

PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB5632

Project Name	KALAHİ-CIDSS (Additional Financing) Project
Region	EAST ASIA AND PACIFIC
Sector	Water supply(40%),Gen transport(40%),Other social services (20%)
Project ID	P114048
Borrower(s)	Government of the Republic of the Philippines
Implementing Agency	Department of Social Welfare and Development Constitution Hills, Batasan Complex Quezon City Philippines Tel: (63-2) 931-8101 Fax: (63-2) 931-8191
Environment Category	[] A [X] B [] C [] FI [] TBD (to be determined)
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1. Country and Sector Background

The Philippines has made progress in poverty reduction over the last two decades, although still not as rapid relative to its Asian neighbors. The proportion of Filipinos living below the national poverty line declined from 45 percent in 1991 to 30 percent in 2003. Moreover, the country has been lagging in its progress toward achieving some key MDG targets, especially in education, health and water supply. Poor municipalities are further disadvantaged by a fiscal transfer system that provides few resources per capita to smaller, rural and nearly always poorer areas. In addition, local decision making processes relating to resource allocation choices in poorer areas is often subject to considerable political interference that prevents the poor from accessing resources for their own priority needs. As a result local public service delivery is generally insufficient and not well oriented towards the needs of the poor.

To address these multiple constraints, the Government developed and implemented the *Kapitbisig Laban Sa Kahirapan*—Comprehensive and Integrated Delivery of Social Services (KALAHİ-CIDSS) Project based on a community-driven development approach as the flagship anti-poverty program under the current Philippines Medium-Term Development Plan. The KALAHİ-CIDSS is based on the following key features: (i) an open menu for selection of project activities; (ii) the selection of community proposals for funding through prioritization by an inter-*barangay* (village) forum; (iii) community management of development resources including community contracting; (iv) arrangements to ensure full transparency; and (v) an enhanced community facilitation process. The conceptual underpinnings of this community approach to development and poverty reduction are threefold. The first is to establish the context in which communities can be empowered to manage their assets, lives and livelihoods in ways that restore their sense of responsibility. The second links communities and

social networks into the policy and administrative structures of the state, particularly by strengthening the linkages between communities and their local government units. The third focus is to establish a development model that uses investment programs as a platform to promote representation, accountability, and poverty reduction. The demand-driven approach to investment based on an open menu is at the center of this project, since it empowers communities to decide on sub-projects based on their own identified needs.

2. Objectives

To better reflect the project's core objective of community empowerment, the PDO would be restated from: "Strengthening local communities' participation in barangay governance, and developing their capacity to design, implement and manage development activities that reduce poverty" (KALAHİ-CIDSS Project Appraisal Document, p. 2) to "Communities in targeted poor municipalities are empowered to achieve improved access to sustainable basic public services and to participate in more inclusive Local Government Unit (LGU) planning and budgeting". The restated PDO statement is intended to clarify and more sharply focus on the empowerment aspects of the project, while also introducing an element to better reflect the project's current efforts to support LGUs in responding to community needs. Most of the key performance indicators have been retained while others have been re-stated for clarity. New indicators are included to track progress towards the institutionalization of participatory approaches at barangay and municipal levels, which would be implemented through an LGU-led CDD approach.

3. Rationale for Bank Involvement

The Government of the Philippines (GOP) is seeking additional financing of \$59.1 million to continue the momentum of project implementation by expanding and deepening the geographic coverage of the project and adopting more flexible implementation modalities. The AF would support a more devolved and cost-effective implementation model through a local government-led CDD approach for previously supported municipalities, which meet certain performance and governance criteria, and it would also support the development and testing of the KALAHİ-CIDSS model in selected urban poor communities for possible future scaling up. The AF would also enable project implementation to continue during the political transition resulting from the general election in May 2010.

4. Description

Building on the Project's strong performance, the Additional Financing (AF) will expand the project's reach to 220 of the poorest municipalities within the 42 poorer provinces already covered. The AF will also introduce the following key enhancements to further improve project impact: (i) a reformulation of the Project's Development Objective (PDO) to better capture the focus on community empowerment, (ii) strengthening the roles of the municipal local government units to integrate the key principles and mechanisms of KALAHİ-CIDSS in local development planning; (iii) systematizing the engagement with the provincial local government units; (iv) the design and testing of the a CDD approach in urban areas, (v) further simplification of the project's key performance indicators linked to a strengthened monitoring and evaluation system. The Additional Financing will support the original three (3) components with one additional component to cover the pilot-testing of the urban KALAHİ-CIDSS as follows:

- a. **Component 1 - Barangay Grants**, will include not only direct sub-project investment grants but also technical assistance funds for communities and to cover the costs of capacity building activities for community volunteers;
- b. **Component 2 – Capacity Building and Implementation Support** will cover: (i) the costs incurred by Area Coordination Teams that support community facilitation activities; (ii) capacity building for barangay and municipal LGUs; and, (iii) a clearly defined set of social accountability activities, covering the grievance redress system, third-party monitoring, and active information disclosure.
- c. **Component 3 – Urban KALAHİ-CIDSS** will support the project's piloting of a KALAHİ-CIDSS model in urban poor communities.
- d. **Component 4 – Project Management and Monitoring and Evaluation** focuses on the project costs that are specifically related to DSWD's management and monitoring of the project.

5. Financing

Source:	(\$m.)
Borrower	45.70*
International Bank for Reconstruction and Development	59.13
Total	104.83

* Includes estimated local counterpart contributions, in cash and in kind, from LGUs and communities of \$31.4m.

6. Implementation

Overall implementation arrangements would remain unchanged from the original project as these have proven satisfactory and adequate for the activities proposed under the AF. A National Project Management Office supported by Regional Project Management Offices oversee management and implementation of project activities with support through Area Coordination Teams and Municipal Coordination Teams at the community level. A range of enhancements based on seven years of implementation experience will be incorporated into a revised Operations Manual. Project oversight will be strengthened at national, provincial, municipal, and community levels.

7. Sustainability

Sustainability is built-in to the KALAHİ-CIDSS project through the social preparation and capacity-building activities at the community level. The comprehensive facilitation process aims at ensuring inclusive participation by the poor, indigenous groups, men, women, and youth in the planning of sub-projects. As a condition for funding, every investment activity will have its own operations and maintenance (O&M) component and an appropriately constituted sub-committee responsible for its management. DSWD's own assessments found that nearly all sub-projects had been completed as planned and were in use; however, they also identified weaknesses in the institutional and managerial arrangements relating to the community-based groups established to manage on-going O&M. Under the AF the performance of O&M groups would be enhanced by strengthening the links to municipal staff through the MCTs and providing additional technical information and guidance. At the national level, DSWD would seek closer engagement with line agencies to enhance the consistency of KALAHİ-CIDSS investments with relevant sector plans while, at the same time, advocating for the adoption of more participatory approaches in sectoral programs at the local level.

8. Safeguard Policies (including public consultation)

The original Project triggered four (3) safeguard policies: Environmental Assessment (OP/BP4.01), Indigenous Peoples (OP/BP4.10) and Involuntary Resettlement (OP/BP4.12). The same safeguards policies are expected to apply to the proposed Additional Financing as the same type and nature of subprojects will be supported and there would be no changes in the original project design.

The project would retain its Category B environmental classification. No significant potentially adverse environmental impacts on communities or their surrounding areas are anticipated. The original project was in compliance with the safeguards covenants in the Loan Agreement. Bank supervision has consistently rated safeguards performance as satisfactory with no major issues. All sub-projects undergo screening to determine environmental risks or issues and proper mitigation measures were formulated by the community and reflected in the Environmental Management Plan as part of the sub-project design. No involuntary resettlement took place, nor is it anticipated under the AF, as nearly all sub-projects financed were small-scale infrastructure that required minimal land acquisition. Although the project has been compliant with all safeguards policies, it was agreed that the National Project Management Office will prepare enhanced Environmental Management Plan guidelines, Indigenous Peoples Framework and Land Acquisition and Resettlement Policy to reflect the enhancements/innovations based on seven years of implementation.

9. Contact point

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