Continuing Education for Hospital / RHU Staff	9,996,000
3.	Technical Conference on HSRA Best Practices	1,082,000
	Subtotal	**16,433,000**
	TOTAL LOCAL TRAINING	**90,000,000**

B. Foreign Training Programs

Course Title	Training Cost (US$))
Year 2005-2006:	
1. Flagship Course on Health Sector Reform and Sustainable Financing	13,666
2. Course on Human Resource Strategy and Innovative HR Management for achieving Millennium Development Goals in Health	9,456
3. The Future Health Workforce	6,915
4. Competency Based Human Resource Management	5,815
5. Strategic Management of Regulatory and Enforcement Agencies	10,800
Subtotal	**46,652**
Year 2007:	
1. Public Programmes, Sector Wide Approach (SWAp) and Project Management Offices	29,040
2. Advanced Health Leadership Forum	48,000
Subtotal	**77,040**
Year 2008:	
To be decided	76,308
Subtotal	**76,308**
TOTAL FOREIGN TRAINING	**200,000**
TOTAL FOR 2006-2011 (in Philippine Pesos)	**10,000,000**

TRAINING AND DEVELOPMENT NEEDS ASSESSMENT SUMMARY REPORT

A. Profile of TDNA Participants

1. A preliminary and essential step to the formulation of the 5- year R&R Plan for Human resource for Health (HRH) was the conduct of a Training and Development Needs Assessment (TDNA) study. The study was administered using customized validation tools to achieve the following objectives:

- identify learning and development needs of the health sector workforce at the national, regional and local levels
- identify knowledge, attitudes and skills of HRH as these relate to strategy driven and competency based interventions
- validate adequacy and appropriateness of current learning and development interventions
- identify learning and development gaps and concerns that are not currently being addressed

2. The TDNA Documentation Report presented the results of the TDNA activities conducted in three ADB sites: Region 1/ Ilocos Norte, Region 4B/ Oriental Mindoro and Cordillera Autonomous Region/ Ifugao. A total of 113 respondents or 75.33% of target participants representing the various health facilities in the region down to the rural health unit accomplished the Self-Administered Questionnaire. They also gave their inputs during the Focus Group Discussion Workshops and Plenary Session.

PARTICIPANT PROFILE

Area	# of Pax	Total/Area
Region 4B		43
CHD 4B	21	
LGU Oriental Mindoro	22	
CAR		39
CHD CAR	19	
LGU Ifugao	20	
Region I		31
CHD I	12	
LGU Ilocos	19	
TOTAL		**113**
TARGET PAX		150
RESPONSE RATE		**75.33%**

B. Answers to Self-Administered Questionnaire

3. The TDNA validation tools attempted to gauge the *Career Development Goals* of HRH in the sample sites and relate these to Capability building interventions. Three questions in goal setting within the next 2 and 5 years focused on professional development, personal/professional efficacy and finally, on aligning individual goals to that of the organization. These were followed by questions pertaining to Strategy-driven and Competency-based interventions planned to upgrade the capability of HRH. Participants were also asked questions regarding their level of knowledge on F1, its four components, policies and programs.

4. The results obtained from the self administered questionnaire proved that there is congruency in setting individual career goals of HRH with that of the organization (DOH/LGU). The responses on professional development goals were geared towards the desire to do better jobs, meet their unit or office objectives and build the image of DOH/LGU.

Method for taking action in achieving the individual career goals within the next 2/5 years are through learning and development interventions that can mostly be provided by and within their respective agencies. These are:

- Continuing education and attendance to on-site trainings and seminars (81% of respondents)
- Educational tours/field trips (79%) and attendance to off-site trainings and seminars (68%)
- Learning thru instructional videos (56%)
- Peer learning and working with an expert (50%)
- Enrolment to short-term/crash courses (48%)
- Job enhancement by being given new assignments (37%); membership to a task force or committee work (36%) and job rotation (35%)

Attitude towards DOH/LGU Training Programs were assessed using a 6-point scale of 0–5, with 5 as the highest value. Items considered received the following median scores:

1. Frequency – 5 or more than adequate
2. Relevance – 2 or needs to improve matching of courses with the needs of participants
3. Quality – 2 or needs to upgrade quality
4. Selection – 5 or very systematic and fair system of choosing participants

C. On F1/Strategy Driven Interventions

5. Eighty five percent (85%) of the respondents affirmed that they were aware of F1 for Health. To measure the level of knowledge and interest on the four F1 components, the participants rated themselves on a scale of 0-5 with 5 representing the highest score and 0 as the absence of knowledge and interest. The result showing that Service Delivery is rated at level 4 in knowledge and level 5 in interest is due to the fact that most of the participants are in the frontline of delivering health services at the regional and local levels. This is further validated by a Knowledge score of 3 in both Health Financing and Regulation and a slightly higher score of 3.5 in Governance. Interest though, is high on all these three items with scores ranging from 3-4. The table below summarizes these findings:

F1 Component	Level of Knowledge	Level of Interest
Governance	3.5 - quite knowledgeable	4 - quite highly interested
Health Regulation	3 - fairly knowledgeable	4 - quite highly interested
Health Financing	3 - fairly knowledgeable	5 - highly interested
Service delivery	4 -quite highly knowledgeable	5 - highly interested

6. Regarding the answers to *Must Have F1 Courses*, namely: Public Financial Management, Lakbay-aral, Introductory Course on Health Systems Reform, and, Flagship Course on Health Reforms and Sustainable Financing, twenty percent (20%) of the participants were able to attend one or two of these courses and gave the following comments:

Must Have F1 Course	Comments
Public Financial Management (PFM)	- Public Financial Management training should be given at the start of investment planning - Public offices must endeavor to apply the recommended principles in Public Financial Management
Lakbay-aral	- The Lakbay-aral program must not be limited to those in higher salary grade; extend more Lakbay-aral to LGUs - Make the Lakbay-aral more meaningful through strategies like the LGU peer to peer learning as done in the Pacific ILHZ in Leyte Significant Learning Experience should be incorporated in the Lakbay Aral activity particularly in the LGU
Intro Course on Health Systems Reform	It was more of an orientation program rather than a training or teaching course
Flagship Course on Health Reforms and Sustainable Financing	The focus of the training was confined to the five reforms only
General Comment	If applicable and possible, that trainings be done in the site to reach more participants

7. The training courses identified in the Provincial Health Plans as found in the PIPH were also validated. Participants were asked to compare between the training they attended and the training they perceived as needed.

8. *For courses on F1 – Governance*, the tables below show the Top 5 most attended training and top five highly needed courses in governance. Some participants also included Masters in Public Health as a course attended under F1-Governance.

Top 5 Most Attended

Rank	F1 TRAINING - Governance
1	Field Health Information System
2	Inter Local Health Zone Management Information System
3	Management and Leadership Training
4	Referral System Training (Hospital/RHU)
5	Management Planning and Program Review

Top 5 Highly Needed

Rank	F1 TRAINING - Governance
1	Data Management (Hospital/RHU)
2	Management and Leadership Training
3	Financial Management -Micro
4	Field Health Information System
5	Management Planning and Program Review

For courses on F1 – Service Delivery, the most attended and highly needed courses were identified and categorized under the following:

1. Intensified Disease Prevention and Control program
2. Disease Free Zone Initiative
3. Maternal and Child Health
4. Family Planning
5. Disaster Preparedness and Response System
6. Epidemic and Surveillance
7. Health Promotion
8. Healthy Lifestyle
9. Health Facilities development Program

9. Other suggested trainings under the Service Delivery component of F1 are: Supervisory course on CDDI, CARI, EPI, MDT, Natural family Planning and Adolescent Counseling Program.

For F1 - Health Regulation, the top 6 most attended courses were also identified as highly needed. These courses are:

1. Botika ng Barangay Orientation for Barangay Operators and BHW
2. Health Quality Assurance Program
3. Orientation Updates on BFAD Laws
4. Orientation Seminars on National Health Laws, Provincial Codes and Ordinances
5. HOMIS Installation, utilization, Implementation and Maintenance
6. Write shop on the Formulation of Ordinances and Resolutions

For F1- Health Financing, the most attended courses were also perceived as highly needed. These are:

1. Health Financing Schemes
2. Management Support on Maximizing Phil health benefits and Claims
3. Financial Management
4. Training on Process Documentation
5. Finance Management on Economic Enterprise Scheme
6. Orientation on OHIC Programs for LGU and Communities
7. Capability Building for Support Staff on Users' Fees
8. Orientation of Local Chief Executives and Legislators on Health care Financing Schemes and Strategies
9. Entrepreneurial Management of Cooperatives
10. Training on Basic Accounting and Bookkeeping
11. Business Management training for Chief of Hospitals

D. On Competency-based Interventions

10. It is noteworthy to mention that two years after the development of Competency-based systems in 2004, eighty one percent of the respondents (81%) affirmed that they are aware of the competency requirements for their respective positions.

For competency-based training, nine courses most attended were also marked as most needed. These are listed as follows:

1. Cost and Stocks Control
2. Career Development Management Systems

3. Building Human Relations
4. Advance Computer Applications
5. Employee Relations
6. Report Writing and Preparation
7. Hospital and Solid Waste Management
8. Basic Course in Quality Management
9. 5 S

Courses that were included in the most attended but were no longer tagged as highly needed were:

1. First Aid Treatment
2. Advance PC troubleshooting
3. MS Productivity Tools
4. Local Government Code
5. Licensing Rules and Regulations
6. Dietary and Nutrition Education
7. Good Housekeeping

11. The last section of the validation tool gave the participants the opportunity to input into the design of the R & R plan by commenting on the tool, activities and current training system. Twenty two percent (22%) of the respondents took the time to answer this section giving comments and suggestions on Learning and Development strategies, policies, packages and course design and personal observations and remarks on the conduct of training in DOH and LGU.

E. Focus Group Discussion/ Workshops

12. In the Focus Group Discussion workshops, most participants perceived that F1 is ***well accepted*** as the implementation strategy for Health Sector Reforms by the CHD Directors and hospital management, with the Directors taking on the role of chief F1 advocate in their respective areas. In Oriental Mindoro, F1 is also well accepted by local executives as exemplified by the Governor who is a staunch advocate of F1, having a good grasp of F1 concepts and benefits. In Ifugao, F1 is likewise well accepted by midwives at the PHO since F1 is aligned to the DOH vision and mission which they are most familiar with. This is also true for those in the management of ILHZ in Ilocos Norte.

F1 is ***moderately accepted*** by majority of Health Workers in the provinces, local governments and hospitals. Main reasons cited for the moderate acceptance were:

- inadequate information received on F1
- highly technical approach in introducing F1
- difficulty in relating F1 concepts to the health programs
- no user-friendly Information, Education and Communication (IEC) materials
- F1 programs are not a high priority of the Local Chief Executives
- low level of knowledge and consciousness at the community level, MHO and District Hospitals.

13. All the groups were unanimous in recommending a *massive orientation and advocacy program for F1*. The identified target recipients of this program should be all health and hospital workers in the region, province, and municipality/city down to the Barangay level, local government officials, non- government organizations, academe, media people and private health practitioners. They recommended a *systematic F1 orientation* in the CHDs, hospitals,

local governments, community and Barangay by work groups or organizational units (e.g., LCE/ LGU management, midwives, academe, hospital division/units, NGO, etc.). They also suggested that communication materials should be developed in simple, easy to understand language, preferably in Tagalog and Ilocano. Suggestions on the use of tri-media included radio programs in DZNL, television coverage by ABS-CBN, film showing of F1 in hospital waiting areas, schools and other public places, F1 bulletin boards, stickers, posters, well-designed calendars, streamers, hand-outs, F1 logo as screen saver and even the wearing of t-shirts with F1 logo during community events (parades).

14. Suggestions given to implement the various administrative orders issued pertaining to F1 policies were:

1. Create and institutionalize AO-specific committees (e.g., CQI Committee, Hospital Review Committee, and Therapeutic Committee), hospital governing boards, provincial teams and HRD units in PHO.
2. Social marketing and improved coordination with other government agencies (e.g., PDEA and DTI for AO 2006-0020, PHIC for AO 2006 – 0018)
3. Set up strong network with LGU executives and make an effort to influence meetings of Local Health Boards to act on the issuance of resolutions pertaining to the implementation of specific F1 AOs.
4. Establish and/or strengthen monitoring and evaluation mechanisms and strategies for AO implementation and expand monitoring activities (e.g., on essential drugs, hospital services). Publish standards, incentives and sanctions in public places.
5. Initiate public-private collaboration on delivery of health services through outreach programs, networking with NGOs (e.g., pop shops, Sinagtala, SALUN-AT foundation), religious groups (soldiers for Christ, CWL, CFC) and professional organizations.
6. Highlight best practices and show case successful implementation strategies (e.g. MMMHC is cited as a benchmark /model hospital for CQI program).
7. Provide technical assistance to ILHZs and strengthen procedures for referral and release of funds.
8. Provide continuing education and training of HWs on the basic principles, implementation strategies and guidelines of the different AOs.

15. The basic training courses identified by the participants to implement these AOs are ranked as follows:

1. Orientation Course on F1 AOs and policies
2. Communication skills such as Training on Verbal and written communication, Using various strategies in social marketing, Basic course in preparing statistical reports
3. HR-related courses such as Teambuilding for Provincial teams, HR management systems, Negotiating and conflict resolutions skills
4. Financial management of Hospitals and health facilities, PBB, Investment Planning
5. Monitoring & Evaluation
6. LGU-oriented courses such as Dental/oral health, Diet and exercise, Community development and wellness program.

16. *On the competency-based training interventions*, the participants were hopeful that given equal opportunity to training programs within the next 2/ 5 years, they would be able to upgrade their competencies, be more productive in their given assignments and be closer to the fulfillment of their career goals.

17. Various training courses were recommended by the workshop participants to upgrade the level of core competencies for DOH and LGU personnel. Likewise, training programs for functional competencies by salary grade level were suggested.

Priority Training Courses for Core Competencies are presented below:

DOH Core Competency	**Suggested Training Course**
Organizational Commitment	o Organizational Development o Change Management o Strategic planning/management o Leadership training
Integrity	o Values Orientation Workshop o Reformation/Enhancement course
Quality Service Focus	o Total Quality Management
Teamwork	o Team building and Enhancement
Stewardship of Resources	o Developing skills on Resource Management o Budgeting techniques o Accounting and Auditing
Self-Development	o Entrepreneurial Course
Attention to Communication	o Presentation skills o Effective communication o Use of Power point as tool

LGU Core Competency	**Suggested Training Course**
Collaboration	o Team building
Integrity	o Values formation o Leadership programs
Quality Service Focus	o Quality Assurance
Initiative	o Leadership management training
Works Standards	o Working by results o Time management o Training on how to upgrade technical expertise

18. Various comments on how to improve the administration and conduct of courses currently being offered to HRH were also obtained from the respondents. Some even expressed the need to come up with Learning and Development policies that may help stem the out migration of Health workers, particularly nurses and doctors. This phenomenon was addressed in the drafting of the 25-year Human Resource for Health Master Plan (HRHMP) that was also funded by WHO, but continues to be perceived as a compelling issue by health workers.

REVISED 2007 TRAINING PLAN FOR IFUGAO, ILOCOS NORTE, AND ORIENTAL MINDORO[1]

Course and Objective	Location	Participants	Schedule
Strategy Driven Training			
1.1 Health Systems Introductory course for Provincial Hospitals with objective: Provide understanding of the health system and the role and interdependency of its components.	In one of the 3 provinces	Management of LGU hospitals, 30-40 participants	Q3
1.2 Health Systems Introductory course for District Hospitals with objective: Provide understanding of the health system and the role and interdependency of its components.	In one of the 3 provinces	Management of LGU hospitals, 30-40 participants	Q3
2. Flagship Course on Health Sector Reform with objective: Build constituency on health policy and management levels sharing understanding of health reform options.	National level	All levels from the 3 provinces, 60 participants	Q3
Executive Courses			
3. Health Care Financial Management Program with objective: Strengthen the implementation of Provincial Investment Plans.	In one of the 3 provinces	Financial managers from hospitals and RHU:s, 30 participants	Q4
4. Customized Course on Project Planning, sector Management and Development for Local Health Project Implementors with objective: Equip participants with skills and techniques for managing all phases of project cycle.	In one of the 3 provinces	ILHZ Teams and Local Health Project Implementers, 30 participants.	Q3 July
5. Health Policy Development and Management with objective: Follow-up of Flagship course for reinforcement and development of the Flagship course components.	National level	PHO:s, Chief of Hospitals, Management of LGU and CHD, 2 x 25 participants	Q3 Aug
6. Harmonization of Licensure System for Hospitals and Other with objective: Ensure harmonization of One Stop Licensing procedures.	National or regional level	Management of regional offices, 30 participants	Q3
Competency Based Training	Ifugao, Ilocos Norte and Oriental Mindoro	HR staff at all levels, 3 x 30 participants	Q3
7. HR Installation and Training including HRH Management and Development with objective: Equip participants with skills and techniques for new HR systems and technologies.			
8. STI Comprehensive Care Management with objective: Equip participants with skills and techniques for comprehensive case management for prevention and control of HIV/AIDS.	Ifugao, Ilocos Norte and Oriental Mindoro	Field Health Personnel. 3 x 50 participants	Q4

[1] Based on Training and Development Needs Assessment.

COURSE PACKAGE WORKSHEET

Course Title	**Technical Capability Building on the Harmonized and Streamlined Licensure System for Hospitals and other Facilities for CHD Regulatory Officers**
Training Type	☒ Strategy Driven ☐ Competency Based

1. Background Information	
1.1 Introduction Describe the rationale of the training and provide an overview of the training curriculum.	Part of the regulatory reforms undertaken by The Department of Health (DOH) under the FOURmula One for Health include strategies that will harmonize the streamline systems and processes to make health regulation more rational and client-responsive. These shall be achieved through several mechanisms that include the establishment of a One-Stop Shop for the licensure of health facilities and the decentralization of appropriate regulatory functions to the Centers Health Development (CHD). Decentralization would benefit both the government and the private sector by reducing the cost of regulation as well as the transaction costs incurred by the latter. It would also free-up resources that could be used to strengthen standards development, enforcement, surveillance as well as the oversight functions of the DOH regulatory offices. The decentralization of the licensing process for hospitals and other facilities to the CHDs to streamline regulatory systems and processes takes into consideration two things: • The One-Stop Shop Licensure System shall cover the issuance of a single license for hospitals and other facilities such as ancillary services that includes clinical laboratories, including HIV testing, drinking water analysis and drug testing, blood banking, blood collection units, blood stations, dialysis clinics, medical facility for overseas workers and seafarers, pharmacies, and medical x-ray facilities instead of transacting with different regulatory offices in the DOH such as the Bureau of Health Facilities and Services (BHFS), Bureau of Food Drugs (BFAD), Bureau of Health Devices and Technology (BHDT) including the DOH Centers for Health Development (CHDs); and • Previous implementation of E.O. 102 of 1999 and the current rationalization of the

	bureaucracy that redirects the functions and the role of the DOH also resulted to the corresponding reassignment and turnover of personnel at the Central Office and especially at the CHDs. As such, there is a need to build on the technical capabilities especially of the CHD regulatory officers on the harmonized and streamlined licensure system for hospitals and other facilities in order to effect the necessary regulatory reform that is both rational and client-responsive.
1.2 Scope Describe the content and/or organizational boundaries of the training.	The training covers the standard, technical requirements, and procedural guidelines for the regulation of ancillary and other facilities within the hospital and birthing home.
1.3 Objectives Describe the learning objectives of the training in general and specific terms. A learning objective is a statement of what the learners will be expected to perform once they have completed a specified course of instruction.	**General:** To standardize enforcement of the One-Stop Shop Licensure System in the hospital and birthing home in various CHDs. **Specific:** At the end of the six-day training, the participants will be able to: 1. Have a common interpretation of the standards and technical requirements for the regulation of hospital and birthing home; and 2. Demonstrate knowledge of the procedural guidelines for the implementation of One-Stop Shop Licensure System

1.4 Desired Institutional and Developmental Impact Institutional impact refers to influences that affect the processes in the DOH, LGU and hospitals resulting from the learners' acquisition of new knowledge, skills and attitudes. Developmental impact refers to the effect on the performance improvement of the person.	**Institutional Impact** ▪ Uniform enforcement of regulatory standards, technical requirements, and procedures ▪ Minimized complaints from regulated health facilities ▪ Ensured safety of hospitals and birthing homes ▪ Improved client satisfaction by streamlining the licensing process **Developmental Impact** ▪ Improved competency in the field of regulation

2. Participants Profile				
2.1 Target Participants Identify the participants for which training is required.				
National Level	☐ Director ☐ Division Chief ☐ Senior Technical Staff ☐ Junior Technical Staff ☐ Non-technical Staff ☐ Skilled Staff			
Regional Level	☐ Director ☒ Division Chief for regulation ☒ Senior Technical Staff for regulation ☒ Junior Technical Staff for regulation ☐ Non-technical Staff ☐ Skilled Staff			
Local Level	☐ Director ☐ Division Chief ☐ Senior Technical Staff ☐ Junior Technical Staff ☐ Non-technical Staff ☐ Skilled Staff			
or **Specify DOH Office/Bureau** (please refer to Annex B)				
Adhoc Positions/Designations				
Other DOH Agencies (please specify)				
Representatives from External Agencies				
2.2 Competency Requirements List of knowledge, skills and attitudes that the participant must possess at the beginning of training (please refer to Annex on Competency)	**Competency**	**Knowledge**	**Skills**	**Attitudes**
	Core Competencies			

2.3 Competencies to be Gained List of knowledge, skills and attitudes that the participant will acquire at the end of the training (please refer to Annex on Competency)	**Competency**	**Knowledge**	**Skills**	**Attitudes**
	Technical Expertise on hospital and birthing home regulation			

3. Resource Person Qualification Provide professional requirements of the individuals who will be responsible for the conduct of the training program.	
Resource Person 1 (please add rows if there are different speakers for each module)	**Educational Requirement:** Senior Regulatory Officer at the CHD **Professional Requirement:**

4. Training Resources and Operating Details Identify all of the essential resources known to be associated with the specified training. This should include hardware/software, instructor availability, training time estimates, projected level of effort, documentation and other resources required to produce training materials, and provide the actual training.	
Proposed Budget	Total Budget : PhP 2.7M
Funding Source	Funding Agencies: ADB
Proposed Resource Speaker(s)	
Number of Participants for all modules	Write-shop: 15 participants Training of Trainors: 15 participants Actual conduct of training: 317 7 runs

Proposed Venue	NCR : Manila Area Luzon : CHD 1, 2, 3, 4A & 4B, 5 VisMin : CHD 6 – 12 and Caraga

5. Training Content Provide a detailed description of content	The training is divided into four major parts, to wit: Introductory Part which will cover DOH Vision, Mission, Goals and Formula One for Health as a Strategy for Reforms Module I details Health and Economics Module II discusses Governance and Module III focuses on Health Systems Development

5.1 Activity Module Definition Provide a detailed description of each training module.	
Module Title	Module I: Standards and Technical Requirements
Detailed Description	o Hospital o Birthing homes o Clinical laboratory o X-ray facility o Pharmacy o Blood bank/blood collection unit/blood station o HIV testing lab o Drinking water analysis o Drug Testing o Dialysis clinic

	o Ambulatory surgical clinic o Drug abuse treatment and rehab center
Module Title	Module II : Procedural Guidelines
Detailed Description	Covers : o Issuance of Permit to Construct o Issuance of License to operate o Monitoring o Reporting o Licensing Fees o Investigation of Hearing Charges or complaints o Appeal

6. Evaluation The effectiveness of training must continually be evaluated. Describe how training evaluation will be performed. Evaluation tools should be included.	<u>After Training Evaluation</u>: The course will be assessed using a 4-point scale measuring the following factors: ▪ Training Content ▪ Training Delivery ▪ Methodology ▪ Hand-outs/materials ▪ Physical Arrangements Annual evaluation will be done to evaluate enforcement of regulatory standards and technical requirements at the CHDs.

INDICATIVE CONSULTANT SERVICES

A. Consultants for HSDP

1. The need for consultant support for (i) implementation of the Health Sector Reform Agenda, and (ii) detailed design and implementation of the investments under the ADB Project Loan is summarized below. Consultants that could be financed under the ADB Project Loan are indicated in column 2 of the table below, estimated to 28 months of international and 168 months of domestic consulting.

Consultants	Cost (USD)	Agency
A. Improving Health Sector Governance		
1. **Organizational Development and Monitoring.** The consultants will (i) coordinate project implementation, monitoring, and evaluation; (ii) review organizational cultures in clinical settings and team work in each major agency in each convergence site; (iii) develop workshops and action plans for individual agencies, and for groups of agencies that need to work closely together to implement program reforms, care pathways, public and private sector collaboration, improve consumer participation, and strengthen team work across health professions and care settings; and (iv) help implement action plans and establish annual surveying of organizational effectiveness including consumer participation. The specialists will also help design and support implementation of a DOH research facility, institutionalize capacity building, and support monitoring and information dissemination tasks. 1.1 Organizational Development and Monitoring Specialist, International, 12 person-months 1.2 Organizational Development and Monitoring Specialist, Domestic, 12 person-months	342,000	ADB
2. **Social Marketing & Health Promotion.** The consultants will (i) work with DOH, Phil Health and local government units to conduct baseline opinion research on adopting proposed innovations among LGUs, private & public health practitioners and providers, and health consumers through social marketing and health promotions, (ii) review program plans and develop strategies to increase adoption of innovations among target markets, (iii) help design, produce and implement health promotion and social marketing materials and projects that support the attitudinal and behavioral change needed for proposed health reforms in each project area; (iv) develop social marketing and health promotion workshops to train DOH and LGU health personnel, (v) establish social marketing monitoring system to survey effectiveness of strategies (vi) develop and implement a health promotions and national publicity program for the project. 2.1 Social Marketing & Health Promotion Specialists, 12 person months domestic		
3. **HR Management.** The consultant will provide guidance and	42,000	ADB

Consultants	Cost (USD)	Agency
assistance to HHRDB in carrying out the key strategies and programs of the HRH Master Plan – Phase 1, with particular attention to the implementation of the 5-year Retooling and Retraining/Capability Building Plan. The consultant will (i) integrate the development of additional F1 for Health/ Strategy-driven training packages while monitoring the implementation of the initial F1H course package in other F1 sites; (ii) design and develop priority competency –based training packages by job class and/or salary grade and conduct pilot implementation at the national and local levels; (iii) devise the implementing strategy for institutionalizing career development management systems in DOH and government hospitals/health facilities and pilot in selected F1 sites; (iv) build the capability of HR staff in commissioning and maximizing the use of the computerized Training Information System (TIS) of HRH in DOH and LGU health facilities; and, (v) update the HRHMP, Phase 1 in consideration of new initiatives and development in HRH. 3.1 HR Management Specialist, Domestic, 12 months		
B. Social Health Insurance Reforms		
4. **Social Health Insurance/Purchasing.** The consultants will (i) work with Phil Health and DOH to develop a general classification of hospital services for payment purposes, together with a process to refine it over time; (ii) help design a plan to move to per case payment for all inpatient services over a transition period; (iii) design and help with the implementation of at least one new service package that involves care in both a hospital and a non-hospital setting, based on a cost effective recommendations of clinical practice guidelines; and (iv) design and help with the implementation of at least one new service package with a method of payment that encourages a shift from inpatient to same-day or outpatient care, based .a cost effective recommendations of clinical practice guidelines. 4.1 Social Health Insurance/Purchasing Specialists, domestic, 12 person-months		
5. **Social Health Insurance.** The consultants will (i) work with the Philippine Health Insurance Corporation (PhilHealth) and agencies in the convergence sites to review and refine processes meant to increase membership of the national health insurance scheme, and to review and modify services covered by the national health insurance scheme, with the aim of adding and deleting on the basis of value-for-money; and (ii) in particular, review and refine approaches to increase enrolment such as identifying target groups, marketing membership, adjustments to benefits packages and premium rates, access to enrolment and premium payment centers, and facilitation of group enrolment. 5.1 Social Health Insurance Specialists, International, 15 person-months international, 46 person-months domestic). 5.2 Social Health Insurance Specialists, Domestic, 46 person-		

Consultants	Cost (USD)	Agency
months domestic)		
6. **Health Financing.** The consultants will (i) work with central agencies and agencies in the convergence sites to design and implement an enhanced method of subsidization of health insurance from general government revenue; (ii) review and refine methods of establishing and maintaining community-based (local) complementary insurance schemes that cover important costs such as safe water, emergency transportation, and outpatient drugs; (iii) analyze and then recommend adjustments to ensure the financing from all sources is effective in terms of progressivity of financing and equity of service access; (iv) design and implement changes to increase local consumer involvement in the governance of health financing and health insurance in particular; and (v) identify important investments in infrastructure that are required to support increased social health insurance, as inputs to service planning and infrastructure development. 6.1 Health Financing Specialist, International, 4 person-months 6.2 Health Financing Specialist, Domestic, 18 person-months		
7. **Health Financing.** The consultants will (i) review activities of other health insurers. They might be involved in complementary reforms such as the use of care pathways especially targeted for the poor and indigenous groups; (ii) review previous design work by PhilHealth on a new supplementary benefits package, and propose modifications as appropriate; and (iii) help PhilHealth develop an implementation plan, including costing and marketing. 7.1 Health Financing Specialists, International, 1 person-month 7.2 Health Financing Specialists, Domestic, 18 person-months		
8. **Continuous Quality Improvement.** The consultants will work with PHIC national, regional and service office on the (i) implementation of PHIC Bench book to ensure the quality of PHIC accredited service providers to PHIC members and beneficiaries, (2) design training and technical assistance strategies/program on CQI to PHIC regional and service office to capacitate them to provide training to PHIC accredited providers, (3) identify need for benefit package development to improve satisfaction of PHIC members and beneficiaries and (4) identify policy gaps and the needed policies in PHIC to sustain the implementation of PHIC Bench book. 8.1 Continuous Quality Improvement Specialist, Domestic, 12 person-months	42,000	ADB
C. Local Health Systems Development		
9. **Health Governance Specialist/Health Systems.** The consultants will (i) help local agencies design and implement inter-local health zones (ILHZs) that are consistent with care delivery strategies; (ii) undertake analyses to ensure that account is taken of the need to vary	142,000	ADB

Consultants	Cost (USD)	Agency
the size of the ILHZ to reflect the aspects of particular types of services; (iii) establish the general structure of contracts to be used between LGUs, between LGUs and service providers, and between service providers that provide sufficient control without excessive administrative overheads; (iv) establish the service classifications to be used in the contracts and methods of payment rate setting in the interests of performance-based payment; (v) design and implement a simple process of measurement of actual levels of service provision for the purpose of equitable sharing of costs; and (vi) provide assistance in establishing methods of control of care provider capacity including the acquisition of expensive technologies; (vii) assist in political negotiation among political leaders and in harmonizing techno-political issues and concerns. 9.1 Health Governance/Health Systems Specialist, International, 4 person-months 9.2 Health Governance/Health Systems Specialist, Domestic, 12 person-months domestic)		
10. **Health Systems Financing**. The consultants will (i) help national and local agencies develop an equitable method of sharing health financing; and (ii) develop and test a method whereby available funding from all sources can be pooled at the local level, and then distributed to care providers according to a single and transparent set of allocation rules; (ii) help local governments to reduce out-of-pocket payments and increase other sources of funding; (iii) review the provincial investment plan for health and other related documents and utilize this as reference in the development of the provincial business plan; (iv) conduct consultations with the LGUs and some key officials at the DOH CO and CHDs in the formulation of the ILHZ business plans. 10.1 Health Systems Financing Specialist, International, 12 person-months. 10.2 Health Systems Financing Specialist, Domestic, Ilocos Norte, 12 person-months 10.3 Health Systems Financing Specialist, Domestic, Ifugao, 12 person-months 10.4 Health Systems Financing Specialist, Domestic, Oriental Mindoro, 12 person-months	426,000	ADB
11. **ILHZ Implementation.** The team will consist of a health facilities planner; an engineer, an environmental specialist; specialists capable of addressing social, resettlement, indigenous peoples, and gender issues. This team will help LGUs plan, cost, document, tender, and implement improvements to ILHZ facilities. The environmental specialist will ensure the required environmental assessment is undertaken and the identified remedial measures are implemented, including assistance to LGUs to prepare and implement an environmental management plan and monitoring program for subproject design, construction, and operation, particularly for hospital waste management. The gender specialist will ensure the gender action plan is fully implemented. The social and		

Consultants	Cost (USD)	Agency
resettlement specialist(s) will ensure the interests of poverty groups are protected and the resettlement framework is followed. 11.1 Health Facilities Engineer, Domestic, person-months 11.2 Health and Environmental Specialist, Domestic, person-months 11.3 Health and Social Development Specialist, Domestic, person-months		
D. Hospital Reforms		
12. **Health and Hospital Management**. The consultants will (i) work with LGUs, local care provider purchasing agencies, consumer representatives, non hospital care providers, and hospital managers to undertake rationalization of health care facilities and agree on goals based on the agreed provincial rationalization plan; (ii) In coordination with the quality assurance specialist, assist health care provider managers with internal changes, focused on improving clinical work through the use of CPGs and establishment of procedures that will ensure appropriate clinical case mix at the various levels of health care facilities.; (iii) undertake informal and formal training of care provider facility staff; and design, implement, and evaluate revised management processes including establishment of a functional governing boards at interested facilities; (iv) identify needs for technical training and ways to address them on a continuing basis through existing formal and informal training and development programs;(v) study, design and implement processes on financial and human resources management that will transition public hospitals towards more management autonomy and; (vi) formulate a program that will increase market shares of public health care facilities for self-pay patients and those with third party health coverage. (Note: There are legal barriers to the implementation of hospital autonomy. In the TOR, only the hospital internal systems are addressed but this will not be implemented fully unless these legal barriers are addressed.) 12.1 Health and Hospital Management Specialists, Domestic, 18 person-months. 12.2 Health and Hospital Management Specialists, Domestic, 18 person-months	126,000	ADB
E. Public Health Program Reforms		
13. **Community Participation.** The consultants will (i) assist local agencies with the design and implementation of programs directed at improving the health of poor and indigenous communities, specifically targeting infectious diseases and reproductive health; (ii) assist local agencies with the design and implementation of measures to increase the level of participation of the poor and indigenous communities in planning and managing programs that are appropriate to their perceived and actual needs; and (iii) monitor and evaluate the effects of	42,000	ADB

Consultants	Cost (USD)	Agency
community participation and acceptability of services, and recommend corrective actions where appropriate; (iv) assist agencies in establishing consumer participation strategies and mechanisms. 13.1 Community Participation Specialist, Domestic, 12 person-months		
14. **Public Health.** The consultants will (i) work with local agencies and relevant national agencies to design and implement an improved program for tuberculosis control; (ii) ensure appropriate linkages between tuberculosis control programs and those for other infectious diseases; (iii) assist local agencies with the design and implementation of an improved program for reproductive health and family planning programs, and ensure appropriate linkages between them and other activities directed at improved maternal and child health; and (iv) make recommendations regarding revision of resource allocation methods to ensure public health (including primary care) services are appropriately funded. 14.1 Public Health Specialist, TB, Domestic, 12 person-months 14.2 Public Health Specialists, RH/FP, Domestic, 12 person-months		
F. Health Regulation Reform		
15. **Pharmacology**. The consultants will (i) review drug prescribing patterns in the convergence sites and identify problems including under prescribing and over prescribing; (ii) review current guidelines and requirements, and patterns of compliance; (iii) identify and appraise optional ways of improving prescribing practices, including education, financial incentives, and sanctions; and explore ways of encouraging greater use of quality generic drugs; (iv) design and implement changes for improved use of drugs; and (v) monitor and evaluate the effects and produce recommendations for future practice. 15.1 Medical Doctor, Pharmacology, Domestic, 12 person-months	42,000	ADB
16. **Pharmaceuticals.** The consultants will (i) work with local agencies and relevant national agencies to improve access of quality drugs through design and implement improved methods of drug selection, quantification of drug requirements, drug purchasing, storage, and distribution; (ii) explore options involving outsourcing and pooled procurement; (iii) help establish and operationalize approaches, such as drug-revolving funds where appropriate; and (iv) appraise the option of devolution of some drug quality control functions to selected convergence sites. 16.1 Pharmaceuticals Specialist, Domestic, 12 person-months	42,000	ADB
17. **Public Health Clinical Guidelines and Care Pathways.** The consultants will assist the DOH and the LGUs to (1) identify essential health problems for clinical guidelines or care pathway development, (2) develop clinical guidelines or care pathways that encompass the	42,000	ADB

Consultants	Cost (USD)	Agency
interface between the rural health units and hospitals and (3) provide technical assistance to the LGU to implement the clinical guidelines and care pathways. 17.1 Public Health Clinical Guidelines and Care Pathways Specialist, Domestic, 12 person-months		
18. **Health Systems Analysis** (2 person-months international, 6 person-months domestic). The consultants will (i) review proposals to establish an agency of external control, and make recommendations on its functions; encourage consideration of its role in monitoring of organizational cultures, clinical teamwork, community participation, and external auditing including licensing and accreditation; (ii) prepare a business case for establishing an agency, taking account of related activities already being undertaken by other agencies; and (iii) facilitate collaborative decision making regarding the establishment of an agency, and seek to obtain agreement to an action plan for its establishment. 18.1 Health Systems Analysis Specialist, International, 2 person-months 18.2 Health Systems Analysis Specialist, Domestic, 6 person-months		
Total cost for all consultants		
Total cost for ADB financed consultants	**1,246,000**[1]	

[1] $700,000 for international consultants (28 months) and $588,000 for domestic consultants (168 months).

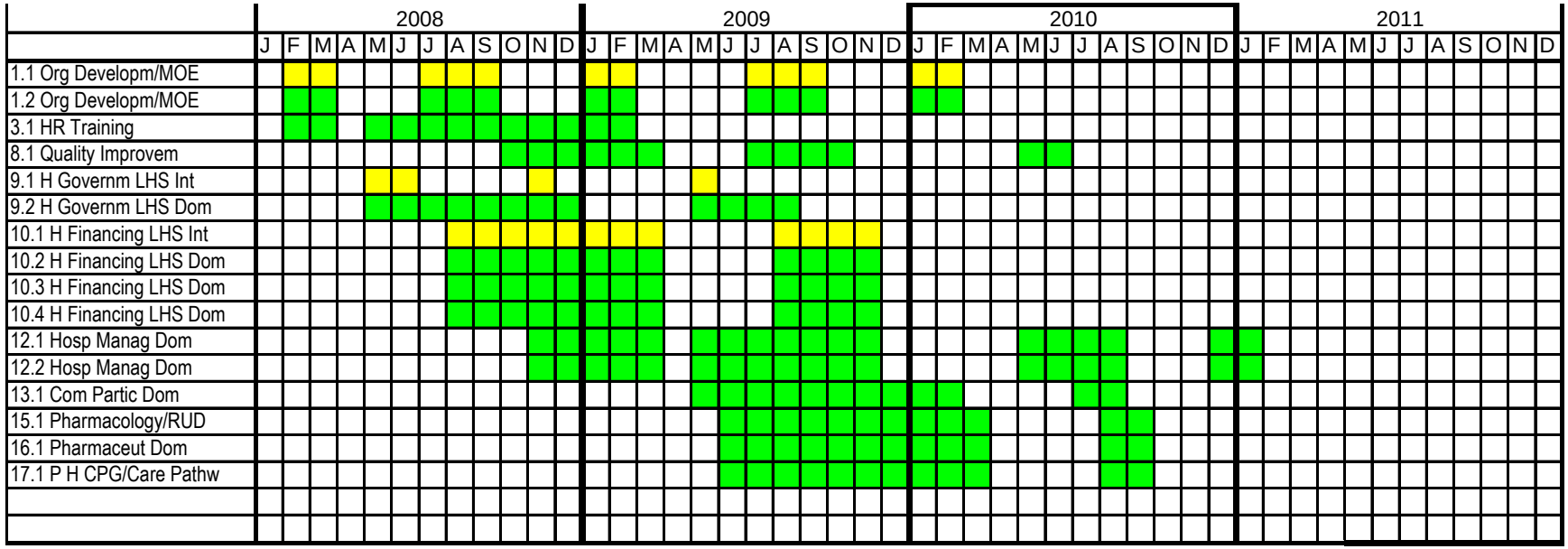
DETAILED COSTING OF CONSULTING SERVICES

Item Budget	Cost (US$)
International Consultants[1]	330,000
Domestic Consultants[2]	500,000
Local Travels[3]	130,000
Total	**960,000**

15 person-months at $22,000 plus international travel.
[2] 157 person-months at $3,200.
[3] 12.5 days per month per consultant in the field at $60 per day.

[1] 15 person-months at $22,000 plus international travel.
[2] 157 person-months at $3,200.
[3] 12.5 days per month per consultant in the field at $60 per day.

PERSONNEL SCHEDULE OF CONSULTANTS



International cons					**Tot**
No.of months	13	13	2		28
Cost 1000 USD	325	325	50		**700**
Dom. Cons					
No.of months	45	88	33	2	168
Est. Cost USD	158	308	115	7	**588**
Domestic travel					**147**
Total Cost					**1435**

INDICATIVE CIVIL WORKS PACKAGES

1. Civil Works under the Project will consist of new construction, extension and rehabilitation of existing facilities of DOH and LGUs that are approved for support under the loan and grant agreement between DOF and LGU subject to compliance with preconditions described to ensure adherence to health sector reform. Civil works under the Project will consist of (i) new construction, upgrading and refurbishment of provincial hospitals and (ii) new construction and rehabilitation of RHUs (including water and sewerage supply systems and waste disposal equipment) (iii) civil works for DOH component (resource center and national hospitals). The civil works are spread over health facilities in the selected provinces under the Inter-local Health Zone (ILHZ) system. The LGU project will be located in the following provinces:

1. Ifugao
2. Ilocos Norte
3. Mindoro Oriental

2. The checklist of environmental parameters in the ADB Guidelines for Selected Agricultural and Natural Resources Development Projects was utilized to identify possible potential environmental issues and propose mitigation measures, if necessary. Nevertheless, appropriate standard operational procedures and specific measures will be implemented at the individual sites to ensure minimization or elimination of potential impacts on the environment. The potential impacts identified and assessed cover the physical and biological environment of the project site, the major parameters of which are the Water Quality, Air Quality, Ambient Noise, Terrestrial Ecology and Waste Management.

Indicative Civil Works Component

3. The primary objective of the civil works is to have a better quality care and efficiency in the provision of accessible primary health care for the poor. The upgrading of health facilities is designed to ensure that these facilities will meet licensure and accreditation standards.

Upgrading/Renovation	Input Type	DOH/Province	No. of facilities
DOH COMPONENT			
DOH Resource and Learning Center- Phase 1	Renovation/upgrading (HPDPB) (2nd floor)	DOH/Central Bldg 3	2nd floor
DOH Resource and Learning Center 2	Renovation/upgrading (BIHC)(1st floor)	DOH/Central Bldg.3	1ST floor
Renovation/Upgrading of National Referral Hospital	Upgrading/renovation	DOH-CHD 2 DOH-CHD 4 DOH-CHD CAR DOH-CHD 1	1 1 2 1
Core referral hospital	Upgrading/renovation/new construction	IlocosNorte (3), Oriental Mindoro(3) and Ifugao (1)	7
Rural Health Units	Construction/upgrading/ renovation	Nueva Era and Dingras Municipality, Ilocos Norte	2

Tentative Implementation Schedule

A. DOH Component

4. The Department of Health will finance the construction of the DOH Resource and Learning Center for Phase 1 - this will be repository library of all the documents for the Health Sector Reform Agenda and venue for policy discussion and information exchange for continuing education and center as such learning center for health sector reform and Phase 2 will be the extension of the Resource Center Phase 1 which include the automation and renovation of the Bureau of International Health Cooperation (BIHC).

Upgrading/Renovation	1. Input Type	DOH/Province	Tentative Schedule
DOH Resource and Learning Center- Phase 1	Renovation/upgrading (2nd floor)	DOH/Central Bldg 3	CY 2007
DOH Resource and Learning Center 2	Renovation/upgrading (1st floor)	DOH/Central Bldg.3	CY 2007-2008
Renovation/Upgrading of National Referral Hospital	Upgrading/renovation	DOH-CHD 2 DOH-CHD 4 DOH-CHD CAR DOH-CHD 1	CY 2007-2008

B. Local Government Unit Civil Works

5. The primary objective of the civil works is to have a better quality care and efficiency in the provision of accessible primary health care for the poor. The upgrading of health facilities is designed to ensure that these facilities will meet licensure and accreditation standards. Indicated below is the proposed civil works component at the LGU level

Upgrading/Renovation	Input Type	DOH/Province	Tentative Schedule
Core referral hospital/provincial hospital	Upgrading/renovation/new construction	(i) IlocosNorte (3) (ii) OrientalMindoro (3) (iii) Ifugao (1)	CY 2007-2009
Rural Health Units	Construction/upgradig/renovation	Mun. of Nueva Era, Ilocos Norte (1) Mun. of Dingras, Ilocos Norte (1)	CY 2007-2009

ILOCOS NORTE CIVIL WORKS PACKAGES

1. Proposed Upgrading of the Provincial Hospital (GRBASMH)

Activities	Cost Estimates (Php)
Completion of the existing 3-storey Pay ward building	19,970,200
Repair of Existing/Old Pay ward Building	2,575,000
Repair/Decongestion of Existing OPD, Lab, and Radiology Department	2,017,500
Extension/Construction of 2nd Floor of the Lab Building to accommodate pay consultation offices	9,240,000
Construction of Waste Water Treatment Plant (100m3/day capacity)	3,200,000
Construction of Waste Collection Unit	288,000
Construction of Placenta Pit and Vault for sharp objects	100,000
Total	**37,390,700**

2. Proposed Upgrading of the Dingras District Hospital

Construction of Pay ward Building	12,720,000
Repair of Existing Main Building	5,000,100
Construction of Dormitory Building	4,800,000
Construction of OPD Building	4,880,000
Completion of Newly Improved Delivery/Operating Rooms	1,338,000
Construction of Dietary/Laundry and Linen Building	6,240,000
Site Development Work – Road Network at the back portion	800,000
Construction of Waste Water Treatment (50 m3/day capacity	2,318,000
Construction of Waste Collection Unit	288,999
Construction of Placenta Pit, Vault for sharps, and Drainage System	350,000
Total	**38,734,100**

3. Proposed Upgrading of the Bangui District Hospital

Construction of 2-storey Pay ward and Quarters Building	6,912,000
Construction of OPD Building	
Repair of Existing/OPD ER to decongest ER	4,800,000
Minor Repair on the Existing Main Building	1,145,000
Site Development Work	
Construction of Waste Collection Unit	1,800,000
Construction of Water Treatment Plant (50m3/day capacity)	2,318,000
Construction of Placenta Pit/Vault for sharps/drainage	350,000
Total	**18,503,000**

4. Proposed Construction of the Nueva Era Lying-Clinic

Construction of New Building with Basement Parking	9,730,000
Construction of 3-chamber septic tank and vault for sharp objects	120,000
Perimeter Fence/Drainage	300,000
Total	**10,150,000**

5. Proposed New Construction of the Dingras RHU

Construction of New Building	4,240,000
Site Dev't./Perimeter Fence/Drainage	267,500
Construction of 3- chamber septic tank and vault for sharp objects	95,000
Total	**4,602,500**

Tentative Subloan Amortization Schedule
Upgrading of GRBAS Memorial Hospital, Ilocos Norte

SUBLOAN **21,892,192.00**

YEAR	PAYMENT PERIOD	TOTAL PAYMENT	INTEREST	PRINCIPAL	PRINCIPAL BALANCE
2007	November	328,382.88	328,382.88		13,135,315.20
2008	May	1,138,393.98	1,138,393.98		21,892,192.00
	November	1,313,531.52	1,313,531.52		21,892,192.00
2009	May	1,313,531.52	1,313,531.52		21,892,192.00
	November	1,313,531.52	1,313,531.52		21,892,192.00
2010	May	1,313,531.52	1,313,531.52		21,892,192.00
	November	1,744,348.08	1,313,531.52	430,816.56	21,461,375.44
2011	May	1,744,348.08	1,287,682.53	456,665.55	21,004,709.90
	November	1,744,348.08	1,260,282.59	484,065.48	20,520,644.41
2012	May	1,744,348.08	1,231,238.66	513,109.41	20,007,535.00
	November	1,744,348.08	1,200,452.10	543,895.98	19,463,639.03
2013	May	1,744,348.08	1,167,818.34	576,529.73	18,887,109.29
	November	1,744,348.08	1,133,226.56	611,121.52	18,275,987.78
2014	May	1,744,348.08	1,096,559.27	647,788.81	17,628,198.97
	November	1,744,348.08	1,057,691.94	686,656.14	16,941,542.83
2015	May	1,744,348.08	1,016,492.57	727,855.51	16,213,687.32
	November	1,744,348.08	972,821.24	771,526.84	15,442,160.49
2016	May	1,744,348.08	926,529.63	817,818.45	14,624,342.04
	November	1,744,348.08	877,460.52	866,887.55	13,757,454.49
2017	May	1,744,348.08	825,447.27	918,900.81	12,838,553.68
	November	1,744,348.08	770,313.22	974,034.85	11,864,518.83
2018	May	1,744,348.08	711,871.13	1,032,476.95	10,832,041.88
	November	1,744,348.08	649,922.51	1,094,425.56	9,737,616.32
2019	May	1,744,348.08	584,256.98	1,160,091.10	8,577,525.22
	November	1,744,348.08	514,651.51	1,229,696.56	7,347,828.66
2020	May	1,744,348.08	440,869.72	1,303,478.36	6,044,350.31
	November	1,744,348.08	362,661.02	1,381,687.06	4,662,663.25
2021	May	1,744,348.08	279,759.79	1,464,588.28	3,198,074.97
	November	1,744,348.08	191,884.50	1,552,463.58	1,645,611.39
2021	May	1,744,348.08	98,736.68	1,645,611.39	0.00

Tentative Disbursement Allocation
Upgrading of GRBAS Memorial Hospital, Ilocos Norte

Quarter or Semester Ending		Total Cost	Sub-loan	Grant	Equity
Civil Works	Total Base Cost	**43,784,384.00**	**21,892,192.00** 50%	**13,135,315.20** 30%	**8,756,876.80** 20%
Months	**Year**				
June					
July	**2007**				
August		13,135,315.20	6,567,657.60	3,940,594.56	2,627,063.04
September					
October					
November		13,135,315.20	6,567,657.60	3,940,594.56	2,627,063.04
December					
January		8,756,876.80	4,378,438.40	2,627,063.04	1,751,375.36
February					
March	**2008**	8,756,876.80	4,378,438.40	2,627,063.04	1,751,375.36
April					
May					
June					
July					
August					
September					
October					
November					
December					
January					
February					
March	**2009**				
April					
May					
June					
July					
August					
September					
October					
November					
December					
January					
February					
March					
April					
May					
	Total	**43,784,384.00**	**21,892,192.00**	**13,135,315.20**	**8,756,876.80**

Implementation Schedule

SUBPROJECT	2007											2008	
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
Upgrading of GRBAS Memorial Hospital													
					13,135,315.20			13,135,315.20		8,756,876.80		8,756,876.80	
Total Project Cost													

SUBPROJECT	2007											2008	
	Feb	Mar	Apr	May	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
Upgrading of Dingras Nueva Era Health Unit													
					3,410,400.00		3,410,400.00		2,273,600.00		2,273,600.00		
Total Project Cost													

SUBPROJECT	2007											2008	
	Feb	Mar	Apr	May	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
Upgrading of Dingras Rural Health Unit													
					1,546,440.00		1,546,440.00		1,030,960.00		1,030,960.00		
Total Project Cost													

Finalization of Detailed Engineering Documents
Preparation and Approval of Bid
Documents for Civil Works

Bidding and Awarding of Contract
for Civil Works

Contruction Period

ORIENTAL MINDORO CIVIL WORKS PACKAGES

1. Oriental Mindoro Provincial Hospital

Activities	Cost Estimates (Php)
New main hospital building (2-sty)	159,800,000
Site development	14,750,000
Embankment	11,250,000
Roadway (gravel road)	2,000,000
Drainage system	1,500,000
Sewerage treatment plant	5,000,000
Water supply system	2,500,000
Construction of support facilities	1,690,000
Garbage collection facility	300,000
Morgue	250,000
Laundry & linen facility	760,000
Power building	380,000
Total	**183,740,000**

2. Roxas District Hospital

Repair of Isolation and OB Ward	3,120,000
New ward building	7,680,000
Sewerage treatment plant	3,250,000
New cadaver holding area	100,000
New laundry and linen facility	510,000
Total	**14,660,000**

3. Pinamalayan Community Hospital

Repair/extension of existing structure	4,692,000
New 1-storey level 2 hospital bldg.	12,192,000
Support facilities	340,000
Garbage collection facility	
Cadaver holding area	
Laundry area	
Water system	500,000
Sewerage treatment plant	250,000
Total	**17,974,000**

MDFO LGU SUBPROJECT PROPOSAL DEVELOPMENT AND IMPLEMENTATION

Activities	Required Documents	Responsible Agency	Time Frame
1. Prequalification	Letter of Intent Official Borrowing/Debt Service Capacities Sangunian Panlalawigan/ Bayan (SP/SB) Resolution	LGU Chief Executive LGU Accountant's Office to submit requirement to Bureau of Local Government Finance (BLGF) Sangunian Panlalawigan/Bayan	1 week
2. Feasibility Study Preparation (Depending on the Threshold Analysis)	Submission of project Description Environmental compliance Certificate Social and Other Environmental Safeguards Historical LGU and hospital specific financial documents Hospital Licenses, Permits Health Sector profile with pertinent statistics Local Finance Committee Cert on Equity Proofs of Land Ownership CLUP/ Provincial Development Framework Plan	DOH- BIHC /HSDP-PMO	3 months
3. Appraisal Report	Sub-project Appraisal Report (SPAR) Project completion to technical standards	Prepared by Consultants Approved by DOH- Technical Coordinating Group	2 months
4. Project Steering Committee/ MDFO Policy Governing Board (PGB) and Confirmation	SPAR	DOH/MDFO	1 month to calendar
5. Sub-project loan and grant agreement Signing	Sub-project loan and grant agreement	Between LGU and MDFO	Right after PGB approval provided that there are no conditional-ities
6. Detailed Architectural and Engineering Design	May be undertaken prior to approval or SPGLA signing	Prepared by LGU Engineers or Consultant Reviewed by the National Center for Health Facility Development- NCHFD-DOH	4months

Activities	Required Documents	Responsible Agency	Time Frame
7. Bidding	ADB/NOL Clearances	LGU with HSDP-PMO monitoring	3 months
8. Awards and procurement	ADB NOL/Clearances	LGU with HSDP-PMO monitoring	1 month
9. Construction		LGU with HSDP-PMO Monitoring	Up to 12 months
10. Fund Releases	Signed SPGLA	MDFO	3 days upon submission of complete documentary requirements
11. Project Completion	Project Documents	LGU and HSDP –PMO	

MDFO IMPLEMENTATION REQUIREMENTS

Attachment of the Sub-project Loan and Grant Agreement (SPGLA):

I. Certificate of Availability Of Funds

Submission of the following documents:

1. Request from LGU and BIHC-UPMD
2. Draft Resolution of Award
3. No objection clearance from the bank
4. Signed Sub-project Loan and Grant Agreement
5. Certificate that Equity has been Appropriated/Budgeted (Signed by the Local Finance Committee and noted by City/Municipal Mayor/Provincial Governor)

II. Initial Release

1. Request from LGU and BIHC-UPMD
2. Approved Resolution of Award
3. Perfected Contract including all annexes
4. Notice to Proceed
5. Performance Bonds and Official Receipts
6. Letter of Acceptance from the Contractor of the Notice to Commence from the LGU.
7. Certificate of Completion for the Detailed Engineering Design (DED), or
8. Certification by the LGU reviewed by the DOH that DED has been undertaken.
9. Machine Validated Bank Certification of Equity Deposit and Trust Account Number (IBCA) duly noted by the City/ Municipal Treasurer/Provincial Governor
10. Bank Certification of Trust Account No. (IBCA) exclusively for Sub-loan and Grant.

III. Subsequent Release

1. Request from LGU and BIHC-UPMD
2. CSF/SORD at least 50% liquidated and disbursement of 50% equity of the total equity cost.
3. Physical Accomplishment of at least 25%-75%
4. Statement of Work Accomplished
5. Contractor's Billing

IV. Final Release

1. Request from LGU and BIHC-UPMD
2. CSF/SORD – 100% liquidated
3. 100% Physical Accomplishment
4. Statement of Work Accomplished (100%)
5. Certificate of Completion and Turnover
6. Certificate of Acceptance
7. COA Inspection Report

PROJECTED LIST OF EQUIPMENT

A. PMO Equipment (as of 18 April 2007)
Procurement Year 2005

Item Specifications	Total Qty	Unit Desc	Unit Cost	Total Amount (Php)	Status
Computer					
Desktop	6	units	110,000.00	660,000.00	awarded to Speedmark-waiting to '07 NCA
Laptop	2	units	120,000.00	240,000.00	open bids 4/17/07
Printer					
Laserjet, colored, basic	3	units	40,000.00	120,000.00	delivered-Copylandia-paid
Inkjet, colored	1	units	15,000.00	15,000.00	open bids 4/17/07
Laserjet, black, high-end	2	units	35,000.00	70,000.00	delivered-Philcopy-paid
Aircon (Split Type)	2	units	50,000.00	100,000.00	delivered-Humil International Trading-obligated
Aircon (Window Type)	2	units	30,000.00	60,000.00	delivered-Humil International Trading-obligated
Binding Machine, eletronic ring binder	1	unit	25,000.00	25,000.00	delivered-Humil International Trading-obligated
Chairs for computers	5	units	2,500.00	12,500.00	specs and price non-complying - re-shopping
Computer Tables	5	units	9,000.00	45,000.00	specs and price non-complying - re-shopping
Facsimile Machine	1	units	20,000.00	20,000.00	specs and price non-complying - re-shopping
Filing Cabinet	12	units	10,000.00	120,000.00	delivered-See Manufacturing Contractor-obligated
Paper Shredder	1	unit	25,000.00	25,000.00	delivered-Humil International Trading-obligated
Scanner					
Flatbed	1	units	10,000.00	10,000.00	open bids 4/17/07
Grand Total				**1,522,500.00**	

B. List of Equipment Allocated for the Resource Center (as of 18 April 2007)
Procurement Year 2005

Item Specifications	Total Qty	Unit Desc	Unit Cost	Total Amount (Php)	Status
Office Equipment					
Computer					
Desktop (Workstation B)	4	units	110,000.00	440,000.00	awarded to Tetra Technologies-waiting to NCA
Laptop	1	units	120,000.00	120,000.00	awarded to Tetra Technologies-waiting to NCA
Printer					
Laserjet, colored, high-end	1	unit	210,000.00	210,000.00	for evaluation
Laserjet, colored, basic	2	units	40,000.00	80,000.00	for evaluation
Inkjet, colored	1	units	15,000.00	15,000.00	awarded to Tetra Technologies-waiting to NCA
Laserjet, black, high-end	2	units	35,000.00	70,000.00	for evaluation
Portable for laptop	1	unit	21,000.00	21,000.00	for evaluation
Server	1	unit	1,000,000.00	1,000,000.00	awarded to Advance Solutions, Inc.
UPS, 1KVA	1	unit	35,000.00	35,000.00	for evaluation
UPS, 600 VA	10	units	15,000.00	150,000.00	for evaluation
Hubs, with accessories	1	set	44,000.00	44,000.00	for evaluation
Conference Table	1	unit	30,000.00	30,000.00	awarded to See Manufacturing Contractor-obligated
Digital Duplicator	1	unit	950,000.00	950,000.00	awarded to Gakken-paid
Executive Chairs	15	units	4,000.00	60,000.00	awarded to See Manufacturing Contractor-obligated
Facsimile Machine	3	units	20,000.00	60,000.00	non-complying
Multimedia Projector	2	unit	300,000.00	600,000.00	for evaluation
Flatbed Scanner	1	units	10,000.00	10,000.00	non-complying
TOTAL - Equipments				**3,895,000.00**	

C. List of Equipment Allocated for the Resource Center (as of 18 April 2007)
Procurement Year 2007

ITEM SPECIFICATIONS	TOTAL QTY	UNIT DESC	UNIT COST	TOTAL AMOUNT	Status
Office Equipment					
Workstation	8	units	140,000.00	1,120,000.00	Purchase Request for review of IMS
Audio/Video Conferencing Setup	1	unit	290,000.00	290,000.00	Purchase Request for review of IMS
Broadband Wireless Router	1	unit	15,000.00	15,000.00	Purchase Request for review of IMS
Capture Card	1	unit	80,000.00	80,000.00	Purchase Request for review of IMS
Digital Table Microphone	5	units	185,000.00	925,000.00	Purchase Request for review of IMS
Power Amplifier	1	unit	165,000.00	165,000.00	Purchase Request for review of IMS
Videoconferencing Camera	1	unit	950,000.00	950,000.00	Purchase Request for review of IMS
TOTAL - Equipments				**3,545,000.00**	

ANNUAL CONTRACT AWARDS SCHEDULE

Components/Major Activities	2006	2007	2008	2009	2010	2011	Total
1. Civilworks							
1.1 RLC		112,301.43					112,301.43
1.2 National Hospitals							
1.1.1 Veterans Medical Center		69,999.43					69,999.43
1.1.2 Batangas Medical Center		22,749.81					22,749.81
1.1.3 Luis Hora Medical Center		12,249.90					12,249.90
1.1.4 Don Mariano Marcos Medical Center		69,999.43					69,999.43
							-
2. Equipment							-
2.1 Resource Learning Center							
2.1.1 Desktop (Workstation)		9,361.70					9,361.70
2.1.2 Laptop		2,553.19					2,553.19
2.1.3 Laserjet colored high end printer		4,468.09					4,468.09
2.1.4 Laserjet colored basic		1,702.13					1,702.13
2.1.5 Inkjet colored		319.15					319.15
2.1.6 Laserjet balck high end		1,489.36					1,489.36
2.1.7 Portable printer		446.81					446.81
2.1.8 Server	21,276.60						21,276.60
2.1.9 UPS, 1KVA		744.68					744.68
2.1.10 UPS, 600 VA		3,191.49					3,191.49
2.1.11 Hubs w/accessories		936.17					936.17
2.1.12 Conference Table	408.51						408.51
2.1.13 Digital Duplicator	23,297.87						23,297.87
2.1.14 Executive Chairs	1,238.30						1,238.30
2.1.15 Facsimile Machine		1,276.60					1,276.60
2.1.16 Flatbed Scanner		212.77					212.77
							-
2.2 RLC (Additional)							-
2.2.1 Audio/Video Conferencing setup		5,918.40					5,918.40
2.2.2 Broadband Wireless Router		319.15					319.15
2.2.3 Capture Card		1,702.13					1,702.13
2.2.4 Digital Tabletop Microphone		19,680.85					19,680.85
2.2.5 Power Amplifier		3,510.64					3,510.64
2.2.6 Videoconferencing Camera		20,212.77					20,212.77
2.2.7 Workstation		23,829.79					23,829.79

Components/Major Activities	2006	2007	2008	2009	2010	2011	Total
							-
2.3 PMO							-
2.3.1 Desktop (Workstation)		14,042.55					14,042.55
2.3.2 Laptop		5,106.38					5,106.38
2.3.3 laserjet colored basic	2,521.28						2,521.28
2.3.4 Inkjet colored		319.15					319.15
2.3.5 Laserjet black high end	1,727.66						1,727.66
2.3.6 Aircon, split type	2,212.77						2,212.77
2.3.7 Aircon, window type	978.72						978.72
2.3.8 Binding machine, electronic	425.53						425.53
2.3.9 Computer chairs		265.96					265.96
2.3.10 Computer table		957.45					957.45
2.3.11 Facsimile machine		425.53					425.53
2.3.12 Filing Cabinet	1,838.30						1,838.30
2.3.13 Paper Shredder	446.81						446.81
2.3.14 Scanner		212.77					212.77
2.4 National Hospitals							-
2.3.1 Veteran's Medical Center		285,714.29					285,714.29
2.3.2 MMMMC		143,196.43					143,196.43
2.3.3 Luis Hora Med. Center			142,857.15				142,857.15
2.3.4 Batangas Medical Center		142,857.15					142,857.15
							-
2.5 Automation of BIHC			2,416,884.87				2,416,884.87
							-
3. Consultancy							-
3.1 Project Operations Specialist		22,500.00	30,000.00	30,000.00	30,000.00	30,000.00	142,500.00
3.2 Civil Work Specialist		24,000.00	48,000.00	48,000.00			120,000.00
3.3. Medical Equipment Specialist		24,000.00	48,000.00				72,000.00
3.4 FS team for Ifugao		24,200.00	8,000.00				32,200.00
3.5 DAED for Mindoro Oriental		227,489.78					227,489.78
3.6 Construction Supervision		95,510.21	95,510.21				191,020.41
3.7 DAED for Ifugao			142,000.00				142,000.00
3.8 Construction Supervision			27,551.02				27,551.02
3.9 Project Management Consultancy Firm			585,000.00				585,000.00
3.10Consultancy International			355,000.00				355,000.00
							-
4. Trainings and Workshops							-
4.1 International Training		120,932.00					120,932.00
4.2 Local Training		425,531.91					425,531.91
							-
5. Research & Studies		21,276.60				21276.6	42,553.20
							-
Grand Total		1,967,714.00	3,898,803.25	78,000.00	30,000.00	51,276.60	6,025,793.85

ANNUAL DISBURSEMENT SCHEDULE

Activities	Financing Rate	Project Cost			2005			2006			2007			2008			2009			2010			2011		
		Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP
DOH COMPONENT																									
1. Civil Works		**745,016.41**	**1,100,000.00**	**260,755.74**																					
1.1 Resource Center Phase 1	65/35	172,771.43	112,301.43	60,470.00	25,915.71	16,845.21	9,070.50	103,662.86	67,380.86	36,282.00	43,192.86	28,075.36	15,117.50												
1.2 National Hospitals (proposed)	65/35	947,291.28	615,739.33	331,551.95																					
a. Veterans Medical Center		*531,914.89*	*345,744.68*	*186,170.21*										*398,936.17*	*259,308.51*	*139,627.66*	*132,978.72*	*86,436.17*	*46,542.55*						
b. Mariano Marcos Mem. Medical Center		*202,610.43*	*131,696.78*	*70,913.65*										*151,957.82*	*98,772.58*	*53,185.24*	*50,652.61*	*32,924.19*	*17,728.41*						
c. Luis Hora Medical Center		*212,765.96*	*138,297.87*	*74,468.09*										*159,574.47*	*103,723.41*	*55,851.06*	*53,191.49*	*34,574.47*	*18,617.02*						
1.3 Resource Center Phase 2	65/35	572,244.98	371,959.24	200,285.74							85,836.75	55,793.89	30,042.86	486,408.24	316,165.35	170,242.88									
2. Equipment (foreign cost but locally purchased)		**985,163.78**	**780,000.00**	**205,163.78**																					
2.1 Resource Learning Center	100	72,923.42	67,818.78	5,104.64							72,923.42	67,818.78	5,104.64												
a. Desktop (workstation)		*9,361.70*	*8,706.38*	*655.32*							*9,361.70*	*8,706.38*	*655.32*												
b. Laptop		*2,553.19*	*2,374.47*	*178.72*							*2,553.19*	*2,374.47*	*178.72*												
c. Laserjet colored high end printer		*4,468.09*	*4,155.32*	*312.77*							*4,468.09*	*4,155.32*	*312.77*												
d. Laserjet colored basic		*1,702.13*	*1,582.98*	*119.15*							*1,702.13*	*1,582.98*	*119.15*												
e. Inkjet colored		*319.15*	*296.81*	*22.34*							*319.15*	*296.81*	*22.34*												
f. Laserjet black high end		*1,489.36*	*1,385.10*	*104.26*							*1,489.36*	*1,385.10*	*104.26*												
g. Portable Printer		*446.81*	*415.53*	*31.28*							*446.81*	*415.53*	*31.28*												
h. Server		*21,276.60*	*19,787.24*	*1,489.36*							*21,276.60*	*19,787.24*	*1,489.36*												
i. UPS 1kva		*744.68*	*692.55*	*52.13*							*744.68*	*692.55*	*52.13*												
j. UPS 600va		*3,191.49*	*2,968.09*	*223.40*							*3,191.49*	*2,968.09*	*223.40*												
k. Hubs with accessories		*936.17*	*870.64*	*65.53*							*936.17*	*870.64*	*65.53*												
l. Conference table		*408.51*	*379.91*	*28.60*							*408.51*	*379.91*	*28.60*												
m. Digital duplicator		*23,297.87*	*21,667.02*	*1,630.85*							*23,297.87*	*21,667.02*	*1,630.85*												
n. Executive Chairs		*1,238.30*	*1,151.62*	*86.68*							*1,238.30*	*1,151.62*	*86.68*												
o. Facsimile machine		*1,276.60*	*1,187.24*	*89.36*							*1,276.60*	*1,187.24*	*89.36*												
p. Flatbed Scanner		*212.77*	*197.88*	*14.89*							*212.77*	*197.88*	*14.89*												
2.2 Resource Learning Center (additional)	100	75,173.73	69,911.57	5,262.16										75,173.73	69,911.57	5,262.16									
a. Audio/video conferencing set-up		*5,918.40*	*5,504.11*	*414.29*										*5,918.40*	*5,504.11*	*414.29*									
b. Broadband wireless router		*319.15*	*296.81*	*22.34*										*319.15*	*296.81*	*22.34*									
c. Capture card		*1,702.13*	*1,582.98*	*119.15*										*1,702.13*	*1,582.98*	*119.15*									
d. Digital tabletop microphone		*19,680.85*	*18,303.19*	*1,377.66*										*19,680.85*	*18,303.19*	*1,377.66*									
e. Power amplifier		*3,510.64*	*3,264.90*	*245.74*										*3,510.64*	*3,264.90*	*245.74*									
f. Video conferencing camera		*20,212.77*	*18,797.88*	*1,414.89*										*20,212.77*	*18,797.88*	*1,414.89*									
g. Workstation		*23,829.79*	*22,161.70*	*1,668.09*										*23,829.79*	*22,161.70*	*1,668.09*									
		-	-	-																					
2.3 PMO	100	31,480.86	29,277.20	2,203.66							31,480.86	29,277.20	2,203.66												
a. Desktop workstation		*14,042.55*	*13,059.57*	*982.98*							*14,042.55*	*13,059.57*	*982.98*												
b. Laptop		*5,106.38*	*4,748.93*	*357.45*							*5,106.38*	*4,748.93*	*357.45*												
c. Laserjet colored basic		*2,521.28*	*2,344.79*	*176.49*							*2,521.28*	*2,344.79*	*176.49*												
d. Inkjet colored		*319.15*	*296.81*	*22.34*							*319.15*	*296.81*	*22.34*												
e. Laserjet black high end		*1,727.66*	*1,606.72*	*120.94*							*1,727.66*	*1,606.72*	*120.94*												
f. Aircon split type		*2,212.77*	*2,057.88*	*154.89*							*2,212.77*	*2,057.88*	*154.89*												
g. Aircon window type		*978.72*	*910.21*	*68.51*							*978.72*	*910.21*	*68.51*												
h. Binding machine electronic		*425.53*	*395.74*	*29.79*							*425.53*	*395.74*	*29.79*												
i. Computer chairs		*265.96*	*247.34*	*18.62*							*265.96*	*247.34*	*18.62*												
j. Computer table		*957.45*	*890.43*	*67.02*							*957.45*	*890.43*	*67.02*												
k. Facsimile machine		*425.53*	*395.74*	*29.79*							*425.53*	*395.74*	*29.79*												
l. Filing cabinet		*1,838.30*	*1,709.62*	*128.68*							*1,838.30*	*1,709.62*	*128.68*												
m. Paper shredder		*446.81*	*415.53*	*31.28*							*446.81*	*415.53*	*31.28*												
n. Scanner		*212.77*	*197.88*	*14.89*							*212.77*	*197.88*	*14.89*												
		-	-	-																					
2.4 National Hospital	100	805,585.77	612,992.45	192,593.32										805,585.77	612,992.45	192,593.32									
a. Mariano Marcos Mem Medical Center		*319,148.94*	*296,808.51*	*22,340.43*										*319,148.94*	*296,808.51*	*22,340.43*									
b. Veterans Medical Center		*486,436.83*	*316,183.94*	*170,252.89*										*486,436.83*	*316,183.94*	*170,252.89*									
3. Consultant		**1,329,512.20**	**1,070,000.00**	**259,512.20**																					
3.1 International	100	904,512.20	730,000.00	174,512.20																					
a. Project Management Consultancy Firm		*585,000.00*	*468,000.00*	*117,000.00*																					
b. Expat (individual)		*319,512.20*	*262,000.00*	*57,512.20*																					
3.2 Local Consultant		425,000.01	340,000.00	85,000.00																					
a. FS Team for Ifugao		*32,200.00*	*25,760.00*	*6,440.00*							*32,200.00*	*25,760.00*	*6,440.00*												
b. DAED for Mindoro Oriental		*227,489.78*	*181,991.82*	*45,497.96*										*227,489.78*	*181,991.82*	*45,497.96*									
c. Construction Supervision		*165,310.23*	*132,248.18*	*33,062.05*										*191,020.41*	*152,816.83*	*38,204.08*									
4. Research & Studies		**273,482.10**	**220,000.00**	**53,482.10**																					
4.1 Baseline Survey		*212,765.96*	*170,212.77*	*42,553.19*							*63,829.79*	*51,063.83*	*12,765.96*	*148,936.17*	*119,148.94*	*29,787.23*									
4.2 M&E Specialist		*60,716.14*	*49,787.23*	*10,928.91*							*60,716.14*	*49,787.23*	*10,928.91*												
5. Training / Workshop		**200,000.00**	**200,000.00**		19,666.00	19,666.00	-	101,266.00	101,266.00	-	79,068.00	79,068.00	-												
5.1 International	100	200,000.00	200,000.00		19,666.00	19,666.00	-	101,266.00	101,266.00	-	79,068.00	79,068.00	-												
a. International training actual		*120,932.00*	*120,932.00*		*19,666.00*	*19,666.00*		*101,266.00*	*101,266.00*																
b. Balance		*79,068.00*	*79,068.00*								*79,068.00*	*79,068.00*													
6. Project Management		**444,146.34**	**520,000.00**	**79,946.34**																					
6.1 International	100	134,146.34	110,000.00	24,146.34																					
6.2 Local	100	310,000.00	410,000.00	55,800.00																					
a. Project Operation Specialist		*150,000.00*	*123,000.00*	*27,000.00*	*15,000.00*	*12,300.00*	*2,700.00*	*30,000.00*	*24,600.00*	*5,400.00*	*30,000.00*	*24,600.00*	*5,400.00*	*30,000.00*	*24,600.00*	*5,400.00*	*30,000.00*	*24,600.00*	*5,400.00*	*15,000.00*	*12,300.00*	*2,700.00*			
b. Civil work Specialist		*144,000.00*	*118,080.00*	*25,920.00*	*12,000.00*	*9,840.00*	*2,160.00*	*48,000.00*	*39,360.00*	*8,640.00*	*48,000.00*	*39,360.00*	*8,640.00*	*36,000.00*	*29,520.00*	*6,480.00*									
c. Medical Equipment Specialist		*16,000.00*	*13,120.00*	*2,880.00*							*16,000.00*	*13,120.00*	*2,880.00*												
d. DAED for Ifugao		*142,000.00*	*113,600.00*	*28,400.00*										*142,000.00*	*113,600.00*	*28,400.00*									
e. Construction supervision for Ifugao		*27,551.02*	*22,040.82*	*5,510.20*										*20,663.27*	*16,530.61*	*4,132.65*	*6,887.76*	*5,510.20*	*1,377.55*						
f. Construction supervision		*25,198.98*	*20,159.18*	*5,039.80*																					
7. Unallocated		**490,000.00**	**490,000.00**																						
8. Interest/ Charges		**2,170,000.00**	**2,170,000.00**																						

Activities	Financing Rate	Project Cost			2005			2006			2007			2008			2009			2010			2011		
		Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP	Total	LP	GOP
GOP Counterpart																									
1. Civil Works		**98,173.26**		**98,173.26**																					
2. Equipment		**(55,163.78)**		**(55,163.78)**																					
2.1 BIHC Automation																									
3. Consultants		**70,487.80**		**70,487.80**																					
3.1 Local project consultants		*70,487.80*		*70,487.80*										*65,325.77*		*65,345.77*									
4. Training & workshops		**916,464.28**		**916,464.28**																					
4.1 Financial Management Workshop (2 x a year)		*44,680.85*		*44,680.85*							*8,936.17*		*8,936.17*	*8,936.17*		*8,936.17*	*8,936.17*		*8,936.17*	*8,936.17*		*8,936.17*	*8,936.17*		*8,936.17*
4.2 Procurement Management Workshop		*29,259.04*		*29,259.04*				*20,322.87*		*20,322.87*	*8,936.17*		*8,936.17*												
4.3 Progam Review (2 x a year)		*37,234.04*		*37,234.04*							*7,446.81*		*7,446.81*	*7,446.81*		*7,446.81*	*7,446.81*		*7,446.81*	*7,446.81*		*7,446.81*	*7,446.81*		*7,446.81*
4.4 LGU Orientation Workshop		-		-																					
4.5 Project Completion Workshop (2 sessions)		-		-																					
4.6 Project Sustainability Workshop (3 sessions)		-		-																					
4.7 HSDP Trainings & Fellowships -Local		-		-																					
4.8 Flagship Course on Health Sector Reforms		*42,378.06*		*42,378.06*				*42,378.06*		*42,378.06*															
4.9 Health systems Reform Introductory Course		*17,221.32*		*17,221.32*				*17,221.32*		*17,221.32*															
5.0 NGAS		*11,364.61*		*11,364.61*				*11,364.61*		*11,364.61*															
5.1 Logical Framework																									
5.2 Environmental Management Planning																									
5.3 Construction Supervision																									
5.4 Sub-Project Completion Report																									
5.5 Sustainability																									
5. Social Marketing		**418,750.00**		**418,750.00**																					
5.1 Complan Implementation by NCHP-DOH		*212,766.00*		*212,766.00*							*106,383.00*		*106,383.00*	*106,383.00*		*106,383.00*									
5.2 Others		*205,984.00*		*205,984.00*																					
6. Research & Studies		**491,071.43**		**491,071.43**																					
6.1 End Line Survey		*212,766.00*		*212,766.00*													*212,766.00*		*212,766.00*						
6.2 Others		*278,305.43*		*278,305.43*																					
7. Project Management		**843,750.00**		**843,750.00**																					
1. PMO Staff		*400,000.00*		*400,000.00*	*33,337.50*		*33,337.50*	*66,665.00*		*66,665.00*	*66,665.00*		*66,665.00*	*66,665.00*		*66,665.00*	*66,665.00*		*66,665.00*	*66,665.00*		*66,665.00*	*33,337.50*		*33,337.50*
2. PPMO Staff		*320,000.00*		*320,000.00*				*32,000.00*		*32,000.00*	*64,000.00*		*64,000.00*	*64,000.00*		*64,000.00*	*64,000.00*		*64,000.00*	*64,000.00*		*64,000.00*	*32,000.00*		*32,000.00*
3. Operating Cost		*123,750.00*		*123,750.00*	*3,650.30*		*3,650.30*	*7,300.61*		*7,300.61*	*7,300.61*		*7,300.61*	*7,300.61*		*7,300.61*	*7,300.61*		*7,300.61*	*7,300.61*		*7,300.61*	*3,650.30*		*3,650.30*
LGU COMPONENT																									
1. Civil works		**7,500,802.40**	**5,479,679.40**	**2,021,123.00**																					
1.1 Ilocos Norte	65/35	2,501,470.74	2,017,699.40	483,771.34							1,566,973.63	1,266,797.15	300,176.49	934,497.09	750,902.23	183,594.86									
a. Province		2,171,014.74	1,736,811.80	434,202.94							1,302,608.83	1,042,087.07	260,521.77	868,405.89	694,724.71	173,681.18									
a.1 GRBAS Mem. Hospital		*875,687.70*	*700,550.16*	*175,137.54*							*525,412.61*	*420,330.09*	*105,082.52*	*350,275.07*	*280,220.06*	*70,055.01*									
a.2 Bangui District Hospital		*427,683.20*	*342,146.56*	*85,536.64*							*256,609.92*	*205,287.94*	*51,321.98*	*171,073.28*	*136,858.62*	*34,214.66*									
a.3 Dingras District Hospital		*867,643.84*	*694,115.08*	*173,528.76*							*520,586.30*	*416,469.04*	*104,117.26*	*347,057.54*	*277,646.03*	*69,411.51*									
b. RHU		330,456.00	280,887.60	49,568.40							264,364.80	224,710.08	39,654.72	66,091.20	56,177.52	9,913.68									
b.1Dingras RHU		*103,096.00*	*87,631.60*	*15,464.40*							*82,476.80*	*70,105.28*	*12,371.52*	*20,619.20*	*17,526.32*	*3,092.88*									
b.2 Nueva Era RHU		*227,360.00*	*193,256.00*	*34,104.00*							*181,888.00*	*154,604.80*	*27,283.20*	*45,472.00*	*38,651.20*	*6,820.80*									
1.2 Oriental Mindoro	65/35	4,327,460.00	3,461,980.00	865,480.00							1,298,238.00	1,038,594.00	259,644.00	2,163,730.00	1,730,990.00	432,740.00	865,492.00	692,396.00	173,096.00						
a. Province		4,327,460.00	3,461,980.00	865,480.00							1,298,238.00	1,038,594.00	259,644.00	2,163,730.00	1,730,990.00	432,740.00	865,492.00	692,396.00	173,096.00						
a.1 Provincial Hospital		*3,674,800.00*	*2,939,840.00*	*734,960.00*							*1,102,440.00*	*881,952.00*	*220,488.00*	*1,837,400.00*	*1,469,920.00*	*367,480.00*	*734,960.00*	*587,968.00*	*146,992.00*						
a.2 Roxas District Hospital		*293,200.00*	*234,560.00*	*58,640.00*							*87,960.00*	*70,368.00*	*17,592.00*	*146,600.00*	*117,280.00*	*29,320.00*	*58,640.00*	*46,912.00*	*11,728.00*						
a.3 Pinamalayan Community		*359,460.00*	*287,580.00*	*71,880.00*							*107,838.00*	*86,274.00*	*21,564.00*	*179,730.00*	*143,790.00*	*35,940.00*	*71,892.00*	*57,516.00*	*14,376.00*						
1.3 SPE on lending		231,123.00		231,123.00																					
1.4 LGU Equity		440,748.66		440,748.66																					
2. Equipment	100	**340,320.60**	**340,320.60**																						
to be re-allocated to Civil works		*340,320.60*	*340,320.60*																						
3. Unallocated		**1,520,000.00**	**630,000.00**	**890,000.00**																					
to be re-allocated to Civil works																									
Total		**19,553,516.15**	**13,000,000.00**	**6,553,516.15**																					
Activities from the regular budget		2,486,483.85		2,486,483.85																					
Taxes and duties		1,290,000.00		1,290,000.00																					
Grand Total		**23,330,000.00**	**13,000,000.00**	**10,330,000.00**																					

SAMPLE PROGRESS REPORT

First Quarter Report, 2007

A. Introduction

To improve the health of the Filipino people, particularly the poor, the Philippine Government thru the Department of Health developed a project supporting health sector reforms and entered into a loan agreement with the Asian Development Bank. The loan (Loan 2137 PHI) was approved on 15 December 2004, signed on 10 January 2005 and became effective on 12 January 2005. The total project loan is about $ 13 million. By 30 June 2011, the project is expected to be completed. The last mission that looked at the investment component of the project was on 25 April to 19 May 2006

B. Utilization of Funds

The total project cost is $ 23.33 million where $ 13 million (56%) is the loan amount while $ 10.33 million (44%) is the GOP counterpart (Table 1).

Table 1: Financing Plan ($ million)

Source	Foreign Exchange	Local Currency	Total Cost	Percent
ADB	6.25	6.75	13.00	56
Government	0.00	10.33	10.33	44
Department of Health		8.88	8.88	
Local government units		1.45	1.45	
Total	**6.25**	**17.08**	**23.33**	**100**

Table 2 shows the allocation per category and the corresponding percentage of ADB financing.

Table 2: Allocation and Withdrawal of Loan Proceeds ($)

CATEGORY				PERCENTAGE OF ADB FINANCING	
Number	Item	Amount Allocated		Percentage	Basis for Withdrawal from the Loan Account
		Category	Subcategory		
1	Civil Works	5,834,000		65	Percent of total expenditure (65% for local
2	Equipment	2,546,000		100	Percent of foreign expenditure
3	Consulting Services	734,000		100	Percent of foreign expenditure
4	Training and Workshops	196,000		100	Percent of foreign expenditure
5	Research and Studies	215,000		100	Percent of foreign expenditure
6	Project Management	263,000		100	Percent of foreign expenditure
7	Interest and	2,165,000		100	Percent of amounts

	Commitment Charges				due
8	Unallocated	1,047,000			Amounts due
	Total	13,000,000			

Project scope was amended to exclude DOH retained hospitals and include devolved hospitals only. From the original five (5) project sites, three (3) provinces expressed interest in using the ADB loan facility, namely Ilocos Norte, Oriental Mindoro and Ifugao. Romblon did not qualify because of existing loan while Nueva Viscaya does not want to take up any loan.

For the first quarter of 2007, MOOE fund utilization under GOP for the training and workshop component is only 12.8 %. For the project management, fund utilization was only 1% for LP and 13.4% for GOP (Table 3) because the Project Operations Specialist just assumed her post on February 16, 2007. Funds for research and studies, social marketing and consultancy were not moving because the TA group who are tasked to finalize terms of references for the consultants and develop social marketing plan just assumed their posts in March 2007.

Table 3: Target and Actual Accomplishment for the 1st Quarter, 2007

Category	SARO		Disbursement		Utilization	
	LP	GOP	LP	GOP	LP	GOP
Training/ workshop	9.600,000	16,350,000	52,246*	2,096,267.85	0%	12.8%
Research & studies	1,000,000	1,000,000	-	-	-	-
Social marketing	11,550,000	10,000,000	-	-	-	-
Project management	9,625,000	7,875,000	99722.24	1,057,016.84	1%	13.4%
Consultancy	7,300,000	2,700,000	-	-	-	-

*Disbursement was taken from 2005 LP funds

There was no fund utilization for the capital outlay as seen in Table 4 because of the slow bidding process for the construction firm that will work on the resource center. The purchase order for the equipment is already available; however, this cannot be pursued pending release of the 2007 budget which is scheduled on April 22, 2007. The disbursement under LP for the equipment category was taken from the 2005 fund.

Table 4: Summary of Disbursement for Capital Outlay
1st Quarter, 2007

Category	SARO		Disbursement		Utilization	
	LP	GOP	LP	GOP	LP	GOP
Civil Works	42,000,000	18,000,000	-	-	-	-
Buildings & structures outlay						
Equipment			1,036,339.28			
Total	42,000,000	18,000,000	1,036,339.28*			

* Disbursement was taken from 2005 LP fund

C. Project Purpose

The primary purpose of the project is to increase utilization of affordable and financially sustainable quality health services by the poor base do progressive implementation of the Health Sector Reform Agenda now dubbed as Fourmula 1 for Health.

D. Implementation Progress

1. Procurement of Goods and Services.

1.1 Resource Center. Opening of bids took place on 16 February 2007. Resolution still being finalized by the COBAC.

1.2 Equipment for Resource Center and PMO. Purchase orders have been issued. Waiting for the release of 2007 budget on April 20, 2007 before orders can be placed.

1.3 Sub-project appraisal report of Ilocos Norte and Oriental Mindoro. The MDFO-Policy Governing Board issued a Resolution approving the proposed subprojects of Ilocos Norte and Oriental Mindoro on 26 January 2006 and was approved through a referendum on 23 March 2007.

1.4 Hiring of Project Operations Specialist completed during the quarter in review.

1.5 Hiring of Consultants for the Feasibility study (FS) for Ifugao. The hiring process for this group of Consultants started in January 2007. Contract negotiation was completed on 27 March 2007 after ADB's approval of the request for additional funds and terms of reference for the Economist (Team leader) on 23 March 2007.

1.6 TA 4647 Consultants. The contracts of TA 4647 consultants were finally perfected in March 2007. They are currently providing technical assistance to different DOH offices to strengthen F1 implementation. The team leader and the M & E Specialist are currently finalizing the TOR for the research firm. This group is finalizing the rest of the terms of reference for the other project consultants to be hired starting 2nd quarter of the year.

1.7 Medical Equipment Specialist. The COBAC TWG is still evaluating applicants for this post.

1.8 Consultancy Firm for DAED for Oriental Mindoro and Construction Supervision for Ilocos Norte and Oriental Mindoro. Separate terms of reference for a) Construction of Provincial Hospital in Oriental Mindoro, b) Upgrading of District Hospitals in Oriental Mindoro and c) Construction supervision for subprojects in Ilocos Norte and Oriental Mindoro were submitted to ADB on March 26, 2007 for approval.

2. Trainings and Workshops

a. The project has sent confirmation of support to the following international trainings to HHRDB on March 19, 2007. Below is the status of coordination with training institutions and participants.

Date	Venue/School/ University	Course Title & Cost	Participants	Status
13-20 July 2007	Barcelona, Spain	Advanced Health Leadership Forum (48,000 USD)	3 PHOs (HSDP sites) and 1 HPDPB	Coordination with training institution ongoing Participants are requested to comply with training requirements
13-24 August 2007	Montreal, Canada	Public Programmes, Sector Wide Approach & Project Office Management (29,040 USD)	2 PHOs or F1 point person and 1 CO staff involved in HSDP	Confirmation of course schedule

b. HSDP supported trainings and workshops for the 1st quarter

- **TRAININGS and WORKSHOPS CONDUCTED**

DATE	ACTIVITY	VENUE	NO. OF PAX
25 – 27 May 2006	Training on Procurement Systems and Processes	Pangasinan	20
25 – 29 May 2006 and 30 May – 01 June 2006	Training on Procurement (2 batches)	DAP, Davao	54
27 – 29 June 2006	Training on Procurement	Oasis Hotel, La Union	127
30 – 31 January 2007	SMC Annual Performance Review for 2006 & Direction Planning for 2007	Grand Villa, Laguna	30
1 – 2 February 2007	Program Planning and Budget Development Committee (PPBDC)	Grand Villa, Laguna	18
15 – 16 February 2007	Workshop on Financial Management System of Foreign Assisted Projects	Tagaytay City	25
26 Feb. to 02 Mar. 2007	HSDP Work and Financial Planning Workshop for 2007	Fontana Leisure Parks	30
19 - 30 March 2007	Conduct of the 2nd Flagship Course on Health Reform and Sustainable Financing	AIM - WB Development Resource Center	39

- **MEETINGS CONDUCTED**

DATE	AGENDA	VENUE
17 January 2007	Project Update	ADB Headquarters
29 - 31 January 2007	Review/Finalization of DAED for Ilocos Norte	NCHFD Conference Room
7 – 9 February 2007	Review/Finalization of DAED for Ilocos Norte	NCHFD Conference Room
14 February 2007	Consultative meeting w/ FS Consultants	Manila Manor
12 – 15 February 2007	Review/Finalization of DAED for Ilocos Norte	Manila Manor
15 – 16 February 2007	Review/Finalization of DAED for Ilocos Norte	NCHFD Conference Room
19 February 2007	Consultative Meeting w/ Oriental Mindoro LGU personnel	BIHC Conference Room
20 February 2007	Joint Donor's Meeting	RCBC Plaza
20 – 23 February 2007	Review/Finalization of DAED for Ilocos Norte	NCHFD Conference Room
02 March 2007	Consultative meeting with Oriental Mindoro Re: DAED	ADB Headquarter
05 March 2007	2nd Flagship Course at AIM	HHRDB Conference Room
19 March 2007	Consultative meeting Re: SPLA finalization	MDFO
27 - 31 March 2007	Consultative meeting Re: Health Facility Rapid Assessments for PIPH	Mt. Province, Ifugao & Nueva Vizcaya

3. Support to Project Operation and F1 Implementation

3.1. National

a. Fund Utilization Guidelines- Drafted and discussed during the 2007 WFP workshop at Fontana. Comments of the Finance office have been incorporated in the final draft that is already for signature of Secretary Duque.

b. HSDP Training and Fellowship Guidelines- The draft has been discussed during the 2007 WFP workshop at Fontana. The guideline is being finalized by BIHC in consultation with Health Human Resource Development Bureau and Bureau Local Health Development.

c. 2007 Work and financial planning workshop attended by CHDs (MIMAROPA, 1 and CAR) and LGUs (Ilocos Norte, Oriental Mindoro and Ifugao) was conducted at Fontana Leisure Park on February 27 to March 2, 2007

3.2. Sub-national level

a. Transferred funds to CHD-MIMAROPA and CHD1 to provide support to PPMO operation at LGU and HSDP implementation.

3.3. F1 implementation in CHD-CAR (Ifugao)

a. Transferred funds to the region to support the Consultative meeting on F1

conducted by the SMCO and FICO- Luzon in CHD-CAR.

E. Compliance with Covenants

The following major covenants embodied in the loan agreement (LA) are still being adhered to by the Borrower/Executing Agency:

(a) Established, Staffed, and Operating PMU: DOH shall be the Executing Agency and shall provide overall guidance for Project implementation. UPMD in BIHC shall be responsible for the overall management and coordination of the Project, including recruitment of consultants, organization of capacity building and training activities under the Project, and monitoring and evaluation of the Project.

PMO established with 9 staff. PPMO staff hired for Ilocos Norte with four (4) staff and Oriental Mindoro with five (5) staff. Consultants hired include one (1) Project Operations Specialist.

(LA, Schedule 6, para. 1)

(b) The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources, which are required, in addition to the proceeds of the Loan, for the carrying out of the Project.

GOP counterpart funds had been available for 2005 in the amount of P 11,685,000.00 and 2006 in the amount of P55,925,000.00. HSDP PMO office space provided in Building 3 within the DOH Compound, use of GOP vehicle, telephone/fax units, computers, and furnitures. LGUs provided an office space for the PPMO and the use of vehicles.

(LA, Article IV, Section 4.02)

(c) In carrying out of the Project, the Borrower shall cause competent and qualified consultants and contractors, acceptable to ADB, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB.
(LA, Article IV, Section 4.03[a])

Terms of reference for consultant (Medical Equipment Specialist) approved by ADB. COBAC hiring of consultant on-going. TORs for other consultants being finalized by TA-ADB.

(d) Fielding of Consultants: The selection, engagement and services of the consultants shall be subject to the provisions of this Schedule and the provisions of the "Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers" dated April 2002, as amended from time to time, which have been furnished to the Borrower and DOH.
(LA, Schedule 5, para. 2)

Project Operations Specialist hired. Hiring of Medical Equipment Specialist on-going.

(e) The Borrower shall cause the Project to be carried out in accordance with the

plans, design standards, specifications, work schedules and construction methods acceptable to ADB. The Borrower shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, designs standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.
(LA, Article IV, Section 4.03[b])

Plans and specifications for DOH resource center approved by ADB. Hiring of contractor is still ongoing.

(f) The Borrower and ADB shall jointly undertake annual review missions to (i) monitor progress of Project implementation; (ii) identify areas of concern; and (iii) suggest remedial actions, if needed.
(LA, Schedule 6, para. 17)

Missions conducted in 2005 and 2006. Complied and responded to observations reported in the Aide Memoire.

(g) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and health practices.
(LA, Article IV, Section 4.01[a])

Feasibility study with environmental analysis conducted for LGU (Ilocos Norte and Oriental Mindoro) health facilities component.

(h) The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.
(LA, Article IV, Section 4.04)

Financial guidelines for the transfer of funds and guidelines for hiring PPMO issued. DOH guidelines used in reviewing civil works plans.

(i) The Borrower shall take all action which shall be necessary on its part to enable SPE to perform its obligations under the Implementation Agreement, and shall not take or permit any action which would interfere with the performance of such obligations.
(LA, Article IV, Section 4.05)

DOH requested DBM for MDFO budget cover which is required for the opening of MDFO Imprest account. National-LGU cost-sharing policy approved by the national government for application to HSDP.

(j) The Borrower shall exercise its rights under the Subsidiary Loan Agreement and shall cause SPE to exercise its rights under the Sub-loan Agreements, in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the Loan.
(LA, Article IV, Section 4.06[a])

Provisions for such are indicated in the draft sub-loan agreements.

(k) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.
(LA, Article IV, Section 4.06[b])

SPLA for Ilocos Norte Province being drafted by MDFO

(l) The Borrower shall ensure that (i) an environmental assessment is carried out for each Subproject in a participatory manner as part of the planning process of the Subprojects; (ii) based on such environmental assessments, an environmental management plan (EMP); (iii) an environmental impact assessment, where necessary, is undertaken for each Subproject and submitted to ADB for concurrence prior to Subproject approval; (iv) adequate environmental mitigation measures are incorporated into all Subproject design, construction, operation, maintenance and monitoring arrangements in accordance with Borrower's environmental laws, regulations, and standards and ADB's Environment Policy (2002); and (v) mitigation measures and monitoring plans required in the Subproject EMPs are implemented effectively and in a timely manner satisfactory to ADB.
(LA, Schedule 6, para. 11)

Done for health facilities of Oriental Mindoro and Ilocos Norte.

(m) The Borrower shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.
(LA, Article IV, Section 4.08)

Done during the missions in 2005 and 2006.

(n) The Borrower shall ensure that the Project facilities are operated, maintained, and repaired in accordance with sound administrative, financial, engineering, environmental, business and maintenance and operational practices.
(LA, Article IV, Section 4.09)

DAED for health facilities in Ilocos Norte finalized under the supervision of NCHFD. This will serve as the guide when project facilities will be constructed/upgraded

(o) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish ADB, as soon as available but in any event not later than 6 months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the covenants of this Loan Agreement, as well as on the use of the procedures for the Imprest Accounts and statement of expenditures, all in the English language; and (iv) furnish to ADB such other information concerning

such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.
(LA, Article IV, Section 4.07[a])

DOH regularly submits reports to ADB. MDFO is in the process of opening Imprest Account as request for budget cover has been approved by DBM.

(p) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the Borrower's auditors, and shall make necessary arrangements for any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.
(LA, Article IV, Section 4.07[b])

Conducted during missions.

(q) In carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to the Loan Agreement. On-going and being complied
(LA, Article IV, Section 4.01[b])

F. Major Project Issues and Problems

1. Slow COBAC processes in contracting firm to work on the resource center. Bid opening was done on February 16, 2007 but up to this reporting period, resolution for signature of TWG members has not yet been completed.
2. TA 4647. The issue on finalizing the contracts between local consultants and Indevelop has delayed the provision of technical assistance that would facilitate timely implementation of planned activities especially the review and finalization of the terms of reference of other consultants to be hired under the loan component.
3. Failure of bidding in some equipment items resorted to repetition of the process due to nonconformance with standard specification and price.
4. Lack of interested applicants for DAED for Oriental Mindoro prompted the project team at the national and sub-national levels to seek approval of ADB to resort to consultancy firm that will prepare the DAED and oversee construction in Ilocos Norte and Oriental Mindoro.
5. Lack of interested applicants for Medical Equipment Specialist due to low rate (2000 USD) for a short-term period (two months) of engagement and ADB’s requirement for government employees to resign first before being hired for the project.
6. Delays in MDFO – PGB deliberation for HSDP subproject proposals, further delayed the next scheduled activities.

PROJECT PERFORMANCE REPORT

PROJECT PERFORMANCE REPORT

As of

SERIAL NO :
DIVISION :
DEPARTMENT :
PROJECT NO :
LOAN STATUS :

(ALL AMOUNTS IN US$ MILLION)

A. BASIC DATA

NAME

PROJECT AT RISK	LAST:	CURR:
Development Objectives (DO)	:	
Implementation Progress (IP)	:	
Potential Problem (PP)	:	
Override	:	

Poverty Classification

Thematic Classification

LOAN NO(S)	APPROVAL	SIGNING	EFFECTIVITY	CLOSING ORIGINAL	CLOSING REVISED	CLOSING ACTUAL	PHYSICAL COMPLETION ORIG : REV :	ELAPSED LOAN PERIOD ORIG. REV.	PROJECT PROGRESS	REVIEW MISSIONS: LAST: ACTUAL DAYS: (last 12 months) NEXT: PLANNED DAYS:

EXECUTING AGENCIES:

B. FINANCING PLAN

	FOREX	LOCAL	TOTAL	COUNTERPART FUNDS ADEQUATE	CURRENT VALUE OF BANK LOAN:	BALANCE AVAILABLE FOR
PROJECT COST						
ADB LOAN					APPROVED :	COMMITMENT:
BORROWER					NET :	

C. LOAN UTILIZATION

CUMULATIVE CONTRACT AWARDS			2001 CONTRACT AWARDS				
ADB	OTHERS	CUMULATIVE CONTRACTS TO NET BANK LOAN(S):		1Q	2Q	3Q	4Q	TOTAL
			PROJ					
			ACTUAL					

CUMULATIVE DISBURSEMENTS			2001 DISBURSEMENTS				
ADB	OTHERS	CUMULATIVE DISBURSEMENTS TO NET BANK LOAN(S):		1Q	2Q	3Q	4Q	TOTAL
			PROJ					
			ACTUAL					

D. COVENANTS

COMPLIANCE WITH COVENANTS:	AUDITED PROJECT ACCOUNTS / DELAY	AGENCY FINANCIAL STATEMENTS / DELAY	SECTOR COVENANTS	ENVIRONMENTAL COVENANTS	SOCIAL COVENANTS	FINANCIAL COVENANTS	ECONOMIC COVENANTS

E. MAJOR ISSUES/PROBLEMS (IP, DO, Covenants)

PROBLEMS	ACTION TAKEN/PROPOSED

PAU Assistant

PROJECT OFFICER

DEVELOPMENT OBJECTIVES

Long Term Development Objectives

Description

Immediate Development Objectives

Description (with quantifiable / monitorable targets)		Rating (HS,S,PS,U)	Assessment of Current Status
Key Assumptions/Risks		**Rating (HS,S,PS,U)**	**Assessment of Current Status**
Assumptions:			
Risks:	**Mitigated (Y/N)**		
Overall Rating			

Recent Development (Date:)

Major Problems with DO

Description	Action Taken/Proposed

Project Quality (one time input primarily for COPP)

Capacity Building Component	Training Component	Participatory Process	Project Manager/Project Office prior to Loan Approval	Incorporated Lessons Learned in Sector/Country	Logical Framework

IMPLEMENTATION PROGRESS

Project Outputs

PROJECT OUTPUTS (Components/Subcomponents)	
Description (with quantifiable/monitorable targets)	**Assessment of Progress-to-date**

Key Assumptions/Risks (Input-Output)	Assessment of Current Status

Key Project Inputs

(Loan Categories from LFIS/Logical Framework)	Remarks

Implementation Progress

Rating Criteria	Rating (HS, S, PS, U)	Remarks
1. Project Implementation		
2. Change in Project Scope		
3. Change in Implementation Arrangements		
4. Project Costs		
5. Counterpart Funding/Cofinancing		
6. Covenants (exclude #7 below)		
7. Audited Project Accounts and Agency Financial Statements		
Overall Rating		

Design Changes

Recent Development (Date:)

Problems with IP

Description	Action Taken/Proposed

POTENTIAL PROBLEM PROJECT

Rating Criteria	Flag (Yes/NO)	Actual Rating	Remarks
1. Project Implementation Delays			
2. Poor Compliance with Covenants			
3. Established, Staffed, and Operating PMU/PIU			
4. Fielding of Consultants			
5. Shortage of Counterpart Funds/Co-financing			
6. Cost Overrun			
7. Poor Compliance with Audited Project Accounts and Agency Financial Statements			
8. Environmental or Social Problems			
9. Significant Disbursement Delays			
10. In Risk Sector in a Country with History of Past Problems			
11. Project Field Missions			
Overall Rating			

COVENANTS

Project and EA Accounts

EA	FY End	FY	Months Due After FY	Due	Date Received	Months Delayed	Acceptable Y / N	Status of Compliance	Rating
Submission of Audited Project Accounts (APA):									
Submission of Agency Financial Statements (AFS):									
							Overall Compliance and Rating:		
Remarks:									

Project Specific Covenants

Project-specific covenants	Date Due	Date Complied	Delays (mo.)	Status of Compliance	Rating (HS,S,PS,U)	Remarks/ Issues
Sector						
Environmental						
Social						
Financial						
Economic						
Others						
Overall Rating						

Major Problems/Remarks/Issues with Covenants

SAMPLE AUDIT REPORT

ASIAN DEVELOPMENT BANK

Regional Department
Sector Division / Regional or Resident Mission

[Date][1]

[The Borrower]
Dear Sir or Madam:

Subject: **Loan No. 2298-VIE: Upper Secondary and Professional Teacher Development Project**
FINANCIAL REPORTING AND AUDITING REQUIREMENTS

This letter is to ensure your timely compliance with the loan covenants and the quality of financial information as required by ADB. ADB's *Handbook for Borrowers on the Financial Governance and Management of Investment Projects Financed by the ADB* (the Booklet) is enclosed to guide you.

ADB, by its Charter, is required to ensure that the proceeds of any loan made, guaranteed, or participated in by ADB are used for the purposes for which the loan was approved. ADB requires accurate and timely financial information from its borrowers to be assured that expenditure was for the purposes stated in the loan agreement.

For this particular loan, the requirements are stipulated in sections _____[2] and _____[3] of the Loan Agreement of _____ between ADB and [the Borrower] and sections _____[4] and _____[5] of the Project Agreement[6] of _____ between ADB and [name of the EA].[7] Copies of the Loan/Project Agreements are enclosed for onward transmission by your office to your EA and the auditor(s), together with a copy of this letter.

The following are the main requirements:

- ADB requires the EA to maintain separate project accounts and records exclusively for the Project to ensure that the loan funds were used only for the objectives set out in the Loan or Project Agreements. The project accounts comprise the following:[8]
  -
  -
  The first set of project accounts to be submitted to ADB covers the fiscal year ending _____. As stipulated in the Loan or Project Agreements, they are to be submitted up to _____ months after the end of the fiscal year. For this

[1] The audit letter, with the loan and project agreements, is sent to the borrower when the auditor has been appointed or when the agreements are sent by the program department to the Ministry of Finance or other authority of the borrower.
[2] Specify section no. in the loan agreement on maintaining project accounts and records.
[3] Specify section no. in the loan agreement on the audit requirements.
[4] Specify section no. in the project agreement on maintaining project accounts and records.
[5] Specify section no. in the project agreement on the audit requirements.
[6] If there is a project agreement.
[7] When more than one project agreement, provide similar information.
[8] Listed are standard accounts required from nonrevenue-earning entities. Try to identify specific titles of financial statements expected to be submitted by the Borrower and EAs. For revenue-earning entities, the submissions consist of the entities' audited financial statements. For nonrevenue-earning entities, the submissions consist of audited project accounts.

loan, the deadline is by _____. A sample report format with explanatory notes, is attached as Annex A.

- The accounts and records for the project are to be consistently maintained by using sound accounting principles. Please stipulate that your external auditor is to express an opinion on whether the financial report has been prepared using international or local generally accepted accounting standards and whether they have been applied consistently. ADB prefers project accounts to use international accounting standards prescribed by the International Accounting Standards Committee. Please advise your external auditor to comment on the impact of any deviations, by [name of the Executing Agency] from international accounting standards.
- Please ensure that your external auditor specifies in the Auditor's Report the appropriate auditing standards they used, and direct them to expand the scope of the paragraph in the Auditor's Report by disclosing the key audit procedures followed. Your external auditor is also to state whether the same audit procedures were followed for all supplementary financial statements submitted. ADB wishes that auditors conform to the international auditing standards issued by the International Federation of Accountants. In cases where other auditing standards are used, request that your external auditor to indicate in the Auditor's Report the extent of any differences and their impact on the audit.
- The external auditor's opinion is also required on whether
  - the proceeds of the ADB's loan have been utilized only for the project as stated in the Loan Agreement;
  - the financial information contains data specifically agreed upon between [name of the Borrower or EA] and ADB to be included in the financial statements;
  - the financial information complies with relevant regulations and statutory requirements; and
  - compliance has been met with all the financial covenants contained in the Loan or Project Agreements.

- The Auditor's Report is to clearly state the reasons for any opinions that are qualified, adverse, or disclaimers.
- Actions on deficiencies disclosed by the external auditor in its report are to be resolved by [name of Borrower or Executing Agency] within a reasonable time. The external auditor is to comment in the subsequent Auditor’s Report on the adequacy of the corrective measures taken by [name of Borrower or EA].

Compliance with these ADB requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor.

Yours sincerely,

Director
(Sector Division)

cc: (EA)
(External auditor of the Borrower or EA)

TERMS OF REFERENCE AND REPORTING SCHEDULE FOR TA 4647-PHI CONSULTANTS

1. The Philippines has made steady progress in improving its health status in spite of the fact that economic growth has been modest by regional standards and population growth has been high. Poverty, headcounts and economic inequality remain high in the country, and are major determinants of unequal health outcomes. Access to health services is inequitable, because of financial barriers to care for the poor and unequal distribution of health care capacity. In 1999, the Department of Health (DOH) launched the Health Sector Reform Agenda (HSRA) bordering on Hospital, Public Health, Local Health Systems, Health Finance and Health Regulation.

2. The Government of the Republic of the Philippines has partnered with the Asian Development Bank (ADB) and requested support for the implementation of the Health Sector Reform Agenda. A Technical Assistance (TA) Grant support was provided to provide support for the Policy Loan, the Investment Loan and other start up activities for the Health Sector Development Project (HSDP). This TA was designed to provide support for HSRA launched in 1999, and being implemented since 2005 under the banner *FOUR*mula *ONE* for Health (F1). The latter is designed to undertake critical reforms with speed, precision and effective coordination directed at improving the efficiency, effectiveness and equity of the Philippine health system in a manner that is felt and appreciated by Filipinos, especially the poor. *F1* is directed at achieving the following end goals of better health outcomes more responsive health system and equitable health care financing. The F1 pursues critical reforms for more, better and sustained financing, assuring quality and affordability through regulation and ensuring access and availability in service delivery and improving performance and governance.

3. The reforms will contribute to the national goals of (i) increased financial protection for the poor from the costs of poor health, and (ii) improved public health outcomes, and (iii) increased responsiveness of the health system, especially in relation to conditions, diseases and services that are critical for the achievement of the health-related Millennium Development Goals.

4. Key policies needed in F1 have been formulated with the assistance of ADB TA team 4647 as a result of the work to comply with the conditions of the Policy Matrix for the policy loan.

5. It has been agreed in discussions between the DOH, ADB and the TA team that the continued TA could be better targeted to the current situation in mid-term implementation of the TA by slight revisions of the original TOR. This version of the TOR represents the joint effort to revise the TOR for the period from August 1, 2006 to the end of the TA 4647, which is now scheduled to be the end of August 2007. As a consequence of preceding events in the TA implementation and the rescheduling of the overall time frame, the ADB and the contractor for the TA services, InDevelop Uppsala AB (InDevelop), are going to have discussions to identify and agree on the necessary contract variations. Such revisions will have to include new time frames and new reporting schedules, as well as specific conditions for fund release from ADB to the contractor. The revisions will also definitely settle the time frames for each individual consultant mentioned in these TOR, except for consultants hired directly by ADB outside the scope of the contract between ADB and InDevelop, whose TORs have not been revised.

6. The succeeding work of the TA is now being aligned towards capacity building for the health sector, to ensure success in the implementation of the developed policies as well as to support the local implementation of policies and the investment loan. Capacity building activities

will involve policy dissemination and advocacy, training, preparation of DOH technical assistance packages to the health sector, monitoring and evaluation, and designing of incentives for performance.

7. A team of international and domestic consultants are implementing the TA. The team has been recruited through an international consulting firm, InDevelop as well as directly by ADB, and includes international experts in health sector reform (team leader), health systems (ADB recruited) and social health insurance (ADB recruited), as well as eleven domestic experts in health administration (deputy team leader): district health planning and management, hospital financial management system, health care finance, public health, PH clinical practice guidelines, drug management and financing, human resource management, monitoring and evaluation, communication and marketing and project administration management. The TA team will work in close cooperation with DOH, director of the Health Policy Development and Planning Bureau, and Bureau of international Health Cooperation and will receive technical guidance from the project team leader of the Asian Development Bank (ADB)-supported Health Sector Development Program (HSDP). The overall deliverables of the TA are the (i) preparation of HSRA national implementation plans, particularly capacity building for the key reform policies of F1, and (ii) preparation for implementing reforms at the local HSDP project sites.

8. An inception workshop held with the DOH and PHIC in August 2006 shall be the basis of TA implementation with revisions from input of DOH and PHIC during the presentation of the progress report in April 13, 2007. Progress reports are proposed to be delivered in April 2007 and May 2007, but the final reporting schedule will be agreed in the contract variations, as mentioned above. The draft final report of the TA will be made available in July 2007, 1 month before the end of project workshop will be conducted. The draft final report will be revised based on comments submitted by ADB and the Government. The final report will provide a comprehensive document that includes recommendations and plans developed by the individual consultants in line with the deliverables specified in their respective TOR. Such deliverables are not considered as deliverables of the contractor to ADB, but only as deliverables of the TA team to meet the needs of DOH. The deliverables to ADB are the March progress report the April Mid Term report and the final report. Each consultant is responsible for producing a final technical report based on the individual terms of reference. The team leader will be accountable for the technical quality of all the reports and timely delivery of the reports to the client.

9. The TA team will work closely with the DOH, Philippines Health Insurance Corporation (PhilHealth), LGUs, and related agencies and stakeholders. All consultants will work in close collaboration with ADB, and other development partners supporting the F1 such as the European Commission, German Technical Cooperation, KFW, World Bank, World Health Organization, and others.

A. International Consultants

10. **International Consultant Health Sector Reform Specialist (team leader)** (5 person-months intermittently from August 2006 to end of August 2007, in the Philippines and at home office). The specialist should have at least 10–plus years of international experience in forwarding health sector and health systems reform in many countries. The consultant will help technically conceptualize and guide the HSRA reform activities under F1, and help accelerate F1 reforms through the HSDP, including the program loan, the investment loan, and the TA. The consultant will have an intermittent contract from inception to the end of the TA, and will have the following roles: (i) oversee and direct the technical work conducted by the TA team; and review all the technical reports ensuring their quality and acceptability before submission to the

client; (ii) review, propose, and strengthen reforms under F1. The consultant will (i) provide the technical lead, and will conduct technical discussions with various entities, such as DOH, PhilHealth, Department of Finance, LGUs, and special-purpose entities (SPE1) to monitor the progress of the TA and ensure coherence with medium term plans and F1; (ii) work closely with the team and conduct technical dialogue and activities; review reports of the TA consultants and guide their technical work, assess risks, constraints and bottlenecks, and help resolve these problems; and (iii) liaise with and provide guidance to the deputy team leader; (iv) the consultant will review the current policy and background strategy papers prepared by DOH for F1, and make recommendations on the current needs in the country, particularly needed reforms of the health care financing policies, including implementation and monitoring of reforms (vi)The consultant will participate in the design the performance assessment systems for the donors supporting F1 to be consistent with the F1 Monitoring and Evaluation System; (vii) the consultant will participate in the ADB review missions for the HSDP in the event that such missions take place during the presence of the Team Leader in the Philippines.

11. **International Health Systems Specialist** [ADB recruitment] (6 person- months). The specialist should have at least 10 years of multi-country international experience in health systems development. The consultant shall formulate a Technical Reference Manual for Rationalizing Health Service Delivery Systems based on needs to achieve efficient, quality and appropriate health care. The technical reference manual shall include procedures, standards and protocols for relevant components, elements and strategies which may be helpful for health systems that seek to rationalize health service delivery and define mechanism to operationalize the system. The consultant will (i) help central and local governments see the benefit of a rationalized health service delivery system, and (ii) help develop the health service delivery system rationalization strategy and implementation plan under HSRA, especially proposals for each of the HSDP provinces. The consultant will work closely with DOH (bureaus of health policy development and planning, facilities and services, local health development, and Health Program Development) and PhilHealth.

12. **Social Health Insurance Specialist** [ADB recruitment] (6 person-months). The consultant must have multi-country experience. He/she will (i) propose an improved benefits package for beneficiaries under PhilHealth, especially the indigents and those in the informal sector (generally, an enhanced package of primary care benefits has to be developed under PhilHealth); (ii) assist in developing actuarial forecasts on revenues and payments, and recommend a progressive premium; (iii) assess the beneficiaries' needs to propose the inclusion of services in the benefits package, and determine the feasibility of implementing the benefits package and its corresponding premium implications; (iv) verify the impact of the package on the beneficiaries; (v) assess and propose improved contractual arrangements (including public and private sectors); (vi) develop a performance monitoring system for the sponsored group; and (vii) document best practices for possible replication in other provinces. The domestic consultant on health finance will work closely with the consultant.

B. Domestic Consultants

13. **Health Administration Specialist (deputy team leader)** (Intermittent from June 2006-August 2007 for 11 person-months). The specialist must be a master's degree holder in public health or health services administration or any related field, with at least 10 years of relevant experience in program development and implementation in the health sector. The consultant should be well versed in the Philippines health care system. The consultant will have two roles: (i) coordination of TA activities and supervision of administrative staff hired by the contractor to support the TA team, and (ii) technical. In the coordinative role, the consultant will (i) manage

the day to day operations of the TA and ensure timeliness and integration of all activities and outputs; (ii) liaise with central, provincial, and local governments, private sector, non-government organizations, and the community, and other key technical persons in the country; (iii) assess needs to coordinate, help in planning and monitoring the progress of needs and assignments; (iv) guide the other TA consultants on key issues and on key persons to meet, sources of information; and (v) assist the TA consultants in meeting the objectives of the TA; (vi) guide and supervise the administrative support staff of the TA. In the technical role, the consultant will (i) integrate the capacity building activities of all the consultants in an F1 framework; (iii) assist in the project performance, and strengthening implementation; and (iv) monitor the progress of the HSDP investment loan, and address any bottlenecks and constraints. The consultant will design a performance assessment system for the centers for health development of the DOH.

14. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

15. **Hospital Financial Management Systems Specialist** (Intermittent from August 2006 to August 2007 for 5 person-months). The consultant should be a master's degree holder in hospital administration and financial management with at least 10 years of relevant work experience in hospital financial management development and implementation.

- The consultant will work with DOH and selected hospitals in the LGUs to provide recommendations on the pilot-testing of the UMIS to strengthen financial management in the hospital operations and management information systems;
- Develop a strategy for transition to effective hospital autonomy for HSDP sites, including advocacy plan and tools;
- The consultant will review and enhance the Administrative Orders on the Performance Based Budgeting (PBB) for Hospital and Rationalization of Health Facilities developed under the Program Loan;
- He/she will design capability building activities for the operationalization of key policies in F1 including the Administrative Orders on the PBB for Hospital and Rationalization of HFs. The capacity building shall include the following: policy dissemination and advocacy design, training design and training module including its technical content, TA package design and indicators, targets and tools as inputs to the F1 Monitoring and Evaluation system and designing of incentives for performance; and
- Consultant shall input to the rationalization of Health Facilities especially its localization in cooperation with the International Health System Specialist.

16. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

17. **Public Health (PH) Specialists: (PH Clinical Practice Guidelines [CPG] Specialist** = Intermittent from September 2006 to August 2007 for 5 person-months, and **Public Health Specialist** = Intermittent from August 2006 to August 2007 for 3 person-months). The PH CPG Specialist must have expertise in clinical epidemiology. Knowledge and experience in interrupted time series studies and CPG development and implementation will be preferred. The

consultant must have a good track record in its previous undertakings in the last three (3) years with the government and/or private institutions of good reputation and should also be knowledgeable about PhilHealth policies related to CPGs. The PH CPG Specialist will conduct the baseline study for CPG utilization including the following: (i) determine the demographic profile of PhilHealth accredited physicians; (ii) determine the awareness of PhilHealth accredited physicians regarding any CPGs developed by medical societies; (iii) determine the knowledge of PhilHealth accredited physicians regarding the recommendations on the diagnosis and treatment of certain diseases based on guidelines that have been disseminated by PhilHealth; (iv) determine the general attitude of PhilHealth accredited physicians towards clinical practice guidelines developed by medical specialty societies; and (v) provide input to the capacity building design in localizing policies . The capacity building shall include the following: policy dissemination and advocacy design, training design and training module including its technical content, TA package design and indicators, targets and tools as inputs to the F1 Monitoring and Evaluation system and designing of incentives for performance. The gathering of data in private and public hospitals for the CPG baseline study shall be done in Manila, Ilocos Norte and Oriental Mindoro. The consultant shall provide policy recommendations and strategies for implementation and incorporate CPG's into the PHIC Benchbook implementation.

18. The consultant will complete all the technical outputs under the guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA.

19. The Public Health Specialist must be a Masters Degree holder in Public Health with at least 10 years of work experience in public health and health systems and has experience working with the Department of Health and the Local Government Units. The Public Health Specialist will provide input and recommendations on the capacity building design for the AO on PBB for Public Health. The capacity building shall include the following: policy dissemination and advocacy design, training design and training module including its technical content, TA package design and indicators, targets and tools as inputs to the F1 Monitoring and Evaluation system and designing of incentives for performance; and provide technical assistance in the piloting of the capacity building design.

20. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

21. **District Health Planning and Management Specialist** (Intermittent from August 2006 to August 2007 for 6 person-months). The specialist must have a master's degree in health administration, proficiency in decentralized planning and administration, and at least 10 years of relevant work experience in decentralized planning and implementation. The consultant will

- Design capability building activities for the operationalization of key policies in F1 including the Administrative Orders on the framework for Incentive Schemes supporting sustainable operations of ILHZs and Mandating the Consumer Participation strategies for F1 and measuring its effectiveness. The capacity building shall include the following: policy dissemination and advocacy design, training design and training module including its technical content, TA package design and indicators, targets and tools as inputs to the F1 Monitoring and Evaluation system and designing of incentives for performance and provide technical assistance in the piloting of the capacity building design.

22. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

23. **Health Care Finance Specialists** (National and Local Health Care Finance Specialist= Intermittent from March 2007 to August 2007 for 3 person-months.

24. The Health Care Finance Specialist must have a Master's degree in health economics or any related field and at least 5 years of relevant work experience in health financing. The consultant will

- review and enhance the existing Local health Accounts (LHA)templates, indicators and guidelines;
- formulate design for program health accounts
- design a TA package for the operationalization of local Health Accounts ,
- Provide input and recommendation to the capacity building design on LHA and identified policies in Social Health Insurance. The capacity building shall include the following: policy dissemination and advocacy design, training design and training module including its technical content, TA package design and indicators, targets and tools as inputs to the F1 Monitoring and Evaluation system and designing of incentives for performance; and
- In close cooperation with the Team Leader review national health care financing strategies and provide recommendations to the Government on mid-term and long-term policy shifts.

25. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

26. **Human Resource Management Specialist** (Intermittent August 2006- August 2007 for 5 person-months). The consultant should have a master's degree in organizational behavior in business administration and at least 10 years of relevant work experience in health human resources rationalization and career development strategies. The consultant will work with the Department of Health, PhilHealth and Local Government Units in the HSDP sites. The consultant will

- validate Learning and Development (L&D) needs of LGUs and DOH,
- formulate Retooling and Retraining (R&R)/(L&D)/Capability Building (CB) Plans contained in the Provincial Investment Plans for Health (PIPHs) to include: L&D strategies, L&D policies, L&D packages and course designs, L&D implementers, L&D participants and L&D Investment requirements at the provincial level, and
- develop the training design including the templates, tools, methodology, and guidelines for the Training activities on capacity enhancements of implementing key policies of F1;
- Consolidate the inputs and recommendations of the training component of the capacity building design and facilitate the its pilot testing in the ADB sites.

27. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations

during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

28. **Drug Management and Financial Specialist** (Intermittent from February 2007 to August 2007 for 2 person-months). The consultant preferably will have a master's degree in public health or health management or in any relevant field with at least 5 years of experience in the field of public health and drug management. The consultant will

- provide recommendations to streamline and improve the efficiency of procurement and propose alternative cost-effective management of procurement to improve affordability and improve logistics arrangements.
- will consolidate the existing drug management and financial policies and identify policies that need to be developed for an effective drug management and sustained financing.
- design capability building activities for the operationalization of key policies for efficient drug management in the HSDP sites. The capacity building shall include the following: policy dissemination and advocacy design, training design and training module including its technical content, TA package design and indicators, targets and tools as inputs to the F1 Monitoring and Evaluation system and designing of incentives for performance. AOs to be included in the capacity building design shall be AOs series 2006-0009 Guidelines Institutionalizing and Strengthening the Essential Drug Price Monitoring Systems (EDPMS) and 2006-0018 Implementing Guidelines for the Philippine National Drug Formulary Systems.

29. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

30. **Monitoring and Evaluation Specialist**(Intermittent from September 2006 to August 2007 for 2 person-months) The consultant must be a master's degree holder in health administration or relevant field and have working experience in monitoring and evaluation as well as a background in working with the DOH, PHIC and LGUs and other health sector reform stakeholders. The consultant will

- formulate the conceptual framework of the F1 Monitoring and Evaluation
- Formulate a Performance Indicator Framework for Monitoring and Evaluating F1 at the national and LGU sites;
- identify sources of data, strategies and methods for gathering data on indicators development; and
- develop a conceptual framework for evaluation of effectiveness and impact of F1 components, activities and interventions. These may include qualitative and quantitative indicator special studies, outside of those identified for routine collection. Evaluation design should also be defined, specifying sample parameters, quantitative and qualitative methods to be used; and
- formulate monitoring and evaluation scheme for the HSDP and provide technical assistance to the conduct of baseline survey for the ADB assisted provinces.

31. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations

during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

32. **Communication and Marketing Specialist** (Intermittent from February 2007 to August 2007 for 1 person-month). The consultant should have a Master's Degree in communication or relevant field, with working experience in communication and marketing, as well as a background in working with the DOH and LGUs and other health sector reform stakeholders. The consultant will

- consolidate and integrate the communication and advocacy requirements developed for key F1 policies and stakeholders;
- package the communication and marketing for the dissemination for the capacity building for F1; and
- develop a communication plan for dissemination and advocacy including identifying the key messages, templates, communication channel and approach to communication and marketing.

33. The consultant will complete all the technical outputs with guidance of the international consultant on health sector reform and will report to the Deputy Team Leader for all operations during the period of the TA. Before submitting deliverables to clients, they should be submitted to the Team Leader for review.

34. **Project Administrator Management Specialist** (1 person-month). The consultant should have a Master's Degree in project administration or relevant field, with working experience in project management as well as a background in working with the DOH and LGUs and other health sector reform stakeholders. The consultant will consolidate inputs from the DOH and ADB and finalize the Project Administration Memorandum manual for the HSDP.

35. The consultant will complete all the output with the guidance of the Deputy Team Leader for all operations during the period of the TA and before submitting deliverables to clients, they should be submitted to the Team Leader for review.