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United Nations Development Programme

PROJECT DOCUMENT

[Philippines]

Project Title: **EU-PH Partnership for Green Economy: Green LGUs**
Project Number: 01001427
Implementing Partner: UNDP
Start Date: 1 March 2024 End Date: August 2028 PAC Meeting date: 16 February 2024

Brief Description

The Philippines, known for its dynamic economy and vast archipelago of 7,100 islands, faces challenges exacerbated by its large population and rapid urbanization. This has led to heightened demand for goods and services, resulting in increased consumption and waste generation.

The country gained international attention for its significant contribution to marine plastic pollution, ranking as the third largest source globally in 2015 and the largest contributor of mismanaged plastic waste into the marine environment through river systems in 2021 - posing severe environmental, economic, and social costs, and exacerbating climate and disaster risks.

The transition to a circular economy offers a transformative approach in addressing the waste issue, including plastic pollution. Additionally, circular economy approaches have the potentially to significantly reduce greenhouse gas (GHG) emissions, thus contributing to the country's Nationally Determined Contribution (NDC). Pursuing a circular economy not only reduces environment pressure and GHG emissions, but also yields socioeconomic benefits, fostering economic growth and job creation, and resilience.

Local government units (LGUs) are recognized as pivotal in driving the circular economy, offering fertile ground for innovative and scalable solutions. With their policy autonomy and fiscal capacity, LGUs can shape the circular economy landscape. Despite varying contexts and capabilities, there is potential to cultivate entrepreneurial LGUs that influence supply and demand dynamics. However, LGUs and stakeholders face significant challenges. Efforts are aimed at addressing key barriers to accelerate the transition towards a circular economy at the local level.

The Project aims to enhance the capacities and practices of local government units (LGUs) on circular waste economy in collaboration with private and civil society organizations (CSOs), with focus on youth and gender equality.

Key results expected at the end of the Project include:

- Reduced volume of waste generated and sent to landfills in partner LGUs
- Greenhouse gas emissions reduced and avoided (tonnes of CO_{2eq}) from reduced waste and implementation of circular economy initiatives
- At least 20 LGUs have established circular economy models, including introduction of source separation and collection systems for wastes recycling, diversion, repurposing and other CE initiatives
- Additional number of organizations applying CE and sustainable consumption and production practices in partner LGUs
- Additional jobs (including green jobs) created across the circular economy value chain, disaggregated by gender and groups
- At least 10 LGUs in which nationally defined green procurement criteria have been applied
- About 15 LGUs that feed their NDC reporting with improved gender and youth sensitive data on co-benefits of CE

The Project is part of the larger European Union-funded Green Economy Programme in the Philippines, which supports the Philippines' transition towards a green economy, including circular economy, reducing waste and plastics, as well as to increase material and resource efficiency and renewable energy deployment to support climate change mitigation. The transition to circular

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economy brings ecological and economic benefits which can positively impact businesses, governments, informal sector, and civil society by reducing use of raw materials, creating economic opportunities from waste materials, and generation of minimal to no pollution.

Contributing Outcome (UNSDCF/CPD 2024-2028) 3: By 2028, all people benefit from just transition to low-carbon, climate-resilient development, sustainable management of environment, natural resources and biodiversity and strengthened resilience to disasters and natural hazards. 2: By 2028, all people, benefit from a more integrated, innovative, inclusive, and sustainable economy that generates decent work and livelihood opportunities. Indicative Output(s) with gender marker[1]: **Overall: GEN2**	**Total resources required:**	**USD 25,545,800**
	Total resources allocated:	
	UNDP TRAC:	
	Donor:	**USD 24,945,800[2]**
	Government:	
	In-Kind:	**USD 600,000[3]**
	Unfunded:	

Agreed by (signature):

UNDP
DocuSigned by: 00A71179A59543C... Print Name: SELVA RAMACHANDRAN
Date: 29-Feb-2024

[1] The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)
[2] Based on InforEuro exchange rate as of February 2024 at 1 Euro = 1.0846 USD
[3] Estimates of LGU co financing in kind. About USD 20,000 per LGU for the 20 Tier 1 LGUs and USD 5,000 per LGU for the 40 Tier 2 LGUs. The exact amounts shall be determined and documented during implementation.

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LIST OF ACRONYMS

ACE Project	Accelerating [NDC] for Circular Economy Project
ALab	Accelerator Lab
CCC	Climate Change Commission
CE	Circular Economy
CPD	Country Programme Document
CEPS	Centre for European Policy Studies
CSO	Civil Society Organization
DENR	Department of Environment and Natural Resources
DILG	Department of Interior and Local Government
DIM	Direct Implementation Modality
DOE	Department of Energy
DRR	Disaster Risk Reduction
DRR - UNDP	Deputy Resident Representative
DTI	Department of Trade and Industry
EC	European Commission
EPPIC	Ending Plastic Pollution Innovation Challenge
EPR	Extended Producer Responsibility
EU	European Union
GDP	Gross Domestic Product
GEDSI	Gender Equality, Disability and Social Inclusion
GEPP	Green Economy Programme in the Philippines
GHG	Greenhouse Gases
HACT	Harmonized Approach to Cash Transfer
ICE Hub	Innovation for Circular Economy Hub
IFC	International Finance Corporation
IRR	Implementing Rules and Regulations
KM	Knowledge Management
LGU	Local Government Unit
LGA	Local Government Academy
LMI	Lower Middle-Income
MEL	Monitoring, Evaluation and Learning
MPW	Marine Plastic Waste
MRF	Materials Recovery Facility
MSW	Municipal Solid Waste
MT	Metric tonne
NDC	Nationally Determined Contribution
NEDA	National Economic and Development Authority
NPOA-ML	National Plan of Action on Marine Litter
NSWMC	National Solid Waste Management Commission
OEs	Obliged Enterprises (OEs)
OECD	Organisation for Economic Co-operation and Development
PDP	Philippine Development Plan
PMU	Project Management Unit
PROs	Producer Responsible Organizations
R&D	Research and Development
ROAR	Results Oriented Annual Report
RQT	Results Quality Team
SCPAP	Sustainable Consumption and Production Action Plan
SDGs	Sustainable Development Goals
SO	Specific Objective
SP	Strategic Plan
TAPs	Technical and Administrative Provisions
UMI	Upper Middle-Income
UN	United Nations
UNDP	United Nations Development Programme

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I. DEVELOPMENT CHALLENGE

Socioeconomic Context

The Philippines' gross domestic product (GDP) has been growing in recent years accelerating from 5.6 percent in 2021 to 7.6 percent in 2022—after a dip of 9.5 percent during the COVID-19 pandemic. Purchasing power parity GDP per capita has been growing to USD 8,893 in 2021, whilst GINI index has been slowly dropping to 0.4119 in the same year (World Bank, 2023). World Bank now classes the Philippines as a lower middle-income (LMI) country and the government is aiming to achieve upper middle-income (UMI) country status by 2025[4]. Tagged as one of the most dynamic economies in the Southeast Asia and Pacific region, the Philippines' economy has been supported strongly by labour market and robust remittances, with optimistic performance from service sectors like outsourcing, wholesale and retail trade, real estate, and tourism, among others. The country is a consumption driven economy, where in 2021, Filipino households' consumption production accounts for 90.8% of GDP.

The country's population was at 109,035,343 in 2020, with an annual population growth rate of 1.63 percent[5]. The Philippines is also rapidly urbanizing, with a level of urbanization growing from 45.3 percent in 2010 to 51.2 percent in 2015. Projections show that the number of people living in cities and urban areas will be around 56 percent of the total Philippine population by 2050 (UN, 2014).

The Philippines' socioeconomic trends have resulted to increased demand for food, social services, infrastructure, transport facilities, power, and other basic needs. Meeting the demand requires increased extraction, processing, and transport of renewable and non-renewable resources. Over the last three decades, the Philippines' material and energy flows have increased (corresponding to a two- to four-fold increase in the demand for raw materials and energy), which signals the transition from agrarian towards an industrial and service-based economy. Waste composition is also shifting from biodegradable to non-biodegradable materials such as plastics, metals, and non-metallic minerals. This signifies inefficient allocation and use of resources and low levels of circularity, posing greater risks to the environment and public health[6].

Environmental Impact

This consumption-driven economy, among other factors, has contributed to marine litter, where majority is plastic waste and much of this from packaging, has become one of the most pressing threats to the coastal and marine environment, particularly in the Philippines, given its archipelagic nature and being the global epi-center of marine biodiversity.

In 2015, the Philippines was named as the third largest source of discarded waste – bulk of which is plastic waste, that ends up in the ocean, following China and Indonesia. According to the study, the Philippines is contributing almost three million metric tons of plastic waste generation and about 500,000 metric tons of plastic waste leakage per year. This gave prominence to the issue of plastic pollution in the country.

The Philippines' waste generation steadily increased from 37,427.46 tons per day in 2012 to 40,087.45 tons in 2016 and is expected to increase by 165 percent to 77,776 tons by 2025. Metro Manila, which is composed of 16 highly urbanized cities and one municipality, generated the biggest volume of waste. In 2021, the National Solid Waste Management Commission (NSWMC) reported that the bulk of municipal solid waste (MSW) comes from households (56.7 percent), followed by

[4] Philippine Development Plan 2023-2028
[5] Philippine Statistics Authority https://psa.gov.ph/content/2020-census-population-and-housing-2020-cph-population-counts-declared-official-president
[6] Philippine Action Plan for Sustainable Consumption and Production

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commercial sources (27.1 percent) such as general merchandise stores, restaurants, and markets, public institutions (12.1 percent), and industrial sources (4.1 percent). About half (52.31 percent) of MSW generated in the country is biodegradable, mainly food waste, followed by recyclables (27.78 percent). Meanwhile, historical data shows that approximately 75 percent of plastics will likely end up as waste clogging landfills, sea, and waterways.

In a more recent study in 2021, the Philippines was ranked the largest contributor of mismanaged plastic discharged to the marine environment through the riverine system with 356,371 MT per year or 8.8 percent of the total generated marine plastic waste (MPW) in the country (Meijer et al., 2021)[7]. The country generates 61,000 MT of solid waste daily, 12 to 24 percent of which is plastic waste. Filipinos utilize more than 163 million plastic sachet packets, 48 million shopping bags, and 45 million thin-film bags daily, 33 percent of which are disposed in landfills and dumpsites. Around 35 percent of these leak into open environment and oceans. The World Bank has reported that plastic waste leads to a plastic material value loss of about USD 790-890 million per year[8].

The Philippines is also among the most vulnerable to disaster and climate risks. It ranked fourth among countries most affected by extreme weather events according to the Germanwatch's Global Climate Risk Index. It ranked first with highest disaster risk in the 2022 World Risk Report. This exacerbates the risks brought about by the waste issue.

Gender Equality, Disability and Social Inclusion (GEDSI)

A gender-equal social, economic and political structure is a necessary foundation for the circular waste economy to deliver systemic and sustainable solutions. Recognizing the role of these structural factors and how they influence and shape the transition towards circularity emphasizes the need for applying a GEDSI perspective so that 1) solutions do not perpetuate existing inequalities, i.e., women's increased exposure to unsustainable work conditions and waste-related hazards, and 2) opportunities are provided for vulnerable groups such as the informal sector, women, youth, persons with disabilities, and others to be capacitated and integrated in the circular economy value chain.

Plastic pollution poses a threat to human health and food safety, with women and youth being the most vulnerable. Women's participation in waste management is often informal and involves activities with more direct exposure to pollution, such as picking recyclables from municipal waste, dumpsites, or landfills. This have made them particularly vulnerable to social stigma and health hazards[9] and underscores the need for gender-sensitive approach in the implementation of Circular Economy (CE) activities.

A 2019 study on women's participation in the informal waste sector found that while men are tasked with more labor-intensive activities of loading and unloading, women perform the more repetitive and time-consuming tasks of sorting and separating. In addition to these occupational challenges, most women in the waste sector must deal with the competing demands from domestic and childcare responsibilities. The physical nature of some of the tasks involved, as well as health and safety issues, add another layer of concern for women engaged in waste management.

Other prevailing gender issues such as unequal power relations between women and men, gender-based violence and gender bias may also limit or hinder women's participation in a circular economy. Gender-based violence in the form of sexual harassment can be a barrier to women's

[7] Source:https://www.science.org/doi/10.1126/sciadv.aaz5803;https://www.visualcapitalist.com/cp/visualized-ocean-plastic-waste-pollution-by-country/

[8] World Bank. 2021 Market Study for the Philippines: Plastics Circularity Opportunities and Barriers.

[9] GA Circular. 2019. The Role of Gender in Waste Management: Gender Perspectives on Waste in India, Indonesia, the Philippines and Vietnam

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mobility and safety. This is a concern when designing shared and collective spaces and utilities in a circular economy. Similarly, circular transition efforts should find a way to address gender bias, stereotyping and discrimination in male-dominated fields such as Science Technology, Engineering, and Mathematics (STEM) which play an important role in circular innovations.[10]

Applying inclusion, gender and disability lens in circular economy strategies is important for the following reasons:

- As consumers, women are the main target of fast fashion, household products and hygiene products which significantly contribute to waste generation.
- Women are also primary caregivers traditionally who makes decisions on what household products, food, etc., to purchase for the family.
- Women are mainly responsible for disposing waste in the household, and that they tend to have more pro-environmental behaviours compared to men; which calls for dedicated demographic strategies when designing behaviour change efforts (The Role of Gender in Waste Management, 2019)
- Gender based violence in the form of sexual harassment can be a barrier to women's safety and mobility and therefore circular economy efforts should address these, including gender bias and stereotyping.
- Poverty plays a role in circular economy strategies, considering the link between income inequality and environmentally sustainable behaviour. In addition to the impact of poverty on consumption patterns, it also influences waste management – stemming from such factors as lack of housing, inaccessible waste management facilities, aesthetics, among others.
- Aesthetics or beauty has a profound effect on people's use of space which has a domino effect on social behaviour, such as practices on waste segregation.[11]
- Education and young-age dependency have been found to be CE drivers; more young people are likely to be more environmentally aware and separate waste for recycling than older people. Targeting older people and the less educated are needed for an effective CE transition.
- Persons with disabilities (PWD), the majority of whom are also poor, may have limited access to the jobs, products and services that a circular economy creates. Their rights should be mainstreamed in the business sector, workplaces, educational institutions and government programs of a circular economy.

Finally, it is important to ensure that the transition to a circular economy will not lead to displacement of informal workers in the waste sector. Improving segregation and recycling at source and at household level will leave zero or little opportunity for these workers currently based near landfills. Parallel plans to regularize such workers and connect them to the value chain would be paramount.

Not everyone is able to access, participate or transition to circular practices because of a lack of awareness, capacity and resources, which are exacerbated by their socio-economic conditions, gender, age, and disability. While there are many barriers faced by marginalized groups in transitioning to circularity, there are also opportunities to address them by harnessing these stakeholders as agents of change in the transition. If a circular economy is to be successful in establishing more sustainable production and consumption patterns, it must do so based on principles of equality and inclusion.

[10] CE GEDSI Primer, UNDP Philippines, internal report

[11] UNDP, 2021. Rapid Ethnographic Research on Circular Economy in a Philippine Urban Setting.

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Circular Economy Context

Over the last decade, the systemic transition to CE at the local level has been rising to prominence as a key solution to the problem of environmental impacts and waste. Local governments present ideal hotbeds of innovative solutions to future proof circularity and achieving impacts at scale, particularly in the Philippines where waste management is a devolved responsibility and yet has continued to be a challenge. Local governments have fiscal autonomy and sufficient policy space to enact changes, in the absence of national CE frameworks and policies. LGUs also present context and capability variation across different LGU typologies. Finally, LGUs have the capability to become entrepreneurial government that can influence both demand and supply thus driving transformation at the local level.

Globally, large research programmes funded by public and private research bodies have attempted to design CE-based solutions to critical challenges cities faced when attempting to integrate CE in their processes. Meanwhile, many cities (and companies) across the world have started integrating CE in their economies, and in their planning and operational processes.

In the Philippines, numerous initiatives have been taking shape which rely on the CE. Albeit many interpretations of CE exist, they all agree that CE aims to change the linear economic model in production and consumption of “take-make-waste” into a circular system that is regenerative and restorative by design (Kirchner et. al, 2017). Systemic circular economy is the focus of this project’s approach, a good example of which is the 10R approach which progresses from refuse, through to rethink, reduce, re-use, repair, refurbish, remanufacture, repurpose, recycling, and recover. In the Philippines, the concept of CE is not new. However, up until now, systemic CE by design is not well integrated in the Philippine policy landscape. Recent initiatives such as the development of the National Plan of Action (NPOA) on Marine Litter, the Sustainable Consumption and Production Action Plan (SCPAP), and enactment of the Extended Producer Responsibility (EPR) law in 2022 could drive reduction of plastics production, and accelerate recycling, recovery, and reusability of materials. The EPR framework, once implemented could expand coverage to other forms of packaging thus giving CE a boost in the Philippines.

Many circular activities and industries have existed for decades, such as mechanics, repair shops, and shops for second-hand goods (e.g., *ukay-ukay* or second-hand clothing stores). Many of the long-term “circular” activities, materials, and services are often not recognized as part of the “official” circular economy transition because they have become embedded in Philippine culture and way of life. This is particularly true for informal circular economy activities, which in turn are often managed by women[12].

In Quezon City for example, policy interventions on the use of plastic bags help to curb ocean plastics. The regulations promote the reduction of the use of plastic bags and impose collection of environmental fees for each plastic bag used within the city. A comprehensive, in-depth consultation with the business sector was undertaken to create the plastic bag recovery system and the plastic bag recovery fee. The plastic recovery system aims to change consumer habits and raise awareness, encouraging the use of reusable bags. The measure seeks to curb the number of plastic bags in the waste stream, institutionalize a more efficient and convenient recovery system for plastic bags in line with the 3Rs principle (reduce, reuse, recycle). It is estimated that since its implementation in 2012 and up to the first quarter of 2018 there have been estimated savings of at least PHP 285 million (5.019 million USD).

As of 2019, the NSWMC reported that 489 cities and municipalities in the Philippines (roughly 30%) have policies to regulate the use of plastics, particularly plastic bags. Majority of the local ordinances enforce a ban, followed by a regulation, and a combination of a ban on plastic bags and

[12] UNDP Philippines (2022). Circular Economy and Waste Management in the Philippines: A Stocktaking Report.

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other non-biodegradable materials for dry goods, and regulation for wet goods[13]. Moreover, multinational, national corporations, and small and medium enterprises have made ambitious targets to increase collection, co-processing, recycling capacity, with long term goals to redesign packaging and make them more fully recyclable, reusable, refillable, or compostable[14].

Key Challenges and Barriers

Implementing a systemic CE transition has deep systemic impacts on the local economies, and on all actors. In the Philippines context, CE strategies and practices can be applied to key development priorities such as resource efficiency and waste management, solutions for resilient housing (i.e., from renewable materials), sustainable energy production, innovation, green growth and jobs, and business development.

The challenge of the Circular Economy at the Local Government Unit (LGU) level in the Philippines is two-fold. On the one hand, the required governance capacity is missing. Facilitating and enabling emergence of and transition towards the novel economic models requires a different governance model in terms of steering role of the "entrepreneurial state" providing policy directionality and resource alignment to support the respective transition. By the same token, it calls for a more participatory and open engagement of the ecosystems and communities for collective ownership around this agenda. Indeed, as UNDP's earlier works show, with few exceptions, that capability is missing. Whilst in a few LGUs, often with the help of external agencies (e.g., Government of Japan and UNDP thru the Accelerating Nationally Determined Contribution through Circular Economy (NDC - ACE) project, the notion of systemic changes toward the CE is beginning to be established, the situation is much less favorable in most. For many other LGUs, CE consists simply of implementation of some sparse, non-systemic and patchy interventions with ad-hoc budget allocations. For the majority of the strategies, models, solutions, skillsets and information support is scarce. On top of that, there is the need for a substantial cultural shift, i.e., a change of mindset to firmly move this work beyond "waste management" alone. This limits LGUs' ability to effectively apply new solutions to address CE issues, including those related to waste in the longer term.

On another hand, there are important technical and knowledge constraints affecting the LGUs' ability to introduce effective CE policies, activities and programs. In many instances LGUs lack specific know-how, technical capability and understanding as it relates to CE and its activities. There is a lack of awareness of potential products which can be produced through circular economic activity, along with a lack of capacity to implement new procedures such as green procurement. Circular economy activities are often not included in local government regulatory frameworks. For many communities and marginalized groups, there is a lack of awareness of CE and its potential to improve livelihoods. The cost of CE activities can be prohibitive with lack of accessible and affordable finance, limited business models, and limited access to technology to develop innovative products.

Overall, there are several key interrelated barriers which are affecting the LGUs ability to implement CE activities and influence the behaviour and practices of key stakeholders. These include:

i. **Limited understanding** - It is widely accepted that there is generally low awareness of the general public, LGUs, and different industries in the private sector on the concepts, benefits and options for advancing circular economy. In particular, limited understanding and access to information can cause misconceptions and close-mindedness. It is also worth noting that higher awareness does not automatically equate to addressing the issues. Prevalent beliefs, cultures, and attitudes can still cause resistance to change despite increased access to science and policy-based information. Some of these solutions may have already been

[13] UNDP, 2022. Circular Economy and Waste Management in the Philippines: A Stocktaking Report.

[14] Ibid.

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practiced in the past, but the advent of technology and linear oriented production systems have brought about single use consumption practices.

ii. **Insufficient Capacity** - LGUs face significant capacity challenges as it relates to circular economy and its implementation. While some LGUs such as Pasig and Quezon cities have implemented effective CE activities and policies and have made progress in circular economy activities and reducing waste, many other LGUs have not. Institutional capacity is a key barrier along with the lack of data and enabling policies. Many LGUs simply do not have the technical know-how or in house capacity to address circular economy issues and amplify opportunities arising from this economic model. There is a need for training and advisory services, mentoring, learning by doing, and demonstration - in the LGUs to enhance their capacity so that they can effectively design and implement circular economy solutions. In many instances, LGUs lack equipment and technical know-how and need technical assistance.

iii. **Lack of data and enabling policies** - LGUs lack data to do comprehensive baseline analysis, which then will be used to develop the most effective policies and guide decision making on circular economy issues in the LGUs. Important data such as wastes characterization, volume and potential value of wastes for various purposes, sources of wastes and composition, entities and enterprises involved in circular economy, demand and supply of products, locations of depots and storage, as well as sorting facilities, constrain the development of appropriate systems to implement circular economy solutions and develop enabling policies. Mapping of different players, linking these to develop an entire ecosystem of stakeholders involved in circular value chains is important. Relatedly, the potential economic and financial benefits, including GHG avoidance and reduction potential needs to be better understood, jobs and new business opportunities created, as well as effects of transition on different sectors and enterprises need to be appreciated to develop mitigating measures and protection of those who will be negatively affected. The potential of LGUs to engage with obliged enterprises (OEs) under the EPR law, and the benefits therefrom will be better measured if sufficient data exists at the LGU level.

iv. **Lack of access to financing, incentives, and business models** - For LGUs, the private sector and many other stakeholders, there is a lack of affordable and accessible financing mechanisms, instruments, and solutions for circular economy activities. Often there are no strategies in place raise inclusive and sustainable finance to implement circular economy programmes. At the LGU level, transition require modifications in waste collection, sorting, storage and processing facilities, deployment of equipment for recycling, repurposing, and setting up community facilities for refilling stations, redesign of new products, and linking these with value chain. These transformations would require significant investments to demonstrate returns on investments and co-benefits in the long term. Many organizations and private companies lack the ability to prepare bankable proposals which can then be financed. Since circular economy approaches would require changes in production systems, the transition would require upfront investments which may not be readily available. For some which have been in the business, the resulting returns on investments are not as attractive since the products (such as clothing made of recycled materials for example), are more expensive to produce and therefore not competitive compared to those which employed virgin materials. Academic institutions and the private sector lack the resources to do appropriate research and development for innovative circular economy approaches and solutions.

v. **Technology and R&D –** In the Philippines, technologies in support of circularity are severely lacking, and not yet mature. There are local manufacturers of recycling and repurposing equipment, but standards have yet to be improved and enforced. Even entrepreneurs interested in recycling fabric in the fashion industry for example, do not have access to appropriate and cost-effective technologies. This is linked to the lack of finance. In many instances LGUs lack equipment to implement circular economy activities, while the private

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sector and civil society do not have the tools or technologies to address many technical circular economy issues in the manufacturing sector, or for reuse and repurposing materials, or shift production systems using alternative or environment-friendly packaging materials. Many institutions do not have the resources to do research, while many small-scale enterprises may have significant new technical approaches and innovative ideas which need further resources for development. The development and adoption of new technologies would also require corresponding new skills that are yet to be developed.

vi. **Stakeholder values -** In many LGUs and among the general public, the throw away and single use culture still exists and therefore, further education, awareness raising, training and knowledge sharing in the community is required on circular economy activities. Consumer attitudes have centered on convenience at the expense of its cumulative effects on material footprint, and lost opportunities. This is also driven by production patterns that encourage mass production of plastic or non-environmentally friendly packaging materials, and the lack of interest or incentives to explore other alternatives. The absence of data to inform the public about the localized impacts of the linear economy, and the potential opportunities and benefits essential to instil behaviour change contributes to this situation. For low- income households, the convenience and affordability of buying products in single use sachets has contributed to its popularity as a packaging material and therefore the geometric accumulation of these waste products.

II. STRATEGY

The EU – PH Partnership for Green Economy Programme

The overall objective (impact) of the Programme is to support the Philippines in an inclusive and green recovery by unlocking the potential, the delivery and operationalization of the circular economy aiming at the reduction of waste, increased energy efficiency and renewable energy deployment and promoting climate change mitigation measures.

The Specific Objectives (Outcomes) of the Programme are:

SO1: Improved systemic circular economy and climate change policies and reduced GHG emissions;
SO2: Enhanced practices of circular economy by the LGUs in collaboration with the private sector and the civil society sector, with focus on youth and gender equality;
SO3: Enhanced engagement of the private sector and financial sectors into circular, waste reduction economy; and
SO4: Increased energy efficiency and renewable energy deployment (cross-cutting across levels)

UNDP is responsible for the implementation of the SO2 of the EU Green Economy Programme in the Philippines. The other SOs will be implemented by other entities outside the scope of the action implemented by UNDP as described in this document. The outputs of SO1, SO2 and SO3 will jointly contribute to SO4. In particular, the Programme will use the waste economy as example and as pilot case study of how systemic CE could significantly contribute to transforming the Philippines' economy towards a green economy model.

The UNDP is well positioned to support SO2, given its experience working with LGUs on circular economy, and its work on strengthening policies and programmes to create enabling conditions and mandate for engagements between local governments and stakeholders to advance transformation in the country.

UNDP worked with Pasig City to pilot systemic thinking and portfolio design approaches on circular economy. It conducted ethnographic surveys to better understand the perspectives of different personas on the issue, and what might be excellent entry points for driving change. It supported the

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city government in creating multistakeholder platform for engaging with broad stakeholders to develop a portfolio of solutions through participatory approaches.

Using this experience, UNDP's work expanded to four more cities – namely: Quezon, Caloocan, Manila, and Cotabato through the Japan funded Accelerating NDC through Circular Economy (ACE) Project, while deepening its engagement with the city of Pasig. The Project supported further capacity building, provision of demonstration equipment, and engaged with local communities, startups and innovators to advance circularity in their respective cities. Under this EU-PH Green LGUs Project, the UNDP will bring these experiences in the design of strategy and interventions in working with local governments on circular economy transformation. The UNDP will also deepen its support to the four cities to ensure they serve as models and motivations for others. In addition, the experience working with Samal island, a popular coastal tourist area, employing innovative approaches through the Ending Plastic Pollution Innovation Challenge (EPPIC), will also be useful in supporting similar LGUs under the EU-PH Green LGUs Project.

At the policy and programme level, the UNDP helped shape the NPOA-ML, led by the Department of Environment and Natural Resources. More importantly, the UNDP introduced systemic thinking approaches and integrated circular economy as a key strategy to achieve the objectives of the Action Plan. Under the ACE Project, the UNDP helped the DENR, working with various stakeholders to develop the implementing rules and mechanisms for the Extended Producer Responsibility (EPR) law, incorporating the views of private sector, civil society and local governments. These policies and programmes now serve as enablers for the implementation of this EU-PH Green LGUs Project.

Alignment with UNDP Strategic Plan, UN – Phil Sustainable Development Cooperation Framework (UNSDCF) and Country Programme Document

The Green LGUs Project (**EU – PH Partnership for Green Economy: Green LGUs)** supports the UNDP Strategic Plan, through direct contribution to the following Outputs:
1.1.2 Number of countries that have policy measures[5] in place to enable the enhancement and/or implementation of Nationally Determined Contributions under the Paris Agreement
4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions

The Project is also aligned with the signature solutions through the following ways:

Environment – addressing marine litter issues will help protect important marine biodiversity areas and contribute to sustaining fisheries and deliver other co benefits to communities. Prolonging use of products and materials minimizes depletion of natural resources and limits biodiversity loss

Resilience – some Project activities will support assessment of resilience of wastes infrastructure and develop DRR plans in cooperation with LGUs and communities. Effective waste management will also improve resilience by way of reducing damages and losses from disasters such as flooding brought about by clogged river systems, waterways and related infrastructure.

Gender equality – the Project will give attention to the needs, priorities and opportunities for women and persons with disabilities to benefit equally from circular economy interventions. All activities will be gender responsive, including attention to persons with disabilities.

Poverty and inequality – one of the expected results of the Project is creation of new and green jobs, ensuring that informal sectors are well integrated into the circular economy value chain.

Governance – while targeting capacities and behaviour change of multiple stakeholders, the Project promotes good governance through enabling LGUs to strengthen multi stakeholder platforms, be more inclusive in development and implementation of circular economy strategies.
Energy – by adopting circular economy principles, the project contributes to promoting energy efficiency. While not directly contributing to increased energy access, the Project can potentially

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contribute to renewable energy uptake in the course of implementing selected circular economy strategies.

The Project adopts key enablers as core strategies. Strengthening digital platforms and databases are central to ensuring there is sufficient evidence base for circular economy policies and strategies. Strategic innovation is a key output, to enable the development of solutions that work, ensure LGUs have access to a wide array of possibilities to address what is considered a wicked plastics wastes problem. Finally, the Project aims to mobilize all sources of finance, including innovative finance, and with special attention to inclusivity, sustainability, affordability and accessibility – to support implementation of the LGU's CE portfolios.

The Project directly contributes to Outcome 3 of both UNSDCF and CPD: *By 2028, all people benefit from just transition to low-carbon, climate resilient development, sustainable management of environment, natural resources and biodiversity, and strengthened resilience to disasters and natural hazards.*

In particular, the Project will contribute to the realization of the following targets and indicators under Output 3.1, 3.2 and 3.4:

Output 3.1 Relevant policies, frameworks, strategies and local actions developed to support NDC implementation
Indicator 3.1.2: Number of local governments with improved capacities to implement circular economy and sustainable urban development approaches in support of NDC and PBSAP

Output 3.2 National and sub-national institutions have improved adaptive capacities and resilience to disasters and climate change through increased financing, enhanced tools and platforms, data-driven planning and development, and enabling policies
Indicator 3.2.1: Number of risk-informed and gender responsive development strategies and innovative solutions in place at national, regional, sub-national, and sectoral level (SP IRFF 3.1.1)

Output 3.4 Public and private institutions have improved capacities to promote increased investments in low carbon, climate and disaster resilience, and biodiversity conservation.
Indicator 3.4.1. Number of policies, platforms, and innovative inclusive, sustainable, affordable and accessible finance instruments developed to increase public and private sector investments in resilience, low carbon and natural resources and biodiversity conservation (SP IRRF E.3.2)

Indirectly, the Project will support the realization of certain indicators and targets under Outcome 2: *By 2028, all people, benefit from a more integrated, innovative, inclusive, and sustainable economy that generates decent work and livelihood opportunities.*

Output 2.1 Policies and solutions introduced to promote innovation and investments that generate quality jobs and livelihood
Indicator 2.1.2: Number of people benefitting from employment and livelihood support (SP IRRF 3.3.1)

Output 2.2: MSMEs, including social enterprises, and start-ups have enhanced capacities to contribute to value chain and SDGs
Indicator 2.2.1. Number of MSMEs, social enterprises, and start-ups capacitated or linked to supply value chains

Relevance to national plans, policies, and frameworks

The country's Philippines Development Plan 2023-2028 (PDP) articulates its vision for economic and social transformation for a prosperous, inclusive and resilient society. A key strategy is the promotion of human and social development through establishment of liveable cities. Moreover, accelerating climate action and strengthening disaster resilience are key strategies defined as part of its vision to transform production sectors to generate more quality jobs and competitive products. The Philippines' Nationally Determined Contribution (NDC) commits a 75% greenhouse gas (GHG)

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emission reduction and avoidance by 2030. Circular economy and sustainable consumption are among the identified mitigation measures that would also bring about co-benefits, including green jobs and investments. The Project will contribute directly to the achievement of these goals. More specifically, the Project will support Pillar 1 (deliver mitigation action) and Pillar 5 (cascading the sub national actions) of the NDC Implementation Plan (NDCIP).

The Philippines has developed a number of key programmes and policies that will serve as enablers of the Project. Essentially, the Project will help accelerate implementation of key principles outlined in these policies.

The Project will support LGUs to implement key provisions of the Solid Waste Management Act (Republic Act 9003) by improving their capacities to better manage waste, reduce wastes, and develop enterprises from circularity of materials. A key result envisaged under the Project is reduction of wastes generated by improving circularity, and reduction of wastes that are sent to landfills, thus prolonging the life of these waste facilities.

The NPOA-ML 2021-2030 was developed to directly address the systemic issues surrounding the unabated discharge of plastic wastes into oceans. Crafted in 2019 and 2020 with UNDP support, it has an overarching vision of “zero wastes to Philippine waters by 2040”, as part of its global commitment to reduce ocean plastics. Circular economy has been identified as one of its key implementation strategies. By working with local governments in collaboration with partners, concrete circular economy strategies, supported by budgets shall be implemented in key cities thus preventing further discharge of marine litter in the country’s key river systems and coastal areas.

The Philippine Action Plan for Sustainable Consumption and Production (PAP4SCP) also provides an important framework to steer sustainable practices and behaviours across sectors and levels of government. One of the key tenets of the programme is to “increase innovation and investment in the development of green technologies and systems/practice” through various private sector interventions such as the promotion of green research agendas, studying market trends in emerging green and circular economy sectors, and increasing support to MSME’s to address the pressing challenges of profitability coupled with sustainability. The Project will contribute to changing behaviors, actions by producers and consumers to be more responsible and conscious of their material footprints.

An important piece of legislation that will serve as Project enabler is Republic Act 11898, otherwise known as the EPR Law. It places the responsibility on the producers, for managing plastic waste generated from a product. It introduces a strict obligation on producers to recover their waste, with a recovery target of 20% by 2023-end, increasing to 80% by 2028. This is expected to provide an impetus to the private sector, to invest in new product development and manufacturing processes, to build material recycling facilities, and to invest in new plastic manufacturing technologies and processes, all of which present excellent investment opportunities. More importantly, the EPR opens up opportunities for LGUs to engage with obliged entities (OEs) to enable the LGU initiatives to be considered in the EPR programmes of OEs, thereby generate benefits to the local governments and their constituents. The Project will directly support local governments and/or their partners to participate in the EPR value chain, and take the opportunity offered by the law for private sector to take action on their wastes products.

The Philippines has also recognized the potential of circular economy as a vector of sustainable and decent job creation. Promoting green skills in order to create decent and ecologically sustainable jobs remains a key item within the Philippines’ national agenda, which highlights the need to create green jobs and promote innovation as part of the drive for sustainable growth. This initiative is coupled with supportive policies and strategies such as Green Skills for Green Jobs (by the Technical Education and Skills Development Authority - TESDA), and the National Green Jobs Human Development Plan (by the Department of Labor and Employment - DOLE), which identify MSME’s (micro, small and medium enterprises) and waste management as priority sectors. The

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Project will capitalize on the Green Jobs act to help accelerate its implementation through creation of new jobs (including green jobs) from circular economy activities.

Finally, the Philippines has recognized the need for a range of well-adapted, inclusive, affordable, and accessible financing mechanisms, instruments, and solutions to fund private sector innovation, the circular economy transformation of MSME's, and circular waste management at the end of the value chain. The Department of Finance (DoF) published a Sustainable Finance (SF) Roadmap in 2022, with the aim of establishing the role of the financial services industry in promoting ecologically-responsible growth, as well as defining the business activities which may be considered sustainable. The plan includes the following three pillars:

1. Creating a conducive policy pillar
2. Mainstreaming sustainable finance
3. Developing a sustainable pipeline

The Project will support implementation of the SF Roadmap through the development of circular economy business models, develop pipeline investible projects, and develop innovative inclusive financing mechanisms, instruments, and solutions, that consider the risks and opportunities in circular economy.

The Theory of Change

At the centre of the Theory of Change for the project is the hypothesis that in order to realize the benefits from circular economy, local level capacities need to be enhanced. These shall be achieved in two ways:

A core of LGUs championing the pathways to and serving as best practice models of transition to circular economy, backed up by evidence-based results and outcomes to its constituents, local government budgets and revenues, service delivery record, and benefits to local economic development

A group of LGUs adopting selected aspects of fit for purpose circular economy solutions, gaining from the experience of the core LGUs.

Together these groups of local governments should trigger a movement in the Philippines for stronger and accelerated uptake of circular economy.

The above will be achieved:

IF local enabling policies are designed such that green growth opportunities and practices are prioritized, with a focus on fairness and inclusion for the marginalized and vulnerable; and that these policies and strategies are supported by collective ownership and participation.

IF accessible and affordable financing from both public and private sectors is effectively mobilized, including blended finance, innovative finance mechanisms, to support implementation of GEDSI responsive policies and CE strategies;

IF sufficient delivery capacities are in place through upskilling, public sector innovation, and increased transparency and accountability.

IF there is a vibrant community, including women and other marginalized groups involved in innovation, experimentation and deployment of demonstration pilots, given the lack of blueprints fitting local contexts

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IF consumers and producers adopt behaviour shifts from the current linear economic model to influence demand and supply of products, packaging materials; and that the public, enterprises are aware of and realize the environmental and social costs, as well as the full range of benefits from greater circularity.

THEN, circular economy practices in local government units will be enhanced, in collaboration with the private sector and civil society. The establishment of partnerships at the local and national level, the mobilization of collective ownership, the development of new policies and the identification and leveraging of sources of inclusive and sustainable affordable and accessible finance, will allow LGUs to address their circular economy challenges. While local government units will improve their overall capacities, key stakeholders such as informal waste workers, CSOs, women, informal sector, marginalized groups and the private sector will collaborate to improve the overall capacities to address circular economy issues, and to advance gender equality and social inclusion. A theory of change diagram is shown in Appendix 2.

For SO2, the Project will attempt to overcome the challenges and barriers to implementing circular economy activities by adopting portfolio approach [15]. As UNDP's initial work in several cities for Metro Manila has demonstrated, this approach helps with:

- policy coherence — ensuring proposed "interventions" are coherent with the challenge at hand and amongst themselves. As a simple example, UNDP's portfolio expanded the policy scope beyond waste management alone and increasingly focused on the "upstream" to facilitate emergence of alternatives to "waste by design". At the same time, the portfolio designed "layered" policies that aligned interventions spanning from new regulations and green procurement to behavioural change and tech innovations.
- ecosystem and partnership coherence — it is co-owned and can be sustainably managed long-term by community actors and relevant stakeholders. At the strategy level it allowed breaking institutional silos and allowed to start building cross-departmental and cross-sector collaborations required to advance and adopt new economic models.
- resourcing coherence — investments from various sources conform with an overall portfolio logic and are reinforcing rather than piecemeal. For this component, the "entrepreneurial" LGUs will support emergence of the new CE models by deploying supply and demand tools available to them, e.g., city incentive programs, green public procurement, and sending signal to the market on the desired direction of change and "crowd-in" other funding as well.

In the grand scheme of things, the CE portfolio will support LGUs to catalyse and guide initial efforts in this sense and will be further adjusted as this work gains political, investment and social traction. However, from the onset the portfolio suggests 3 key pivots to kick-start this transformational effort:

1. **Nurturing new markets** and practices. Transition towards circularity and sustainability will require to move from disparate promising experiences of circular designs or materials towards development of new markets of circularity with sound business models, investment pipelines as well as innovative designs and materials leveraging cutting-edge work in science, digital transformation, and social innovation. These markets don't exist yet, but the portfolio aims to accelerate their emergence;
2. **Entrepreneurial City Government**. The new markets don't emerge by themselves, rather they require a pro-active "entrepreneurial" government not shy in deploying available tools

[15] Portfolio Approach is a methodology that seeks to develop, test, learn and scale (where appropriate) a suite of interventions that are complementary and can shift complex systems by focusing on multiple intervention points at a given time. In this way, the portfolio is a platform for strategic and action: to understand the dynamics that occupy the problem space, and over time more accurately understand the aligned interventions. This process of learning and experimentation may also help de-risk investment by offering proven evidence for the necessary types of interventions, and conversely, those that do not hold promise.

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and re-directing available resource. This portfolio seeks to bring new logic to the existing investment programs, repositioning public procurement towards more sustainable goods and services, developing transparent digital marketplace for them, and channel at least some of the available resources to support nurturing of these new circular markets and economic practices.

3. **Conscious consumers and citizens**. Ultimately, for the above two to succeed, portfolio aims to: (a) support an emerging shift in terms of demand for more sustainable goods, designs and behaviours, i.e. help consumer demand transition towards greener and more sustainable market and connecting it to entrepreneurs and public sector sustainability drive; (b) support shared responsibility and citizen participation in developing inclusive ownership over the new market direction.

Overall, the Project will enhance CE activities in local government units by working with key stakeholders and actors through a portfolio of specific interventions. Specifically, these interventions will improve the capacity of the LGUs for implementing inclusive sustainable financing and innovation strategies and projects in collaboration with the private sector and civil society organizations representing women and specific groups and enhance capacities of interested local governments to address their identified challenges in the Circular Plastic Economy transition. Interested LGUs will also be supported in their efforts to encourage CE producers, businesses and investors to develop policies and practices that protect women and marginalised sectors, as well as prioritise industries with high women participation, the potential for increased women participation, and those that allow for workers with disabilities to participate and benefit.

III. RESULTS AND PARTNERSHIPS

Expected Results

The programme will enhance the capacities of LGUs to address circular economy issues within their communities, through strengthening of the enabling policy environment, the establishment of partnerships at the local and national level, the mobilization of collective ownership, and the identification and leveraging of sources of sustainable finance. This programme will build capacity in the areas of policy, financing, engagement and partnership, behavioural change, and the implementation of priority circular economy solutions.

The project is designed to deliver the major outcome of enhanced practices of the circular economy by the Local Government Units, in collaboration with the private sector and the civil society sector, with focus on youth and gender equality.

Key results expected at the end of the Project include:

- Reduced volume of waste generated and sent to landfills in partner LGUs
- Greenhouse gas emissions reduced and avoided (tonnes of CO_{2eq}) from reduced waste and implementation of circular economy initiatives
- At least 20 LGUs have established circular economy models, including introduction of source separation and collection systems for wastes recycling, diversion, repurposing and other CE initiatives
- Additional number of organizations applying CE and sustainable consumption and production practices in partner LGUs
- Additional jobs (including green jobs) created across the circular economy value chain, disaggregated by gender and groups
- At least 10 LGUs in which nationally defined green procurement criteria have been applied
- About 15 LGUs that feed their NDC reporting with improved gender and youth sensitive data on co-benefits of CE

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The above Objective (Outcome) shall be achieved through the following interrelated Outputs:

Output 1. Improved capacities of LGUs and stakeholders to design, implement and monitor resilient and inclusive circular economy strategies

Indicators:
1.1 Number of LGUs with enhanced GEDSI-disaggregated CE databases and MERL system
1.2 Number of LGUs with GEDSI-responsive CE Strategies/CE Portfolios adopted, integrating focus on youth and gender equality
1.3 Number of LGUs with functional CE multi-stakeholder platforms
1.4 Number of LGUs and stakeholder groups who have received targeted CE capacity building and technical assistance programmes (disaggregated according to gender and groups)

This output focuses on enhancing the capacities of LGUs and stakeholders to design, implement, and monitor circular economy strategies that integrate GEDSI and resilience lens. The project will build the capacity of LGUs and stakeholders to develop, implement and integrate local CE policies into development plans, and formulate and implement their own CE actions in support of the agreed strategy.

Key activities under this output will encompass onboarding of LGUs, establishment of multistakeholder partnerships, and the development and implementation of CE training programmes for both LGUs and key stakeholders.

Stakeholder mapping, needs assessment and engagement of relevant groups such as CSOs, the private sector, women's groups, marginalized groups, innovation networks, and academia will be integral to this output. The Project will support the establishment or strengthening of multistakeholder partnerships, fostering a whole-of-society approach in jointly understanding and addressing challenges stemming from a linear economic model. The analysis and processes will incorporate conflict sensitivity lens and consideration of the political economy.

The project will support the establishment of a local CE data and a Monitoring, Evaluation, Reporting and Learning (MERL) platform and system. This will assist in meeting reporting requirements, including the LGUs' contribution to the Nationally Determined Contribution (NDC). This output will also support generation of GEDSI-disaggregated CE baseline data, conduct of material flow analysis, and potentially, the integration of satellite data.

Adopting a stakeholder-centered and evidence-based approach, the project will build upon standard and accepted CE indicators (e.g. OECD, 2020)[16], along with indicators that will be adopted at the national level. As needed, local CE indicators will be established to support CE integration into LGU processes and measuring progress of the local-level transition. This output will also contribute to mapping existing datasets and data collection processes in the LGUs involved, ensuring a robust foundation for target definition, MERL and knowledge management. The project will also promote learning in pursuing circular economy at the local level, which involves fostering a culture of continuous improvement, knowledge sharing, and skills development.

As it emerged in other European Commission-funded large demonstration projects and in UNDP initiatives, this will take into account some of the major challenges for LGUs in implementing CE, including on skills, competencies and resource constraints (including time and budget) to develop and implement targets, baselines, and MERL (see e.g. for example, the EC-funded large demonstration ROCK project)[17].

[16] OECD, 2020. Managing Environmental and Energy Transitions for Regions and Cities. OECD. https://doi.org/10.1787/f0c6621f-en

[17] See for example www.rockproject.eu, part funded by the European Union's Horizon 2020 research and innovation

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A major component of this output is the support to the development of evidence-based LGU circular economy portfolio/strategy and action plans/roadmaps, underpinned by a systems approach and portfolio logic. Co-designed with local stakeholders, the CE portfolio and strategies will integrate just transition measures, GEDSI and resilience lens, linking with national polices/frameworks such as NPOA-ML, EPR, PAP4SCP, and NDC.

A comprehensive capacity development program, informed by a baseline assessment of current knowledge, skills, and practices related to circular economy, will be implemented. This program will leverage a combination of resources from partner institutions and individual experts to ensure a holistic and impactful intervention.

Output 2. GEDSI-responsive local policies and regulations designed and applied to enable circular and green growth opportunities and practices

Indicators:
2.1 Number of LGUs that have adopted new GEDSI-responsive local policies and regulations support a just transition towards a circular and green economy
2.2 Number of LGUs that have EPR mechanisms and agreements in place

This Output will strengthen the local implementation of CE strategies and portfolios through enabling policies, plans and framework. An assessment will be conducted to identify gaps and opportunities for CE transformation at the LGU level. Policy levers shall be identified, and draft policies and regulations will be developed to address the unique needs of each LGU.

The Project will assist in analyzing the benefits and costs associated with these policies, ensuring alignment with national policies, identifying potential risks, and developing mitigating measures. Through consultations and by working with the local councils, the Project will support the process of adoption and eventual implementation of key policies that will drive circularity. This includes the introduction of incentive policies and schemes for business and consumers, as well as the adoption of green public procurement policies.

Within this output, the project will support the LGUs in integrating CE principles into existing policies, development plans and frameworks. This output will also provide opportunity for policy experimentation/sandbox to assess what works before policies get institutionalized or scaled.
The Project will support LGUs to be EPR-ready through establishment of local mechanisms and facilitating agreements with Obliged Entities (OEs), Collectives or Producer Responsible Organizations (PROs). This would include development of localized EPR models and schemes along with market analysis, linking recycling and collection activities of informal wastes groups, and ensuring accurate tracking and accounting of waste diversion accomplishments, through the data platform to be established at the LGUs.

The project will also facilitate an inclusive policy formulation process, considering input from diverse stakeholders, including gender-specific, marginalized and youth groups. This output will also assess the possible socioeconomic impact of CE/green economy policies and identify just transition measures that need to be put in place.

The implementation of these policies and plans will be systematically monitored through the MERL system established at each LGU. The valuable local-level experiences and insights gained will contribute to the national-level policy platform under Strategic Objective 1 (SO1).

programme under grant agreement No 730280, and the corresponding publications on MERL, baseline, and target at LGU level.

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Output 3. Public and private financing effectively mobilized to implement gender responsive and inclusive CE strategies and programmes

Indicators:
3.1 Number of LGUs with CE financing strategies and budgets
3.2 Amount of funding allocated by LGUs to implement local CE polices, strategies and programmes and resilient waste infrastructure
3.3 Number of innovative finance instruments and investment strategies developed to support CE initiatives
3.4 Amount of funding leveraged from various sources to support local CE initiatives

The Project will support the development of financing strategies and budgets required to enable LGUs to implement their CE portfolios. The Project will assist in aligning LGU investment plans and budgets, identify potential sources of funds, to support implementation of CE strategies and formulate innovative finance mechanisms and incentives to influence behavioural shifts, de-risk upfront costs of investments and/or shifts to greater circularity in production systems. The Project will organize investment fora, which will allow for the development of LGU and private sector platforms, and identify investible proposals which can be financed through SO3 of the EU GEPP. The provision of business incentives and subsidy approaches will be explored to encourage private sector to invest in CE practices and production systems.

Output 4. Enhanced community innovation and demonstration projects applied to address priority CE solutions in partner LGUs

Indicators:
4.1 Number of LGUs – innovation community partnerships implementing CE solutions
4.2 Number of LGUs implementing CE demonstration pilot projects
4.3 Number of CE innovation projects with LGU involvement

This Output will support LGUs to implement their priority CE interventions based on the portfolio of solutions developed by each LGU. This shall be done by facilitating partnerships between the innovation community and stakeholders, implementation of demonstration projects, and implementation of innovative solutions.

To better manage the provision of technical assistance by the Project, a technical assistance facility will be established to support LGUs implement CE transition plans and strategies. This will include among others, review and assessment of existing waste management systems and protocols, provision of equipment to demonstrate the effectiveness of technologies to improve source separation and collection systems, recycling, repurposing, and other CE opportunities. The Project will prepare feasibility studies for the design and establishment of innovation Hubs on CE as collaborative platforms. These hubs will provide research and development (R&D) services, along with financing and business development services.

The Project will set up a facility for innovation grants for CSOs and startups, impact investments to test and curate CE business models, including the provision of technical assistance for the development of CE proposals, linking with markets and investors, value chain analysis, improvement of products and marketing strategies.

Output 5. Enhanced CE behavior and practices of LGUs, private sector, communities and local stakeholders

Indicators:
5.1 Number of enterprises, commercial establishments adopting CE practices in partner LGUs
5.2 Improved CE knowledge, attitudes and practices (KAP) of key stakeholders

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Communication and advocacy strategies will be developed to support CE transition, including behavioural change interventions. This will be informed by rapid ethnographic surveys to identify priority groups that will have the most influence in driving change. To expand outreach, the Project will engage with education institutions, business groups, and enterprises operating in the cities to introduce circularity in their practices, production systems, and business environment. If necessary, supporting local policies will be developed to influence behavioural change through incentives, regulations, and other appropriate interventions. The Project will provide small grants for communities or organizations to support advocacy and behavioural change activities. The effectiveness of these campaigns on improved CE knowledge, attitudes and practices (KAP) will be measured through surveys administered at the beginning and end of Project. It is envisaged that such behavior change will result in actions that will influence key enterprises, organizations, commercial establishments adopting CE practices in partner LGUs.

Output 6. Informal sector, grassroots, civil society organizations, women, youth, and marginalized sector capacitated and integrated into the CE value chain

Indicators:
6.1 Number of informal sector groups formalized and participating in CE value chain
6.2 Number of women and youth benefitting from incentives used to encourage women and youth's entry into the green economy and the circular economy, disaggregated by gender and sector
6.3 Number of grassroots, civil society organizations benefitting from (or reached by) EU support on CE initiatives

The Project will undertake an in-depth study of the informal sector in partner LGUs, to understand the social, economic and political economic environment in which they operate. Activities to fulfill this output will focus on women, youth, and the informal sector, including women and men waste workers. The CE portfolio shall be assessed to determine how the transition to CE will negatively impact the informal sector groups and measures identified. An assessment of CE value chains will be undertaken to identify entry points for integration of informal sector groups, and provide support to enhance their skills, capacities, as well as formalization.

Activities will support active engagement of and participation of informal sector in various CE initiatives. Capacity building activities shall be delivered to identified partners, grassroots and civil society organizations to ensure readiness to be part of and gainful participation in the CE value chain, including providing green job opportunities for the informal sector, women, and youth. Support shall be provided to ensure partner organizations are able to champion labor rights and women's, youth empowerment in CE programmes. The Project will establish a grants facility to support informal sector, grassroots and CSO for behavioural change and capacity building activities in communities along with resources for community-based circular activities.

Output 7. CE related knowledge management, MERL, GEDSI and safeguards in place to strengthen and replicate CE uptake in the Philippines

Indicators:
7.1 Number of LGUs received tailor-made peer-to-peer support and/or technical assistance
7.2 Best practices in CE, GEDSI, safeguards documented and installed in accessible knowledge portal
7.3 Number of non-partner LGUs and organizations adopting learnings from the project
7.4 New or updated DRR plans or strategies adopted or agreed with communities

This Output will enable the expansion of the Project to directly support forty (40) more LGUs, and influence replication to more LGUs beyond the identified LGU partners. The Project, upon approval of the Project Board, will either issue a call for expressions of interest or actively select LGUs to be

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provided targeted support to address specific circular economy issues. This will commence with a sharing of experiences by the first 10 LGUs to a wider audience.

Peer-to-peer training will facilitate the transfer of knowledge and process between first and second tier LGUs and assist in identifying the correct type of policies for CE activities in the LGU. This output will also allow community-based organizations to transfer their knowledge to organizations in different LGUs. The Project will set up a Technical Assistance Facility to enable second tier LGUs to submit specific requests for targeted support to design and implement CE solutions in their localities. Based on the experience working with first-tier LGUs, the Project will develop a set of "offers" to enhance circularity and utilize the tools developed to perform diagnostics, identify entry points or opportunities for other LGUs, and technical assistance packages. Based on such requests, the Project shall develop joint work plans and budgets, agree on key results and deploy Experts, apply tools, conduct capacity-building activities, formulate policies, or support demonstration projects, as necessary.

A key activity under this Output is to support preparation or updating of DRR management plans of LGUs, working with their communities. The Philippines often experiences disasters, where its waste infrastructure is often at risk and can be damaged. In some instances, severe weather events can overwhelm existing infrastructure, and weak waste management systems and infrastructure can aggravate disasters. Through this output, the Project will assess and establish baseline of the waste management infrastructure of interested LGUs and provide support in developing resilience measures for waste management, including mainstreaming of resilience into CE plans and strategies. If needed, the Project will facilitate access to finance for CE disaster risk reduction (DRR) plans through preparation of proposals and business cases for potential public private partnerships modality, or through private investors. The project will assist in finding financing options to support implementation of resilience measures emanating from the assessments.

To ensure that after the project's completion, the Project will strengthen existing mechanisms or develop a new one to ensure learnings and lessons are shared more widely beyond the 60 LGUs that will be supported under the Project. Coordination shall be made with DILG, and other appropriate institutions such as the Local Government Academy (LGA), League of Cities and Municipalities to determine the appropriate vehicle by which such sharing can be institutionalized. Links will also be explored with associations/institutions of CE practitioners in other countries to strengthen the learning dimension. The Project will monitor social and environmental risks, document best practices and lessons in GEDSI, CE, and curate knowledge products in a platform that can be freely accessible to potential users, including more LGUs. Budget for video documentation and other related inputs was added.

A key activity of this Output is the establishment of the Coalition of Cities/LGUs on CE to promote CE activities throughout the Philippines and eventually to add cities in other countries to gain knowledge and share information on CE. Knowledge sharing among LGUs will be facilitated and organized. Working with the EU, the Project will organize South-South and Philippines – EU exchanges to learn and share experiences. Through the sharing mechanisms and the coalition of cities/LGUs, the Project will facilitate upward policy advocacy to support the shaping of the national policy agenda on CE in collaboration with GIZ so that these policy gaps can be taken up under SO 1 of the EU GEPP.

Table 1. Project Outputs and Activities

Outputs	Activities
Output 1. Improved capacities of LGUs and stakeholders to design, implement and monitor resilient and inclusive CE strategies ***Indicators:*** **1.1** Number of LGUs with enhanced GEDSI-	1.1 Engage with LGUs, including establishment and sustaining local multi-stakeholder partnerships. 1.2 Assess CE baseline, needs, and

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Outputs	Activities
disaggregated CE databases and MERL system **1.2** Number of LGUs with GEDSI-responsive CE Strategies/CE Portfolios adopted, integrating focus on youth and gender equality **1.3** Number of LGUs with functional CE multi-stakeholder platforms **1.4** Number of LGUs and stakeholder groups who have received targeted CE capacity building and technical assistance programmes (disaggregated according to gender and groups)	opportunities. 1.3 Establish local CE data and Monitoring, Evaluation, Reporting and Learning (MERL) platform, Nationally Determined Contribution (NDC) reporting 1.4 Strengthen knowledge sharing platform & mechanisms among stakeholders at the LGU level 1.5 Formulate CE strategies and action plans/portfolio of solutions for integration in local plans, policies and budgetary framework 1.6 Formulate and implement targeted CE training programme and technical assistance to LGUs and stakeholder groups
Output 2. GEDSI responsive local policies and regulations designed and applied to enable circular and green growth opportunities and practices ***Indicators:*** **2.1** No. of LGUs that have adopted new GEDSI-responsive local policies and regulations support a just transition towards a circular and green economy **2.2** Number of LGUs that have EPR mechanisms and agreements in place	2.1 Assess existing policies of LGUs and their impacts on encouraging green growth opportunities and practices 2.2. Update existing policies and formulate new policies in support of CE strategy/portfolio of solutions 2.3 Assist in stakeholder consultations and provide TA towards adoption 2.4 Identify opportunities for EPR mechanisms and agreements in LGUs 2.5 Provide TA to enhance EPR readiness of LGUs 2.6 Facilitate links with private sector EPR and waste reduction initiatives
Output 3. Public and private financing effectively mobilized to implement gender responsive and inclusive CE strategies and programmes ***Indicators:*** **3.1.** Number of LGUs with CE financing strategies and budgets **3.2** Amount of funding allocated by LGUs to implement local CE polices, strategies and programmes and resilient waste infrastructure **3.3** Number of innovative finance instruments and investment strategies developed to support CE initiatives **3.4** Amount of funding leveraged from various	3.1 Develop CE financing strategies and budgets to implement CE strategy/portfolios of solutions 3.2 Examine LGU budgets and integrate CE strategy requirements 3.3 Identify investable proposals, potential PPP opportunities, link with SO 3 3.4 Organize Investment forum and LGU and private sector engagement platforms 3.5 Develop innovative financing

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Outputs	Activities
sources to support local CE initiatives	mechanisms, mobilize other sources of funds through policies and engagement with development banks, financing institutions
Output 4. Enhanced community innovation and demonstration projects applied to address priority CE solutions in partner LGUs ***Indicators:*** **4.1** Number of LGUs – innovation community partnerships implementing CE solutions **4.2** Number of LGUs implementing CE demonstration pilot projects **4.3** Number of CE innovation projects with LGU involvement	4.1 Conduct a mapping of innovation players in CE and assess their needs, status 4.2 Undertake matching of innovation requirements of CE strategy/portfolio with available supply 4.3 Facilitate partnerships between LGU and innovation community to meet demand, support LGUs to adopt policies to foster innovation culture 4.4. Establish innovation grants facility and evaluate results 4.5 identify priority demonstration pilot projects to implement CE strategy/portfolio 4.6 Conduct studies, detailed design, procure equipment and support establishment of small facilities to pilot CE solutions with LGU partners 4.7 Prepare feasibility study for establishment of Innovation for Circular Economy (ICE) Hub
Output 5. Enhanced CE behavior and practices of LGUs, private sector, communities and local stakeholders ***Indicators:*** **5.1** Number of enterprises, commercial establishments adopting CE practices in partner LGUs **5.2** Improved CE knowledge, attitudes and practices (KAP) of key stakeholders	5.1 Assess current state of CE knowledge, attitudes and practices (KAP) of key stakeholders 5.2. Design and implement communication, advocacy, behavioural change interventions targeting priority sectors and audiences 5.3 Engage with educational institutions, civil society organizations to embed CE practices 5.4 Establish CE education grants for academe, CSOs, grassroots organizations 5.5 Assess effectiveness of behavior change interventions through a terminal KAP survey
Output 6. Informal sector, grassroots, civil society organizations, women, youth, and marginalized sector capacitated and integrated into the CE value chain	6.1 Mapping of informal waste sector, women groups, youth and other marginalized sector involved in CE value chain, evaluate impacts of transition to CE

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Outputs	Activities
Indicators: **6.1** No. of informal sector groups formalized and participating in CE value chain **6.2** No. of women and youth benefitting from incentives used to encourage women and youth's entry into the green economy and the circular economy, disaggregated by gender and sector **6.3** Number of grassroots, civil society organizations benefitting from (or reached by) EU support on CE initiatives	6.2 Strengthen organizational capacities of community groups, improve awareness of their rights, safety standards in the workplace 6.3 Support local initiatives of Community /CSOs through small grants 6.4 Conduct training/skills upgrading for informal sector and facilitate integration with CE value chain and EPR initiatives
Output 7. CE related knowledge management, MERL, GEDSI and safeguards in place to strengthen and replicate CE uptake in the Philippines ***Indicators:*** **7.1** No. of LGUs received tailor-made peer-to-peer support and/or technical assistance **7.2** Best practices in CE, GEDSI, safeguards documented and installed in accessible knowledge portal **7.3** Number of non-partner LGUs and organizations adopting learnings from the project **7.4** New or updated DRR plans or strategies adopted or agreed with communities	7.1 Assess existing knowledge sharing platforms and strengthen/establish effective mechanisms 7.2 Identify second tier LGUs and identify their needs, deploy TA support 7.3 Organize peer-to-peer training and learning activities for "second tier" LGUs 7.4 Organize Coalition of LGUs/ establishing champions 7.5 Organize knowledge sharing among PH LGUs, curate lessons and experiences in CE transformation, including GEDSI and safeguard measures 7.6 Organize EU and south-south exchange to learn experiences 7.7 Distil lessons and undertake upward policy advocacy to support strengthening of national CE agenda 7.8 Assess waste management infrastructure and potential impacts of climate and disasters 7.9 Provide TA to update DRR plans or strategies of interested LGUs

The Results Framework showing the indicators and targets is shown in section V.

Implementation Locations

The Project will be implemented in LGUs/LGU clusters. Overall, sixty LGUs will be targeted:

- Tier 1 LGUs = 20 LGUs

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- Tier 2 LGUs = 40 LGUs

The first set of 10 LGUs were selected following discussions with the Department of Environment and Natural Resources (DENR), which also considered the indicative list in the EU Financing Agreement Act 61024 Technical and Administrative Provisions (TAPs) document. The criteria involved a combination of the following:

With existing CE efforts and partnerships with stakeholders. An important consideration is to work with LGUs who can demonstrate good practice examples, to serve as motivation for other LGUs, in a short time. Working with LGUs which have initiated some efforts will enable the Programme to showcase test cases of benefits and challenges in transitioning to circularity, and how these can be addressed.

Projected waste generation. Most of the LGUs/LGU clusters selected have high waste generation rates which provide good enough volume to work with in terms of showcasing economic viability of different circularity solutions. Most of the LGUs likewise have high population growth rates, high economic activity and/or potential to generate significant waste volumes due to the nature of main economic drivers – such as the growing tourism industry. Waste is also a significant contributor of GHG emissions, thus working with these types of LGUs will help demonstrate climate benefits and document contribution to NDC. Strong economic activities also bring about a great variety of wastes and a high material footprint, thus enabling the Project to develop a menu of solutions for different materials.

Near important natural landscapes, seascapes. Since overall, a significant volume of wastes is leaked into waterways thus causing significant damages to coastal ecosystems, watersheds and associated industries such as ecotourism and compromising functioning such as ecosystem resilience, prioritizing these LGUs will bring significant benefits if properly addressed.

Vulnerability to disasters and climate risks. Improving circularity reduces waste materials thus contributing to reducing vulnerability of wastes infrastructures to climate and disaster hazards. Further, one of the objectives of the Project is to support LGUs in strengthening the resilience of their waste's infrastructure.

Commitment of local leadership. Needless to say, one of the most important elements of success in pursuing reforms is to ensure there is full local leadership buy in. Otherwise, it would be extremely difficult to advance this agenda at the local level.

Presence of EU, implementing partners and government initiatives. Related to LGU initiatives on CE, the presence of other stakeholders and players will enable the consolidation and complementation of initiatives thus ensuring a high degree of success and greater coherence and integration of initiatives within the LGUs.

Potential to leverage public and private financing/investments. In order to demonstrate an integrated approach with other elements of the EU GEPP Programme particularly SO 3, LGUs were selected in terms of prospects of working with private sector, and or mobilizing the LGUs own resources to support implementation. Moreover, a key objective of the EU GEPP SO2 is to demonstrate financing of CE strategy, so LGUs with a high likelihood of mobilizing resources for implementation were selected to demonstrate results and viability.

The list of the first 10 LGUs is shown in Figure 1.

For the next batch of 10 LGUs under Tier 1, the above criteria will be revisited with Department of Interior and Local Government (DILG), DENR and partners. In addition to the above criteria, additional considerations could include:

- Representativeness of various LGU typologies (highly urbanized, component cities, secondary cities and rural towns/clusters of municipalities)

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- Geographic spread
- Presence of other support organizations and enterprises involved in CE

Selection of the next 10 LGUs shall be completed in year 1. Other considerations would be LGUs in BARMM and LGUs hosting sanitary landfill facilities.

The selection of 40 LGUs Tier 2 will depend on demand and strong commitment and interest to undertake reforms in CE, based on experience working with the first 10 LGUs. The Project will develop a screening process for identifying these and secure Project Board approval.

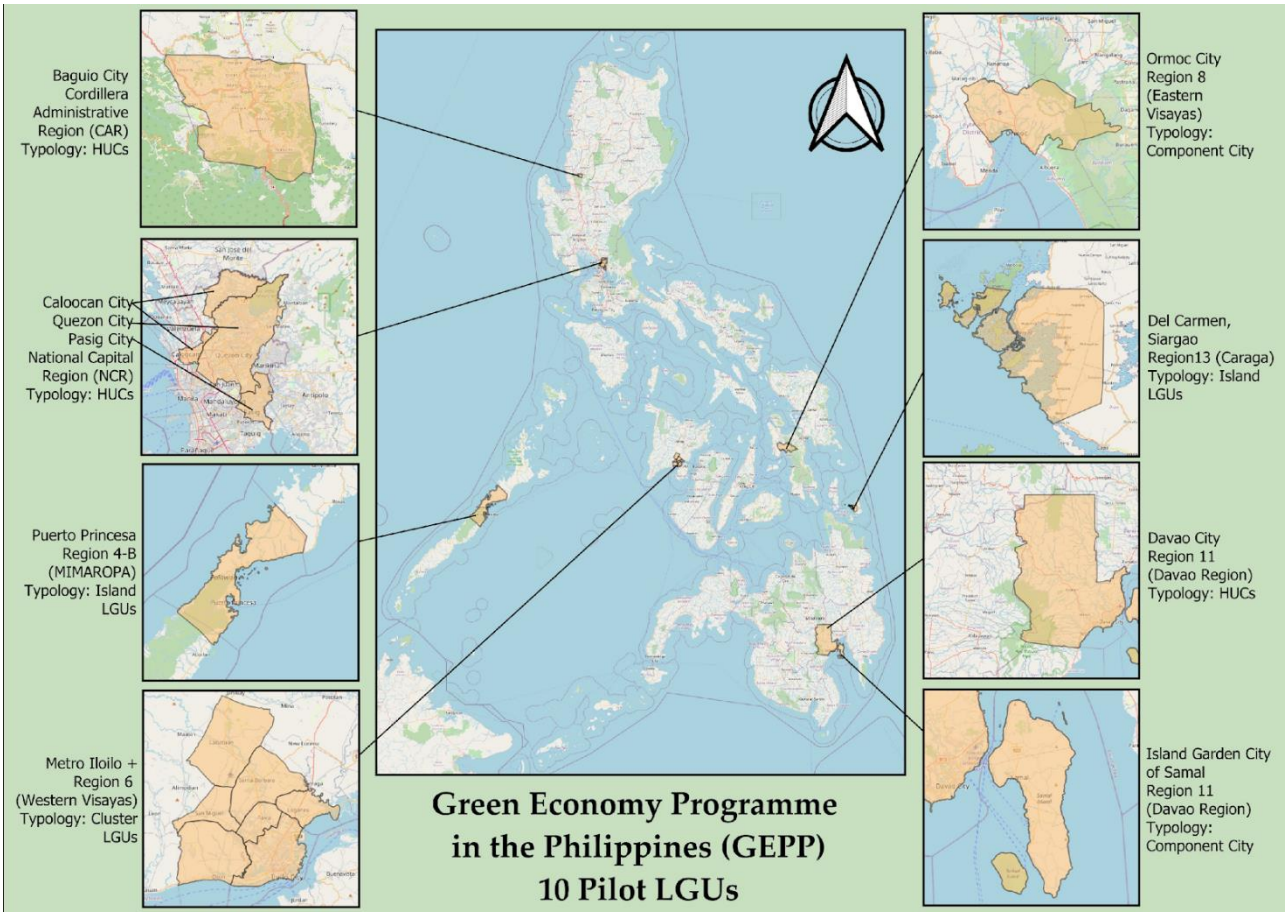


Figure 1. Selected LGUs for SO2 under the scope of this Project (Source: DENR-FASPS, 2023)

Resources Required to Achieve the Expected Results

Resources and funding from the European union will be utilised to implement and execute the project. A total resources of **US$ 24.945** million based on February 2024 Euro to US Dollar exchange rate.[18] The estimated co-financing (in-kind) from LGUs is **US$ 600,000**, or about US$ 20,000 per LGU for the 20 Tier 1 LGUs, and US$ 5,000 per LGU for the 40 Tier 2 LGUs. The exact amounts shall be determined and documented during implementation.

The project will also require several specialized resource personnel to assist in delivering the expected results for the project. These personnel will include, sectoral circular economy experts, a strategic portfolio designer, and a disaster finance risk management. Consultants and sub contractors required are specified in the multi year plan.

[18] Exchange rate (InforEuro)

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Local government partners will be asked to provide for continued maintenance and operating expenses to operate the small equipment that will be provided by the Project.

Other resources will be allocated for monitoring and evaluation, project management and project office, and general management support or 7% of the total direct cost.

Partnerships

Partnership is at the core of this project as it is part of the overall green economy EU supported programme, thus key partners for implementation will be the European Union, GIZ, Expertise France and the IFC. Key government partners include DENR, DILG, LGU Leagues, CSO groups. Outputs from Output 3, such as bankable proposals from the private sector will feed into SO3 for financing and implementation, while the new policy ideas and proposals identified will be taken up by GIZ in SO2 for further development, incorporating climate change concerns.

Key partnerships will be established with the participant LGU to facilitate the implementation of the project. The project will establish a peer-to-peer mechanism between LGUs to allow those Tier 2 LGUs which are more advanced on the issue of circular economy to benefit from the LGUs which have more experience.

The project will link directly with other ongoing UNDP projects. The Strengthening Institutions and Empowering Localities Against Disasters and Climate Change (SHIELD) Program is being implemented by UNDP and is supporting the Government of the Philippines (GPH) in building institutional and community resilience to climate change and natural hazards, while considering the systemic nature of risks. This will link directly in Output 7 of this project and overall into SO2 as the SHIELD program will target Government, private sector, and civil society stakeholders in targeted local government units (LGUs) to unlock funding for resilience actions. Output 7 will develop resilience measures for waste management and assist in providing access to finance for CE DRR plans. The Japan-funded, UNDP implemented project, Leveraging Nationally Determined Contributions (NDCs) to achieve net-zero emissions and climate-resilient development, is developing circular economy solutions for five cities, and strengthen partnerships among stakeholders and knowledge generation to increase uptake of circular economy solutions as transformative pathways towards low carbon economy. Effective circular economy solutions identified from the project in the five pilot cities will be scaled and replicated where appropriate for LGUs. A key element of the project will be partnerships with private sector ranging from larger corporations such as with Nestle, and Unilever, among others to informal or grassroots-based enterprises, micro, small and medium enterprises (MSME).

Risks and Assumptions

Political risks. The participation of local government units is crucial in attaining the objectives of implementing inclusive sustainable financing and innovation strategies and projects with the private sector and civil society organizations; and addressing identified challenges in the Circular Plastic Economy transition. As there will be national and local elections in 2025, there are risks that there will be changes in priorities and delay in decision-making arising from transition in LGU leadership. To overcome this risk, CE policies, strategies and action plans will be institutionalized at the LGU level. The project will link with second tier LGUs with first tier LGUs with advanced CE policies and practices through peer-to-peer support to ensure continuity beyond the term of LGU leadership. The project will actively involve the national government through DILG, DENR, local stakeholders, private sector, civil society and women and youth, to establish ownership of the project. During implementation, the project will work closely with local chief executives, the legislative councils, and the responsible departments implementing CE activities.

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Operational risks. The implementation of European Union Green Economy Programme in the Philippines involves several implementing agencies – GIZ, responsible for improved systemic circular economy and climate change policies and reduced GHG emission (SO1), UNDP in partnership with private sector and civil society, responsible for enhanced systemic circular economy practices of local government units (SO2), and International Finance Corporation and Expertise France, that will engage with private and financial sectors in circular economy innovation and solutions (SO3). Together, all these partners will help contribute towards attainment of increased energy efficiency and renewable energy deployment (SO4). The following are some of the anticipated operational risks, which will be updated during project implementation, to ensure appropriate management measures are applied:

1. Lack of resources and personnel in financing and implementing developed CE strategies of local government units;
2. Change in priorities of local government units, that may result in non-attainment of SO2 objectives;
3. Local and national level elections may delay implementation and affect the momentum in partner LGUs;
4. Opposition to circular economy programs, plans and activities because of affected businesses and vested interests at the LGU and national levels (e.g., from solid waste hauler contractors, plastic manufacturers, etc.);
5. Potential loss of project focus or lesser-quality deliverables because of dealing with diverse and multiple stakeholders, both within and outside project components;
6. Limited local expertise available on circular economy may constrain the deployment of sufficient technical assistance given the number of LGUs to be covered by the Project; and
7. The four and a half year duration may not be sufficient to deliver the outputs and achieve the results of the Project, particularly working in multiple sites situated in various parts of the country.

Social and Environmental Risks and Management Measures

In accordance with UNDP's Social and Environmental Standards guidelines, an Environmental and Social Management Framework (ESMF) has been developed to provide guidance on specific procedures for screening and assessing forthcoming activities, and to recommend management measures to identified social and environmental risks from circular economy activities. Management measures to minimize the environmental and social risks identified in the SESP are detailed in the Risk Log.

An Indigenous Peoples Planning Framework (IPPF) has also been prepared to ensure that LGUs with indigenous people's population such as Baguio City, Palawan and Island Garden City of Samal (IGACOS) will not be adversely affected by circular economy activities. The project will adopt and will be consistent with UN Declaration on the Rights of Indigenous Peoples (UNDRIP), Republic Act 8371, also known as the Indigenous Peoples Rights Act (IPRA) and the NCIP Administrative Order No. 3, series of 2012, titled "The Revised Guidelines on Free and Prior Informed Consent (FPIC) and Related Processes of 2012. The project will seek to secure free, prior and informed consent from IPs that may be affected by circular economy activities.

The social and environmental risks that were assessed as part of the Social and Environmental Screening Procedure (SESP) are consolidated into the risk log. The SESP has identified the following risks, all of which are categorized as Moderate:

1. Potential exclusion of vulnerable or marginalized groups, including indigenous peoples, from financing and innovation strategies and circular economy activities to be initiated by local government units, in collaboration with private sector and civil society organizations, which may result to their further marginalization.

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2. Risks of limited participation of women in circular economy capacity building activities, policy and plan formulation and investments.

3. Implementing circular economy activities, such as, but not limited to collection and recycling of wastes, may have the potential to pollute the natural environment from hazardous materials, if not managed well.

4. Potential risk on community health and safety from nuisance, pollution and other hazards that emanate from circular economy activities.

5. With transition to circular economy, potential economic displacement of workers involved in linear businesses such as plastic manufacturing. There are also potential missed job opportunities for targeted groups under the project if they lack the necessary skills needed for jobs related to recycling, repair and rental services, or in new businesses involved in making innovative use of secondary materials.

6. Potential risks that workers involved in circular economy will not fully benefit from labor-related applicable regulations resulting to violation of their labor rights. LGUs under the project may also ignore regulations related to child labour in various circular economy initiatives.

7. Potential occupational health and safety risks to workers involved in circular economy activities such as collection, recycling and processing of plastics.

8. There are potential risks that development and implementation of local circular economy policies, strategies and plans, may inadvertently cause environmental and social impacts.

9. Circular economy activities and waste infrastructure are vulnerable to impact of disaster and climate change.

The project will also be guided by UN Guiding Principles on Business and Human Rights (UNGPs), a set of 31 principles that clarify the duties and responsibilities of the Project to protect and respect human rights and to ensure access to effective remedy for individuals and groups whose rights are affected by the Project's (a company's) activities. As part of its GEDSI strategy, it will adopt the 3 pillars of the gender framework for the UNGPs:

1. Gender-responsive assessment
2. Gender-transformative measures
3. Gender-transformative remedies

Gender assessments should be able to respond to differentiated, intersectional,and disproportionate adverse impacts on women's human rights as well as to discriminatory norms and patriarchal power structures. The consequent measures and remedies should be transformative in that they should be capable of bringing change to patriarchal norms and unequal power relations that underpin discrimination, gender-based violence and gender stereotyping.[19]

Stakeholder Engagement

The project is founded on a multi stakeholders co-design and implementation approach that brings together through a collaborative and participatory process the relevant stakeholders:

[19] Gender Dimensions of the Guiding Principles on Business and Human Rights, UNDP (2019).

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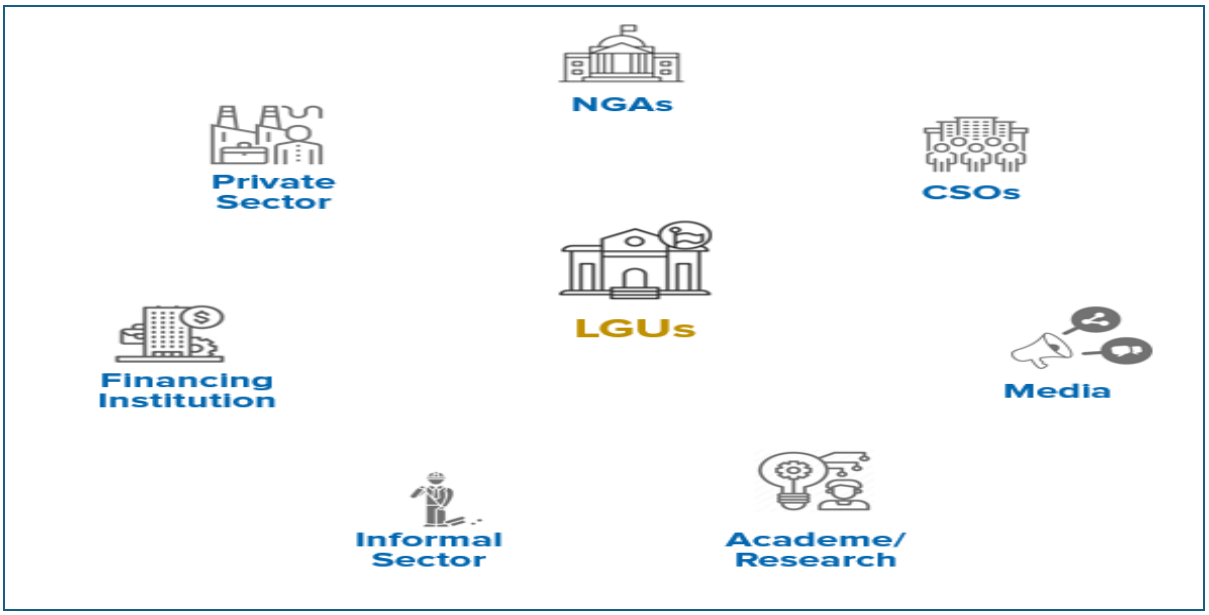


Figure 2. GEPP Multi-Stakeholders

National Government Agencies (NGAs)

These include agencies with mandates related to solid waste management, local governance, economic development, job creation and green jobs, research and innovation and climate change such as the DENR, National Solid Waste Management Commission (NSWMC), DILG, Department of Science and Technology (DOST), Department of Trade and Industry (DTI), National Economic and Development Authority (NEDA), Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD), Department of Labor and Employment (DOLE), Technical Education, Skills and Development Authority (TESDA), Metro Manila Development Authority (MMDA), and the Climate Change Commission (CCC).

These agencies are expected to be catalysts, enablers, and regulators in driving the transition to a circular economy. Through policy development, coordination, financial support, infrastructure development, and education, national government can create an enabling environment for circular practices, encouraging sustainable resource use, waste reduction, and the promotion of a more sustainable and resilient economy.

Local Government Units (LGUs)

The project will support different CE models by working with a mix of LGUs including metropolitan areas, highly urbanized cities, as well as island provinces and clusters of LGUs. Selected LGUs shall be provided with customised portfolios of support covering CE enabling policies, strategies, financing instruments, and investment plans of action, programs. The project will use a systemic approach that requires the transversal engagement, and the coordination, collaboration, and integration in the process of all the different LGU offices and departments that have a stake in the transition to a CE. These include the offices involved in the following: planning, procurement, economic development and investment, environment and solid waste management, disaster risk management, social welfare, whose staff shall be capacitated to adopt circular practices. The leagues of LGUs such as the Union of Local Authorities in the Philippines (ULAP) and the League of Provinces (LPP), Cities (LCP) and Municipalities (LMP) shall also be engaged for possible adoption or replication of CE practices by other LGUs that the project will not be able to directly impact.

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Local Communities

Women, youth and the informal sector, particularly waste workers, perform critical roles in the circular economy and will be capacitated to better participate and benefit from the CE value chain through trainings, equipment and community grants.

The waste sector is a largely unregulated sector facing social stigma and economic deprivation. While men are tasked with the more labour-intensive activities of loading and unloading, women waste workers often perform the more repetitive and time-consuming tasks of sorting and separating. In addition to these occupational challenges, most women in the waste sector must deal with the competing demands from domestic and childcare responsibilities. The physical nature of some of the tasks involved, as well as health and safety issues, add another layer of concern for women engaged in waste management.[20]

The project will ensure that informal waste workers, particularly women, will not be excluded or displaced in the circular economy transition.
Local schools, homeowners' associations, rotary clubs, public markets, fast food chains and other groups will also be targeted for CE education, awareness, behaviour change and action.

Private Sector

By embracing circular business models, collaborating along the value chain, investing in innovation, and driving sustainable consumption and production, the private sector can accelerate the transition to a circular economy.

It will be important to align with the CE initiatives of a diverse range of private sector stakeholders such as "green" businesses or those who already have CE practices; micro, small and medium enterprises (MSMEs) who may have or want to adopt a CE mindset but are challenged to turn this into concrete actions; and multi-nationals with medium to long term plans to transition towards circularity. The Project will collaborate with IFC and EF to identify financing opportunities for private sector entities interested in investing in circular economy approaches.

Academe, Civil Society Organizations, Media

Academic, research and development, and innovation groups are key in transitioning to a circular economy that designs out waste and pollution and optimises the use of natural resources. Such institutions will be mapped out in the selected LGUs/communities and provided with opportunities such as innovation grants. Civil society organizations may also be engaged to champion and integrate women empowerment and labour rights concerns, while the media will have an important role in influencing behaviour change towards more circular practices.

Development Partners

UNDP will collaborate closely with GIZ and IFC/Expertise France who will be implementing Strategic Objectives 1 and 3, respectively. The Project will also collaborate with other development partners who have similar or related initiatives.

A stakeholder analysis and engagement plan, including a list of stakeholder consultations conducted during the project design phase, is found in Annex 8.

[20] The Role of Gender in Waste Management: Gender Perspectives on Waste in India, Indonesia, the Philippines and Vietnam, commission by Ocean Conservancy, June 2019.

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South-South and Triangular Cooperation

This project will facilitate Philippines LGUs to be part of the regional and global discussions on circular economy. The project will link local actions with global and regional platforms to enable Philippine LGUs to strengthen benchmarking, promote learning exchanges, organize twinning arrangements, and access appropriate technologies. The Coalition of Cities on CE can be expanded to include cities in the region and eventually globally for knowledge sharing for cities working on similar issues. The following (non-exclusive) list global and regional platforms will be explored during implementation stage:

Circular Economy and NDC. UNDP is supporting dozens of countries in strengthening the ambition and impact of NDCs implementation under "Climate Promise" work, which encourages government partners to incorporate CE in NDC reporting and implementation.

World Circular Economy Forum. This is an annual forum with an open network to connect CE practitioners across the world. UNDP is working closely with SITRA- the organizer expanding the Forum. Specifically, the Project can support LGU participants in joining (in person/remote) the network, participate in the forum for sharing, learning and networking with other cities/countries-policy making, academia, business model innovation, financing, and CE business market-creation/expansion.

GEF CE Integrated Program. UNDP is one of the Agencies implementing child projects under the GEF's CE Integrated Program. UNDP will identify platforms of learning and collaboration with other Agencies involved in this program.

Other south-south learning opportunities. UNDP also plans several other emerging platforms relevant to CE, such as Extended Producers Responsibility (EPR) and zero waste data hub. Philippines stakeholders will be involved as needed to facilitate learning among cities.

Digital Solutions[21]

The Project will employ digital solutions as a cross cutting strategy. For example, the establishment of baseline performance will necessitate the development of digital platforms to enable more accessible and systematic analyses of the possibilities for addressing the wastes and circular economy challenges. The MEL will provide for useful exchange of data and information and allow the LGUs and other stakeholders to keep track of progress, including assessment of the most cost-effective options to reach the targets. As official data on materials production and use and waste generation may not be produced in a regular and disaggregated fashion, machine learning and remote sensing-based tools may be deployed to enhance surveillance. Preparing LGUs for EPR readiness will also require engaging with private sector and more comprehensive analysis of data, including tracking and traceability of plastics and other materials. Citizen science initiatives—where ordinary citizens and communities are deployed to monitor waste reduction and recycling efforts as well as to document grassroots circular practices—can be accelerated using civic technologies. Finally, many of the innovative solutions emerging in the area of circular economy are digital in nature, which will be harnessed by the Project.

Knowledge Management

The knowledge and evidence generated by the project will be collected and made available to all stakeholders through a Knowledge Management (KM) platform.

[21] *Please see the Guideline "Embedding Digital in Project Design".*

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The KM platform will be used to exchange knowledge, evidence, data, case studies, information and ideas, allowing different communities of practice to work together. The KM platform will structure the content using metadata and a taxonomy founded on a systemic ontology relying on a systemic, stakeholder-centred approach to the Circular Economy. The reference frameworks will be the 10R framework (Kirchner et al., 2017) and the CEPS frameworks (Taranic, I., Behrens, A., Topi C., 2016)[22].

The KM platform will contain knowledge and evidence generated through a multi-pronged approach:

1) Primary data directly generated by the project;
2) Secondary data generated through systematic review of extant experiences;
3) Evidence generated through literature review, both scientific peer reviewed literature and commercial literature generated by agencies, companies, expert professionals.
4) Case studies and lessons learned generated by the LGUs involved in the project, and from other LGUs, including data on the business case, the stakeholders engaged, the economic and financial model used, the criteria for success and failure, reflection forms.

The platform will contain both cases of success and failure in the implementation and deployment of CE, and analysis of the systemic, root causes. The platform will seamlessly link to the Monitoring, Reporting, evaluation and Learning platform, in a similar fashion to what has been the case for other large scale demonstration projects funded by the European Commission, see for example the ROCKME platform developed by the ROCK project.[23]

Sustainability and Scaling Up

Institutional capacity strengthening at the LGU level is a key result of SO2. Thus, by working within the structure of LGUs, development of enabling policies, enhancing capacities of local actors, and ensuring there is an effective and working mechanism for multi stakeholder collaboration and support to the local CE agenda, the likelihood of sustaining the initiatives will be enhanced. Ensuring that the LGU CE strategy or portfolio of solutions are supported by LGU budgets and financing strategies will also strengthen sustainability of results.

The Project will link with national agencies (DENR, DTI, DOLE, DOST, TESDA, DOH, among others) to ensure the policies are aligned to support LGU initiatives on circular economy, at the same time support in advocating or formulating policies responsive to the needs of LGUs to promote circular economy.

The Project will ensure that best practices are shared with the broader set of LGUs in the Philippines through the Coalition of LGUs in CE, thus facilitating the replication and uptake, in turn broadening the influence and impact of the Project. The Project will document these experiences, work with existing educational institutions, to contribute to enhancing existing curriculum and training offerings.

Links will be established with SO 1 to draw lessons from LGU experiences to inform policies, fill gaps and adapt existing policies to capture realities on the ground. Likewise, collaboration will be strengthened with SO 3 to ensure the Project capitalizes on financing strategies and leverage private sector investments to implement LGUs CE portfolio of solutions.

[22] This study was part funded by the European Union's FP7 research and innovation programme under grant agreement No 603939.
[23] Topi, C., Cambridge, H., Wang, G. (2021), ROCKME A monitoring reporting evaluation and learning tool for large scale EU demonstration projects. Stockholm Environment Institute at the University of York. York. UK. https://github.com/SEI-York/ROCKME-open-source/)

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IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The project will be implemented with cost efficiency and effectiveness at the core of overall management. UNDP will have overall management of the project and be responsible for financial management and ensure that there will be transparent procurement and hiring. The project itself uses a mix of technological solutions combined with curated knowledge that reduce transaction costs for all UNDP personnel. The portfolio approach will enhance efficiency and effectiveness, by enabling the capture of contributions from partners, and developing cost effective solutions that have high likelihood of success.

Accountability and transparency will be the key guiding principles of implementation, with UNDP providing overall progress and financial reporting responsibilities to EU following its own stringent internal guidelines. All reports shall be published in the UNDP Transparency Portal (open.undp.org) following International Aid Transparency initiative standards and guidelines.

The project will leverage its partnership with local government units, national government agencies, and other stakeholders, including GEPP Implementing Partners, EU member states, academe, private sector, and non-government organizations. The project will tap into their respective expertise and resources to complement the resources to be provided by the project. Counterpart in kind contributions from partner LGUs will be sought, including provision of office space for the subnational coordinators.

The project will also endeavour, to extent possible, to pursue integrated workstreams and joint activities with other GEPP components to be implemented by GIZ, EF and IFC. This includes capacity development, joint analysis and planning, knowledge management, and monitoring and learning.

This will also be supplemented by UNDP by drawing on its substantial pool of in-house expertise that can leverage the resources provided through the project, including from other complementary projects.

Project Management

The project will be implemented by UNDP PH through Direct Implementation Modality (DIM) under the overall guidance of the UNDP senior management team, with direct supervision of the Climate Action Programme Team in collaboration with the Impact and Advisory Team and the Accelerator Lab.

UNDP Philippines takes overall responsibility and accountability for the delivery of project outputs. It will be accountable for managing the project, including the monitoring and evaluation of project interventions, achieving project results, and for the effective use of resources, in compliance with UNDP rules and regulations, policies and procedures. These include relevant requirements on fiduciary, procurement, environmental and social safeguards, and other performance standards.

The day-to-day implementation of the project will be led by a Project Manager within a Project Management Unit responsible for ensuring that the project achieves the expected targets to the required quality standards and within the specified time and budget allocations. The Project Manager will be supported by a Deputy Project Manager, Project Assistants, technical staff and a pool of contractors and consultants to carry out the deliverables of the project.

See section VII for further details on the governance and management arrangements.

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V. RESULTS FRAMEWORK[24]

Intended Outcome as stated in the UNSDCF/Country [or Regional] Programme Results and Resource Framework:

Outcome 3: By 2028, all people benefit from just transition to low-carbon, climate-resilient development, sustainable management of environment, natural resources and biodiversity and strengthened resilience to disasters and natural hazards.

Outcome 2: By 2028, all people, benefit from a more integrated, innovative, inclusive, and sustainable economy that generates decent work and livelihood opportunities.

Outcome indicators as stated in the Country Programme [or Regional] Results and Resources Framework, including baseline and targets:

Output 3.1 Relevant policies, frameworks, strategies and local actions that support NDC implementation, promote just transition towards low carbon pathways using climate friendly technologies, circular economy principles, clean energy, environmentally sustainable urban development, developed and supported
Indicator 3.1.2: Number of additional local governments implementing circular economy and sustainable urban development approaches in support of NDC and PBSAP
Baseline (2023): 5
Target (2028): 26

Output 3.2 National and sub-national institutions have improved adaptive capacities and resilience to disasters and climate change through increased financing, enhanced tools and platforms, data-driven planning and development, and enabling policies
Indicator 3.2.1: Number of risk-informed and gender responsive development strategies and innovative solutions in place at national, regional, sub-national, and sectoral level (SP IRFF 3.1.1)
Baseline (2023): 217 (1 national, 80 provinces, 136 subnational)
Target (2028): 252 (6 national, 17 cities, 93 provinces, 136 subnational)

Output 3.4 Public and private institutions have improved capacities to promote increased investments in low carbon, climate and disaster resilience, and biodiversity conservation.
Indicator 3.4.1. Number of policies, platforms, and innovative finance instruments developed to increase public and private sector investments in resilience, low carbon and natural resources and biodiversity conservation (SP IRRF E.3.2)

Baseline (2023): 0

Target (2028): 9

[24] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

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Output 2.1 Policies and solutions introduced to promote innovation and investments that generate quality jobs and livelihood
Indicator 2.1.2: Number of people benefitting from employment and livelihood support (SP IRRF 3.3.1)
Baseline (2023): 600 (Female); 600 (Male); 0 (Informal Sector); 0 (Youth); 0 (PWD); 0 (Displaced Population); 0 (Indigenous People)
Target (2028): 4,000 (Female); 6,000 (Male); 3000 (Informal Sector); 1,000 (Youth); 1,000 (Displaced Population); 500 (Indigenous People)

Output 2.2: MSMEs, including social enterprises, and start-ups have enhanced capacities to contribute to value chain and SDGs
Indicator 2.2.1. Number of MSMEs, social enterprises, and start-ups capacitated or linked to supply value chains
Baseline (2023): 39
Target (2028): 100

Applicable Output(s) from the UNDP Strategic Plan:

1.1.2 Number of countries that have policy measures[25] in place to enable the enhancement and/or implementation of Nationally Determined Contributions under the Paris Agreement
4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions

Project title and Quantum Project Number: EU – PH Partnership for Green Economy: Green LGUs (01001427)

EXPECTED OUTPUTS	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 (10 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (8 months)	
Overall Project Outcome: Enhanced practices of circular economy by the Local Government	***SO 2.1*** *Reduction in volume of waste generated in partner LGUs as a result of EU support (Indicator 2.4 in FA)*	*Project reports, NSWMC*	*TBD*	*2023*	*Increasing, annual targets to be determined based on individual LGU CE strategies and targets*					
	SO 2.2 *Reduction in volume of wastes sent to landfill in partner LGUs*	*Project and LGU reports, NSWMC*	*TBD*	*2023*	*Increasing, annual targets to be established based on individual LGU CE strategies and budgets*					*Project and LGU reports, NSWMC*
	SO 2.3 *Greenhouse gas emissions reduced and*	*GHG emissions study, LGU*	*TBD*	*2023*	*Increasing, annual targets to be determined*					*GHG emissions study, LGU GHG*

[25] It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

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EXPECTED OUTPUTS	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 (10 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (8 months)	
Units in collaboration with the private sector and the civil society sector, with focus on youth and gender equality	*avoided (tonnes CO2eq) with the implementation of circular economy initiatives supported by the EU (GERF 2.7, Indicator 1.2 of FA)*	*GHG inventory*								*inventory*
	***SO 2.4** Number of LGUs have established CE models, including introduction of source separation and collection systems for waste for recycling, diversion, repurposing and other CE initiatives (Indicator 2.1 of FA)*	*NSWMC , LGU and project reports*	*TBD*	*2022*		*10*	*5*	*5*		*NSWMC, LGU and Project reports*
	***SO 2.5** Number of organizations applying sustainable consumption and production practices in partner LGUs with EU support (GERF 2.6)*	*Project reports*	*TBD*	*2023*	*Increasing over the years from the baseline*					*Project Reports*
	***SO 2.6** Number of additional jobs (including green jobs) across the CE value chain, created with EU support, disaggregated by gender, and groups (GERF 2.13)*	*Survey of establishments*	*TBD*	*2023*	*Increasing over the years from the baseline*					*Survey of establishments*
	***SO 2.7** Number of LGUs in which nationally defined 'green procurement criteria have been applied with EU support (Indicator 2.2 of FA)*	*Government procurement statistics, LGU and Project Reports*	*TBD*				*5*	*5*		*Government procurement statistics, LGU and Project reports*
	***SO 2.8** Number of cities/municipalities that feed*	*Climate Change Commission,*	*TBD*			*5*	*5*	*5*		*Climate Change Commission, LGU and Project*

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EXPECTED OUTPUTS	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 (10 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (8 months)	
	their NDC reporting with improved gender and youth sensitive data on co-benefits (waste, industry, trade/energy) (Indicator 2.3 of FA)	*LGU and Project Reports*								*Reports*
Output 1. Improved capacities of LGUs and stakeholders to design, implement and monitor resilient and inclusive CE strategies	***1.1** Number of LGUs with enhanced GEDSI disaggregated CE databases and MERL system*	*Project Reports*	*TBD*	*2023*		*5*	*10*	*5*		*Project Reports*
	***1.2** Number of LGUs with GEDSI responsive CE Strategies/CE Portfolios adopted, integrating focus on youth and gender equality*	*Project Reports*			*5*	*10*	*5*			*Project Reports*
	***1.3** Number of LGUs with functional CE multi-stakeholder platforms*	*Baseline Participatory scorecard results*			*5*	*10*	*5*			*End of project participatory scorecard results*
	***1.4** Number of LGUs and stakeholder groups who have received targeted CE capacity building and technical assistance programmes (disaggregated according to gender and groups)*	*Training certificates and participants feedback on training programmes*				*10*	*10*	*20*		*Training reports and results of participants training evaluation*
Output 2. GEDSI responsive local policies and	***2.1** Number of LGUs that have adopted new GEDSI responsive local policies and regulations supporting just transition to circular and green economy*	*Project Reports*	*TBD*	*2023*	*5*	*10*	*5*			*Project Reports*

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EXPECTED OUTPUTS	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 (10 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (8 months)	
regulations designed and applied to enable green growth opportunities and practices	***2.2*** *Number of LGUs that have EPR mechanisms and agreements in place*	*EPR Registry*	*None*	*2023*		*5*	*10*	*5*		*EPR Registry*
Output 3. Public and private financing effectively mobilized to implement gender responsive and inclusive CE strategies and programmes	***3.1*** *Number of LGUs with CE financing strategies and budgets (Indicator 2.1.1 of FA)*	*Project Reports*	*TBD*	*2023*		*5*	*10*	*5*		*Project Reports*
	3.2 *Amount of funding allocated by LGUs to implement local CE polices, strategies and programmes, and resilient waste infrastructure*	*Project and LGU Reports*	*TBD*	*2023*	*Increasing from baseline*					*Project and LGU Reports*
	3.3 *Number of innovative finance instruments and investment strategies developed to support CE initiatives*	*Project Reports*	*None*	*2023*			*3*			*Project Reports*
	3.4 *Amount of funding leveraged from various sources to support local CE initiatives*	*Project and LGU Reports*	*TBD*	*2023*	*Increasing from baseline*					*Project and LGU Reports*
Output 4. Enhanced community innovation	***4.1*** *Number of LGUs – innovation community partnerships implementing CE solutions*	*LGU and Project Reports*	*TBD*	*2023*		*5*	*5*	*10*		*LGU and Project Reports*
	4.2 *Number of LGUs*					*5*	*5*	*10*		

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EXPECTED OUTPUTS	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 (10 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (8 months)	
and demonstration projects applied to address priority CE solutions	*implementing demonstration pilot projects*									
	***4.3** Number of CE innovation projects with LGU involvement*					*5*	*5*	*10*		
Output 5. Enhanced CE behavior and practices of LGUs, private sector, communities and local stakeholders	***5.1** Number of enterprises, commercial establishments adopting CE practices in partner LGUs*	*LGU and Project reports*	*TBD*	*2023*		*25*	*50*	*25*		*Project reports*
	***5.2** Improved CE knowledge, attitudes and practices (KAP) of key stakeholders*	*KAP Surveys*	*TBD*	*2024*	*Improving compared to baseline*					*KAP Surveys*
Output 6. Informal sector, grassroots, civil society organizations, women, youth, and marginalized sector capacitated and integrated into the CE	***6.1** Number of informal sector groups formalized and participating in CE value chain*	*LGU and Project reports*	*TBD*	*2023*		*20*	*10*	*10*		*LGU and Project reports*
	***6.2** Number of women and youth benefitting from incentives used to encourage women and youth's entry into the green economy and the circular economy, disaggregated by gender and sector (Indicator 2.1.3 of FA)*	*LGU and Project reports*	*TBD*	*2023*		*1,000*	*1,000*	*1,000*		
	***6.3** Number of grassroots civil society organizations benefitting from (or reached*	*LGU and Project reports*	*TBD*	*2023*		*10*	*10*	*20*		

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EXPECTED OUTPUTS	OUTPUT INDICATORS[26]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 (10 months)	Year 2 (12 months)	Year 3 (12 months)	Year 4 (12 months)	Year 5 (8 months)	
value chain	*by) EU support on CE initiatives (GERF 2.28)*									
Output 7. CE related knowledge management, MERL, GEDSI and safeguards in place to strengthen and replicate CE uptake in the Philippines	***7.1** Number of LGUs received tailor-made peer-to-peer support and/or technical assistance (Indicator 2.2.1 of FA)*	*LGU reports, NSWMC, DILG*	*TBD*	*2023*		*10*	*10*	*20*		*LGU reports, NSWMC, DILG reports*
	***7.2** Best practices in CE, GEDSI, safeguards documented and installed in accessible knowledge portal*		*None*	*2023*		*Operational in year 2*				
	***7.3** Number of non partner LGUs and organizations adopting learnings from the project*		*None*	*2023*	*Increasing compared to baseline*					
	***7.4** New or updated DRR plans or strategies adopted or agreed with communities*	*OCD, DILG and LGU reports*	*None*	*2023*	*To be determined*					*OCD, DILG and LGU reports*

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VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs and outcome.	Every 6 months, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Every 6 months	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions, including adapting and planning.
Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Every two years	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed, reviewed by the Project Management Team and by the project board and used to make course corrections, including adapting and planning.
Project Reports	Progress reports will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, progress against results and outcome, the	Annually , and at the end of the project (final report)	The reports will support a result based adaptive management of the project

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Monitoring Activity	Purpose	Frequency	Expected Action
	annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period. The Progress report will cover results (outcome level attainments in terms of number and quality), outputs and activities, assumption testing, lessons learned, sustainability and impact prospects and exit concerns/planning		
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Every 6 months (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.

Evaluation Plan[27]

Evaluation Title	Related Strategic Plan Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders
Mid-Term Evaluation	4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions	By 2028, people, especially those at risk of being left behind, equitably benefit from safer, gender-responsive, and just transition to low-carbon, climate-resilient development, disaster risk reduction and management, and sustainable management of environment, natural resources and biodiversity.	Year 2	DENR, DILG, EU, NEDA, NSC and PB Members
Terminal Evaluation	January 2028		Year 4	

[27] Optional, if needed

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VII. MULTI-YEAR WORK PLAN [28][29]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					PLANNED BUDGET		
		Y1	Y2	Y3	Y4	Y5	Funding Source	Budget Description	Amount
Output 1 Improved capacities of LGUs and stakeholders to design, implement and monitor resilient and inclusive circular economy strategies	1.1 Engage with LGUs, including establishment and sustaining local multi-stakeholder partnerships.	22,400	-	22,400	-	-	EU	71200 - International Consultant	44,800
	1.2 Assess CE baseline, needs, and opportunities.	5,000	26,000	10,000	26,000	5,000	EU	71300 - Local Consultant	72,000
	1.3 Establish local CE data and Monitoring, Evaluation, Reporting and Learning (MERL) platform, Nationally Determined Contribution (NDC) reporting	206,238	519,324	519,324	519,324	129,831	EU	71400 - Contractual Services - Individual	1,894,041
	1.4 Strengthen knowledge sharing platform & mechanisms among stakeholders at the LGU level	570,000	200,000	350,000	350,000	-	EU	72100 - Contractual Services - Company	1,470,000
	1.5 Formulate CE strategies and action plans/portfolio of solutions for integration in local plans, policies and budgetary framework	7,000	15,500	15,500	15,500	8,500	EU	71600 - Travel	62,000
	1.6 Formulate and implement targeted CE training programme and technical assistance to LGUs and stakeholder groups	1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
		1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000
		18,000	16,000	16,000	16,000	18,000	EU	75700 - Learning Cost	84,000
	Sub-Total (Output 1)	**830,638**	**780,824**	**937,224**	**930,824**	**163,331**			**3,642,841**

[28] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[29] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

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EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					PLANNED BUDGET		
		Y1	Y2	Y3	Y4	Y5	Funding Source	Budget Description	Amount
Output 2 GEDSI-responsive local policies and regulations designed and applied to enable circular and green growth opportunities and practices	2.1 Assess existing policies of LGUs and their impacts on encouraging green growth opportunities and practices		22,400		22,400		EU	71200 - International Consultant	44,800
	2.2. Update existing policies and formulate new policies in support of CE strategy/portfolio of solutions	5,000	51,000	35,000	51,000	30,000	EU	71300 - Local Consultant	172,000
	2.3 Assist in stakeholder consultations and provide TA towards adoption	31,110	62,220	62,220	62,220	15,555	EU	71400 - Contractual Services - Individual	233,325
	2.4 Identify opportunities for EPR mechanisms and agreements in LGUs	7,000	15,000	15,000	15,000	10,000	EU	71600 - Travel	62,000
	2.5 Provide TA to enhance EPR readiness of LGUs	1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
	2.6 Facilitate links with private sector EPR and waste reduction initiatives	1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000
		8,000	41,000	41,000	41,000	33,000	EU	75700 - Learning Cost	164,000
	Sub-Total (Output 2)	**53,110**	**195,620**	**157,220**	**195,620**	**90,555**			**692,125**
Output 3 Public and private financing effectively mobilized to implement gender responsive and inclusive CE strategies and programmes	3.1 Develop CE financing strategies and budgets to implement CE strategy/portfolios of solutions	25,600	22,400	19,200	22,400		EU	71200 - International Consultant	89,600
	3.2 Examine LGU budgets and integrate CE strategy requirements	5,000	10,000	10,000	10,000	5,000	EU	71300 - Local Consultant	40,000
	3.3 Identify investable proposals, potential PPP opportunities, link with SO 3	17,808	71,232	71,232	71,232	35,616	EU	71400 - Contractual Services - Individual	267,120
	3.4 Organize Investment forum and LGU and private sector engagement platforms		370,000	350,000	350,000		EU	72100 - Contractual Services - Company	1,070,000
	3.5 Develop innovative financing	7,000	15,000	15,000	15,000	10,000	EU	71600 - Travel	62,000

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EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					PLANNED BUDGET		
		Y1	Y2	Y3	Y4	Y5	Funding Source	Budget Description	Amount
	mechanisms, mobilize other sources of funds through policies and engagement with development banks, financing institutions	1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
		1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000
		8,000	16,000	16,000	16,000	8,000	EU	75700 - Learning Cost	64,000
	Sub-Total (Output 3)	**65,408**	**508,632**	**485,432**	**488,632**	**60,616**			**1,608,720**
Output 4 Enhanced community innovation and demonstration projects applied to address priority CE solutions in partner LGUs	4.1 Conduct a mapping of innovation players in CE and assess their needs, status 4.2 Undertake matching of innovation requirements of CE strategy/portfolio with available supply 4.3 Facilitate partnerships between LGU and innovation community to meet demand, support LGUs to adopt policies to foster innovation culture 4.4. Establish innovation grants facility and evaluate results 4.5 identify priority demonstration pilot projects to implement CE strategy/portfolio 4.6 Conduct studies, detailed design, procure equipment and support establishment of small facilities to pilot CE solutions with LGU partners 4.7 Prepare feasibility study for establishment of Innovation for Circular Economy (ICE) Hub		44,800		44,800		EU	71200 - International Consultant	89,600
		5,000	42,000	10,000	42,000	5,000	EU	71300 - Local Consultant	104,000
		83,160	118,776	118,776	118,776	17,808	EU	71400 - Contractual Services - Individual	457,296
			370,000	300,000	300,000		EU	72100 - Contractual Services - Company	970,000
			200,000	200,000	200,000	200,000	EU	Grants	800,000
		7,000	15,000	15,000	15,000	10,000	EU	71600 - Travel	62,000
		1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
		1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000
		8,000	16,000	16,000	16,000	8,000	EU	75700 - Learning Cost	64,000

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EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					PLANNED BUDGET		
		Y1	Y2	Y3	Y4	Y5	Funding Source	Budget Description	Amount
			2,245,122	2,245,122	2,245,122	748,374	EU	Equipment	7,483,740
	Sub-Total (Output 4)	**105,160**	**3,055,698**	**2,908,898**	**2,985,698**	**991,182**			**10,046,636**
Output 5 Enhanced CE behavior and practices of LGUs, private sector, communities and local stakeholders	5.1 Assess current state of CE knowledge, attitudes and practices (KAP) of key stakeholders 5.2. Design and implement communication, advocacy, behavioural change interventions targeting priority sectors and audiences 5.3 Engage with educational institutions, civil society organizations to embed CE practices 5.4 Establish CE education grants for academe, CSOs, grassroots organizations 5.5 Assess effectiveness of behavior change interventions through a terminal KAP survey	5,000	10,000	10,000	10,000	5,000	EU	71300 - Local Consultant	40,000
			380,000				EU	72100 - Contractual Services - Company	380,000
			200,000	200,000	200,000		EU	Grants	600,000
		7,000	15,000	15,000	15,000	10,000	EU	71600 - Travel	62,000
		1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
		1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000
		8,000	16,000	16,000	16,000	8,000	EU	75700 - Learning Cost	64,000
	Sub-Total (Output 5)	**22,000**	**625,000**	**245,000**	**245,000**	**25,000**			**1,162,000**
Output 6 Informal sector, grassroots, civil society organizations, women, youth, and marginalized	6.1 Mapping of informal waste sector, women groups, youth and other marginalized sector involved in CE value chain, evaluate impacts of transition to CE	21,000	10,000	26,000	10,000	5,000	EU	71300 - Local Consultant	72,000
		31,110	62,220	62,220	62,220	15,555	EU	71400 - Contractual Services - Individual	233,325

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EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					PLANNED BUDGET		
		Y1	Y2	Y3	Y4	Y5	Funding Source	Budget Description	Amount
sector capacitated and integrated into the CE value chain	6.2 Strengthen organizational capacities of community groups, improve awareness of their rights, safety standards in the workplace		400,000	400,000	400,000	400,000	EU	Grants	1,600,000
		7,000	15,000	15,000	15,000	10,000	EU	71600 - Travel	62,000
	6.3 Support local initiatives of Community /CSOs through small grants	1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
	6.4 Conduct training/skills upgrading for informal sector and facilitate integration with CE value chain and EPR initiatives	1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000
		8,000	16,000	16,000	16,000	8,000	EU	75700 - Learning Cost	64,000
	Sub-Total (Output 6)	**69,110**	**507,220**	**523,220**	**507,220**	**440,555**			**2,047,325**
Output 7 CE related knowledge management, MERL, GEDSI and safeguards in place to strengthen and replicate CE uptake in the Philippines	7.1 Assess existing knowledge sharing platforms and strengthen/establish effective mechanisms		51,200		51,200		EU	71200 - International Consultant	102,400
	7.2 Identify second tier LGUs and identify their needs, deploy TA support	5,000	10,000	10,000	10,000	5,000	EU	71300 - Local Consultant	40,000
	7.3 Organize peer-to-peer training and learning activities for “second tier” LGUs	41,460	82,920	82,920	82,920	20,730	EU	71400 - Contractual Services - Individual	310,950
	7.4 Organize Coalition of LGUs/ establishing champions	7,000	15,000	15,000	15,000	10,000	EU	71600 - Travel	62,000
	7.5 Organize knowledge sharing among PH LGUs, curate lessons and experiences in CE transformation, including GEDSI and safeguard measures	1,000	2,000	2,000	2,000	1,000	EU	72400 - Communication Services	8,000
	7.6 Organize EU and south-south exchange to learn experiences								
	7.7 Distill lessons and undertake upward policy advocacy to support strengthening	1,000	2,000	2,000	2,000	1,000	EU	74200 - Audio Visual Production	8,000

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EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year					PLANNED BUDGET		
		Y1	Y2	Y3	Y4	Y5	Funding Source	Budget Description	Amount
	of national CE agenda 7.8 Assess waste management infrastructure and potential impacts of climate and disasters 7.9 Provide TA to update DRR plans or strategies of interested LGUs	8,000	36,000	16,000	36,000	8,000	EU	75700 - Learning Cost	104,000
	Sub-Total (Output 7)	**63,460**	**199,120**	**127,920**	**199,120**	**45,730**			**635,350**
Project Management and Project Office Costs	Project Management Unit Direct Project Cost Project Unit Running Cost	575,836	779,555	837,155	737,155	549,133	EU		**3,478,835**
									-
	Total Direct Eligible Costs	1,784,722	6,651,669	6,222,069	6,289,269	2,366,102	EU		**23,313,832**
	Total Indirect Eligible Costs (Max of 7% of total direct eligible costs)	124,931	465,617	435,545	440,249	165,627	EU		**1,631,968**
	Total Eligible Costs	**1,909,652**	**7,117,286**	**6,657,614**	**6,729,518**	**2,531,729**	EU		**24,945,800**

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VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

At the Programme level, a GEPP National Steering Committee shall be established, composed of representatives from the EU, DENR, DILG, Department of Energy (DoE), Climate Change Commission (CCC), Department of Trade and Industry (DTI), National Economic and Development Authority (NEDA), NSWMC, League of Cities, selected municipality representatives, CSOs, including groups representing women and youth.

The Steering Committee shall act as the strategic oversight of progress, provide strategic input into the development of the intervention, provide a dialogue platform which allows the alignment and coordination as well as evaluation strategy.

At the Project level, a Project Board will be established to provide oversight to the implementation of the action described in this document implemented by UNDP. The Board will be composed of senior representatives of UNDP, DENR, DILG, and EU. It may invite representatives from LGU leagues, private sector, and civil society as observers. UNDP serves as chair, with DILG as co-chair.

The Project Board, which will meet at least twice annually, shall have the following specific responsibilities:

- Provide overall guidance and direction to the Project, ensuring it remains within any specified constraints, and promote gender equality and social inclusion (Leave No One Behind) in project implementation;
- Review project performance based on monitoring, evaluation and reporting, including standard quality assurance checks, progress reports, risk logs, spot checks/audit reports and the combined delivery report;
- Address any high-level project issues as raised by the project manager and project assurance;
- Provide guidance on emerging and/or pressing project risks and agree on possible mitigation and management actions to address specific risks (including ensuring compliance with UNDP's Social and Environmental Standards, Fraud/corruption, Sexual Exploitation and Abuse and Sexual Harassment);
- Agree or decide on Project Manager's tolerances as required, within the parameters set by UNDP (Manage Change in the PPM) and provide direction and decisions for exceptional situations when the project manager's tolerances are exceeded;
- Advise on major and minor amendments to the project;
- Agree or decide on a project suspension or cancellation, if required;
- Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Receive and address project level grievance, including overseeing whatever specific compliance and stakeholder response (or grievance) mechanisms have been put in place so that individuals and communities potentially affected by the project have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of the project.[30]
- Engage in the low value grant selection process where there is no Grant Selection Committee, as guided by the Low Value Grants – UNDP Operational Guide.

[30] The responsibilities of the board in this regard should follow UNDP's Social and Environmental Standards (SES) as codified in the PPM. It should be noted that while a project board can play a role in addressing or assisting with the compliance and stakeholder response (or grievance) mechanisms put in in place for a given project (as part of their quality assurance and oversight function), this will be in addition to and does not substitute for UNDP's core responsibility to ensure compliance with the SES throughout the project management cycle as part of UNDP's Programming Quality Assurance system.

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The Project Management Unit (PMU) will be responsible for the day-to-day management and the implementation of activities. The PMU will be responsible for the efficient and effective use of the project resources. The PMU will support the LGU engagement specialists (Hub Coordinators) and other specialists and consultants, provide secretarial services, and coordinate all activities of the Project. The PMU will be led by a Project Manager who will be responsible for overall management of the Project, engagement and partnerships, and overall supervision of staff, consultants and contractors.

An important element which will be key for the successful implementation of this Project is the establishment of LGU implementation hubs. The hub will work directly with the LGUs in order to have effective implementation of the Project. The hub will have Coordinators/CE Specialists and Assistants to work directly with the LGUs. The hub will coordinate the work between LGUs and be responsible for elements such as peer-to-peer training. The Coordinators/CE Specialists will lead the work at the LGU level. The Hub Coordinators/CE Specialists will report directly to the Deputy Project Manager and Project Manager in the PMU.

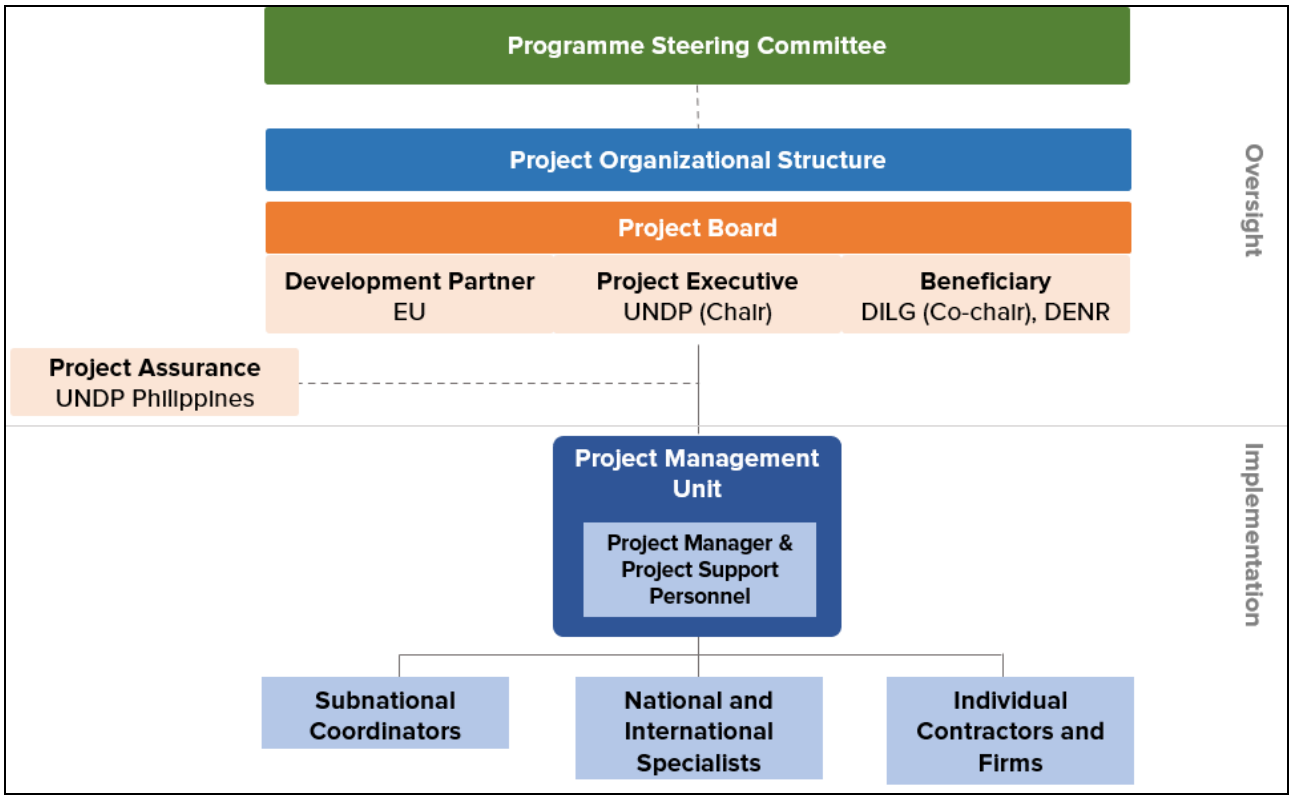


Figure 3. Project Organizational Structure

Oversight and Quality Assurance

UNDP, through the Philippines Country Office Programme Officer under the Climate Action Programme Team, performs the quality assurance role and supports the Green LGUs Project Board and Project Management Unit by carrying out objective and independent portfolio oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. UNDP provides oversight services involving the UNDP Philippines Country Office. Project Assurance is independent of the Project Management function.

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IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Philippines and UNDP, signed on 21 July 1977. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNDP in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

UNDP (DIM)

UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds][31] [UNDP funds received pursuant to the Project Document][32] are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.

All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

[31] To be used where UNDP is the Implementing Partner
[32] To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

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UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:

a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:

   - put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   - assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.

c. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

   (a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

   (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:

   (i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

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(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;

(iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;

(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification:

- does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or
- is not in contravention of any laws applicable to it.

Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.

g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption, anti-fraud and anti-money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

h. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

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j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption other financial irregularities with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

k. *Choose one of the three following options:*

Option 1: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption, other financial irregularities or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Option 2: Each responsible party, subcontractor or sub-recipient agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud corruption or other financial irregularities or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

l. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

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m. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

n. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

Special Clauses. In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to obtain the additional funds required.
7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 6 above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

(a) [7%] cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices.
(b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

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9. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP."

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XI. ANNEXES

Annex 1: Theory of Change

Annex 2: Social and Environmental Screening Template

Annex 3: Risk Analysis

Annex 4: Gender Equality, Disability Rights, and Social Inclusion (GEDSI) Analysis and Action Plan

Annex 5: Profile of First batch of 10 LGUs

Annex 6: List of Consultations Conducted

Annex 7: Terms of Reference (TOR) of Key Management Positions

Annex 8: Project Quality Assurance Report