



# The KALAHI-CIDSS Project in the Philippines

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Sharing Knowledge on  
Community-Driven Development



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# Abbreviations

ADB	Asian Development Bank
CDD	community-driven development
CEAC	community empowerment activity cycle
DILG	Department of the Interior and Local Government
DSWD	Department of Social Welfare and Development
FGD	focus group discussion
GRS	grievance redress system
IRA	internal revenue allotment
KALAHY-CIDSS: KKB	Kapit Bisig Laban sa Kahirapan–Comprehensive and Integrated Delivery of Social Services: Kapangyarihan at Kaunlaran sa Barangay
KC-1	KALAHY-CIDSS-1
KC-1/Ext	KALAHY-CIDSS-1/Extension
LGU	local government unit
MCT	municipal coordinating team
MDC	municipal development council
MDF	municipal development forum
MDP	municipal development plan
MIAC	municipal interagency committee
MIBF	municipal inter- <i>barangay</i> (intervillage) forum
MLGU	municipal local government unit
NSCB	National Statistical Coordination Board
O&M	operation and maintenance
PSA	participatory situation analysis
PNPM-Mandiri	Program Nasional Pemberdayaan Masyarakat-Mandiri
PRC	project review committee
SET	sustainability evaluation tool

# Glossary

*barangay*  
*bayanihan*

village  
voluntary labor or in-kind contribution

# Acknowledgments

This study, entitled *The KALAHI-CIDSS in the Philippines: Sharing Knowledge on Community-Driven Development (CDD)*, is one of the four CDD studies conducted in the People’s Republic of China, Indonesia, the Republic of Korea, and the Philippines under the ADB regional capacity development technical assistance project, Sharing Knowledge on CDD in Asia and the Pacific (RETA 7543).

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# Executive Summary

This assessment examines the extent to which KALAHI-CIDSS, a community-driven development (CDD) project in the Philippines, has enhanced service delivery and governance in beneficiary communities. The assessment was conducted in three municipalities (one in each of the three major island groups of the Philippines) and nine villages in these three municipalities. Four major areas of study are considered: community participation, subproject utility and sustainability, accountability and transparency, and institutional impacts on village and municipal governments. The assessment involved a survey of 180 residents in 6 villages and focus group discussions with local government officials, community volunteers, and KALAHI-CIDSS staff.

The development objective of KALAHI-CIDSS is the “empowerment of local communities through their involvement in the design and implementation of poverty reduction projects and improved participation in local governance.” Its theory of change involves four assumptions. First, effective participation in the community empowerment activity cycle (CEAC) enables villagers to address their development needs. Second, residents’ participation ensures that the community-based subprojects they select and implement reflect local needs and that services delivered are of good quality. Third, citizen participation in KALAHI-CIDSS increases accountability and transparency in governance. Fourth, engagement of local governments with community residents through the CEAC facilitates institutionalization of participatory, transparent, and accountable principles and practices into the planning and budgeting processes of local government units (LGUs).

The first phase of KALAHI-CIDSS (KC-1) was implemented from 2003 to 2010 at a cost of \$182 million, with 54% funded through a World Bank loan and the remainder from the national government through its Department of Social Welfare and Development (DSWD), beneficiary communities, and participating local governments. KC-1 was implemented in the

country’s 42 poorest provinces, representing over 50% of all provinces in the Philippines.

Toward the latter part of KC-1 in 2008, DSWD launched the *Makamasang Tugon* pilot. Implemented in 33 municipalities in 17 KALAHI-CIDSS provinces, the pilot sought to institutionalize the CEAC into the local planning processes of participating LGUs and to transfer responsibility for implementation of KALAHI-CIDSS at the local level from DSWD to municipal governments (a modality known as LGU-led implementation). The lessons of the *Makamasang Tugon* pilot have been incorporated into the design of the current phase of KALAHI-CIDSS-1/Extension (KC-1/Ext). The extension, started in early 2011, operates in 48 provinces, the original 42 plus 6 additional provinces. KC-1/Ext has received funding from the World Bank and the Millennium Challenge Corporation, a donor from the United States.

Following are the major findings of the assessment.

## Community Participation

- (i) Village assemblies provide a means for citizen participation in planning and budgeting, but they entail costs. Poor households have to forego a portion of the time that they would otherwise utilize for livelihood and other survival activities. The time and effort spent can be costly; in some instances people have to walk 3 to 4 hours to reach a meeting venue.
- (ii) Despite some weaknesses, the municipal inter-*barangay* (intervillage) forum (MIBF) is an effective mechanism for subproject selection and the allocation of development resources. Several innovations have been introduced to the MIBF to address these weaknesses.
- (iii) Competition in the MIBF is a double-edged sword. The competition element is the main energizing element for the high degree of community participation in KALAHI-CIDSS,

but it also gives rise to politicking and collusion, practices that run counter to the principles of CDD.

- (iv) Women are actively involved in the implementation of KALAH-CIDSS and actually may be more active than the men.
- (v) Contrary to the popular notion that the poorest members of a community have neither the time nor the inclination to become involved in community affairs, they are strongly involved in the selection and implementation of subprojects. In several instances, the poorest have been the most articulate in expressing their concerns at village assemblies and in advocating for certain subprojects.
- (vi) Talaingod, the only assessment municipality where an indigenous tribal group comprises the majority of the population, is one of the major successes of KALAH-CIDSS. This success is due to the adjustments that were made to the CEAC that facilitated the participation of the indigenous population. There were three adjustments: the recruitment of tribal members as community facilitators, dealing with the tribe on the basis of its ancestral geographic boundaries and leadership structure, and the use of indigenous practices and innovative educational tools to facilitate understanding by illiterate tribe members.
- (vii) Communities recognize the significant contributions of volunteers to KALAH-CIDSS. More important, community volunteers are not judged according to the norms of traditional village leadership, such as financial capability, extra village linkages, or the ability to access external resources. Instead, volunteers are valued for their honesty, commitment to serve the community, good moral values, and facilitation skills. Community volunteers are perceived as a new type of community leader for whom residents have different expectations.
- (viii) The five most influential people in subproject selection include three local government officials—the village captains (ranked first), other village officials (second), and mayors (fifth). The other two are community residents (ranked third) and community volunteers (fourth). The influence of local government officials in village-level subproject selection should not be interpreted as elite capture

of subproject processes and benefits. There is widespread satisfaction among residents with the subprojects and the services that they deliver to the community. Residents also believe that they participate effectively in subproject selection. Communities believe that the decisions of their village officials reflect community priorities. Given the above, it is more likely that village officials are credible to residents and that these officials and residents often have a confluence of views on community priorities.

- (ix) Not surprisingly, villages whose proposed subprojects are not funded are frustrated at “losing.” It is especially frustrating for residents when their villages do not receive funding even once during the three cycles of implementation; when this happens, residents of villages that have not received any funds for subprojects (henceforth referred to as nonprioritized villages) begin to believe that their failure is due to a conspiracy among the other villages. While this belief may be unfounded, its persistence is a sign that there are no effective mechanisms to address the negative feelings and, more important, the outstanding needs of these villages. From the perspective of these villages, the two primary interventions of KALAH-CIDSS, capacity building and grants for community subprojects, represent a single integrated package. If this is an appropriate characterization, these communities are unlikely to appreciate efforts to build their capacity unless they also receive funding for their proposed subprojects.

### The Utility and Sustainability of Subprojects

- (i) Most residents consider their community subprojects to be useful, especially in terms of transportation and access to goods and services. While the nature and focus of subprojects supported by KALAH-CIDSS is the delivery of social services, these also have positive effects on household income. For example, roads facilitate the transport of agricultural goods and this results in better prices since the goods are fresh when they arrive at the market.

- (ii) Community residents consider the construction of subproject infrastructure to be of high quality. The use of standard materials and the supervision and technical assistance of local government officials are the two most important factors that account for the high quality of construction.
- (iii) Operation and maintenance (O&M) arrangements for subprojects are considered to be satisfactory. Effective O&M is due to an appropriate plan, sufficient funds, a responsible and competent O&M committee, supportive legislation to safeguard the subproject, and regular monitoring by residents, local government officials, and KALAH-CIDSS staff.
- (iv) Residents support their subprojects in various ways, including provision of voluntary labor, cash contributions, in-kind contributions, strong patronage of common service facilities, and compliance with subproject policies. Residents also support their subprojects by monitoring them. More than 40% of survey respondents said that they have reported problems related to their subprojects.

### Accountability and Transparency at the Village Level

- (i) Community residents believe that KALAH-CIDSS is relatively free of corruption. This is due to several factors that prevent the misuse of funds: (a) the informed involvement of villagers in management of funds, (b) the number of individuals involved in the implementation of subprojects, (c) the presence of KALAH-CIDSS staff, (d) the availability of procedures to remove erring officers, (e) the direct transfer of KALAH-CIDSS funds to a village bank account, (f) the application of the “one-fund” concept to all funds meant for a subproject, and (g) residents’ validation of completed subprojects.
- (ii) Whenever possible, village and municipal leaders resolve complaints about corruption complaints locally. Elevating the complaints to the regional level might tarnish their reputations with DSWD and lead to sanctions, the most extreme being the cutoff of KALAH-CIDSS funds to the municipality. While the Grievance Redress System has been

effective in addressing complaints received, a major concern is that the number of complaints may be too few. During KC-1, only one complaint about corruption was filed for every 30 villages or *barangays*.

- (iii) Residents think that village officials are honest in handling villages’ financial resources. This belief contrasts with the popular view that village officials cannot be trusted with village funds. The belief may be due to the extensive experience gained as a result of the financial transparency and accountability that KALAH-CIDSS encourages.
- (iv) Residents believe that their officials involve them in decision making and disclose financial information to residents. Residents also accept that their officials have become more receptive to these good governance practices because of KALAH-CIDSS.

### Institutional Impacts at the Village Level

- (i) KALAH-CIDSS has facilitated the expansion of *barangay* development councils, which are responsible for preparation of the village development plans, to include citizen representatives, many of whom served as KALAH-CIDSS community volunteers in the past.
- (ii) KALAH-CIDSS interventions have institutionalized participatory planning processes and have resulted in development plans that community members know and understand.
- (iii) Village governments are almost wholly dependent on the internal revenue allotment from the national government for their activities, while funds for village projects are sought from local governments, legislators, and national government agencies. Dependence on external resources is likely to continue despite ongoing efforts to raise revenues.

### Institutional Impacts at the Municipal Level

- (i) All three municipal governments that were part of the assessment, Barotac Viejo, Mulanay,

and Talaingod, reported improvements in their planning processes and the resulting development plans. Improvements included (a) incorporation of village plans into municipal development plans (MDPs), (b) inclusion of human capital investments in MDPs, (c) better-prepared and higher-quality plans, and (d) public review of draft plans.

- (ii) Mulanay has made the most progress in institutionalizing participatory budgeting into local government operations. The municipality achieved this by establishing complementarity in the functions of the municipal development council (MDC) and the municipal development forum (MDF), two entities with overlapping memberships. The MDF, which has broader citizen participation than the MDC, assumes the functions of municipal planning and approval of village subprojects and resource allocation. The MDC reviews, adopts, and confirms decisions of the MDF. The arrangement has transformed the MDC from a planner to a facilitator of development planning with broad-based community participation.
- (iii) In the three assessment areas, decisions on municipal projects, including procurement processes, remain largely with local government officials. In Talaingod, the municipal government has made a conscious effort to bring its services closer to and to be more responsive to village residents through its “Caravan of Municipal Front-Line Services to the Villages.” The caravan calls for the mayor and key municipal departments to hold office for 1 month in each village of the municipality. During the caravan, frontline service units of the municipal government implement priority projects identified previously through community consultations.
- (iv) Of the three assessment municipalities, Talaingod has crafted the most progressive legislation to institutionalize CDD principles and practices. The municipal government has enacted an ordinance that calls for the establishment of a municipal coordinating team and articulates guidelines on participatory planning and budgeting. The provincial legislature is reviewing the ordinance and is expected to approve it.
- (v) All three assessment municipalities are trying to increase tax revenues and, at the

same time, are seeking funds from national agencies and legislators. Mulanay’s municipal government believes that the best strategy to attract development funds is to maintain good development performance and utilize its funds to provide counterpart equity to the funds of external donors. This strategy has been successful. Mulanay has been able to attract several donors to fund its projects.

- (vi) Institutionalization of CDD principles and practices in Mulanay and Talaingod has occurred because of the presence of champions within local government structures. CDD champions at the grassroots level are village heads and councilors, many of whom had previously served as KALAHI-CIDSS community volunteers. They tend to be strong advocates of the KALAHI way. Support from mayors is crucial to the successful implementation of KALAHI-CIDSS and institutionalization of CDD within the municipal structure. Equally important is the recruitment of CDD advocates into key positions within the municipal bureaucracy. Much of the success in Mulanay and Talaingod is due to their recruitment of former members of area coordinating teams who are now leading the municipal coordinating teams during the *Makamasang Tugon* phase.
- (vii) Adoption of CDD principles and practices faces the same constraints at the village and municipal levels. These constraints include (a) turnover of local chief executives who have become CDD advocates; (b) insufficiencies in the Philippine Procurement Law that inhibit the participation of community residents in the management and implementation of village subprojects; (c) concern of government officials regarding their accountability for village funds when residents are allowed to manage the subprojects and funds are misused or problems are encountered during implementation; and (d) the absence of a national government directive or enabling legislation to encourage and support LGU adoption of CDD principles and practices.

The assessment concludes that KALAHI-CIDSS is an effective and well-managed project, with positive effects on several dimensions of poverty. Recipient communities and participating local governments all value KALAHI-CIDSS.

KALAHI-CIDSS has been especially effective in

- (i) facilitating broad-based participation of community residents, including special groups, by establishing or reinvigorating grassroots institutions that promote inclusive decision making and effective action;
- (ii) enabling communities to implement quality subprojects that address local needs and sustain delivery of basic services to their intended beneficiaries;
- (iii) providing community residents with valuable experience in subproject management that enables them to exercise voice, hold their leaders accountable, and deal with attempts to misappropriate CDD funds; and
- (iv) creating space for the collaboration of LGU officials with community residents in subproject management, thereby initiating the institutionalization of participatory, transparent, accountable, and responsive principles and practices into local planning and budgeting processes.

The following lessons can be drawn:

- (i) KALAHI-CIDSS provides an effective platform for integrating and coordinating the key elements of an effective local poverty-reduction strategy. First, the participatory planning processes of KALAHI-CIDSS ensure that all community members, especially the poor, have the opportunity to be involved in the situation analyses that lead to village development plans, which in turn serve as an important input into municipal development plans. Second, the transparency of the MIBF strengthens the responsiveness of local planning and budgeting systems to the needs of the poor. Third, community participation lowers costs and improves construction quality of subprojects. Community oversight helps to ensure smooth and rapid implementation of subprojects, while cash and in-kind community contributions (in terms of foregone wages, local materials, and others) all serve to lower overall subproject costs and promote a sense of local ownership. Fourth, shared responsibility promotes sustainability of the O&M of local investments. Village and municipal governments augment funds raised through internal cost-recovery measures, thus

enhancing the sustainability of a community's social infrastructure.

- (ii) The importance of facilitators in community mobilization cannot be overemphasized. Community facilitators are the frontline staff working with KALAHI-CIDSS communities. They mobilize their assigned communities, build capacity for collective action, ensure adequate representation and participation and, where necessary, mitigate elite domination. Amid such high expectations, community facilitators work under tremendous constraints, from internal demands for results to external pressures from entrenched special interests. Careful and adequate attention should be paid to the training and development of community facilitators. Inexperienced facilitators must be given the chance to learn and grow under the supervision of experienced supervisors.
- (iii) The MIBF provides an effective means for the selection of subprojects and the allocation of development resources. To address the MIBF's weaknesses, which include suspicions of collusion among village officials, several modifications have been introduced. As an illustration, Mulanay has assigned the ranking of subprojects to an impartial panel.
- (iv) Time frames for implementation processes need to be flexible. An effective CDD strategy should involve slow, gradual, persistent learning-by-doing. In particular, time periods and deadlines for the completion of construction activities should be flexible.
- (v) Corruption or misuse of development resources can be reduced significantly through strong community participation in CDD mechanisms that promote transparency and accountability.
- (vi) National government funding for CDD programs can leverage other local resources for investments in service delivery. Many communities and their local governments have secured supplemental contributions from both public and private sources to augment their KALAHI-CIDSS grants. Apart from the additional resources leveraged, this success has built the confidence of poor communities and LGUs to mobilize local resources outside of their village and municipal budgets.
- (vii) The efficiency of KALAHI-CIDSS and other CDD programs can be enhanced by devolving

local implementation to responsive LGUs. After 8 years of implementation, a number of participating municipal governments have exceeded expectations in their buy-in and support for KALAH-CIDSS. Other municipal governments have also responded positively to the goals of enhanced governance and improved service delivery while continuing to struggle with the adoption of new values, roles, and relationships. These positive experiences notwithstanding, more support is needed to institutionalize CDD approaches, given the highly centralized governance styles of local chief executives who are accustomed to making major budget and development decisions by themselves.

Locally led CDD implementation is an ambitious proposition. While some municipalities may be in a position to assume this lead role, many will not be. With the introduction of the *Makamasang Tugon* pilot, KALAH-CIDSS can be implemented using two modalities: regular implementation, in which DSWD takes the lead role, and *Makamasang Tugon*, in which the municipal government assumes leadership. Perhaps a third option should be formulated that represents a middle ground between these two modalities.

- (viii) There are clear benefits and challenges in the management of a CDD program by a national government agency. Advantages include scale, strong prospects for long-term sustainability, and replication of the CDD approach by other national agencies. The major disadvantage is the threat of bureaucratic capture, which can manifest itself through centrally determined deadlines for synchronized field implementation, bureaucratic procedures and financial regulations, and turf issues with other government agencies.

The continuing challenge is how to insulate the CDD program and its communities from having to deal with and work through the debilitating policies and procedures of a government bureaucracy.

- (ix) Due to an emphasis on social preparation and community capacity building, KALAH-CIDSS is perceived as an “expensive” program and unsustainable in the long term. This perception is based on the belief that social preparation is viewed as a mere project cost or expenditure item. Instead of this short-sighted view, the amount spent for social preparation should be recognized as an investment in human capital formation. Unlike analogous investments in education and health that have long-term effects, investment in social preparation bears immediate fruit as enhanced community capacity results in well-managed village subprojects with strong prospects for long-term sustainability.

Finally, the experience of KALAH-CIDSS to date has sufficiently demonstrated its viability and cost-effectiveness as a mechanism to fund priority community investments identified by residents themselves. Given this effectiveness, what are the challenges in scaling up CDD as a national development strategy to address poverty and improve governance in the Philippines?

The adoption of CDD as a national strategy in the current Philippine Development Plan (2011–2016) is a welcome development and an important first step. An enabling law or presidential order will eventually be required to translate this strategy into a national program.

Scaling up CDD as a national strategy for service delivery and improved governance will need to address key challenges and constraints to the institutionalization of CDD, such as the absence of more stable and longer-term funding for CDD activities, laws that inhibit community participation in subproject implementation and monitoring, lack of bottom-up planning and budgeting processes within the national government, top-down delivery of community projects by national agencies, and local governments that run contrary to CDD principles and practices.

# Context of the KALAHI-CIDSS: KKB Project

1. This report presents the findings of an assessment of the 8-year KALAHI-CIDSS Project in the Philippines. The assessment of this community-driven development (CDD) initiative is part of an ongoing regional technical assistance project of the Asian Development Bank (ADB) that seeks to build the capacity of ADB developing member countries to introduce or scale up community development operations. The outputs of the ADB initiative are 4 country studies on CDD, knowledge-sharing through publications and workshops, and a CDD learning network.

## The KALAHI-CIDSS Approach

2. Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services: Kapangyarihan at Kaunlaran sa Barangay (KALAHI-CIDSS, for short) is a CDD initiative of the Government of the Philippines' Department of Social Welfare and Development (DSWD).<sup>1</sup> KALAHI-CIDSS seeks to reduce poverty and vulnerabilities to poverty by addressing a lack of capacity and resources at the local level and limited responsiveness of local governments to community priorities.

3. KALAHI-CIDSS reflects recognition by the Government of the Philippines of the endemic and widespread nature of poverty. Its design drew inspiration from two major antipoverty programs—the DSWD's Comprehensive Integrated Delivery of Social Services Program and Indonesia's *Kecamatan* Development Program, a CDD initiative started in the 1990s.

4. KALAHI-CIDSS seeks to “empower communities in targeted poor municipalities to achieve improved access to sustainable basic public services and to

participate in more inclusive Local Government Unit planning and budgeting”. The acronym, LET-CIDSS, summarizes the basic principles that guide its implementation: localized decision making, empowerment, transparency, community priority setting, inclusiveness, demand-driven, simple, sustainable (Table 1).

5. Capacity-building and implementation support, community grants, and monitoring and evaluation are the three main components of KALAHI-CIDSS. Grants for community subprojects are provided to participating municipalities with each municipality's allocation equal to the number of villages within its jurisdiction multiplied by approximately \$14,000 per year for 3 years. Since the grant to a municipality is not enough to meet the funding needs of proposed subprojects from all villages within the municipality, funds for subprojects are allocated through a competitive community priority-setting process. This competitive element is possibly the defining characteristic of KALAHI-CIDSS and the single most important feature that differentiates it from other community development programs in the Philippines with CDD characteristics, such as the Mindanao Rural Development Program, the Agrarian Reform Communities Development Program, and the Autonomous Region in Muslim Mindanao Social Fund.

6. The initial period of engagement between KALAHI-CIDSS and a participating community extends for 3 years.<sup>2</sup> A DSWD-recruited area coordinating team, consisting of an area coordinator, engineer, financial analyst, and community facilitators (at a ratio of one facilitator for every three to five villages, depending on accessibility), is deployed in each target municipality to lead local implementation and assist participating villages. All villages in a target municipality are eligible to participate in KALAHI-CIDSS.

<sup>1</sup> The literal translation of “Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services: Kapangyarihan at Kaunlaran sa Barangay is “Linking Arms against Poverty-Comprehensive Delivery of Social Services: Empowerment and Development of the Village.”

<sup>2</sup> KALAHI-CIDSS engagement can be extended into the *Makamasang Tugon* phase (LGU-led implementation mode), depending on the performance of the participating municipality.

**Table 1: The Main Principles of KALAH-CIDSS**

<b>Localized Decision Making</b>	This principle emphasizes the importance of community discussions and decision making, including the formulation and implementation of projects and other interventions to address problems that community residents have identified.
<b>Empowerment</b>	The project invests heavily in capacity-building activities that progressively develop the capabilities of the people, including analysis of local conditions, design of appropriate development interventions, and implementation of development projects. Capacity building takes place throughout the community empowerment activity cycle in which communities realize their individual and collective strengths, acquire and develop community and project management skills, and increase their confidence to engage local governments in periodic dialogues to improve resource allocation and delivery of basic services.
<b>Transparency</b>	Peoples' participation is the project's core requirement and the prerequisite to the success of all activities and interventions. Village assemblies provide opportunities for people to participate and be informed about the physical and financial status of subprojects. Consultation on community issues or problems promotes responsibility and accountability. The KALAH-CIDSS multilevel monitoring system, including the use of nongovernment organizations and media as independent monitors and the grievance monitoring and resolution mechanism, supports transparency.
<b>Community Priority Setting</b>	Selection of subprojects and capacity-building activities is the product of a collective decision-making process. Projects are prioritized for funding by a municipal inter- <i>barangay</i> (intervillage) forum whose members are elected by the participating villages.
<b>Inclusiveness</b>	The entire community, including formal and traditional leaders, representatives of different sectors, individuals, groups, and local organizations, are encouraged to participate in KALAH-CIDSS. Special efforts ensure the participation of women and indigenous people. Broadening the base of participation prevents elite capture of project activities and benefits.
<b>Demand Driven</b>	KALAH-CIDSS supports communities with prioritizing their own needs and problems, designing their own subprojects, and making decisions on how resources are used. Residents develop ownership of the subprojects they have identified, developed, and implemented, so the subprojects have better outcomes and are more sustainable than would otherwise be the case.
<b>Simple</b>	KALAH-CIDSS procedures and other requirements are simple and are designed to facilitate understanding, appreciation, and involvement of all stakeholders.
<b>Sustainable</b>	Communities are required to develop and implement viable plans for sustainability for each subproject to ensure that they deliver intended benefits over the long term.

Note: To avoid confusion, KALAH-CIDSS is referred to as a "project;" the activities supported by KC at the village level are referred to as "subprojects."

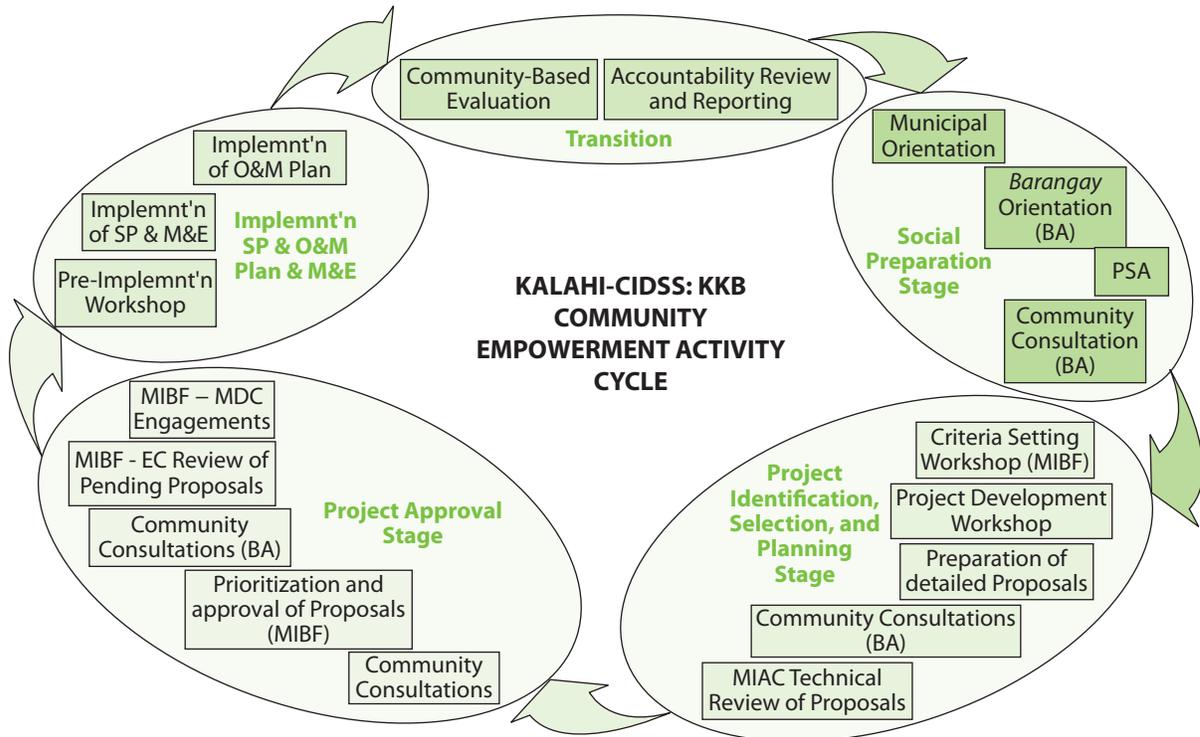
7. The cornerstone of the KALAH-CIDSS approach is the community empowerment and activity cycle (CEAC). Each village that entered KALAH-CIDSS since the project started in 2003 went through the CEAC three times (approximately once each year) during its engagement with the project. There are four stages in the CEAC: social preparation, subproject identification and development, subproject selection and approval, and subproject implementation (Figure 1).

8. Social preparation involves training to identify communities' problems and propose solutions. The key activity during social preparation is the

participatory situation analysis (PSA), which is a collective assessment of conditions by community volunteers chosen by their peers. The analysis involves visual tools, such as resource and social maps, time division of labor, Venn diagrams, and the like. Village residents subsequently validate the results of the PSA at a *barangay* (village) assembly or meeting.

9. The major activity during subproject identification and development is the criteria-setting workshop, where village representatives determine the quantitative and qualitative criteria for the selection and ranking of village proposals. Sample criteria for subproject selection can include responsiveness to

Figure 1: The Community Empowerment Activity Cycle



BA = *barangay* (village) assembly, EC = executive committee, MDC = municipal development council, M&E = monitoring and evaluation, MIAC = municipal interagency committee, MIBF = municipal inter-*barangay* forum, O&M = operation and maintenance, PSA = participatory situation analysis, SP = subproject

Note: Although this figure uses the term “project” to describe the community empowerment activity cycle at the local level, such projects are considered to be subprojects at the village level here and elsewhere in the report.

Source: KALAH-CIDSS National Project Management Office. *Field Guide for KALAH-CIDSS: KKB Area Coordinating Teams—CEAC Operations Manual*. Unpublished. 5 February 2007.

a priority problem, beneficiary reach, quality of benefits, and cultural acceptability. The criteria guide villages in the selection and preparation of their subproject proposals.

10. A community can propose any subproject it considers important for its development except for activities that have adverse social or environmental impacts or microcredit activities that involve the lending of funds. Based on KALAH-CIDSS-1 (KC-1) experience, subprojects likely to be proposed and supported include water systems, access roads, schools, health stations, and day care centers. Together, such subprojects accounted for 80% of all KALAH-CIDSS community grants during the first phase of KALAH-CIDSS.

11. In the subproject approval phase, democratically elected village representatives convene in an

intervillage meeting (known as the municipal inter-*barangay* forum) for the competitive ranking of subproject proposals using the criteria selected earlier. When all proposals have been ranked, the municipal grant is allocated first to the amount needed for the highest-ranked subproject, and then to the second highest-ranked, and so on, until the municipality’s grant has been fully committed.

12. Communities with approved proposals then move to the fourth stage, subproject implementation, monitoring, evaluation, and operation and maintenance (O&M). During subproject implementation, community residents find new ways of working with each other, engage local government officials for technical support and counterpart resources, and learn about procurement and financial management. O&M plans and arrangements are also completed at this stage.

13. Finally, after the construction is completed and subprojects are about to become operational, communities undergo a transition stage before proceeding to a new CEAC. The transition involves a community-based evaluation to identify changes resulting from the residents' experience with the subprojects, accountability reporting, and review to determine the performance of different stakeholders (village residents, KALAHY-CIDSS staff, local government officials and staff, and other donors) in the delivery of subproject commitments.

### KALAHY-CIDSS-1 (KC-1)

14. The first stage of KC-1 ran for 8 years (2003–2010) at a cost of \$182 million. About 54% of this amount was funded through a World Bank loan. The remainder was contributed by the Government of the Philippines (through the DSWD as the implementing agency), beneficiary communities, and participating local governments.

15. KC-1 was implemented in 42 provinces, representing over 50% of all provinces in the Philippines, whose poverty incidence was higher than the national average incidence of poverty in 2002. The provinces were selected on the basis of their relative incidence of poverty as measured by the National Statistical Coordination Board and the United Nations' human development index.

16. Resource constraints did not allow KC-1 to be implemented in all the municipalities of the provinces, so a team of researchers from the University of the Philippines identified the poorest municipalities in the 42 provinces. Municipalities in these provinces were ranked according to

- (i) the quality of human capital (i.e., average number of household members and levels of educational attainment);
- (ii) housing and amenities (i.e., materials used for housing construction, presence of electricity, access to potable water supply, and availability of sanitary toilets); and
- (iii) access to markets (i.e., distance to and accessibility of trading centers).

Using this ranking scheme, 183 municipalities representing the poorest one-fourth of municipalities in each of the provinces were selected for participation in KC-1.

17. Implementation of KC-1 was initiated in phases. The first phase, which started in 2003, involved 11 municipalities, one each in 11 regions. The second phase targeted 56 municipalities. The third phase was split into two, with phase 3A covering 34 municipalities and phase 3B working in 28 municipalities. The last phase, which was implemented in 2006, involved 54 municipalities. Phased implementation enabled each succeeding phase to benefit from the lessons learned in the previous phase.

### The *Makamasang Tugon* Pilot

18. DSWD, in partnership with the Department of the Interior and Local Government (DILG), initiated the *Makamasang Tugon* pilot in 2008 for the sustainability of the KALAHY-CIDSS philosophy and practice. The pilot involved implementation of one CEAC in 33 municipalities and 782 villages in 17 provinces.

19. The areas were chosen from among the 67 municipalities that had participated in either phases 1 or 2 of KC-1. Selection involved a two-stage process. First, KALAHY-CIDSS regional offices conducted a prequalification workshop for the eligible municipalities to explain the rationale, objectives, and other details of the pilot as well as the requirements of proposal preparation. At the workshop, the candidate municipalities prepared and submitted simplified proposals illustrating how they would implement a participatory and responsive planning and budgeting process. The proposals were later submitted to a joint DILG–DSWD committee for evaluation. The 33 municipalities chosen by the committee were asked to prepare detailed implementation plans incorporating changes and recommendations from the committee's review. The approved plan was then incorporated into a memorandum of agreement between DSWD, DILG, and the municipality.

20. The pilot sought to institutionalize participatory processes within the framework of planning and programming processes of local government units (LGUs) by aligning the community facilitation processes with the schedule of local planning processes of the LGUs. Alignment would enable subprojects to be selected from a list of subprojects identified in the KALAHY-CIDSS consultation process. The pilot also enabled LGUs of the 33 municipalities to assume the lead role in implementation of KALAHY-CIDSS.

21. As a consequence of the pilot, DSWD shifted from being the lead implementing agent to a supporting role that involved the continued provision of block grant support for community subprojects and the recruitment and deployment of municipal monitors to provide technical assistance to the municipalities.
22. In 2009, DSWD commissioned a study to review the selection guidelines and processes of the *Makamasang Tugon* pilot and to assess the conditions that would enable LGUs to adapt the CDD approach to local development processes (Canlas 2009). The study examined how the *Makamasang Tugon* pilot supports and strengthens LGU-led efforts to institutionalize participation, accountability, and transparency into local governance systems.
23. The study identified several positive effects of the pilot on the participating municipalities:
- (i) Several municipalities have legislated LGU policies, provided guidelines for poverty reduction programs or mechanisms for pro-poor programs, and adopted the processes and procedures of CDD. In Balangiga, Samar, for example, a local policy framework for good governance has been legislated. The framework institutionalizes indicators for good governance and processes in development planning and budgeting.
  - (ii) Pilot LGUs have taken the lead in coordinating and supporting the conduct of village planning processes, thus promoting achievement of the KALAHI-CIDSS requirement that at least 80% of a village's households attend the meetings that discuss proposed subprojects.
  - (iii) The participatory situation analysis is integrated into village planning to ensure responsiveness to community needs as opposed to the traditional desk approach of the past in which *barangay* officials prepared village plans with little or no input from the residents.
  - (iv) The municipal interagency committee (MIAC), the coordinating mechanism of the different units of municipal governments, has been institutionalized as the technical working group of the municipal development councils.
  - (v) A corollary to this institutionalization is the designation of municipal department heads or members of technical working groups as focal persons to provide advice and technical support to *barangays* and sectors. Visits from members of the technical working groups to *barangays* have also facilitated other LGU tasks, such as the registration of children and the payment of taxes. Experiences with CDD have brought the LGU functionaries "closer to the people" and led to new practices in sharing information and technical expertise.
  - (vi) Local initiatives to improve interdepartmental coordination have extended to the legislative councils that are responsible for policy making and budget allocation, thereby assuring support for the integration of bottom-up planning and budgeting measures into local government processes.
  - (vii) Local finance committees budget and allocate funding to support village development and annual investment plans. In pilot municipalities, village subprojects with high rates of community participation are given priority in terms of counterpart funding from municipal local government units (MLGUs).
  - (viii) A few municipalities have overcome internal funding constraints by increasing local taxes. In one municipality, higher taxes have increased municipal revenues more than 400 times their former level. Resource mobilization for counterpart funding has also optimized political ties and relations with the provincial governor, the district congressional representative and, in one case, the President of the Philippines.
  - (ix) Village assemblies continue to be conducted and serve as important mechanisms for social accountability. It is at these assemblies that community members and *barangay* officials are able to articulate, negotiate, and vote for their preference for subprojects. The assemblies also provide an important means to assess performance and provide feedback to village and municipal governments.
  - (x) The functioning of local special bodies at the village level has been enhanced due to the increased representation of civil society organizations in these bodies. Functionality has also improved due to the bodies' integration with project-initiated structures,

such as O&M committees and committees for bids and awards.

- (xi) KALAHI-CIDSS processes have also energized participation of vulnerable and indigenous groups and remote *barangays*. Harmonization of participatory approaches and subproject management systems with local government processes has also renewed indigenous governance practices, such as the key roles performed by elders in the provision of advice or in the mediation of conflicts.

24. The DSWD study also identified the following key challenges facing future efforts to scale up the pilot model:

- (i) The selection process suffered because there was not enough time during prequalification workshops to provide sufficient orientation for the candidate municipalities to prepare their proposals. In the effort to avoid raising expectations, DSWD did not provide sufficient details about the pilot to the municipal representatives. At the same time, DSWD's regional offices were strict about requiring candidate LGUs to submit a resolution of their legislative councils formalizing the commitment of the municipal government to harmonize CDD operations with the local government's implementation processes and guarantee LGU counterpart funding and support. Moreover, involvement of DILG's local offices was uneven across the regions. This occurred because of the delayed arrival of directives from DILG's national office, a lack of familiarity of regional DILG staff with CDD approaches, and inadequate coordination between the departments' regional offices.
- (ii) Project time lines at the national level did not fully consider the budget calendar of village and municipal governments. This made it difficult to synchronize the requirements for policy and budget support effectively, particularly local counterpart commitments and the participatory processes that were required for planning and budgeting.

- (iii) While there is increased space for citizen representation in the municipal development councils and other local bodies, expansion of civil society membership is limited. In many instances, there are few civil society organizations operating in the pilot municipalities and they usually represent membership-based organizations, such as those for farmers, women, and senior citizens, or church-based groups.
- (iv) Basic data are inadequate to support participatory planning. While several LGUs have developed community-based monitoring systems in compliance with the requirements of DILG and the National Economic and Development Authority, formidable problems related to financial requirements and the staff capacities of LGUs remain.
- (v) Several municipalities continue to experience difficulty in meeting their commitments for counterpart contributions. KALAHI-CIDSS requires each municipality to contribute the equivalent of 30% of the total amount of the grant allocated to a municipality. Counterpart contributions can be in cash and in-kind services and can come from municipal and *barangay* LGUs as well as from the villagers themselves.<sup>3</sup> Some people cited the lack of a clear delineation between cash and in-kind contributions. Others cited problems in opening accounts with the Land Bank of the Philippines, the government's depository bank, because of a minimum deposit requirement, which was increased from P10,000 to P30,000.
- (vi) The limited tenure of municipal officials (a 3-year term and a maximum of three terms) is a major constraint to the sustainability of CDD-based governance reforms.
- (vii) National programs remain top-down in terms of approach and are often disconnected from the development plans and programs of local governments.

25. The *Makamasang Tugon* pilot generated important lessons in the design of the KALAHI-CIDSS: KKB-1/Extension (KC-1/Ext), which features

<sup>3</sup> As noted above, each participating municipality receives the equivalent of approximately \$14,000 for each of its villages. If there are 10 villages, the municipality would receive the equivalent of \$140,000 and be required to provide 30% of this amount, or \$42,000, in counterpart funding, either in cash or in-kind services.

an LGU-led modality of KALAHY-CIDSS implementation in municipalities assisted previously in KC-1. To participate in the KC-1/Ext phase, previously assisted municipalities were required to demonstrate effective performance in sustaining KALAHY-CIDSS development processes and in enhancing local governance systems.

## The KALAHY-CIDSS Institutionalization Framework

26. Institutionalization of CDD is reflected in how local governments undertake participatory, inclusive development planning; allocate resources for development as well as the parameters and criteria used in allocating resources; and implement development programs in a participatory, transparent, and inclusive manner.

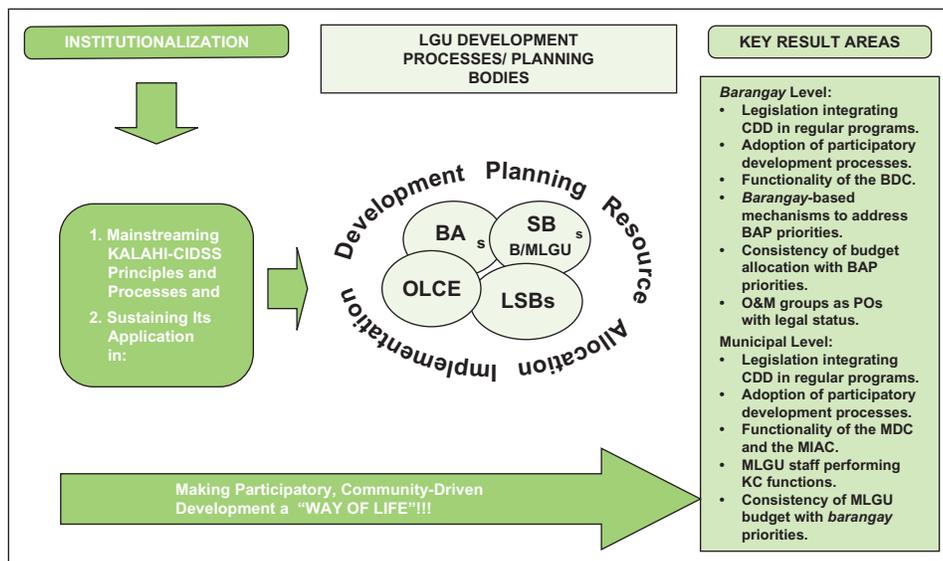
27. The KALAHY-CIDSS Institutionalization Framework (Figure 2) seeks to mainstream KALAHY-CIDSS principles and processes and sustain their application

in the LGU development planning and implementation processes at the *barangay* and municipal levels.

28. These village and municipal governmental units also constitute the key arenas for engagement when the institutionalization agenda is advanced. The institutionalization agendas, which are advocated by local communities with the support of the area coordinating teams, include the following:

- (i) *Policy development:*
  - (a) issuance of local ordinances adopting KALAHY-CIDSS as a local poverty-reduction strategy at the village and municipal levels;
  - (b) issuance of priority targets, programs, and resources based on experiences or lessons learned from KALAHY-CIDSS;
  - (c) issuance of local ordinances responsive to communities' priority needs;
  - (d) issuance of ordinances to adopt the MIAC as a regular structure of the municipal government; and

Figure 2: KALAHY-CIDSS Institutionalization Framework



BAs = *barangay* (village) assemblies, BAP = *barangay* action plan, BDC = *barangay* development council, B/MLGU = *barangay* and municipal local government unit, CDD = community-driven development, KC = KALAHY-CIDSS, LGU = local government unit, LSB = local special body, MDC = municipal development council, MIAC = municipal interagency committee, O&M = operations and maintenance, OLCE = office of the local chief executive, PO = people's organizations, SB = *sangguniang bayan/barangay* (local legislative council)

Source: KALAHY-CIDSS National Project Management Office. *Field Guide for KALAHY-CIDSS: KKB Area Coordinating Teams—CEAC Operations Manual*. Unpublished. 5 February 2007.

- (e) integration of village plans into municipal development plans.
- (ii) *Structural adjustments:*
- (a) continued operations of the MIAC beyond the period of KALAHY-CIDSS engagement, such as by integrating the MIAC and its functions into municipal development councils;
  - (b) enhancing convergence of government and nongovernment development agencies and programs at the village and municipal levels;
  - (c) developing open governance systems and processes for participative development;
  - (d) enhanced representation of the poor and other vulnerable groups on development councils; and
  - (e) recruitment of community facilitators as municipal employees to continue CDD efforts.
- (iii) *Systems enhancement:*
- (a) adoption of participatory tools and techniques in planning and program development;
  - (b) transparent resource allocation and utilization;
  - (c) participatory monitoring and evaluation;
  - (d) continued development of innovative, poverty-focused programs; and
  - (e) improved client targeting of poverty alleviation/reduction programs and services.
- (iv) *Resource allocation:*
- (a) integration of progressive increases in funding of pro-poor activities into annual budgets;
  - (b) adoption of resource sharing schemes; and
  - (c) adoption of participatory and inclusive resource allocation processes.

29. In sum, institutionalization of KALAHY-CIDSS involves incorporation of the following practices and mechanisms into the operations of the local government unit:

#### At the Village Level

- Legislation integrating CDD in regular programs
- Adoption of participatory development processes
- Functionality of the *barangay* development councils
- Village-based mechanisms to address community priorities
- Consistency of budget allocation with community priorities
- O&M committees transformed as people's organizations with legal status.

#### At the Municipal Level

- Legislation integrating CDD in regular programs
- Adoption of participatory processes
- Functionality of the municipal development councils and the municipal interagency committee
- Staff of the municipal local government unit (MLGU) performing KALAHY-CIDSS functions
- Consistency of MLGU budgets with village priorities.

### KALAHY-CIDSS: KKB-1/Extension

30. DSWD negotiated successfully with the World Bank and the Millennium Challenge Corporation of the United States for additional financing for the extension of KALAHY-CIDSS-1. KC-1/Ext operates in 48 provinces, the same 42 provinces of KC-1 plus 6 additional provinces that are included in the 2006 *Ranking of Poorest Provinces Based on Poverty Incidence among Families* of the National Statistical Coordination Board (NSCB). KC-1/Ext targets 220 municipalities, of which 93 were part of KC-1. The additional municipalities must have a poverty incidence of 50% or higher as determined by the NSCB's 2003 *City and Municipal-Level Small Area Poverty Estimates*.

31. Municipalities that were previously assisted in KC-1 must pass a set of readiness filters for the LGU-led CDD implementation to qualify for participation in KC-1/Ext. The readiness filters, summarized in Table 2, are a major output of the *Makamasang Tugon* pilot.

32. Municipalities previously assisted in KC-1 that qualify for participation in KC-1/Ext are given the opportunity to manage directly the social mobilization activities previously undertaken by area

**Table 2: Eligibility Screening Tool to Select Municipalities for Implementation of Community-Driven Development Led by Local Government Units**

Governance Areas	Indicators
<b>Policy and legislation (rule of law)</b>	Presence of relevant ordinances or resolutions in support of social development, economic development, and environmental management
<b>Transparency</b>	<p>Accessibility of information on plans, programs, records (especially those relating to budget allocation and use), and events of local government units (LGUs)</p> <p>Frequency of LGU-led efforts to disclose financial transactions</p>
<b>Participation</b>	<p>Functioning government organizations, including private sector dialogue and engagement mechanisms</p> <p>Resident's participation in development planning through sector representation in development planning bodies</p> <p>Representation of civil society organizations and nongovernment organizations in implementing or managing local development projects and programs</p> <p>Percentage of LGU projects funded from a community's development fund that is implemented in partnership with local civil society organizations and community-based organizations</p>
<b>Responsiveness</b>	Percentage of the development fund spent for the population in need (the poorest 20%)
<b>Effectiveness and efficiency</b>	
(i) <b>Administration</b>	<p>Adequacy of database to support local development planning</p> <p>Frequency of LGU-led village consultations</p>
(ii) <b>Resource allocation and utilization</b>	<p>Percentage of total budget spent on development programs, projects, and delivery of social services</p> <p>Percentage of total budget spent in support of operation and maintenance of KALAHI-CIDSS-implemented subprojects</p>
(iii) <b>Financial accountability</b>	<p>Availability of publicly displayed information on LGU financial procedures</p> <p>Availability of audited financial statements</p>
(iv) <b>Customer service (demand responsiveness)</b>	<p>Alignment of development subprojects with community needs (development subprojects are identified through criteria-based prioritization process)</p> <p>Percentage of KALAHI-CIDSS subprojects integrated into municipal development plans</p> <p>Turnaround time for public requests</p>
(v) <b>Human resource management and development</b>	<p>Effectiveness of human resource selection</p> <p>Percentage of staff /LGU personnel engaged in development-related programs and activities</p>

coordinating teams. For these municipalities, DSWD provides support for (i) training of municipal coordinating teams and the local poverty reduction action team on CDD facilitation; and (ii) salary, incidental costs, and training of project-hired municipal monitors who provide management support and technical assistance to local governments.

33. Activities in the new or additional municipalities follow the operational model used in KC-1. Area coordinating teams lead implementation and are recruited and supervised by DSWD, which also provides their training, salary, and incidental costs. These teams provide facilitation support, technical assistance, subproject oversight, and local-level

coordination to communities and LGUs in the newly included municipalities. New team members receive training in CDD, development planning and management, conflict resolution, intra- and intervillage mediation, quality reviews, poverty assessments, and other relevant topics.

34. As in KALAHI-CIDSS-1, DSWD provides grants to participating villages. Two types of grants are provided. *Planning grants* support participatory planning processes and activities of local communities as well as technical assistance to ensure proper implementation. *Investment grants* support village proposals to implement subprojects that respond to needs that communities have identified.

# The ADB Assessment of KALAHI-CIDSS: KKB

## Assessment Objective and Research Framework

35. The assessment's objective is to examine the extent to which KALAHI-CIDSS has contributed to service delivery and governance in the beneficiary communities. Specifically, the assessment focuses on two key issues. First, the assessment analyzes the appropriateness and relevance of the bottom-up participatory approach to deliver services that are of good quality and that reflect local needs. Second, the assessment examines the positive long-term institutional impacts of the CDD approach in strengthening local capacity, participatory decision making, and transparency and accountability in local service delivery.

36. To address these objectives, the assessment focused on four major study areas: (i) community participation, (ii) utility and sustainability of community subprojects, (iii) transparency and accountability, and (iv) institutional impacts on participating village and municipal governments.

- (i) *Community participation.* CDD assumes that participation in the subproject cycle enables residents and special groups within the community, such as women, ethnic minorities, and the poorest, to express their preferences and influence investment decisions. The assessment sought to establish whether community residents have opportunities to engage in participatory processes to express their preferences and whether their priorities were eventually reflected in the choice of the subprojects (rather than on the dictates of elites). The assessment also sought to identify the groups and individuals with the most influence on selection of subprojects.
- (ii) *Utility and sustainability of subprojects.* The assessment examined the extent to which investment decisions about subprojects

are relevant to local needs and expressed demand. The assessment also examined beneficiary perceptions about the quality of construction of subproject infrastructure, services delivered, and the factors that have affected the subprojects. The study assessed institutional arrangements for O&M and the extent that the roles and responsibilities of key actors, such as communities and local governments, were enforced effectively.

- (iii) *Accountability and transparency.* CDD assumes that a bottom-up method empowers community members to exercise voice, influence their leaders, demand accountability, and prevent any perceived rent-seeking and mismanagement of resources. To determine whether this is a valid assumption, the assessment sought the perceptions of beneficiaries about the existence and extent of corruption within subprojects, the experience of local communities in dealing with attempts to misappropriate KALAHI-CIDSS funds, and the extent of disclosure of financial and subproject information by local officials to their constituents.
- (iv) *Institutional impacts.* CDD assumes that the participation of local governments in the CEAC can lead to the institutionalization of a participatory model of service delivery in LGUs and enhance transparency and accountability in the use of public resources. To ascertain progress toward institutionalization, the assessment appraised the *Makamasang Tugon* pilot to determine whether implementation was transferred to municipal governments.

37. Table 3, which summarizes the framework for the assessment of KALAHI-CIDSS, shows the project's theory of change, the key assumptions of the theory, and the indicators of these assumptions.

Table 3: Framework for the Assessment of KALAHI-CIDSS

Theory of Change	Assumptions	General Indicators	Specific Indicators
<p><b>1. Community Participation.</b> KALAHI-CIDSS enables community residents to address their development needs through participation in a community empowerment activity cycle (CEAC).</p>	<p>KALAHI-CIDSS facilitates broad-based participation of community residents, including special groups.</p> <p>KALAHI-CIDSS establishes or reinvigorates grassroots institutions to facilitate inclusive decision making and effective action.</p>	<p>Extent and nature of residents' participation throughout CEAC, particularly of individuals and groups who were previously passive or socially excluded ("who participate and how much do they participate?")</p>	<ul style="list-style-type: none"> <li>• Extent of residents' participation and influence in the selection of community subprojects</li> <li>• Participation of women, indigenous peoples, and the poorest in the community</li> <li>• Contributions of community volunteers</li> <li>• Major strengths and weaknesses of <i>barangay</i> assemblies as a mechanism for discussion and decision making</li> <li>• Major strengths and weaknesses of the municipal inter-<i>barangay</i> forum and subproject criteria in the selection of subprojects</li> <li>• Sentiments of nonprioritized villages</li> </ul>
<p><b>2. Subproject Utility and Sustainability.</b> Participation of community residents ensures that subprojects selected and implemented reflect local needs and that services delivered are of good quality.</p>	<p>Communities are able to sustain subproject operations and the delivery of basic services to their intended beneficiaries.</p>	<p>Proposed and prioritized subprojects that are consistent with community needs as identified in the participatory situation analysis</p> <p>Quality of subproject construction</p> <p>Effectiveness of operation and maintenance (O&amp;M) arrangements for subprojects</p>	<ul style="list-style-type: none"> <li>• Extent that subproject addresses needs of residents</li> <li>• Beneficial effects of subprojects on the low incomes of community residents</li> <li>• Respondents' perception of the quality of subproject construction</li> <li>• Key factors that ensure quality construction</li> <li>• Respondents' level of satisfaction with the physical and financial viability of the subprojects and services provided</li> <li>• Key factors that ensure effective O&amp;M</li> <li>• Local government support for the O&amp;M of subprojects</li> <li>• Respondents' preparedness to contribute to the O&amp;M of subprojects</li> </ul>
<p><b>3. Accountability and Transparency.</b> Citizen participation through the KALAHI-CIDSS process increases accountability and transparency in governance.</p>	<p>Community residents are prepared to exercise voice, hold their leaders accountable, and respond effectively to attempts to misappropriate funds for subprojects.</p>	<p>Residents' perception of their role and influence</p>	<ul style="list-style-type: none"> <li>• Capability of community residents to hold local government officials accountable for financial resources</li> <li>• Perceived extent of corruption in KALAHI-CIDSS</li> </ul>

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Table 3 (continued)

Theory of Change	Assumptions	General Indicators	Specific Indicators
4. <b>Institutional Impacts.</b> Collaboration of local officials with community residents in the CEAC facilitates institutionalization of local government unit (LGU) planning and budgeting processes that are participatory, transparent, accountable, and responsive to the needs of poor communities.	The capacity of LGUs in strategic planning and fiscal management is improved.	Institutional changes in LGU operations	<ul style="list-style-type: none"> <li>Effectiveness of the Grievance Redress System and other KALAH-CIDSS measures to prevent or limit corruption</li> <li>Extent of involvement in the decision making of local officials</li> <li>Extent that principles and practices of community-driven development (CDD), including participatory planning, community control of decisions and resources, community involvement in implementation, and community-based monitoring and evaluation, have been incorporated in municipal and village planning and implementation processes</li> <li>Constraints of LGUs in the adoption of CDD principles and practices</li> <li>LGU resource mobilization strategies to generate additional funds to support CDD activities</li> <li>Improvements in the formulation and content of local development plans</li> </ul>

## Assessment Sites

38. The ADB assessment was conducted in three KALAH-CIDSS municipalities, one each in Luzon, Mindanao, and Visayas, the three major island groups of the Philippines. Three villages were selected in each of the three assessment municipalities (Table 4). Two of these were “prioritized” villages that had received at least one round of funding for a community subproject during KC-1 and additional funding during the *Makamasang Tugon* pilot. The third village was intended to be a “nonprioritized” village that had not received subproject funding during KC-1 or the *Makamasang Tugon* pilot.<sup>4</sup>

39. Obtaining the views of residents from non-prioritized villages is important for several reasons. First, it is important to understand why some villages

did not receive any funding for their proposed sub-projects. Was this due to inherent weaknesses of the villages or flaws in the systems and procedures of KALAH-CIDSS? Second, do nonprioritized villages receive benefits from KALAH-CIDSS apart from funding, possibly in terms of capacity building? Third, what measures can or should be incorporated into the design of KALAH-CIDSS to address the needs of nonprioritized villages?

40. In addition to geographic spread, the municipalities were also included in the assessment on the basis of their strong performance during the initial engagement with KC-1 and, as a result, their subsequent participation in the *Makamasang Tugon* pilot. The decision to limit the assessment to well-performing municipalities was deliberate and intended to test the limits and potentials of KALAH-CIDSS to

<sup>4</sup> The KALAH-CIDSS National Monitoring Unit reports that about 500 villages (10% of the total) did not receive funding for any subprojects during KC-1.

**Table 4: Assessment Municipalities and Villages**

Island Group	Province	Municipality	Prioritized Villages	Nonprioritized Villages	Dates of Fieldwork
Luzon	Quezon	Mulanay	<ul style="list-style-type: none"> <li>• Latangan</li> <li>• Ibabang Yuni</li> </ul>	<ul style="list-style-type: none"> <li>• Amuguis</li> </ul>	28 Mar–3 Apr 2011
Mindanao	Davao del Norte	Talaingod	<ul style="list-style-type: none"> <li>• Tibi-tibi Tribal Cluster Community</li> <li>• Barobo Tribal Cluster Community</li> </ul>	<ul style="list-style-type: none"> <li>• Lumabag Tribal Cluster Community</li> </ul>	10–17 Apr 2011
Visayas	Iloilo	Barotac Viejo	<ul style="list-style-type: none"> <li>• Sto. Domingo</li> <li>• Nueva Sevilla</li> </ul>	<ul style="list-style-type: none"> <li>• San Juan</li> </ul>	25 Apr–4 May 2011

Note: There was little difficulty in the choice of prioritized villages. Selection of nonprioritized villages was problematic because there were none in Mulanay or Talaingod and only one village in Barotac Viejo. As a result, the assessment team had to modify the definition of nonprioritized villages as those that had received the fewest funded subprojects in their municipalities.

encourage local governments to adopt and institutionalize CDD principles and practices into their planning and implementation processes. After all, the design and objective of KALAHI-CIDSS is to transfer implementation responsibility to all assisted municipalities. In fact, 80% of the 200 municipalities assisted under KC-1 are expected to lead local implementation under a *Makamasang Tugon* approach in the ongoing extension of KALAHI-CIDSS (KC-1/Ext).

41. The opportunity to capture the dynamics of implementation within diverse social, political, and institutional contexts was also considered. Specifically, the assessment communities permitted the examination of beneficiary perceptions about the existence and extent of corruption within KALAHI-CIDSS and the experience of local communities in dealing with attempts to misappropriate project funds.<sup>5</sup>

42. **Mulanay**, Quezon, is on the Bondoc Peninsula about 279 kilometers southeast of Manila and 142 kilometers from Lucena City, the provincial capital. KC-1 came to Mulanay in 2003. Over the next 3 years, KALAHI-CIDSS invested P25.2 million in the municipality. The municipal government augmented these funds with a counterpart contribution of P7.2 million. The municipality estimates that investment in CDD-related activities reached P49 million over the 3-year period.

43. Due to its excellent performance during KC-1, Mulanay was selected to be one of the municipalities to participate in the *Makamasang Tugon* pilot in 2008. The pilot enabled Mulanay to mainstream the CEAC into local planning processes, thereby operationalizing participation, transparency, and accountability.

44. The assessment in Mulanay focused on two prioritized villages, Latangan and Ibabang Yuni, and one nonprioritized village, Amuguis.

45. Latangan, which is about 2 kilometers from Mulanay's town center, received funding for three subprojects: two farm-to-market roads and one for rural electrification. Ibabang Yuni, in the uplands of Mulanay, received funding from KALAHI-CIDSS for three subprojects: a farm-to-market road, a village health center, and one for rural electrification. Amuguis received a grant for a day care center in 2011.

46. **Barotac Viejo**, Iloilo, is in the northern part of Iloilo province. The municipality's engagement with KALAHI-CIDSS started in 2003. Thirty-nine subprojects were completed in the municipality during the three cycles of KC-1.

47. Barotac Viejo was one of the "star performers" of KC-1, winning many citations for its early performance. In its third cycle of KC-1, however, the municipal government delayed the delivery of a chlorinator for a

<sup>5</sup> In relation to this third criterion, Mulanay and Talaingod performed well during the *Makamasang Tugon* pilot. In contrast, Barotac Viejo had a subpar and controversial performance, as described below.

multivillage water system. Given the previous record of the municipal government and its promise to improve its attention to its obligations to KALAHI-CIDSS, the municipality was selected as one of the participants in the *Makamasang Tugon* pilot.

48. Unfortunately, Barotac Viejo did poorly in *Makamasang Tugon*; there were delays in the completion of village subprojects and persistent rumors of procurement anomalies and financial mismanagement. Many of the implementation problems can be traced to the poor performance of its municipal coordinating team, the unit that the municipal government had organized to lead the pilot's implementation. The coordinating team also avoided responsibility when villages encountered problems with their suppliers during subproject construction. This avoidance was ironic because the team had recommended that only those contractors that had been prequalified by the municipality should be eligible to bid for the provision of goods and services for village subprojects, ostensibly to protect the communities from fly-by-night service providers. When the contractors failed to deliver on their commitments and communities sought the municipal coordinating team's (MCT's) intercession, the latter chose not to pressure the suppliers. Instead, more often than not, the MCT opted to support the contractors, thereby undermining the bargaining position of the communities. For this reason, community residents considered the coordinating team to be an ally of underperforming contractors rather than as a guardian of community interests.<sup>6</sup>

49. The coordinating team's poor performance was blamed on the absence of local government leadership. At the time of the pilot, the incumbent mayor, under whose leadership the municipality had successfully implemented three cycles of KC-1 funding, was in his last term and preparing to run for

higher office. He was thus distracted and often away from the municipality.

50. The experience of Barotac Viejo with the pilot is not a positive one. Precisely for this reason, however, documentation of the experience is important for DSWD as KALAHI-CIDSS moves toward the LGU-led implementation and the institutionalization of CDD into local governance.

51. Due to its poor performance in the pilot, the KALAHI-CIDSS regional office did not initially recommend inclusion of Barotac Viejo in KC-1/Ext. The municipality was eventually permitted to join the extension only after the new mayor, a first-termer and younger brother of the previous mayor, committed to overhauling the coordinating team by removing the erring officials from further participation in KALAHI-CIDSS and to completing implementation of the two unfinished subprojects from the pilot.

52. The CDD assessment in Barotac Viejo focused on the prioritized villages of Sto. Domingo and Nueva Sevilla and the nonprioritized village of San Juan. Sto. Domingo received funding for three subprojects: a health center and two farm-to-market roads. Nueva Sevilla also received funding for three subprojects: a potable water system, upgrading of an existing farm-to-market road, and an artificial reef-cum-fish sanctuary. San Juan, in contrast, has not received any funding from KALAHI-CIDSS despite four attempts.

53. **Talaingod** is in Davao del Norte, about 100 kilometers from Davao City. More than 70% of the population is indigenous and belongs to the Ata-Manobo tribe. The rest are settlers from Bohol, Cebu, and Leyte. The Ata-Manobo tribe has three major subgroups: the *Langilan* (warriors), the *Kaylawan* (wanderers or nomads), and the *Talaingod* (mountain people).

<sup>6</sup> The assessment team learned that, in Barotac Viejo, one *barangay* had to stop work on its subproject (road concreting) because of the late delivery of materials and pending resolution of a problem with the supplier, which claimed it had over-delivered sand by 30 cubic meters. The villagers did not agree with the claim of over-delivery; instead, they claimed that the supplier had under-delivered. The Barangay Sub-Project Management Committee (BSPMC) said that if the supplier had indeed over-delivered, why did the village still have cement, while running out of sand and gravel? Unfortunately, the supplier was in a strong position because the BSPMC representative had signed the delivery receipt (which showed that the supplier had indeed over-delivered) without a thorough physical check of the quantity of the delivery. Despite a number of follow-ups, the BSPMC was unable to contact the supplier. It then turned to the MCT, only to be told to follow up with the contractor. When the MCT representative finally went to the village at the insistence of the BSPMC, he merely said that the record showed an over-delivery of sand. After many other meetings between the BSPMC, MCT, and the contractor, a solution was found. The "savings" or excess funds from the KC grant were used to purchase the needed materials. While the village did not like the proposal, it accepted the solution so that the subproject would be completed by the August 31, 2009 deadline for subproject implementation of the *Makamasang Tugon* pilot. This incident, which also demonstrates how communities can be disadvantaged by inflexible implementation deadlines, was documented in the process documentation report of the *Makamasang Tugon* experience of Barotac Viejo, which was prepared by the KC-recruited municipal monitor.

54. Talaingod was one of the 11 municipalities included in the first phase of KC-1. Upon entry, the immediate problem the area coordinating team faced was how to ensure that KALAHI-CIDSS would be responsive to the Ata-Manobo residents who constituted the majority of the municipality's population. Talaingod has three villages (Sto. Nino, Dagohoy, and Palma Gil), but the neighborhoods (*puroks*) of these villages, especially the upland areas where the Ata-Manobos live, are scattered over more than 45,000 hectares. Not surprisingly, the centers of government of these three villages and the concentration of government services are all found in the lowland areas of the municipality, thus resulting in the neglect of the upland areas that are home to the different clans of the Ata-Manobo tribe.

55. To give due recognition to the needs and aspirations of the Ata-Manobo, KC-1 and the municipal government organized the upland communities into tribal clusters. Each tribal cluster was then recognized as a separate "quasi-village," thus increasing the number of "villages" in Talaingod from three to 15 (three formal villages and 12 quasi-villages/tribal communities).

56. This arrangement enabled the KALAHI-CIDSS allocation of funds for Talaingod to be increased from P900,000 (P300,000 x 3 villages) to P4.5 million (P300,000 x 15 villages), a 500% increase.<sup>7</sup>

57. During implementation of KALAHI-CIDSS from 2003–2006, 24 subprojects were completed, operated, and managed by their respective O&M committees. Over the 3-year period, the KC-1 investment in the municipality amounted to P22.5 million, P13.5 million from KALAHI-CIDSS and P9 million in local counterpart contributions (in cash and in kind). Due to Talaingod's good performance during KC-1, it was chosen as one of the municipalities for the *Makamasang Tugon* pilot in 2008.

58. The CDD assessment focused on two prioritized tribal cluster communities (Tibi-tibi and Barobo) and one nonprioritized cluster (Lumabag). The Tibi-tibi cluster community received funding for two subprojects, banana production and rubber production, Barobo implemented three subprojects,

two in tribal housing and one in rubber production. Lumabag had two subprojects, tribal housing and rubber production.

## Assessment Methodologies and Respondents

59. In addition to the desk appraisal of project documents, two other methods were employed: focus group discussions (FGD) and a survey of residents in the six prioritized villages. The views of KALAHI-CIDSS staff were also obtained through a survey.

60. FGDs were held with municipal officials in each of the three assessment municipalities as well as with village officials and community volunteers in the priority and nonprioritized villages. The FGD with villagers of nonprioritized communities focused on the dynamics of the municipal inter-*barangay* forum (MIBF). In particular, the FGD sought participants' views about the MIBF's fairness, transparency, and overall effectiveness.

61. Thirteen FGDs were conducted—four municipal FGDs and nine village FGDs.<sup>8</sup> On average, 7 to 10 participants were in each of the municipal FGDs while the village FGDs had about 20 participants each.

62. Guides for the municipal and village FGDs were prepared, translated into Cebuano, Ilonggo and Tagalog, and distributed to the participants.

63. The FGDs were complemented with a small quantitative survey of 30 residents in each of the 6 prioritized villages. A total of 180 residents (30 residents x 2 prioritized villages x 3 assessment municipalities) participated in the survey. The survey provided a general sense of people's perceptions about their leaders, KALAHI-CIDSS, and subproject benefits. Respondents were selected through purposive sampling. Local KALAHI-CIDSS staff, village officials, neighborhood leaders, and community volunteers assisted the assessment team in the selection of survey respondents. The respondents were chosen using three criteria: sex (equal representation of men and women), socioeconomic status (better-off, middle class, and

<sup>7</sup> At the start of KALAHI-CIDSS in 2003, the municipal allocation was computed at P300,000 x the number of villages. The base figure is currently P500,000 per village.

<sup>8</sup> In Mulanay and Talaingod, separate FGDs were held with the mayors and other municipal officials. In Barotac Viejo, only one FGD was held with municipal officials and MIAC members in attendance.

**Table 5: Wealth-Ranking Criteria for Talaingod and Barotac Viejo**

Village	Better-off	Middle	Poorest
Talaingod	House is made of wood	The roof of the house is made of coconut leaves and the walls are made of abaca leaves	The roof and walls are made of abaca leaves
	The family can eat three times a day	The family has alternate meals of rice and sweet potatoes	The family eats once a day
	One to two children per family	Three to five children per family	Six or more children per family
Barotac Viejo	Concrete house	Semiconcrete house	Wood and nipa house
	Owens a four-wheel vehicle (e.g., jeep)	Owens a two-wheel vehicle (e.g., motorcycle)	Works either as a fisher or laborer
	At least one family member is a professional	At least one family member is a professional	Daily income is sufficient only for subsistence
	At least one family member is an overseas worker or seaman	Has a small business (e.g., tricycle, vending with own capital)	Can be considered a fish vendor but only of the family's own fish catch

poorest) and historical exclusion from decision making in community affairs (e.g., indigenous peoples, new settlers, etc.).<sup>9</sup>

64. Selection of respondents according to socio-economic status was based on data on poverty for Mulanay and the results of wealth-ranking exercises in Barotac Viejo and Talaingod. Wealth rankings are not comparable because different villages use different criteria. Table 5 identifies the wealth-ranking criteria used in Talaingod and Barotac Viejo.

65. The profile of the 180 survey respondents is reflected in the following information:

- (i) Sex: male, 51%; female, 49%
- (ii) Age: 20–40 years, 38%; 41–60 years, 47%; and 61 years and above, 15%
- (iii) Civil status: married, 88%; single, 2%; others (separated, lost, live-in, etc.), 10%
- (iv) Socioeconomic status: better-off, 21%; middle, 49%; poorest, 30%

- (v) Work or livelihood (top five only): farmer, 43%; housewife, 22%; businessperson, 8%; fisher, 8%; tricycle/pedicab driver, 4%
- (vi) Number of years in village: 1–20 years, 29%; 21–40 years, 36%; 41–60 years, 30%; 61 years and over, 5%
- (vii) Accessibility of residence to village center: accessible, 53%; relatively inaccessible, 47%<sup>10</sup>

66. The questionnaire was translated into Tagalog, Ilonggo, and Cebuano and administered by locally recruited interviewers under the supervision of the ADB assessment team.

67. **Survey of KALAHI-CIDSS staff.** The assessment team had originally planned to hold an FGD of KALAHI-CIDSS staff. Due to the difficulty of finding a convenient time for the FGD, an internet survey was used instead. The KALAHI-CIDSS staff questionnaire was emailed to selected staff of the project's national project management office and three regional offices. Thirteen questionnaires were completed.

<sup>9</sup> The term "better-off" should not be interpreted as describing a household that would be considered wealthy in a conventional sense but simply a family that is better-off in relation to other households in the municipality.

<sup>10</sup> Accessibility is relative. In Barotac Viejo, inaccessibility is defined as a 15–20 minute walk from the respondent's residence to the village center. In Talaingod, it is a walk of 1–2 hours over mountain trails.

# Findings and Assessment: Community Participation

## The *Barangay* Assembly

68. *Barangay* assemblies or meetings are an essential feature of the CEAC. During the subproject preparation stage, these village assemblies orient residents on the objectives and processes of KALAHI-CIDSS and validate the priority problems and proposed subprojects identified during the participatory situation analysis (PSA). The assemblies also approve the various aspects of the chosen subprojects.

69. During subproject construction, *barangay* assemblies enable the village subproject management committees to report on the progress of implementation. And during subproject operations, village assemblies enable O&M committees and residents to discuss the status of subprojects, problems encountered, and plans for the future.

70. FGD participants, village and municipal, were unanimous in their assessment of village assemblies as an important and transparent exercise of citizen participation in development planning and budgeting. According to the participants, village assemblies enable an entire community to be involved in identifying priority problems and projects. The assemblies also

- (i) clarify any misconceptions about KALAHI-CIDSS implementation;
- (ii) facilitate agreement on the details of subprojects, especially, the nature and magnitude of community counterpart contributions;
- (iii) allow reports on the progress of subproject implementation;
- (iv) create a means to discipline negligent members; and
- (v) renew friendships and build solidarity.

71. FGD participants recalled that in the beginning of KALAHI-CIDSS, it was difficult to get people to attend *barangay* assemblies related to KALAHI-CIDSS.

Village councilors needed to go house-to-house to inform residents about the assemblies and convince them to attend. Village officials also needed to provide snacks for attendees. Later, however, people would come to the meeting on their own volition after realizing that KALAHI-CIDSS can be of real help to them. Attendance rates vary across the assessment sites, ranging from 50%–80% of village households. The Philippine Local Government Code requires a 50%+1 attendance rate in a village assembly before a proposal can be approved.

72. Despite this situation, FGD participants raised several concerns about village assemblies:

- (i) Attendance at village assemblies takes away time that residents can devote to their economic activities.
- (ii) It is not easy to achieve a 50% attendance rate for big villages, especially in municipalities whose residents tend to be heterogeneous.
- (iii) Until recently, the costs of village assemblies could not be charged to a village budget; hence, village officials were often expected to subsidize meeting costs through their personal contributions.
- (iv) At times, the behavior of village officials does not promote a productive meeting. They sometimes become defensive when asked about their performance. They do not respond to residents' questions about their performance and the use of village funds, and they monopolize the discussion, thus forcing residents to become passive listeners.

73. The frequency of *barangay* assemblies has been a persistent issue in KALAHI-CIDSS. The Philippine Local Government Code requires the holding of only two village assemblies per year, while the CEAC requires a minimum of eight meetings annually. Given the important objective of information sharing, two village assemblies per year

are clearly insufficient. Given the time constraints of rural poor households, eight assemblies annually are likely to be too many.

74. A final point involves the use of attendance rates at *barangay* assemblies as a criterion in subproject selection at the MIBF. Attendance rates were used as a criterion in the early days of KALAHI-CIDSS but the criterion was later dropped due to abuse. For some reason, this criterion was resurrected during the *Makamasang Tugon* pilot. An FGD participant from a nonprioritized village complained that some villages pad attendance lists to show a higher participation rate and, consequently, a better score for their subprojects at the MIBF.

### The Municipal Inter-*Barangay* Forum

75. The MIBF is the mechanism for subproject selection within KALAHI-CIDSS. Each village is given a few minutes to present its proposal to the MIBF, followed by an open forum where representatives of other villages are given an opportunity to raise questions about the proposal. After the subproject presentations are completed, proposals are graded using the criteria agreed upon earlier. The scores of the proposals are consolidated to arrive at the subprojects' overall ranking. The ranking of the subprojects is then used for allocation of the KALAHI-CIDSS municipal grant, as explained above.

76. FGD participants identified these major strengths of the MIBF:

- (i) Community representatives establish the criteria for subproject selection and determine the community subprojects to be funded, unlike in the past when selection was the prerogative of the local government.
- (ii) The element of competition motivates villages to give their best efforts to obtain a high ranking for their proposed subprojects.
- (iii) The transparency of the MIBF enables both winners and losers to accept the results.
- (iv) There is bonding among village representatives as they become aware of each other's situations.

77. In contrast, FGD participants also noted weaknesses:

- (i) Persistent rumors about collusion abound among "friendly" villages, sometimes with the blessing of municipal or village officials who champion their own proposals but assign low scores for the proposed subprojects of other villages.
- (ii) Even if collusion does not occur, the use of voting to rank subprojects creates divisiveness due to the intense campaigning by the villages. This leads to a politicized selection process.
- (iii) MIBF participants often do not have a common understanding of the qualitative criteria because these are stated too broadly. Thus, the votes on qualitative criteria are predisposed to collusion and, consequently, raising or lowering of the rankings of individual proposals.
- (iv) The use of quantitative criteria is predisposed toward certain types of subprojects. An example is the criterion on number of beneficiaries. A road will always have more beneficiaries than almost any other type of subproject eligible for funding.
- (v) The skills of the presenters can make a difference in the ranking of a proposed subproject.
- (vi) Proposed subprojects that are less expensive are likely to be ranked higher than more expensive subprojects.
- (vii) The MIBF generates many negative feelings among the losers, even if they accept the results.

78. In response to such concerns, especially those related to collusion and politicking, Mulanay and Barotac Viejo introduced changes to the MIBF process and criteria during the *Makamasang Tugon* pilot. Changes in Mulanay included the following:

- (i) Instead of representatives from the villages ranking proposed subprojects, that task is now assigned to a project review committee (PRC) whose members are selected by the village representatives at a criteria-setting workshop. PRC members include department heads of the municipal LGU and representatives of academe, nongovernment organizations, and sector groups. To facilitate the ranking process, the PRC reviews proposed subprojects before the municipal development forum (MDF).

- (ii) At the MDF, the PRC raises questions as each village team presents its proposed subprojects.
- (iii) After a question-and-answer period, PRC members complete an individual tally sheet that indicates their ranking of the subproject proposals. The individual tally sheets are given to a technical working group for consolidation. Once the individual rankings have been consolidated and all presentations completed, the composite rankings of all the subproject proposals are displayed.
- (iv) The rankings are presented to the municipal development council for final decision. The municipal development council also serves as the forum where individual villages can question the subproject rankings. If a vote is taken on an issue, each village has only one vote.

79. One advantage of the new system is that no one (not even individual PRC members) knows the final results until they are displayed after the rankings have been consolidated. Village representatives also feel that the revised process is more objective because the PRC is composed of disinterested individuals with no personal interest in any of the subprojects.

80. Mulanay continues to employ both qualitative and quantitative criteria in subproject selection, but the following changes in the criteria have been introduced:

- (i) The link between a subproject and municipal goals has been added as a criterion.
- (ii) Subproject sustainability is defined to include a good O&M plan, engagement of CBOs, and participation of the people in *bayanihan* (voluntary labor or in-kind contributions).
- (iii) There has been minimal negative impact on the environment as evidenced by good and credible environmental management plan and clearances from the Department of Environment and Natural Resources and other concerned agencies.
- (iv) Counterpart contributions and attendance rates at village assemblies are now considered as “tie-breaker” criteria.
- (v) In the event of a tie between two villages, the village with less funding from KALAHI-CIDSS is given priority.

81. Local government officials and FGD participants in Mulanay appear to be satisfied with these changes. The new arrangements seem to retain the positive dimensions of competition without its destructive aspects. Nonetheless, the participation of village representatives is limited to voting for the jury panel that will select the subprojects, which is analogous to a shift from “direct democracy” to “representative democracy.”

82. In Barotac Viejo, the major change was the removal of all qualitative subproject selection criteria. Only quantitative criteria are now used during MIBF deliberations, including the

- (i) ratio of local community counterpart contribution to total subproject cost;
- (ii) subproject household beneficiaries as a percentage of total households in the village;
- (iii) household attendees at village assemblies as a percentage of total households in the village;
- (iv) sustainability of previous subprojects;
- (v) poverty incidence—percentage of population below the poverty line (based on 2007 data); and
- (vi) household attendees at KALAHI-CIDSS activities as a percentage of total households in the village.

83. The exclusive use of quantitative criteria eliminated the need for subjective judgments by the MIBF and, for that matter, the underlying rationale for the MIBF. Individual subproject scores based on the application of the quantitative criteria can be computed from the subproject proposals and other relevant documents and the subprojects ranked accordingly.

84. While the strengths of the MIBF as a mechanism for subproject selection and resource allocation outweigh its weaknesses, its processes and dynamics need to be managed carefully. The MIBF is a negotiated process for the allocation of scarce development resources. By its nature, the MIBF has subjective and objective dimensions; these are reflected in the quantitative (objective) and qualitative (subjective) criteria used in the selection of subprojects. Despite inherent difficulties in the use of qualitative criteria, discarding them altogether would eliminate citizen participation in decision making, which is the rationale for the MIBF.

85. There is a need for continuing refinement and re-articulation of the quantitative and qualitative criteria to ensure that they are responsive to the development aspirations of local stakeholders. For example, the criterion on the *number of beneficiaries* (subproject reach) should be balanced with another criterion on the *significance of subproject impact on beneficiaries* (subproject depth). Otherwise, roads will always be preferred over schools.

86. The element of competition is a double-edged sword. On the one hand, it is effective in mobilizing the energies of community residents and village governments in the CDD process. Indeed, competition is the main energizing element that accounts for the high degree of participation in KALAHI-CIDSS. On the other hand, competition gives rise to traditional politicking and collusion, practices that run counter to the principles of CDD. The continuing challenge is to maximize the benefits of competition while mitigating its negative effects.

87. The element of competition is not limited to the MIBF process alone. With the inclusion of quantitative criteria related to community participation in subproject development and community performance in the O&M of previous village subprojects, the spirit of competition now pervades the entire CEAC.

88. Given all of the above, the modifications introduced by local stakeholders in Mulanay on the MIBF (renamed the municipal development forum or MDF) deserve further study. The Mulanay model can be a compromise between the competing expectations of local government officials, community residents, and KALAHI-CIDSS.

### Participation of Community Residents and Special Groups in Subproject Selection

89. Survey and FGD results indicate that there is significant participation of community residents, including women, ethnic minorities, and the poorest, in preparation, selection, and implementation of subprojects.

90. **Community residents.** Survey results indicate strong community participation in the selection of subprojects. Eighty-eight percent of respondents said they participated in the selection of their village's subproject and more than 62% said that they had expressed their views at a *barangay* assembly where the proposed subprojects had been discussed. Among the respondents, 96% also felt that their personal views and those of the community had been considered at the assemblies.

91. **Women.** Survey results indicate strong participation of women in subproject selection. All but 4% of the respondents believed that women participated in subproject selection, 91% said that women spoke at the village assembly when the subproject was selected, and 94% said that the views of women had been considered at the assembly.<sup>11</sup>

92. Participants of municipal and village FGDs confirmed the strong involvement of women in subproject selection through their attendance and participation in social preparation activities, such as the participatory situation analysis (PSA) workshop, village assemblies, subproject planning sessions, and deliberations of the MIBF. In Mulanay and Barotac Viejo, FGD participants claimed that there were more women than men in village assemblies.

93. Women were also involved in subproject implementation, serving as community volunteers on the various KALAHI-CIDSS teams and committees. Women are considered to be better than men in "paperwork" and in monitoring the volume and quality of construction materials from suppliers. Women also provide construction labor (although male laborers do the heavy work) and prepare food for construction workers. During the operations of the subproject, women often serve as secretary, bookkeeper, or treasurer of O&M committees.

94. FGD participants claimed that women are more active in KALAHI-CIDSS because their husbands often leave the village for outside work. While no detailed statistics were presented, FGD participants in Mulanay and Barotac Viejo noted that there are more women than men among community volunteers. In Talaingod, where the majority of the population

<sup>11</sup> A village official at one FGD said that the subproject advocated by the women is usually the one adopted by the village assembly. At one village meeting, he recalled challenging the women who were pushing for a particular subproject to ensure that their husbands would contribute the needed labor.

is *lumads* or indigenous peoples, FGD participants said that women have become more vocal at assemblies, and many have become community volunteers, although men still outnumber the women. KALAHI-CIDSS has contributed significantly to building the confidence of women, enabling them to play an important role in decision making about community development. This is true even in communities of indigenous peoples where women have been traditionally regarded as having a secondary role.

95. While the participation of women in KALAHI-CIDSS is significant, several unresolved gender issues remain. Some of the issues are due to the significant participation of women in KALAHI-CIDSS. First, while women and men are almost equally represented in the membership of KALAHI-CIDSS committees, men still outnumber women as chairs or leaders of the committees. As members of KALAHI-CIDSS committees, women tend to perform traditional support positions, such as bookkeeper, treasurer, in charge of “paperwork,” or food preparation, that can be considered as extensions of their responsibility as “operations and finance managers” of their households.

96. Second, recognition of women’s contributions and the proper valuation of their efforts remain continuing challenges. The work of women as community volunteers is usually not documented and thus their contribution is not recognized (this omission also affects male community volunteers). When a woman’s work is monetized for purposes of determining counterpart contributions, the monetary value of her work is sometimes less than that of her male counterpart. Interestingly, women at an FGD in Barotac Viejo rationalized this discrepancy by saying that their work was “lighter” than that of men. The assessment team has no way of knowing whether this practice is widespread. In any event, KALAHI-CIDSS prides itself on promoting gender equity, so it would be desirable to determine whether women’s contributions are being properly valued in the majority of municipalities assisted by the project.

97. Third, participation in subproject activities is an added burden to women’s workload. The solution is not to ban women from participating in these activities. Instead, support mechanisms can be considered to reduce women’s responsibilities in household management and child care.

98. Finally, domestic tension between husbands and wives has occurred as a result of women’s increasing engagement in KALAHI-CIDSS. At the same time, anecdotal evidence suggests that some men are proud of their wives’ accomplishments and even support them by assuming responsibility for some of the housework. Unfortunately, the assessment team is not aware whether the laudable actions of these men represent a common occurrence.

99. **The poorest in the community.** Survey results indicate the strong participation of the poorest in the community in the selection of subprojects.<sup>12</sup> Among all the respondents, 96% said that the poorest participated in subproject selection, 85% said that the poorest spoke at the *barangay* assembly when a subproject was selected, and 95% said that the views of the poorest had been considered at the assembly.

100. Participants of municipal and village FGDs confirmed the strong involvement of the poorest in subproject selection through their attendance at village assemblies, the participatory situation analysis, and other project workshops. In Mulanay, FGD participants said that the poorest are the most articulate group in expressing their problems at village assemblies. FGD participants in Barotac Viejo claimed that subprojects proposed by the poorest are usually selected because these are also supported by middle-class residents.<sup>13</sup>

101. The poorest are likewise involved in subproject implementation as community volunteers. In fact, the assessment team was surprised by one FGD participant’s comment that the majority of

<sup>12</sup> Wealth-ranking exercises conducted by KALAHI-CIDSS staff facilitate identification of the poorest in the community. It should be noted, however, that KALAHI-CIDSS villages are relatively homogeneous in that almost all residents can be considered poor. In Mulanay, for example, 17 of the town’s 28 villages have poverty incidences of 60% or higher, with one village having a poverty incidence of 87%. The same is true of project beneficiaries in Talaingod since the wealth-ranking exercise involved only the *lumad* residents of the upland tribal cluster communities (who are generally of the same socioeconomic standing) and did not include the better-off and middle-class households residing in the lowland areas of the villages.

<sup>13</sup> In one village in Barotac Viejo, three subprojects had been advocated by the poorest: a health center and village drugstore, which caters mainly to the poorest who cannot afford commercial health care; a water system, which also serves the poorer families; and a village access road, which facilitates the fish-vending activities of the wives of fishers.

community volunteers are from the middle and poorest socioeconomic classes.<sup>14</sup> The FGD participant, a councilor in one of the villages of Mulanay who considers his family as belonging to the poorest in the community, told the assessment team how he had worked on a road subproject for 8 months without pay. He and his wife had agreed that she would be the family breadwinner during this period.

102. The poorest also work as laborers during subproject construction. In all three assessment municipalities, the poorest get priority in subproject construction work, sometimes through a 50 (counterpart)–50 (payment) wage scheme, which allows them to earn some money for the daily needs of their families.<sup>15</sup>

103. The assessment team was surprised by the strong participation of the poorest in the community in the selection of subprojects and as community volunteers. This finding, which runs counter to the conventional wisdom that the poor are too busy in their survival activities to participate in community affairs, should be studied further. It is important to identify the features of the KALAHÍ-CIDSS system that encourage the participation of the poorest in the community.

104. **Indigenous peoples.** Of the three assessment municipalities, it is only in Talaingod that an ethnic group, the Ata-Manobo tribe, comprises the majority of the population. The KALAHÍ-CIDSS field office considers Talaingod a major success, especially because it had been a conflict-affected area for many years. Notable achievements of KALAHÍ-CIDSS include the empowerment of volunteers, some of whom have entered the political arena; the improved status of Ata-Manobo women; and the establishment of permanent housing for tribal families, which has facilitated improvements in agricultural productivity.

105. This appraisal is consistent with a midterm evaluation of KALAHÍ-CIDSS completed by the Asia-Pacific Policy Center (Edillon et al. 2007). That evaluation reported "...increased participation of

ethnic minorities, particularly in village assemblies, village development planning and membership in organizations."

106. The assessment sought to identify the factors that have led to the increased participation by indigenous groups. FGD participants identified the following modifications to the KALAHÍ-CIDSS process that increased the participation of indigenous groups:

- (i) Recruit members of the Ata-Manobo tribe as community facilitators.<sup>16</sup>
- (ii) To the extent possible, deal with ethnic groups on the basis of their traditional geographic boundaries or ancestral domain and leadership structure rather than mainstream geographic and political boundaries.
- (iii) Use color-coded materials (e.g., during the PSA and in voting) to facilitate understanding by illiterate tribal members.
- (iv) Translate KALAHÍ-CIDSS training materials and forms into the Ata-Manobo dialect.
- (v) To the extent possible, incorporate indigenous customs into subproject implementation (e.g., the use of knots to schedule dates of meetings).
- (vi) Hold briefings in the local dialect with community members before the conduct of key activities, such as the PSA workshop.
- (vii) Provide meals and snacks to encourage attendance of indigenous peoples at assemblies; the latter have to walk great distances to come to the meeting venue and they are understandably tired and hungry upon arrival.

## Contributions of Community Volunteers

107. Community volunteers lead the village-level implementation of KALAHÍ-CIDSS during the four stages of the CEAC. During subproject preparation, community volunteers are chosen as members of the project preparation team (responsible for

<sup>14</sup> Does this mean that the better-off residents of the community are not interested in participating in KALAHÍ-CIDSS? This seems to be an area for future study.

<sup>15</sup> If the wage for unskilled labor is P200, 50% of the amount is considered as a counterpart contribution for labor while the other 50% represents the laborer's take-home pay.

<sup>16</sup> Both the MCT coordinator and incumbent mayor were members of the Ata-Manobo tribe.

development of subproject proposals) and the village representation team (to represent the village in intervillage meetings, such as the criteria-setting workshop). In subproject approval, the three-member village representation team speaks for the village at the MIBF where subprojects are ranked and a municipal grant is allocated to approved proposals.

108. When communities with approved proposals move to subproject implementation, their village assemblies select community volunteers to form a village subproject management committee. That committee implements subprojects through subcommittees. Finally, after construction is completed, an O&M committee manages subproject operations.

109. Survey and FGD results indicate recognition of the important contributions of community volunteers. More than 98% of survey respondents were aware of community volunteers in implementation and 99% considered their contributions to be significant.<sup>17</sup>

110. FGD participants cited the following major contributions of community volunteers:

- (i) Volunteers closely monitor subproject implementation to ensure quality and avoid corruption.
- (ii) The use of volunteers saves subproject funds.
- (iii) The use of volunteers creates a sense of ownership among community residents and demonstrates the Filipino value of *bayanihan*.
- (iv) When volunteers learn subproject management procedures, the capacity of the community as a whole is enhanced.
- (v) The status of women is elevated when they serve as community volunteers.

111. Unlike village government officials, who are often elected because of their extravillage linkages and ability to access external resources, survey respondents identified the commitment to serve the community as the most important qualification of a community volunteer. Other important qualifications include being a long-time community resident,

having honesty and good moral values, and being a good facilitator. Only 1 of 180 respondents gave financial capability, an important criterion for the selection of a village head, as a consideration in the selection of community volunteers.

112. Due to the roles that community volunteers are expected to perform, they are often seen by residents as a new type of community leader from whom they have different expectations compared with the traditional leaders of the mainstream system of political patronage.

113. Unfortunately, volunteer service can have an adverse effect on family income, especially when volunteers serve on a full-time basis, such as chairpersons of committees. In some instances, community volunteers have to use their own funds to cover meeting costs. When women serve as community volunteers, this adds to their work burden and can create tension with their husbands. In some circumstances, a final difficulty is that community volunteers are perceived as threats to the power of village officials, which can create conflict.

### Groups or Individuals with the Greatest Influence on Subproject Selection

114. Survey respondents were asked to identify the three groups or individuals with the most influence on subproject selection (Table 6). Of the top five groups or individuals who are most influential in subproject selection, three are local government officials, notably the village captain (ranked first), other village officials (second), and the mayor (fifth). The other two are ordinary community residents (ranked third) and community volunteers (fourth).

115. FGD participants confirmed the significant role of village officials. The participants explained the influence of these officials:

- (i) Village officials have their own groups of followers, including relatives and friends whom they can direct to choose a particular subproject.

<sup>17</sup> Among the respondents, 70% believe that the contribution of community volunteers is very significant, 28% feel it is significant, and 1% consider it somewhat significant.

**Table 6: Groups or Individuals with the Greatest Influence on the Selection of Subprojects**

Group or Individual	%
Village head/neighborhood leader	79.4%
Other village/neighborhood officials	63.9%
Ordinary community residents	60.6%
Community volunteers	30.6%
Mayor	23.9%
Tribal leaders	9.4%
KALAHY-CIDSS staff	5.6%
Other (e.g., governor, contractor, congressperson)	10.0%
N=180	

Note: Multiple answers were possible.

- (ii) Village officials mobilize the community during social preparation and subproject implementation. They explain to village residents the likely benefits of a subproject.
- (iii) Some village officials are involved in managing subprojects.
- (iv) It is normal for ordinary residents to assume that the village head has a good understanding of the needs of the village.

116. The influence of local officials in subproject selection at the village level does not mean that there is elite capture of subproject benefits. First, survey results indicate widespread satisfaction with village subprojects and their services, a clear indication that local elites have no monopoly on subproject benefits. Second, survey respondents (and FGD participants) believe that they participate significantly in the selection of subprojects. Third, the large majority of survey respondents (99%) believe that the decisions of village officials reflect the priorities of the communities, a strong indicator that residents trust their officials to represent their needs and aspirations.<sup>18</sup> In short, the best explanation is that village officials and residents have, more often than not, a confluence of views on community priorities.

### Sentiments of Nonprioritized Villages

117. As mentioned earlier, obtaining the views of residents from nonprioritized villages is important for several reasons. First, it is important to understand why some villages are nonprioritized. Is this due to an inherent weakness of the villages or flaws in the KALAHY-CIDSS systems and procedures? Second, do nonprioritized villages receive benefits from KALAHY-CIDSS apart from funding (e.g., in terms of capacity building)? Third, what measures can be incorporated into the KALAHY-CIDSS design to address the needs of nonprioritized villages?

118. The assessment team conducted FGDs with one nonprioritized village in each of the three municipalities. In Mulanay and Talaingod, the nonprioritized villages were considered as such only in the sense that they had received KALAHY-CIDSS funds fewer times than their fellow villages. In Barotac Viejo, in contrast, San Juan is a nonprioritized village in the true sense of the word: it has never been approved for subproject funding despite participating in the three cycles of regular KALAHY-CIDSS implementation and one cycle of the *Makamasang Tugon* pilot.

<sup>18</sup> Efforts to avoid elite influence and control altogether may be unrealistic and counterproductive in many Philippine villages. Maintaining relations with village officials is a form of informal insurance for poor residents when the resources of extended family and friends are inadequate to meet major emergencies.

119. At the FGDs of all three villages, participants expressed their frustration at “losing.” They claimed to be so discouraged that their first impulse was to discontinue participation in future cycles. Community volunteers related that the hardest thing they had to do was to return to the village after the MIBF and face their neighbors and friends.

120. Subsequent reflection sessions with their community facilitator and some encouragement from the municipal government reversed the initial impulse to disengage. Eventually, the three villages did participate in the remainder of KC-1. Amuguis and Lumabag finally received KALAHI-CIDSS funds, so they have positive feelings about the project and are satisfied with its overall design and implementation procedures. The residents of Amuguis and Lumabag feel that their earlier failures were simply “the luck of the draw” and not due to some inherent flaw in the project’s design.

121. Not surprisingly, residents of San Juan are less optimistic. Its representatives believe that their failure is not merely “the luck of the draw” but due to a conspiracy of the other villages. Due to this belief, they would prefer to do away with the competitive MIBF mechanism for subproject selection. In its place, DSWD should simply give each village a grant entitlement and decide whether each village has complied with all necessary requirements for release of the funds. Under these revised conditions, the village is prepared to participate again in KALAHI-CIDSS. Otherwise, KALAHI-CIDSS will remain a bitter experience that the village would like to erase from its collective memory and the sooner the better.

122. Collusion is a possible factor in the selection of certain village subprojects, whether this is in Barotac Viejo or other municipalities. In San Juan, however, it is difficult to believe that conspiracy was the reason why the village failed to receive funding. Community volunteers of San Juan themselves admitted that their proposed subprojects did not receive a high ranking on two occasions because they failed to produce a certified deed of donation for the land on which their proposed subproject would be constructed. On two other occasions, the village failed to follow up on certain issues, which excluded them from the MIBF.

123. San Juan’s experience underscores the absence of effective mechanisms to address the negative feelings and, more important, the outstanding needs of villages who have not received funding for their subproject proposals. With regard to these nonprioritized villages, it is important to emphasize that community residents consider the two primary interventions of KALAHI-CIDSS, capacity-building and provision of grants for community subprojects, as one integrated package. It is unlikely that communities will value the social preparation inputs when these are not accompanied by subproject funds from KALAHI-CIDSS.

124. Village and municipal governments receive an internal revenue allotment (IRA) from the national government to supplement locally generated revenues. The amounts available to villages from IRAs cannot substitute for subproject funding; currently, IRA funds are insufficient to support the investments needed to achieve significant improvements in the provision of basic services.

125. This is particularly true for KALAHI-CIDSS municipalities and villages, which are among the poorest in the country. Unfortunately, these areas were heavily dependent on IRAs to fund their operating costs and planned development projects prior to their entry into KALAHI-CIDSS.

126. Village budgets, which are overwhelmingly dependent on the IRA, ranged from \$17,440 to \$23,225 in the assessment areas during KC-1. Funds from a village’s IRA are usually budgeted as follows: 55% for personnel services, 20% as a development fund for village projects, 10% for youth, 10% for maintenance and other operating expenses, and 5% for a calamity fund. The 20% development fund ranged from \$3,490 to \$4,650 per year. In contrast, allocations from KALAHI-CIDSS for subprojects, if divided equally among all villages, would be about \$14,000 per village annually. This amount underscores the importance of a KALAHI-CIDSS grant for a village’s development. Moreover, because the KALAHI-CIDSS allocation is apportioned through a competitive process, some villages can receive a grant as large as \$23,000.

# Findings and Assessment: Utility and Sustainability of Subprojects

## Usefulness of Subprojects

127. Survey respondents were asked to name one subproject with which they were familiar. The top five answers were roads (31% of respondents), water systems (17%), banana plantations (17%), health centers (12%), and housing (11%).<sup>19</sup> According to the respondents, all of the abovementioned subprojects were operational at the time of the survey. Among respondents, 92% have used the facilities of a subproject. Likewise, 90% found their community subprojects to be useful (23%) or very useful (67%).

128. Among the top six needs, three were related to difficulties in transport and access: (i) vehicles are unable to pass; road muddy and gets flooded; difficulty in traveling especially at night (24%, 44 respondents); (ii) difficult to go to doctor because of distance; hospital far; hard to go to other villages (7.2%, 13); or (iii) hard to bring products to the marketplace (6.7%, 12).

129. The fourth need involved inadequate income from corn and banana production, resulting in lack of funds for hospitalization, schooling, food, and appliances (18%, 32). The fifth need involved difficulties in access to potable water (17%, 30). Difficulties included hard-to-fetch water for daily needs (taking a bath, washing, cooking) and water sources that are far and expensive. The sixth need was the lack of permanent housing (11%, 19), which resulted in the need to reside in the forest, inability to focus on livelihoods, and frequent purchases of materials for housing repair.

## Effects on Household Incomes

130. The purpose of subprojects is the delivery of social services, but they also have positive effects on household income. Nearly 9 of 10 survey respondents believe that KALAH-CIDSS subprojects can increase household income, while 92% also believe that

subprojects generate job opportunities for community residents, including employment for the poorest residents during the construction of subprojects.

131. These perceptions are consistent with the findings of Edillon et al. (2011). They found that the increase in per capita consumption of households in beneficiary communities was about 6% higher than the increases of households in villages that did not benefit from KALAH-CIDSS. Households in beneficiary villages with larger numbers of subprojects enjoy even higher increases in consumption, as much as 14% more than those in nonbeneficiary communities. The authors also reported that the share of nonfood items in the household budget has increased over time. The increase among beneficiary households was significantly higher at 44% than the increase among nonbeneficiary households. Households in beneficiary *barangays* with more subprojects were reported to have experienced even higher increases. Finally, the study reported significant improvement in employment rates, particularly among females, and more diversified employment with household members now employed in more than one sector.

132. Participants in the FGDs gave the following reasons for how types of subprojects increase household incomes:

- (i) *Water system:*
  - (a) reduces residents' time fetching water and allows the savings to be used for other economic activities;
  - (b) reduces expenses for buying water;
  - (c) increases opportunities for income-generating activities among women, such as the making and selling of ice candy and other water-related products; and
  - (d) reduces the cost of health care due to improved access to clean water.

<sup>19</sup> These responses are consistent with programwide data on KC-supported subprojects. In KC-1, five types of subprojects—water systems, access roads, schools, health stations, and day care centers—accounted for 80% of all community grants.

- (ii) *Road:*
  - (a) increases speed of transport of goods, resulting in better market prices because agricultural products are in better condition when they arrive at the markets;
  - (b) reduces the transport costs of farm products and of the village residents, (In some cases, the cost saving is almost 50%.);
  - (c) improves access to services and employment;
  - (d) reduces the number of accidents; and
  - (e) stimulates the local economy, creating opportunities for production and trade.
- (iii) *Day care center* gives parents more time for economic activities, thereby improving their earning capacity.
- (iv) *School:*
  - (a) improves students' future earning capacity;
  - (b) saves money for transport fare when children can attend schools closer to home rather than traveling long distances; and
  - (c) creates livelihood opportunities for women in selling food and school supplies.
- (v) *Health station:*
  - (a) reduces the cost of transport when patients must go to a health center that is farther away; and
  - (b) reduces cost of primary health care.
- (vi) *Common service facilities (rice and corn mill, etc.):*
  - (a) reduce costs of hauling and processing of rice, corn, and other agricultural products;
  - (b) provide limited employment; and
  - (c) can create profits to help finance other community projects.

### Construction Quality of Subprojects

133. Almost three-fourths of all respondents rated the construction quality of subprojects as either very good (39%) or good (34%).

134. The use of standard quality materials was considered the most important factor that determines the high quality of subproject construction (46% of respondents). This was followed by oversight and technical assistance to village and municipal officials (27%).

135. Other factors affecting construction quality are
- (i) appropriate and well-designed plans and cost estimates;
  - (ii) dedicated and trained project managers and workers;
  - (iii) strict compliance with construction standards;
  - (iv) transparency and continuous monitoring (residents are kept informed of implementation progress);
  - (v) a sense of accountability among those responsible for construction; and
  - (vi) timely action on suspected anomalous transactions.

### Quality of Arrangements for Operation and Maintenance of Subprojects

136. Nearly all respondents consider existing O&M arrangements for subprojects to be highly satisfactory (47%), satisfactory (42%), or somewhat satisfactory (8%). This confirms the findings of functionality audits of KALAHI-CIDSS and World Bank reviews. Previous reviews found that 97% of the subprojects audited were operational and providing the services originally intended in the subproject plans, with O&M arrangements more or less in place (KALAHI-CIDSS National Project Management Office 2008).

137. Two dozen survey respondents made the following suggestions to improve O&M: (i) fill cracks in infrastructure, (ii) periodic checkups, (iii) immediate repairs; (iv) payment of dues; (v) regular cleaning; and (vi) constant cleaning of drainage.

138. FGD participants identified the following factors as crucial for the effective O&M of community subprojects:

- (i) formulation of an appropriate O&M plan, including a schedule of preventive maintenance;
- (ii) provision of sufficient O&M funds by municipal and village governments and the community in compliance with the partnership agreement between the local stakeholders and DSWD;
- (iii) a responsible and competent O&M committee;
- (iv) provision of monthly reports by the O&M committee, especially financial statements, to ensure that O&M activities are accomplished properly and on time;

- (v) supportive legislation to minimize damage to the subproject (for example, for subprojects involving roads, ordinances are needed to prohibit practices that damage roads, including the passage of vehicles when it is raining, the passage of carabao-pulled nonwheeled carts that create ruts in the road, and the use of the road by heavy vehicles); and
- (vi) regular monitoring by citizens, local officials (including the members of the MIAC), and KALAHI-CIDSS field staff of the operations of the subproject and the performance of O&M committees.

139. The last point is important. More than 40% of survey respondents said that they have reported problems related to subproject operations, an indication of their commitment to the subproject.

### Contributions of Local Governments for Subprojects' Operation and Maintenance

140. Municipal and village FGDs confirmed that local governments provide contributions for the O&M of village subprojects. The municipal allocation for O&M is usually charged against the municipality's development fund. The manner in which these contributions are disbursed and the degree of transparency surrounding the transactions vary across the three municipalities.

141. O&M contributions vary across municipalities, from P30,000 per village in Mulanay to P50,000 per village in Talaingod. Municipal officials claim that these amounts are released in a timely manner and are sufficient for the O&M needs of village subprojects. On occasion, the municipal legislatures of Mulanay and Talaingod have provided additional funds for O&M through the passage of supplemental budgets.

142. In Barotac Viejo, the municipal government provides a yearly block fund allocation of P400,000 for the O&M of subprojects. Individual disbursements are based on O&M needs that are identified by an MIAC representative during monitoring visits to the village subprojects. Thus far, the largest amount disbursed for O&M was P50,000 for road repair and the smallest was P5,000 for the repair of a day care center.

143. At the village FGDs in Mulanay, participants confirmed the regular and timely provision of municipal funds for the O&M of their subprojects. They also stated that there is a regular funding allocation for subprojects' O&M in their villages' annual budgets. The annual village government support for O&M is modest (e.g., P35,000 for roads and P20,000 for health centers) but these have been adequate so far because the subprojects have not yet required major repair work.

144. At the FGDs with tribal communities in Talaingod, participants mentioned that contributions from the village government for subproject O&M is provided on an as-needed basis, requires a resolution from the cluster community, and has been sporadic. FGD participants were generally not aware of assistance from the municipal government, although a few mentioned receiving one-time assistance from the municipal agriculture office in the form of fertilizers and chemicals, vegetable seedlings, and seeds for upland rice and corn.<sup>20</sup>

145. Participants of the village FGDs in Barotac Viejo stated that their annual budgets contained a regular allocation for the O&M of existing subprojects. They were not aware of regular municipal government support for subprojects' O&M, although they recalled that the municipal government had once provided sand and gravel and lent equipment for the maintenance of roads.

### Contributions of Community Residents to Subprojects' Operation and Maintenance

146. When respondents were asked whether they make a regular contribution for the O&M of their subprojects, 69% answered in the affirmative. In contrast, almost a third (31%) of respondents said that they are not required to make contributions for O&M. Respondents who claimed that they are not required to make contributions cited the following reasons: (i) the subproject has its own funds, such as from KALAHI-CIDSS or the local government (50 respondents); (ii) respondent does not have the ability to pay (7); (iii) respondent is not a beneficiary of the subproject (2). To a large extent, these three

<sup>20</sup> Several subprojects in Talaingod involve agricultural production.

**Table 7: Respondents' Preparedness to Contribute to the Operation and Maintenance of Subprojects**

Item	%
Contribution of unpaid labor to operation and maintenance (O&M)	95.6%
Contribution of advice and suggestions to O&M	92.8%
Make representation to the local government unit or other agencies to provide counterpart, technical assistance, or enabling ordinances	82.8%
Cash donation to O&M	80.0%
Lending of tools and equipment for O&M	71.1%
Contribution of paid labor to O&M	53.3%
Other contributions to O&M (attending meetings, cooking food, anything required if capable of giving)	7.2%
N = 180	

Note: Multiple answers were possible.

reasons are valid and consistent with the KALAHI-CIDSS requirement of community support for O&M. In principle, all beneficiary households are required to contribute to O&M, but contributions can be in cash (whether as regular donations or user fees) or in kind (labor, provision of food, etc.). When asked whether they make contributions, respondents usually assume that the question is related to a cash contribution. Since most respondents make in-kind contributions, they provided negative answers when asked whether they make a contribution.

147. The apparent discrepancy in respondents' answers can be interpreted as a deficiency in communications regarding the O&M arrangements of the subprojects. Even if these arrangements had been discussed at a village assembly, people tend to forget or are not fully convinced. Accordingly, there is need to remind residents of their roles in and responsibilities for the subproject. Open communications and transparency have been the foundation of the success of KALAHI-CIDSS; these should be continued beyond subproject planning and implementation into subproject O&M.

148. While a third of respondents believe that they are not required to contribute to O&M, they are nevertheless prepared to provide support as necessary. Table 7 lists the types of contributions that residents say they are prepared to provide for the maintenance of subprojects. Almost 96% of respondents are willing to contribute unpaid labor for O&M.

149. Participants at municipal and village FGDs confirmed the significant contributions of residents toward the upkeep of subprojects, including

- (i) provision of unpaid or voluntary labor for regular maintenance activities (e.g., provision of security, repair work, hauling of materials, food and food preparation, etc.) and during crisis situations (e.g., clearing of spillways during periods of heavy rains);
- (ii) cash contributions, including (a) user fees for the use of roads and common service facilities, (b) payments of tariffs for water systems, (c) monthly dues, (d) voluntary donations for the use of health facilities, and (e) allocation of a small portion of the net profit of community enterprises;
- (iii) strong patronage of the common service facilities, thus ensuring their commercial viability;
- (iv) compliance with local ordinances and policies of the subproject; and
- (v) provision of in-kind contributions from organized users of roads (e.g., truckers and tricycle drivers contributing gravel and sand as well as hauling services).

150. A final gauge of the residents' commitment is the extent to which they monitor their subprojects. More than 40% of respondents have actually reported on problems related to subproject operations to an O&M committee or to their village officials.

# Findings and Assessment: Accountability and Transparency

## Corruption in KALAH-CIDSS

151. Survey residents generally perceive KALAH-CIDSS to be corruption-free: 87% of respondents believe that there is no corruption and 6% consider corruption in KALAH-CIDSS to be less than that found in other programs in the village. Only 4% of respondents believe that corruption is on the same level as other programs.

152. FGD participants were unanimous in saying there is no corruption in KALAH-CIDSS.<sup>21</sup> They based their position on the following:

- (i) Many external audits have indicated that there is no corruption in KALAH-CIDSS.
- (ii) Corruption is difficult to commit in KALAH-CIDSS because ordinary citizens are watching the subprojects closely, in part because of their counterpart contributions.
- (iii) Government projects follow a process to prevent corruption but the KALAH-CIDSS system is much better. Not only are transactions well documented, the decision-making process goes through a series of workshops and exercises.
- (iv) There is close supervision through the KALAH-CIDSS team and local officials.

## Mechanisms within KALAH-CIDSS that Prevent Corruption

153. More than 93% of survey respondents believe that community members can prevent the misuse of subproject funds. FGD participants share this view. According to these participants, internal mechanisms in the KALAH-CIDSS enable community residents to prevent the misuse of funds. First, village residents are involved both directly (through village

assemblies) and indirectly (through their representatives on the subproject management committee) in the management of KALAH-CIDSS funds. They are kept informed and become aware of problems through observation of the work being done, public billboards listing work accomplishments, and village assemblies.

154. Second, many individuals have been designated to manage funds from KALAH-CIDSS, including the village treasurer and a DSWD representative. These officers are required to report on the status of the village account, including incomes and expenses, at the village assemblies and make financial documents and other records available to the public. There is also a roving bookkeeper who monitors the finances of subprojects. If community members have suspicions about financial transactions, they can report these to the KALAH-CIDSS community facilitator. FGD participants recognize that DSWD is the final arbiter regarding cases of alleged corruption.

155. Third, there are procedures to remove officers of KALAH-CIDSS subprojects and charge them with corruption. For example, one officer of an O&M committee in a Talaingod village was charged with misappropriation of funds. Some members of subproject associations have also been charged for non-payment of dues and fines.

156. Fourth, grant funds are sent directly to the village account from DSWD without passing through any intermediaries. Also, KALAH-CIDSS adheres to the "one-fund concept," which requires that all funds for a community project (or KALAH-CIDSS subproject) be deposited and disbursed from a single account using uniform procedures. Finally, village residents validate all completed subprojects using three monitoring exercises: community-based evaluation, accountability reporting, and sustainability evaluation.

<sup>21</sup> One village official commented that if all village programs were handled the KALAH way, they would be able to say proudly, at the end of their term, that there has been no corruption during their administration.

157. In Mulanay, as an illustration, community-based evaluation and accountability reporting are conducted after completion of subproject implementation. The outputs of these exercises are considered in planning for the next cycle of implementation. Community evaluation is a reflection process in which the people involved in the various phases of the CEAC, particularly subproject implementation, articulate the changes that KALAHI-CIDSS has brought about in terms of empowerment, good governance, and poverty reduction. The 2- to 3-day reflection exercise uses different tools to facilitate the full participation of community volunteers and other residents of the villages.

158. Accountability reporting, in contrast, is an end-of-cycle activity in which representatives of prioritized and nonprioritized villages convene to discuss the highlights of their performances in the just-concluded cycle. The main audience is the municipal interagency forum and the municipal development council. Discussions focus on

- (i) subproject implementation,
- (ii) compliance with counterpart commitments at the village and municipal levels,
- (iii) compliance with social and environmental safeguards,
- (iv) lessons learned about CDD processes,
- (v) plans for enhanced participation and implementation of the CEAC, and
- (vi) setting directions for community development and municipal engagement in succeeding cycles.

159. Twice a year, all completed subprojects are evaluated using a sustainability evaluation tool (SET). Evaluation focuses on subprojects' benefits, organizational development, and financial and technical aspects. The O&M committees are graded on individual parameters and their mean rating of performance for the previous 6-month period is determined. Organizational aspects receive a weight of 60%. The remaining 40% is intended for the technical and financial aspects.

160. In Mulanay, the entity responsible for the SET is the municipal joint inspectorate team, which was organized through a local executive order. The SET is conducted with community volunteers, members and officers of the O&M committee, and the members of the village council. SET has two main activities: the conduct of subproject walk-through

to assess the physical condition of subproject infrastructure and a meeting with the O&M committee to rate performance and discuss the findings of the joint inspectorate team.

## The Grievance Redress System

161. During the *Makamasang Tugon* pilot in Barotac Viejo, municipal officials opted not to install the project's grievance redress system (GRS), claiming that any problems could be resolved through existing mechanisms. In the other two municipalities, the grievance system was installed as designed; Talaingod even designated a municipal coordinating team staff person to follow up and ensure that every grievance is addressed.

162. Despite these actions, FGD participants in the tribal communities of Talaingod claimed to have little knowledge of the grievance system or had never used it. Talaingod's municipal officials, conversely, claimed that grievances are usually related to minor issues in implementation, such as the delivery of materials or the subpar performance of local staff. Both village and municipal FGD participants maintain that there has never been a grievance complaint filed because of allegations of corruption.

163. In Mulanay, grievances that have been raised are of a similar nature. In one village, for example, a complaint was filed against the previous village head for allowing a vehicle that he was riding to use the project-funded road during the rain. This was in violation of a village policy that vehicles would not be allowed on the road when it is raining because rainwater collects in the low portions of the road and the passage of vehicles can cause potholes.

164. No formal complaints about corruption have been raised to the GRS in the three assessment municipalities, even though the assessment team was told of attempts to misuse funds. These were not formally reported through the GRS but resolved at the local level. In one municipality, a village head attempted to limit the issuance of canvass forms for construction materials to his preferred suppliers, a move that was probably intended to obtain personal commissions. The issue was resolved when the mayor stepped in and, together with the community volunteers in the village, voided the contract. The issue was settled internally because the local

stakeholders wanted to maintain their good reputation with DSWD and thereby ensure the continued flow of funds from the project.

165. The foregoing suggests that, whenever possible, local leaders prefer to resolve corruption complaints locally. Elevating them to the regional level might invite the imposition of sanctions, including the cutoff of funds from KALAH-CIDSS. Given this, the assessment team hypothesizes that the overall effectiveness of the GRS is due, at least in part, to local stakeholders' fear of diminished reputations and DSWD sanctions.

166. Notwithstanding these findings, the GRS appears to be functioning satisfactorily. According to the GRS Unit of the KALAH-CIDSS National Project Management Office (2011), it has resolved 99% of the 1,950 queries and grievances reported from 2003 to 2009.

167. These queries and grievances were classified as follows:

- (i) Type A are simple queries and comments and concerns about KALAH-CIDSS;
- (ii) Type B involve violations of rights and procedures that affect or hinder KALAH-CIDSS activities and subproject completion;
- (iii) Type C include allegations of corruption and misuse of funds as well as procurement-related violations; and
- (iv) Type D concern complaints against project implementers.

168. Type A complaints were the most numerous at 71.6% (1,396) of all cases filed, followed by type D cases at 14.9% (291), type C cases at 7.9% (154), and type B cases at 5.6% (109).

169. Actions taken by the GRS to address complaints include immediate feedback or clarification to the complainant; holding special village or municipal assemblies to resolve the issue in a transparent manner; referral of the complaint to the appropriate decision-making bodies; and imposing sanctions, such as the nonrenewal of staff employment or blacklisting of contractors, when the acts committed are found to be true, malicious, and intentional.

170. Of the 154 type C cases, 70 involved allegations of corruption and misuse of funds, 48 involved

violations in contract conditions and suppliers, and 36 were violations in procurement guidelines. Examples of type C complaints include the following:

- (i) *Bribery and kickbacks by stakeholders.*  
There were several cases when subproject implementers were reported to have received bribes from contractors.
- (ii) *Misuse of subproject funds* involved the utilization of funds for personal or use for other than their intended purposes.
- (iii) *Missing or unaccounted supplies and materials* involved cases of missing materials that were reported as stolen from a storage warehouse or subproject site.
- (iv) *Delayed or nondelivery of materials by the suppliers*, which included the delivery of substandard materials by the suppliers.
- (v) *Uncompleted or unfinished contracts* involved situations in which contractors failed to complete all of the specifications of their contracts, thus resulting in the noncompletion or delayed completion of subprojects.
- (vi) *Noncompliance with the procurement process* involved the nonutilization of the appropriate mode of procurement or lack of transparency during the bidding process.

171. These examples are typical of the complaints that one would expect. That they have been raised and captured by the GRS indicates that stakeholders are aware of and trust the system, and that it is operating effectively.

172. The only concern is the small number of complaints. If the 1,950 complaints received in KC-1 are divided among the 4,583 *barangays* in KC-1, this would mean only 1 complaint per 2.4 *barangays*. If only the 154 type C complaints are considered, this would be even lower, at 1 complaint per 30 *barangays*. Of course, this does not include the grievances that were not reported to the GRS or those settled informally at the local level.

## Handling of Village Funds

173. A high 95% of survey respondents believe that village officials are honest in handling the financial resources of the village, a belief that village FGD respondents shared. This finding is contrary to the conventional view that village officials cannot be

trusted in proper use of village funds. It is important to remember, however, that the assessment villages (and their officials) have had extensive experience in the practice of financial transparency and accountability through their experience with KALAHI-CIDSS. In fact, several village officials had been community volunteers. An optimistic explanation is that a new culture of honesty has developed in these villages as a result of KALAHI-CIDSS.

174. Due to positive experiences with KALAHI-CIDSS, the majority of FGD participants and 94% of the survey respondents in the prioritized villages believe that they have the ability to prevent misuse of village funds, either directly at village assemblies where citizens raise questions about the planned allocation and actual utilization of village funds, or indirectly through the *barangay* development councils, whose memberships have been expanded to include representatives from the business sector, civil society, and people's organizations.

### Involvement of Residents in Village Decision Making

175. The survey asked respondents whether village officials involve community residents in decision making, whether village officials disclose financial information to residents, and whether the decisions of village officials reflected community priorities. A large majority of respondents answered affirmatively to all three issues. Survey responses from Mulanay, for

example, are as follows: (i) do village officials involve community residents in decision making (88% yes); (ii) do village officials disclose financial information to residents (93% yes); and (iii) do the decisions of village officials reflect community priorities (98% yes). The percentages of affirmative answers from the survey respondents of Talaingod and Barotac Viejo are similar to those in Mulanay.

176. The survey had several follow-up questions comparing the behavior of village officials in involving citizens in governance in the past (i.e., prior to the entry of KALAHI-CIDSS) with their current behavior.<sup>22</sup> Between 72% and 78% of respondents from the three assessment municipalities answered affirmatively to these follow-up questions.

177. Among respondents from villages in Barotac Viejo and Talaingod, the assessment team found that the percentage of affirmative answers for the follow-up questions were generally the same (at an average of 90%). The percentage of affirmative answers in Mulanay was markedly lower, with an average of 37% for the three follow-up questions.

178. A possible explanation for these findings is that village officials in Mulanay were already receptive to citizens' involvement in village governance prior to KALAHI-CIDSS. This receptiveness was likely due to the influence of a previous mayor who had instituted participatory and transparent governance processes before the entry of KALAHI-CIDSS into Mulanay in 2003.

<sup>22</sup> The follow-up questions are as follows: (i) If you compare the behavior of your *barangay* officials before the entry of KALAHI-CIDSS with the behavior of current officials, do they involve communities more in their decisions today? (ii) If you compare the behavior of your *barangay* LGU officials before the entry of KALAHI-CIDSS with the behavior of current officials, are they disclosing and sharing financial information more with their constituents today? (iii) If you compare the decisions of your municipal LGU officials before the entry of KALAHI-CIDSS with the decisions of current officials, are these currently more reflective of community priorities?

# Findings and Assessment: Institutional Impacts

179. Institutionalization impacts refer to the extent that local governments have incorporated CDD principles and practices of participation, transparency, and accountability into their governance processes.

## Institutional Impacts at the Village Level

180. **Expanded membership of *barangay* development councils.** The *barangay* development council prepares village development plans. Due to KALAHI-CIDSS, membership in the *barangay* development councils in Mulanay and Barotac Viejo has expanded to include informal groups, sector representatives (e.g., senior citizens, women, disabled, and major occupational groups), and other membership-based organizations within the village. Many of these citizen representatives served previously as community volunteers.

181. **Participatory planning.**<sup>23</sup> Prior to the entry of KALAHI-CIDSS, the majority of villages in the three assessment municipalities did not have village plans. When a village did have a development plan, it typically had been developed by village officials who wanted to justify utilization of the village IRA, or more precisely, the portion of the village IRA known as the 20% development fund, which is intended for village development projects. Hence, funding requirements of the proposed projects contained in village development plans were usually equivalent to the amount of the 20% development fund.

182. One of the major interventions of KALAHI-CIDSS is assistance to communities in the preparation

of their local development plans. Over time, the project-related technical assistance of area coordinating teams has resulted in better-quality plans that outline a village's strategic directions; support the villages with well-researched community data; and provide detailed descriptions of programs and projects with clear implementation schedules, a monitoring plan, and a resource mobilization plan. Most important, community members know and understand the projects and activities contained in the plans.

183. In Mulanay, participatory planning has been institutionalized through the *barangay* development councils. The first step involves the conduct of consultative meetings with residents of the different neighborhoods to identify and discuss priority problems and potential subprojects. These subvillage meetings are a prerequisite activity to a PSA workshop, an annual 3-day meeting. PSA participants consult with residents of the different neighborhood clusters in the village prior to the workshop. The PSA agenda includes

- (i) reporting on the income and expenditures of the village,
- (ii) reporting on identified household priority problems that have been consolidated at the neighborhood level,
- (iii) reporting of neighborhoods' proposed projects,
- (iv) consolidation of priority problems and proposed projects at the village level, and
- (v) ranking of priority problems and projects and scheduling of priority projects over a 5-year period (the maximum planning horizon of the village development plan).

<sup>23</sup> The Philippine Local Government Code of 1991 requires village governments to prepare 3-year village development plans and an annual investment plan. The mandated planning process assumes consultative meetings between officials and residents, initially at the neighborhood level to identify problems and priority projects, and later at the village level for purposes of consolidation. The results of the consultations are submitted to the *barangay* development council, which prepares the draft development plans and submits them to the village council for approval. Approved village development plans are submitted to the municipal government for incorporation into municipal plans.

184. Once the implementation of priority projects has been scheduled over a multiyear time frame of the village development plan, the village's IRA is budgeted for projects to be undertaken in the current year. Projects requiring funds in excess of the village IRA are included in the village development plan on the assumption that the village will identify other sources of financing. Draft village plans are presented at a village assembly for validation and approval before being forwarded to the municipal legislature for promulgation.

185. The planning process in Talaingod's villages is similar to Mulanay's. One difference is that, in Talaingod, village leaders get to decide the neighborhood projects to be implemented in the current year and those that will be deferred to later years. The prioritization of neighborhood projects is made known to residents through their leaders or by village officials during their visits to the neighborhood.

186. **Use of KALAHI-CIDSS procedures in subproject implementation.** In Mulanay, the village IRA is allocated on the basis of the priorities identified in the participatory situation analysis (PSA) exercise. Village assemblies validate and approve all plans before they are submitted to the *barangay* development council for approval. The village's IRA often provides counterpart funding for grants from KALAHI-CIDSS, so there are almost no village subprojects funded solely by the 20% development fund. Due to the use of the one-fund concept, the village IRA is controlled in the same way as KALAHI-CIDSS funds. Thus, village projects, regardless of the source of funding, are usually implemented using KALAHI-CIDSS procedures.

187. Procurement for materials is subject to public bidding, as is the procurement of external contractors for services involving heavy or specialized equipment. The use of a community force account is the preferred mode of labor procurement.<sup>24</sup> Village residents are given priority in employment and usually work on a 50–50 basis (50% unpaid or *bayanihan* labor and 50% paid). Finally, there is regular reporting on implementation progress and financial expenditures at village assemblies.

188. Unlike in Mulanay, there are fewer opportunities for residents of Talaingod's villages to be involved in the implementation of projects funded by the villages' budgets. Village officials manage the funds, and village captains, treasurers, and, in some cases, the chairs of the village appropriation committees approve disbursements. Periodic reports on project expenditures are made to the the *barangay* development council.

189. Talaingod's village officials are also reluctant to use the community force account and prefer to rely on outside contractors, with residents tapped to provide additional labor. According to the village officials, their preference for outside contractors is based on the provisions of the Philippine Procurement Law, which does not allow the use of a community force account when the labor costs of a village subproject are above \$1,200.

190. The use of the community force account under the procurement law is a gray area. The reluctance of village officials to use KALAHI-CIDSS procedures may be due to other reasons. FGD discussions revealed that village officials do not have adequate knowledge and understanding of KALAHI-CIDSS procedures in subproject implementation. In part, this is because some village officials are newly elected first-termers. In addition, village officials may not be convinced of the value of KALAHI-CIDSS procedures because they do not have sufficient experience in their use.

191. When the 12 tribal clusters in Talaingod were recognized as villages, and therefore implementing units of subprojects, the tribal chiefs, neighborhood leaders, and community volunteers became the main actors in implementation within the tribal clusters. The involvement of most village officials was minimized and was probably limited to receiving reports on subproject implementation at meetings of the *barangay* development council.

192. If this assessment is correct, the top (municipal government) and bottom (tribal chiefs and neighborhood leaders) layers of leadership in Talaingod, who have become advocates of CDD, need to convince the middle leadership layer (village officials) to

<sup>24</sup> When a community force account is used, a beneficiary community manages the labor component of a subproject, hires the workers, and pays their salaries. In CDD subprojects, community force accounts are typically preferred over the hiring of external contractors because the former reinforces a community's sense of ownership.

become similarly committed to CDD. This is important if further institutionalization of CDD is to be achieved in Talaingod.

193. In Barotac Viejo, no new projects have been undertaken because officials in the assessment villages are newly elected. In the past, however, procurement processes for projects funded through the village IRA followed the provisions of the Philippine Procurement Law. Procurement of materials is subject to canvass or public bidding. Interestingly, procurement of labor is done through the “administration” method, which is similar to a community force account. Residents are also given priority for employment in construction work.

194. **Community involvement in subproject monitoring and evaluation.** The implementation of village subprojects in Mulanay follows KALAHI-CIDSS procedures, so residents are involved in monitoring through their membership as community volunteers in various committees. Residents also often go to construction sites to get a first-hand view of progress; formal reporting on implementation is reserved for village assemblies.

195. Before the end of subproject implementation and before villages proceed to the next cycle, two transition activities are conducted: a *community-based evaluation*, which enables residents to assess their participation in subproject implementation and the changes brought about by their participation, and *accountability review and reporting*, which facilitates the collective review of stakeholder commitments during subproject implementation.

196. During subproject operations, communities are involved in monitoring through attendance and participation in village assemblies where officials of the O&M committee report on the status of subproject operations and the regular conduct of sustainability evaluations of subproject operations. Sustainability evaluations examine a subproject’s organization and management, technical and financial aspects, and services provided.

197. In Barotac Viejo, the LGU created a municipal monitoring and evaluation committee whose

members include village captains and heads of departments of municipal local government units (MLGU). While community residents are not members of this committee, they respond to its surveys on the performance of subprojects.

198. In Talaingod, local governments constitute a multisector monitoring team for village subprojects. In some villages, team members were involved previously in KALAHI-CIDSS. In other villages, village councilors constitute the membership of the monitoring teams.

199. **Constraints in village government adoption of community-driven development principles and practices.** FGD participants had differing views about the constraints that village governments face in the adoption of CDD principles and practices. In Mulanay, FGD participants felt that there are no constraints to the adoption of CDD practices as long as village officials do not mind sharing power.

200. FGD participants in the other two municipalities were not so optimistic. Apart from inadequate funds, they identified other constraints: (i) continued infighting, from one election to the next, between rival political factions; (ii) legal impediments, including provisions of the Philippine Procurement Law; and (iii) the accountability of village officials if residents are allowed to manage a subproject and funds are misused or implementation encounters problems.<sup>25</sup>

201. **Resource mobilization efforts of barangay local government units.** According to FGD participants, villages are almost wholly dependent on the IRA for their activities. Villages in the assessment sites are trying to raise revenues by increasing taxes, licenses, and other fees (village clearances, parking fees, etc.) or tapping nontraditional sources (e.g., overseas Filipino workers), but it is doubtful that these revenue-raising measures will yield substantial revenues in the short term. In the meantime, villages seek to mobilize funds for development projects in traditional ways, that is, by sending resolutions of request to municipal and provincial governments, their local legislators, and national government agencies.

<sup>25</sup> This concern can be partly addressed if officials in *barangay* LGUs adopt a merit-based system that allows neighborhood clusters that have performed well on their KALAHI subprojects to manage the implementation of other initiatives that are supported with a *barangay’s* resources.

202. **Improvements in poverty monitoring.** In general, village governments do not have their own systems for monitoring the incidence of poverty, relying instead on municipal initiatives. In the three assessment municipalities, the most reliable initiative in the monitoring of poverty is the regular survey that village health workers conduct. These workers, who are each assigned a catchment area of 25–50 families, compile a database on the health of their clients. Health workers also conduct a poverty survey twice a year. The results are reported regularly to the MLGU and village officials. Village officials claim to utilize the monitoring results in their planning processes.

## Institutional Impacts at the Municipal Level

203. **Participatory planning.** All three municipal governments reported improvements in their planning processes and resulting MDPs. Prior to KALAHI-CIDSS, no community consultations were conducted to gather inputs for the formulation of the MDPs. Instead, a technical working group developed the MDP. Today, the MDPs are based on the priority needs of villages as identified by community residents and their officials.

204. These changes have produced the following results:

- (i) The planning process is more participatory than in the past, with village plans incorporated into MDPs.
- (ii) MDPs now address capacity building, livelihoods, scholarships, and other human capital investments rather than focusing primarily on infrastructure, as in the past.
- (iii) Plans are better prepared: their goals are specific and focused, they are supported by reliable data, they have clear strategies and activities are synchronized, there is clear delineation regarding responsibilities for specific projects, there is clear justification for budgets as these are based on priority needs, sources of funds are specified, and plans include informed efforts about how to raise funds.
- (iv) MDPs are holistic; they are multisector and reflect a conscious effort to ensure complementarity of projects across sectors.

- (v) MDPs are reviewed and approved by the municipal development council (MDC), at public hearings, and by provincial committees on housing and land use.

205. In Mulanay, citizen representation has been increased in local special bodies—such as the peace and order council, the MDC, the development council, and school and health boards—that serve as venues for dialogue among citizens and the municipal government on proposed sector measures. In addition, citizens are consulted, mainly through public hearings, before MLGU proposals with wide-ranging effects are finalized.

206. **Participatory budgeting.** Of the three municipalities, Mulanay has made the most progress in institutionalizing participatory budgeting. This has been accomplished by identifying complementarity in the functions of the municipal development committee and the municipal development forum, two entities with overlapping memberships.<sup>26</sup>

207. To maximize community participation, Mulanay's MIBF (or MDF), which has broad citizen representation, has assumed responsibility for municipal development planning, criteria-based allocation of resources, and prioritization of community proposals for funding by KALAHI-CIDSS and other donors. MLGU department heads and representatives of national agencies serve as resource persons to the MIBF and do not have the right to vote or reject any measures. To be binding, however, the MIBF's decisions are subject to the MDC's review and confirmation, which issues the necessary formal resolutions as mandated by the Philippine Local Government Code. The arrangement has transformed the MDC from being a planner to a facilitator of development planning with broad-based community participation.

208. **Community involvement in project implementation.** Decisions on municipal projects, including procurement processes, remain largely with municipal officials. In Mulanay, people's organizations and academe, apart from village representatives, participate in MLGU deliberations through their membership in local special bodies.

209. In Talaingod, the municipal government has made a conscious effort to bring its services closer

<sup>26</sup> In Mulanay, the MIBF has been renamed the municipal development forum.

to village residents through its “Caravan of Municipal Front-Line Services to the Villages.” To prepare for the caravan, residents of each neighborhood in the three villages of Talaingod identify problems and propose priority projects. Village officials consolidate neighborhood proposals into a village action plan that is presented to the municipal government. The village projects are reviewed and prioritized for implementation during the Caravan of Services in the villages.

210. The caravan calls for the mayor and key service departments to hold office for 1 month in each village of the municipality. During this 1-month period, municipal frontline service departments implement priority projects that were identified previously in community consultations.

211. When the assessment team visited Talaingod, the caravan was in the village of Sto. Nino and involved in

- (i) rehabilitation of village roads, installation of culverts, and construction of drainage canals;
- (ii) construction of multipurpose and tribal transient buildings;
- (iii) rehabilitation of water systems;
- (iv) registration of births, tribal marriages, and senior citizens;
- (v) assessment of real properties and collection of taxes;
- (vi) mass vaccination;
- (vii) distribution of seedlings and farm inputs; and
- (viii) goodwill basketball games.<sup>27</sup>

212. The municipal allocation for the caravan was \$70,000 in 2011. Funds are drawn from the municipal government’s development fund and its allocation for capital outlays. Projects that are scheduled for the current year become the focus of implementation during the caravan. Residents are encouraged to monitor implementation of the priority projects that the MLGU departments implement during the caravan. Priority projects that cannot be accommodated during the caravan are assigned to the regular implementation program of the municipal government during the remaining months of the year.

213. **Community involvement in monitoring and evaluation.** In Mulanay, community monitoring

occurs for all municipal projects because they are all funded collaboratively by the municipal government and other donors. Community monitoring takes place at village assemblies and through periodic evaluations of sustainability. In Barotac Viejo, the MIAC handles the monitoring and evaluation of all projects in the municipality, regardless of the source of funds. While village residents are not members of the monitoring committee, they serve as the respondents of MIAC surveys and focus group discussions during project monitoring. The MIAC uses a monitoring instrument similar to the SET.

214. In Talaingod, neighborhood residents do not have a clearly articulated role in monitoring municipal projects, although the Caravan of Services is guided explicitly by the principles of participation and accountability. All neighborhood and village projects must be completed within the 1-month period of the caravan and citizens are encouraged to report perceived grievances or complaints related to shortcomings in the construction of neighborhood projects.

215. **Passage of supportive legislation.** Of the three assessment municipalities, Talaingod has crafted the most progressive legislation to institutionalize CDD. The municipal government approved an ordinance that articulates guidelines on participatory planning and budgeting at the municipal and village levels, including the establishment of the municipal coordinating team. The ordinance is currently being discussed by the provincial legislature and is expected to be approved. Once approved, the final step prior to implementation will be the formulation of the implementing rules and regulations of the ordinance.

216. **Poverty monitoring.** Of the three municipalities, Mulanay has the most advanced monitoring system, a community-based monitoring system created in 2009. The 2009 data serve as the baseline for the municipality.

217. Subsequent collection of data by village health workers indicates a decline in maternal deaths and malnutrition, but additional data collection will be required to determine whether these reductions are sustainable.

<sup>27</sup> Tribal transient buildings are housing units in lowland areas where tribe members who live in the uplands can stay temporarily when they are in the lowlands.

218. In Barotac Viejo, the MLGU conducted a poverty survey in 2007. The survey was based on 14 poverty indicators. The results of the 2007 survey (as well as an earlier 2003 survey by the National Anti-Poverty Commission) provide complete baseline data for the municipality. A second survey was conducted in 2010.

219. Talaingod conducts a survey of basic minimum needs every 2 years. The survey covers 36 poverty indicators. The municipal government is considering adoption of a poverty monitoring system developed in another province or DILG's community-based monitoring system.

220. **Resource mobilization efforts of municipal local government units.** The resource mobilization efforts of Barotac Viejo and Talaingod are focused on increasing their tax revenues. The new mayor of Barotac Viejo is actively seeking funds from national agencies and legislators for municipal projects.<sup>28</sup> The mayor of Talaingod is also seeking to improve the commercial viability of existing municipal enterprises to generate additional revenues.<sup>29</sup>

221. Apart from intensifying tax collections, Mulanay's municipal government has not adopted any resource mobilization strategies. The MLGU believes that the best strategy to attract development funds is to maintain good performance and utilize its existing resources as counterpart equity to the funds of interested external donors.

222. To date, Mulanay has been able to attract funds from

- (i) the International Red Cross (P25 million for 500 houses for calamity victims),
- (ii) Department of Agrarian Reform (P40 million for two circumferential roads),
- (iii) Office of the Presidential Adviser on the Peace Process (facilitated the approval of P120 million for the construction of the municipal port),
- (iv) International Labour Organization and Food and Agriculture Organization, and

- (v) Quezon Electric Cooperative (P1.1 million for two village electrification projects).

223. **Community-driven development champions within the local government structure.** In large part, the significant progress achieved in the institutionalization of CDD in Mulanay and Talaingod was achieved because of the presence of champions within the local governments of the two municipalities. This is true in most of the assessment villages. Local officials, many of whom had previously served as KALAHI-CIDSS community volunteers, are now strong advocates of the "KALAHI way." By far, they represent the largest number of KALAHI champions and the backbone of the project's supporters.

224. Much has already been said about the crucial support of a local chief executive who is committed to CDD. Equally important is the presence of committed individuals who are in strategic positions within the municipal bureaucracy. In Mulanay and Talaingod, for example, the individuals responsible for CDD under the *Makamasang Tugon* pilot were members of the original KALAHI-CIDSS area coordinating team who had been absorbed into the municipal government.

225. In Mulanay, both the municipal coordinating team (MCT) coordinator and the municipal planning and development coordinator were formerly the coordinators of the KALAHI-CIDSS area coordinating team in the municipality. The MCT is housed in the municipal planning office and its operations are funded by the municipal budget.

226. In Talaingod, the municipal government has also institutionalized the MCT, which has a full complement of staff and a regular allocation in the municipal budget. Since the end of KALAHI-CIDSS engagement in 2006, the municipal government has provided about P500,000 annually to support the operating costs of the MCT. The MCT coordinator, a member of the Ata-Manobo tribe, was part of the original area coordinating team during implementation in the municipality.

<sup>28</sup> The new mayor of Barotac Viejo has supposedly already raised about P30 million since he assumed office. His target is to raise external funds of about P156 million to be invested in municipal projects.

<sup>29</sup> These municipal enterprises include (i) rental of municipal equipment (grader, pay loader, dump truck); (ii) hollow block and culvert making, mainly for the residents of the municipality; and (iii) a one-hectare fishpond for breeding tilapia.

## Constraints in the Adoption of Community-Driven Development Principles and Practices

227. Adoption of CDD principles and practices face the same constraints at the village and municipal levels. These constraints include the following:

- (i) *Turnover of local chief executives due to elections.* Officials who have been trained in and become committed to CDD must vacate their posts at the end of their terms. Continuity of CDD becomes difficult when these officials are succeeded by political rivals or leaders with little appreciation of CDD. In the Philippines, it is rare for a new administration to continue support for the programs of the previous regime, especially if the new local chief executive comes from a rival political party.
- (ii) *Insufficient funds to finance CDD subprojects on a long-term basis.* At the moment, village governments in the assessment areas are highly dependent on the IRA for their operations. Villages can utilize 20% of their IRA to finance development projects. In the assessment villages, the available amount would be around \$4,000 annually. In contrast, the municipal allocation from KALAHÍ-CIDSS for subprojects, if divided equally among all villages of a participating municipality, would be \$14,000 per village annually. Revenue-generation measures currently being implemented are unlikely to raise funds for local CDD activities. In the short and medium term, funding for village subprojects will likely come from “traditional” sources—that is, discretionary funds of Philippine legislators, national government agencies, and municipal and provincial governments.
- (iii) *Legal impediments.* Impediments such as provisions of the Philippine Procurement Law inhibit the participation of village residents in implementation of subprojects.
- (iv) *Accountability concerns.* Village government officials have concerns regarding their accountability for village funds if residents are allowed to manage the subproject and funds are misused or implementation encounters problems.
- (v) *Lack of government directive.* There is no national government directive or enabling law to encourage and support LGU adoption of CDD principles and practices.

# Lessons Learned and Implications for Policy and Practice

228. This CDD assessment has found KALAHI-CIDSS to be an effective and well-managed project, with positive effects on the income and non-income dimensions of poverty. Recipient communities, participating local governments, and development partners value KALAHI-CIDSS highly.

229. KALAHI-CIDSS has been especially effective in

- (i) facilitating broad-based participation of village residents, including special groups, by establishing or reinvigorating grassroots institutions that promote inclusive decision making and effective action;
- (ii) enabling communities to implement quality subprojects that address local priority needs and sustain subproject delivery of basic services to their intended beneficiaries;
- (iii) providing village residents with valuable experience in subproject management that enables them to exercise voice, hold their leaders accountable, and deal effectively with attempts to misappropriate CDD funds; and
- (iv) creating space for the collaboration of LGU officials with village residents in subproject management, which is facilitating the process of institutionalizing participatory, transparent, accountable, and responsive principles and practices into LGU planning and budgeting processes.

## Lessons Learned

230. What are the major lessons learned from the analysis of the experience of KALAHI-CIDSS implementation over the past 8 years?

231. **CDD provides an effective platform for integrating and coordinating the key elements of an effective local poverty reduction strategy.** First, the participatory planning process of KALAHI-CIDSS ensures that all community members, especially the poor, are involved in the situational

analysis that leads to the village development plan, which then serves as an important input into the municipal development plan. Second, the transparency of the MIBF strengthens the responsiveness of local planning and budgeting systems to the needs of the poor.

232. Third, community participation lowers costs and improves construction quality of subproject investments. Community oversight helps to ensure smooth and rapid implementation of subprojects, while cash and in-kind community contributions, in terms of foregone wages and local materials, lower overall subproject costs and promote a sense of ownership.

233. Fourth, sustainability is enhanced by promoting shared responsibility between communities and local governments for the O&M of local investments. Village and municipal governments augment funds raised through cost-recovery measures, thus enhancing the sustainability of community social infrastructure.

234. **The importance of the community facilitator in mobilization cannot be overemphasized.** Community facilitators are the frontline staff working directly with KALAHI-CIDSS communities. They are expected to mobilize their assigned communities, build the latter's capacity for collective action, ensure adequate representation and participation, and, where necessary, break through elite domination. To do this effectively, they must be culturally and politically sensitive, charismatic leaders, trainers, anthropologists, engineers, economists, and accountants. Amid such high expectations, community facilitators also work under tremendous constraints. There is the temptation to gloss over local power relations in the rush to show results. There are the ever-present attempts at manipulation and control by locally powerful individuals and groups. There is also the understandable tendency to present an impression of successful implementation to their superiors and outsiders. For these

reasons, careful and adequate attention should be paid to the training and development of community facilitators. Training must not be done in haste but rather as part of an incremental learning-by-doing process that gives inexperienced facilitators the chance to learn and grow under the tutelage of more experienced supervisors (Mansuri and Rao 2004).

235. **Despite some weaknesses, the MIBF is an effective mechanism for the selection of village subprojects and allocation of development resources.** A number of modifications have been introduced into the MIBF to prevent collusion, considered to be one of its principal weaknesses. One of the more promising experiments is found in Mulanay where the task of subproject ranking has been transferred to an impartial panel, whose members are selected by village representatives.

236. Another approach is the removal of qualitative criteria, which has been the major area of abuse in the past. While the exclusion of qualitative criteria does eliminate the subjective element of the MIBF, it also removes village representatives from the decision-making process in subproject selection, which is the underlying rationale for the MIBF.

237. Finally, the element of competition in the MIBF is a double-edged sword that must be handled carefully. On the one hand, it is the main energizing element that accounts for the high degree of participation of communities in KALAH-CIDSS. On the other hand, competition gives rise to traditional politicking and collusion, practices that run counter to the principles of CDD.

238. **Women's significant involvement in KALAH-CIDSS has increased their self-confidence and enhanced their analytical, management, and leadership skills. The strong participation of women notwithstanding, several gender equity issues remain unresolved.** First, men still outrank women in leadership positions of the various KALAH-CIDSS volunteer committees. In many instances, women are assigned as documenter, treasurer, cook, record keeper, and other traditional roles that are, in effect, extensions of their responsibilities as household managers. Second, recognition of women's contributions and the proper valuation of their work remain continuing challenges. Third, there is no formal mechanism for the resolution of domestic

tensions that can arise between husbands and wives as a result of women's increasing engagement with KALAH-CIDSS. Ironically, the "community" nature of CDD can sometimes force field staff to accept existing gender relations in the community and hinder efforts to promote gender equity.

239. **Time frames for CDD implementation processes need to be flexible.** Community-driven development involves disruption of an existing equilibrium where the prevailing social system allocates resources to serve the interests of entrenched elites. By necessity, breaking down these social systems will be a slow and gradual process that must be done with care and full knowledge of both beneficial and adverse consequences. As Mansuri and Rao (2004) reported in their study for the World Bank, an effective CDD strategy has to involve slow, gradual, persistent learning-by-doing where project design gradually adapts to local conditions by learning from the false starts and mistakes that are endemic to all complex interventions.

240. In particular, time periods and deadlines for the completion of subprojects should be flexible. Deadlines are important, but when they are considered inflexible, communities can be disadvantaged. For example, communities may be persuaded to forego or disregard unresolved issues with suppliers to complete their subprojects within prescribed deadlines.

241. **Corruption or misuse of development resources can be reduced through strong community participation in CDD that promotes transparency and accountability.** Above all else, communities value the transparency that pervades KALAH-CIDSS. Transparency, which is practiced during all steps in the CEAC, reduces leakage of public funds. All procurement activities are conducted by community members with public opening and awarding of bids. The release of funds is documented, and reports are made at village assemblies and allow scrutiny by community members.

242. Effective supervision of CDD implementation, and of funds use in particular, is achieved through a combination of community-based assessments, internal monitoring by project staff, and oversight by local governments. When conducted as a learning tool, project supervision and monitoring generates effective insights to address problems, particularly

those related to the misuse of funds. Finally, the project's GRS gives communities and members of the public an effective venue to resolve claims of wrongdoing.

243. **National government funding for KALAHI-CIDSS and CDD can leverage other local resources for investments in service delivery.** KALAHI-CIDSS has provided incentives for enhancing local resource mobilization efforts and improved coordination of local resources. In seeking support to meet targets for local counterpart funding, many communities and their local governments have secured supplemental contributions from both public and private sources, including district congresspersons, provincial governments, nongovernment organizations, and other development partners.

244. Even villages that were not successful in securing funding from KALAHI-CIDSS have had some success in identifying alternative funding providers. Their success is not only important for the additional resources that were leveraged; the experience has also promoted greater awareness among poor communities and LGUs of the availability of resources other than those from the internal revenue allotment provided to municipal governments.

245. **The efficiency of KALAHI-CIDSS and other CDD programs can be enhanced by devolving local implementation to responsive LGUs.** In the early days of KALAHI-CIDSS, fears of elite capture motivated implementers to marginalize village and municipal LGUs. Over time, however, the role of LGUs in implementation has grown substantially to address the sustainability requirements of KALAHI-CIDSS.

246. After 8 years of KC-1 implementation, a number of municipal governments have exceeded expectations in their buy-in and support for KALAHI-CIDSS, which include the passage of municipal resolutions in support of the CDD approaches, hiring of previous KALAHI-CIDSS staff as municipal employees, and innovative funding mechanisms to support community subprojects. The majority of other participating MLGUs have also responded positively to the CDD goals of enhanced governance and improved service delivery while continuing to struggle with the adoption of new values, roles, and relationships.

247. These positive experiences notwithstanding, more support is needed to institutionalize CDD approaches, especially given the capacity and funding constraints of poor MLGUs. The institutionalization of CDD requires that local governments acquire new CDD-oriented values, renew their orientation toward public service, and make institutional adjustments in their operating processes. This is not an easy task for local chief executives of powerful political families who are accustomed to highly centralized governance styles and making major budget and development decisions by themselves.

248. In the KC-1/Ext phase of KALAHI-CIDSS, DSWD has introduced the *Makamasang Tugon* modality in which municipal governments assume lead responsibility for local CDD implementation, with DSWD performing support and oversight. The modality is expected to improve overall cost-effectiveness while ensuring that local leadership and communities assume responsibility for implementing CDD activities.

249. Introduction of the LGU-led modality is an ambitious proposition. While some municipalities (Mulanay and Talaingod are clear examples) may be in a position to assume this lead role, others may not be up to the task.

250. With the introduction of the *Makamasang Tugon* pilot there are now two implementation modalities in KALAHI-CIDSS. The first is regular implementation, where DSWD takes the lead role; the second is LGU-led, where the municipal government assumes leadership. Perhaps a third option can be formulated, a middle ground between these two modalities, for LGUs that are not yet prepared to assume lead responsibility for CDD implementation.

251. **There are clear benefits and challenges in the management of a CDD program by a national government agency.** In the Philippines, management and direct implementation of KALAHI-CIDSS is the responsibility of the DSWD. The advantages of this implementation arrangement include the following:

- (i) scale (KALAHI-CIDSS covers more than 50% of the country);

- (ii) strong prospects for long-term sustainability, as the project can receive continued funding from the national government budget; and
- (iii) possible ripple effects on the entire government bureaucracy. Other national government agencies in the Philippines can replicate the CDD approach of KALAHICIDSS in the delivery of their own programs.

252. The major disadvantage is the threat of bureaucratic capture, which can manifest itself through (i) centrally determined deadlines to force synchronized field implementation across multiple locations with diverse conditions, (ii) bureaucratic procedures and financial regulations that drain the initiative and energies of local implementers, (iii) turf issues with other government agencies, and (iv) difficulties in retaining staff.

253. Clearly, the continuing challenge is how to insulate the CDD program and partner communities from having to deal with and work through what are perceived to be the debilitating policies and procedures of a government bureaucracy.

254. **Social preparation, an intrinsic feature of CDD programs, should not be seen as a cost but rather as an investment in human capital formation.** KALAHICIDSS is considered by some to be “expensive,” and therefore unsustainable in the long term, because of its emphasis on social preparation and community capacity building. For this reason, the continued provision of capacity building and grants for subprojects, the two main program components, has become the major concern of DSWD and its other stakeholders. Long-term sustainability is a major rationale for the introduction of the *Makamasang Tugon* modality.

255. The root of the problem lies in the short-sighted view that social preparation is merely a cost or project expenditure. Instead of this view, the amount spent for social preparation should be recognized as an investment in human capital formation. Unlike analogous investments in education and health that have long-term effects, investment in social preparation bears immediate fruit as enhanced community capacity results in well-managed village subprojects with strong prospects for long-term sustainability.

256. In the medium and long term, this investment will yield even more dividends in terms of an empowered and productive citizenry.

## Implications for Policy and Practice: Scaling Up Community-Driven Development as a National Strategy

257. The 8-year experience of KALAHICIDSS has sufficiently demonstrated its viability and cost-effectiveness as a mechanism to fund priority community investments identified by residents. Given this demonstrated effectiveness, what will it take to scale up CDD as an overall national development strategy to address poverty and improve governance? The adoption of CDD as a national strategy in the current Philippine Development Plan (2011–2016) is a welcome development and an important first step.

258. Eventually, an enabling law or executive order will be required to translate the CDD strategy into a national program. The enabling instrument will need to address several challenges and constraints to the institutionalization of CDD: the absence of stable long-term funding for CDD activities; existing laws that inhibit community participation in subproject implementation and monitoring; lack of bottom-up planning and budgeting processes within national government agency systems; and top-down delivery of community subprojects, which runs contrary to CDD principles and practices.

259. To be effective, the envisioned national CDD program would need to rely on existing national systems and procedures. Sector departments for agriculture, education, and health will be active participants as they collaborate to ensure that existing resources are allocated as efficiently as possible, new investments are responsive to local development plans, technical specifications are maintained, and relevant facility staffing and support are ensured.

260. Interdepartmental convergence will be encouraged to rationalize the various efforts to improve service delivery and streamline efforts to combat poverty. Convergence should be experience-based and build on successful collaboration efforts between and among sector departments and local government units. Best practices in convergence, whether in terms of thematic concerns, coordination mechanisms, or resource sharing, should be documented and reviewed for possible replication at higher levels.

261. Fortunately, DSWD and other national agencies have positive experiences in convergence. Internally, DSWD is facilitating the convergence of KALAHI-CIDSS, the 4Ps conditional cash transfer, and the Self-Employment Assistance-Kaunlaran (Micro-Credit) Program, its three main interventions to address the needs of the poorest. Externally, KALAHI-CIDSS is collaborating with the Department of Education and other agencies to refocus resources on poor communities. Meanwhile, the National Convergence Initiative of the departments of agrarian reform, agriculture, and environment and natural resources is demonstrating the ability of the departments to undertake CDD and how resources can be converged for complementary programs and services to targeted communities.

262. Apart from technical assistance, monitoring, and oversight of local government units, DILG is expected to take the lead for the installation of an incentive system to encourage local governments to move progressively toward good governance practices. The National Anti-Poverty Commission and National Economic and Development Authority should assume responsibility in the evaluation of the program's ultimate antipoverty impacts. The departments of finance and budget and management can be tasked to facilitate fiscal transfers and undertake overall financial management.

263. Some national agencies will be interested in pursuing an active role, taking responsibility for local CDD implementation within certain geographic areas. These agencies will receive assistance in setting up CDD units within their respective departments. A CDD training institute will be established for agency implementers and field staff. The CDD institute will perform a key role in building the staff capacity of CDD units and of provincial and municipal LGUs engaged in local CDD implementation.

264. Other national agencies may be inclined to take a less active, funding-oriented role by allocating a portion of their departmental budgets, whether from their national government allocation or official development assistance from donors, to support CDD projects. Their funding role would approximate the proposal of the former mayor of Mulanay, the man largely responsible for the excellent implementation of KALAHI-CIDSS in the municipality, who has suggested the establishment of a national CDD fund. Part of the national CDD fund

could be contributed by Philippine legislators from their countryside development fund, which is used to support projects in their respective congressional districts. The amounts contributed will not be deducted from the legislators' individual allocations; in fact, individual legislators will be able to select the communities to whom their contributions will be assigned. Once the communities are identified, CDD implementing agencies will assist communities to manage and utilize the funds according to CDD principles and practices.

265. In like manner, national government agencies can disburse a portion of their program budgets (e.g., 5%) to existing KALAHI-CIDSS communities to be managed according to KALAHI-CIDSS procedures. The Philippine Congress could enact an enabling law that permits projects worth \$250,000 and below from various national government agencies and departments (public works and highways, agriculture, agrarian reform, education, health, etc.) to be implemented through the KALAHI-CIDSS communities after the competence of these communities has been established.

266. Finally, the design process to scale up CDD into a national strategy for Philippine development will benefit from a review of Indonesia's National Program for Community Empowerment (PNPM-Mandiri). The experience of the program offers many lessons for the national expansion of CDD in the Philippines. Particularly relevant will be lessons related to financial arrangements and the difficulty of consolidating the many department-specific versions of CDD activities that different national agencies implement.

267. PNPM-Mandiri was formulated with the assistance of Indonesia's major development partners and incorporates lessons from CDD projects and programs in the country, including the two important CDD elements of community control of decision making over investment choices and the direct flow of funds to community groups.

268. PNPM-Mandiri seeks to consolidate the uncoordinated and sometimes overlapping programs of the different sector ministries by using a single framework that institutionalizes bottom-up planning and decision making. The PNPM-Mandiri Oversight Body, a coordinating committee of ministries implementing community-based and CDD poverty-reduction

programs, provides policy directives, guidance, and managerial oversight to the program. It is chaired by the coordinating minister for social welfare, and its members include the state ministers of national development planning and less developed regions and the ministers of finance, home affairs, public works, and social development. The composition of this body is mirrored in provincial and district coordination teams, which are chaired by provincial governors and district heads. These regional bodies also have coordinating and monitoring functions.

269. Consistent with the thrust of Indonesia's government to have a single strategy for community empowerment and poverty reduction, it has harmonized its approaches, guidelines and procedures. PNPM-Mandiri is supported by a monitoring and evaluation framework, a grievance redress system, a common management information system, and common training packages. All of these have been jointly prepared by the government and its development partners under the leadership of the PNPM-Mandiri Oversight Body.

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## **The KALAHI-CIDSS Project in the Philippines**

### Sharing Knowledge on Community-Driven Development

An assessment of the KALAHI-CIDSS community-driven development project in the Philippines was conducted to determine its contribution toward improved service delivery and governance in the beneficiary communities.

KALAHI-CIDSS was found to be especially effective in facilitating broad-based participation of community residents, addressing local priorities and delivering basic services to the intended beneficiaries, providing community residents with valuable experience, and creating space for local government officials to collaborate with community residents in subproject management. The project created positive effects on the income and non-income dimensions of poverty. It is valued highly by recipient communities, participating local governments, and development partners.

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