

Evaluating the Impacts of a Large Scale Social Development Project on the Non-Income Dimension of Poverty: The Case of the KALAHI-CIDSS¹

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Abstract

The paper is an evaluation of the non-income impact of the government's foremost anti-poverty project, the Kapitbisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (Kalahi-CIDSS), which is implemented nationwide by the Department of Social Welfare and Development (DSWD). The reason for focusing the assessment on the non-income dimension of this poverty reduction project is that recent literature on poverty argues that successfully addressing poverty requires more than increasing the income of the poor but enabling or empowering them to collectively act on issues that affect their welfare. The ability to work together as a community or society in the pursuit of a collective goal intended to improve the group's plight is referred to as "social capital." Relying on an exhaustive review of secondary literature pertaining to Kalahi-CIDSS and similarly implemented projects in other parts of the world, the paper found that Kalahi-CIDSS had a positive impact on the social capital of communities where the program was implemented. Moreover, the project generated high economic returns and savings compared to projects implemented by government agencies using standard government rules and procedures. The positive impacts of Kalahi-CIDSS led to the scaling up of its implementation to cover more than half of the poorest municipalities

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in the bottom 40 poorest provinces in the country under the National Community-Driven Development Program (NCDDP).

KEYWORDS: poverty reduction, social capital, non-income indicator, social development

Introduction

Objective

The objective of this paper is to evaluate the impacts of *Kapitbisig Laban sa Kahirapan*² (the Comprehensive and Integrated Delivery of Social Services, or *KALAHI-CIDSS*³) on the non-income dimension⁴ of the project—in particular on “social capital”—in local communities where the anti-poverty reduction project is being implemented. While “social capital” is defined in various ways in the literature,⁵ we define it in this paper as the element of “trust/confidence” that helps people get along with each other and collectively pursue an objective more successfully than when acting as isolated individuals (Carroll 2001). The definition stresses two key factors of social capital: one is the ability to work together as a community or society (i.e., unity) through mutual trust; and the other is the pursuit (i.e., capacity) of a collective goal that intends to improve the plight of the members of the community/society.⁶

The interest in assessing the impacts of KC on social capital stems from the fact that most evaluations of poverty reduction projects examine the effect of a project on the income of the beneficiaries. The thinking is that by raising the income of the poor, they will be able to graduate from poverty. However, literature analyzing poverty and deprivation, particularly those of Sen (1982 and 1999), show that the poor do not merely suffer from a lack of financial capital, but that poverty and inequality are perpetuated by a system wherein the poor are deprived of the basic skills, services and assets that will enable them to improve their plight. Sen (1999) argues that government programs addressing poverty should be evaluated not only in terms of promoting economic growth but more importantly, on whether “capabilities” (i.e., the ability to perform civic duties) are developed among citizens to ensure the functioning of a genuine democracy. He stresses that citizen “capabilities” can only be realized if the state provides for supporting factors (referred to as “functionings”). For instance, the right to vote can only be properly exercised

if the state ensures, among others, access to education, transportation and roads to enable voters to go to the polling places, and freedom from fear of retribution of rival political candidates.

Methodology

This evaluation will not generate its own primary data as it does not have the time or the resources for this purpose. Rather, it will rely mostly on secondary data and analyses already conducted on the impacts of KC on social capital in the local communities in which it is being implemented. It will also distil insights from World Bank⁷ projects in other developing countries which, like KC, are implemented under the community-driven development (CDD) mode purportedly to enhance social capital in host communities. The CDD approach involves actively encouraging participation of pre-selected poor communities to identify, select and even manage the fund for development projects supported by KC through a grant fund to the poor community (refer to Section 2 of this paper for the details of the CDD process).

This evaluation is far from being an original work, but its value lies in its being able to summarize, analyze and synthesize various qualitative evaluation works on KC with emphasis on its unique contribution to strengthening social capital in poor communities. Worth noting is that KC is one of the biggest (both in terms of geographical coverage and budgetary resources) poverty reduction projects in the Philippines and hence, any lessons that will be derived in its evaluation (whether quantitative or qualitative) will be extremely useful in improving the design of future anti-poverty projects to be undertaken by the government and development partners.⁸

Section 2 provides a background on KC, its accomplishments, the approach it uses and the principles upon which it operates, and its implementation process. Section 3 discusses the development context of local communities in the Philippines for better appreciation of the challenges in implementing a poverty reduction program such as the KC. Section 4 summarizes key findings of evaluation studies of KC performance in the country, and other countries similarly implementing a CDD approach in addressing the challenge of poverty. The discussion of evaluation results will cover not only impacts on social capital but also the economic and financial costs of KC in comparison with projects in other countries similarly implemented

under the CDD approach. Section 5 identifies key issues hounding the implementation of KC operations and suggested actions to address them. And Section 6 provides a summary of recommendations and a conclusion.

Background⁹

KALAHI-CIDSS or KC is the flagship poverty reduction project of the Philippine government, implemented through its Department of Social Welfare and Development (DSWD), with funding support from the World Bank. Its primary aim is to reduce poverty and vulnerabilities to poverty in selected poor provinces and municipalities in the country. KC attempts to achieve this goal by focusing on the non-income (i.e., social development) aspects of poverty reduction through the: (a) strengthening of community participation in local governance; and (b) developing of local capacity to design, implement and manage the community sub-projects it funds. KC employs a community-driven development (CDD), involving the community driving the entire sub-project cycle, from the identification of the problem and selection of the sub-project to the management of the sub-project funds and the maintenance and operations of the completed sub-project.

a) Coverage - KC is implemented in over 4,200 *barangays*¹⁰ in 184 municipalities of the poorest 42 provinces in the Philippines. These provinces were selected based on poverty survey data collected by the National Statistics and Coordination Board (NSCB), while the municipalities within these 42 provinces were identified based on a municipal poverty mapping technique developed by the Asia-Pacific Policy Center. Once a municipality is selected, all *barangays* within it are eligible to participate in the project. Given its considerable geographic coverage, KC can be considered as one of the largest-scale anti-poverty projects implemented in the Philippines.

b) Phases - Implementation of KC was divided into four phases. Phase I was launched in January 2003 covering only 201 villages in 11 municipalities in 11 provinces. This served as the “pilot” stage of the project. Phase II began in July 2003 covering 1,302 villages in 56 municipalities in 11 additional provinces. Phase III-A was launched in October 2004 and Phase III-B in January 2006¹¹ to cover more than 1,500 villages in 63 municipalities. Phase

IV was implemented in August 2006 to cover the remaining 54 selected municipalities. The project cost for a five-year implementation period was \$182.4 million, of which \$100 million was loaned by the World Bank. \$31.4 million came from the national government, and \$51 million was contributed by villagers and local governments to the project.

KALAHI-CIDSS and Community-Driven Development

KC takes to heart its claim of being a CDD project.¹² It strictly follows a five-stage [i.e., social preparation; project identification, selection and planning; project approval; implementation of sub-project and O&M plan, and transition (M&E)] Community Empowerment Activity Cycle (CEAC) to ensure the active participation of the community in the analysis of their problems, identification of their needs and priorities, selection (on a competitive basis) of the winning sub-project proposal, implementation and monitoring of the sub-project progress, and management of the completed sub-project (refer to figure 1). Each of the five stages has a number of activities involved that the community must comply with (refer to table 1 explaining the activities involved in each of the five stages). A manual for this purpose was formulated, and community facilitators (called Area Coordinating Team or ACT members) and community volunteers underwent orientation and training on these steps and the CDD principle upon which KC was built. Moreover, considerable time was spent by DSWD in developing criteria to be observed by community facilitators to ensure that the majority of the village members—particularly the poor, the vulnerable and women—participated in the KC processes.¹³

While working within and strengthening existing local institutions, such as the Barangay Assembly and the Municipal Local Development Council (as provided for by the LGC of 1991), KC complemented them with innovative institutional arrangements such as the formation of a number of community volunteers' committees assigned to lead and perform a particular task (i.e., during the social preparation stage), and the Municipal Inter-Barangay Forum (MIBF) to ensure active community participation and encourage greater interaction between local leaders and their constituents (i.e., during the project identification, selection and planning stage).

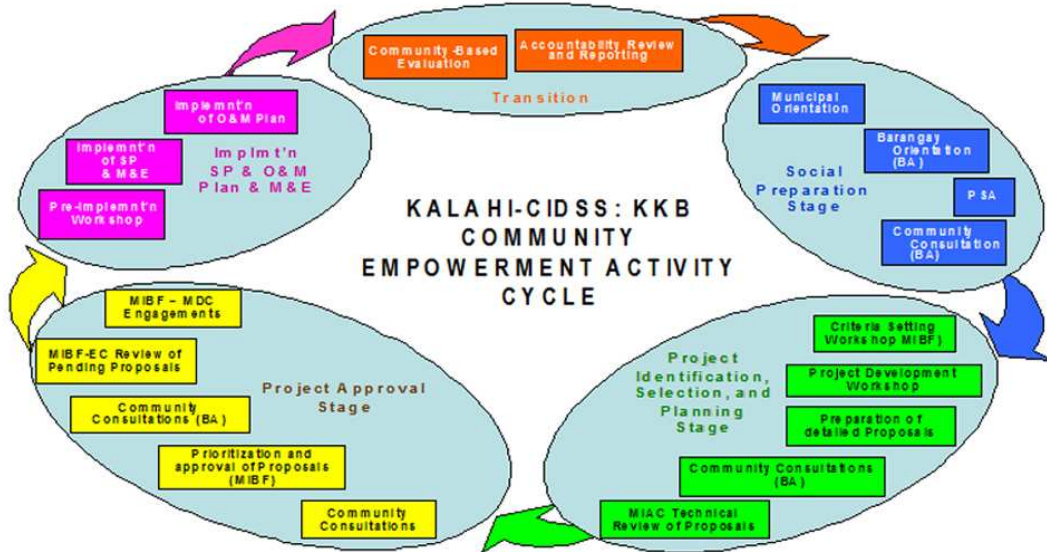


Figure 1. KALAHI-CIDSS Project Flow
 Source: Field Guide for KALAHI-CIDSS Area Coordinating Teams, 2007 (DSWD)

Table 1. The 17 Steps of the KALAHI-CIDSS Sub-project Cycle within its Five-Stage Phase

A. Social Preparation Stage

Step 1: Municipal Orientation The KALAHI-CIDSS is launched in the municipality. A memorandum of understanding (MOU) is signed between the Department of Social Welfare and Development (DSWD) and the municipality. A municipal interagency committee (MIAC) is created, which serves as a mechanism for interdepartmental collaboration. The area coordination team (ACT), which serves as the KALAHI-CIDSS field team in each municipality, is deployed two months prior to the municipal launch.

Step 2: Village Orientation The first village assembly is held in every village within the municipality. Villagers are briefed on the KALAHI-CIDSS. Volunteers for conducting a participatory situation analysis (PSA) are selected by their peers.

Step 3: Participatory Situation Analysis Volunteers discuss development issues affecting the community and prioritize them. The final output is the village action plan, including the top priority problem to be submitted for KALAHI-CIDSS funding.

Step 4: Validation of PSA Results A second village assembly is held. The PSA results are validated by the entire village. The project preparation team (PPT) and village representative team (VRT) are elected from among the villagers.

B. Project Identification, Selection and Planning Stage

Step 5: Criteria-Setting for Ranking of Subprojects VRTs attend a workshop where the rules and subproject ranking criteria for the municipal inter-barangay forum (MIBF) are decided by them. These include poverty focus, sustainability, and local contributions

Step 6: Preparation of Subproject Concepts PPTs, VRTs, MIAC members, municipal technical staff, and local nongovernmental organizations attend a workshop on subproject concept preparation. As a result, the subproject concept forms are prepared for each village through stakeholder consultations. Local resource mobilization strategy is formulated to generate contributions from villagers, local government, and line agencies

C. Project Approval Stage

Step 7: Validation of subproject Concepts A third village assembly is held. Each PPT publicly presents the subproject concept form for validation by the entire village

Step 8: Finalization of Subproject Concepts A workshop for all PPTs is held for refining the subproject concept based on inputs from Step 7. Presentation materials to be used in the first MIBF are prepared.

Step 9: Ranking of Subproject concepts by the Municipal Inter-Barangay Forum The first MIBF is held. PPTs present the subprojects concepts and VRTs rank them. A resolution from the MIBF indicating the ranking as well as indicative funds allocated to prioritize subprojects is signed by all the VRTs. The mayor chairs the MIBF, but does not vote.

Step 10: Feedback on the Results of Municipal Inter-village Forum ranking A fourth village assembly is held. The results from the first MIBF are presented to the village. The prioritized villages elect the members of the village subproject management committee.

Step 11: Formulation of Detailed Subproject Proposals Village teams assisted by the ACT and local government staff prepare the draft detailed subproject proposal, which includes technical specifications and detailed cost estimates. Non-prioritized villages are also encouraged to undertake technical preparation

Step 12: Validation of Detailed Subproject Proposals A fifth village assembly is held. The draft detailed subproject proposal is publicly presented to the entire village for validation

Step 13: Approval of Detailed Subproject Proposals by the Municipal Inter-Barangay Forum	A second MIBF is held. The detailed proposals are presented and assessed by the MIBF. After verification of the required supporting documents, the subprojects are finally approved for funding. Verification requires a commitment letter from the MIAC, signed by the mayor, for supply of software aspects, e.g., staffing.
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D. Implementation of Sub-project and O&M Plan

Step 14: Pre-implementation Workshop	Village teams, which are attached to the village development council, are trained in construction techniques, reporting, procurement, financial management, and operations and maintenance (O&M). Concerned local government staff also receive training
Step 15: Subproject Implementation	The subproject is implemented by the village volunteer teams. During implementation, a detailed O&M Plan is required for the release of the second instalment of funds.
Step 16: Subproject Operation and Maintenance	The O&M Plan is implemented by the village. An O&M monitoring team comprising municipal officers and the ACT tracks progress.

E. Transition

Step 17: M&E	Community-based evaluation Accountability review and reporting
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Source: DWSD Primer on the Kalahi-CIDSS

Community participation in the KC process is encouraged through the use of a “carrot” (i.e., the prospect of receiving a “community grant”) which finances a sub-project that the village identified as their need. Around PHP 300,000 is budgeted for each barangay in the selected municipality, though this does not mean an entitlement for the barangay. The barangays will have to compete for the sum through submission of sub-project proposals for review and approval by a body (MIBF), members of which consist of three representatives from each of the barangays in the municipality. Necessarily, community social preparation is undertaken by KC community facilitators (ACT members) to enable villagers to actively participate in various stages of the KC sub-project cycle.

Winning sub-project proposals will have to pass several stringent criteria drafted by the MIBF such as relevance to community needs, far-reaching positive impact on the population, viability, and willingness to provide the required community

counterpart contribution. Winning sub-project proposals may exceed the budget allotted for each barangay. This means that other non-winning barangays will not be able to avail of KC sub-project assistance until the next sub-project cycle. The original project design had three sub-project cycles planned for the recipient municipality, and it is envisioned that all barangays in the selected poor municipality will be benefited by KC.

KC and Community Capacity-Building and Empowerment

Poverty and community capacity-building and empowerment

Unlike other anti-poverty projects that view raising the income of the poor as some sort of a panacea to solving poverty, KC recognizes the multi-dimensional aspects of poverty. This is aligned with Sen's (1982 and 1999) argument that the poor are not only financially challenged; poverty and inequality are perpetuated by a system in which the poor are deprived of basic skills, services and assets that will enable them to improve their situation.

Sen's prognosis of poverty greatly influenced the thinking of the UN (refer to UNCED 1992 and UNDP 1991) in attempting to better understand poverty and track the progress of global efforts against poverty. The Minimum Basic Needs (MBN) Approach and the Human Development Index (HDI) measurements recognize that, far from being a mere economic or income phenomenon, successful anti-poverty efforts could only be achieved if the accompanying political, social and even cultural factors that work against the poor are addressed. Similarly, international development institutions like the Department for International Development's (DfID) "Sustainable Livelihood Framework" (1999), and the Asian Development Bank's (ADB) "Growth Diagnostics Framework" developed by Hausman, Rodrik and Velasco (2005) to analyze poverty in the Philippines, also acknowledge the multi-dimensional characteristics of poverty.

Naraya, et al. (2000) went deeper into the analysis of the nature and causes of poverty by interviewing around 60,000 poor people all over the world about their views and feelings, experiences, understanding and insights on being poor. Their research results corroborated many of the propositions forwarded by Sen and the

works of the UN on poverty by revealing its multi-dimensional nature. Aside from insufficient income as a result of lack of access to income-earning opportunities, the poor suffer from social and political marginalization, lack of access to basic services such as education and health, and their “voices” are rarely taken into consideration in making decisions that affect their welfare (refer to table 2 on the different aspects of poverty). The solution prescribed is the empowerment¹⁴ of the poor to address the multi-dimensional nature of poverty.

Table 2. Various Manifestations of Poverty

1. Inadequate and often unstable income (and thus, inadequate consumption of necessities, including food and often, safe and sufficient water; frequent problems of indebtedness, with debt repayments significantly reducing income available for necessities).
2. Inadequate, unstable or risky asset base (non-material and material, including educational attainment and housing) for individuals, households or communities.
3. Poor-quality or often insecure, hazardous and overcrowded housing.
4. Inadequate provision of ‘public’ infrastructure (for example, piped water, sanitation, drainage, roads and footpaths), which increases the health burden and often the work burden.
5. Inadequate provision of basic services, such as day care/schools/vocational training, healthcare, emergency services, public transport, communications and law enforcement.
6. Limited or no safety net to ensure that basic consumptions can be maintained when income falls or to ensure access to housing, healthcare, and other necessities when these can no longer be paid for.
7. Inadequate protection of poorer groups’ rights through the operation of law, including laws, regulations and procedures regarding civil and political rights; occupational health and safety; pollution control; environmental health; protection from violence and other crimes; and protection from discrimination and exploitation.
8. Poorer groups’ voicelessness and powerlessness within political systems and bureaucratic structures, leading to little or no possibility of receiving entitlements to goods and services; of organizing, making demands and getting a fair response; and/or receiving support for developing their own initiatives. In addition, there is no means of ensuring accountability from aid agencies, non-governmental organizations (NGOs), public agencies and private utilities and of being able to participate in defining and implementing poverty programs.

The poor may also be particularly seriously affected by high and/or rising prices of necessities (such as food, water, rent, transport, access to toilets and school fees).

Source: Adopted from Mitlin and Satterthwaite (eds.) 2004.

In the Philippine context, the recognition of the multi-dimensional nature of poverty has been largely brought about by the influence of international scholars and multilateral agencies working on poverty. The National Economic Development Authority's (NEDA) works on measuring "minimum basic needs" and "human development index," and the "Millennium Development Goals" indicators were conducted with heavy funding and assistance from the UN. These measurements have introduced non-income indicators (i.e., education, health, life span, etc.) to assess progress of anti-poverty programs by the government and donor agencies. The works of Balisacan (2003 and 2007), while considering the economic dimension of poverty, have added the role of institutions in the success or failure of poverty alleviation programs. In another attempt to enrich the analysis of poverty as a multi-dimensional phenomenon, the Rural Poverty Projects Assessment (RPPA 2009) study team formulated an integrated operational framework for rural poverty reduction in the country. The framework proffered a holistic approach, taking into consideration both income and non-income (e.g., social capital and institutional) considerations as a precondition for successfully addressing poverty, particularly in the rural areas.

How KC enhances social capital and helps reduce poverty¹⁵

KC's primary contribution to poverty reduction is in addressing its non-income dimensions or in strengthening social capital in the community. Thus, the numerous activities under the five stages in the CEAC are meant to promote unity among community members, mobilize them toward the attainment of a certain goal, engage their LGU officials, inform community members of government processes and resources as a way of empowering them, and building their capacity to implement and manage the funds of development sub-projects. KC's sub-projects are treated as "means" to strengthen community social capital while at the same time they are also viewed as tangible contributions to the poverty reduction effort because they are intended to raise the level of community welfare.

Figure 2 shows this process. Social capital is strengthened through (a) community organizing/mobilization, (b) active community members' participation at all levels of the CEAC process, and (c) LGU officials' greater accountability through the

establishment of the MIAC and MIBF, whereby officials are expected to provide technical assistance and counterpart funds for the community sub-projects. Organization and mobilization of community members to attain a certain objective strengthens horizontal social capital (i.e., the trust, bond or link among residents of the community), while the promotion of greater interaction between community members and their LGU officials enhances vertical social capital (i.e., trust, bond or link between the LGU and the community) and greater accountability from LGU officials. The result of a strengthened social capital is expected to be the successful completion and operation of the development sub-projects (i.e., school building, health center, flood control, irrigation, farm-to-market roads, etc) that will contribute to the improvement of living conditions in the community.

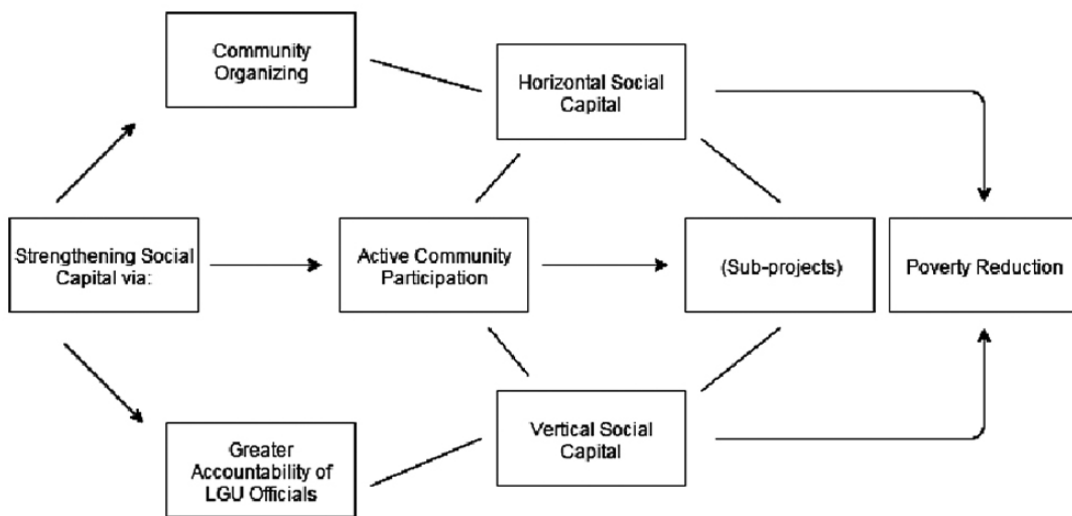


Figure 2. Kalahi-CIDSS Non-Income Contribution to Poverty Reduction

Development Context of KC

Introducing and implementing a large-scale poverty reduction program that is anchored on the concept of strengthening social capital faces numerous challenges, given the unique development context of the Philippine society. We will enumerate and discuss key development features of Philippine politics, economics and culture

that impede KC's objective of strengthening social capital within the community through the CDD approach.

a) Patron-client relationship - There is a consensus among various scholars and analysts (refer to Doherty 1982; McCoy, 1994; Hutchcroft 1991 and 1998; and Gutierrez 1992, among others) that the power relationship between the Filipino elite (leaders) and the masses is one characterized by a patron-client relationship. Under this arrangement, a leader (patron) is supposed to provide or guarantee provision of basic amenities or livelihood resources to their followers (clients), who in exchange for such protection and patronage are expected to be loyal to the former. The CDD approach of encouraging active community participation in identifying, selecting, and planning the development sub-project and managing its resources runs against this tradition, and in a number of instances, is seen by local officials as a threat to their prerogatives.

b) Colonialism and clientelism - Patron-client relationship or clientelism was nurtured by colonial powers as a way of perpetuating the hierarchical nature of colonial society and hence, perpetuating the colonizer's domination of the country. The Spaniards kept control of the vast majority of the "indios" by cajoling local leaders into submission through the combined use of religion, concessions, threats and violence. For as long as local leaders did not feel over-burdened by the colonizer's demand, they collaborated with them by acting as tribute collectors from the masses, pocketing a portion of the tax proceeds before their submission to the colonial government, and obtaining concessions from the colonial government for further economic self-aggrandizement.

Notwithstanding the introduction of democratic institutions by the US, which ruled the country at the turn of the 20th century, the system of patron-client relationship hardly changed. This has continued to this day. As Root (2006) observed:

"The Philippines has copied its civil service rules from the United States. Despite formal similarities, the practice in the two countries diverges radically because pre-existing social inequality in the Philippines

undermines bureaucratic standardization. In the Philippines, clientelism is perpetuated through emergency or confidential positions, pro forma performance ratings, or favoritism in reclassifying positions. Politicians will typically demand that temporary positions be filled outside of the civil service criteria. Later, these positions are made permanent so that within the same agency, dual bureaucracies result, operating according to different rules of conduct. This compromise of standardization allows patron-client relations to flourish and engenders management by factions or cliques.” (p. 31)

In the contemporary scene, Sidel (2004) observed that despite the intention of the LGC of 1991 to encourage local citizens’ participation in local governance through devolution, major decisions of what development projects to undertake in the municipality are still often dictated by the mayor and, in the case of the barangay, by the barangay captain. Though there are existing institutions provided by the LGC to ensure active citizens’ participation in local politics such as the Barangay Assembly, the Barangay Development Council, and the Municipal Development Council, they are hardly operational in most cases.

c) Patron-client relationship and poverty - The concentration of powers (economic, social and political) in the hands of a few families or clans expectedly results in severe inequality and poverty. The monopoly of powers by a few means deprivation of many. Thus, despite various regime changes (from democratic to an authoritarian rule then back to a democratic regime) during the post World War II history of the Philippines, poverty has remained severe and widespread. Under a patron-client relationship arrangement, bestowing the poor a “voice” is necessarily in conflict with the interest of the elite because it tends to undermine the foundation upon which the arrangement is built.

d) Poverty and inequality in the Philippines - The inability to spread the benefits of growth more equitably has resulted in severe and deep poverty and inequality in the Philippines. Poverty incidence figures in the Philippines remain high despite the economy registering a modest economic growth of more than four percent in the last five years. Latest official statistics show that while poverty incidence declined from around 33 percent in 2000 to 30 percent

in 2003, it again worsened in 2006, reaching its 2000 level of 33 percent. This translates to around 28 million Filipinos living below the poverty line (Virola, et al. 2005), around two-thirds of whom are residing in the rural areas.

That poverty is a result of severe income inequality is also borne out by statistics. The ADB (2005) noted that the “share of the richest 10 percent of the population was still more than twenty times the share of the income of the poorest ten percent.” This means that the richest quintile of the population cornered more than 50 percent of total family incomes while the poorest quintile had less than five percent.

Evaluation of Kalahi-CIDSS on Selected Indicators: Summary of Key Findings

This evaluation exercise will attempt to summarize the findings of selected evaluation studies, focusing on five parameters to gauge whether Kalahi-CIDSS (KC) has attained its objectives, namely: (a) its relevance within the development context of the Philippines; (b) effectiveness in identifying and targeting the poor; (c) enhancing community social capital by encouraging active community participation (resulting in community empowerment); (d) promoting greater accountability of elected local officials; and (e) its physical accomplishments and cost-benefit, with particular attention given to the concern on the relatively high social preparation costs of KC.

4.1. KC and the Philippine Development Context

The emphasis of building and strengthening local community social capital as a component of poverty reduction efforts is highly relevant to the Philippines in the context of its existing power structures (based on patron-client relationship) that resulted in persistent and deep poverty in the country. Community empowerment will enable the poor to organize themselves to act collectively in pursuing activities that will improve their plight, and will make their local officials accountable for delivering basic services to the community, as mandated by law. It will also contribute to a better functioning democracy as it develops civic consciousness among the citizens, fosters greater

interaction between the community and its leaders, prevent violent conflict from occurring among the citizens, and lead to a more responsible exercise of one's rights.

The downside to community empowerment is the potential conflict the empowering process for the citizens might generate as it undermines the foundation of a patron-client relationship. While this may be so, it has to be emphasized that the process of change will by nature involve some form of "conflict" as the old one has to pave the way for the new ones [refer to the classic work on this by Coser (1966)]. In a situation like this, the more important consideration is how to manage "conflict" so that it will serve a "functional" purpose rather than being "dysfunctional." KC has put in place a "Grievance Redress Mechanism" (GRM) to address this concern, but the mechanism will need further strengthening to better respond to the many nuanced reactions of the elite (patron) whose interest is perceived to be threatened by innovations introduced by KC in the community.

4.2 Identifying the Poor and Poverty Targeting

As Sen (1976) notes, to be able to reach the poor, one must be able to identify who they are, where they are, and after aggregating the data, determine the extent of poverty within the area. The first is a definitional issue while the latter two require the adoption of formulae that will be able to pinpoint the location of the poor and measure the extent of poverty there. As noted earlier, KC adopted the official definition of the government, wherein poverty incidence was measured on a provincial basis and the provinces ranked accordingly. The ranking process is a robust one, considering the relative fit between the poorest provinces ranked according to poverty incidence and those ranked according to the HDI measurement. Having adopted the official definition of who the poor are and where they are located, KC decided that the poorest 42 provinces (representing over 50 percent of the total number of Philippine provinces) in the ranking would serve as its focus. However, the province is still too large an area to operate in, given resource constraints of the project.

For this purpose, KC engaged the services of a team of researchers led by Arsenio Balisacan to devise a methodology that would allow identifying which among the poorest municipalities in those 42 provinces should be selected as KC sites. After a

review of existing methodologies and available data generated by government agencies to determine levels of poverty at the provincial and municipal levels, Balisacan, et al. ranked various municipalities within the identified 42 poor provinces based on three indicators, namely: (a) quality of human capital (i.e., average number of household members and levels of educational attainment), (b) housing and amenities (i.e., materials used for housing construction, and presence of electricity, access to potable water supply, availability of sanitary toilets), and (c) access to markets (i.e., distance to and accessibility (presence of good roads) of trading centers). The ranking of the municipalities within a province served as a key input in the final selection of the KC municipality.

4.3. Encouraging Participation of the Poor and Strengthening Social Capital

Having identified who the poor are and properly tracked their location, and being a project that aims to strengthen the community's social capital, the next critical issue is: Did KC really encourage the poor to actively participate in the process? Did the majority of the poor and vulnerable members of the winning barangays decide on what projects to undertake for their community? Or were their "voices" drowned by the priorities of their local leaders, as is to be expected in a society dominated by patron-client relationship?

In a survey conducted by Labonne and Chase (2009), among 1,200 randomly selected households in 66 barangays in eight Kalahi-CIDSS municipalities, they found, after subjecting to multiple regression analysis and propensity scoring matching estimates the answers to the survey instrument of the respondents, that (a) resources reach the poorest and more politically active villages (measured by participation in village assemblies); (b) inequality in the community plays a determinant role on whether elected local leaders will have a greater say on the sub-project to be selected for implementation (i.e., the more equal, the greater the chance of the villagers' voice being heard in the choice of the sub-project to be pursued; and conversely, the more unequal, the greater the chance that the local elected leaders would have a strong influence over the sub-project choice of the community); and (c) when the proposal reflects the elected leader's preference, the village is more likely to have its sub-project proposal funded (refer also to Labonne,

Billar and Chase 2007). The latter ironic finding can be largely attributed to the fact that local elected leaders have control over most of the counterpart fund required by KC. In fact, Labonne, Chase and Jorgensen (n.d.) discovered in a survey (using respondents from KC municipalities) that in terms of “risk coping strategies” for the poor, while ties with their relatives and colleagues in the community are important in cushioning the impact of small (predictable) shocks, “ties with local officials might provide better insurance against larger shocks.”

4.4. Promoting Accountability

Despite this, Labonne and Chase (2008a) note that KC processes led to changes in social and institutional dynamics in the KC villages. They increased participation of the barangay members in local assemblies and the frequency of interaction between villagers and their local officials, hence raising the trust level of the former in the latter (i.e., vertical social capital). However, this does not mean that this high level of interaction will be sustained once KC support expires and the transparent planning and budgeting processes will be institutionalized by the municipal government. This is expected to take some time just like in any change being introduced to the system. Thus, any planned extension of KC should be focused on institutionalizing mechanisms of community participation, transparency and accountability into the municipal planning and budgeting processes¹⁶ which was the original intent of the 1991 LGC.

In another survey research that measured the social impact of road sub-projects funded by KC, Labonne and Chase (2008b) concluded that “road construction has a positive impact on trust levels of farming households,” and the more educated the users of the constructed road are, the more likely that their trust level will rise. The authors added that trust level (i.e., horizontal social capital) rises in road provision because of greater interaction, market or otherwise, within and between residents of barangays.¹⁷ In the case of market-related transactions, Labonne and Chase further observed that reduced transaction costs would not only promote economic growth but also greater trust. This is consistent with findings of the benefits of road construction in the Asian region which reveal that roads not only generated greater economic activities but also led to significant poverty reduction (Menon and Warr 2008).

4.5. Physical Accomplishments

KC does not have a specific number of sub-projects to deliver because it works on an “open menu” basis, meaning the community decides on the sub-project it will implement.¹⁸ Theoretically, the sub-projects should be as many as the targeted barangays, but in practice this does not happen, because there are some barangays that might opt for the same sub-project. Examples can be a road which links two or more barangays, a water breaker to protect communities from flooding, sub-projects that address a common environmental concern to a number of barangays, an irrigation facility, a bridge or transportation, etc.

DSWD (2008) reported that as of end September 2008, KC had funded around 4,240 community sub-projects that benefitted 782,468 households in 4,432 barangays in 184 poorest municipalities throughout the country. Sub-projects funded fall under five categories (refer to table 3), though almost half of them belong to the basic social services category (45 percent of total). Ranking second are community access infrastructure sub-projects (39 percent), while community production, economic support and common service facilities, and environmental protection and conservation comprised eight percent and seven percent, respectively, of the total sub-projects. Skills training and capability building was the least preferred by the community as it accounted for less than one percent of the sub-project total.

In terms of geographic distribution of the sub-projects, 70 percent are found in five regions (i.e., Regions VIII (Eastern Visayas), VI (Western Visayas), V (Bicol), IX (Western Mindanao) and VII (Central Visayas). Outside of the Autonomous Region in Muslim Mindanao (ARMM),¹⁹ these are the regions where the poorest provinces of the country are concentrated. The wide geographical areas covered by KC, many of which are difficult to access because of lack or poor roads, and the time-demanding nature of its community social preparation and participation have not significantly delayed sub-project implementation. DSWD reported that only 13 percent of the total sub-projects suffered implementation delay. Completed sub-projects per implementation phases as of December 2008 are as follows: Phase I - 100 percent; Phase II - 97 percent; Phase III-A - 85 percent; and Phase III-B and Phase IV - 66 percent.

Table 3. Community sub-projects funded by KALAH-CIDSS to date (2003- Sept 2008)

Type of Services	Description and number of KC-funded sub-projects, and % of KC grants allocated
Basic Services	Community water systems, school buildings, day care centers, barangay health stations, electrification and tribal housing (2,187 sub-projects or SPs: 45% of all KC grants allocated)
Community Access	Access roads, small/foot bridges, access trails (1,196 SPs: 39% of all KC grants)
Production, economic support and common services facilities	Enterprise training, equipment and materials support, pre- and post-harvest and multi-purpose facilities, small scale irrigation, and community transport (460 SPs: 8% of all KC grants)
Environmental protection and conservation	Community drainage, river/flood control, sea wall, soil protection (rip rap), artificial coral reef sanctuary and sanitation facilities (371 SPs: over 7% of KC grants)
Skills training, etc.	Skills training, light house and eco-tourism (26 SPs: 0.5% of KC grants)

Source: DSWD (2008)

4.5.1 Economic Benefits

Araral and Holmemo (2007) estimated that conservatively, the economic internal rate of return (EIRR) of various KC sub-projects is 21 percent and its net present value stands at PHP1.03 billion.²⁰ They also noted that each sub-project category (refer to table 3) analyzed passed the 15 percent NEDA hurdle on acceptable EIRR rate. In fact, the rates of return ranged from 16 percent for day care centers to 65 percent for water supply sub-projects. The high EIRR can be partly attributed to the fact that sub-projects are the expressed preferences of the community and hence, directly respond to their needs. In fact, Araral and Holmemo added that their estimates are actually conservative because they have not included benefits from investments to strengthen social capital (community participation, empowerment and trust) and local governance and accountability. They observed that these latter activities would have a positive impact on operations and maintenance (O&M)²¹ of turned-over sub-projects to the community because successful O&M operations require organization and good management practices.

On cost effectiveness, Araral and Holmemo observed that the unit cost of KC sub-projects is generally lower than those constructed by government agencies. The cost differences ranged from 8 percent for school buildings to 76 percent for water supply sub-projects. The cost savings were attributed to the absence of a contractor's fee (which is around 15-25 percent of total cost), the 10 percent value added tax then,²² and right of way cost.

4.5.2 CDD in Other Countries: Same Economic Results

Araral and Holmemo's findings are not unique to the Philippine experience employing CDD in anti-poverty projects. Comparing the economic results of CDD projects in Burkina Faso, Indonesia and the Philippines,²³ Van Domelen (2007) concluded that (a) the overall economic rate of return on CDD projects was above their respective countries' hurdle rate for acceptable investments; (b) in the case of the Philippines and Indonesia, returns were relatively high for each type of sub-projects, but with greater variability in Burkina Faso; (c) social infrastructure like classrooms, teacher housing and health centers had lower EIRRs than economic infrastructure;²⁴ and (d) there were sub-projects which yielded very high economic rates of return such as road and irrigation sub-projects in Indonesia's KDP, and compost pits in the case of Burkina Faso's PNGT.²⁵ Table 4 shows the comparative ERR of the three CDD projects in Burkina Faso, Indonesia and the Philippines.

4.5.3 Significant Cost Savings

Van Domelen also revealed significant unit cost savings for CDD sub-projects compared to non-CDD sub-projects implemented by government agencies. Araral and Holmemo already cited that in the case of the Philippines, the difference ranged from eight percent for school buildings to 76 percent for water supply sub-projects. In the case of Burkina Faso, classrooms built were less than half the cost of those provided by its Ministry of Education through a competitive bidding process. As for Indonesia, KDP and bridges, and water supply sub-projects' costs are about a third lower than what the government incurs in providing for these infrastructure (refer to table 5).

TABLE 4. Economic Rates of Return of CDD Projects in Burkina Faso, Philippines and Indonesia.

	Burkina Faso PNGT	Philippines Kalahi-CIDDS	Indonesia KDP
<i>Roads and bridges</i>		19-22%	52%
<i>Water:</i>			39%
<i>Pumped</i>	11-55%	58%	
<i>Gravity</i>		65%	
<i>Literacy Training Centers</i>	n.a.		
<i>Stone fences</i>	116%		
<i>Compost Pits</i>	250%		
<i>Teacher Housing</i>	1%		
<i>Classrooms</i>	n.a.	16%	
<i>Livestock Vaccination Parks</i>	2%		
<i>Health center</i>		20%	
<i>Day care</i>		16%	
<i>Irrigation</i>			68%
ERR	61-86%	21%	53%

Source: Van Domelen (2007)

TABLE 5. Estimated Unit Cost Savings of CDD Approach

	Burkina Faso PNGT	Philippines Kalahi-CIDDS	Indonesia KDP
<i>Roads and Bridges</i>		8-59%	32%
<i>Water Supply</i>	(-14%)	71-76%	36%
<i>Literacy Training Centers</i>	9-23%		
<i>Teacher Housing</i>	43-51%		
<i>Classrooms</i>	60-66%	7%	
<i>Livestock Vaccination Parks</i>	6%		
<i>Health Center</i>		44%	
<i>Day Care</i>		(-20%)	
<i>Irrigation</i>			24%

Source: Van Domelen (2007)

4.5.4 Social Preparation Cost

A major concern raised against KC is the high cost of community social preparation, as reflected in the amount of resources spent in supporting the members of the Area Coording Team (ACT). The ACT members serve as community development workers involved in community organizing work such as facilitation of village meetings, training of community volunteers, briefing of LGU officials, ensuring timely submission of required reports, and releases of sub-project funds and transparent financial transactions. Table 6 shows that expenditures to support the ACT team (social preparation cost) reached around 20 percent of total project cost.

It cannot be denied that without the facilitation work of the ACT team, KC as a CDD project could not be attained. For CDD to work in a poor village, capacity-building of the community must be undertaken so that villagers become the real drivers of the process. Given this role, ACT members therefore serve partly as

TABLE 6. KC: Actual Fund Utilization per Cost Center

COST CENTER	2003-2005	2006	2007	2008	TOTAL
Barangay: CEAC					
Activities	121,510,440	44,765,169	50,264,305	41,202,640	257,742,554
ACT	403,496,349	250,419,905	196,795,438	140,835,203	991,546,895
Field Office					
(Region)	138,608,988	58,152,450	53,251,395	61,880,544	311,893,377
Central					
Office	126,187,932	43,255,341	40,218,703	58,577,495	268,239,471
Community					
Grants	1,065,142,871	527,209,738	690,765,430	776,422,909	3,059,540,948
TOTAL	1,854,946,580	923,802,602	1,031,295,271	1,078,918,791	4,888,963,243
In PERCENT					
COST CENTER	2003-2005	2006	2007	2008	TOTAL
BARANGAY	7%	5%	5%	4%	5%
ACT	22%	27%	19%	13%	20%
FO/CO	14%	11%	9%	11%	12%
GRANTS	57%	57%	67%	72%	63%

Source: DSWD

temporary mentors in the community, and partly as catalysts of change as a way of sustaining the participatory and empowerment processes of KC.

Depending on the perspective one is taking, social preparation can be treated as a cost or an investment, or both. Cost in the sense that the social preparation of the community is seen as an expenditure item; investment if the expenditure is viewed as part of the human resource development of the villagers to equip them with knowledge and skills that they can use in other productive activities in the future. It is best to look at KC's community organizing and mobilization activities as part of the latter, given that it is an indispensable element in the poverty reduction task.

Implementation challenges and suggested actions

The previous discussions have identified a number of positive features and contributions of KC in the anti-poverty effort in the country. However, it is still hounded by a number of major implementation concerns which, if not properly addressed in the future, will constrain its effectiveness. Among these are issues on (a) sustainability, (b) project ownership by local stakeholders, (c) elite capture, (d) the high social preparation costs, and (e) the need to rationalize CDD approaches, given the various modes of community engagement and empowerment employed by donor and government agencies.

5.1 Sustainability

There are two aspects of the sustainability concern: One is that since KC requires counterpart funding from the LGUs and the villagers, who are mostly poor and do not have adequate resources for this purpose, any planned expansion of the project will be stymied by resource constraint. And two is whether the CDD process being promoted by KC to form an integral part of the planning and budgeting process of the LGU in determining and funding development sub-projects will be continued after project termination.

Various studies (World Bank 2008; 2008a; Yilmaz, et al. 2008) on local government finances and revenues reveal that financial resources in the hands of the LGU for development purposes are highly inadequate. In the Philippines, while there

was mandated devolution of responsibilities from the central government to LGUs, as stipulated by the Local Government Code (LGC) of 1991, this was not accompanied by appropriate levels of financial support, thereby making LGUs still highly dependent on central government and national agencies for much-needed resources in implementing development projects for their communities. While at least 20 percent of the internal revenue allotments (IRAs) should be spent on development projects, LGUs are hard-pressed to find the resources for these because a huge proportion of the LGU budget is devoted to personnel expenditures (salaries), and an array of development projects (from basic infrastructure to human development to environmental concerns and livelihood projects) are competing for funding. The problem is worse in poorer provinces or municipalities (which are the KC target areas) because of their inability to raise revenues from within due to severe poverty. Thus, they have to raise resources from outside, tapping funds from national government agencies (like the DA, DPWH, DepED, etc.) or discretionary funds of congressional members [i.e., the Priority Development Assistance Fund (PDAF)], to put up the required counterpart fund for KC. Unless there is a system or a mechanism that will be built that will provide LGUs extra revenues for development purposes by virtue of being poor (e.g., the need to meet the country's commitment to attain the Millennium Development Goals), KC will encounter difficulties in expanding its operations to cover more poor areas.

As for the latter concern, adoption and eventual institutionalization of CDD process in the planning and budget cycle at the local level will require greater understanding and appreciation of KC objectives and implementation, and longer experience and exposure to KC processes on the part of the community and its elected local leaders. KC is attempting to introduce a new approach to poverty reduction, and ostensibly, change takes time to yield results and become institutionalized within the system. Primarily because change is being introduced into the system, the importance of enhancing local stakeholder ownership of the project comes to the fore.

5.2 Enhancing Local Stakeholder Ownership

The World Bank (WB) has been at the forefront of promoting the CDD approach, as results of various evaluation studies consistently demonstrate that projects implemented under CDD are effective in meeting the challenge of poverty reduction. While this may have become a stylized fact in development researches of the WB, it must be stressed that CDD is a novelty in most developing economies, particularly in a bureaucracy that has long been used to doing things in the “business-as-usual” way (i.e., government agencies, rather than communities, identify and select development projects to be implemented) manner. It is therefore not surprising that while KC has been met with approval by DSWD and many civil society organizations (CSOs), it has elicited mixed reactions, and at times adverse ones, from some government agencies. Criticisms range from KC doing the mandated jobs of other agencies²⁷ to the accusation that it is primarily a WB project because of its active promotion of the CDD approach.

The former criticism can be parlayed by noting that it is the community, after all, that decides the sub-projects to be implemented, and not the project management team or DSWD (the implementing agency). Rather than be concerned about what is apparently a “turfing” issue, it can be argued that KC actually assists other government agencies in identifying the needs and priorities of the local community through the conduct of a series of community consultations. In turn, the list of community needs and priorities can serve as the basis for assistance that will be extended by any of the national agencies, given that the list came directly from community members.

As for the latter criticism, the DSWD should become more proactive in communicating what KC has achieved, why it has been effective in its anti-poverty effort, and in sharing experiences of the project as it faces the many challenges of poverty reduction. In addition, it should intensify efforts to obtain the support of local champions coming from the KC areas (LGU officials, volunteers and ordinary community members), and allied CSOs to articulate the importance of CDD work in responding to the needs of the poor. Necessarily, active media advocacy work, coordinated by DSWD, should be undertaken.

5.3 Elite Capture

There are two ways by which elite capture exhibits itself in an anti-poverty projects such as the KC. One is the traditional precept that the elite benefits from the sub-project through corrupt practices, or that s/he has ownership or control of the completed sub-project enabling him/her to determine who in the community benefits or not from the use of the sub-project. The second manner, and less insidious, is that in the choice of the sub-project to be implemented, the elite's preference is given priority. The two can be interrelated because the preference of the elite for a certain sub-project is meant to benefit his/her or his/her relatives' business interests in the community, or the completed sub-project becomes a means to benefit his/her political supporters while denying its access/use to non-supporters.

KC paid particular attention to addressing the first concern in its design by installing a highly participatory process in the choice of sub-project, channelling funds directly to community-created accounts, creating a sub-committee responsible for observing proper fiduciary transactions, ensuring transparency in handling financial matters via regular reportage to the community through various means (regular financial reports, billboards), etc. In general, the anti-corruption mechanisms are working, and this has been proven by the fact that only a few cases have been filed protesting that KC financial transactions were attended by corruption.

Elite capture in terms of the latter (i.e., preference of the elite has greater weight than the community choice) is trickier to handle. The reasons for this include: (a) this is the reality that has to be contended in communities where greater inequality exists (Labonne and Chase 2009); (b) in communities where local elected officials' preference held sway, there are greater chances of a proposed sub-project being funded because the elite has control over counterpart fund resources which are required by the KC (Labonne, Biller and Chase 2007); and (c) it is strategically important for an ordinary villager to maintain good relationships with local elected officials, because the former depends on the latter's assistance in times of big "shocks" hitting the family (Labonne, Chase and Jorgensen n.d.). While "patron-client" relationship is often seen in a negative light in developed economies because it can be a source of corruption, undue influence on the part of the patron, and a source of monopoly power by the patron (elite) over

the community, it also serves a positive function in a community where poverty is pervasive. It acts as a social protection mechanism for the poor, such that in cases of emergency when the extended family or friends in the community are incapable of responding effectively, the assistance of the elite/patron is sought.

How to balance the influence of the elite in the choice of sub-projects to implement versus the preference of the community poses a real challenge. However, in many instances, there will be similarities or overlaps in the choices of the elite and the community members, given that community needs are just too obvious to miss (e.g., lack of roads or potable water supply). In the event that this might not be so, one can argue that the needs of the poor are so many and so diverse that there is no way that they can be met all at the same time. For as long as the participatory process is observed and that the community does not feel aggrieved that it was deprived of the opportunity to select the sub-project²⁸, the KC process has met its minimum objective.

5.4 High Social Preparation Cost

As noted elsewhere in the discussion, there has been concern raised on the high social preparation cost of KC, representing the costs of hiring and supporting thousands of community facilitators to constitute the ACT members. There is fear that without WB support for KC, the project will not be sustainable because of this high cost. To cut on costs, suggestions have been made, such as reducing the number of steps in the social preparation phase of the project, encouraging LGUs to bear the cost of employing community facilitators given their critical role in fostering development in the community, and redeploying a team of KC facilitators to expansion areas after completion of their work in previous KC sites. Each of these recommendations has been considered by the KC Project Management and steps are being undertaken to implement them.

However, as earlier argued, social preparation cost should be treated as an investment rather than a mere expenditure item as these activities are meant to be part of the human resource development assistance to a community characterized by severe poverty. It should be viewed as a component of the informal education of community members as KC sub-project cycle involved learning new knowledge and skills such as those required in formulating proposal, bookkeeping, public presentation,

problem-situation analysis, poverty mapping, monitoring, etc. But just like investments in social development services, such as education and health, where returns are not immediately felt, investment in social preparation will take time to yield their full benefits to the community. In the medium and long-run, this will lead to an empowered and productive citizenry and a more robust democracy.

5.5 Rationalizing CDD Approaches

KC does not claim to be the only project in the country that employs CDD in poverty reduction. There are a number of WB projects, and many more by CSOs and donor partners, that utilize CDD in their development work. Because of its relative effectiveness in delivering services to the poor with quality outputs at a lower cost, there has been a proliferation of projects being implemented under the CDD mode. In turn, the proliferation of CDD projects has tended to confuse local communities because of the various requirements demanded by CDD projects from the local stakeholders for them to have access to additional resources for community development. There is a need to conduct regular dialogues and conversations among the WB, donor partners and CSOs on the requirements of CDD projects – not to harmonize the approach, but to rationalize CDD projects to better reach the poor and respond to their needs. Perhaps, an agreement on some basic concepts, principles or steps on what CDD should constitute can be reached in these dialogues to ensure genuine community participation and empowerment. Information and knowledge sharing, distilling lessons learned from past and current experiences, and storing data and information on these experiences in a systematic form to better serve the community of CDD practitioners can become the medium-term goal of the group. DSWD, by virtue of implementing one of the large-scale poverty reduction projects in the country, in collaboration with National Anti-Poverty Commission (NAPC), can take the leadership role in this initiative.

Summary, Recommendations and Conclusion

This paper was written to evaluate the impacts of Kalahi-CIDSS (KC) on “social capital” in local communities where this large-scale anti-poverty project is being implemented. Social capital is defined as the social relationships that help people get along with each other and collectively pursue an objective more successfully than acting as isolated individuals. The development literature has shown that social capital is an important component of successful poverty reduction programs. Poverty, being multi-dimensional in nature, will require both income and non-income interventions to be able to effectively address its many facets. KC’s attempt on strengthening social capital, both horizontal and vertical, in the community constitutes the non-income component of poverty reduction. KC is implemented in around 4,432 barangays in 184 poorest municipalities belonging to the 42 poorest provinces in the country. Given its considerable geographic coverage and resources, KC can be considered as the only large-scale anti-poverty project in the Philippines that pioneered strengthening community social capital as a key component of poverty reduction.

While there is realization of the importance of the non-income component of poverty reduction both by international and local scholars and agencies, recognition of the critical role it plays in successful anti-poverty programs and projects in the Philippines is slow in coming. The major reason is that most evaluation instruments are still operating within the conventional mode of measuring physical outcomes, or economic and financial returns to investments. Evaluation researches focusing on the non-income dimension of poverty reduction, such as impact on social capital, are hardly available. The situation cannot be helped because such evaluation techniques and methodologies are just recently evolving. Thus, there is a need to build the competency of concerned government agencies, such as DSWD and NEDA, in the use of evaluation techniques assessing the social capital dimension of poverty-reduction programs and projects.

This evaluation yielded the following findings: (a) that within the context of a political economy and cultural setting dominated by patron-client relationship which resulted in inequality and poverty in the Philippines, KC’s emphasis on strengthening social capital as a key component of poverty reduction and change strategy is most relevant; (b) that the project was able to properly identify who the poor are and

where they are located through an effective poverty mapping exercise down to the municipalities in the 42 poorest provinces, based on official data and previous surveys conducted by government agencies; (c) that through the processes embedded in the KC, the project was able to encourage the poor to articulate their needs, priorities and preferences (i.e., the voices of the poor were heard), and was able to promote greater interaction between the villagers and their elected local officials; (d) that KC delivered around 4,240 sub-projects in 4,432 poorest barangays in the country in a timely fashion, at favorable rates of return on investments (i.e., averaging 21 percent, which is higher than the 15 percent hurdle of NEDA for acceptable investments) and at considerable cost-savings (i.e., ranging from eight percent for school buildings to 76 percent for water supply sub-projects); (e) that the high economic rates of return (ERR) and cost-savings of KC sub-projects is not unique to the Philippines, but are also exhibited by similar CDD projects implemented in other developing countries; and (f) that the social preparation costs of KC should be treated as part of the community human resource development effort, similar to investments in social services such as education and health, the benefits from which can only be enjoyed after some time.

Despite being relatively effective in attaining its objective, KC is still hounded by a number of implementation issues which, if not properly addressed, will become a constraining factor in its future operations. Among the concerns are (a) sustainability, (b) the need to enhance local stakeholder ownership of the project, (c) preventing elite capture, (d) high social preparation cost of the project, and (e) the need to rationalize CDD anti-poverty projects both by donors and government agencies alike.

This essay has provided a number of suggestions to address these implementation issues as KC scales up operations in the future. Undeniably, KC has introduced innovations in development work and anti-poverty projects in the country. Like any positive change, it will take time, resources and efforts for KC's approach to be institutionalized as an integral part of the country's development strategy. Yet, KC has already manifested early gains through changes or reforms now happening in many poor communities and their local governance processes, as revealed by evaluation studies conducted to track the progress that the project has made. The task now is to institutionalize those changes to ensure a better functioning government and hopefully, to significantly reduce poverty incidence in the Philippines.

Epilogue

Many of the findings on the positive contributions and accomplishments of the KC in its goal of community empowerment and reducing poverty were validated by the final evaluation report of KC conducted by a third party research group, the Asian-Pacific Policy Center (APPC). In their 2011 report entitled “Final Survey for the Kalahi-CIDSS Impact Evaluation,”²⁹ APPC noted the following KC accomplishments: (a) the project had a positive impact on household consumption, wherein the latter rose by five percent; (b) it led to improvements in basic service delivery; and (c) it had positive impacts on a number of social capital and barangay governance outcomes, which have been shown to be important determinants of household welfare.³⁰

As of December 2010, APPC reported that KC had covered 4,583 barangays in 200 municipalities and supported 5,645 sub-projects (93 percent completion as of the writing of the APPC report) amounting to PHP 5.72 billion and benefiting around 1.2 million households. No government poverty reduction program/project in the past can confidently claim such achievements because of the absence of the rigorous evaluation that KC went through. And the fact that KC was implemented nationwide, on a large-scale basis, proves that when good governance (manifested in the implementation of a project responsive to the community’s needs, properly designed, backed by sufficient resources, and run by competent project management) is observed, the government can really make a difference in the lives of poor communities. KC was successfully implemented for eight years (ending in 2011) with original funding support from the national government, the World Bank, and the Japanese and the Spanish governments. In the latter part of KC implementation and extension, the Millennium Challenge Corporation of the United States government provided additional grant funds worth more than \$200 million, in recognition of KC’s solid contribution in promoting community empowerment and reducing poverty.

As a result of its accomplishments, KC was extended and expanded in 2012 by the Aquino administration, with the roll out of its successor project called the “National Community Driven Development Program (NCDDP).” The NCDDP envisions increasing coverage from the original 200 poor municipalities under the KC to around 609 poor municipalities. This covers more than a third of Philippine

municipalities. The impetus for expanding coverage was triggered by the adoption of the “bottom-up budgeting (BUB)” thrust, now called the Grassroots Participatory Planning and Budgeting Approach, of the Aquino government (Canlas, Laysa and Manahan 2012). Because of the participatory nature of the planning and budgeting process involved in KC, it became the model for BUB implementation with certain revisions (i.e., the competitive selection process was dropped, BUB funds had to go through LGU coffers and then to the community, strengthening the influence of LGU officials in the selection of sub-projects, etc.). Still, the spirit of grassroots planning, wherein sub-projects that constitute the Barangay Development Plan and aggregate to form the Municipal Development Plan are products of close consultations with the residents, is observed. The NCDDP also added features and strengthened components of KC such as enhancing the disaster risk reduction and management (DRRM) capacity of selected communities located in fragile areas (Earth Systems 2012), greater promotion of gender sensitivity (Batistiana and Fernandes 2012) and IP rights (Austria-Young 2012), strengthening of the Grievance Redress Mechanism (Pagsanghan, et al. 2012) and the community empowerment activity cycle (CEAC) (IPC 2012), and responding better to the unique challenges posed by communities suffering from violent conflict (Gonzalez 2013). More than a billion US dollars coming from the national government, WB, ADB, and the Australian and Japanese governments will fund the NCDDP.

NCCDP implementation is not expected to be smooth sailing. Various stakeholders will likely offer resistance to the program: from LGU officials and congressional leaders who are not sympathetic to the idea of having their discretionary power over funds intended for community development curbed by the participatory planning process of the CDD approach, to national government agencies that would fret over the “open menu” scheme on project selection and direct people’s participation in project implementation, as the projects identified are services supposedly delivered by their agency. But just like in the past when numerous objections were raised against CDD implementation, the current concerns over the NCCDP are expected to be overcome. Repeated implementation of the CDD approach will bring a higher level of awareness among community members that the participatory approach is the most efficient way of allocating public resources. It is also a means by which the democratic process can be strengthened at the local level.

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Annex A

Brief History of the Evolution of Community-Based Development Approaches in the Philippines

Background

The Philippines has a rich history in participatory development in delivering services to local communities.³¹ In the 50s, the administration of then President Ramon Magsaysay experimented with a community-based (CB) planning approach by organizing “barrio councils” to serve as the decision-making bodies in determining local development projects. The experiment was hinged on the notion that a barrio council would be in a better position to determine genuine needs of the community rather a distant central government,³² because it was composed of local residents and officials.

An office of the Presidential Assistant on Community Development (PACD) was created to coordinate government’s efforts and funding assistance to community development programs and projects (Abueva 1959). Thousands of young and recent college graduates were recruited by PACD to serve as barrio (community) organizers, who were viewed as the “catalysts” of change in the countryside. Moreover, parallel non-government organizations (NGOs) were also established during this period, such as the Philippine Rural Reconstruction Movement (PRRM) and the Community Research Development Council (CRDC) which was under the auspices of the University of the Philippines,³³ in support of the government’s participatory development initiative.

Despite delivering thousands of small-scale development projects to the rural areas,³⁴ implementation of the CB development approach began to flounder in the 1960s for a number of reasons. First, the program was pursued primarily as a counter-insurgency measure against the communist-insurgency then, the Huk rebellion.³⁵ Second, its development perspective that Philippine rural society is “a consensus

based” community³⁶ was flawed because of the highly asymmetrical power relationship between landlords and tenants. And third was the erroneous thesis that participation from the barrio folk (villagers) could be promoted by changing their presumed fatalistic and apathetic perspective of life through mere training and educational programs. If they did not respond, it was wrongly concluded that the traditional ways of rural folk were difficult to alter.

By the 1960s and the 1970s, CB lost its luster. Then President Diosdado Macapagal financially starved it. His successor, President Ferdinand Marcos, tried to revive it by changing the name of PACD to the “Presidential Arm on Community Development” in 1965 to lend it the powers and authorities of the presidency. In reality, it was however used as a tool to engage in a massive patronage system.³⁷

By the 1970s, NGOs distanced themselves from a CB planning approach by launching a “community organizing” (CO) approach in implementing local development projects. In contrast to the former, the latter approach emphasized mobilization and empowerment of villagers to identify their needs and priorities, and raise and demand for themselves resources that would be needed to implement development projects. Instead of viewing rural society operating under a “reciprocal relationship,” they perceived a society with a highly asymmetrical distribution of powers and resources, where the poor’s only chance of improving their lot was to organize in order to pursue their collective interest.

It was in the 1970s and the 1980s, with the realization by the NGOs that they had to assume a “critical collaboration” stance vis-a-vis government, that civil society organizations (CSOs) rapidly developed. Their active participation in the 1986 EDSA People Power movement that ousted Marcos authoritarian regime resulted in the enshrinement of their participation at all levels of government in the 1987 Philippine Constitution as part of the unique feature of a resurgent democracy under the Aquino administration.

From Community Organizing (CO) to Community-Driven Development (CDD)

Article II (Declaration of Principles and State Policies), Section 23 of the 1987 Philippine Constitution stipulates, “The State shall encourage non-governmental, community-based, or sectoral organizations that promote the welfare of the nation.” At the local governance level, Article X (Local Government), Section 14 provides for the creation of “Regional Development Councils or similar bodies” to be composed of local government officials, and representatives from various regional agencies and *non-governmental organizations*³⁸ within the region “for purposes of administrative decentralization to strengthen the autonomy of units and to accelerate economic and social growth.” This Constitutional provision found its way into the 1991 Local Government Code (LGC), wherein representation from marginalized sectors (e.g., women, labor, etc.) and civil society organizations (CSOs) were provided for in the provincial and municipal councils, and in various local special bodies (e.g., Local Health Board, Local Peace and Order Council, Local School Board, etc.). Thus, it is clear that the 1987 Philippine Constitution and relevant enabling laws recognized the important role of CSOs and participatory development in promoting economic growth, good governance and reducing poverty in the country.

Successive political administration attempted to comply with this mandate. Under the Aquino Administration, the most important component of the social development program was the Comprehensive Agrarian Reform Program,³⁹ wherein millions of hectares of land were scheduled for distribution to their beneficiaries. Under the Ramos administration, a more systematic framework in addressing the challenge of poverty and promoting economic growth was unveiled through its Social Reform Agenda (SRA). It was under the SRA that the new approach to poverty reduction and enhancing local governance was implemented through the Comprehensive and Integrated Delivery of Social Services (CIDSS) project. Just like previous community-oriented development efforts, CIDSS promoted villagers’ participation in the identification of development projects and provided resources for their implementation. However, the difference lies in the orientation of CIDSS. While the CO model emphasized the conflicting

interests of individuals and groups within a society and viewed instrumentalities of the government (national and local) with suspicion, CIDSS, through its community-driven development (CDD) approach, views government, particularly local, as a critical partner in poverty reduction, though it recognizes the asymmetric nature⁴⁰ of the local political economy landscape.

Under the Arroyo administration, CIDSS' implementation was extended but in a significantly improved form under the KALAHÍ (Kapit bisig Laban sa Kahirapan) – CIDSS project. Kalahi-CIDSS was declared as the government's flagship anti-poverty program and the main instrument by which Chapter 12⁴¹ of the *Medium-Term Philippine Development Plan, 2004-2010* (MTPDP) would be realized. The project employed a CDD approach in providing services to poor local communities and was implemented in around 200 poorest municipalities in the 42 poorest provinces in the country. Under the Aquino government, Kalahi-CIDSS' implementation, through its successor project, the National Community Driven Development Project (NCCDP), will be further expanded to cover more than 600 poorest municipalities, around a third of the municipalities in the country.

Notes

- 1 This is a revised version of an original paper written in 2011 when the author was requested by the World Bank- Office in Manila to conduct a qualitative and theoretical evaluation of Kalahi-CIDSS on strengthening social capital in poor communities. The project has achieved considerable progress since then and hence, the author has added an "Epilogue" section to take note of these accomplishments. The original paper benefited from the insightful comments of Andrew Parker, Julien Labonne, Malu Padua, and Karlo Fermin S. Adriano. However, opinions and recommendations, including errors, contained in the work are solely those of the author and do not represent the institution that funded this research.
- 2 Translated in English as "Linking Arms against Poverty."
- 3 Will be referred to by its initials KC in various parts of this paper.
- 4 The non-income dimensions of poverty are access to education, health and sanitation, social protection and security services, and the ability to exercise civic responsibilities and participate in community activities.
- 5 Sociologists emphasize "trust, reciprocity and mutuality" inherent in social relationships in their discourse on social capital (refer for example to Cox 1995, and Montgomery 1998). In contrast, economists' discourse on social capital focuses on the components of its institutional dimension such as transactions, markets and contracts (see for instance Robinson and Hanson 1995).

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- They argue that institutions are critical because they determine the contracts to be enforced and the corresponding transaction costs that will be incurred by the players or individuals, and necessarily, the level of economic development of a country (Putnam 1993). Notice that in both definitions, the underlying element is “trust/confidence,” without which society cannot function normally. Colletta and Cullen (2000) argue that undermining trust and confidence in existing institutions and other groups and individuals often results in violent conflict.
- 6 Note that the ability to enjoy the non-income dimension of poverty alleviation depends to a large degree on the strength of community “social capital” – thus, the emphasis of this paper on measuring the impacts on “social capital” of KC.
- 7 The World Bank has been a major supporter and funder of CDD projects in various developing countries in the world. A substantial amount of its loan portfolio is implemented under CDD.
- 8 The standard reason given for why an evaluation has to be conducted is that it is a means by which the progress (or its absence) of a project and its accomplishments (outcomes) versus its original stated goals is measured in an impartial manner. However, recent evaluation researches show that more than a measurement of results vs. objectives, evaluation is now being used as a tool to gauge progress toward reforms and institutional changes. Wiesner (1998) and Picciotto (1997) note that an evaluation’s importance lies in its capacity to act as an incentive to change behavior in the public domain. While “profits” serve as a reliable gauge of performance in the market, evaluation performs an indispensable role in institutions whose budgetary resources come from the taxpayers. Stiglitz (1998) adds that evaluation is indispensable in making decisions that will lead to better outcomes. In a democratic setting, those outcomes should be instituted in the system as part of improving the institutions of governance.
- 9 The Philippines has a rich experience in implementing community-based development approaches. Refer to Annex A of this paper for a brief account of this experience.
- 10 The term “barangay” will be used interchangeably in this report with “community” or “village.”
- 11 It was supposed to be launched in 2004, but because of budgetary constraints resulting from Congressional failure to enact a national budget for that year, the DSWD had to work within a re-enacted budget.
- 12 The term “project” will refer to KC and “sub-projects” to activities or infrastructure funded by KC.
- 13 To constitute a quorum at the barangay assembly, the rule is that each of the sitios in the barangay must be represented, and that majority (50 percent plus one) of the sitio residents must be in attendance. Particular attention is given by ACT members to organizing barangays that are geographically isolated, women, and IPs to guarantee their participation in the process. The goal is to give a “voice” to all members of the barangay in the identification of their needs and priorities, and the sub-project that they want to be implemented in their locality. The importance of this project design can be better appreciated if one takes into consideration the development context within which KC is operating, and the various manifestations of poverty. Discussions of the latter are rendered in Section 3 of this paper, and refer particularly to the elaboration contained in subsection 3b.
- 14 Naraya (ed.) (2002) defines empowerment as “the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions

- that affect their lives.” She adds that the four key elements of empowering the poor involve ensuring (a) their access to information, (b) their inclusion and participation in decision or activities that will affect their welfare and lives, (c) accountability of government and public officials, private employers and providers, and politicians to them, and (d) their freedom and capability to organize.
- 15 Note that though KC fills an important gap in the anti-poverty effort, it should not be viewed as a panacea to the challenge of reducing poverty.
- 16 The “Makamasang Tugon” (or “Pro-poor Response”) project attempts to attain this by timing the conduct of the sub-project cycle of KC to coincide with the barangay and municipal budget planning and programming processes. The hope is to embed or institutionalize the KC sub-project processes in the local government planning and programming activities, thereby ensuring sustainability of KC participatory and empowerment processes.
- 17 This finding is highly relevant to communities under armed conflict situation as conflict arises as a result of lack of trust and breakdown of institutions that mediate conflict between and among groups of people (refer to Anderson, Chigas, and Woodrom 2007).
- 18 Subject to a negative list of activities that are unacceptable for assistance by any donor agencies such as those activities that do harm to the environment, discriminate against women, ethnic or minority groups, purchase of weapons, those that employ minor, etc.
- 19 ARMM is not covered by KC as it is served by another Bank-supported project, the ARMM Social Fund Project (ASFP).
- 20 The DSWD (2008) evaluation report of the EIRR and cost-effectiveness of KC sub-projects also relied on the findings of Araral and Holmemo (2007). It directly quotes the authors’ summary assessment including the table in support of this finding (refer to p. 22 of said DSWD evaluation study).
- 21 In fact, Araral and Holmemo (2007) noted that O&M is satisfactory in most regions except in three regions because of unclear financing sources, assignment of responsibilities, and weakness of functioning organizations.
- 22 It is now 12 percent under the Expanded Value Added Tax (E-VAT).
- 23 The CDD projects analyzed in the study were as follows: (a) Burkina Faso’s Community-Based Rural Development Project (referred to in its French acronym as PNGT); Indonesia’s Kecamatan Development Project (KDP); and the Philippines’ Kalahi-CIDSS. Bank funding support for these CDD projects amounted to US\$39 million for PNGT, around a US\$1 billion for various KDP phases and components, and US\$100 million for KC.
- 24 Van Domelen qualified though that this is typical of social infrastructure investments wherein many of the benefits could only be enjoyed in the future and which are difficult to fully quantify in the present.
- 25 In the case of Indonesia, roads enabled relatively isolated farming communities to dramatically reduce their transport cost while the provision of irrigation allowed farmers to place more areas under cultivation, plant twice a year and adopt modern farming technologies (i.e., use of good quality seeds and fertilizer application). On the other hand, in the case of Burkina Faso, compost pits prevented soil erosion and allowed better fertilization of crops, thereby resulting in higher crop harvests for the farmers.

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- 26 While social preparation activities are undertaken by KC to encourage community participation and empowerment, and as a way of exacting greater accountability from their local officials, it can be argued that a key manifestation of the success of the project is the completion of the sub-project. Thus, one can view that the community social preparation is an alternative delivery mechanism espoused by KC in delivering services to the villages, particularly the poor, as it departs from the norm of regular government agencies delivering their mandated services to the community (i.e., the Department of Public Works and Highways for roads, Department of Agriculture for irrigation, Department of Education for school buildings). Seen in this manner, social preparation costs should be treated as an integral component of delivering physical outputs (in the form of completed sub-projects) to the community.
- 27 Due to the “open menu” design of KC, it provides a range of services (i.e., roads and bridges, irrigation, school buildings, etc.), which are the mandated function of sectoral agencies – to make available such roads and bridges for DPWH, irrigation for DA, school building for the DepED, etc.
- 28 Banerjee and Duflo (2008) note that in two case studies of anti-poverty projects encouraging the poor’s participation, in the case of livelihood sub-project, the poor are interested in engaging in business, not because they want to become entrepreneurs but merely as a survival measure. And that in the case of a project encouraging poor parents’ involvement in improving quality of public school education for their kids, the poor opted not to get involved, despite being aware of the poor quality of educational offering. Thus, the authors called into question the merits of anti-poverty projects that rely on the poor to perform many of the sub-project implementation tasks. Moreover, Chong and Gradstein (2008) found out that the greater the inequality and poverty in a society, the greater the chances of the poor opting for “strong leadership”.
- 29 A time series evaluation survey was conducted by the APPC on Kalahi CIDSS in 2003, 2006 and 2010 covering 2,000 households in 135 barangays where KC was implemented, and comparable barangays/municipalities that did not benefit from the project. A baseline survey was conducted in 2003 and the follow-up surveys were undertaken to determine whether KC had impact on selected indicators/targets set by the project. The quasi-experimental nature of the survey combined with its time series approach ensures provision of robust findings and conclusions based on solid empirical evidences.
- 30 Similar observations and conclusions were rendered by Gonzalez (2012).
- 31 Immerwahr (2015) provides an excellent discussion of the evolution of community-based development approaches in the Philippines and India. Also, Binswager-Mkhize, de Regt and Sector (2009) summarize the evolution of various community development approaches by the World Bank in promoting participatory development, most of which were piloted in India. It started from a community-oriented approach, whereby community consultation was seen as an integral component of the participatory approach to a community-based (integrated area development) approach wherein community participation was viewed as an essential part of the development process, and finally to a community-driven development approach (empowerment). The progression of community-oriented development approaches is mimicked by the Philippine experience on community development approach as discussed by Immerwahr (2015).

- 32 This concept reverberates in all the range of community-oriented development programs and projects, including the current Kalahi-CIDSS which employs a community-driven development (CDD) approach.
- 33 PRRM was a private-sector led initiative that experimented in community-based development projects in well-known Huk-infiltrated rural areas and served as the local arm of the Taiwan-based NGO International Rural Reconstruction Movement (IRRM). On the other hand, CRDC served as the research unit that evaluated the progress of community-based development projects as a way of further improving its implementation.
- 34 It was estimated to be around 43,000 small scale infrastructure projects in 10,000 villages all over the country (Immerwahr 2015). Considering that this happened in the 1950s when the number of villagers was just a third of the current figure, the implementation scope was indeed massive.
- 35 Huk is the abbreviated term for the “*Hukbong Mapagpalaya ng Bayan Laban sa Hapon*”(Hukbalahap), translated as “National Liberation Army Against the Japanese.” Later, the movement was called “*Hukbong Mapagpalaya ng Bayan*” (National Liberation Army). Huk was the predecessor of the Maoist-inspired “Communist Party of the Philippines’ New People’s Army (CPP-NPA),” which is active in many remote rural areas of the Philippines.
- 36 The so-called “Smooth Interpersonal Relationship” (SIR) model as propounded by Lynch (1963), wherein he views the relationship between and among peoples (i.e., primarily landlords and tenants) as “reciprocal” (Landa Jocano 1969). In other words, there is “reciprocity” (in more contemporary language, “symbiotic relationship”) in the relationship between a landlord and his tenants rather than viewing it as an exploitative one.
- 37 Under PACD’s Barrio Development Fund, the Office of the President directly dispensed hundreds of millions of pesos to the barrios as a way earning the support of villagers for Marcos’ second presidential bid in 1969.
- 38 Emphasis added.
- 39 The unstinting support and advocacy of CSOs and People’s Organizations (POs) were critical in the successful passage of the Comprehensive Agrarian Reform Law (CARL) which provided for CARP in June 1988. Six months before that, more than 10 farmers lost their lives when a rally in front of the Malacañang Palace turned violent.
- 40 CDD addresses this difficulty by better understanding the dynamics and complexity of the local situation and works within the current structures (which have many positive features) to balance the asymmetric relationship. Ideologically, CDD is therefore reformist in orientation.
- 41 The Chapter highlights the importance of improving provision of basic services to the poor and vulnerable groups through enhanced people’s participation in governance.