

Operations Manual

MINDANAO TRUST FUND FACILITY

VERSION APPROVED BY MTF STEERING COMMITTEE

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Annex 2: Full Proposal Template

I. INTRODUCTION

1. The Mindanao Trust Fund (MTF) was established in 2005 in response to a request from the Government of the Philippines (GPH) to provide assistance for conflict affected areas of Mindanao, guided by the findings of the Joint Needs Assessment (JNA) of December 2005.

A. MTF Reconstruction and Development Program

2. The original objective of the MTF was to finance a Reconstruction and Development Program to strengthen local level peace-building initiatives and assist economic and social recovery in the conflict-affected areas of Mindanao. With a peace agreement between the GPH and the Moro Islamic Liberation Front (MILF) seemingly imminent at that time, the MTF-RDP sought to support capacity-building for MILF institutions and to deliver much needed basic services at the community level on a pilot basis, with a full scale implementation phase expected once a peace deal was signed.
3. As the negotiation process continued, the MTF partners decided to drop the proposed phasing and expand the coverage of community-driven development and reconstruction projects implemented in partnership with the Bangsamoro Development Agency (BDA), the development arm of the MILF. The program has helped to build BDA's capacity to fulfill its legal mandate to "participatively determine, design, lead and manage relief, rehabilitation and development of conflict-affected areas in Mindanao." It has delivered community infrastructure and livelihood support to over 400,000 households across 79 municipalities in Mindanao. And, more importantly, through a deliberate learning by doing approach, the MTF has helped to equip the BDA to expand into multiple new activities and partnerships and become an important institution for the socio-economic aspects of the ongoing transition to the Bangsamoro political entity.

B. Evolution of the Peace Process and New Directions for the MTF

4. With the signature of the Comprehensive Agreement on the Bangsamoro (CAB) in March 2014, the MILF and GPH have entered into a new phase of collaboration to support a transition to the new Bangsamoro political entity. The political and technical challenges to forming the Bangsamoro and fulfilling public expectations of genuine autonomy and improved security and development are significant. The CAB, then, provides a strong impetus and framework for the MTF to adapt its support to the peace process in line with current developments, and learning from international experience of the benefits of multi-lateral action in times of transition.
5. The development objective of the MTF remains relevant to the changing strategic context, namely: "to improve social and economic recovery in conflict-affected communities in Mindanao through activities which promote confidence-building, peace and demand-driven government."
6. Evolving to align with the developments in the peace process, the long-standing Mindanao Trust Fund-Reconstruction and Development Project (MTF-RDP) has been expanded to incorporate support for economic livelihood development, macro-level planning through the Bangsamoro Development Plan and quick impact programs for MILF combatants and their families by supporting the MILF's Project Management Team for the Sajahatra Bangsamoro program.

Purpose of the Operations Manual

7. To intensify efforts to achieve the Project Development Objective and continue to align closely with the evolving context, the MTF will support additional projects aside from those already being funded (mentioned in paragraph 6 above). In light of this new direction, there is a need to have clear and

objective guidelines for receiving, reviewing and approving new proposals for funding. This will ensure continued good governance of the MTF and improve predictability of the MTF for partners and stakeholders.

8. This Facility Operations Manual lays out these guidelines. It captures practices that have been in place since the Facility commenced operations and updates management arrangements to accommodate the evolving landscape since the signing of the Comprehensive Agreement on the Bangsamoro. The Manual is for the use of MTF Steering Committee Members and the MTF Secretariat. It also provides guidance on MTF procedures for organizations seeking funding from the Facility.

Legal Status of the Manual

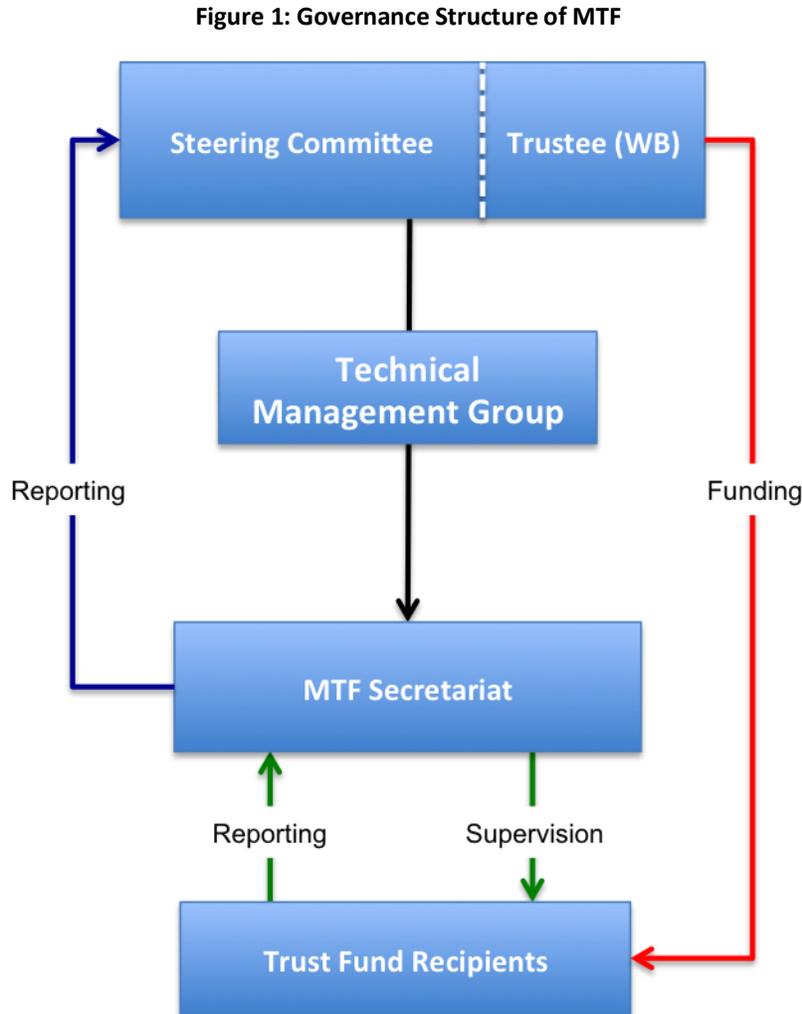
9. This Manual is not mentioned in the Administration Agreements between the World Bank and the contributing donors to the MTF. Accordingly it has no legal status and is not legally binding, but rather is unofficially agreed as a set of guidelines between the members of the MTF Steering Committee.

Impact of the Political Transition and Future Role of the BDA

10. Since its inception, the Mindanao Trust Fund has explicitly supported the GPH-MILF peace process. The BDA, as the development arm of the MILF, has been the main partner through the life of the Facility. However, once the Bangsamoro Transition Authority (BTA) is in place, the focus of the Facility is expected to shift to supporting the BTA and to helping the parties deliver against development-related aspects of the Comprehensive Agreement on the Bangsamoro. This could include partners outside the BDA.
11. The future role of the BDA remains unclear at this point. It could be subsumed into the BTA, become a registered NGO or even see its staff spread throughout different line agencies of the BTA and, later, the Bangsamoro Government. While this remains unclear, this MTF Operations Manual refers to both the BDA and to the BTA/Bangsamoro Government as current and potential future partners respectively. Once the transition has taken place, the Manual will be reassessed to ensure that MTF-supported activities are properly aligned with the evolving political and institutional context.

II. GOVERNANCE STRUCTURE

1. The figure below represents the governance structure of the MTF. The roles and responsibilities of individual entities are described in the following section.



A. Trustee and Administrator

2. The World Bank (also referred to hereafter as “the Bank”) will be the Trustee and Administrator of the MTF. The terms and conditions governing the MTF are reflected in the Administration Agreements entered into between the World Bank and contributors.
3. As Trustee, the Bank is responsible for establishing and maintaining appropriate records and accounts to identify the contributions, and document receipts and disbursements of the funds. The Bank will have authority to deny funding to any activity where in the view of the Steering Committee reasonable doubts arise as to whether the funds concerned will be effectively utilized for the agreed purposes.

4. **Execution of Legal Agreements:** As Trustee, the Bank will execute administrative agreements with each of the contributors contributing resources to the MTF.

B. Steering Committee

5. **Functional Responsibilities:** The MTF shall be governed by a Steering Committee (SC) that shall be responsible for: (i) setting overall priorities and providing strategic guidance to the MTF; (ii) ensuring coherence between the MTF and the GPH and MILF reconstruction and development programs for the region (iii) reviewing and approving proposals for MTF funding; and (iv) monitoring progress of the MTF operations and assessing their impact.
6. **Co-Chairs:** The Steering Committee will be co-chaired by:
 - a. The Government of the Philippines, represented by the Secretary of the Office of the Presidential Advisor on the Peace Process (OPAPP) or the Secretary of another agency identified by the Government of the Philippines; and
 - b. The BDA, represented by its Chair, or another institution identified by the MILF, BTA and/or Bangsamoro government, once established;
 - c. The World Bank (as Trustee), represented by its Country Director.
7. The Government of the Philippines as Co-Chair, shall have responsibility for:
 - a. ensuring that the Government's voice is reflected coherently in Steering Committee meetings;
 - b. ensuring that project concepts submitted for MTF funding are consistent with government development plans, and have adequate support from relevant agencies; and
 - c. coordinating closely with central and local governments along with other related stakeholders to support the sustainability of MTF investments.
8. The Bangsamoro Development Agency (or other institution identified by the MILF and/or the BTA/ Bangsamoro government, once established) as Co-Chair shall have responsibility for:
 - a. Ensuring that the MILF/BTA is represented in all Steering Committee meetings and activities;
 - b. Preparing project progress reports and reporting them during Steering Committee meetings;
 - c. Taking the lead in coordinating program implementation at sub-national and community level, and in gathering strong support from Bangsamoro groups or agencies and in coordination with local government units.
9. The World Bank (Trustee) as Co-Chair shall have responsibility for:
 - a. ensuring that the voices and concerns of both contributors and observer members are reflected coherently in Steering Committee meetings, and that those concerns are addressed. This would entail, *inter alia*, canvassing all members of the Steering Committee wherever possible at least three weeks prior to each meeting in order to identify items for the agenda and discuss the proposed meeting outcomes;

- b. preparing, in consultation with the Secretariat, a provisional agenda to be sent out at least two weeks prior to each Steering Committee meeting, with necessary supporting documents;
 - c. oversight of the Secretariat, with the purpose of ensuring a strong pipeline of sound well-prepared and well-documented project concepts, well-recorded meetings, agreed agendas and minutes, and that the Steering Committee's operational guidelines are adhered to; and
 - d. identifying and inviting key external participants to take part in Steering Committee meetings.
 - e. Preparing regular and timely project progress reports (technical and financial) in line with the requirements of the donors
10. **Membership:** In addition to the co-chairs, the Steering Committee will include a representative from each of the contributors to the MTF and a representative from the Mindanao Development Authority (MinDA) as voting members. The United Nations Resident Coordinator and a representative of the Japan International Cooperation Agency (JICA) will be invited as observers.
11. Should some members be unable to attend a scheduled meeting of the Steering Committee, they shall advise the Secretariat at least one day prior to the sitting of the Steering Committee of the member's designated alternative who will attend in their place.
12. **Meetings:** The Steering Committee shall meet as frequently as necessary, but at least on a semi-annual basis. The location of each meeting will be at the discretion of the co-chairs but will typically be in Manila or Cotabato City. The Secretariat shall give notice of the date and venue for each meeting to the members no less than fifteen working days prior to the date of such meeting. The Secretariat, at the discretion of the co-chairs, may invite other observers (e.g., representatives of potential contributors, representatives of partners with significant complementary programs, external experts, or representatives of current or potential recipients) to the meetings.
13. **Meeting Chairpersons:** The meetings of the Steering Committee will be jointly chaired by the three co-chairs. Depending on the agenda, the co-chairs will decide among themselves prior to each meeting as to how it should be conducted and chaired.
14. **Quorum:** Two-thirds of the representatives of the Steering Committee will constitute a quorum, provided that this includes the three co-chairs.
15. **Agenda:** The Secretariat shall prepare a provisional agenda for the meetings and provide it, along with other relevant documentation, to the members of the Steering Committee no later than ten working days prior to the meeting. At the beginning of each meeting, the Steering Committee shall adopt the agenda for the meeting. Any item that was included in the agenda, but consideration for which was not completed at that meeting, will be included automatically in the provisional agenda for the next meeting unless otherwise decided upon by the Steering Committee.
16. **Decisions of the Steering Committee:** Decisions of the Steering Committee shall be by consensus. If all practicable efforts by the members and the co-chairs have been made and no consensus appears attainable, any designated member may make a motion for a formal vote. Decisions requiring a formal vote shall be taken by an affirmative vote representing a simple majority of the total number of members present at the meeting. Each member present shall cast one basic vote, however, all decisions must have the support of all three co-chairs to be passed.

17. **Conflict of Interest:** While members representing an entity, or affiliated with an entity, which is either a sponsor or Executing Agency for the proposed activities under deliberation by the Steering Committee, will be allowed to participate in the deliberation, such member will be required to abstain during the ensuing decision process.
18. **Method of Voting:** Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the entities/group of entities each represented by a member. Each member called shall indicate his/her vote by either a “yes”, or “no”, or “abstain”. The Secretariat will be responsible for tallying votes on the above basis and for ensuring that any affirmative vote represents a simple majority of the total number of members present at the meeting, noting as per paragraph 16, that all decisions “must have the support of all three co-chairs to be passed”.
19. **Decision Without Meeting:** Whenever, in the judgment of the Secretariat, a decision must be taken by the Committee which cannot be postponed until the next regular meeting but does not warrant the calling of a special meeting, the Secretariat shall transmit to each member by email a proposed decision with an invitation to endorse the decision on a “no objection” basis.
20. Each member’s comments on the proposed decision on behalf of the entity it represents shall be sent to the Secretariat during such period as the Secretariat may prescribe, provided such period is not less than ten working days.
21. At the expiration of the period prescribed for comments, the decision shall be endorsed unless there is an objection. If there is an objection raised by any member, the Secretariat shall include its proposed decision as an item on the agenda for consideration at the next meeting of the Committee. The Secretariat shall notify all members accordingly.
22. **Record of the Meeting:** Before the end of each meeting, the Co-Chairs shall present a joint summary of the main discussions and conclusions of the meeting. Any decisions endorsed by the Committee at a meeting shall be appended to the Co-Chairs’ joint summary.
23. The Secretariat shall arrange appropriate recordings of each meeting. The minutes shall be circulated to members within five (5) working days of the Consultative Committee meeting and members shall be given five (5) working days to provide comments from the date of such circulation. After that review period, the Secretariat shall include comments and circulate the final minutes. The minutes shall be included with the agenda and other relevant documents circulated to members ahead of the subsequent Consultative Committee meeting.
24. **Amendment to the Rules:** These rules may be amended by the decision-making processes of the Steering Committee as set forth herein.

C. Technical Management Group

25. A Technical Management Group (TMG) shall be constituted to review project concept notes, appraisal packages and other technical documents for endorsement to the Steering Committee. The TMG will also serve as a forum for policy dialogue between the GPH, the MILF/BTA and contributors to the MTF, as well as for coordination among contributors to the MTF and other donors on their assistance and interventions related to the conflict-affected areas.
26. **Functions:** TMG shall perform the following functions:
 - a. Review the Project Concept Notes and appraisal packages prior to Steering Committee decision.
 - b. Review the Quarterly Progress Reports prepared by the Secretariat.

- c. Where applicable, participate in appraisal and implementation support missions.
 - d. Review amendments to the Operations Manual and endorse them for SC approval.
 - e. Discuss any policy issue that the members and official observers of the Steering Committee want to raise to this forum.
 - f. With assistance from the Secretariat, highlight issues in project and program performance to the Steering Committee.
 - g. Perform other functions as may be assigned by the Steering Committee.
27. **Membership:** The TMG will be chaired by the Secretariat and include technical level representatives from each of the co-chairs and contributing donors. Should the Secretariat deem it beneficial to the discussions, representatives of potential Trust Fund Recipients whose project concept notes or appraisal packages are under discussion and/or external experts will be invited to participate.
28. **Meetings:** The TMG will meet as regularly as required. To ensure an expeditious response, proceedings may be conducted electronically. Participation in proceedings of the TMG will be voluntary for all members. Non-participation shall be treated as a no-objection to proceed with the decision of the TMG.
29. **Recommendations of the Technical Management Group:** recommendations of the Technical Management Group are not binding on the Steering Committee. They are to provide assurance to the Steering Committee that each proposal/report/evaluation has been considered carefully at the technical level, and to provide the Steering Committee with guidance in their decision making.
30. **Decisions of the TMG:** Decisions shall be made through consensus. When a consensus cannot be reached, the matter under consideration shall be referred to the Steering Committee for decision.
31. **Record of the Meeting:** The Secretariat shall arrange appropriate recordings of each meeting and circulate minutes to TMG members within five (5) business days. Comments on the record of the meeting from TWG members shall be sent to the secretariat within seven (7) working days or it will be assumed there are no comments on the record.

D. Secretariat

32. The Steering Committee and TMG will be assisted by a Secretariat, which will be primarily responsible for coordinating the overall work program of the MTF. The Secretariat will report to the Steering Committee and will be based at the World Bank Office in Manila or in such other location as the Steering Committee and World Bank may decide.
33. **Composition:** The Secretariat will be led by the World Bank-designated Program Manager for the MTF. The Program Manager will be assisted by staff that includes, among others, a Communications Officer, a Financial Management Specialist, Procurement Specialist, Rural Infrastructure Engineer, Social and Environmental Safeguards Specialist, Economist and a Program Assistant. The Secretariat will also be supported by other units, staff and consultants of the World Bank as needed.
34. **Functional Responsibilities:** The Secretariat will be responsible for executing the policy and program thrusts of the Steering Committee, developing the project pipeline, managing the portfolio and reporting on progress to the Steering Committee. Specifically, the Secretariat will: (i) review project concept notes; (ii) support project preparation, appraisal and approval; (iii) oversee project implementation; (iv) prepare reports and make recommendations, as appropriate, for endorsement to the Steering Committee; (v) review all reports submitted on the activities of the MTF prior to their

submission to the Steering Committee and request for more information/clarification from the field, if needed; (vi) prepare a quarterly progress report on activities funded by the MTF, including status of portfolio of projects, status of implementation, disbursements for the previous period and projections, pipeline and financing requirements of projects, costs incurred to administer the MTF, and other pertinent information; (vii) prepare an annual report highlighting program achievements, operational challenges, financial standing and future directions; (viii) ensure relevant stakeholders are aware of the activities of the MTF and the contributions of the MTF donors by implementing an approved Communications and Visibility Plan. This will include maintenance of an MTF website; (ix) organize regular implementation support missions and joint/or individual missions for the MTF donors as requested; and (x) organize evaluations/assessments to measure the impact of the program.

35. In addition, the Secretariat will be responsible for: (i) answering all queries related to the MTF; (ii) handling logistical arrangements for meetings of the Steering Committee; and (iii) disseminating to contributors and observers all such information, recommendations and requests as may be received from time to time relating to the projects requirements. The Secretariat will also prepare minutes of each meeting of the Steering Committee and Technical Management Group and provide copies thereof to each member according to the process described previously.

III. CONDITIONS FOR FINANCING

A. Menu of Activities

1. Eligible activities are described in the Administration Agreements between the World Bank and the contributing donors, as follows:
 - a. Block grants for: (i) small infrastructure; (ii) livelihood assistance; (iii) core shelters; and (iv) strategic regional infrastructure, which includes inter-barangay, municipal and provincial investments and feasibility studies for larger investments.
 - b. Capacity and Institution Building for: (i) Technical Support for Implementing Partners, including the BDA and/or other Bangsamoro institutions, service providers, civil society organizations, national government agencies and LGUs; (ii) Implementation and Operating Costs for Local Partners and Support for Communities and People's Organizations; and (iii) Workshops and Studies aligned with the objectives of the MTF, including, among others: feasibility studies, training in participatory local development planning and policy development, forums and workshops on economic integration and advocacy and communication meetings on peace.
 - c. Monitoring & Evaluation and Secretariat Support including MTF Secretariat costs to support supervision and robust monitoring and evaluation of results

B. Conditions for Eligibility

2. In order to be eligible for consideration by the Steering Committee, project concept notes must meet the following conditions:
 - a. Endorsed by the MILF/BTA and GPH co-chairs of the Steering Committee;
 - b. In line with the development objective of the MTF;
 - c. Consistent with the Bangsamoro Development Plan (once finalized) and/or the Philippine Development Plan;
 - d. Support the GPH-MILF peace process; and
 - e. Strengthen Bangsamoro local institutions.
3. Project Concept Notes can be actively developed and solicited by MTF Steering Committee members or can be formulated and submitted independently by potential eligible Implementing Partners.
4. In order to be eligible to receive financing from the MTF, potential Implementing Partners should be any domestic or international governmental or non-governmental entity legally established and able to receive funding under Philippine law. This can include, but is not limited to, (i) GPH and MILF institutions, (ii) domestic and international Non-Governmental Organizations (NGOs), (iii) academic institutions and think tanks, and (iv) agencies of the United Nations (UN). Where necessary, arrangements for implementation through a designated Trust Fund Recipient on behalf of the Implementing Partner, as is currently the case for the BDA under MTF-RDP, could be considered, in line with World Bank procedures and guidelines.

C. Terms and Conditions Governing MTF Grants

5. The following will apply to all MTF Grants:
 - a. each Grant shall be approved and administered in accordance with the applicable guidelines of the World Bank;
 - b. Grants shall be denominated in United States Dollars;
 - c. The Bank shall, for purposes of each Grant, conclude a Grant Agreement with the Grant Recipient, indicating in particular that the resources have been provided from the MTF;
 - d. The procurement of goods, works and services financed under the Grants will adhere to the principles of economy, efficiency, and transparency in the implementation of the approved activity while giving all eligible bidders a fair and equal opportunity to bid without restriction for the supply of such goods, works, and services based on nationality or country of origin. The procurement procedures will follow the World Bank Procurement and Consultant Guidelines, together with the appropriate bidding documents and forms;
 - e. The design and implementation of activities financed by the Grants will, in line with relevant World Bank operational procedures and policies, ensure that appropriate governance, environmental, and social safeguards arrangements are established and carried out in accordance with principles that build ownership, prevent and mitigate undue harm to people and their environment in the reconstruction and development process, through the participation of recipients and other stakeholders;
 - f. The Grant recipient will be required to: (i) maintain an appropriate and adequate financial management system, including records and accounts, and prepare financial statements adequate to separately reflect the operations, resources and expenditures related to the activity financed under the Grant; and (ii) have the above-mentioned records, accounts and financial statements audited annually, in accordance with auditing standards acceptable to the Trustee, by independent auditors acceptable to the Trustee.

D. Special Terms and Conditions Governing UN Executed Grants

6. The World Bank Group and some UN agencies have entered into a Financial Management Framework Agreement (FMFA), based on the principle of equivalent assurance of respective financial management regulations of each partner. The FMFA allows signatory UN agencies to receive grants from the World Bank and administer their own procedures for financial management, streamlining implementation.
7. Where the executing agency of a proposed MTF grant is a UN agency that is a signatory of the FMFA, the grant may be administered in accordance with the terms and conditions of the FMFA, as agreed upon by the Bank (as Trustee) and the UN agency as the executing agency, and as approved by the Steering Committee.

IV. OPERATIONS CYCLE OF MTF FINANCED ACTIVITIES

1. This section details the steps for project development, approval and implementation. Procedures will be identical whether Steering Committee meetings are held in person or virtually, and any reference to the Steering Committee should be considered as such.

A. Summary Table

Steps / Actions Required	Responsibility	Performance Standards
<p>Step 1: Project Concept Note (PCN) Submission (a) Prepare project concept note/TA proposal, seek endorsement from MILF & GPH, and submit to Secretariat using MTF Template</p>	<p>Proponent (Secretariat may assist in seeking MILF & GPH endorsement where necessary)</p>	<p>As necessary</p>
<p>Step 2: Evaluation by Secretariat and Technical Management Group (TMG) (a) Secretariat checks eligibility criteria and circulates to TMG for review (b) TMG reviews concept and either rejects, sends back for revision or endorses to Steering Committee. Secretariat notifies proponents of proposals not considered.</p>	<p>Secretariat TMG</p>	<p>Within 20 working days</p>
<p>Step 3: Steering Committee Meeting and Decision (a) Steering Committee reviews Concept Note and authorizes allocation of resources for appraisal and ear-marking of funds for subsequent implementation subject to successful appraisal (b) Secretariat informs proponent/partner agency</p>	<p>Steering Committee Secretariat</p>	<p>Decision taken at scheduled SC meeting Within 10 working days</p>
<p>Step 4: Full project proposal and appraisal (a) Proponent prepares full proposal, using MTF Template (b) Secretariat, in coordination with proponent, organizes and conducts appraisal of full proposal, including preparation of World Bank compliant appraisal package</p>	<p>Proponent Secretariat</p>	<p>As necessary World Bank guidelines on financial management, procurement, environmental and social safeguards apply</p>
<p>Step 5: Evaluation of appraisal documentation by Secretariat and TMG (a) Secretariat circulates appraisal package to TMG for review (b) TMG reviews and authorizes Secretariat to endorse appraisal package to Steering Committee</p>	<p>Secretariat TMG</p>	<p>Within five working days Within fifteen working days</p>

Steps / Actions Required	Responsibility	Performance Standards
Step 6: Steering Committee decision on appraisal package (a) Secretariat forwards with concise review notes to the Steering Committee for decision (b) Steering Committee decides (or requests for further clarification and/or information if necessary)	Secretariat Steering Committee	Within five working days
Step 7: Approval of Activity (a) Approval of the Activity (Project/Technical Assistance)	World Bank (as Trustee)	According to standard Bank procedures
Step 8: Grant Agreement and Funds Transfer (a) Finalization of Grant Agreement between Executing Agency and World Bank (b) Signing and Effectiveness of Grant Agreement	World Bank Country Lawyer World Bank (as Trustee)	According to standard Bank procedures
Step 9: Project Implementation (a) Implementation by executing agency	Executing Agency	As per project requirements
Step 10: Project Supervision and Monitoring (a) Field supervision of activities under implementation and monitoring of physical and financial progress in achieving results (b) Reports, including performance indicators, on physical and financial progress in achieving results for each grant submitted to Steering Committee	Secretariat (Steering Committee members, or their representatives, if interested, local Civil Society should be encouraged to be included in supervision framework)	Semi-annually Quarterly
Step 11: Independent Evaluation of Implementation (a) Independent evaluation	External monitoring agent (contracted by World Bank as Trustee)	Evaluation at closure
Step 12: Project Completion (a) Preparation of Completion Report (b) Secretariat reviews and endorses Completion Report to Steering Committee	Executing Agency Secretariat	No later than six months from closing date of grant agreement Within 20 working days

B. Detailed Explanation of Each Step in Operations Cycle

Step 1: Project Concept Note Submission

- Proponents may submit a project concept note (PCN) in accordance with the MTF PCN template (see Annex 1) to the Secretariat. The PCN should include an endorsement letter from the GPH and/or the MILF co-chairs of the Steering Committee or their representatives. If the proposed implementing agency is different from the proponent, the PCN should indicate the proposed implementation arrangements and include an explanation of the comparative advantage of the implementing agency.

3. The Secretariat is available to proponents to support PCN preparation and in obtaining endorsement from the co-chairs.

Step 2: Evaluation by Secretariat and Technical Management Group

4. Upon receipt of the PCN, the Secretariat will review the PCN for completeness and if needed return it to the proponent with guidance for measures to improve it. Once a complete PCN is received, the Secretariat shall review the project to: (i) ensure it is in line with the development objective of the MTF; (ii) consistent with the Bangsamoro Development Plan (once finalized) and/or the Philippines Development Plan; (iii) supports the GPH-MILF peace process; and (iv) strengthens local Bangsamoro institutions. The Secretariat may seek external expertise in the relevant sector(s) to assist in its evaluation. While appreciating that it is still a project concept, the Secretariat may request at this time that the proponent(s) prepare supplementary information that it considers may be necessary to be provided to members/observers at the Technical Review.
5. Once the Secretariat is satisfied with the quality of the PCN, the Secretariat shall circulate the documentation together with its evaluation of the project concept to the Technical Management Group with an invitation to attend a technical review meeting. The purpose of the technical review is to enable: (i) the proponent to present the project concept to interested members/observers; (ii) members of the TMG to seek and receive clarification on any technical issue related to the concept; and (iii) seek consensus from the TMG to endorse the project to the Steering Committee for consideration.
6. At the Technical Review meeting, based on clarifications provided by the proponent(s), attendees of the Technical Review shall provide one of the following recommendations to the Steering Committee: (i) the project concept be presented for formal endorsement at the next SC meeting, (ii) the project concept be held over and revised for consideration at a future SC meeting. The Secretariat shall take and circulate minutes of the Technical Review meeting that reflect key discussion points and recommendations. Depending on the nature of the revisions to the PCN requested by the TMG (if any), the Secretariat may hold an additional Technical Review meeting prior to or after the proponent(s) re-submits the PCN. For PCNs that the TMG considers unsuitable for MTF financing, the TMG may recommend informing the Steering Committee of such rejection.
7. The Secretariat shall endeavor to align project proposals and TMG endorsements with the schedule of arranged Steering Committee meetings. Where this is not possible, the Secretariat may, at its discretion, circulate a complete PCN, endorsed by the TMG, to the SC electronically. The PCN would then be considered by the SC according to its procedures for decisions without meeting, as elaborated above.

Step 3: Steering Committee Meeting and Decision

8. An invitation to the Steering Committee meeting shall be circulated electronically to all members/observers and their representatives at least fifteen working days prior to the meeting. The invitation shall contain details relating to the venue, date and time and the agenda. In addition, all relevant information pertaining to the SC meeting such as (i) draft minutes of the previous SC meeting; (ii) PCNs, supplementary information, Secretariat Concept Evaluation(s) put forward for SC decision; and (iii) any other relevant documentation that the SC may require.
9. The Steering Committee's review and decision on a PCN will include the following: (i) designation of the Implementing Agency and the Partner Agency (and designation of the Partner Agency to act also

as the Implementing Agency in the case of certain UN agencies); and (ii) allocation of funds for implementation subject to appraisal successfully meeting requisite terms and conditions. The decision of the Steering Committee will be communicated to the proponent(s), Implementing Agency (if different) and Partner Agency (if relevant) by the Secretariat in writing within five working days of the minutes being approved.

10. Steering Committee endorsement may come in two forms: (i) unconditional endorsement; and (ii) endorsement subject to several conditions/issues that may be addressed at the appraisal stage. Should SC endorsement come in the second form, the conditions/issues shall be communicated in writing to the proponent(s), Implementing Agency and Partner Agency by the Secretariat. These conditions/issues shall be reflected in the minutes of the meeting.
11. If the PCN is not endorsed by the Steering Committee, it can either (i) refer the PCN to the proponent as unsuitable, or (ii) return the PCN back to the proponent for revision. The revised PCN would then follow the same process of endorsement through the TMG as described above.

Step 4: Full Project Proposal and Appraisal

12. Endorsement of a PCN by the Steering Committee is a signal for the Implementing Agency to prepare the project/program and the designated Partner Agency to proceed with appraisal of the project as soon as practicable from the receipt of the Secretariat's written advice on the Steering Committee's endorsement. SC endorsement of the PCN is not a guarantee that a project will be approved.
13. The appraisal mission will be conducted by the Secretariat, in coordination with the proponent, according to the World Bank's guidelines on financial management, procurement and environmental and social safeguards. The appraisal documentation should also confirm compliance of the proposed activities with the terms and conditions that govern MTF grants including Standard Provisions governing contributions to the MTF and this Operations Manual. Amongst many factors for assessment, appraisal shall include assessment of institutional arrangements, technical quality and economic viability with specific attention given to governance and anti-corruption measures. Members of the Steering Committee and the Secretariat may also be invited to participate in the appraisal mission.
14. The appraisal documentation, submitted to the Steering Committee, shall be formulated in accordance with the World Bank standard guidelines and will include, at a minimum arrangements for:
 - a. Procurement;
 - b. Financial management;
 - c. Social and environmental safeguards;
 - d. Management structures;
 - e. Visibility;
 - f. Monitoring and evaluation;
 - g. Governance;
 - h. Anti-corruption.
 - i. Mandatory reporting obligations; and

- j. Supervision Plan for the life of the project (frequency, tentative dates, specialties/responsibilities of each supervision team member etc).
 - k. Completion within the current closing date of the MTF.
15. The appraisal documentation shall meet minimum standards for monitoring and evaluation including adequately defined indicators with base-line values and arrangements for monitoring achievement of results. These will include:
- a. Precisely defined project indicators, base-line values, and targets:
 - Indicators of progress should be limited in number and reflect elements that make a critical difference to the recipient agencies or individuals.
 - Indicators should be measurable (allowing meaningful comparison between geographical areas, over time, and with expectations). Their status should be able to be monitored at reasonable cost.
 - Indicators and targets should be clearly defined to avoid disputes about whether or not a program is on track.
 - Expected results or targets should be achievable within the time frame indicated.
 - b. Ensuring that M&E functions are established within Executing Agencies. Proposals should indicate what strategy will be used to obtain and disseminate information and how monitoring will feed into the decision-making process – what mechanisms exist (or need to be established) for program review and adjustment, and how local communities and civil society organizations will be involved in monitoring progress. Grant Executing Agencies should have reasonable prospects of reporting on performance indicators on a six monthly basis.
16. Where the PCN is an extension to a project that already exists, the Appraisal package need only consist of a brief document that highlights the key differences/changes between the project extension and the existing project, and shows that the project meets the requirements of the MTF as set out above. The Partner Agency may then submit to the Secretariat its appraisal package comprising its previous appraisal document(s) for the project plus the brief document highlighting the differences/changes for the extension.

Step 5: Evaluation of Appraisal Documentation by Secretariat and TMG

17. The evaluation of the appraisal documentation by the TMG shall follow the same procedures as set out for the evaluation of a PCN. The Secretariat shall provide a summary of the appraisal package to TMG members that:
- a. Confirms that the appraisal documentation complies with requirements of the Operations Manual;
 - b. Notes any changes between the appraisal documentation and the PCN, including clarification on these changes.
 - c. Ensures technical considerations of the project are met, including:
 - i. Inclusion of Environmental and Social Safeguards
 - ii. Mitigation of Risks

- iii. Procurement Plan and Anti-Corruption Plan
 - iv. Clear governance arrangements
 - v. Adequate level of detail on the project, including specific M&E arrangements
 - vi. Financial and Disbursement arrangements
 - vii. Capacity of the implementing agency to implement the project. This may include recruitment and procurement capacities, as well as ability to establish and implementing acceptable financial management processes.
18. The TMG may then either: (i) endorse the project appraisal package to the SC for its decision; (ii) request additional information from the Secretariat and proponent prior to endorsement; or (iii) reject the appraisal package. Where an appraisal package is rejected, the Steering Committee will be notified and may choose to review the project anyway.

Step 6: Steering Committee Decision on Appraisal Package

19. The evaluation of the appraisal documentation by the SC shall follow the same procedures as set out for the evaluation of a PCN. The Secretariat shall provide a summary of the TMG's deliberations to the SC that details the project and its technical merits and the grounds for the decision of the TMG. Decisions of the Steering Committee will follow its standard procedures as described in the governance arrangements of this operations manual.
20. Implicit in the decision process is the Steering Committee authorization to utilize allocated implementation funds upon the Grant Agreement/Fiscal Agency Agreement becoming effective. The Steering Committee's endorsement will include the following: (i) designation of the Implementing Agency (and designation of the Partner Agency to act also as the Implementing Agency in the case of certain UN agencies); and (ii) allocation of funds for implementation. At this stage, the World Bank, as Trustee, may, after consulting with the Steering Committee, exercise its authority to deny funding to the proposed project where, in the view of the Bank, as Trustee, reasonable doubts arise as to whether the funds concerned will be effectively utilized for the agreed purposes of the MTF.
21. The decision of the Steering Committee will not be contestable, and will be communicated by the Secretariat in writing immediately to the proponent. Such notification(s) should be provided within five working days from when the SC decision came into force.

Step 7: Approval of Activity

22. Upon the Steering Committee's decision, the World Bank will process final approval from management to supervise utilization of the grant by the Implementing Agency on the basis of the completed appraisal package report in compliance with its own policies and procedures.

Step 8: Grant Agreement and Funds Transfer

23. Where the project specifies an agency of the United Nations as Partner Agency, the World Bank shall grant the funds directly to this agency to administer according to its standard operational processes in line with the UN-World Bank Financial Management Framework Agreement. The World Bank will act as fiscal agent and will recover any surplus grant funds at completion of the project for deposit back into the MTF.

24. In all other cases, a Grant Agreement shall be executed between the Implementing Agency and the World Bank. The Secretariat will furnish the Steering Committee a copy of the countersigned Grant Agreement. Unless special conditions for effectiveness are provided for in the Grant Agreement/Fiscal Agency Agreement, all Grant Agreements/Fiscal Agency Agreements shall become effective upon signature by both parties.
25. Upon receipt of the request for withdrawal from the implementing agency, the Secretariat, on behalf of the World Bank, as Trustee, will arrange for the transfer of the initial payment to the implementing partner's account in accordance with the appraisal documents. Subsequent payments shall be made in accordance with the arrangements for project implementation. Upon completion of the project, all surplus funds will be returned promptly to the Trustee for deposit back into the Multi Donor Fund.

Step 9: Project Implementation

26. Upon effectiveness of the Grant Agreement/Fiscal Agency Agreement, the Implementing Agency may begin implementation and request for initial disbursements from the Partner Agency (World Bank or UN agency) as applicable and as provided for in the arrangement between the Partner Agency and Implementing Agency. Implementation of the Grant will comply with the policies and procedures of the Partner Agency, as well as the terms and conditions governing MTF grants including the Standard Provisions governing contributions from donors and this Operations Manual.
27. During project implementation, the Implementing Agency will produce regular progress reports and submit these to the Partner Agency, in accordance with arrangements between the Implementing Agency and Partner Agency. In cases of unsatisfactory progress, the Partner Agency may propose the suspension or cancellation of the Grant.
28. The Secretariat, on behalf of the World Bank as Trustee, will arrange to replenish the project account by means of a transfer from the MTF account for the activity in accordance with the Grant Agreement/Fiscal Agency. Such tranche releases may be in accordance with particular triggers agreed during appraisal.

Step 10: Project Supervision and Monitoring

29. Projects will be supervised in accordance with the standard policies and procedures of the World Bank or, where relevant, partner UN agency. Nevertheless, it is expected that an Implementation Support Mission for MTF-financed projects will be fielded as frequently as considered appropriate for the activity but at least once every six months. Where a project is implemented in partnership with a UN agency, the Secretariat will be invited to join the supervision mission. Steering Committee members and relevant Civil Society Organizations should also be encouraged to participate in supervision mission.
30. Monitoring should be conducted by the executing agency and implementing partner according to performance indicators (both baseline values and expected targets) previously defined during project appraisal, and findings reported on in the regular progress reports submitted to the Steering Committee on a quarterly basis.

Step 11: Independent Evaluation of Implementation

31. Projects shall be subject to monitoring and evaluation at closure by an independent entity engaged by the Secretariat. Steering Committee members and the Secretariat may review the terms of

reference and join these independent evaluation missions. Where appropriate, projects may contract independent parties, such as NGOs and CSOs to conduct external checks and evaluations on a regular basis. The independent entity shall submit a report to the Secretariat for review and dissemination to the Steering Committee.

Step 12: Project Completion

32. The Implementing Agency and the Partner Agency (where relevant) are required to submit a post-implementation completion report in accordance with the procedures on the project activities financed under the Grant within six months after the completion of the project.
33. The Secretariat will review and endorse completion reports to the Steering Committee in a timely manner.

V. PROCEDURES FOR AMENDING EXISTING PROJECTS

1. Where the Implementing Agency seeks to make changes to an existing project and the Secretariat determines whether or not these changes are significant, procedures for seeking MTF approval are outlined below.

A. Types of Amendments

2. Any request for additional funding in excess of US\$ 100,000 or 10 percent of the total project value (whichever is higher) shall be considered a major/significant change. In addition, this Operations Manual defines three types of changes regardless of additional financing requirements:
 - a. Major/significant changes that require modifications to the project development objectives and/or associated outcome targets.
 - b. Major/significant changes that do not require modifications to the development objectives or associated outcome targets but require modifications in project design, reallocations of inputs, or changes in outputs.
 - c. Minor changes may include modifications in executing units or denominations, implementation plans and schedule changes, new action plans to bring the project back on track, new reporting requirements (or other adjustments to improve implementation), closing dates or implementation dates that under the terms of the legal agreement may be put into effect by notice.

B. Documentation Required

3. For an extension of the closing date only, the implementing agency should submit its request no less than 45 days before the proposed changes are to take effect, including the following details to the Secretariat:
 - a. Description of why the project does not have sufficient time to achieve expected outputs, including the context on how the environment has changed since appraisal, so that the additional time for implementation is required and that project objectives continue to be achievable.
 - b. When useful, the GPH or MILF co-chairs of the Steering Committee can submit a letter of support for the extension.
4. For all other amendments, the Implementing Agency shall submit its request, no less than 60 days before the proposed changes are to take effect, including the following details to the Secretariat:
 - a. A short summary of the scope of the changes proposed, and a detailed description of the changes to the project including, but not limited to, outputs, implementation mode, and partners.
 - b. Detailed table showing original budget against the new budget allocation by components and highlighting their differences. In the case of reallocation of inputs (funds) across cost categories in the Grant Agreement, these should be clearly linked to the project activities and budget.
 - c. A clear rationale for these changes to improve project performance.
 - d. Provide the context on how the environment has changed since appraisal, so that the original design is no longer relevant.

- e. When useful, the GPH or MILF co-chairs of the Steering Committee can submit a letter of support for the extension.
5. Upon receipt of the amendment documentation, the Secretariat shall process the request according to the procedures laid out below. The implementation period for any projects for which Additional Funding Requests are submitted may not have existing or new closing dates of later than six months prior to the closing date of the MTF, which is currently June 30, 2017.

C. Procedures for processing amendment requests

6. **Minor changes:** Minor Changes without additional financing as defined above do not require TMG or SC approval. For additional financing requests of less than US\$ 100,000 or ten percent of the project value (whichever is higher), the Secretariat shall, upon receipt of the documentation, circulate it to the Technical Management Group, for their virtual review with a Secretariat evaluation and recommendation. The TMG shall have ten working days to recommend whether to (i) circulate to the Steering Committee for formal “no objection” endorsement; (ii) circulate to the Steering Committee for formal “no objection” subject to satisfactory responses to questions and issues raised by the Technical Management Group; or (iii) recommend not endorsing the additional financing request.
7. Should the TMG or the Secretariat deem the nature of the additional financing request requires a meeting of the TMG, the Secretariat shall organize such meeting. The Technical Management Group shall recommend at the meeting the next steps for the request and the Secretariat shall take and circulate minutes that reflect key discussion points and recommendations.
8. Subject to the recommendation of the Technical Management Group, the Secretariat shall circulate the Additional Financing Request to the Steering Committee for decision according to its standard procedures as set out in this operations manual.
9. **Major Changes, including additional financing requests in excess of US\$ 100,000 or ten percent of the project value (whichever is higher):** The Secretariat shall circulate the proposal for amendment to the Technical Management Group with an invitation to a Technical Review meeting to discuss the change and/or additional financing request with a Secretariat evaluation and recommendation. The Technical Review meeting shall take place no less than ten working days after circulation of the Amendment Request. At the Technical Review meeting, the Technical Management Group shall recommend whether to (i) circulate to the Steering Committee for formal “no objection” endorsement; or (ii) circulate to the Steering Committee for formal “no objection” subject to satisfactory responses to questions and issues raised by the Technical Management Group; or (iii) recommend not endorsing the amendment. The Secretariat shall take and circulate the minutes of the Technical Review meeting that reflect key discussion points and recommendations.
10. Subject to the recommendation of the Technical Management Group, the Secretariat shall circulate the proposed amendment to the Steering Committee for the Steering Committee for decision according to its standard procedures as set out in this operations manual.

VI. FINANCIAL MANAGEMENT, PROCUREMENT AND SAFEGUARDS

1. All MTF projects are required to follow and meet the Bank's policies and standards for procurement, environmental and social safeguards and financial management. However, where a UN agency is a recipient of an MTF grant, its internal policies and standards will apply as set out in the UN-World Bank Financial Management Framework Agreement.

VII. TRUST FUND CLOSURE

1. At the closing date of the Multi Donor Trust Fund, which is currently June 30, 2017, the functions of the World Bank as Trustee/Administrator will be terminated in an expeditious and orderly manner except for any actions necessary for winding up activities of the Fund.

A. Reporting

2. Final report from Implementing Agencies: All partner agencies managing projects funded by MTF will ensure that final reports are submitted to the Secretariat within six months of the closure of the projects.
3. Final report from the Trustee to the Steering Committee: On closure, the Trustee will submit to the Secretariat a final financial report and a report showing the outcomes of the MTF portfolio of projects within 6 months of the closure of the MTF.

VIII. OTHER MATTERS

A. Disclosure and Visibility

1. **Visibility:** The Trustee shall prepare and implement a Communications and Visibility Plan for the Facility. Where appropriate the Communications and Visibility Plan will include activities to promote Contributor visibility on information materials pertaining to projects and at the sites of the projects.
2. **Disclosure:** The Trustee and the Government of the Philippines may disclose to the public this Operations Manual and any other information with respect to the MTF and its operations in accordance with the Bank's policy on disclosure of information and as the Steering Committee may decide.

B. Overriding Authority of the Administration Agreement

3. This Operations Manual is unofficially endorsed by the MTF Steering Committee members and is not legally binding. In the event of any conflict between the Administration Agreement and this Operational Manual, the provisions of the Administration Agreement will prevail.

C. Amendments to the Operations Manual

4. This Operations Manual may be revised, from time to time as required.
5. All revisions will be subject to the approval of the Steering Committee, based on recommendations from the Technical Management Group.

ANNEX 1: PROJECT CONCEPT NOTE TEMPLATE

I. Introduction and Context

- A. Background and Context
- B. Sectoral and Institutional Context
- C. Relationship to MTF Development Objectives, BDP/PDP
- D. How the proposed program will support GPH-MILF Peace Process and strengthen Bangsamoro local institutions

II. Proposed PDO/Results

- A. Proposed Development Objective(s)
- B. Key Results

III. Project Context

- A. Concept
 - 1. Description , including components and proposed institutional arrangements
 - 2. Overall Risk and Explanation
- B. Economic Analysis
 - 1. Briefly describe Project's development impact in terms of expected benefits and costs
 - 2. Rationale for public sector provision/financing, if applicable
 - 3. Value Added of support by the proposing agency
 - 4. Brief description of methodology/scope and next steps
- C. Implementing Agency Assessment

IV. Indicative Budget and Work Plan

ANNEX 2: FULL PROPOSAL TEMPLATE

I. STRATEGIC CONTEXT

A. Background and Context

B. Sectoral and Institutional Context

C. Higher Level Objectives to which the Project Contributes

- link to BDP/PDP and MTF objectives
- How program will support GPH-MILF Peace Process & strengthen Bangsamoro local institutions)

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

- Project Beneficiaries
- PDO Level Results Indicators

III. PROJECT DESCRIPTION

A. Project Components

B. Project Financing

- Project Cost and Financing

C. Lessons Learned and Reflected in the Project Design

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

B. Results Monitoring and Evaluation

C. Sustainability

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

B. Technical

C. Financial Management

D. Procurement

E. Social (including Safeguards)

F. Environment (including Safeguards)

G. Other Safeguards Policies Triggered (*if required*)

Annex 1: Results Framework and Monitoring

Annex 2: Implementation Arrangements