



Department of Agriculture
**PHILIPPINE RURAL
DEVELOPMENT PROJECT**
Enabling Communities. Expanding Opportunities.



**Department of Agriculture
Proposed US\$600 Million Loan for the**

PHILIPPINE RURAL DEVELOPMENT PROJECT **SCALE-UP**

**Component 5:
Contingent Emergency
Response Component (CERC)
Operations Manual**



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Acronyms

CERC – Contingent Emergency Response Component
CV – Curriculum Vitae
CQS – Consultants’ Qualification Selection
EAP – Emergency Action Plan
DA – Department of Agriculture
DFIL – Disbursement and Financial Information Letter
DOF – Department of Finance
ECOP – Environmental Codes of Practice
EoI – Expression of Interest
ESHS – Environment, Social, Health, and Safety
ESMF – Environmental and Social Management Framework
FCA – Farmers, Cooperatives, and Associations
F2C2 – Farm Clustering and Consolidation
GGU – Geo-Mapping and Governance Unit
GRM – Grievance Redress Mechanism
ICB – International Competitive Bidding
IEC – Information, Education, and Communication Materials
IFR – Interim Financial Report
LGU – Local Government Unit
LMP – Labor Management Procedures
NIPAS – National Integrated Protected Areas System
NCB – National Competitive Bidding
NPCO – National Project Coordinating Office
P/M/CPMIU – Provincial/Municipal/City Project Management Implementing Unit
PRDP – Philippine Rural Development Project
PSO – Project Support Office
OM – Operations Manual
RAFIP – Regional Agriculture and Fisheries Investment Portfolio
RFB - Request for Bids
REOI – Request for Expression of Interest
RFO – Regional Field Office
RFQ – Request for Quotation
RFP – Request for Proposal
RNA – Rapid Needs Assessment
RPCO – Regional Project Coordination Office
SES – Social and Environmental Safeguards
SEP – Stakeholder Engagement Plan
SUV – Sports Utility Vehicle
UN – United Nations

Definition of Terms

The following operational terms will be used in this manual for clarity and mutual reference; thus, these will be defined as follows:

Emergency Action Plan- refers to the subproject proposal or document prepared and approved by the implementing agency that serves as the basis for the procurement and disbursement under the CERC.

Negative list- indicates the type of activities or projects which due to their potential negative impact will not be eligible for financing under the CERC.

Positive list- refers to the types of critical goods, services, and emergency works following a Rapid Needs Assessment that would be acceptable to the Bank to be financed under the CERC.

Rapid Needs Assessment- a document that provides an initial assessment of the damage (or losses) on the PRDP interventions caused by an emergency/disaster/calamity particularly. It serves as a basis for the Emergency Action Plan.

Project Summary

The Philippine Rural Development Project (PRDP) Scale-Up is one of the flagship programs of the Department of Agriculture (DA) designed to address the gaps in the commodity value chains by improving the efficiency of the food supply chain towards greater connectivity, mobility, accessibility, availability, and affordability of food in the market.

The PRDP Scale-Up covers all 16 regions composed of 82 provinces in the country and is implemented for six years from 2023 to 2029.

The project is composed of five interlinked components as briefly described below:

Component 1. National and Local Level Planning (I-PLAN)

The I-PLAN Component lays down the strategic framework in the context of overall project operation and implementation of interventions. The component undertakes a planning process with a regional perspective, integrating the Provincial Commodity Investment Plans (PCIPs) and the DA's Farm and Fisheries Clustering and Consolidation (F2C2) Cluster Development Plans (CDPs) to develop the Regional Agriculture and Fisheries Investment Portfolio (RAFIP). The RAFIP serves as the basis for all PRDP Scale-Up interventions.

Component 2. Rural Infrastructure Market Linkage (I-BUILD)

The I-BUILD Component delivers climate-resilient value chain infrastructure support to build food distribution hubs and logistics systems. It aims to provide unhampered mobility, access, and a stable supply of food commodities and other agri-fishery products with reduced transport, handling, and hauling costs, thereby improving product quality and prices in target markets.

Component 3. Enterprises Development (I-REAP)

The I-REAP Component aims to increase productivity, and value addition and improve access to the market of enterprise clusters through efficient cluster-based agricultural and fishery productivity enhancement interventions. The component aims to support small to large-scale, high-impact investments and enterprise development through common service facilities, capacity-building, and other agri-aqua support services for FCAs and FCA clusters.

Component 4. Project Implementation Support (I-SUPPORT)

The I-SUPPORT Component provides the backbone of PRDP Scale-Up implementation. It ensures coordinated approaches and strategies among the three components by providing support for effective and efficient project management, project oversight, capacity building/strengthening complementary project staffing, technical assistance, and operating costs for the six-year implementation.

Component 5. Contingent Emergency Response Component (CERC).

This component contains an ex-ante mechanism available to the Government to gain rapid access to financing to respond to an eligible crisis or emergency. This component will allow for rapid reallocation of uncommitted project funds towards urgent needs in the event of a disaster (geophysical, climate-related, or manmade), or public health emergency.

About the Manual

This CERC-Operations Manual (OM) provides a guide and operating mechanism developed in response to the DA's policy to include the CERC as an additional project component under PRDP. The inclusion of CERC will allow for rapid reallocation of a portion of uncommitted project funds to respond to an eligible crisis or emergency (e.g., geophysical, climate-related disasters) in the target project areas that meet PRDP eligibility criteria. There is no fund allocation provided initially for CERC (zero allocation).

The CERC-OM is a tool that forms part of PRDP's overall Operations Manual (PRDP-OM) to guide project management, Regional Field Offices of the DA, partner LGUs, FCAs/FCA clusters, and other stakeholders in the procedures and protocols to be followed in the event CERC is activated. The CERC-OM implementation guidelines are fully aligned with those in the overall PRDP-OM, including PRDP's Environmental and Social Management Framework (ESMF), Environmental and Social Standards (ESS), as well as all Fiduciary and Operational Procedures and Protocols to be applied in implementing PRDP.

1. About CERC

A CERC is an ex-ante mechanism available to the Government to gain rapid access to financing to respond to an eligible crisis or emergency. It initially has a zero-value allocation. This component will allow for rapid reallocation of uncommitted project funds towards urgent needs in the event of a disaster (geophysical, climate-related, or man-made), or public health emergency. Such events may include typhoons, floods, earthquakes, volcanic eruptions, droughts, and human and animal disease outbreaks. There is flexibility in establishing the level of evidence needed to activate this component, including, but not limited to, issuances such as the declaration of a State

of Calamity by the mandated national or subnational (i.e., regional, provincial, city/municipal) authority, or a State of Public Health Emergency. An assessment report from the Office of the Civil Defense (OCD) as a supporting document in declaring a state of calamity/emergency by the LGU to trigger CERC.

If CERC is activated, activities to be financed would be limited to the repair and restoration of completed and ongoing infrastructure and enterprise subproject investments financed by the project. In addition, the Bank would consider requests from the Government for funding through CERC for minor repair and restoration works for roads, bridges, and other structures outside of the subproject locations that are needed to provide access for the LGUs and/or FCAs to markets and basic social services. In undertaking such CERC-financed activities, the procedures followed should; (i) be aligned with the project development objective and activities; (ii) follow the project's institutional and implementation arrangements; and (iii) be based on the Department of Agriculture's (DA's) mandate under the various emergency response and contingency plans.

Eligible expenditures to be funded through CERC, unless otherwise agreed between the Bank and the Borrower, would be limited to uncommitted funds allocated to Components 2 (Rural Infrastructure Market Linkage) and 3 (Enterprise Development) of the Project. ~~and be not more than ten percent in total of such allocated funds in Components 2 and 3 of the project.~~ All disbursements through CERC funding would be made against a positive list of critical goods, and civil works, shown in Table 1, as required to support the immediate response and recovery needs. There is no limit to the number of times the CERC may be activated; however, the framework described in this CERC-OM should be followed for each activation.

2. Eligible Activities under CERC

CERC interventions, if activated under the project, would be designed to avoid the loss of lives, mitigate the disruption to agricultural and fisheries-related livelihood investments and services, and repair damage to PRDP assets. Such interventions should be implemented: (i) consistent with the project development objective and aligned with the main project activities; (ii) follow the project's implementation arrangements, policies, and guidelines; and (iii) complement other emergency responses from the DA, LGUs, and other agencies.

More specifically, and unless otherwise agreed between the Bank and the Borrower, CERC-funded activities would be limited to the repair and restoration of completed and ongoing infrastructure and enterprise subproject investments financed by the project. Interventions may also be considered for minor repair and restoration works for roads, bridges, and other structures outside of the subproject areas that are needed to provide access for LGUs and/or FCAs to the market and social services. To the extent that emergency needs arise outside of the political boundary of the proponent LGU where the subproject is located or beyond the range of activities being supported under the project, the Emergency Action Plan (EAP) may need to be updated to consider such additional needs/activities and submitted to the World Bank for no-objection.

The level of CERC-funded expenditure, unless otherwise agreed between the Bank and the Borrower, would be limited to ~~not more than ten percent in total~~ of the uncommitted funds allocated to Components 2 (Rural Infrastructure Market Linkage) and 3 (Enterprise Development). All disbursements through CERC funding would be made against a positive list of critical goods and civil works shown in Table 1, as required to support the immediate response and recovery.

Table 1. Positive list of goods and works.

<p>Goods</p>
<ul style="list-style-type: none"> ▪ Medical equipment, pharmaceuticals, and supplies. ▪ Personal Protective Equipment. ▪ Non-perishable foods, bottled water, and containers. ▪ Tents for advanced medical posts, temporary housing, and classroom/daycare substitution. ▪ Equipment and supplies for temporary housing/living (gas stoves, utensils, tents, beds, sleeping bags, mattresses, blankets, hammocks, mosquito nets, kit of personal and family hygiene, etc.) and school. ▪ Gasoline and diesel (for air, land, and sea transport) and engine lubricants. ▪ Spare parts, equipment, and supplies for engines, transport, and construction vehicles. ▪ Vehicles (Vans, trucks, and SUVs) – (only eligible for import reimbursement). ▪ Equipment, tools, materials, and supplies for search and rescue (including light motor boats and engines for transport and rescue). ▪ Risk communications and IEC materials. ▪ Wildlife capture materials. ▪ Tools and construction supplies (roofing, cement, iron, stone, blocks, etc.). ▪ Equipment and supplies for communications and broadcasting (radios, antennas, batteries). ▪ Water pumps and tanks for water storage including sanitation works. ▪ Equipment, materials, and supplies for disinfection of drinking water and repair/rehabilitation of black water collection systems. ▪ Production inputs (e.g. seeds, seedlings, fertilizers, etc.), equipment, tools, and supplies for agricultural, forestry, and fisheries ▪ Animal stocks, rehabilitation of farm sheds, feed, and veterinary inputs (vaccines, vitamin tablets, etc.).
<p>Service</p>
<ul style="list-style-type: none"> ▪ Consulting services related to emergency response including, but not limited to urgent studies necessary to determine the impact of the disaster and to serve as a baseline for the recovery and reconstruction process, and support to the implementation of emergency response activities including case management. ▪ Non-consultant services including, but not limited to: aerial photographs, satellite

images, maps, and other similar operations, information and awareness campaigns.
Works
<ul style="list-style-type: none"> ● Repair and restoration of infrastructures and enterprise-related civil works including, but not limited to, other structures outside of the subproject locations that are needed to provide access for the LGUs and/or FCAs to markets and basic social services. ● Refurbishment of infrastructure including, but not limited to, water supply, transportation systems, energy and power supply, and telecommunication. ● Refurbishment of public buildings, including schools, hospitals, and administrative buildings.
Emergency Operating Costs
<ul style="list-style-type: none"> ▪ Incremental expenses by the Government for a defined period related to early recovery efforts arising as a result of the impact of an emergency. This includes, but is not limited to: costs of staff attending emergency response, operational costs, and rental of equipment. ▪ Cash transfers to vulnerable groups.

Activities or interventions that will be financed by the CERC should avoid activities or subprojects with complex or adverse environmental and social aspects, such as resettlement and adverse impacts to Indigenous Peoples, as the objective of the CERC is to support immediate priority activities. Consistent with the project's ESMF and to ensure that adverse impacts will not occur given the nature of the emergency, the types of subprojects shown below in Table 2 should be considered as a Negative List of expenditures that would not be supported through CERC funding.

Table 2. Negative List of activities and interventions.

- New civil works and infrastructure construction.
- Sub-projects that involve the significant conversion or degradation of critical natural habitats such as sensitive ecosystems.
- Activities that could dangerously lead to the exposure of sensitive/critical/vulnerable habitats
- Construction of large new infrastructure within or directly adjacent (in buffer zones) to protected areas.
- Activities that may cause, or have the potential to result in, permanent and/or significant damage to non-replicable cultural property, irreplaceable cultural relics, historical buildings, and/or archaeological sites;
- Activities that could lead to invasion or spread of weeds and feral animals or the use of toxic chemicals, or intensive use of pesticides.
- Activities that will result in involuntary land acquisition or resettlement.
- Activities that will require or involve the purchase, application, or storage of pesticides or hazardous materials and use of land that has disputed ownership, tenure, or user rights.
- Illegal activities as defined specifically under the NIPAS and other relevant environmental laws and regulations.

3. Instruments for Determining CERC Interventions

Rapid Needs Assessment (RNA):

The DA PRDP should conduct a preliminary assessment and/ or estimation of the impacts and needs, according to the nature and characteristics of the emergency, as a basis for the EAP. The assessment and/or estimation can also be carried out by modeling and other analysis tools/methodologies. The RNA must provide information and content about the emergency/disaster event, the extent of damage and adverse impacts, beginning with PRDP infrastructure and enterprise interventions, and rehabilitation/reconstruction needs. It shall also describe the subproject's current subscribed insurance coverage, if there's any, to avoid duplication of repair and recovery efforts. The RNA shall also include an assessment of the LGU's disbursement capacity to procure goods, services, and works to the maximum extent possible. The following provides the outline of the RNA report:

1. Disaster identification and description
2. Location details
3. Communication system damage assessment
4. Access to affected area

5. Human and community impact assessment
6. Structural damages to major infrastructure
7. Agriculture production damages and other impacts to livelihood and economic activities
8. Facilities and equipment damages
9. Water supply damages (potable water and irrigation)
10. Power supply damages
11. Remaining threats
12. Estimates on the monetary loss of damage
13. LGU disbursement capacity assessment
14. Rehabilitation requirements
15. Annexes
 - a. Sources of information
 - b. Reporting office details
 - c. Maps, images and other supporting documentation

Emergency Action Plan (EAP):

This critical document should include the following:

- Summary of impact or estimation of the requirement to respond to crisis or impact from the preliminary assessment/estimation expressed in terms of people, livelihood, and socioeconomic impact;
- Geographical location and area of potential CERC intervention;
- Institutional arrangements for implementation including procurement arrangement, financial management/funds flow, and report preparation;
- List of emergency activities (including goods, works, services, and/or emergency operating costs) to be financed, including itemized costs;
- Summary of the environmental and social (E&S) implications (e.g., potential environmental and social impacts) of proposed activities and, if needed, the environmental and social instrument(s) to be prepared in order to comply with the national law and the Bank's E&S policies.
- If deferral of E&S instruments/ activities completion is agreed upon CERC activation, it should include an action plan for such completion;
- Simplified and fast-tracked Procurement Plan outlining the contracts, selection methods, cost estimates, and schedules; and
- Indication of the end of the implementation date, upon which all activities financed under the EAP should have been completed.

A draft/template of an Emergency Action Plan is included as Annex 1 and may need to be further

enhanced as specific emergencies or disasters and activities of the CERC are determined.

4. Mechanisms for Activating CERC

The PRDP Scale-Up Loan Agreement establishes two (2) disbursement conditions for emergency expenditures under the CERC. It is stipulated that no withdrawal for Loan proceeds shall be made by the Government of the Republic of the Philippines for emergency expenditures under the CERC unless and until the following conditions have been met in respect of said activities:

- a) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank, a request to withdraw Loan amounts under Category (2), and the Bank has agreed with such determination, accepted said request, and notified the Borrower thereof; and
- b) the Borrower has adopted the CERC-OM and Emergency Action Plan, in form and substance acceptable to the Bank.

The Government of the Republic of the Philippines will officially notify the World Bank of its interest in activating the CERC, summarizing the nature of the emergency.

As a second step, an official letter requesting to trigger CERC shall be sent from the Department of Finance to the World Bank's Country Director indicating the following information:

- a) Nature of the emergency, its impacts, and confirmation of the causal relationship between the event and the need to access the funding through CERC, as supported by the official Statement of Facts;
- b) Evidence supporting the request in a form of a preliminary damage assessment or estimation of needs;
- c) Indication of Project's funding to be reallocated to CERC and the distribution of reallocation across components and disbursement categories; and
- d) A plan detailing the proposed emergency response activities and implementation arrangements for the CERC activities; and implementation arrangements with respect to decentralized activities, if applicable.

Upon its review and satisfaction, the World Bank will provide no objection, confirm that CERC disbursement conditions spelled out in the Loan Agreement have been fulfilled, and send a revised Disbursement and Financial Information Letter for the PRDP containing provisions for the utilization of CERC funds.

5. Implementation Procedures and Protocols

5.1 Preparation of Addendum to the ESMF

All funding of interventions through CERC shall be in accordance with the operational procedures and protocols, as well as all environmental, social, fiduciary, and monitoring and evaluation guidelines and requirements as described in the approved PRDP-Operations Manual. These include provisions in the PRDP-OM in regard to Public Consultation and Community Engagement, and Grievance mechanisms. In case of activation, additional indicators related to CERC will be added to the Project's Result Framework through restructuring.

An addendum to the ESMF and the Stakeholder Engagement Plan (SEP) may be required to align with the CERC-OM and to supplement the existing environmental and social instruments of PRDP. Such a CERC- Addendum to ESMF and SEP would outline a screening process built around the positive list for key environmental and social issues, risks, and mitigation measures (Table 3). This would be linked to identifying institutional arrangements for oversight of any required additional Environmental and Social (E&S) due diligence and monitoring. In addition, such a CERC- Addendum to ESMF and SEP would include a generic plan for preventing, controlling, and managing risks and impacts associated with the activities financed under the CERC.

Table 3. Required content of a CERC — Addendum to ESMF and SEP.

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| <ul style="list-style-type: none">▪ Description of the potential emergencies and the types of activities likely to be financed;▪ Potential risks and general mitigation measures associated with the potential activities;▪ Identification of vulnerable locations and/or groups;▪ Environmental and Social Assessment/Screening and the environmental and social framework requirements such as but not limited to the Environmental and Social Management Plan (ESMP), Environmental Codes of Practice (ECOP), Labor Management Procedures (LMP), and Contractor's Personnel Grievance Redress Mechanism (GRM), and overall CERC GRM to comply with the Bank's requirements and the national laws;▪ An Environment, Social, Health and Safety (ESHS) plan for preventing, controlling, and managing risks and impacts associated with activities financed under the CERC;▪ Assessment to guide emergency responses (e.g., what existing social conflicts could be exacerbated by an emergency); and▪ Institutional arrangements for environmental and social due diligence and monitoring. |
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In the unlikely event that CERC activities do lead to land acquisition or resettlement impacts, the provisions of the project ESMF (updated to include CERC activities) will apply. It is further not anticipated to support activities that might have adverse impacts on other indigenous peoples, i.e., indigenous peoples outside the ambit of PRDP, under the World Bank's Operational Policy on

indigenous peoples (OP 4.10). In the unlikely event that adverse impacts on other non-PRDP indigenous peoples do occur, the provisions of the Project's Stakeholder Engagement Plan (SEP) (updated to include CERC activities) will apply. It is also unlikely that changes to the existing E&S instruments of the project will be required. However, if necessary, the E&S instruments will be updated (to include CERC activities) if the EAP does not fall within the scope of the existing instruments. It is unlikely that emergency works will trigger new E&S policies; however, if required, new instruments will be prepared, consulted upon, and disclosed; per the requirements of the Bank's Investment Financing Policy, a restructuring would be prepared.

5.2 Conduct of RNA

The RNA shall be jointly conducted by the concerned PSO/PCO and proponent LGU and/or FCA. The team shall be composed of the PCO I-BUILD and/or I-REAP, GGU, and SES. The report shall be prepared by the concerned LGU/FCA to be signed by the concerned P/M/CPMIU Head, FCA representative, and the PCO I-BUILD and/or I-REAP, GGU, SES Heads and subsequently approved by the PCO Project Director.

5.3 Preparation of the EAP

The EAP shall be likewise prepared by the concerned LGU and/or FCA to be submitted to the PCO for review and evaluation and approved by the PCO Project Director. The PCO will submit the RNA and the EAP to the PSO and be endorsed to the NPCO for submission to the Bank through the official endorsement of the DOF.

Table 4. Process Flow of CERC Activities.

Stages	Activities	Responsible Persons/Units	Instruments	Timeframe (No. of Days)
1. CERC activation	1.1. Submission of proof of emergency	LGU	Document/declaration of emergency	3
	1.2. Convening of the CERC Team	PSO/RPCO I-BUILD, I-REAP, GGU, SES in coordination with concerned LGU	Plan to conduct RNA	1
	1.3. Conduct of RNA 1.3.1. <i>Preparation of the RNA report</i> 1.3.2. <i>Development of the Emergency Action Plan (EAP)</i> 1.3.3. <i>Preparation of Procurement Plan</i> 1.3.4. <i>Endorsement of RNA & EAP report from RPCO to PSO and then to NPCO</i>	PSO/RPCO I-BUILD, I-REAP, GGU, SES in coordination with concerned LGU LGU RPCO RPCO/PSO	RNA instrument RNA report Emergency Action Plan (EAP)	5
	1.4. Submission of request to DOF to activate CERC	NPCO	Letter request RNA report EAP	1
	1.5. Request to activate CERC	DOF	Letter request Emergency Action Plan (EAP)	1
	1.6. Approval of CERC activation	World Bank	Letter of No Objection	1
2. Implementation procedures and protocols	2.1. Implementation of the Emergency Action Plan	I-BUILD, I-REAP, GGU, SES in coordination with	CERC indicators – Addendum to the ESMF and SEP, as applicable	depending on the nature and extent of interventions

Stages	Activities	Responsible Persons/Units	Instruments	Timeframe (No. of Days)
	2.2. Withdrawal Application and Downloading of Funds	PSO NPCO LGU	Work and Financial Plan	<p>Submission of Withdrawal Application and Approval- within 5 working days</p> <p>Notice of Cash Allocation (NCA) - 15 working days processing from DBM</p> <p>Downloading of Funds to LGUs- with 7 working days</p>
	2.3. Procurement	Procuring entity	EAP Procurement Plan PRDP Operations Manual (specific provisions on CERC)	<ul style="list-style-type: none"> - 21 days for RFB-and 14 days for RFQ – for complex requirements (construction of bridge, supply of complex items) - 14 days for RFB and 7 days for RFQ – for less complex requirements (standard Goods and Works); - 3 days for RFQ

Stages	Activities	Responsible Persons/Units	Instruments	Timeframe (No. of Days)
	2.4 Monitoring and Evaluation	NPCO PSO RPCO	Geotagging of works M&E Tools	M&E and GGU to identify reporting requirements for goods and works
3. Closing of CERC Emergency Action Plan	3.1. Financial Management	NPCO PSO Finance Team	Financial report, IFR	To follow IFR reporting (refer to Financial Management Guidelines)
	3.2. Monitoring and Evaluation	NPCO M&E PSO RPCO	EAP Monitoring Plan, Completion Report	
	3.3. Submission of letter of closing and report to DOF	NPCO	Letter of closing Report	
	3.4. Submission to World Bank	DOF	Letter of closing Report	

6. Procurement

Procurement falls under Paragraph 12 of IPF Policy, Projects in Situations of Urgent Need of Assistance or Capacity Constraint, once the CERC is activated. DA is responsible for ensuring that the procurement policies and procedures governing the CERC are fully and successfully applied to the contracting of goods, works, non-consulting services, and consulting services related to the EAP. These policies and procedures will be applied following the procurement implementation arrangement detailed in the Procurement Modules of the POM. In addition to ensuring that the procurement policies and procedures are applied, DA is also responsible for ensuring that all the proposed procurement activities on the EAP are in-line with the ERM positive list of activities.

Using the funds allocated to disbursement under Category 2, the EAP will finance the immediate response to an eligible crisis or emergency, as needed. Eligible expenditures may include critical goods and works to quickly restore livelihoods, lifeline infrastructure, and services. The thresholds for selection methods and prior review to be applied to procurement

under CERC during the reconstruction phase based on the World Bank's emergency procurement procedures will be agreed upon with the Bank.

Contracts below thresholds for prior review will be subject to post-review based on a 20% sample.

6.1. Procurement Plan

A Procurement Plan will be prepared based on the approved EAP as soon as it is feasible to DA and will be sent to the Bank through STEP for approval. This plan will also be used for monitoring and reporting purposes.

In order to expedite the procurement of critical goods and civil works contracts for the execution of the EAP, DA may pre-qualify suppliers, service providers, and contractors for the Critical Goods and Emergency Works, which have been identified by DA in consultation with relevant agencies and agreed to be financed by CERC in case of emergency (this may include e.g., Survey and Design Consultancies, Contractors for emergency repairs, and Construction materials in case DA uses force account in emergency situations).

Pre-qualification would allow the GoP to check the capability of suppliers or contractors to supply the goods or carry out the works. A simple request for expressions of interest (REOI) and related technical bidding documents would be prepared annually for potential expected activities in order to create the shortlist.

6.2. Selection Methods and Circumstances under EAP

6.2. Selection Methods and Circumstances under EAP

6.2.1. Consultants

Direct Selection. Direct selection of consulting firms and individuals may be used only if it presents a clear advantage over competition for the required consulting services. Firms and individual consultants that were selected through an applicable selection method under the procurement guidelines applicable for the project and are already working in the country and that have proven track records in similar assignments may be the most suitable option for the start-up activities. Consultants selected on a direct approach basis may be given the right to participate in future assignments under the same project provided that there is no conflict of interest with the tasks performed under the initial contract. However, for future or downstream assignments, any available information must be shared with all participating firms to ensure a level playing field.

Selection of Consulting Firms through Consultants' Qualification Selection (CQS). In CQS, the Borrower requests firms to submit their Expressions of Interest (EoI) in response to the Borrower's Request for Expressions of Interest (REoI) (to which a TOR shall be attached), requesting information about the firm's experience and qualifications. From the firms that have submitted their EoI, the Borrower selects the consulting firm with the best qualifications and relevant experience and invites it to submit technical and financial proposals for negotiations. Advertisement of REoIs is not mandatory.

Other Streamlined Approaches. Using a pool of experts or a list of preselected consulting firms may also be considered as an appropriate method for supporting various steps of project execution, including the procurement process and the preparation of ToR, shortlists, RFPs, and bidding documents. Remuneration and fees may be resolved at the time of pre-selection and prescribed in a framework agreement.

The steps to establish the pool of experts include:

1. Draft ToRs (including Cost Estimate) based on historical experience and expected services to be provided;
2. Draft REoIs following the ToR;
3. Collect contact details of potential Consultants to be directly approached by DA;
4. Approach the Consultants by sending the REoI;
5. Collect the CVs and evaluate the qualifications; and
6. Evaluate the CVs and establish a list of qualified Consultants.

Note: The best qualified Consultant will be approached to provide the services in case of emergency; if the Consultant is not available, the next ranked will be approached; if more than one Consultant is required, DA will approach the Consultants as per their ranking and availability.

6.2.2. Civil Works, Non-Consulting Services, and Goods

Direct Selection. Direct selection for the procurement of civil works, non-consulting services and goods may be used to extend existing contracts or award new contracts in response to disasters. For such contracting to be justified, the Bank should be satisfied that the price is reasonable and that no advantage could be obtained by further competition. The direct contracting may be from the private sector, UN agencies/programs (for goods), or contractors or NGOs that are already mobilized and working in the country and that have proven track records in similar works and supply of goods; and were selected through an applicable procurement method under the procurement guidelines applicable for the project.

Under the direct selection. DA is allowed to negotiate the technical aspects (work plan, methodology, approach) and also the financial aspects (unit rates, taxes, etc.) with the contractors or suppliers.

Request for Quotations (RFQ). RFQ may be an appropriate competitive method for procuring readily available off-the-shelf goods, or simple civil works or non-consulting services. The Request for Quotations selection method can be used even for large contracts and the justification noted in the PPSD or procurement records as appropriate. Normally at least three price quotations should be obtained. In case that less than three suppliers or contractors are available (or less than 3 quotations are received), such a situation shall be noted in the procurement records and the process shall be continued.

Request for Bids - National Procurement Procedures. Simplified national procedures and harmonized Philippine Bidding Documents agreed with the Bank can be used where International procedures are considered to be inappropriate or too complex due implementation capacity issues, and where there is clearly no international market appetite to participate in bidding.

Prequalified Suppliers and Contractors. Using lists of prequalified suppliers and contractors, to whom periodic invitations are issued, may also help accelerate the procurement process. Such an approach could be used for a large number of similar simple contracts of any size, as well as for procurement of commodities. Prequalification documents may use a simplified format that is acceptable to the Bank. Suppliers and contractors would be asked to provide quotations for simple unit prices, as for commodities. Contracts should be awarded on a competitive basis, and may be for up to two years, with a price escalation clause and the possibility of extension upon mutual agreement between the client and the supplier.

The steps for pre-qualification:

1. Develop the scope of works or needs of Goods;
2. Prepare the Technical Specifications and Type of Goods / Works;
3. Define the Pre-qualification criteria: Technical Capacity: similar contracts, required production capacity; Financial Capacity: Turn over (for the last 3 years).

Waiving Bid and Performance Security Requirements. For contracts for goods or works, the preparation of bids by small and medium-size suppliers or contractors can be accelerated by taking the option of not requiring a bid security. Similarly, in the case of contracts for works or supply of goods, the borrower may decide not to require a performance security. However, in works contracts, retention money may be retained during the liability period; and for goods contracts, manufacturer warranties will be requested. A bid and performance securing declaration should be required.

Advance Payment. Where it is not easy for contractors and suppliers to obtain lines of credit from banks, the Government may consider increasing the amount of advance payment under works and supply contracts to up to 50 percent of the contract value, provided that the contractor/supplier provides a bank guarantee for the same amount.

Flexibilities in procedures and contract provisions acceptable to the Bank in emergency situations;

- a. ***Accelerated Bid Times.*** Under RFB and RFQ, accelerated bid times might be envisaged; however, these may vary depending on the event:
 - 21 days for RFB and 14 days for RFQ – for complex requirements (construction of bridge, supply of complex items);
 - 14 days for RFB and 7 days for RFQ – for less complex requirements (standard Goods and Works); and
 - 3 days for RFQ.

Note: If no Quote/Bid is received within the time allowed for preparation the deadline will be extended.

6.2.3. Special Procurement Arrangements

Force Account

In emergencies, when construction firms are unlikely to bid at reasonable prices because of the location of and risks associated with the project or a certain government agency has a sole right in certain type of work (e.g., railway track work, high tension transmission cables), Force Account for repair/reconstruction using the Government agency's own personnel and equipment or a government-owned construction unit may be the only practical method (see paragraphs 6.54 and 6.55, Section VI of the Procurement Regulations).

Use of stand-by arrangements

There is no need to wait for an emergency to make arrangements for the procurement of emergency works, goods, and services. The Government may carry out advanced procurement procedures according to those established in this Manual under the Framework Agreements (FAs). This long-term agreement with suppliers, contractors, and providers of non-consulting services sets out terms and conditions under which specific procurements (call-offs) can be made throughout its term. FAs are generally based on prices that are either pre-agreed or determined at the call-off stage through competition or a process allowing their revision without further competition. Prior arrangements allow the offering and signing of contracts, whose execution is

only triggered when a disaster strikes.

Use of United Nations Agencies

When it is appropriate to place greater reliance on or to delegate part or whole of project implementation, UN agencies may be hired on a sole-source basis for contracts for which they offer their unique roles and qualifications in responding to emergency situations. Standard forms of agreement for UN agencies as acceptable to the Bank will be adopted. For those UN agencies, where such forms have not been agreed with the Bank, the Bank's team will provide acceptable sample forms.

The UN agencies may participate in activities financed by the World Bank or WB-administered trust funds in one of the following ways:

- a. The UN implements all or part of project activities on behalf of the country;
- b. The UN acts as a supplier of critical goods under a WB-financed project; and
- c. The UN acts as a provider of technical services under a WB-financed project.

6.2.4. World Bank Standard Procurement Documents

The harmonized Philippine bidding documents for Request for Bids - national competitive approach and procedures can be found in the annex of the procurement manual referred to in Chapter xxx of the PRDP Procurement Manual.

A positive list in Table 1 that should be used for the procurement or upon the Bank's review and agreement reimbursement of already procured goods that might be required for the Government's immediate emergency response, as well as works. The Government and the World Bank may reach an agreement on the conditions for the release of the financial tranches and the required documentation and certifications, such as customs and tax certificates or invoices. The acceptable procedures and addressing any associated risks and mitigation measures should be agreed.

Activities or interventions that will be financed by the CERC should avoid activities or subprojects with complex or adverse environmental and social aspects, such as resettlement and adverse impacts to LGU and/or FCAs, as the objective of the CERC is to support immediate priority activities. To ensure that adverse impacts will not occur given the nature of the emergency, it is recommended that the types of subprojects are not financed via the CERC and therefore should be considered as part of the adopted "Negative List" in Table 2.

Webpage link to the World Bank's Standard Procurement Documents is provided in Annex 2 of this manual.

7. Fraud and Corruption

All procurement entities, as well as bidders and service providers (i.e., suppliers, contractors, and consultants), shall observe the highest standard of ethics during the procurement and execution of contracts financed under the Project in accordance with Annex IV of the Procurement Regulations.

8. Disbursement and Financial Management for CERC

- I. The DA, through PRDP, is responsible for ensuring that financial management and disbursement policies governing the Project and requirements set out in the Legal Agreement, and Disbursement and Financial Information Letter (DFIL), are fully and successfully applied to the management of the financial resources mobilized through the prescribed Disbursement Category in support of the approved EAP under the CERC. Disbursements shall be made based on the approved EAP and shall be subject to evaluation, examination, and approval by the World Bank. In general, the fund administration and management shall follow the PRDP FM Operations Manual.
 - (1) Authorized Signatories for Withdrawal Applications – The existing authorized signatories for withdrawal applications under the PRDP will also be the same for the CERC Component. Upon issuance of no-objection for CERC activation, DA will send to the Bank the completed Withdrawal Application for advances to the Designated Account of the project to be further transferred to a peso project account specifically intended for CERC-eligible expenditures.
 - (2) Designated Account for CERC – The same Designated Account at the Bangko Sentral ng Pilipinas maintained by the Bureau of Treasury for PRDP will be used to channel the proceeds of the loan intended for CERC expenditures. DA shall likewise use the same peso project account, provided that a subsidiary ledger is maintained to monitor the CERC funds withdrawn from the Bank and its utilization. Withdrawals from the Designated Account (DA) will only be made for expenditures incurred related to emergency activities laid out in the EAP. Documentation of actual expenditures paid from the Designated Account/peso project account follows the IFR-based reporting method and will be submitted to the World Bank after the reallocation of funds from the Original Project components to the CERC has been completed.
 - (3) The PRDP National Project Coordination Office (NPCO) shall be responsible for requesting the disbursement of funds in accordance with the instructions in the Disbursement and Financial Information Letter (DFIL) and for ensuring that funds are accounted for and the use is reported to the World Bank on a timely manner.

- (4) In order to maintain sufficient and continuous liquidity and enable smooth implementation of the approved EAP, the World Bank will give priority to the processing of withdrawal applications under CERC with a turnaround standard of one working day (down from a standard of 5 working days). The submission through the World Bank Country Office of faxed/scanned withdrawal applications will also be allowed when direct electronic submissions become difficult.
- (5) The Disbursement methods will include reimbursement, advance, and direct payment.
- (6) The ceiling for the Designated Account advance shall be variable, based on the forecast of emergency expenditures for two (2) quarters. Supporting documentation required to be provided with the signed application for withdrawal is as follows:
 - a) For requests for Reimbursement: Statement of Expenditures;
 - b) For reporting eligible expenditures paid from the Designated Account: (i) Interim Financial Report; (ii) Designated Account Activity Statement; and (iii) Copy of related bank statements.
- (7) Expenditures under Disbursement Category 2 under CERC will be reported as part of the Project's Interim Unaudited Financial Report (IFR) and submitted to the Bank as per the requirements of the Loan Agreement. Incurred expenditures under Category 2 will be audited by the independent external auditor alongside other Project activities as indicated in the external audit's terms of reference. The project audited financial statements, including the Emergency Expenditures, and the management letter shall be submitted to the World Bank no later than six months after the fiscal year-end.
- (8) As set out in the Loan Agreement for expenditures under the prescribed Disbursement Category to be eligible expenditure for financing under the CERC, expenditures must be included in the approved EAP, meet the fiduciary and safeguard requirements and adequately supported with documentation, and meet the requirements specified in the relevant sections of the Loan Agreement.
- (9) The Department of Agriculture as the main Implementing Agency through the NPCO may disburse funds to the LGUs for the implementation of CERC activities to the project sites depending on the LGU disbursement capacity based on the RNA. The PSO shall download funds to the Local Government Units (LGUs) that shall act as the procuring entity for the implementation of the CERC activities for subprojects. In instances that the LGU does not have the capacity to disburse funds based on the RNA, the PSO and RPCO shall act as the procuring entities for CERC activities for deployment to the CERC project sites.
- (10) CERC's Designated Account may remain open and PRDP will ensure that all advances

are accounted for and the utilization is reported to the World Bank in a timely manner within four months after the completion of EAP, but in no case later than the disbursement deadline date of the PRDP.

(11) The World Bank may suspend disbursement or cancel the undisbursed balance of CERC funds, or require the refund of disbursed CERC funds if the Government of the Republic of the Philippines or any of its agencies and contractors have used such funds in a manner inconsistent with the provisions of this CERC-OM and the Financing Agreement.

(12) The DA shall keep at least 10 years after the completion of EAP all supporting documents evidencing eligibility of expenditures financed with CERC funds. These supporting documents shall be made available for examination by the World Bank or any other authority of the Government of the Republic of the Philippines.

II. UN Organization as Implementer of Project Activities

The Bank has signed two agreements with UN agencies to streamline working with UN organizations, help both sides to be more responsive to member countries, and reduce the time to prepare and implement activities. When the UN agency implements project activities, the FM arrangements are governed by either the Fiduciary Principles Accord (FPA) or the Financial Management Framework Agreement (FMFA). The FPA and the FMFA allow qualifying UN organizations to rely on their own FM arrangements when implementing direct project activities. If a UN agency is not a signatory of the FPA or the FMFA, standard Bank FM policies, and procedures apply.

III. UN Organization as Implementing Agent of a Government

The Implementing Agency or the Government may directly engage a UN organization or program to implement activities of the operation or to supply equipment, goods, or services. In these circumstances, the provisions of the Financial Management Framework Agreement (FMFA) and the Fiduciary Principles Accord (FPA) do not apply; the Bank's standard FM policies and procedures apply. In particular:

- 1) The Bank has no direct legal agreement or relationship with the UN organization that acts as an agent of the recipient government. The FM obligations and requirements to maintain an adequate FM system, provide financial reports, and carry out and submit audited financial statements are those of the Implementing Agency.
- 2) The proposed arrangements between the recipient and the UN organization shall ensure that (a) funds flow arrangements are appropriate; (b) the UN organization will record financial transactions, including assets and liabilities, in its accounting systems and its financial reports, which must be subject to audit by the UN organization's auditor; (c) the UN

organization will provide the recipient with the relevant financial information and original documentation on a timely basis; (d) auditors will have adequate access to the financial information, documents, and records for activities implemented by the UN organization on behalf of the recipient; (e) dispute and resolution provisions are specified; and (e) if appropriate, the Bank's rights to request an extended audit are detailed.

- 3) The proposed FM arrangements, especially the reporting requirements, stipulated in the recipient's agreement with the UN organization are in line with those in the recipient's agreement with the Bank.

9. Closing of CERC and Emergency Action Plan (EAP) Implementation

It is noted that a CERC will be activated at any time during project implementation. Considering that the CERC is expected to be implemented in a relatively short time and be completed by the project's closing date, the Project's implementation will continue after the EAP has been completed. Accordingly, all technical, fiduciary, and safeguard requirements related to the CERC will be finalized within six months of the end of implementation of the EAP and should not go beyond the disbursement deadline date of the PRDP. These include:

- Financial management requirements, such as reporting emergency expenditures in normal interim unaudited financial reports, proper documentation of such expenditures, and refund of unused advances no later than the disbursement deadline date provided in the Disbursement Letter.
- Monitoring and evaluation requirements, such as the final evaluation report of CERC, and any other technical and social, and environmental reports agreed upon by CERC activation.

In case of a surplus of goods, the World Bank may allow their use by the government provided their use does not contradict any World Bank safeguard policy.

Within four months after the end of the implementation of the EAP, but in no case later than the application deadline date of PRDP implementation, the Implementing Agency will complete payments of all eligible emergency expenditures, and document eligible expenditures through submission of withdrawal applications to the World Bank. On receipt of the final progress and financial reports on the activities undertaken under the agreed EAP, the Bank will notify the Government of the Republic of the Philippines that the CERC for the specific eligible expenditure is closed, and that no further withdrawals will be permitted for purposes of the specific emergency.

Annex 1. Emergency Action Plan (EAP) Template

PRDP Subproject	<i><PRDP Project affected by the emergency/disaster, including a description of the location, ancestral domain, and IP communities affected.></i>			
Emergency / Disaster Event:	<i><Description of emergency/disaster event and basis for triggering of CERC></i>			
Environmental and social (E&S) implications	<i><Description of potential E&S impacts, risk mitigations, E&S instruments to be prepared and attached to the EAP></i>			
Implementation Period	<i><Indicate start and end of implementation dates, duration></i>			
Phase / Activity	Activity Description	Resources Needed	Responsible/ Procuring Office(s) incl	Timeline
Phase 1 – Preparedness, Mitigation, and Prevention				

Phase 2 – Emergency Disaster / Response				
Phase 3 – Post-Event (Recovery and Reconstruction)				

Attachment 1. E&S Documents

Attachment 2. Simplified Procurement Plan (template c/o Procurement)

Annex 2. Link to the Bank’s Standard Procurement Document

[Procurement Framework and Regulations for Projects After July 1, 2016 \(worldbank.org\)](http://worldbank.org)